Q1 INTERIM REPORT

2017

euromicron

Key figures

of the euromicron Group at March 31, 2017

Key figures for the Group

	2017	2016
	€ thou.	€ thou.
Sales	75,525	65,210
EBITDA (operating)*	111	–961
EBITDA margin (operating)*, in % (relative to sales at the reporting date)	0.1	–1.5
EBITDA	–802	–2,020
EBITDA margin, in % (relative to sales at the reporting date)	–1.1	–3.1
EBIT (operating)*	–2,006	–3,031
EBIT	–2,919	–4,090
Net loss for the period (for euromicron AG shareholders)	–2,763	–4,503
Earnings per share in € (undiluted)	–0.39	–0.63
Equity ratio, in %	31.9	35.6
Working capital after factoring	50,525	77,644
Working capital ratio after factoring, in % (relative to sales of the past 12 months)	15.1	23.1
Working capital before factoring	68,005	88,290
Working capital ratio before factoring, in % (relative to sales of the past 12 months)	20.3	26.3
Cash flow from operating activities, adjusted for effects from factoring and customers' monies to be passed on **	–1,349	–14,620

* Adjusted for special effects of the reorganization
** Previous year's figure adjusted
(unaudited acc. to IFRS)

DEAR SHAREHOLDERS,
DEAR READERS,

Now that the tough years of reorganization are largely behind us, the figures in the first quarter of 2017 – the year of transformation – indicate pleasing trends. Due to the cyclical nature of our business, where we generate the bulk of our earnings in the fourth quarter, business in the first quarter traditionally tends to be slow. Nevertheless, we were able to improve all key figures compared to the first quarter of the previous year.

Sales were around €10.0 million higher than in the first quarter of the previous year compared to the previous year. Operating EBITDA was slightly in the black at €0.1 million, an improvement of €1.1 million over the previous year. New orders from continuing operations were round €10.0 million higher and orders books were also €21.8 million above the figure for the same period of the previous year.

The positive trend shows that we have taken the right path for the euromicron Group. All the measures we have initiated are reaping positive effects. For example, our Group-wide Working Capital program has enabled us to reduce working capital after factoring to €50.5 million or €27.1 less than the figure at March 31, 2016. After adjustment for the effects of factoring, working capital at March 31, 2017, was €20.3 million below the comparative figure for the previous year.

The Group's adjusted cash flow from operating activities in the first quarter of 2017 was € –1.3 million (previous year: € –14.6 million), a sharp improvement of €13.3 million. Free liquidity was €21.3 million, likewise higher – by €10.6 million – than at March 31 of the previous year.

The improvement in business numbers is also accompanied by a change in corporate culture and a spirit of rapport built on openness. euromicron invests in enhancing the loyalty and qualifications of its workforce and creates new Group-wide development opportunities for interested employees. Alongside implementation of the IoT strategy and improving profitability and the cash flow, our open corporate culture is a further pillar in our evolution into a technology group for digitized infrastructures, a development that is underpinned not only by organic growth, but also strategic acquisitions.

For example, we selectively strengthened our operations in the “Critical Infrastructures” segment by acquiring KORAMIS GmbH. It adds its expertise in the field of cybersecurity to euromicron’s solution portfolio.

The bottom line is that all the measures are having positive effects, even though further efforts are required until the transformation phase is completed at the end of 2018.

Frankfurt/Main, May 2017

Bettina Meyer	**Jürgen Hansjosten**
Member of the Executive Board	Member of the Executive Board
(Spokeswoman)	

Interim Management Report

of the euromicron Group from January 1 to March 31, 2017

Fundamentals of the Group

Profile

Under its strategic alignment, the euromicron Group focuses on the three main segments of “Smart Buildings”, “Critical Infrastructures” and “Distribution”. euromicron combines technology and system integration to create holistic solution concepts and offers its customers market-oriented, tailored solutions for digital infrastructures, thereby creating the foundation for our customers’ digital transformation. Management g is geared toward the target markets and the underlying value chain within the Group.

All the activities of the euromicron Group in the target markets of “Digital Buildings” and “Smart Industry” are pooled in the **“Smart Buildings”** segment. In the target market of “Digital Buildings”, euromicron focuses on providing infrastructure-related intelligent solutions, such as “Smart Office”, “Smart Energy” or “Smart Lighting”. These include planning, implementation and operation of services relating to building or process automation, light control, access control, video surveillance, fire protection or support services as part of efficient energy and building management.. The focus in the “Smart Industry” area is on digitizing and networking development, production and service processes in industry. This segment also includes services relating to the equipment of data centers with innovative connector systems.

The **“Critical Infrastructures”** segment deals with vital business infrastructures whose breakdown is highly problematic. Such infrastructures may be the private mobile radio system at an airport or the communications network of Deutsche Bahn or a power utility, for example. System integration comprises the planning, production and operation of digitized critical infrastructures. In addition, the technology manufacturing companies in this segment round up the product portfolio in this target market with their professional video, audio and special technology solutions for sensitive security restricted areas.

The **“Distribution”** segment advises and supplies customers in a vendor-independent manner in all matters relating to active and passive network components in the fiber-optic and copper arena.

Changes in the Group's structure

In order to round up its competences, telent GmbH, Backnang, acquired 75.0% of the shares in KORAMIS GmbH, Saarbrücken, a service provider specializing in IT security, effective January 1, 2017. As a result, telent's value chain is being expanded to include cybersecurity for critical infrastructures and industrial infrastructures. As a subsidiary of telent GmbH, KORAMIS GmbH was assigned to the "Critical Infrastructures" segment.

Establishment of ProCom Communication Systems Trading (Beijing) Co. Ltd., Beijing, China, was completed on February 23, 2017. It is a wholly-owned subsidiary of ProCom Professional Communication & Service GmbH, Essen, in which ProCom's activities in China to date are pooled. As a subsidiary of ProCom Professional Communication & Service GmbH, it is assigned to the "Critical Infrastructures" segment.

After a decision was taken toward the end of 2016 to discontinue the "Fiber-optic Infrastructure" division of RSR GmbH & Co. KG., since it is not strategic and is characterized by low margins and high project risks, only its remaining orders on hand were handled in the first quarter of 2017. This will probably be completed by the end of the first half of 2017. The company is then to be closed. In line with the internal reporting structure, RSR GmbH & Co. KG is no longer assigned to the "Critical Infrastructures" segment in the segment reporting as of fiscal year 2017, but instead to the "Non-strategic Business Segments". So as to enable better comparison, the previous year's figures have been adjusted accordingly in the segment reporting.

An agreement to sell the "Telecommunications" division of euromicron Deutschland GmbH was concluded on March 15, 2017. Under this agreement, euromicron Deutschland GmbH transfers all customer, supplier and other agreements connected with this business as part of an asset deal. The "Telecommunications" division's employees are also transferred to the purchaser. The transaction was completed on April 30, 2017, after the suspensive conditions specified in the purchase agreement had been fulfilled.

Net assets, financial position and results of operations

General statement on the performance of the euromicron Group in the first quarter of 2017

Even though the first quarter traditionally tends to be weak due to the cyclical nature of the euromicron Group's business (sales and earnings peak in the fourth quarter of the fiscal year), all the key figures for the euromicron Group developed positively in the first three months of fiscal year 2017:

- Sales in the first quarter of 2017 were €75.5 million, an increase of €10.3 million or 15.8% compared to the first quarter of 2016.
- A positive operating EBITDA of €0.1 million was achieved in the first quarter of 2017, an improvement of €1.1 million compared to the first quarter of 2016 (€ –1.0 million).
- The consolidated net loss at March 31, 2017, was €2.7 million and so was reduced by €1.7 million compared to the figure at March 31, 2016 (net loss of €4.4 million).
- New orders from the euromicron Group's continuing operations were €94.6 million in the first quarter of 2017 or €9.9 million above the comparative figure for the previous year (€84.7 million). Order books were €142.0 million, likewise an increase – of €21.8 million or 18.2% – and so well up on the previous year's €120.2 million.
- In particular on the back of positive effects from the Group-wide Working Capital program, the Group's working capital (after factoring) was reduced from €77.6 million at March 31, 2016, to €50.5 million, i.e. by €27.1 million; as a result, the Group's working capital ratio fell sharply by 8.0 percentage points from 23.1% to €15.1%. After adjustment for the effects of factoring, working capital at March 31, 2017, was €68.0 million and so €20.3 million below the figure at March 31, 2016 (€88.3 million). The working capital ratio (before factoring) was likewise reduced sharply by 6.0 percentage points from 26.3% to 20.3%.

- The Group's cash flow from operating activities in the first quarter of 2017 after adjustment for the effects of factoring was € –1.3 million, a significant improvement of €13.3 million over the first quarter of 2016 (€ –14.6 million).
- The euromicron Group's net debt (the total of long- and short-term liabilities to banks and liabilities from finance leases less cash and cash equivalents) at March 31, 2017, was €92.7 million, a reduction of €9.2 million compared to the figure at March 31, 2016 (€101.9 million).
- The euromicron Group's free liquidity (free credit lines plus cash) at March 31, 2017, was €21.3 million, €0.6 million above the comparative figure at March 31, 2016 (€10.7 million).

Sales and income

Key sales and income figures at March 31, 2017

	2017	2016
	€ thou.	€ thou.
Sales	75,525	65,210
EBITDA (operating)*	111	–961
EBITDA margin (operating)*, in % (relative to sales at the reporting date)	0.1	–1.5
EBITDA	–802	–2,020
EBITDA margin, in % (relative to sales at the reporting date)	–1.1	–3.1
EBIT (operating)*	–2,006	–3,031
EBIT	–2,919	–4,090
Income before taxes	–3,898	–5,048
Net loss for the period (for euromicron AG shareholders)	–2,763	–4,503
Earnings per share, in € (undiluted)	–0.39	–0.63

* Adjusted for special effects of the reorganization
(unaudited acc. to IFRS)

Consolidated sales in the first quarter of 2017 were €75.5 million, €10.3 million above the previous year's figure of €65.2 million. €60.8 million, or 80.6% of consolidated sales, was generated in the German market; that figure in the previous year was €55.1 million or 84.5%. Foreign sales were €14.7 million, likewise above the previous year's figure of €10.1 million, and so accounted for 19.4% (previous year: 15.5%) of total sales.

There was also a positive earnings performance in the first quarter of 2017: Operating EBITDA was €0.1 million, €1.1 million higher than in the first quarter of fiscal year 2016 (€ –1.0 million).

Reorganization costs in the first quarter totaled € –0.9 million (previous year: € –1.0 million) and were incurred to an amount of € –0.5 million (previous year: € –0.9 million) at the "Central Services" segment, to an amount of € –0.3 million (previous year: €0.0 million) at the "Smart Buildings" segment and to an amount of € –0.1 million (previous year: € –0.1 million) at the "Non-strategic Business Segments". The reorganization costs at the "Central Services" segment relate to euromicron AG and mainly comprise the costs of legal and financial advice, other consulting costs and costs for interim managers. The reorganization costs incurred in the "Smart Buildings" segment relate to euromicron Deutschland GmbH and are due to an amount of € –0.15 million to subsequent measurement effects in connection with disposal of the "Telecommunications" division. We refer in this regard to the presentation in the section "Significant business events" in the notes. Apart from that, they include in particular costs for measures relating to further optimization of the personnel structure. The reorganization costs at the "Non-strategic Business Segments" result from follow-up costs from the closure of companies.

After allowing for incurred reorganization costs of € –0.9 million (previous year: € –1.0 million), the reported EBITDA is € –0.8 million (previous year: € –2.0 million).

The Group's individual segments performed as follows in the first three months of fiscal year 2017:

Sales in the “Smart Buildings” segment increased by €5.7 million to €45.0 million. As a result, this segment broke even in terms of operating EBITDA, which corresponds to an improvement of €0.9 million. That was mainly attributable to the better sales and earnings performance by euromicron Deutschland GmbH and ELABO GmbH. Business at euromicron Deutschland GmbH stabilized further as a consequence of the reorganization measures. ELABO GmbH benefited in particular from positive trends in the target market “Smart Industry”.

Sales in the “Critical Infrastructures” segment increased by €4.0 million to €24.6 million, whereas operating EBITDA rose slightly by €0.1 million. The only moderate improvement in earnings compared with the increase in sales is due in particular to the planned hiring of staff with higher qualifications so that new business areas in the field of digitization can be tapped.

The “Distribution” segment also performed positively: Sales rose by €1.1 million to €6.8 million and operating EBITDA improved by €0.1 million.

At the “Non-strategic Business Segments”, there was as planned a decline in sales of € –0.4 million to €0.3 million. Operating EBITDA broke even, following € –0.2 million in the previous year.

Operating EBITDA for “Central Services” (holding costs) was € –1.1 million and so, as planned, or up slightly (by € –0.2 million) on the figure for the previous year (€ –0.9 million).

Income statement (operational)

of the euromicron Group for the period January 1 to March 31, 2017 (IFRS)

Income statement (operational)

	3-month report					
	Jan. 1, 2017 – March 31, 2017 incl. special effects of reorganization	Special effects of reorganization	Jan. 1, 2017 – March 31, 2017 operational	Jan. 1, 2016 – March 31, 2016 incl. special effects of reorganization	Special effects of reorganization	Jan. 1, 2016 – March 31, 2016 operational
	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
Sales	**75,525**	**0**	**75,525**	**65,210**	**–40**	**65,170**
Inventory changes	–53	0	–53	556	0	556
Own work capitalized	670	0	670	481	0	481
Other operating income	435	–1	434	446	–26	420
Cost of materials	–39,530	25	–39,505	–32,270	20	–32,250
Personnel costs	–27,558	100	–27,457	–26,081	132	–25,949
Other operating expenses	–10,291	788	–9,503	–10,362	973	–9,389
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**–802**	**913**	**111**	**–2,020**	**1,059**	**–961**
Amortization and depreciation	–2,117	0	–2,117	–2,070	0	–2,070
Earnings before interest and taxes (EBIT)	**–2,919**	**913**	**–2,006**	**–4,090**	**1,059**	**–3,031**
Interest income	37	0	37	24	0	24
Interest expenses	–1,016	0	–1,016	–982	0	–982
Income before income taxes	**–3,898**	**913**	**–2,985**	**–5,048**	**1,059**	**–3,989**
Income taxes	1,181	0	1,181	616	0	616
Consolidated net loss for the period	**–2,717**	**913**	**–1,804**	**–4,432**	**1,059**	**–3,373**
Thereof attributable to euromicron AG shareholders	–2,763	913	–1,850	–4,503	1,059	–3,444
Thereof attributable to non-controlling interests	46	0	46	71	0	71
(Un)diluted earnings per share in €	**–0.39**	**0.13**	**–0.26**	**–0.63**	**0.15**	**–0.48**

(unaudited acc. to IFRS)

The improvement in the Group's operating EBITDA by €1.1 million to €0.1 million is attributable to an amount of €2.5 million to the higher gross profit, defined as total operating performance (sales and inventory changes) minus cost of materials. The volume-related effect from total operating performance, which was higher year on year, had a positive impact of €4.6 million on gross profit. These effects were offset to an amount of € –2.1 million by the negative effect of a higher material usage ratio of 52.3% or 3.2 percentage points up on the previous year (49.1%). The higher material usage ratio is attributable in particular to the increase in sales from system integration business, which involves a higher ratio of third-party services.

Own work capitalized increased slightly by €0.2 million year on year to €0.7 million due to higher capitalized development costs.

Personnel costs (adjusted for the costs of reorganization) totaled € –27.5 million (previous year: € –26.0 million) and so increased by € –1.5 million year on year. The increase in personnel costs is due, on the one hand, to the increase in the number of employees, which rose to 1,828 (previous year: 1,791). In addition, there were effects from pay adjustments under the collective bargaining agreement and there was greater investment in highly qualified staff as part of the strategic realignment so that new business areas in the field of digitization can be tapped.

The other operating expenses (adjusted for the costs of reorganization) totaled € –9.5 million and, despite the increase in sales, are around the level of the previous year (€ –9.4 million). Vehicle and travel expenses, rent/room costs and legal and consulting costs are still the largest items within the other operating expenses.

Amortization and depreciation was unchanged at € –2.1 million. It includes amortization of hidden reserves disclosed as part of capital consolidation to an amount of € –0.2 million (previous year: € –0.3 million).

Net interest income/loss was € –1.0 million and so also at the level of the previous year.

The tax ratio was 30.0% and so in line with the anticipated tax ratio for the Group. In the first quarter of 2016, the tax ratio was 12.0%, below the anticipated tax ratio for the Group of 30.0%. This was due in particular to the fact that deferred taxes were in some cases not recognized for newly incurred tax losses in the first quarter of 2016.

The net loss for the period (adjusted for the costs of reorganization) at March 31, 2017, was € –1.8 million compared with a loss of € –3.4 million in the previous year, i.e. a significant reduction of €1.6 million. Undiluted earnings per share (adjusted for the costs of reorganization) for the first three months of fiscal year 2017 were € –0.26 compared to € –0.48 in the same period of the previous year.

New orders and order books

euromicron Group at March 31, 2017

Consolidated new orders/order books

	2017[1]	2017[2]	2016[1]	2016[2]
	€ thou.	€ thou.	€ thou.	€ thou.
Consolidated new orders	94,637	94,643	84,675	85,216
Consolidated order books	142,047	143,140	120,171	123,362

[1] Continuing core business operations (excluding divisions that have since been closed)

[2] Total (including divisions that have since been closed)

(unaudited acc. to IFRS)

At March 31, 2017, the euromicron Group recorded new orders from continuing core business operations of €94.6 million (previous year: €84.7 million), €9.9 million or 11.8% above the level of the previous year. Order books from continuing core business operations orders were €142.0 million (previous year: €120.2 million), an increase of €21.8 million or 18.2%.

At March 31, 2017, there were higher new orders and order books compared to March 31, 2016, in all three operating segments (“Smart Buildings”, “Critical Infrastructures” and “Distribution”). The positive order trend is thus a good springboard for the further course of business in fiscal year 2017.

Net assets

Total assets at the euromicron Group at March 31, 2017, were €249.3 million, a slight increase of €4.7 million or 1.9% compared to December 31, 2016.

Noncurrent assets were €143.0 million, €1.8 million above the level at December 31, 2016 (€141.2 million). In particular, this increase is due to an amount of €1.2 million to the additional of goodwill from the provisional purchase price allocation for the 75% stake in KORAMIS GmbH acquired effective January 1, 2017. Noncurrent assets accounted for 57.4% of total assets and so were almost at the level at December 31, 2016 (57.7%). The ratio of equity and long-term liabilities to noncurrent assets at March 31, 2017, was 75.5%.

Current assets rose by €2.9 million to €106.3 million. They accounted for 42.6% of total assets, compared with 42.3% at December 31, 2016.

As in previous years, inventories and the gross amount due from customers for contract work rose in total by around €7.6 million for seasonal reasons, which is due to the larger volume of projects in progress in system house business and stocking of products by the production companies in the first quarter of 2017. On the other hand, trade accounts receivable were able to be reduced by € –2.9 million from the traditionally high figure at the end of the year.

Cash and cash equivalents fell slightly by € –1.0 million over the figure at December 31, 2016, to €5.8 million. We refer in this regard to the explanations on the financial position and cash flow.

Equity at March 31, 2017, was €79.5 million, € –2.9 million below the level of December 31, 2016 (€82.4 million). In particular, the decline is due to an amount of € –2.7 million to the consolidated net loss for the first quarter of 2017. In addition, dividends from subsidiaries that were adopted in the first quarter of 2017 and to which non-controlling shareholders were entitled on a pro-rata basis had to be transferred from equity to liabilities. The equity ratio was 31.9% following 33.7% at December 31, 2016.

Noncurrent liabilities essentially contain the long-term components of the Group's outside financing and deferred tax liabilities. The drop of € –19.7 million from €48.2 million to €28.5 million is attributable in particular to an amount of € –18.5 million to lower long-term liabilities to banks that, because they are due on March 31, 2018, were reclassified as noncurrent liabilities at March 31, 2017. In addition, there was a reduction in deferred tax liabilities of € –1.4 million. Noncurrent liabilities were 11.4% of total assets compared with 19.7% at December 31, 2016.

Current liabilities at March 31, 2017, increased by €27.3 million from €114.0 million to €141.3 million and were 56.7% (at December 31, 2016: 46.6%) of total assets. €39.0 million of this rise is due to higher short-term liabilities to banks; of this, an amount of €18.5 million is the result of the above-mentioned reclassification from noncurrent liabilities. In particular, the gross amount due to customers for contract work also increased by €1.0 million as a result of higher customer payments received. On the other hand, there was in particular a decline of € –7.7 million in trade accounts payable and of € –5.0 million in other tax liabilities (especially value-added tax liabilities).

Working capital

Working capital (after factoring) corresponds to the working capital reported in the balance sheet and is defined as the total of inventories, trade accounts receivable and the gross amount due from customers for contract work minus trade accounts payable, the gross amount due to customers for contract work and received prepayments; the latter are included in the balance sheet item “Other current liabilities”. In order to calculate the working capital (before factoring), the receivables sold as part of the factoring program at the respective balance sheet date are added to the working capital (after factoring). The working capital ratio is the ratio of working capital and rolling sales over the past twelve months.

The relevant key figures for working capital at the euromicron Group are presented in the following at the reporting dates March 31, 2017, and March 31, 2016:

Working capital

	March 31, 2017	March 31, 2016	Change
	€ thou./in %	€ thou./in %	€ thou./in PP
Working capital (after factoring)	50,525	77,644	–27,119
Receivables sold as part of factoring	17,480	10,646	6,834
Working capital (before factoring)	68,005	88,290	–20,285
Working capital ratio (after factoring)	15.1%	23.1%	–8.0%
Working capital ratio (before factoring)	20.3%	26.3%	–6.0%

(unaudited acc. to IFRS)

Working capital (after factoring) and working capital (before factoring) were able to be reduced sharply by, respectively, € –27.1 million and € –20.3 million compared with March 31, 2016, in particular as a result of positive effects from further implementation of the group-wide program to optimize working capital. The relevant working capital ratios were also reduced significantly by –8.0 and –6.0 percentage points respectively.

In particular, clear successes were made in reducing working capital in the first quarter of 2017, as can be seen from the following comparison of working capital in the first quarter of fiscal years 2016 and 2017:

Working capital

	March 31, 2017	Dec. 31, 2016	Change
	€ thou./in %	€ thou./in %	€ thou./in PP
Working capital (after factoring)	50,525	38,488	12,037
Receivables sold as part of factoring	17,480	34,715	–17,235
Working capital (before factoring)	68,005	73,203	–5,198
Working capital ratio (after factoring)	15.1%	11.8%	3.3%
Working capital ratio (before factoring)	20.3%	22.5%	–2.2%

(unaudited acc. to IFRS)

Working capital

	March 31, 2016	Dec. 31, 2015	Change
	€ thou./in %	€ thou./in %	€ thou./in PP
Working capital (after factoring)	77,644	61,357	16,287
Receivables sold as part of factoring	10,646	20,321	–9,675
Working capital (before factoring)	88,290	81,678	6,612
Working capital ratio (after factoring)	23.1 %	17.8 %	5.3 %
Working capital ratio (before factoring)	26.3 %	23.7 %	2.6 %

(unaudited acc. to IFRS)

Whereas working capital (before factoring) increased by €6.6 million in the first quarter of 2016 and so the working capital ratio rose by 2.6 percentage points, that figure was reduced by € –5.2 million in the first quarter of 2017, resulting in a fall of –2.2 percentage points in the working capital ratio. Cash effects from this reduction in working capital are also reflected in the sharp improvement in the cash flow from operating activities in the first quarter of 2017. We refer in this regard to the explanations on the financial position.

Financial position

The euromicron Group's net debt (the total of long- and short-term liabilities to banks and liabilities from finance leases less cash and cash equivalents) at March 31, 2017, was € –92.7 million, a reduction of €9.2 million compared to the figure at March 31, 2016 (€ –101.9 million).

At March 31, 2017, the euromicron Group has free liquidity (free credit lines plus cash) of €21.3 million for up-front financing of project business and to further finance the company's planned development. Free liquidity increased by €10.6 million compared to the figure at March 31, 2016 (€10.7 million).

euromicron AG will continue to fund its Group companies directly or through its cash pool model.

A financing agreement was concluded with our partner banks effective July 1, 2016, and runs until March 31, 2018. Due to the term of the financing agreement, the loan of €18.5 million carried to date under the long-term loan liabilities has been reclassified to the short-term loan liabilities at March 31, 2017.

At March 31, 2017, the euromicron Group consequently has liabilities to banks totaling €97.0 million, of which €19.9 million is long-term and €77.1 million is short-term loan liabilities. Liabilities to banks at March 31, 2016, totaled €105.4 million, of which €19.9 million was long-term and €85.5 million short-term loan liabilities. As a result, the ratio of long-term loan liabilities has risen slightly from 18.6% at March 31, 2016, to 20.9%.

Notes on the cash flow

At March 31, 2017, the reported net cash used in operating activities was € –17.2 million, compared with € –43.8 million at March 31, 2016. However, the reported cash flow figures from operating activities are mainly impacted by effects resulting from the Group's factoring program.

In order to calculate comparative cash flow figures, adjustment is carried out for the following effects:

- Change in the volume of factoring used at the balance sheet date
- Change in the liability from customers' monies to be passed on
- Change in the blocked amount withheld by the factoring company or factoring amounts that have not yet been paid out (other financial asset)

We refer you to the 2016 Annual Report of the euromicron Group for a detailed explanation of the effects presented here.

All in all, reconciliation of these three factors results in cash flows from operating activities after adjustment for factoring effects as summarized in the table below:

Calculation of the adjusted cash flow from operating activities, 3-month period from January 1 to March 31

	Jan. 1, 2017–March 31, 2017	Jan. 1, 2016–March 31, 2016
	€ thou.	€ thou.
Cash flow from operating activities acc. to statement of cash flows*	–17,178	–43,842
Effects from factoring and customers' monies to be passed on included in the above	15,829	29,222
Adjusted cash flow from operating activities	–1,349	–14,620

* Previous year's figure adjusted
(unaudited acc. to IFRS)

Consequently, the net cash used in operating activities (after adjustment for factoring effects) for the first quarter of 2017 is € –1.3 million, a sharp reduction of €13.3 million over the figure of € –14.6 million for the same period in 2016.

Apart from the increase of €1.2 million in the reported EBITDA and the €0.8 reduction in interest and tax payments, the €13.3 million improvement in the adjusted cash flow from operating activities is mainly attributable to cash effects from the reduction in working capital. A far lower increase in working capital during the year resulted in positive cash effects on the cash flow from operating activities, which improved year on year by €12.7 million as a result. Changes in the other balance sheet items apart from working capital resulted in a year-on-year reduction of € –1.4 million in cash flow from operating activities, in particular as a result of higher value-added tax payments.

Net cash used in investing activities in the first quarter of 2017 was € –3.9 million, € –1.9 million higher than the figure of € –2.0 million for the same quarter of the previous year. € –1.3 million of this change is due to higher purchase price payments for company acquisitions and € –0.6 million is due to higher investments in intangible assets and property, plant and equipment.

The net cash provided by financing activities was €20.1 million compared with €40.2 million in the same quarter of the previous year. The net proceeds are mainly due to raised loans which exceed the net cash used to repay loans.

Cash funds of the euromicron Group at March 31, 2017, were €5.8 million compared with €5.1 million at March 31, 2016.

Risk Report

The reports from the risk management system at December 31, 2016, have been continuously examined and updated as part of the Group's interim report at March 31, 2017. At March 31, 2017, there were no significant material changes in the risks at the euromicron Group compared with as stated and described in detail in the management report in the 2016 Annual Report.

Taking into account all known facts and circumstances, euromicron does not anticipate any significant effects on its operational business from macroeconomic changes and does not see any risks that might jeopardize the existence of the euromicron Group in a foreseeable period of time or, as far as can be assessed at present, might have a significant influence on the Group's net assets, financial position and results of operations.

Outlook

After a first quarter of 2017 that went according to plan, euromicron AG assumes that its business will continue to develop stably for the year as a whole and confirms its forecast for fiscal year 2017.

Taking into consideration the opportunities and risks, a sales volume between €330 million and €350 million can therefore still be expected for 2017. The anticipated operating EBITDA margin for fiscal year 2017 remains between 4.0% and 5.0%.

Completion of the reorganization measures and costs in connection with restructuring of the Group's financing will probably reduce the reported consolidated EBITDA in fiscal year 2017 by around €2.0 million to €3.0 million.

This forecast is based on the assumption that the overall economy in the Federal Republic of Germany and the general conditions in the IT/ICT industry will develop positively in 2017. Nevertheless, the actual results may deviate significantly from the expectations and forecasts if uncertainties arise or the assumptions on which the statements were based should prove to be inaccurate.

Income statement

of the euromicron Group for the period January 1 to March 31, 2017 (IFRS)

Income statement

	3-month report	
	Jan. 1, 2017 – March 31, 2017	Jan. 1, 2016 – March 31, 2016
	€ thou.	€ thou.
Sales	**75,525**	**65,210**
Inventory changes	–53	556
Own work capitalized	670	481
Other operating income	435	446
Cost of materials	–39,530	–32,270
Personnel costs	–27,558	–26,081
Other operating expenses	–10,291	–10,362
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**–802**	**–2,020**
Amortization and depreciation	–2,117	–2,070
Earnings before interest and taxes (EBIT)	**–2,919**	**–4,090**
Interest income	37	24
Interest expenses	–1,016	–982
Income before income taxes	**–3,898**	**–5,048**
Income taxes	1,181	616
Consolidated net loss for the period	**–2,717**	**–4,432**
Thereof attributable to euromicron AG shareholders	–2,763	–4,503
Thereof attributable to non-controlling interests	46	71
(Un)diluted earnings per share in €	**–0.39**	**–0.63**

(unaudited acc. to IFRS)

Reconciliation of the quarterly results with the statement of comprehensive income

of the euromicron Group for the period January 1 to March 31, 2017 (IFRS)

Statement of comprehensive income

	Jan. 1, 2017 – March 31, 2017	Jan. 1, 2016 – March 31, 2016
	€ thou.	€ thou.
Consolidated net loss for the period, before minority interests	**–2,717**	**–4,432**
Gain/loss on the valuation of securities (may have to be reclassified to the income statement in future)	0	0
Currency translation differences (may have to be reclassified to the income statement in future)	5	0
Revaluation effects from pensions (will not be reclassified to the income statement in future)	0	0
Other comprehensive income	**5**	**0**
Total comprehensive income	**–2,712**	**–4,432**
Thereof attributable to euromicron AG shareholders	–2,758	–4,503
Thereof attributable to non-controlling interests	46	71

(unaudited acc. to IFRS)

Consolidated balance sheet Assets

of the euromicron Group as of March 31, 2017 (IFRS)

Assets

	March 31, 2017	Dec. 31, 2016
	€ thou.	€ thou.
Noncurrent assets		
Goodwill	109,462	108,291
Intangible assets	16,468	16,371
Property, plant and equipment	16,049	15,612
Other financial assets	494	499
Other assets	32	32
Deferred tax assets	478	413
	142,983	**141,218**
Current assets		
Assets held for sale	541	691
Inventories	30,798	28,381
Trade accounts receivable	15,239	18,150
Gross amount due from customers for contract work	45,847	40,708
Claims for income tax refunds	234	765
Other financial assets	3,936	5,520
Other assets	3,886	2,287
Cash and cash equivalents	5,802	6,844
	106,283	**103,346**
Total assets	**249,266**	**244,564**

(unaudited acc. to IFRS)

Consolidated balance sheet
Equity and liabilities

of the euromicron Group as of March 31, 2017 (IFRS)

Equity and liabilities

	March 31, 2017	Dec. 31, 2016
	€ thou.	€ thou.
Equity		
Subscribed capital	18,348	18,348
Capital reserves	94,298	94,298
Currency translation difference	0	–5
Consolidated retained earnings	–33,505	–30,743
Stockholders' equity	79,141	81,898
Non-controlling interests	356	461
	79,497	**82,359**
Noncurrent liabilities		
Provisions for pensions	1,381	1,381
Other provisions	1,694	1,683
Liabilities to banks	19,957	38,458
Liabilities from finance leases	1,001	843
Other financial liabilities	6	0
Other liabilities	178	147
Deferred tax liabilities	4,235	5,670
	28,452	**48,182**
Current liabilities		
Liabilities in connection with assets held for sale	800	318
Other provisions	1,622	1,574
Trade accounts payable	36,845	44,512
Gross amount due to customers for contract work	2,360	1,384
Liabilities from current income taxes	3,284	3,520
Liabilities to banks	77,079	38,043
Liabilities from finance leases	470	466
Other tax liabilities	3,101	8,078
Personnel obligations	9,453	9,176
Other financial liabilities	1,389	1,774
Other liabilities	4,914	5,178
	141,317	**114,023**
Total assets	**249,266**	**244,564**

(unaudited acc. to IFRS)

Statement of changes in equity

of the euromicron Group for the period January 1 to March 31, 2017 (IFRS)

Statement of changes in equity

	Subscribed capital	Capital reserves	Consolidated retained earnings
	€ thou.	€ thou.	€ thou.
December 31, 2015	**18,348**	**94,298**	**–16,010**
Net loss for Q1 2016	**0**	**0**	**–4,503**
Other comprehensive income			
Currency translation differences	0	0	0
	0	**0**	**0**
Total comprehensive income	**0**	**0**	**–4,503**
Transactions with owners			
Distributions to/withdrawals by non-controlling shareholders	0	0	–166
	0	**0**	**–166**
March 31, 2016	**18,348**	**94,298**	**–20,679**
December 31, 2016	**18,348**	**94,298**	**–30,743**
Net loss for Q1 2017	**0**	**0**	**–2,763**
Other comprehensive income			
Currency translation differences	0	0	0
	0	**0**	**0**
Total comprehensive income	**0**	**0**	**–2,763**
Transactions with owners			
Changes in shares as a result of first-time consolidation	0	0	0
Distributions to/withdrawals by non-controlling shareholders	0	0	0
	0	**0**	**0**
March 31, 2017	**18,348**	**94,298**	**–33,505**

(unaudited acc. to IFRS)

Currency translation difference	Equity attributable to the shareholders of euromicron AG	Non-controlling interests	Total equity
€ thou.	€ thou.	€ thou.	€ thou.
–2	**96,634**	**404**	**97,038**
0	**–4,503**	**71**	**–4,432**
0	0	0	0
0	**0**	**0**	**0**
0	**–4,503**	**71**	**–4,432**
0	–166	–125	–291
0	**–166**	**–125**	**–291**
–2	**91,965**	**350**	**92,315**
–5	**81,898**	**461**	**82,359**
0	**–2,763**	**46**	**–2,717**
5	5	0	5
5	**5**	**0**	**5**
5	**–2,758**	**46**	**–2,712**
0	0	–26	–26
0	0	–125	–125
0	**0**	**–151**	**–151**
0	**79,141**	**356**	**79,497**

Statement of cash flows

of the euromicron Group for the period January 1 to March 31, 2017 (IFRS)

Statement of cash flows

	Jan. 1, 2017 – March 3, 2017	Jan. 1, 2016 – March 3, 2016
	€ thou.	€ thou.
Income before income taxes	–3,899	–5,048
Net interest income/loss	979	958
Depreciation and amortization of noncurrent assets	2,117	2,070
Disposal of assets, net	0	0
Depreciation/amortization of other noncurrent and current assets	150	0
Allowances for inventories and doubtful accounts	126	–57
Change in provisions	–205	–714
Changes in current and noncurrent assets and liabilities:		
– Inventories	–2,476	–1,612
– Trade accounts receivable and gross amount due from customers for contract work	–1,447	6,032
– Trade accounts payable and gross amount due to customers for contract work	–6,368	–20,458*
– Other operating assets	–289	914
– Other operating liabilities	–4,981	–24,226
– Income tax paid	–630	–1,085
– Income tax received	607	46
– Interest paid	–948	–664*
– Interest received	86	2
Net cash used in operating activities	**–17,178**	**–43,842**
Proceeds from		
– Retirement/disposal of intangible assets	0	1
– Retirement/disposal of property, plant and equipment	3	0
Payments due to acquisition of		
– Intangible assets	–1,211	–703
– Property, plant and equipment	–906	–830
– Subsidiaries	–1,798	–500
Net cash used in investing activities	**–3,912**	**–2,032**
Proceeds from raising of financial loans	22,620	44,897
Cash repayments of financial loans	–2,287	–4,501
Cash repayments of liabilities from finance leases	–145	–127*
Distributions to/withdrawals by non-controlling interests and profit shares of minority interests	–140	–20
Net cash provided by financing activities	**20,048**	**40,249**
Net change in cash funds	–1,042	–5,625
Cash funds at start of period	6,844	10,722
Cash funds at end of period	**5,802**	**5,097**

* Previous year's figure adjusted
(unaudited acc. to IFRS)

Disclosure in accordance with Section 37w (5) Sentence 6 of the German Securities Trading Act (WpHG)

The condensed set of financial statements and the interim group management report at March 31, 2017, have not been audited or inspected by an auditor in accordance with Section 317 of the German Commercial Code (HGB).

Notes

Preamble

euromicron AG is a registered company under German law with headquarters in Frankfurt/Main and is mainly active in the areas of network and fiber optics technology.

euromicron AG prepares its interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable on the balance sheet date and with their interpretations by the International Financial Reporting Interpretations Committee (IFRIC), as are applicable in the European Union. The interim consolidated financial statements as of March 31, 2017, were prepared in compliance with the stipulations of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and with the requirements of standard no. 16 “Interim Financial Reporting” of the DRSC (Deutsches Rechnungslegungs Standards Committee e.V.). The previous year’s figures were determined using the same principles.

Unless otherwise stated, the figures in the interim consolidated financial statements are presented in thousands of euros (€ thou.).

The results reported in the interim consolidated financial statements as of March 31, 2017, do not necessarily permit forecasts for the further course of business.

Reporting and measurement methods

The same reporting and measurement methods were used in the abridged presentation of the interim consolidated financial statements as of March 31, 2017, as for preparing the consolidated financial statements at December 31, 2016, unless changes are explicitly specified.

A detailed description of these methods is published in the 2016 Annual Report, which is available on the company's homepage. The consolidated financial statements of euromicron AG as of December 31, 2016, were prepared on the basis of Section 315a of the German Commercial Code (HGB) in accordance with the International Financial Reporting Standards, as are applicable in the European Union.

The purchase price allocation of the companies/divisions acquired in the current fiscal year is still provisional at March 31, 2017, since definitive examinations in relation to assets, liabilities and legal matters must still be made. The calculated difference is carried as provisional goodwill.

An individual tax rate is used as the basis for calculating the income taxes for German companies and is also applied to the deferred taxes. The respective national rates of tax are used for calculating the income taxes for foreign companies.

Estimates and assumptions must be made to a certain extent in the interim consolidated financial statements; the value of assets, liabilities and contingent liabilities, as well as expenses and income in the reporting period, depend on these. The actual later figures may differ from the amounts reported in the interim consolidated financial statements.

As regards the content of the new standards and interpretations and amendments to existing standards, we refer to our comments on pages 95 to 108 of the 2016 Annual Report.

The following interpretations and amendments have been in force since the beginning of fiscal year 2017:

- IAS 7 “Statement of Cash Flows”: Disclosure Initiative (amendment)
- IAS 12 “Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses” (amendment)
- Annual Improvement Project (AIP) – Annual improvements to the IFRSs, 2014 – 2016 cycle (“Improvements to IFRS”)

The collection “Annual improvements to the IFRSs, 2012–2016 cycle” contains amendments to the following IFRSs:

- IAS 28 “Investments in Associates and Joint Ventures”
- IFRS 12 “Disclosure of Interests in Other Entities”
- IFRS 1 “First-time Adoption of International Financial Reporting Standards”

From the “Improvements to IFRS”, only the changes to IFRS 12 have had to be applied to fiscal years beginning on or after January 1, 2017, since the start of fiscal year 2017.

Application of the new and/or amended standards and interpretations has no significant impact on the Group’s financial position, net assets and results of operations or cash flow.

Consolidated companies

Apart from euromicron AG, the interim consolidated financial statements at March 31, 2017, include 25 (previous year: 23) companies, in which euromicron AG has the majority of voting rights directly or indirectly and so controls these companies.

Significant business events

Acquisition of 75% of the shares in KORAMIS GmbH by telent GmbH

Under the notarized purchase agreement dated December 21, 2016, telent GmbH acquired 75% of the shares in KORAMIS GmbH, Saarbrücken, an IT security company that specializes in industrial security. As a result of this acquisition, telent GmbH is expanding its value chain to include cybersecurity for critical infrastructures and industrial infrastructures. The date of acquisition is January 1, 2017. The purchase price was €1,648 thousand. The provisionally measured assets of KORAMIS GmbH were composed of property, plant and equipment (€270 thousand), inventories (€71 thousand), trade accounts receivable (€652 thousand) and other assets (€19 thousand) at the time of acquisition. The provisionally measured liabilities comprised provisions (€25 thousand), liabilities to banks (€32 thousand), trade accounts payable (€205 thousand) and other liabilities (€324 thousand). The purchase price allocation as part of the acquisition of KORAMIS GmbH is still provisional at the time of publication of the euromicron Group's interim report at March 31, 2017. The provisional goodwill of €1,196 thousand resulting from the difference between the total purchase price (€1,648 thousand) and the provisionally measured net assets (€426 thousand), including minority interests (€ –26 thousand), is mainly attributable to the well-trained workforce in the field of IT security. 36 employees were taken over. The number of consolidated companies increased by one as a result of the acquisition.

Establishment of the new company ProCom Communication Systems Trading (Beijing) Co. Ltd.

Establishment of the company ProCom Communication Systems Trading (Beijing) Co. Ltd., Beijing, China, was completed on February 23, 2017. It is a wholly-owned subsidiary of ProCom Professional Communication & Service GmbH, Essen. The registered capital is €150 thousand and has not yet been paid in. The number of consolidated companies increased by one as a result of its establishment.

Exercise of the preemptive right relating to 2.5% of the shares in Microsens GmbH & Co. KG and in Microsens Beteiligungs GmbH

On January 12, 2017, an agreement was reached to exercise the existing preemptive right relating to 2.5% of the minority interests in Microsens GmbH & Co. KG and 2.5% of the minority interests in Microsens Beteiligungs GmbH effective January 31, 2017. The purchase price is €225 thousand for the shares in Microsens GmbH & Co. KG and €1 thousand for the shares in Microsens Beteiligungs GmbH. The purchase price was paid on January 25, 2017. The acquisition meant the stake held by euromicron AG in Microsens GmbH & Co. KG and Microsens Beteiligungs GmbH was 97.5% in each case. Due to the fact that the existing purchase options are designed as opposite put/call options, both companies were already fully included in the consolidated financial statements. The purchase price obligations resulting from the opposite put/call options were likewise already carried under “Other current financial liabilities” in the consolidated financial statements at December 31, 2016. The pro-rata purchase price obligation for the exercised part of the put/call option was €226 thousand and that for a conditional purchase price component was an amount of €25 thousand. Since the original acquisition of MICROSENS GmbH & Co. KG falls under the scope of IFRS 3 (2004 version), the €25 thousand from the conditional purchase price component, which did not have to be paid due to the fact that the targets were not achieved, was treated as an adjustment to the purchase price in accordance with IFRS 3.33 (as effective in 2004) and the goodwill from the acquisition was reduced by that amount.

Conclusion of an agreement to sell the "Telecommunications" division of euromicron Deutschland GmbH

An agreement to sell the "Telecommunications" division of euromicron Deutschland GmbH was concluded on March 15, 2017. Under it, euromicron Deutschland GmbH transfers all customer, supplier and other agreements connected with this business as part of an asset deal. The division's employees are also transferred to the purchaser. The transaction was completed on April 30, 2017, after the suspensive conditions specified in the purchase agreement had been fulfilled. Since the impairment test conducted at December 31, 2016, was based on the assumption that the closing date would be March 31, 2017, but that date was postponed to April 30, 2017, it was necessary to update the impairment test to reflect the period up to March 31, 2017. This revealed an additional need to write off €150 thousand (without any cash effect), which was recognized as an expense in these quarterly financial statements; the amount is carried under "Other operating income".

Treasury shares

At March 31, 2017, euromicron does not hold any treasury shares that might be offset against equity in accordance with IAS 31.33.

Non-controlling interests (minority interests)

Under IFRS 3 (2008), non-controlling interests are disclosed as part of equity in accordance with the entity point of view.

The minority interests in equity reported at March 31, 2017 (€356 thousand) relate to Qubix S.p.A., Padua (10%) and KORAMIS GmbH, Saarbrücken (25%).

Segment information

The Executive Board is the main decision-maker in the Group. The business segments were identified on the basis of the internal reporting the Executive Board uses to allocate resources and assess earnings strength.

Under its strategic alignment, the euromicron Group focuses on the three main segments of “Smart Buildings”, “Critical Infrastructures” and “Distribution”. Controlling is in line with the orientation toward the target markets and the underlying value chain within the Group. In line with the organizational and reporting structure, euromicron reports in the segments “Smart Buildings”, “Critical Infrastructures” and “Distribution”. In addition, the “Non-strategic Business Segments” and the “Central Services” area are reflected in “All other segments”.

The reconciliation contains the consolidation of the cross-segment network of services and various other items that cannot be assigned to the individual areas, since the Executive Board believes they do not reflect the services provided by the areas.

In line with the internal reporting structure, RSR GmbH & Co. KG is no longer assigned to the “Critical Infrastructures” segment in segment reporting as of fiscal year 2017, but instead to the “Non-strategic Business Segments”, after a decision was also taken toward the end of 2016 to discontinue the “Fiber-optic Infrastructure” division of RSR GmbH & Co. KG. So as to enable better comparison, the previous year’s figures have been accordingly adjusted in segment reporting.

Disclosures on the segments

of the euromicron Group from January 1 to March 31, 2017

Disclosures on the segments

	Smart Buildings		Critical Infrastructures		Distribution		Total for all operating segments that must be reported	
	2017	2016	2017	2016	2017	2016	2017	2016
	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
External sales	44,565	38,899	24,234	20,319	6,490	5,292	75,289	64,510
Sales within the Group	393	352	368	299	338	445	1,099	1,096
Total sales	**44,958**	**39,251**	**24,602**	**20,618**	**6,828**	**5,737**	**76,388**	**65,606**
EBITDA	−255	−864	47	−45	1,131	982	923	73
EBITDA margin	−0.6%	−2.2%	0.2%	−0.2%	16.6%	17.1%	1.2%	0.1%
of which reorganization costs	260	0	0	0	0	0	260	0
Operating EBITDA	**5**	**−864**	**47**	**−45**	**1,131**	**982**	**1,183**	**73**
Operating EBITDA margin	**0.0%**	**−2.2%**	**0.2%**	**−0.2%**	**16.6%**	**17.1%**	**1.5%**	**0.1%**
Amortization and depreciation	−1,370	−1,373	−604	−473	−74	−90	−2,048	−1,936
Write-downs of property, plant and equipment, intangible assets and goodwill	0	0	0	0	0	0	0	0
EBIT	−1,625	−2,237	−557	−518	1,057	892	−1,125	−1,863
of which reorganization costs	260	0	0	0	0	0	260	0
Operating EBIT	−1,365	−2,237	−557	−518	1,057	892	−865	−1,863
Order books	84,288	72,208	55,961	48,317	2,022	1,609	142,271	122,134
Working capital	56,671	68,383	9,295	20,567	5,319	5,340	71,285	94,290
Working capital ratio	**28.8%**	**36.1%**	**8.2%**	**17.9%**	**24.3%**	**27.0%**	**21.4%**	**29.1%**

	All other segments									
	Non-strategic Business Segments		Central Services		Total for the segments		Reconciliation		Group	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.	€ thou.
	236	700	0	0	75,525	65,210	0	0	75,525	65,210
	69	50	0	0	1,168	1,146	−1,168	−1,146	0	0
	305	**750**	**0**	**0**	**76,693**	**66,356**	**−1,168**	**−1,146**	**75,525**	**65,210**
	−142	−267	−1,583	−1,826	−802	−2,020	0	0	−802	−2,020
	−46.6%	−35.6%			−1.0%	−3.0%			−1.1%	−3.1%
	119	102	534	957	913	1,059	0	0	913	1,059
	−23	**−165**	**−1,049**	**−869**	**111**	**−961**	**0**	**0**	**111**	**−961**
	−7.6%	**−22.0%**			**0.1%**	**−1.4%**			**0.1%**	**−1.5%**
	0	−16	−69	−118	−2,117	−2,070	0	0	−2,117	−2,070
	0	0	0	0	0	0	0	0	0	0
	−142	−283	−1,652	−1,944	−2,919	−4,090	0	0	−2,919	−4,090
	119	102	534	957	913	1,059	0	0	913	1,059
	−23	−181	−1,118	−987	−2,006	−3,031	0	0	−2,006	−3,031
	1,093	3,191	0	0	143,364	125,325	−224	−1,963	143,140	123,362
	−294	1,071	−934	−824	70,057	94,537	−19,533	−16,893	50,525	77,644
					20.9%	**28.2%**			**15.1%**	**23.1%**

Business transactions with related parties

Apart from the compensation for the Executive Board and Supervisory Board, there are the following significant relations with related persons:

In exchange for the supply of goods, Keymile GmbH, Hanover, received €1,687 thousand from January 1 to March 31, 2017, of which there were still unpaid liabilities of €434 thousand at March 31, 2017.

Apart from that, there are no other significant relationships with related parties. There are also no business transactions between consolidated companies of the euromicron Group and non-consolidated or associated companies of the euromicron Group.

Contingencies

There were no significant changes in contingencies, contingent liabilities and other financial obligations compared with the consolidated financial statements at December 31, 2016.

Declaration by the legal representatives

We declare to the best of our knowledge that the interim 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 the accounting principles to be applied for interim reporting and that the course of business, including the business results and the Group's position, is presented in the interim group management report in such a way that a true and fair view is given and the main opportunities and risks of the Group's anticipated development in the remainder of the fiscal year are described.

Frankfurt/Main, May 11, 2017

The Executive Board

Bettina Meyer Spokeswoman of the Executive Board	Jürgen Hansjosten Member of the Executive Board

Financial Calendar 2017

March 29, 2017	Publication of the 2016 Annual Report, Analysts' Conference and accounts press conference
May 11, 2017	Publication of the business figures for the 1st quarter of 2017
June 14, 2017	Annual General Meeting, Frankfurt/Main
August 10, 2017	Publication of the business figures for the 2nd quarter of 2017
November 9, 2017	Publication of the business figures for the 3rd quarter of 2017

This Interim Report is available in German and English.

Both versions can also be downloaded from the Internet at **www.euromicron.de**.
In cases of doubt, the German version is authoritative.

DISCLAIMER ON PREDICTIVE STATEMENTS

This report also includes predictive statements and information on future developments that are based on the convictions and current views of euromicron AG's management and on assumptions and information currently available to euromicron. Where the terms "assume", "believe", "assess", "expect", "intend", "can/may/might", "plan" or similar expressions are used, they are intended to indicate predictive statements that are subject to certain elements of insecurity and risks, such as competitive pressure, changes to the law, changes in general political and economic conditions, changes to business strategy, other risks and uncertainties that euromicron AG in many cases cannot influence and that may result in significant deviations between the actual results and predictive statements. Any liability or guarantee for the used and published data and information being up-to-date, correct and/or complete is not assumed, either explicitly or implicitly.

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