voxeljet AG

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and Supervisory Board
voxeljet AG:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of voxeljet AG and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of comprehensive loss, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

KPMG AG Wirtschaftsprüfungsgesellschaft

We have served as the Company's auditor since 2007.

Munich, Germany
March 29, 2018

voxeljet AG

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	December 31, 2017	December 31, 2016
		(€ in thousands)	
Current assets		**37,774**	**37,506**
Cash and cash equivalents		7,569	7,849
Financial assets	13	14,044	12,579
Trade receivables	7	5,093	4,133
Inventories	8	9,539	11,213
Income tax receivables		3	8
Other assets		1,526	1,724
Non-current assets		**29,257**	**24,633**
Financial assets	13	357	211
Intangible assets	10	1,111	842
Property, plant and equipment	11	27,698	23,521
Investments in joint venture		39	--
Other assets		52	59
Total assets		**67,031**	**62,139**

	Notes	December 31, 2017	December 31, 2016
		(€ in thousands)	
Current liabilities		**6,576**	**5,517**
Deferred income		271	332
Trade payables		3,059	1,765
Financial liabilities	13	1,162	1,297
Other liabilities and provisions	12	2,084	2,123
Non-current liabilities		**16,537**	**5,086**
Deferred income		18	177
Deferred tax liabilities		66	1
Financial liabilities	13	16,413	4,817
Other liabilities and provisions	12	40	91
Equity		**43,918**	**51,536**
Subscribed capital	25	3,720	3,720
Capital reserves	25	76,227	75,827
Accumulated deficit		(37,480)	(28,971)
Accumulated other comprehensive income		1,380	873
Equity attributable to the owners of the company		**43,847**	**51,449**
Non-controlling interests		**71**	**87**
Total equity and liabilities		**67,031**	**62,139**

See accompanying notes to these consolidated financial statements.

voxeljet AG

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year Ended December 31,		
		2017	2016	2015
	Notes	(€ in thousands, except share and share data)		
Revenues	19	23,178	22,338	24,064
Cost of sales	14	(13,824)	(15,435)	(17,147)
Gross profit		**9,354**	**6,903**	**6,917**
Selling expenses		(6,474)	(5,312)	(6,922)
Administrative expenses		(5,129)	(4,563)	(5,178)
Research and development expenses		(5,528)	(5,683)	(5,470)
Other operating expenses	15	(1,844)	(3,881)	(888)
Other operating income	15	1,001	1,417	2,130
Operating loss		**(8,620)**	**(11,119)**	**(9,411)**
Finance expense	16	(190)	(230)	(277)
Finance income	16	365	38	158
Financial result	16	**175**	**(192)**	**(119)**
Loss before income taxes		**(8,445)**	**(11,311)**	**(9,530)**
Income tax expense	17	(80)	(2)	(64)
Net loss		**(8,525)**	**(11,313)**	**(9,594)**
Other comprehensive income (loss) that may be reclassified subsequently to profit or loss		505	1,111	(237)
Total comprehensive loss		**(8,020)**	**(10,202)**	**(9,831)**
Loss attributable to:				
Owner of the Company		(8,509)	(11,287)	(9,594)
Non-controlling interests		(16)	(26)	--
		(8,525)	**(11,313)**	**(9,594)**
Total comprehensive loss attributable to:				
Owner of the Company		(8,004)	(10,176)	(9,831)
Non-controlling interests		(16)	(26)	--
		(8,020)	**(10,202)**	**(9,831)**
Weighted average number of ordinary shares outstanding		3,720,000	3,720,000	3,720,000
Loss per share - basic/ diluted (EUR)		(2.29)	(3.04)	(2.58)

See accompanying notes to these consolidated financial statements.

voxeljet AG

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	(€ in thousands) Attributable to the owners of the company						
	Subscribed capital	**Capital reserves**	**Accumulated deficit**	**Accumulated other comprehensive gain (loss)**	**Total**	**Non-controlling interests**	**Total equity**
Balance at January 1, 2015	**3,720**	**75,671**	**(8,090)**	**(1)**	**71,300**	**--**	**71,300**
Loss for the period	--	--	(9,594)	--	**(9,594)**	--	**(9,594)**
Net changes in fair value of available for sale financial assets	--	--	--	(213)	**(213)**	--	**(213)**
Foreign currency translation	--	--	--	(24)	**(24)**	--	**(24)**
Balance at December 31, 2015	**3,720**	**75,671**	**(17,684)**	**(238)**	**61,469**	**--**	**61,469**
Balance at January 1, 2016	**3,720**	**75,671**	**(17,684)**	**(238)**	**61,469**	**--**	**61,469**
Establishment of subsidiary with non-controlling interests	--	--	--	--	**--**	113	**113**
Loss for the period	--	--	(11,287)	--	**(11,287)**	(26)	**(11,313)**
Net changes in fair value of available for sale financial assets	--	--	--	50	**50**	--	**50**
Foreign currency translations	--	--	--	1,061	**1,061**	--	**1,061**
Equity-settled share-based payment transaction in relation to the establishment of a subsidiary with non-controlling interest	--	156	--	--	**156**	--	**156**
Balance at December 31, 2016	**3,720**	**75,827**	**(28,971)**	**873**	**51,449**	**87**	**51,536**
Balance at January 1, 2017	**3,720**	**75,827**	**(28,971)**	**873**	**51,449**	**87**	**51,536**
Loss for the period	--	--	(8,509)	--	**(8,509)**	(16)	**(8,525)**
Net changes in fair value of available for sale financial assets	--	--	--	37	**37**	--	**37**
Foreign currency translation	--	--	--	470	**470**	--	**470**
Deferred tax	--	14	--	--	**14**	--	**14**
Equity-settled share-based payment	--	386	--	--	**386**	--	**386**
Balance at December 31, 2017	**3,720**	**76,227**	**(37,480)**	**1,380**	**43,847**	**71**	**43,918**

See accompanying notes to these consolidated financial statements.

voxeljet AG

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2017	2016	2015
	(€ in thousands)		
Cash Flow from operating activities			
Loss for the period	**(8,525)**	**(11,313)**	**(9,594)**
Depreciation and amortization	3,163	2,542	2,982
Foreign currency exchange differences on loans to subsidiaries	1,056	1,092	(24)
Impairment losses on goodwill and intangible assets	--	1,130	818
Equity-settled share-based payment transaction in relation to the establishment of a subsidiary with non-controlling interest	--	256	--
Share-based compensation expense	386	--	--
Impairment losses on trade receivables	237	367	--
Change in investment in joint venture	11	--	--
Change in fair value of the Performance Participation Interest	17	--	--
Change in derivative equity forward	(352)	--	--
Change in inventory allowance	(515)	954	1,118
Proceeds from customer loans	--	10	1,091
Deferred income taxes	79	--	(67)
Loss on disposal of assets	15	46	71
Change in working capital	**(2,654)**	**(8,422)**	**(8,369)**
Trade and other receivables, inventories and current assets	(2,978)	(6,784)	(8,494)
Trade payables	629	(27)	(584)
Other liabilities and provisions and deferred income	(310)	(1,657)	698
Income tax payable/receivables	5	46	11
Total	**(7,082)**	**(13,338)**	**(11,974)**
Cash Flow from investing activities			
Decrease in Restricted Cash	206	--	--
Proceeds from disposal of property, plant and equipment and intangible assets	--	14	427
Payments to acquire property, plant and equipment and intangible assets	(3,374)	(3,700)	(1,402)
Proceeds from disposal of financial assets	4,077	34,979	68,344
Payments to acquire financial assets	(5,542)	(15,827)	(60,188)
Investment in Joint Venture	(50)	--	--
Total	**(4,683)**	**15,466**	**7,181**
Cash Flow from financing activities			
Repayment from bank overdrafts and lines of credit	(166)	(159)	(64)
Repayment of sale and leaseback obligation	(384)	(535)	(816)
Repayment of finance lease obligation	(51)	(36)	(16)
Repayment from long-term debt	(732)	(378)	(203)
Proceeds of long-term debt	12,612	4,724	--
Total	**11,279**	**3,616**	**(1,099)**
Net increase (decrease) in cash and cash equivalents	**(486)**	**5,744**	**(5,892)**
Cash and cash equivalents at beginning of period	**7,849**	**2,086**	**8,031**
Changes to cash and equivalents due to foreign exchanges rates	**206**	**19**	**(53)**
Cash and cash equivalents at end of period	**7,569**	**7,849**	**2,086**
Supplemental Cash Flow Information			
Interest paid	206	201	250
Interest received	16	39	123
Income taxes paid	--	2	--
Property, plant and equipment added under finance lease	123	57	43

See accompanying notes to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

1. The reporting entity

voxeljet AG (in the following referred to as '*voxeljet'*, 'Group', or the *'Company')* is a high-tech company headquartered in Friedberg, Germany. The *Company* consists of voxeljet AG, voxeljet America Inc. (*voxeljet America*), voxeljet UK Ltd. (*voxeljet UK*), voxeljet India Pvt. Ltd (*voxeljet India*) and voxeljet China Co., Ltd. (*voxeljet China*) voxeljet AG owns 100% of the issued and outstanding shares of *voxeljet America* , *voxeljet UK* and *voxeljet India* as well as 95.83% of *voxeljet China.* As a manufacturer of three-dimensional ("3D") printing systems, *voxeljet* specializes in the development, production and distribution of industrial printing machines and the production and sale of customized printed products to industrial customers. The *Company* operates in two business divisions: Systems and Services. The *voxeljet* Systems business division develops, manufactures and sells innovative 3D printers. Today, *voxeljet* has a product range that reaches from smaller entry models to large-format machines, and therefore offers 3D printer systems for a wide range of application areas.

Through its Services business division, the *Company* also offers customized printed products such as sand molds and plastic models based on CAD data through its 'on-demand production' service centers. In addition, the *Company* offers casting services to its customers. In those cases, the casting process is performed by external suppliers supported by *voxeljet's* molds and models. Small-batch and prototype manufacturers utilize the *Company's* machines for the automatic, patternless manufacture of their casting molds and 3D models. The *Company's* customer base includes automotive manufacturers, foundries and suppliers as well as companies from the arts and design industries as well as universities and research institutes.

2. Preparation of financial statements

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as set forth by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC).

The consolidated financial statements were authorized for issue by the Management Board on March 29, 2018.

These consolidated financial statements were prepared on the basis of historical cost except for the following items, which are measured on an alternative basis on each reporting date.

Available-for-sale financial assets	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Monetary assets and liabilities denominated in foreign currencies	Translated at period-end exchange rates
Derivative financial instruments	Fair value

The consolidated financial statements are presented in thousands of Euros (kEUR) except where otherwise stated. Due to rounding, numbers presented throughout these notes may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date when control is transferred to the Group. Consideration paid is allocated to the assets acquired and liabilities assumed, with any excess amount recorded as goodwill.

Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions are eliminated in preparing the consolidated financial statements.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Recognition of income and expenses

Revenues

Revenue from the sale of new or refurbished 3D printers is recognized upon the transfer of risks and rewards of ownership to the buyer, which is upon completion of the installation of 3D printers at the customer site and evidenced through final acceptance by the customer. The *Company* also recognizes revenue from printers, which are provided to customers under operating leases. Revenue from such transactions is recognized monthly on a straight-line basis over the term of the lease agreement. Revenue from the sale of custom-ordered printed products, consumables, or spare parts and other machine parts is recognized upon transfer of title, generally upon shipment. Revenue for all deliverables in sales arrangements is recognized to the extent that it is probable that the economic benefit arising from the ordinary activities of the business will flow to the *Company* and provided that the amount of revenue and the costs incurred or to be incurred in respect of the sale can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, which is fixed at the time of recognition of revenue. In instances where revenue recognition criteria are not met, amounts are recorded as deferred income in the accompanying statements of financial position.

The Company offers to customers, to operate their purchased 3D printer and perform 3D printing on custom-ordered printed products for a temporary period before the customers' facility is configured according to required technical specifications. The Company recognizes sublease income paid by the customers under operating leases within other operating income in the statements of comprehensive loss over the term of the lease. The Company recognizes revenue from the sale of custom-ordered printed products from the customer's purchased 3D printer, upon transfer of title, generally upon shipment.

The Company also provides development services to certain customers. The Company recognizes revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference to surveys of work performed. Generally work performed is measured based on milestones according to the project plan. Otherwise, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in the statements of comprehensive loss.

The Group provides customers with a standard warranty agreement on all machines for up to one year. The warranty is not treated as a separate service because the warranty is an integral part of the sale of the machine.

After the initial one year warranty period, the Group offers its customers extended warranty and optional maintenance contracts. Extended warranty and maintenance contracts are provided for a period of twelve months and automatically extended for another twelve months if not cancelled on a timely basis. Extended warranty and maintenance service revenue is recognized on a straight-line basis under the contractual term.

Shipping, packaging and handling costs billed to customers for machine sales and sales of printed products and consumables are included in revenue in the consolidated statements of comprehensive loss. Costs incurred by the *Company* associated with shipping, packaging and handling are included in selling expenses in the consolidated statements of comprehensive loss.

The *Company's* terms of sale generally require payment within 30 to 60 days after shipment of a product, although the *Company* also recognizes that longer payment periods are customary in some countries where it transacts business. To reduce credit risk in connection with machine sales, the *Company* may, depending upon the circumstances, require deposits prior to shipment. In some circumstances, the *Company* may require payment in full for its products prior to shipment and may require international customers to furnish letters of credit. These deposits are reported as customer deposits included in other liabilities and provisions in the accompanying statements of financial position. Maintenance contracts are billed to customers in advance on a monthly, quarterly, or annual basis, depending on the contract and are initially recorded as deferred income in the statements of financial position.

In the course of the *Company's* ordinary business activities refurbished 3D printers, which typically were operating in the Services segment on average for 1.5 to 2.5 years, are routinely sold to customers. Prior to sale, such printers are fully refurbished, which includes the installation of a new printhead. Proceeds from the sale of such refurbished 3D printers are recognized as revenue of the Systems segment.

Sales agents are used in connection with the sale of 3D printers. These sales agents receive sales commissions which are included in selling expenses in the consolidated statements of comprehensive loss. Such commissions are determined based on a percentage of the sale price for each sale initiated by the sales agent. Generally, commissions are paid only after the customer has paid the final invoice.

The *Company* grants certain licenses and intellectual property rights to third parties under contractual agreements which, among other things, requires the licensee to make payments to the *Company*. Revenue recognized from such agreements is based on the *Company`s* best estimate of license fees due as long as it is probable that the associated economic benefit will flow with the company.

Research and development expenses

All research and development costs are charged to expense as incurred.

Government grants

Government grants awarded for project funding are recorded within other operating income in the consolidated statement of comprehensive loss if the related research and development costs have been incurred and provided that the conditions for the funding have been met. Until then, amounts received under government grants are recorded as deferred income in the statements of financial position.

Leases

Finance leases consist primarily of borrowings associated with sale and leaseback transactions involving 3D printers that were manufactured by the *Company* and used within the Services segment. Additionally, the *Company* has entered into finance lease agreements for 3D printers manufactured by third parties. Maturities of these finance leases extend to 2020. Leased assets are recognized at the lower of fair value or the present value of minimum lease payments and depreciated over the asset's estimated useful life. Assets under finance leases are included in "Property, plant and equipment" in the statement of financial position. Gains on sale and leaseback transactions are recorded as deferred income in the statement of financial position and recognized as "Other operating income" over the respective lease term.

Operating leases consist of various lease agreements for the rental of manufacturing facilities, office and warehouse space, vehicles, and office and IT equipment, expiring in various years through 2020. Rent expense under operating leases is charged to profit or loss on a straight-line basis over the term of the lease.

In 2017, *voxeljet* leased two 3D printers (2016: one 3D printer and 2015: five 3D printers) to customers under operating leases. Rental income is recognized on a straight-line basis over the term of the lease as revenue and is reported within the Systems segment.

Long Term Cash Incentive Plan

voxeljet has a Long-Term Cash Incentive Plan ("LTCIP"), a cash-settled share-based payment arrangement, that provides for cash awards to non-executive employees. Compensation cost is determined based on the grant-date fair value of the awards and recognized, net of estimated forfeitures due to termination of employment, on a straight-line basis over the requisite service period of the award and depending on the evaluation of certain performance and market conditions. The requisite service period is generally the vesting period stated in the award. The liability for these awards is measured at fair value at each reporting date until settlement and is classified within "other liabilities and provisions in the consolidated statement of financial position.

Employee stock option plan

In April 2017, the Supervisory Board adopted and approved Option Plan 2017. The plan authorizes to grant shares of equity-settled stock options to employees and members of the management board. The *Company's* stock-based compensation expense is estimated at the grant date based on the fair value of the award and is recognized as expense ratably over the requisite service period of the award. The Company calculates the fair value of each option award on the date of grant under the Monte Carlo simulation model. The determination of the grant date fair value of the awards using a simulation model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include the expected stock price volatility over the expected life of the awards, risk-free interest rates, and expected dividends. The risk free interest rate is equal to the U.S. Treasury constant maturity rates for the period equal to the expected life. We do not currently pay cash dividends on common stock and we do not anticipate doing so in the foreseeable future. Accordingly, the expected dividend yield is zero.

Foreign currencies

The financial statements are presented in Euros, the functional currency of *voxeljet AG*.

Monetary transactions denominated in foreign currencies are translated to Euros at the exchange rates prevailing on the transaction date.

The financial statements of foreign subsidiaries are translated using the concept of the functional currency in accordance with IAS 21. The assets and liabilities of foreign subsidiaries are translated at the spot rate at the end of the period, while their income statement items are translated at average exchange rates for the respective periods. All resulting exchange differences are recognized in other comprehensive income. Gains and losses on foreign currency transactions are shown within other operating income and other operating expenses, respectively, in the consolidated statement of comprehensive loss.

The loans provided to *voxeljet AG*'s subsidiaries are not considered as net investments in foreign operations. Consequently, gains or losses from foreign exchange differences thereon are recognized in other operating income or expenses.

The exchange rates that are most relevant for *voxeljet's* consolidated financial statements are as follows:

Average exchange rates to Euro

December 31,	Average Rate			
	USD	GBP	INR	CNY
2017	1.1297	0.8767	73.5324	7.6290
2016	1.1069	0.8195	74.3717	7.3522
2015	1.1096	0.7258	71.1956	6.9733

Year end exchange rates to Euro

December 31,	Year End Rate			
	USD	GBP	INR	CNY
2017	1.1993	0.8872	76.6055	7.8044
2016	1.0541	0.8562	71.5935	7.3202

Income Tax

Income tax expense (benefit) consists of current and deferred tax expense and benefit in accordance with IAS 12.

Current income tax expense (benefit) is based on taxable profit (loss) for the year. Taxable profit (loss) differs from profit (loss) as reported in the statements of comprehensive income (loss) because it excludes items of income or expense that are taxable or deductible in other years and further excludes items that are never taxable or deductible. Current income tax expense (benefit) is calculated using tax rates that have been enacted or substantively enacted by the end of the respective reporting period.

Deferred income tax expense (benefit) is recognized on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax basis used in the computation of taxable profit (loss).

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, including for carry forward losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer more probable than not that sufficient taxable profits will be available to allow all or a part of the assets to be recovered.

Deferred tax expense (benefit) is calculated at the tax rates that are expected to apply in the periods when the liability is settled or the asset is realized, based on tax rates (and tax regulations) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the *Company* expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax expense (benefit) is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also recorded to equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the *Company* intends to settle its current tax assets and liabilities on a net basis.

Intangible Assets

Intangible assets, including software, licenses and customer relationships, that are acquired by the *Company* and have a finite useful life are measured at cost less accumulated amortization and any impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their useful lives.
The amortization of licenses is allocated to the cost of inventory and is included in cost of sales as 3D printers are sold; the amortization of software is mainly included in selling and administrative expenses.

The estimated useful economic lives of acquired intangible assets are presented in the following table:

USEFUL LIFE OF INTANGIBLE ASSETS

Software	3-5 years
Licenses	6-8 years
Customer list	3 years
Digital library	3 years

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

Property, Plant and Equipment

Property, plant and equipment is carried at acquisition or manufacturing cost (for internally manufactured printers used in the Services segment) and depreciated on a straight-line basis over the estimated useful lives of the related assets, taking into account estimated residual values. Except the sale of used printers, realized gains and losses are recognized upon disposal or retirement of the related assets and are reflected within other operating income or other operating expenses in the consolidated statement of comprehensive loss. Subsequent expenditures are capitalized only if it is probable that *voxeljet* will receive additional economic benefits from the particular asset associated with these expenditures, and the costs can be determined reliably. Repair and maintenance expenditures are expensed as incurred. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the *Company* will obtain ownership by the end of the lease term. In those cases the assets are depreciated over their useful lives. Land is not depreciated. Additions to property, plant and equipment relating to self-constructed 3D printers are considered non-cash transactions.

The estimated useful economic lives of items of property, plant and equipment are as follows:

USEFUL LIFE OF PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements	6-9 years
Buildings	33 years
Plant and machinery	7-8 years
Printers leased to customers under operating lease	7-8 years
Other facilities, machinery and factory equipment	2-20 years
Office equipment	3-12 years

Useful lives, depreciation methods and residual values are reviewed at least annually and, in case they change significantly, depreciation charges for current and future periods are adjusted accordingly.

Inventories

Raw materials

Raw materials are measured at the lower of acquisition cost, as determined on the weighted average costs method, and net realizable value. Obsolete inventories are written off directly into cost of sales.

Work in progress and finished goods

Work in progress and finished goods are measured at the lower of manufacturing cost and net realizable value. Manufacturing costs comprise all costs that are directly attributable to the manufacturing process, such as direct material and labor, and production related overheads (based on normal operating capacity and normal consumption of material, labor and other production costs), including depreciation charges. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs of the sale. For purposes of determining net realizable value, selling expenses include all costs expected to be incurred to make the sale, primarily shipping, packaging and handling as well as commissions.

We also use our own printers in our service centers. Unfinished printers are generally available to be sold if a customer requests a product with a specification which can be met by one of the products in progress. Accordingly, we classify printers as inventory until we remove a finished printer from our manufacturing warehouse to use it in a service center. The reclassification as property, plant and equipment, as a non-cash transaction, occurs at cost and depreciation starts at inception of service.

We evaluate the adequacy of our inventory reserves on a periodic basis in order to determine the need for an inventory reserve (See Note 5, Critical accounting judgment and key sources of estimation and uncertainty – inventories).

Impairment of non-financial assets

The *Company* assesses at the end of each reporting period whether there is an indication that a non-financial asset may be impaired. Such assets are tested for impairment if there are indicators that the carrying amounts may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value in use. As individual assets do not generate largely independent cash flows, impairment testing is performed at the cash generating unit level.

If the fair value less cost to sell cannot be determined, or if it is lower than the carrying amount, the value in use is used. The value in use is calculated by discounting the future expected cash flows at a risk-adequate pre-tax interest rate, current and expected future cash flows are taken into account, together with technological, economic and general development trends, on the basis of approved and adjusted financial plans.

Financial instruments

Non-derivative financial assets and liabilities

The *Company* classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and accumulated in the accumulated other comprehensive income. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to profit or loss in other operating income or expense.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The *Company* does not elect to measure financial liabilities at fair value through profit or loss.

Derivative financial instruments

In conjunction with the financing with the European Investment Bank the Company closed in December 2017, loan and warrant agreements contain certain embedded derivatives. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Impairment

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

For financial assets measured at amortized cost, an impairment loss is calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at a risk adjusted interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses from accumulated other comprehensive income to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are short-term bank deposits and are not subject to a significant risk of change in value.

Deferred income

Deferred income from sale and leaseback

Deferred income related to gains on sales of 3D printers subject to sale and lease back transactions and accounted for as finance leases are recognized within other operating income in the consolidated statement of comprehensive loss over the respective lease term.

Deferred income from extended warranty and maintenance contracts

Extended warranty contract and maintenance contract revenues are recognized on a straight-line basis over the contractual term of the contract as the timing of providing the related services generally do not vary significantly.

Earnings (loss) per share

Basic earnings per share amounts are calculated by dividing profit (loss) by the weighted average number of ordinary shares outstanding. There are no dilutive instruments issued and outstanding.

4. New standards and interpretations not yet adopted

The IASB issued a number of new IFRS standards which are required to be adopted in annual periods beginning after December 31, 2017.

Standard	Effective date	Descriptions
IFRS 15	01/2018	Revenue from Contracts with Customers
IFRS 9	01/2018	Financial Instruments
IFRS 2	01/2018	Amendments Classification and Measurement of Share-based Payment Transactions
IFRS 4	01/2018	Amendments Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
IAS 40	01/2018	Amendment Transfers of Investment Property
IFRIC 22	01/2018	Foreign Currency Transactions and Advance Consideration
Improvements to IFRS (2014 - 2016)	01/2018	IFRS 1, IAS 28
IFRS 16	01/2019	Leases
IFRS 9	01/2019	Amendments Prepayment Features with Negative Compensation
IAS 28	01/2019	Amendments Long-term Interests in Associates and Joint Ventures
IFRIC 23	01/2019	Uncertainty over Income Tax Treatments
IAS 19	01/2019	Amendments Plan Amendment, Curtailment or Settlement
Improvements to IFRS (2015 - 2017)	01/2019	IFRS 3, 11, IAS 12, 23
IFRS 17	01/2021	Insurance Contracts
IFRS 10, IAS 28	indefinite	Amendment Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Impact of the New Accounting Standards

IFRS 15 'Revenue from Contracts with Customers'

On May 28, 2014, the IASB issued IFRS 15. The new revenue recognition standard is effective beginning on January 1, 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The *Company* will adopt the new standard effective January 1, 2018, by recognizing the cumulative effect of initially applying the new standard, as an adjustment to the opening balance of retained earnings with an offsetting impact within current liabilities. The Company expects to have an impact related to the revenue recognition regarding the revenue streams from maintenance as well as extended warranty contracts. The adoption of IFRS 15 will lead to immaterial timing differences for revenue recognition related to these types of contracts with customers. Based on its comprehensive assessment of the new guidance, the Company does not currently expect the adjustment to have a material impact to retained earnings nor on net income on an ongoing basis.

Results for reporting periods beginning after January 1, 2018 will be presented according to IFRS 15 while prior period amounts will not be adjusted and will continue to be reported in accordance with the Company's historic accounting policies. Beginning in the first quarter of 2018, the Company plans to provide expanded revenue recognition disclosures based on the new qualitative and quantitative disclosure requirements of the standard.

IFRS 9 (Financial Instruments)

IFRS 9 *Financial Instruments* is the IASB's replacement of IAS 39 *Financial Instruments*. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

We will adopt IFRS 9 on January 1, 2018. We will use the exceptions from full retrospective application and thus recognize the effect of the initial application as an adjustment to the opening balance of retained earnings.

We have reviewed our financial assets and liabilities and expect the following impacts:

Classification of financial assets and financial liabilities

The majority of our long-term debt and all loans, as well as trade and other financial receivables will satisfy the conditions for a classification at amortized cost. Thus, we do not expect any impact from reclassification. Under the new policies, our investments in bond funds will be classified as fair value through other comprehensive income. (FVTOCI). Therefore, we do not expect these changes to have a material impact on our financial statements.

Impairment

We will apply the simplified impairment approach of IFRS 9 and thus record lifetime expected credit losses on all trade receivables. The default risk of our trade receivables is estimated based on assessing the creditworthiness of customers through external ratings and our past experience with the customers concerned. Outstanding receivables are continuously monitored locally.

For bank balances and financial receivables not classified as FVTPL, we will apply the general IFRS 9 impairment approach under our new policies.

It is our policy to only invest in high-quality assets of issuers with a minimum rating of at least investment grade to minimize the risk of credit losses.

Despite the change from an incurred loss to an expected credit loss model, we do not expect our impairment allowances for trade receivables and other financial assets to be materially different from what they would be if we continued our current accounting policies.

Regarding the other new standards, amendments or interpretations the *Company* has not yet determined what impact the new standards, will have on the financial statements.

5. Critical accounting judgment and key sources of estimation and uncertainty

In the process of applying the *Company's* accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and associated assumptions are based on the knowledge available as of the preparation date of the financial statements and historical experiences as well as other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

Developments outside management's control may cause actual amounts to differ from the original estimates. In that case, the underlying assumptions and, if necessary, the carrying amounts of the pertinent assets and liabilities are adjusted accordingly. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The assumptions and estimates refer primarily to the recognition of revenue, valuation of bad debt allowance, valuation of inventory, and the valuation of derivative financial instruments (relating to the Performance Participation Interest on the loan with the European Investment Bank).

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

Revenue on sales of printers is recognized when the significant risks and rewards of ownership are transferred to the customer, the amount of revenue and cost incurred or to be incurred can be measured reliably and it is probable that the economic benefits associated with the sale will flow to the *Company*. Generally this is the case, when the printer is installed and finally accepted by the customer. On occasion, we grant a loan for a portion or all of the purchase price of a machine to a customer. We recognize revenue on such sales when it is probable that we will obtain the economic benefits from the transaction. In these situations, we analyze the credit risk associated with the customer based on all available information and the outstanding balance to determine the risk. The amount of revenue comprises the fair value of the consideration received, including future payments under the loan agreement. We typically retain legal title to our machines until receipt of all consideration to protect the collectability of any outstanding balances due, which does not preclude a conclusion that the significant risks and rewards of ownership have transferred.

Valuation of bad debt allowance

The *Company* evaluates customer accounts with past-due outstanding balances or specific accounts for which it has information that the customer may be unable to meet its financial obligations. Based upon a review of these accounts and Management's analysis and judgment, the *Company* estimates the future cash flows expected to be recovered from these receivables. The amount of the impairment on doubtful receivables is measured individually and recorded as a specific allowance against that customer's receivable balance so as to equal the amount expected to be recovered. The allowance is re-evaluated and adjusted periodically as additional information is received.

Valuation of inventories

We evaluate the adequacy of our inventory reserves on a periodic basis. Our determination of our inventory reserve is subject to change because it is based on management's current estimates. In determining the need for an inventory reserve on our printers in progress or finished stage, we consider the inventory at hand per product and expected sales. In that context, we consider order backlog on hand, budgeted sales and market opportunities by product type.

Valuation of derivative instruments

We evaluate the loan with the European Investment Bank to determine if the contracts or embedded components of those contracts qualify as derivatives requiring separate recognition in the financial statements. In circumstances where there are multiple embedded derivatives in a single hybrid contract that relate to the same risk exposure, or that are not readily separable and independent of each other, are treated as a single compound embedded derivative. The single compound embedded derivative is revalued on each balance sheet date, with changes in the fair value between reporting periods recorded within financial result of the consolidated statements of comprehensive loss. The embedded derivative component is measured at fair value on initial recognition, the carrying amount of the host contract on initial recognition is the difference between the carrying amount of the hybrid instrument and the fair value of the embedded derivative.

6. Share based payment arrangements

On April 7, 2017 voxeljet AG established a share option plan that entitles key management personnel and senior employees of voxeljet AG and its subsidiaries to purchase shares of the parent company.

Total options available under the share option plan are 372,000 ordinary shares of which 279,000 (75%) were granted on April 7, 2017. The vesting conditions include a service condition (the options vest after a period of four years) and a market condition (the options may only be exercised if the share price exceeds the exercise price over a period of 90 consecutive days by at least 20% in the period between the issue date and the respective exercise time frame) which both must be met.

The fair value of the employee stock option plan has been measured using a Monte Carlo simulation. The market condition has been incorporated into the fair value at grant date.

The inputs used in the measurement of the fair value at grant date are as follows:

- share price at grant date: USD 13.80
- exercise price: USD 13.90
- expected volatility: 55%
- expected dividends: --
- risk-free interest rate: 2.49%
- fair value at grant date: USD 8.00

The expected volatility has been based on an evaluation of the historical volatility of the company’s share price. As at December 31, 2017 no options are exercisable and 279,000 options are outstanding.

The expense recognized in the statement of comprehensive loss totaled kEUR 386 for the year ended December 31, 2017.

7. Trade receivables

Credit terms provided to customers are determined individually and are dependent on already existing customer relationships and the customer's payment history. The aging of trade receivables was as follows at each reporting date:

AGING STRUCTURE OF TRADE RECEIVABLES

	December 31, 2017	December 31, 2016
	(€ in thousands)	
Not due at the end of the reporting period	1,560	2,812
Amount past due for the following time ranges		
Less than 3 months	2,998	946
Between 3 and 6 months	363	180
Between 6 and 9 months	68	151
Between 9 and 12 months	70	12
More than 12 months	34	32
Total	**5,093**	**4,133**

The change in the allowance for doubtful accounts was as follows:

Change in the allowance for doubtful accounts

	Year Ended December 31, 2017	Year Ended December 31, 2016
	(€ in thousands)	
Balance at beginning of period	336	57
Provisions	237	367
Write-offs	(58)	--
Release to income	(33)	(88)
Balance at end of period	**482**	**336**

8. Inventories

Inventories consisted of the following for the years reported:

INVENTORIES BY CATEGORY

	December 31, 2017	December 31, 2016
	(€ in thousands)	
Raw materials and merchandise	3,017	1,850
Work in progress	6,522	9,363
Total	**9,539**	**11,213**

In 2017, the reserve for slow-moving inventory regarding work in progress, which was established in 2016 with an amount of € 1.0 million, was reversed by € 0.5 million due to the reduction of work in progress resulting from the adjustment of production according to the market demand. The reversal is reported in cost of sales.

9. voxeljet UK

Restructuring of voxeljet UK

Following a review of the financial performance of *voxeljet UK* and its current market environment, Management decided in October 2015 to focus *voxeljet UK's* activities in the future solely on selling high-speed, large-format 3D printers and on-demand parts services to industrial and commercial customers.

As a result, the *Company* entered into an agreement in November 2015 with an investor group that includes the founder of Propshop to sell certain assets supporting certain business lines that serve customers in the film and entertainment industry (the DPM business), transfer certain employees and contractual arrangements and settle the earnout and employment agreement with the managing director entered into in connection with the acquisition of *voxeljet UK* in exchange for net cash consideration of kEUR 365.

The charges from the restructuring of *voxeljet UK* amounted to € 2.7 million and included a loss from the sale of fixed assets, the impairments of certain intangible assets separately identified in the business acquisition and inventories as well as payments for early termination of contracts and the transfer of employees. The following table summarizes the amounts relating to the restructuring charges.

Components of restructuring charges	Line items in statement of comprehensive loss	December 31, 2015 (€ in thousands)
Write-off digital library	Cost of sales	309
Impairment of inventories	Cost of sales	1,068
Write-off customer list	Selling expense	380
Separation and breach of contract	Administrative expenses	260
Legal consulting	Administrative expenses	79
Settlement of rent agreements	Research and development expenses	67
Loss on disposal of fixed assets	Other operating expense	67
Transfer of employees	Other operating expense	275
Derecognition of goodwill due to disposed business	Other operating expense	129
Settlement of loan agreements	Finance expense	29

With respect to the remaining goodwill arising from the acquisition of *voxeljet UK* of kEUR 1,273, an impairment test was triggered by the sale of the DPM business. *voxeljet UK* is considered as one cash-generating unit (CGU), which forms part of the Services segment.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future expected cash flows to be generated from the continuing use of the CGU. The recoverable amount of the CGU of kGBP 2,975 was higher than its carrying amount of kGBP 2,263.

The key assumptions used in the estimation of the recoverable amount are set out below. The key assumptions represent Management’s assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. Further, the recoverable amount is particularly sensitive to the achievement of the forecasted revenue.

In percent	2015
WACC	10.1%
Terminal value growth rate	2.0%

The discount rate was a pre-tax measure based on the rate of 10-year UK government bonds, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systematic risk of the specific CGU.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined with the comparable nominal gross domestic product (GDP) rates in the UK.

The forecasted projection on free cash flow was estimated taking into account past experience in the UK and the *Company’s* service centers in Germany and the United States.

The estimated recoverable amount of the CGU exceeded its carrying amount by kGBP 712. Management has identified that a reasonably possible change in either the WACC or the revenue forecast could result in an impairment. In order to capture the sensitivity in revenues, the estimated revenue for the last year of the plan (2020) was adjusted, while keeping the assumed growth rate in terminal value unchanged. The following table shows the amount by which these assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2015
WACC	2.5%
Revenue the last year of the plan	kGBP 200

Impairment charges 2016

On October 7, 2016 voxeljet UK's most significant customer went into bankruptcy administration. Considering that development, voxeljet assessed the recoverability of the assets as of September 30, 2016, which resulted in a full impairment of trade receivables due from that customer of kEUR 293 and the goodwill for the CGU related to voxeljet UK.

The carrying amount of the CGU exceeded its recoverable amount of kEUR 1,471 (or kGBP 1,266) and consequently an impairment loss of kEUR 1,130 (or kGBP 907) covering the entire balance of goodwill was recognized in other operating expenses in the consolidated statements of comprehensive loss.

The recoverable amount of the CGU was based on its value in use. The value in use was determined by discounting the future cash flows expected to be generated from the continued use of the CGU.

The projections of cash flows cover the remainder of the year 2016 (forecast) and the financial years 2017 to 2021 (terminal value). The projected cash flows were estimated taking into account the cease of operations of the CGU's most significant customer, management's experience in the UK marketplace and from the Company's other service centers in Germany and the United States.

The cost of capital (weighted average cost of capital, WACC) and the terminal value growth rate are other assumptions used in the estimation of the value in use:

	2016
WACC	15.41%
Terminal value growth rate	1.00%

The parameters of the WACC are based on market observations as at September 30, 2016 (risk-free rate, spread, market risk premium, beta factor, leverage) and reflect the specific risks of voxeljet UK. The terminal value growth rate was determined on the basis of the expected long term development of prices in the UK and the relevant market for the CGU's services.

10. Intangible assets

	December 31,	
	2017	2016
	(€ in thousands)	
Software	573	515
Licenses	136	162
Prepayments made on intangible assets	402	165
Total	**1,111**	**842**

The increase in software and prepayments made on intangible assets occurred as a result of the purchase of software licenses in connection with our new ERP system as well as related capitalized customizing cost.

11. Property, plant and equipment

	December 31,	
	2017	2016
	(€ in thousands)	
Land, buildings and leasehold improvements	17,415	12,020
Plant and machinery (includes assets under finance lease)	8,650	6,730
Other facilities, factory and office equipment	1,625	1,522
Assets under construction and prepayments made	8	3,249
Total	**27,698**	**23,521**
Thereof pledged assets of Property, Plant and Equipment	7,046	6,446
Leased assets included in Property, Plant and Equipment:	**881**	**1,208**
Printers	613	964
Printers leased to customers under operating lease	97	141
Other factory equipment	171	103

The pledged assets consist of the new office building and the new production hall, which have been completed in 2017 and six 3D printers that serve as collateral for certain credit lines and loan agreements. Capitalized borrowing costs related to the acquisition of the new office building and the new production hall totaled to kEUR 78.

Amounts added to plant and machinery relating to self-constructed 3D printers are considered non-cash transactions, which totaled to kEUR 4,638 and kEUR 1,012 in the years ended December 31, 2017 and 2016, respectively. During 2017, the Group acquired equipment with a carrying amount of kEUR 116 (2016: kEUR 41) under a finance lease.

The following table presents the composition of, and annual movement in, intangible assets and property, plant and equipment for the years 2017 and 2016, respectively:

2017

(€ in thousands)

	Acquisition and manufacturing cost						Depreciation and amortization						Carrying amount
	01/01/2017	Additions	Disposals	Transfer	FX	12/31/2017	01/01/2017	Current year	Disposals	Transfer	FX	12/31/2016	12/31/2017
Intangible assets													
Software	798	137	17	91	(5)	1,004	283	166	16	0	(2)	431	573
Licenses	245	0	0	0	0	245	83	26	0	0	0	109	136
Prepayments made on intangible assets	205	328	40	(91)	0	402	40	0	40	0	0	0	402
Total	**1,248**	**465**	**57**	**0**	**(5)**	**1,651**	**406**	**192**	**56**	**0**	**(2)**	**540**	**1,111**
Property, plant and equipment													
Land, buildings and leasehold improvements	12,948	2,878	30	3,076	(169)	18,703	928	400	30	0	(10)	1,288	17,415
Plant and machinery	13,160	5,780	3,048	429	(376)	15,945	7,429	1,830	1,408	196	(114)	7,933	8,012
Other facilities, factory and office equipment	3,228	479	180	4	(47)	3,484	1,762	432	169	0	(20)	2,005	1,479
Assets under construction and prepayments made	3,249	9	0	(3,236)	(14)	8	0	0	0	0	0	0	8
Subtotal	**32,585**	**9,146**	**3,258**	**273**	**(606)**	**38,140**	**10,119**	**2,662**	**1,607**	**196**	**(144)**	**11,226**	**26,914**
Leased products	**2,258**	**123**	**0**	**(273)**	**(10)**	**2,098**	**1,203**	**309**	**0**	**(196)**	**(2)**	**1,314**	**784**
Total	**34,843**	**9,269**	**3,258**	**0**	**(616)**	**40,238**	**11,322**	**2,971**	**1,607**	**0**	**(146)**	**12,540**	**27,698**

2016

	(€ in thousands)													
	Acquisition and manufacturing cost						Depreciation and amortization							Carrying amount
	01/01/2016	Additions	Disposals	Transfer	FX	12/31/2016	01/01/2016	Current year	Disposals	Impairment	Transfer	FX	12/31/2016	12/31/2016
Intangible assets														
Software	461	229		109	(1)	798	182	101					283	515
Licenses	245					245	56	27					83	162
Order backlog	103	--	--	--	--	103	103	--	--	--	--	--	103	--
Customer list	622	--	--	--	--	622	622	--	--	--	--	--	622	--
Digital library	464	--	--	--	--	464	464	--	--	--	--	--	464	--
Prepayments made on intangible assets	159	155	--	(109)		205	--	--	40	--	--	--	40	165
Goodwill	1,273	--	--	--	(143)	1,130	--	--	--	1,130	--	--	1,130	--
Total	**3,328**	**384**	**--**	**--**	**(144)**	**3,567**	**1,427**	**128**	**40**	**1,130**	**--**	**--**	**2,725**	**842**
Property, plant and equipment														
Land, buildings and leasehold improvements	12,751	155			42	12,948	584	341				3	928	12,020
Plant and machinery	12,822	1,332	1,249	553	(298)	13,160	6,610	1,294	753		393	(115)	7,429	5,731
Other facilities, factory and office equipment	2,727	548	34	35	(48)	3,228	1,383	395	15		28	(29)	1,762	1,466
Assets under construction and prepayments made	101	3,186	35	(3)		3,249	0						0	3,249
Subtotal	**28,402**	**5,221**	**1,318**	**585**	**(304)**	**32,585**	**8,577**	**2,030**	**768**	**--**	**421**	**(141)**	**10,119**	**22,466**
Leased products	**2,800**	**41**		**(585)**	**2**	**2,258**	**1,241**	**384**			**(421)**	**(1)**	**1,203**	**1,055**
Total	**31,202**	**5,262**	**1,318**	**--**	**(302)**	**34,843**	**9,818**	**2,414**	**768**	**--**	**--**	**(142)**	**11,322**	**23,521**

The *Company* entered into sale and leaseback transactions for self-produced 3D printers, which were sold to banks and leased back. As of December 31, 2017 and 2016, the *Company* had four and five active sale and leaseback contracts, respectively. One contract expired in 2017 and the 3D printer was repurchased from the lessor and is used for research and development purposes. One of the leased 3D printers was used in the Services segment, two were used for research and development purposes and one was subleased to a customer under an operating lease.

As of December 31, 2017 and 2016, property, plant and equipment included five and three refurbished printers were sold to customers under finance lease agreements. At December 31, 2017, the net carrying amount of leased equipment was kEUR 179 (2016: kEUR 103).

12. Other liabilities and provisions

	December 31,	
	2017	2016
	(€ in thousands)	
Customer deposits	373	183
Liabilities from VAT	12	174
Employee bonus	303	143
Accruals for vacation and overtime	222	170
Accruals for licenses	140	258
Liabilities from payroll	236	211
Accruals for commissions	50	190
Accruals for compensation of Supervisory board	180	180
Accrual for warranty	286	400
Others	322	305
Total	**2,124**	**2,214**

	(€ in thousands)				
	January 1, 2017	**Usage**	**Addition**	**Reversal**	**December 31, 2017**
Accrual for warranty	400	(248)	286	(152)	286

voxeljet has a Long-Term Cash Incentive Plan ("LTCIP") that provides for cash awards to non-executive employees. Under the plan, which was announced on October 2, 2013, the *Company* may grant individual award units of EUR 5,000 each up to a total maximum amount of 10% of the net proceeds received by the *Company* upon closing of its initial public offering. An initial grant of 684 award units was made to participants on October 2, 2013. The vesting of the awards occurs during three separate performance periods, with 20% of the awards vesting in performance period 1 ended December 31, 2013, 40% of the awards vesting in performance period 2 ended December 31, 2015, and the remaining 40% vesting in performance period 3 ending December 31, 2017. Vesting of the awards during performance period 1 was subject to a revenue growth target and the successful completion of the initial public offering. Both conditions for performance period 1 were met as of December 31, 2013. Therefore the awards regarding performance period 2 were paid in 2014.

On September 30, 2015, Management granted an additional 131 award units to eligible employees. At grant date the fair value measurement of the liability regarding performance period 2 included the assumption, that both the revenue growth as well as the share price target would be achieved. Furthermore, Management expected that the eligible employees would not leave the *Company* before the settlement of performance period 2.

In November 2015, Management decided to reduce the targets for performance periods 2 and 3 of the LTCIP granted awarded in October 2013 which were no longer probable of being achievable based on market conditions at the time of the modification. Although the targets for performance period 2 were adjusted, those targets were not achieved. Therefore there was no payment related to the LTCIP for performance period 2.

Vesting of the award during performance period 3 is subject to performance and market conditions, including revenue growth and market capitalization as of December 31, 2017. In determining the fair value of the liability for the third period of the LTCIP, the Company originally estimated an 80% probability of achievement for each target and an employee turnover rate of 5.8% based on the past experience (2014: 5.0%). However, in 2016, management updated its assessment and estimated that the achievement of the underlying targets on the third performance period of LTCIP would no longer be probable, resulting in a gain of kEUR 478 to the consolidated statements of comprehensive loss reflecting the reversal of previously accrued expected costs. As of December 31, 2017 the targets were not achieved and the LTCIP ceased.

The Group expects to settle the majority of the other liabilities and provisions over the next year.

13. Financial instruments

Fair value is the price that would be received upon sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy defines the following levels:

- Level 1: Quoted prices of the respective financial asset or financial liability in active markets
- Level 2: Other directly observable input parameters which contribute to establishing the fair value based on a valuation model
- Level 3: Input parameters not based on observable market data

Under IAS 39 there are the following categories:

(I) A financial asset or financial liability at fair value through profit or loss

(II) Held-to-maturity investments

(III) Available-for-sale financial assets

(IV) Loans and receivables

(V) Financial liabilities measured at amortized cost

The following tables list the carrying values and fair values of all financial instruments held by *voxeljet*:

12/31/2017	**I.**	**II.**	**III.**	**IV.**	**V.**	**Fair Value**	**Level**
Assets							
Non-current assets							
Equity securities	--	--	5	--	--	5	Level 3
Derivative financial instruments	352	--	--	--	--	352	Level 2
Current assets							
Bond funds	--	--	14,044	--	--	14,044	Level 1
Cash and cash equivalents	--	--	--	7,569	--	7,569	Level 1
Liabilities							
Non-current liabilities							
Long-term debt	--	--	--	--	16,242	15,119	Level 2
Finance lease obligation	--	--	--	--	171	163	Level 2
Current liabilities							
Bank overdraft	--	--	--	--	58	58	
Long-term debt	--	--	--	--	796	787	Level 2
Finance lease obligation	--	--	--	--	308	310	Level 2

12/31/2016	**I.**	**II.**	**III.**	**IV.**	**V.**	**Fair Value**	**Level**
Assets							
Non-current assets							
Restricted cash	--	--	--	206	--	206	Level 1
Equity securities	--	--	5	--	--	5	Level 3
Current assets							
Bond funds	--	--	11,657	--	--	11,657	Level 1
Note receivable	--	--	922	--	--	922	Level 1
Cash and cash equivalents	--	--	--	7,849	--	7,849	Level 1
Liabilities							
Non-current liabilities							
Long-term debt	--	--	--	--	4448	3770	Level 2
Finance lease obligation	--	--	--	--	369	354	Level 2
Current liabilities							
Bank overdraft	--	--	--	--	224	224	
Long-term debt	--	--	--	--	651	644	Level 2
Finance lease obligation	--	--	--	--	422	416	Level 2

The financial assets with a carrying amount of € 14.0 million reported on the *Company's* statement of financial position at December 31, 2017 were comprised of investments in four bond funds (kEUR 14,044), all reported as current financial assets, an equity forward (kEUR352) and equity securities (kEUR 5) reported as a noncurrent asset.

The financial assets with a carrying amount of € 12.8 million reported on the *Company's* statement of financial position at December 31, 2016 were comprised of investments in two bond funds (kEUR 11,657) and a note receivable (kEUR 922), all reported as current financial assets, and restricted cash (kEUR 206) and equity securities (kEUR 5) reported as a noncurrent asset.

The fair value of the *Company's* investments in the bond funds was determined based on the unit prices quoted by the respective fund management company. The funds pursue the goal of daily liquidity and invest in short-term notes.

The funds are open-ended; the units can be redeemed to the fund on a daily basis. Unit prices updated by the fund management company on a daily basis represent a quoted price in an active market.

The fair value of the note receivable due March 2017 was based on the secondary market price quoted by a broker.

The fair value of long-term debt was determined using discounted cash flow models based on the relevant forward interest rate yield curves. The fair value of finance lease obligations was determined using discounted cash flow models based on market interest rates available to the *Company* for similar transactions at the relevant date.

Due to the short maturity and the current low level of interest rates, the carrying amount of credit lines and bank overdrafts and customer loan at December 31, 2017 approximate fair value.

The fair value of the derivative financial instruments was determined based on the Company’s stock price and the risk-free interest rate for the remaining term of the derivative using a forward pricing formula.

14. Cost of sales

Cost of sales includes personnel expenses, cost of material, purchased services, cost for finished goods and allocated indirect costs related to production.

COST OF SALES

	Year Ended December 31,		
	2017	**2016**	**2015**
		(€ in thousands)	
Personnel expenses	(6,414)	(3,570)	(5,386)
Material costs	(4,344)	(6,837)	(7,645)
Depreciation	(2,071)	(1,562)	(1,890)
Other expenses	(1,510)	(2,512)	(2,226)
Allowance for slow-moving inventory	515	(954)	--
Total	**(13,824)**	**(15,435)**	**(17,147)**

In 2017, other expenses consisted of license fees (kEUR 404), rental and building expenses (kEUR 463) and travel expenses (kEUR 296). In 2016 other expenses consisted of rental and building expenses (kEUR 644), license fees (kEUR 421), travel expenses (kEUR 414) and tooling kits (kEUR 198).In 2015 other expenses consisted of rental and building expenses (kEUR 736), license fees (kEUR 440), travel expenses (kEUR 394) and tooling kits (kEUR 211).

15. Other operating income and expense

The details of other operating income and expenses are presented for the years reported in the tables below:

OTHER OPERATING INCOME

	Year Ended December 31,		
	2017	**2016**	**2015**
		(€ in thousands)	
Government grant income	120	75	322
Amortization of gain on sale and leaseback transactions	206	283	310
Recognition of deferred income due to early termination of sale and leaseback transactions	--	--	216
Reimbursement of transaction costs	254	127	108
Gains from foreign exchange transactions	135	645	863
Income from realized other comprehensive income	--	--	76
Other	286	287	235
Total	**1,001**	**1,417**	**2,130**

OTHER OPERATING EXPENSE

	Year Ended December 31,		
	2017	2016	2015
	(€ in thousands)		
Impairment loss on trade receivables	240	379	--
Restructuring of business in UK	--	--	471
Losses from foreign exchange transactions	1,585	2,077	210
Impairment of Goodwill	--	1,130	--
Equity-settled share-based payment transaction in relation to the establishment of a subsidiary with non-controlling interest	--	256	--
Other	19	39	207
Total	**1,844**	**3,881**	**888**

16. Financial result

The details of financial result are presented for the years reported in the table below:

	Year Ended December 31,		
	2017	2016	2015
	(€ in thousands)		
Interest expense	(190)	(230)	(277)
Finance lease obligations	(45)	(57)	(201)
Bank overdrafts and lines of credit	--	(1)	(5)
Long-term debt	(100)	(68)	(41)
Other	(45)	(104)	(30)
Interest income	365	38	158
Payout of bond funds	11	35	116
Customer loans	--	--	7
Income from revaluation of derivative financial instruments	352	--	--
Other	2	3	35
Financial result	**175**	**(192)**	**(119)**

17. Income taxes

Income taxes consist of the following for the years reported:

Income tax (expense) benefit

	Year Ended December 31,		
	2017	2016	2015
	(€ in thousands)		
Current tax expense	--	(2)	--
Deferred tax (expense) benefit	(80)	--	(64)
Total	(80)	(2)	(64)

Deferred tax assets and liabilities

The components of net deferred income taxes at the end of the respective reporting periods were as follows:

SOURCES OF DEFERRED TAX ASSETS AND LIABILITIES

	December 31,			
	2017		2016	
	(€ in thousands)			
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Trade receivables	6	(88)	9	(6)
Other receivables and current assets	26	(84)	--	(43)
Inventories	71	(4)		
Property, Plant & Equipment	527	(374)	279	(484)
Non-current other assets	110		198	--
Current deferred income	1		58	--
Trade liabilities	22		45	(1)
Current financial liabilities	1,968		195	(13)
Current financial assets	12	(98)	--	--
Other current liabilities and provisions	73		7	(13)
Non-current deferred income	1,076		33	--
Non-current financial liabilities		(1,884)	91	(99)
Non-current financial assets	3		--	--
Non-current liabilities and provisions		(1,020)	1	--
Intangible assets		(1)	23	(3)
Tax losses carried forward	97		9	--
Valuation allowance	(505)		(286)	--
Tax assets (liabilities)	3,487	(3,555)	661	(662)
Set off of tax	(3,487)	3,489	(661)	661
Net tax	**--**	**(66)**	**--**	**(1)**

At December 31, 2017 *voxeljet* had gross loss carry-forwards for corporation tax and trade tax losses of kEUR 20,481 and kEUR 20,100, respectively, for which no deferred taxes have been recognized. These tax losses can be carried forward without restriction for future offset against taxable profits. In addition, there are foreign tax loss carry-forwards of kEUR 12,499, primarily related to our subsidiary in the UK.

Reconciliation of profit before income taxes to income tax

The reconciliation between profit before income taxes and income tax benefit (expense) for the reporting periods presented was as follows:

RECONCILIATION OF INCOME TAX BENEFIT (EXPENSE)

	Year Ended December 31,		
	2017	2016	2015
	(€ in thousands)		
Loss before tax	(8,445)	(11,311)	(9,530)
Tax expense at prevailing statutory rate (28%)	2,365	3,167	2,668
Non-deductible expenses	(326)	(170)	(47)
Non-taxable income	266	116	--
Tax-rate related differences	(139)	(128)	(259)
Unrecognized temporary differences and tax losses	(2,246)	(2,987)	(2,426)
Income tax expense	**(80)**	**(2)**	**(64)**

18. Personnel expenses

Personnel expenses included in cost of sales, research and development, and selling and administrative expenses are comprised of the following:

PERSONNEL EXPENSES

	Year Ended December 31, 2017	2016	2015
	(€ in thousands)		
Wages and salaries	10,769	9,772	9,866
LTCIP	--	(478)	(274)
Employee stock option plan	386	--	--
Social security contributions	2,197	1,799	1,732
Total	**13,352**	**11,093**	**11,324**

voxeljet AG offers to its employees a defined contribution plan called "MetallRente". The contributions paid by the *Company* amounted to kEUR 62, kEUR 57 and kEUR 41 for the years ended December 31, 2017, 2016 and 2015, respectively. The employer's contribution into the mandatory German state plan amounted to kEUR 710, kEUR 697 and kEUR 511 for the years ended December 31, 2017, 2016, and 2015, respectively.

19. Segment reporting

voxeljet operates in two reportable segments—Systems and Services—which reflect the internal organizational and management structure according to the distinct nature of the two businesses. The Systems business derives its revenues from the manufacture and sale of 3D printers, from the sale of consumables as well as lease and maintenance agreements with customers, while the Services business provides custom-ordered printed product to customers.

The measurement principles used by *voxeljet* in preparing this segment reporting are also the basis for segment performance assessment. The Management Board of *voxeljet* acts as a chief operating decision maker. As a performance indicator, the chief operating decision maker mainly monitors the *Company's* revenues and gross profit.

The following table summarizes segment reporting for each of the reporting periods ended December 31. As management's controlling instruments are mainly revenue-based, the reporting information does not include a detailed breakdown of all assets and liabilities by category. The sum of the amounts for the two segments equals the total for the *Company* for each of the years presented.

SEGMENT REPORTING

	Year Ended December 31, 2017		2016		2015	
	(€ in thousands)					
	SYSTEMS	SERVICES	SYSTEMS	SERVICES	SYSTEMS	SERVICES
Revenues	11,534	11,644	13,081	9,257	11,113	12,951
Gross profit	3,921	5,433	3,197	3,706	3,849	3,068
Gross profit in %	34.0%	46.7%	24.4%	40.0%	34.6%	23.7%
PPE	13,070	14,628	9,936	13,585	9,002	12,381
Trade receivables	2,899	2,194	2,566	1,567	1,639	1,709
Trade payables	1,885	1,174	833	932	984	775
Depreciation and amortization (excl. Intangible assets)	1,207	1,764	747	1,667	775	1,813
Allowance for slow-moving inventory	(515)	--	954	--	--	--
Loss on disposal of DPM business	--	--	--	--	--	2,663
Impairment of goodwill	--	--	--	1,130	--	--

Systems revenues include revenues from the sales of used 3D printers of kEUR 2,556, kEUR 1,235, and kEUR 1,224 for the years ended December 31, 2017, 2016, and 2015, respectively. Systems revenues further includes revenue from development service of kEUR 298, kEUR 0, and kEUR 0 for the years ended December 31, 2017, 2016, and 2015, respectively.

Geographic information

REVENUES BY GEOGRAPHICAL REGION

voxeljet's revenues and non-current assets are presented below by geographic region. For purposes of this presentation, revenues are based on the geographic location of customers and assets are based on their geographic location.

voxeljet's revenues were generated in the following geographical regions for the years reported:

	Year Ended December 31,		
	2017	**2016**	**2015**
		(€ in thousands)	
EMEA	14,832	13,364	18,214
Germany	5,677	6,132	6,984
France	2,611	2,725	1,711
Great Britain	1,459	1,135	4,464
Others	5,085	3,372	5,055
Asia Pacific	2,526	4,831	2,703
South Korea	721	1,680	1,277
Others	1,805	3,151	1,426
Americas	5,820	4,143	3,147
United States	5,474	4,107	3,110
Others	346	36	37
Total	**23,178**	**22,338**	**24,064**

NON-CURRENT ASSETS BY GEOGRAPHICAL REGION

	December 31,	
	2017	**2016**
	(€ in thousands)	
EMEA	25,366	20,657
Germany	23,906	19,533
Great Britain	1,460	1,124
Asia Pacific	1,360	218
China	1,360	218
Americas	2,531	3,758
United States	2,531	3,758
Total	**29,257**	**24,633**

20. Financial risk management

The *Company's* Management Board is responsible for implementing the finance policy and for ongoing financial risk management. Therefore the Management Board has established a Risk Management Committee, which is responsible for developing and monitoring of the Group's risk management policies especially regarding financial risks. Generally the committee provides an overview of financial risks on a quarterly basis to the Management Board as part of the *Company's* quarterly management reporting procedures.

The *Company's* principal financial instruments are comprised of short-term bank deposits at commercial institutions, bond funds, lease obligations and long-term debt. The main purpose of the financial asset instruments is to provide a return on investments with minimal risk. The main purpose of the financial liability instruments is to help fund the *Company's* operations. The *Company* has various other financial assets and liabilities including trade receivables and trade payables, which arise directly from its operations.

The main purpose of the financial liability instruments is to fund the Company's operations and research and development activities. A portion of the long-term debt includes a derivative financial instrument related to a future interest payment which is linked to the *Company's* stock price (Performance Participation Interest).

The main risks arising from the Group's financial instruments are foreign exchange risk, credit risk and equity price risks. The measures taken by Management to manage each of these risks are summarized below.

Transactions related to activities in the area of financial instruments require the prior approval of the Chief Financial Officer. The *Company* did not enter into any derivative financial instruments for hedging purposes in 2017.

Management receives a weekly reporting of the current liquidity of the Group by entity. Furthermore, a monthly cash flow plan meeting has been established, where Management reviews the cash forecasts and the future development of flows of funds on an ongoing basis.

Foreign exchange risk

The *Company* is exposed to foreign exchange risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of subsidiaries of the Group. The functional currencies of the parent company *voxeljet AG* and its subsidiaries are Euro, US Dollars, British Pound Sterling, Indian rupee and Chinese yuan renminbi. The majority of the sale, purchase and borrowing transactions are denominated in the functional currency of the parent company or its subsidiaries. Foreign exchange risk is primarily derived from the intercompany loans made to subsidiaries, as summarized below.

voxeljet has provided intercompany loans to its subsidiaries to finance their operations. The loans were granted in the local currency of the subsidiaries. Gains and losses from movements in exchange rates are recorded within other operating income or expense in the consolidated statement of comprehensive loss. As of December 31, 2017 the amount borrowed to *voxeljet UK* totaled GBP 8.4 million (€ 9.5 million). A relative increase in the value of the Euro against British Pound Sterling of 10% would lead to a loss of € 0.9 million. The amount of loans granted to *voxeljet America* totaled to USD 6.5 million (€ 5.4 million) as of December 31, 2017. A relative increase in the value of the Euro against US Dollars of 10% would lead to a loss of € 0.5 million.

For the year ended December 31, 2017, *voxeljet* generated 50.3% of its revenues in the eurozone. Additionally, the majority of the *Company's* sourcing transactions are also transacted in Euros in that zone.

The *Company* invoiced 70% in 2017, 84% in 2016 and 75% in 2015 of total revenues in Euro. As revenues in foreign currency usually correspond to costs which are incurred in the same currency, we consider the risk as minor.

The significant exchange rates which have been applied during the years presented are disclosed in Note 3.

Interest rate risk

voxeljet's principal interest-bearing positions are liabilities for bank borrowings and finance lease obligations. These liabilities are entirely at a fixed interest rate, with one exception. As such, changes in market interest rates have no material effect on future interest expenses. A change of 10% in interest rates would increase or decrease interest expense less than kEUR 2.

In connection with the first tranche of the loan received by the European Investment Bank amounting to €10.0 million, the Company issued a warrant, Performance Participation Interest (PPI), accounted for separately as derivative financial instruments from the host contract (loan financial liability), with changes in fair value reported in the consolidated statements of comprehensive loss until the derivative financial instruments settle or expire. The loan is accounted for according to the effective interest method. The effective interest rate of the loan with the European Investment Bank is 7.58%, which is imputed based on the fair value of the derivative financial instruments on the date of the loan disbursement. Changes in the market interest will not affect the loan accounting. However, the derivative instrument is affected by changes in the risk-free rate. Increases in the risk-free rate will lead to a decrease of the fair value of the derivative instrument; decreases in the risk-free rate will lead to an increase in the fair value of the derivative instrument.

Equity price risk

The *Company* is also exposed to equity price risks which arise from derivative financial instruments (PPI) associated with the loan received by the European Investment Bank which depend upon the Company's share price. Changes in the Company's share price will affect the value of an equity forward derivative instrument (increasing share prices as compared to the share price at disbursement date will lead to a negative fair value of the derivative, decreasing share prices will lead to a positive fair value of the derivative).

Credit risk

Credit risk is the risk of the *Company* suffering a financial loss as the result of its counterparties being unable to perform their obligations. The *Company* is exposed to credit risk from its operating activities (mainly trade receivables) and from its financing activities, including deposits and investments with financial institutions. Therefore, the carrying amount of cash and cash equivalents, financial assets, and trade receivables represents the maximum credit exposure of € 27.1 million (2016: € 24.6 million).

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. However, Management also considers factors that influence the credit risk of its customer base, including the default risk of the industry and the country in which the customer operates. *voxeljet* seeks to minimize such risk by entering into transactions with counterparties that are believed to be creditworthy business partners or with financial institutions which meet high credit rating requirements. In addition, the portfolio of receivables and customer advances is monitored on a continuous basis. Credit risk is limited to a specified amount with regard to individual receivables. As of December 31, 2017 there was no customer loan outstanding, likewise as of December 31, 2016.

The Group limits its exposure to credit risk by investing only in bond funds which are fully guaranteed by the financial institutions and therefore represents short term credit rating of A-3 based on Standard & Poor's or P-2 based on Moody's.

The bank deposit are held with financial institutions, which are rated BBB to A2 based on Standard & Poor's and Moody's.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Equity				
(€ in thousands)	Bank overdrafts used for cash management purposes	Other loans and borrowings	Finance lease liabilities	Subscribed capital	Capital reserves	Accumulated deficit	Non-controlling interests	Total
Restated balance at January 1, 2017	**224**	**5,099**	**791**	**3,720**	**75,827**	**(28,971)**	**87**	**56,777**
Changes from financing cash flows								
Proceeds from loans and borrowings	—	12,612	—	—	—	—	—	12,612
Repayment of borrowings	(166)	(732)	—	—	—	—	—	(898)
Payment of finance lease liabilities	—	—	(435)	—	—	—	—	(435)
Total changes from financing cash flows	**(166)**	**11,880**	**(435)**	**—**	**—**	**—**	**—**	**11,279**
Changes arising from obtaining or losing control of subsidiaries or other businesses	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
The effect of changes in foreign exchange rates				—	—	—	—	—
Changes in fair value				—	—	—	—	—
Other changes								
Liability-related								
Capitalized borrowing costs	—	78	—	—	—	—	—	78
Reclassification	—	42	123					165
Interest expense	—	100	45	—	—	—	—	145
Interest paid	—	(161)	(45)	—	—	—	—	(206)
Total liability-related other changes	**—**	**59**	**123**	**—**	**—**	**—**	**—**	**182**
Total equity-related other changes	**—**	**—**	**—**	**—**	**400**	**(8,509)**	**(16)**	**(8,125)**
Balance at December 31, 2017	**58**	**17,038**	**479**	**3,720**	**76,227**	**(37,480)**	**71**	**60,113**

Liquidity risk

Liquidity risk is the risk that *voxeljet* might not have sufficient cash to meet its payment obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. *The Company's* approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the reputation of the *Company*. Liquidity risk is countered by systematic, day-by-day liquidity management whose fundamental requirement is that solvency must be guaranteed at all times. A major responsibility of management is to monitor the cash balances and to set up and update cash planning on a monthly basis to ensure liquidity. At all times cash and cash equivalents are projected on the basis of a regular financial and liquidity planning. The monitoring includes the expected cash inflows on trade and other receivables together with expected cash outflows from trade and other payables.

In 2016, *voxeljet* concluded new loan agreements with Kreissparkasse Augsburg, Germany, to finance the construction of new office and production facilities in Friedberg: (i) in May 2016, the *Company* entered into a € 1.0 million loan agreement due April 30, 2021. Interest is payable at a fixed rate of 2.35%; (ii) in September 2016, the *Company* entered into a € 2.0 million loan agreement due May 31, 2038. Interest is payable at a fixed rate of 2.47%; (iii)

In October 2016, the *Company* entered into a € 0.7 million loan agreement due September 30, 2021. Interest is payable at a fixed rate of 2.29%; and (iv) in December 2016, the *Company* entered into a € 1.0 million loan agreement due January 31, 2038. Interest is payable at a fixed rate of 2.72%. Among other terms, the loan agreements contain (i) certain covenants, including that voxeljet deposit € 2.0 million with Kreissparkasse Augsburg until it has reached certain ratio with respect to its ability to service the debt by the end of fiscal year 2019, and (ii) change of control provisions concerning the ownership of the Company by its executive officers, Dr. Ingo Ederer and Rudolf Franz. In case voxeljet fails to meet that ratio by the end of its fiscal year 2019, voxeljet is obliged to pledge € 2.0 million for the benefit of the lender. In addition, the land owned by voxeljet upon which the facilities will be built as well as three 3D printers will serve as collateral under the loan agreements.

On November 9, 2017, the European Investment Bank ("EIB") and the *Company* entered into a Finance Contract and Synthetic Warrant Agreement to support the Company's undertaking of research and development projects for growth from 2017 to 2020. The contract provides a credit of €25 million in up to three tranches at the amounts of €10 million, €8 million, and €7 million, respectively.

Under the Contract, the Company may borrow under the credit up to €25 million, subject to a limit of 50% of the total research and development expenditures and manufacturing capital expenditures from 2017 to 2020. The interest rates for the three tranches are 0%, 7% and 3%, respectively. The Company may borrow the second and third tranche only if certain revenue and EBITDA levels are met. The Contract also includes a financial covenant that requires the Company to meet certain minimum financial ratios from 2019 to 2025. Under a First Demand Guarantee Agreement the Finance Contract is guaranteed by the voxeljet USA subsidiary.

The total research and development expenditures and manufacturing capital expenditures are expected to be €10.5 million, €12.3 million, €14.0 million, and €16.2 million from fiscal year 2017 to 2020, respectively.

The first tranche of €10 million on December 22, 2017, the EIB under the Synthetic Warrant Agreement is entitled to receive as consideration in cash equal to the market value of 195,790 ordinary shares of the Company (or equivalent number of ADS of the Company) at the maturity date (5 years after draw down), after the occurrence of a trigger event, or on the expiration date (10 years after draw down).

voxeljet may prepay all or part of any Tranche before the maturity date, together with accrued interest.

The following are the remaining contractual maturities of financial liabilities and trade payables at the reporting date. The amounts are gross and undiscounted and include contractual interest payments.

December 31, 2017
(€ in thousands)

	carrying amount	Contractual cash flow					
		Total	2 months or less	2-12 months	1-3 years	3-5 years	More than 5 years
Bank overdrafts and lines of credit	58	(58)	(58)	--	--	--	--
Long-term debt	17,038	(23,423)	(160)	(798)	(1,843)	(15,587)	(5,035)
Finance lease obligations	479	(495)	(73)	(247)	(132)	(43)	--
Trade payables	3,059	(3,059)	(3,059)	--	--	--	--
Total	**20,634**	**(27,035)**	**(3,350)**	**(1,045)**	**(1,975)**	**(15,630)**	**(5,035)**

December 31, 2016
(€ in thousands)

	carrying amount	Contractual cash flow					
		Total	2 months or less	2-12 months	1-3 years	3-5 years	More than 5 years
Bank overdrafts and lines of credit	224	(224)	(34)	(190)	--	--	--
Long-term debt	5,099	(6,275)	(115)	(685)	(1,379)	(1,127)	(2,969)
Finance lease obligations	791	(831)	(78)	(372)	(376)	(5)	--
Trade payables	1,765	(1,765)	(1,765)	--	--	--	--
Total	**7,879**	**(9,095)**	**(1,992)**	**(1,247)**	**(1,755)**	**(1,132)**	**(2,969)**

In spite of the significant cash outflow in the last years 2016 and 2015, the Company's short and mid-term liquidity needs are currently covered. This is supported through the disbursement of the first tranche of the EIB loan amounting to € 10.0 million. The mid-term business plan includes the raising of additional capital through additional debt, equity or other alternatives to ensure the cash requirements of the Company. In order to be prepared for additional public fund raising the Company filed a form F-3 with the SEC in August 2017. As the cash position of the Company is still sufficient, mid-term liquidity risk is considered as minor.

21. Capital management

Management's aim is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Equity is monitored by the *Company* using financial ratios. The equity used as a basis for determining the equity ratio corresponds to the equity disclosed in the Consolidated Statement of Financial Position.

Part of the capital management strategy is to reduce the number of sale and leaseback transactions for 3D printing equipment used in the production of printed products for customers. As a result of the *Company's* increased liquidity from its public equity offerings, certain lease contracts have been terminated prior to their scheduled maturity.

voxeljet's capital structure as of the end of the reporting periods 2017 and 2016 was as follows:

CAPITAL STRUCTURE

	December 31, 2017	December 31, 2016
	(€ in thousands)	
Equity	**43,918**	**51,536**
Share of total equity and liabilities	65.5%	82.9%
Current financial liabilities	1,162	1,297
Non-current financial liabilities	16,413	4,817
Total financial liabilities	**17,575**	**6,114**
Share of total equity and liabilities	26.2%	9.8%
Total equity and liabilities	**67,031**	**62,139**

22. Leases

Finance leases

Lessee

Future minimum lease payments under financing lease arrangements at the end of the considered reporting periods were as follows:

PRESENT VALUE OF MINIMUM LEASE PAYMENTS

	December 31, 2017 (€ in thousands)		
	Minimum future lease payments obligation	Unamortized interest expense	Present value of minimum future lease payments obligation
due within 1 year	320	(12)	308
due between 1 and 5 years	175	(4)	171
Total	**495**	**(16)**	**479**

	December 31, 2016 (€ in thousands)		
	Minimum future lease payments obligation	Unamortized interest expense	Present value of minimum future lease payments obligation
due within 1 year	450	(28)	422
due between 1 and 5 years	381	(12)	369
Total	**831**	**(40)**	**791**

Operating Leases

Lessee

The estimated payment schedule regarding operating leases at the end of the considered reporting periods was as follows:

OPERATING LEASE OBLIGATIONS

	December 31,	
	2017	2016
	(€ in thousands)	
Less than 1 year	486	457
1 to 5 years	762	561
Over five years	398	--
Total	**1,646**	**1,018**

Operating lease expenses were kEUR 537, kEUR 630, and kEUR 813 in the financial years 2017, 2016, and 2015, respectively. Operating lease expenses are primarily related to the rental agreements for real estate regarding our foreign operations.

Lessor

voxeljet leased two of its self-produced 3D printers to two customer. Under the lease contract, *voxeljet* bears a majority of the substantial risks and rewards of the underlying assets.

Operating lease payments receivable for subleases

	December 31,	
	2017	2016
	(€ in thousands)	
Less than 1 year	30	75
1 to 5 years	--	6
Total	**30**	**81**

The operating lease income was kEUR 145, kEUR 89 and kEUR 225 in the financial years 2017, 2016, and 2015, respectively.

23. Commitments, contingent assets and liabilities

In connection with the enforcement of *voxeljet's* intellectual property rights, the acquisition of third-party intellectual property rights, or disputes related to the validity or alleged infringement of the *Company*'s or a third-party's intellectual property rights, including patent rights, *voxeljet* has been and may in the future be subject or party to claims, negotiations or complex, protracted litigation.

In March 2018, ExOne GmbH, a subsidiary of ExOne, notified voxeljet of its intent not to pay its annual license fees under an existing intellectual property-related agreement and asserted its rights to claim damages pursuant to an alleged material breach of the agreement. At this time, the Company cannot reasonably estimate a contingency, if any, related to this matter.

On December 1, 2015, the *Company* signed a definitive agreement to form an equity joint venture with Suzhou Meimai Fast Manufacturing Technology Co., Ltd. ("Meimai") to pursue opportunities in the industrial 3D printing market in China. *voxeljet AG* is committed to make a capital contribution of RMB 19.2 million (€ 2.6 million) as part of its joint venture arrangement with Meimai. The first capital injection from *voxeljet AG* occurred on April 11, 2016 amounting to RMB 6.5 million (€ 0.9 million) in cash. At the same time Meimai contributed assets to the joint company.

Further capital injection followed by *voxeljet AG* on August 24, 2016 amounting to RMB 1.4 million (€ 0.2 million), on November 10, 2016 amounting to RMB 1.6 million (€ 0.2 million) as well as on September 21, 2017 amounting to RMB 3.5 million (€ 0.4 million). Additional contractual capital injections by *voxeljet AG* are scheduled for the business year 2018 amounting to a total of RMB 6.2 million (€ 0.8 million).

24. Related party transactions

Related party transactions at *voxeljet* mainly consist of transactions with individuals on the Management Board and Supervisory Board.

Key management is defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the *Company* within their function and within the interest of the *Company*.

The following table presents the amount and components of Management Board compensation:

MANAGEMENT COMPENSATION

	Year Ended December 31,		
	2017	2016	2015
	(€ in thousands)		
Fixed compensation	778	644	506
Compensation arisen from stock option plan	231	--	--
Total	**1,009**	**644**	**506**

Management Board remuneration currently consists of a fixed monetary remuneration, other fixed benefits (including *Company* car allowances and contributions to a defined contribution plan), a variable bonus as well as the participation in a stock options plan, which was executed on April 7, 2017.

Transactions with related parties

A related party relationship could have an effect on the profit and loss and financial position of the *Company*. Defined as related parties are individuals or other third parties with whom *voxeljet* has common control relationships.

OTHER RELATED PARTIES

Name	Nature of relationship	Duration of relationship
Franz Industriebeteiligungen AG, Augsburg	Lessor	10/01/2003-Current
Schlosserei und Metallbau Ederer, Dießen	Supplier	05/01/1999-Current

Transactions with Franz Industriebeteiligungen AG comprise the rental of office space in Augsburg, Germany. Rental expenses amounted to kEUR 2, in each of 2017, 2016 and 2015. In addition, Franz Industriebeteiligungen AG received payments related to the use of certain paintings which are placed in the administrative building in Friedberg. Associated rental expenses amount to kEUR 2 in each of 2017, 2016, and 2015.

Further, *voxeljet* acquired goods amounting to kEUR 15, kEUR 15, and kEUR 38 in 2017, 2016 and 2015 from ‘Schlosserei und Metallbau Ederer’, which is owned by the brother of Dr. Ingo Ederer, the Chief Executive Officer of *voxeljet*.

25. Equity

At December 31, 2015, 3,720,000 no-par value ordinary shares were issued and outstanding. There is only a single class of ordinary shares with the same rights, preferences and restrictions. Each share entitles the holder to one vote at the shareholders’ meeting. Shareholders participate in the profits according to their share in the share capital, based on their number of shares held. The general shareholders’ meeting resolves the appropriation of the balance sheet profit established in the annual financial statements and the dividends.

The Articles of Association authorize the Management Board, subject to the consent of the Supervisory Board, to increase the *Company’s* registered share capital in one or more tranches by up to kEUR 1,860 new no par value ordinary shares against contribution in cash or in kind until May 26, 2019.