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Waldner Holding Management GmbH

Wangen in the Allgaeu

Consolidated financial statements 06/30/2020

Group management report

1 FOUNDATION OF THE COMPANY

1.1 Company's business model

Under the umbrella of WALDNER Holding GmbH & Co. KG, the WALDNER Group operates in the operational business areas of laboratory, education and metal. From their roots in the field of milk treatment and processing, these companies have been developing innovative and leading solutions for our customers worldwide for over 100 years.
Our laboratory division, supported by WALDNER Laboreinrichtungen GmbH & Co. KG, Wangen im Allgäu, supplies customers in the pharmaceutical, chemical and petrochemical industries, universities and research institutions worldwide. To support you, we have subsidiaries in China, England, France, India, Italy, Spain, Russia, USA, Singapore, Switzerland and the Netherlands. In addition, we have offices in important markets. We offer our customers the most innovative products and solutions that are unique in their individuality. With WALDNER "DIMENSIONS" we set standards for individually planned, convertible 'all in one' room concepts.
Since this financial year, we have also been using this proximity to the markets in export to sell our products in the Education range of services and fulfilment.
We see ourselves as a system provider and above all we make planning expertise available to our foreign customers. In cooperation with our customers, we can offer individual solutions for overall technical planning with specialization in laboratory, medical and media technology.

In the field of education, Hohenloher Spezialmöbelwerk Schaffitzel GmbH + Co. KG develops room concepts and media supply systems. It supplies schools in the product groups seating furniture, workplace systems, storage solutions, visual equipment, media supply, fume cupboards and learning kitchens. In addition to the company headquarters in Öhringen, Hohenloher Spezialmöbelwerk Schaffitzel GmbH + Co. KG also has a production company in Hungary.
Our metal division is managed by Hermann WALDNER GmbH & Co. KG, Wangen im Allgäu. There are three business areas:
- Dosomat: Development, planning and sale of packaging machines to food and pet food manufacturers.
- Process Systems: Development, planning and sale of cooking systems for fruit preparation, drying systems, isolators and containment systems made of stainless steel to the pharmaceutical, chemical and food industries.
-Water technology: Sale of technologies aimed at disposing of liquids hygienically and economically. The customers are hospitals and canteen kitchens as well as customers from the food and beverage industry.
The service for our customers is ensured in all business areas by efficient service teams on site. In the field of laboratory equipment, our activities are bundled under the umbrella of 'Global Customer Service'.

1.2 Unified organization

Under the motto "ONE WALDNER" we are pursuing the concept of converting the individual companies into a powerful, closely coordinated organizational structure. The aim of the new organizational structure is also to abolish double functions and to leverage synergies wherever possible. Since the beginning of 2020, WALDNER Holding GmbH & Co. KG has become the management holding company. In addition, she continues to perform additional central functions across the company, especially in the areas of information technology, human resources, facility management, insurance, finance and controlling as well as marketing.

1.3 Research and Development

New and innovative products are fundamental to our business model. As part of intensive research and development activities, the WALDNER group of companies regularly and continuously supplements its product portfolio. The focus here is on expanding our core competencies and increasing customer benefits. We actively follow market trends. At the same time, we rely on the competence and innovative strength of our engineers. Significant parts of our technical product portfolio are more recent.
The most important pillar of our innovative strength is our team of highly qualified employees. Research and development expenses in the year under review continued to be at a high level.

2 ECONOMIC REPORT

2.1 Macroeconomic, industry-related framework conditions

The effects of the global corona pandemic remain at the center of economic development. The International Monetary Fund (IMF) recently assessed the global economy somewhat more positively. In 2020, the global economy will now shrink by only -4.4 percent and will grow again next year by 5.2 percent. The IMF also remains uncertain in its forecasts and dependent on the short-term interpretation of the infection rates on the one hand and government and social reactions on the other. Basically, the IMF expects that economically strong regions will recover faster and more sustainably.
A positive surprise is China, where the virus first appeared and was contained relatively quickly with tough measures. The IMF even predicts growth of 1.9 percent for the People's Republic this year. In 2021 it should then be 8.2 percent. For the euro zone, he is forecasting an 8.3 percent slump in the current year, with an increase of 5.2 percent next year.
For Germany, the IMF assumes a minus of 6.0 percent for this year, and then an increase of 4.2 percent in 2021. France, Spain and Italy, where the pandemic has raged more severely so far, must expect much more severe slumps, as well as Great Britain. According to the IMF forecast, the economy in the USA is expected to shrink by 4.3 percent in 2020, and growth of 3.1 percent is then expected for 2021.
The IMF continues to be concerned about the situation in emerging and developing countries. Here the economic consequences are more serious and the opportunities to help oneself are fewer. Advances in health systems - through testing and later vaccines - should benefit all countries equally. In the case of debt policy, creditors would have to make even greater concessions in some cases.
The VDMA also emphasizes that the recovery in mechanical engineering production after the deep slumps in spring has so far been better than expected in many places. The first nine months of 2020 saw production in the EU fall by around 14 percent. In the USA, where there were only selective restrictions in public life, output fell by 11 percent. In Japan, the minus of 13 percent in the first eight months was also in the lower double digits.
Looking at the TOP 5 locations, it is only the People's Republic of China that can show growth in mechanical engineering. According to official statistics, growth was around 4 percent in the first three quarters of 2020.
According to the VDMA, the development in 2021 and beyond cannot be predicted. He differentiates between different scenarios, whose probability of occurrence he evaluates.
In the so-called "basic scenario", he assumes that, with stable development, in which the handling of the corona pandemic is learned and "normalized" in a certain respect, global economic output will decline by 4.3 percent in 2020 . In 2021 there should be a strong upswing with a plus of 5.7 percent. According to the VDMA, this would be supported by a complete relaxation of social distancing.
The VDMA continues that the development of the coming months is unclear. A lot would depend on the infection process and the government measures surrounding it. But even if the focus is currently on the corona pandemic, there are other important issues that affect the economy as a whole and the capital goods industry in equal measure. In particular, he names the future policy of the US government and the modalities of Great Britain's exit from the EU, but also the progress of the fourth industrial revolution and the structural transformations in individual branches of industry.
Finally, the BDI expects a 10% decline in production in the manufacturing sector in Germany for the current year. This means that German industry has now been in a recession for nine quarters. For the first time since 2009, industrial production will also fall worldwide. The BDI expects a decline of three percent. He further suspects that China is likely to be the only major country able to increase industrial production in 2020. Goods exports from developed economies are expected to fall by 10%, those from emerging countries by 4%.
The results of the 159th tax estimate show that Germany is in good financial shape despite the Corona crisis. The Working Group on Tax Estimation expects revenue shortfalls of EUR 81.6 billion (-10.2%) for public budgets in 2020. These are to be completed in 2021 with additional income i. hv 55.2 billion euros (+7.7%) are almost compensated. The volume of 2019 should finally be exceeded in 2022. The effect of the resulting costs of state corona aid remains open. Finally, repayment through tax increases is being discussed, which calls the growth path into question.

From an overall economic point of view, the signs for our development are therefore negative. However, a comparison of the last few decades, especially during the financial crisis phase, shows that our specific sectors are always highly independent of overall economic developments.
In the past decades, we have always seen stable to relieving parallel developments in the fields of education and research (laboratory) as well as in the food industry (metal). Due to a downturn in the construction industry, capacities would be available again in many specialist areas. Increasing economic risks in private households lead to lower expenditure, e.g. B. for restaurant visits and thus a higher consumption for the domestic stove.
However, it remains the case that the overall health, economic and political uncertainties and the high number of current unresolved crises harbor risks for our development. Future developments cannot be predicted, decision-making horizons remain shortened, which are fundamentally unfavorable parameters in our industries, which rely on longevity and sustainability.
In summary, we are optimistic about the situation in Labor and Metal. It remains to be seen how the situation in public budgets will develop and how it will affect the education sector, also against the background of the effects of the corona pandemic.

2.2 Long-term contract manufacturing, project-related inventories

Our business is characterized in all sectors by the special features of long-term contract manufacturing. In the Dosomat area, our strengths lie in large machines for technically highly specialized and demanding applications where our technological know-how is in demand. In the laboratory area, we are also positioned as a solution partner for technically demanding projects.
In recent years, the proportion of major projects has risen continuously because we can bring our technological strengths to bear in this market segment. We report according to the HGB completed contract method. Revenues are only realized when the overall performance risk has passed to our customers. Before the transfer of risk, we account for work in progress at acquisition or production cost.
Due to the longer project durations for technologically demanding, high-quality projects, our inventories of unfinished goods have risen significantly in recent years. Large parts of the stocks are produced or purchased for individual projects, so are not subject to the risk of a lack of usability. This is shown in the following overview of work in progress:

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	2019/2020 EUR thousand	2018/2019 EUR thousand
Order-related stocks domestic	70,416	65,404
Other work in progress	4,661	1,659
Deductions on work in progress	- 9,001	- 7,056
balance sheet approach	66,076	60.007

Our inventory valuation remains conservative. In addition to the deductions shown for work in progress, our inventory valuation includes further deductions of €3,371 thousand (previous year: €3,227 thousand).

2.3 Course of Business

In the markets of the WALDNER group of companies, demand was satisfactory overall in the past financial year. With an order intake of €271.2 million, the plan for the year as a whole (€260 million) was clearly exceeded (+4%). Unfortunately, we were not able to repeat the record value of the previous year (€299 million). At €292.6 million, our order backlog is almost at the previous year's level (-1%). Our backlog of orders is almost the same as before the Corona pandemic, despite the massive restrictions on our sales activities in many foreign markets.
In the first few months of the current 2020/2021 financial year, demand is still above plan. We have acquired a technologically demanding major order in the tens of millions for a major project in Switzerland.
In the 2019/2020 financial year, we achieved satisfactory incoming orders in all three operational areas.
The metal division will continue to be the mainstay of the group's earning power in the current financial year.
The restructuring of the education group is beginning to take hold. All in all, this has led to an adequate course of business at the level of planning. The result was significantly higher than in the previous year. The goals were almost achieved. The incoming orders form a good basis for the current financial year. After the significant reduction in losses in the 2019/2020 financial year, we again expect a significant leap in earnings and positive earnings contributions for the first time in the current financial year. The ongoing costs of restructuring will decrease. The development of education exports through the laboratory area has also got off to a satisfactory start.
The Labor Group also did a respectable job of fighting the effects of the corona pandemic in the past financial year. The acquisition of a major project in Switzerland could no longer be allocated to the reporting period. However, the market environment is very challenging. The development of performance and earnings was unsatisfactory, despite the successful agreement of a special wage agreement.
The increase in earnings already developed in 2019/2020 will have an effect in the next two years and lead to a significant improvement in earnings. In the current period, the measures are beginning to take effect, especially in the margin-oriented management of bottleneck areas. They will lower the cost of materials and, above all, lead to a reduction in structural costs. The losses of 2019/2020 will be significantly reduced in 2020/2021. The experiences from the successful restructuring of the Hohenloher Group make us confident.
On average over the year, we were able to achieve an overall stable employment situation. Due to Corona, short-time work was agreed in individual areas of the company for a few weeks.
Sales increased by around €13.1 million to €273.9 million. Gross profit also increased by €3.3m to €184.1m in the past fiscal year. Our material cost ratio, which fluctuates due to the project, has risen from 33.6 percent to 35.9 percent. Personnel expenses have remained almost constant. The operating result of €8.8 million increased by €2.2 million compared to the previous year. The development of overall costs is in line with the planning for the year under review.
At € -1.5 million, the financial result is at the level of the previous year.
Overall, the result from ordinary activities before taxes was €7.4 million, up on the previous year (€5.1 million).

Our result fell short of expectations, and we had to adjust our planning at the beginning of 2020. Project sales were postponed to the current financial year - also due to Corona - and above all there were losses in the service business, which did not remain without an impact on our consolidated earnings.

2.4 Location

Pandemic-related risks, to which we will continue to react flexibly and at short notice, remain present in the company and in the delivery/ service relationships with our customers and suppliers.
The divisions of Hermann Waldner GmbH & Co. KG will work at full capacity in the current year and generate stable earnings contributions. We see opportunities for improvement primarily in the integration of companies in the field of education. The earnings increase program has been implemented at Labor since the beginning of the current financial year. The measures range from improving strategic positioning and optimizing order processing and purchasing to utilization measures and significantly improved material cost management.
Active overhead cost management continues to partially compensate for the significant cost increases of the past year in both the education and laboratory sectors.
As part of extensive process analyses, the revision of the product structure and the IT development plan, over the next two years, very traditional structures and processes, some of which have existed for decades, will be replaced by modern solutions in several steps. This will entail conversion costs in the coming years. In the long term, we expect a significant reduction in process costs.

2.4.1 Results of operations

Our main areas of activity and sales markets are in laboratory construction (laboratory) including schools with scientific facilities (education) as well as mechanical and plant engineering (metal) at home and abroad. 66.3 percent of sales revenues come from laboratory construction, including schools with scientific facilities (laboratory + education) and 33.7 percent from mechanical and plant engineering (metal) and 54.6 percent from Germany and 45, 4 percent from abroad.
Compared to the previous year, our use of materials increased by €11.8 million from 33.6 percent to 35.9 percent. The reasons for this are the currently reduced sales margins in the laboratory area. Furthermore, the portfolio structure of the group of companies i. hv An additional €6 million contributed to a proportionately higher cost of materials.
The number of own employees (excluding temporary workers) fell by 35 employees from 1,511 in the previous year to 1,476 in the year under review. The reduction in personnel affected the area of education (-54 employees). The other divisions recorded a slight increase in personnel. This was +1 employee in Labor, +12 employee in Metal and +6 employee in other Group companies and was primarily caused by capacity adjustments. As of the reporting date, we employed 91 temporary workers (previous year: 71).
Overall, personnel expenses remained almost constant with an increase of €0.1 million. Collective wage increases are included. Overall, our employment situation is sufficient. High capacity utilization in the area of machine and plant construction contrasted with average capacity utilization in the other areas.
Other operating expenses increased moderately compared to the previous year by 1.6 percent (€1.1 million). The financial result of €1.5 million primarily includes interest on shareholder loans (€769 thousand). At €4.3 million, the consolidated net profit for the year is €2.4 million (+126.2 percent) above the previous year's figure (€1.9 million).

2.4.2 Financial Condition

Our financial situation is stable. Cash and cash equivalents fell by €11.6 million compared to the previous year. They amount to €25.3 million (previous year: €37.0 million), with a slightly (€0.9 million) reduced level of bank liabilities. Our financial management is designed to settle liabilities within the payment period using discounts and to collect receivables within the payment targets and was intensified again in the past financial year.
In spring 2020 we set up Waldner Finance GmbH & Co. KG. In this company, the financing function for the group is performed centrally in order to streamline liquidity management. This company is fully consolidated.
The advance payments from our customers have been reduced. While in the previous year the advance payments exceeded the inventories by €4.1 million, we had to finance them ourselves with €8.2 million as of the reporting date June 30, 2020.
Due to our shareholder structure and our legal form, liabilities to shareholders and silent partners account for 19.2 percent of the balance sheet total and are another important part of our own funds.
Trade accounts payable amount to around 8.4 percent of the balance sheet total.
Appropriate advance payment and warranty guarantees are provided for the high level of customer advance payments. Furthermore, our lines of credit are used during the year to partially finance the inventory of work in progress. The digitization and process project "PRO-FIT" is financed as part of a sale & lease back model.
Investments in fixed assets made in the financial year amounted to €4.1 million. Investments were made in various replacements and extensions in the area of technical systems and machines, operating and office equipment and software. At €1.2 million, the largest single investment related to a boring mill.
The company's liquidity was guaranteed at all times and will be secured in the future.

2.4.3 Assets

The balance sheet total increased to €129.7 million (previous year: €128.9 million/+ 0.6 percent).
The company's equity increased again by €8.8 million to €31.9 million (+38.2 percent). The shareholders of Waldner Holding GmbH & Co. KG have decided on a capital increase of €5 million. In addition, Waldner Holding GmbH & Co. KG has increased the group's equity through careful accounting of the holdings in the individual financial statements. As a result of these measures, the Group's equity ratio rose significantly, from 17.9 percent to 24.6 percent, despite the increase in total assets.
Short-term receivables, inventories and bank balances significantly exceed short-term liabilities. Fixed assets are financed by long-term funds.

2.4.4 Financial and non-financial performance indicators

For our internal corporate management, we use the key figures sales per employee, return on sales, gross profit ratio and cash flow.
The return on sales results from the ratio of net income to sales. The gross profit ratio results from the difference between the total output minus the cost of materials in relation to the total output. The cash flow is determined from the annual result, depreciation and the allocation or reversal of long-term provisions.

Due to the €13.2 million (+5.1 percent) increase in sales in the financial year, the sales per employee figure increased from €172.7 thousand to €185.6 thousand.
The return on sales increased from 0.7 percent in the previous year to 1.5 percent. The low level of the financial year continues to result primarily from the results in the Education and Laboratory areas.
Cash and cash equivalents fell by €10.7m to €11.5m as of the reporting date. This is mainly due to the tied-up funds due to increased inventories (€7.8 million), significantly higher trade accounts receivable (€6.8 million) and lower customer prepayments (€4.6 million).
Particular value was and is placed on the qualification of all employees through targeted promotion and further training. Particular attention is also paid to the qualified training of junior staff.
In the 2019/2020 financial year as well as in the current year, we again hired numerous trainees. We cover the need for skilled workers primarily through our own training and further education. In addition to the cross-company trainee program, the further training program "Learn from me" was continued. For the current management team, the qualification measures were intensified again in line with the goals of strategic corporate development.
The improvement of internal processes and procedures is very important to us. Our "PRO-FIT" process development project, which also includes the implementation of SAP S/4-Hana, requires a great deal of attention and ties up resources. In order to lead such projects to success and to improve our operational work through external impulses, we have specifically recruited external, highly qualified employees to permanently strengthen middle management.
In addition to the training and further education measures, further support measures and coaching were used to improve processes, cooperation and customer contacts.
In addition, the company management is increasingly involved in the operational area with environmentally friendly and energy policy measures, which are continuously implemented.

3 FORECAST REPORT

Our business areas are set up for the future. In the areas of education and research, as well as food technology and process engineering, we take care of future markets in which we are firmly positioned with technological competence and a firm footing in the market.
Last year we forecast that results would improve. For the metal division, we assumed that the development would remain solid. In the Education and Laboratory areas, we saw the stabilization of earning power as the central challenge for the financial year. Due to the product, system and process changes currently being implemented, we assumed a temporary increase in running costs. A sustained increase in earning power was forecast for the group, primarily due to stable incoming orders and significant improvements in the area of education.
These forecasts are based on our corporate planning, in which detailed calculations that we determine individually for each significant individual order in our order backlog are consolidated into a detailed corporate plan. In the often long-term project business, which decisively shapes our company's activities in the main business areas, a detailed calculation at project level is indispensable in order to be able to identify project risks in good time and counteract them effectively. There were deviations from plan for individual companies, but on a consolidated basis we were able to meet our plans and forecasts.
However, we cannot escape the usual economic fluctuations. Growth impulses came in particular from the core areas of food technology as well as education and research, which have had a dampening effect on fluctuations in the economic environment and - in our opinion - will have an effect in the future.
In order to support and supplement the positive development and the market position of the WALDNER Group - especially in the field of laboratory systems - various options for horizontal and vertical diversification were again examined in the year under review. One of these projects is nearing completion. We are also planning to phase out the external business of our planning subsidiary once the existing orders have been processed and to concentrate planning resources on our core business.
Other than that, no significant changes in business policy are planned.
Through systematic recording and active management, we try to reduce the likelihood of risks realizing and to keep unavoidable damage as low as possible. Incoming orders, economic data in the target markets, market studies and sales estimates are used to monitor market developments and set sales targets.
On the basis of an improving development in exports, an unchanged difficult situation in the European environment as well as effective measures to expand our activities in the field of education and the unchanged solid development in the metal sector, we expect an improved development compared to the previous year.
Overall, we expect the good economic environment in our sectors to continue in the current and following financial year and do not assume that secondary effects from the effects of the Corona crisis on the one hand or the rapid change processes in the automotive sector on the other hand will have a significant impact on our business. Since we have high order backlogs in all divisions of our group, we expect satisfactory capacity utilization for the current financial year, although this will be subject to strong fluctuations at times due to delays on construction sites caused by customers.
Great efforts are still being made to reduce the overall costs and to use cost-saving potential.
Increasing the earning power of our Education and Laboratory areas is the central challenge for the current financial year. As a result of the product, system and process changes still being implemented in the Education area, as well as the increase in earnings in the Laboratory area, we expect a significant increase in earnings declining burden on the consolidated result.
Primarily due to incoming orders at a satisfactory level in Labor and a significant improvement in the area of education, we also expect the group to sustainably increase its earning power. The same applies to sales. In autumn 2020, our laboratory division received the largest order in the company's history. It concerns a major project in Switzerland. Due to the considerable efforts in the integration of the Hohenloher Group on the one hand and the further development of our internal processes on the other hand, the running costs have risen temporarily. We continue to compensate for this with a savings program.
In summary, we expect a moderate increase in earnings for the next two financial years compared to 2019/2020.

4 OPPORTUNITY AND RISK REPORT

4. 1 Risk Report

Industry-specific risks:
If the economy weakens permanently due to the continuation of international, isolationist politics and the effects of the pandemic, this can have a negative impact on the economic situation of our customers and have a negative impact on our customers' investment decisions. In

particular, we continue to view with concern the clear setbacks for free trade in the world. This can result in significant sales and earnings risks for our company.

Income-oriented risks:

The high level of competitive pressure has continued to increase in the relevant sectors. With the planned expansion, processing-related risks for major projects are increasing, which we are counteracting with ongoing modernization of our processes, methods and tools. In all three business areas, we constantly analyze changing customer and market needs in order to live up to our claim as an innovator. On the other hand, the integration of the Hohenloher Group and cost-intensive processing at Labor continue to lead to considerable performance-related risks.

Financial risks:

Customer prepayments represent a significant part of our financing. So far, the development in this area has been stable. Due to close customer relationships and the market position of the Group companies, we are confident that we will continue to be able to finance ourselves primarily through customer down payments. We counteract the risk of reduced prepayments by agreeing on sufficient credit lines and using state and private-sector methods of failover. The solvency of the group is guaranteed at all times.
Customer orders are mainly processed in euros. Orders in foreign currencies are hedged against currency risks by means of congruent forward exchange transactions.
Liquidity risks are not recognizable due to the stable liquidity and equity situation and sufficient financing lines.

4.2 Opportunity Report

All three business areas have only been slightly affected by economic fluctuations in recent years. Due to the positive framework conditions, we are cautiously optimistic about future developments.
In the future, too, we expect additional growth impulses for our core areas of food technology as well as education and research, which will have a dampening effect on fluctuations in the economic environment and the pandemic.
The international business in the field of education was taken over by Labor because an international sales structure already exists there. We will continue to develop the potential of this very successful change in the coming years. Furthermore, the Hohenloher location in Ilmenau was closed and the corresponding cost reduction was implemented.
We are active in sectors in which innovative strength and customer orientation are of outstanding importance. We have no points of contact with the automotive industry. In our experience, the general economic development brings with it opportunities for research and education projects, which we will pursue through consistent market cultivation with our high quality standards, with the optimization of internal processes and with targeted support and further training of employees. Therefore, despite the general economic development and the effects of the pandemic, we are positive about the future.

4.3 Risk reporting on the use of financial instruments

Financial instruments include receivables, liabilities and bank balances. Our customer base is solvent and has a good credit rating. We have been working with most of our customers for a longer period of time. Liabilities are settled within the agreed payment terms. Short-term financing is covered by equity, customer down payments, supplier credits and current account lines.
Appropriate value adjustments are made to the extent that default and creditworthiness risks are identified for financial assets. In order to minimize the risk of default, we have an adequate accounts receivable management system.
Our risk policy with regard to the financial positions is conservative. Finance and risk management is aimed at ensuring the company's success against financial risks of any kind. Orders in foreign currencies are hedged against currency risks by means of forward exchange transactions.

5 OVERALL STATEMENT

As an international company, the WALDNER Group is exposed to a large number of opportunities and risks. We are active in sectors that structurally promise growth. We have to face the competitive pressure. Internally, we are still facing organizational challenges in the continuous modernization of internal processes in connection with projects to increase earnings and with the ongoing introduction of SAP S4-Hana. Opportunities and risks are identified through a timely analysis of key figures and are regularly evaluated by the company's management team. Our internal controlling is constantly being refined. It monitors opportunities and risks according to their scope and supports the management, if necessary, with preventive measures to limit risk. No additional preventive measures needed to be taken.
Through continuous reporting of the key figures of all our companies, a detailed monthly income statement and regular forecasts, we are informed at all times about the economic situation of our holdings. Deviations from the plan are analyzed and discussed at short notice and measures to achieve the goals are defined. a detailed monthly income statement and regular forecasts, we are informed at all times about the economic situation of our holdings. Deviations from the plan are analyzed and discussed at short notice and measures to achieve the goals are defined. a detailed monthly income statement and regular forecasts, we are informed at all times about the economic situation of our holdings. Deviations from the plan are analyzed and discussed at short notice and measures to achieve the goals are defined.
With our new mission statement **"oneWALDNER"** and the structure of a management holding company that has been established since 2020, we expect significantly more speed and clout in the implementation of corresponding measures. There are currently no risks that could permanently impair or endanger the development of the Group.

Wangen im Allgäu, November 30, 2020

Consolidated balance sheet 06/30/2020

active side

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	06/30/2020		06/30/2019
	€	€	€
A. Fixed assets			

	06/30/2020		06/30/2019
	€	€	€
I. Intangible assets			
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	919,194.74		1,382,945.67
2. Goodwill	3,140,287.89		3,656,068.88
3. Advance payments made	59,779.23		991,619.27
		4,119,261.86	6,030,633.82
II. Tangible assets			
1. Land, land rights and buildings, including buildings on third-party land	18,434,266.38		19,167,274.70
2. Technical installations and machines	1,025,449.21		1,432,600.34
3. Other equipment, fixtures and fittings	10,992,476.15		10149217.18
4. Payments on account and assets under construction	73,487.30		299,511.41
		30,525,679.04	31,048,603.63
III. financial investments			
Other loans	26,293.06		27,073.06
		26,293.06	
		34,671,233.96	37,106,310.51
B. Current Assets			
I. Inventories			
1. Raw, auxiliary and operating materials	14,797,348.53		15,157,471.11
2. Work in progress	66,075,528.16		60,007,250.41
3. Finished Goods and Merchandise	556,337.54		596,515.88
4. Advance payments made	5,952,543.25		3,851,241.44
5. Deposits Received on Orders	-79,181,845.04		-79,612,478.84
		8,199,912.44	0.00
II. Receivables and other assets			
1. Trade accounts receivable	56,210,328.30		49,427,168.67
of which with a remaining term of more than 1 year: €0.00 (previous year: €0.00)			
2. Claims against shareholders	0.00		0.00
of which with a remaining term of more than 1 year: €0.00 (previous year: €0.00)			
2. Other assets	3,503,887.03		4,356,333.32
thereof with a remaining term of more		59,714,215.33	53,783,501.99
than 1 year: € 2,940.73 (previous year: € 4,056.13)			
III. Cash on hand, bank balances		25,334,259.72	36,975,091.83
C. Prepaid expenses		1,478,200.73	817,937.89
thereof discount € 0.00 (previous year: € 0.00)			
D. Deferred tax assets		305,122.00	170,288.00
		129,702,944.18	128,853,130.22

passive side

	06/30/2020		06/30/2019
	€	€	€
A. Equity			
I. Drawn capital		52,000.00	52,000.00
II. Capital shares of the limited partners		6,650,000.00	6,250,000.00
III. capital reserve		9,300,000.00	4,300,000.00
IV. Retained Earnings		14,730,888.65	11,321,670.68
V. Equity difference from currency translation		-120,313.11	-113,975.47
VI. shares shareholder		1,094,877.23	1,094,877.23
VII. Proportion of Outside Shareholders			
in group equity		189,247.74	174,337.37
		31,896,700.51	23,078,909.81

	06/30/2020		06/30/2019
	€	€	€
B. Liabilities to shareholders		23,327,476.12	31,259,793.24
C. Provisions			
1. Provisions for pensions and similar obligations	1,503,980.00		1,602,590.00
2. Tax Provisions	1,389,341.57		1,058,945.60
3. Other Provisions	38,023,124.90		35,192,784.19
		40,916,446.47	37,854,319.79
D. Liabilities to Silent Partners		1,596,755.56	2,483,102.16
E. Liabilities			
1. Liabilities to banks	13,813,544.52		14,770,712.38
2. Deposits Received on Orders	0.00		4,149,776.52
3. Trade Accounts Payable	10,890,041.46		9,657,318.16
4. Other Liabilities	7,096,310.54		5,423,212.80
thereof from taxes: € 4,596,075.31 (previous year € 3,997,064.45)		31,799,896.52	34,001,019.86
of which in the context of social security: € 113,589.45 (previous year: € 136,534.42)			
F. Deferred income		0.00	4,503.36
G. Deferred Tax Liabilities		165,669.00	171,482.00
		129,702,944.18	128,853,130.22

Consolidated income statement

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	2019/2020		2018/2019
	€	€	€
1. Revenue		273,926,050.21	260,750,808.23
2. Increase in inventories of finished goods and work in progress		6,028,099.41	3,173,775.22
3. Other own work capitalized		0.00	4,367.50
4. Other operating income		7,225,352.95	8,218,470.52
5. Cost of Materials			
a) Expenses for raw materials, auxiliary materials and supplies and for purchased goods	-96071816.29		-84,582,244.42
b) Expenses for purchased services	-7,031,852.84		-6,742,844.18
6. Personnel expenses			
a) Wages and salaries	-84,278,048.41		-84,062,728.95
b) Social security contributions and expenses for pensions and for assistance	-15,827,429.13		-15,894,357.96
of which for pensions: €506,009.33 (previous year: €403,440.56)		-100,105,477.54	-99,957,086.91
7. Depreciation of intangible assets and property, plant and equipment		-5,083,147.60	-5,238,489.16
8. Other Operating Expenses		-70053309.11	-68,956,399.61
9. Income from loans of financial assets	80.04		549.25
10. Other Interest and Similar Income	27,730.41		30,008.36
11. Interest and Similar Expenses	-1,485,803.13		-1,569,769.06
		-1,457,992.68	-1,539,211.45
12. Income before taxes		7,375,906.51	5,131,145.74
13. Income taxes		-2,705,506.90	-2,894,406.33
14. Earnings after taxes		4,670,399.61	2,236,739.41
15. Other Taxes		-359,681.74	-330,614.39
16. Consolidated net income		4,310,717.87	1,906,125.02
17. Allocation to retained earnings		-3,347,478.14	-839,673.30
18. Credit to shareholders' loan accounts		-955,508.76	-1,067,066.31

	2019/2020		2018/2019
	€	€	€
19. Shares of outside shareholders in the consolidated annual result		-7,730.97	614.59
20. Retained Earnings		0.00	0.00

Consolidated cash flow statement

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	2019/2020	2018/2019
	€k	€ thousand
1. Liquid funds (cash, bank) at the beginning of the financial year	36,975	23,641
Less bank liabilities due at any time at the beginning of the financial year	-14,771	-14.311
	22.204	9,330
2. Cash outflow from operating activities		
net income	4.311	1,906
+ depreciation	5,083	5.238
+/- Change in pension provisions	-99	-157
Cash flow according to DVFA/SG	9,295	6,987
Changes in balance sheet items (excluding cash and cash equivalents) due to ongoing business activities		
Inventories (including advance payments made)	-7,769	-4,126
payments received	-4,580	12,993
Requests from deliveries and services	-6,783	1,437
Liabilities to silent partners	-886	768
liabilities from goods and services	1,233	-1,949
other liabilities	1,663	-506
deferred tax liabilities	-6	-1
deferred tax assets, prepaid expenses and other assets	537	25
accruals	2,063	-517
Gain/loss on disposal of fixed assets	1,265	-49
Interest expense / interest income	1,458	1,540
Income Tax Payments	-2,286	-2,512
income tax expense	2,706	2,895
Cash flow from current activities	-2,090	16,985
3. Cash outflow from investing activities		
Changes in balance sheet items due to investment activity		
Proceeds from disposals of intangible assets	0	0
Payments for investments in intangible assets	-335	-1,516
Proceeds from disposals of property, plant and equipment	147	114
Payments for investments in property, plant and equipment	-3,796	-3,060
Proceeds from disposals of financial assets	1	2
Interest Received	28	30
Cash flow from investing activities	-3,955	-4,430
4. Currency differences	-6	68
5. Cash outflow from financing activities		
Deposits shareholder loans	3.179	1,983
Withdrawals from shareholder loans	-7,298	-5,462
Interest shareholder accounts	769	901
Financing portion of advance payments received	0	4,150
Interest Paid	-1,282	-1,321
Cash flow from financing activities	-4,632	251
6. Liquid funds (cash, bank) at the end of the financial year	25,334	36,975

	2019/2020 €k	2018/2019 € thousand
Less bank loans due at any time at the end of the financial year	-13,813	-14,771
	11,521	22.204

Consolidated Statement of Equity

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	Total: €	Subscribed capital €	limited partnership capital €	Capital reserve €
Group equity as of June 30, 2019	23.078.910	52,000	6,250,000	4,300,000
profit distributions	0			
Annual result for the 2019/2020 financial year	4,310,718			
Credit to the loan accounts of the shareholders	-955,509			
Discontinuation of the capital reserve for Waldner Holding GmbH & Co. KG	5,000,000			5,000,000
Shares in WALDNER Finance GmbH & Co. KG	400,000		400,000	
Allocation and offsetting retained earnings	61,740			
Currency differences of the current financial year	842			
Group equity as of June 30, 2020	31,896,701	52,000	6,650,000	9,300,000

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	Retained earnings €	Currency differences €
Group equity as of June 30, 2019	11,321,671	-113,975
profit distributions	0	
Annual result for the 2019/2020 financial year	4,302,987	
Credit to the loan accounts of the shareholders	-955,509	
Discontinuation of the capital reserve for Waldner Holding GmbH & Co. KG		
Shares in WALDNER Finance GmbH & Co. KG		
Allocation and offsetting retained earnings	61,740	
Currency differences of the current financial year		-6,338
Group equity as of June 30, 2020	14,730,889	-120.313

Development of equity in the previous year:

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	Total: €	Subscribed capital €	limited partnership capital €	Capital reserve €
Group equity as of June 30, 2018	22.020.061	52,000	6,250,000	4,300,000
profit distributions	0			
Annual result for the 2018/2019 financial year	1.906.125			
Credit to the loan accounts of the shareholders	-1,067,066			
Acquisition of minority interest in OOO Waldner Rus, Russia	0			
Allocation and offsetting retained earnings	144,670			
Currency differences of the current financial year	75,120			
Group equity as of June 30, 2019	23.078.910	52,000	6,250,000	4,300,000

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	Retained earnings €	Currency differences €
Group equity as of June 30, 2018	10,335,349	-181,968
profit distributions	0	
Annual result for the 2018/2019 financial year	1,906,740	
Credit to the loan accounts of the shareholders	-1,067,066	
Acquisition of minority interest in OOO Waldner Rus, Russia	1,978	
Allocation and offsetting retained earnings	144,670	
Currency differences of the current financial year		67,993
Group equity as of June 30, 2019	11,321,671	-113,975

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	Shares shareholder €	Outside shareholders €
Group equity as of June 30, 2019	1,094,877	174,337
profit distributions		0
Annual result for the 2019/2020 financial year		7,731
Credit to the loan accounts of the shareholders		
Discontinuation of the capital reserve for Waldner Holding GmbH & Co. KG		
Shares in WALDNER Finance GmbH & Co. KG		
Allocation and offsetting retained earnings		
Currency differences of the current financial year		7,180
Group equity as of June 30, 2020	1,094,877	189,248

Development of equity in the previous year:

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	Shares shareholder €	Outside shareholders €
Group equity as of June 30, 2018	1,094,877	169,803
profit distributions		0
Annual result for the 2018/2019 financial year		-615
Credit to the loan accounts of the shareholders		
Acquisition of minority interest in OOO Waldner Rus, Russia		-1,978
Allocation and offsetting retained earnings		
Currency differences of the current financial year		7.127
Group equity as of June 30, 2019	1,094,877	174,337

Consolidated notes for the 2019/2020 financial year

The consolidated financial statements were prepared by the personally liable partner of Waldner Holding GmbH & Co. KG in accordance with the German accounting regulations of the HGB. The Waldner Holding Verwaltungs GmbH as the parent company has its registered office in Wangen (Allgäu) and is entered in Germany in the commercial register at the district court of Ulm under the registration number HRB 620423.
Valuation and reporting regulations for large corporations were observed.
We have included most of the additional information that is required by law for individual items in the consolidated balance sheet or the consolidated income statement in the notes. We prepare the consolidated income statement using the nature of expense method.

scope of consolidation

Our consolidated financial statements include the general partner, Waldner Holding Verwaltungs GmbH, Waldner Holding GmbH & Co. KG and all of their subsidiaries.
WALDNER (Shanghai) Technology Co. Ltd., China was founded in the financial year. 100% are held in this company. Furthermore, WALDNER Finance GmbH & Co. KG was newly founded. 100% are held in this company.

W. + F. Schaffitzel GmbH i. L., Obersontheim was finally liquidated in the financial year. This company was deconsolidated as of June 30, 2020.
The consolidated financial statements are exempting consolidated financial statements in accordance with §§ 264 Para. 3, 264b HGB for the included domestic companies.

Recognition and valuation principles

The individual financial statements of the companies included were prepared in accordance with the uniform valuation and accounting principles set out in our group manual.
Assets are valued at acquisition or production costs at most. We value inventories at average acquisition and production costs, taking into account the lower of cost or market principle.
Receivables and other assets are stated at their nominal value or at acquisition cost or lower applicable values. Where risks were evident, we made appropriate write-downs.
The provisions for pensions and similar obligations were calculated using actuarial principles. It was calculated using the 2018G mortality tables by Prof. Dr. Klaus Heubeck calculated with an interest rate of 2.51%. The average market interest rate for the last ten years, which results from an assumed residual term of 15 years, was used as the discount rate. In previous years (annual financial statements up to June 30, 2015), the average market interest rate for the last seven years was used. The difference between the 7-year and 10-year average interest rate for the pension commitments recognized is €117,938.00. A pension trend of 1, 5% taken into account. A salary trend was not included. Expenses from the discounting of provisions for pensions amounted to €116,160.00.
The provision for semi-retirement obligations is measured in accordance with recognized actuarial principles using the so-called projected unit credit method and the 2018G mortality tables by Prof. Dr. Klaus Heubeck. An interest rate of 0.52% and a salary trend of 3.50% were used to determine the provision. The average market interest rate for the past seven years, which results from an assumed remaining term of one year, was used as the discount rate.
The provision for anniversary payments was calculated using the 2018G mortality tables by Prof. Dr. Klaus Heubeck determined. An interest rate of 1.81% and a salary trend of 3.50% were used to determine the provision. The average market interest rate for the past seven years, which results from an assumed residual term of 15 years, was used as the discount rate. The agreements on anniversary payments were canceled at some companies. For these companies, the provisions for anniversary payments were determined based on the payments still to be expected by December 31, 2020.
The expenses from the discounting of the provisions for anniversary payments and for partial retirement obligations amounted to € 15,887.00.
The other accruals are recognized in the amount that is required according to prudent business judgment on the balance sheet date to cover future payment obligations, identifiable risks and contingent liabilities of the group. They essentially relate to liabilities from the personnel area, guarantees, impending losses, outstanding invoices, restructuring and follow-up costs for projects. The provisions for partial retirement models were measured in accordance with the requirements of the Institute of Public Auditors. Obligations due to Italian retirement regulations are reported under other provisions.
Liabilities to shareholders and liabilities to silent partners were each reported in a separate balance sheet item due to special company law requirements.
We have recognized liabilities at the settlement amounts.
As in the previous year, advance payments received on orders, insofar as they relate to inventories, were openly deducted from the assets side under "Inventories". In contrast to the previous year, no excess amount remained, which is shown on the liabilities side under the item "Prepayments received on orders". All advance payments were openly deducted from inventories.

currency conversion

We carried out the translation using a modified closing rate method. The balance sheet items were translated at the closing rate. For the items in the income statement, we first determined the average exchange rate for the past financial year and converted it using this rate. We have disclosed currency translation differences within the reserves. The deviations from the closing rates did not have any major impact on the Group's net assets, financial position and results of operations. As a result of the translation at closing rates, there are translation differences that are treated with no effect on income.

consolidation

For acquisitions prior to the first-time application of the BilMoG, the capital consolidation was carried out using the book value method due to the transitional regulation of Art. 66 Para. 3 Clause 4 EGHGB. The acquisition costs of the shares are offset against the equity amounts at the time of acquisition. We offset active differences from the first consolidation with reserves in the year of the first consolidation.
Receivables and liabilities, interim profits from intra-group deliveries of goods, sales and expenses and income within the scope of consolidation are eliminated.

consolidated balance sheet

The development of the fixed assets is compiled in the following fixed asset schedule.

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	Acquisition / production costs			
	Status 07/01/2019 €	Currency differences €	Rebookings €	Additions €
I. Intangible assets				
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	11,967,879.16	-10,018.79	20,650.00	174,659.63
2. Goodwill	7,498,678.78	0.00	0.00	0.00
3. Advance payments made	991,619.27	0.00	-20,650.00	160,380.83
	20,458,177.21	-10,018.79	0.00	335,040.46

	Acquisition / production costs Status 07/01/2019 €	Currency differences €	Rebookings €	Additions €
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	39,952,251.23	-82,531.27	0.00	2,527.67
2. Technical installations and machines	20120018.56	-56,821.36	47,240.13	189,204.93
3. Other equipment, fixtures and fittings	35,551,048.05	2,229.47	0.00	3,530,325.47
4. Payments on account and assets under construction	299,511.41	0.00	-47,240.13	73,487.30
	95,922,829.25	-137,123.16	0.00	3,795,545.37
III. financial investments				
Other loans	27,073.06	0.00	0.00	0.00
	116,408,079.52	-147,141.95	0.00	4,130,585.83

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	Acquisition / production costs departures €	Status 06/30/2020 €
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,030,709.99	11,122,460.01
2. Goodwill	0.00	7,498,678.78
3. Advance payments made	1,071,570.87	59,779.23
	2,102,280.86	18,680,918.02
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	0.00	39,872,247.63
2. Technical installations and machines	180,082.34	20,119,559.92
3. Other equipment, fixtures and fittings	4,496,346.03	34,587,256.96
4. Payments on account and assets under construction	252,271.28	73,487.30
	4,928,699.65	94,652,551.81
III. financial investments		
Other loans	780.00	26,293.06
	7,031,760.51	113,359,762.89

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	depreciation Status 07/01/2019 €	Currency differences €	Additions €	departures €	Status 06/30/2020 €
I. Intangible assets					
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	10,584,933.49	-9,127.29	658,169.06	1,030,709.99	10,203,265.27
2. Goodwill	3,842,609.90	0.00	515,780.99	0.00	4,358,390.89
3. Advance payments made	0.00	0.00	0.00	0.00	0.00
	14,427,543.39	-9,127.29	1,173,950.05	1,030,709.99	14,561,656.16
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	20,784,976.53	-26,746.04	679,750.76	0.00	21,437,981.25
2. Technical installations and machines	18,687,418.22	-50,108.70	636,883.53	180,082.34	19094110.71

	depreciation				
	Status 07/01/2019 €	Currency differences €	Additions €	departures €	Status 06/30/2020 €
3. Other equipment, fixtures and fittings	25,401,830.87	8,940.63	2,592,563.26	4,408,553.95	23,594,780.81
4. Payments on account and assets under construction	0.00	0.00	0.00	0.00	0.00
	64,874,225.62	-67,914.11	3,909,197.55	4,588,636.29	64,126,872.77
III. financial investments					
Other loans	0.00	0.00	0.00	0.00	0.00
	79,301,769.01	-77,041.40	5,083,147.60	5,619,346.28	78,688,528.93

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	book values	
	Status 06/30/2020 €	Status 06/30/2019 €
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	919,194.74	1,382,945.67
2. Goodwill	3,140,287.89	3,656,068.88
3. Advance payments made	59,779.23	991,619.27
	4,119,261.86	6,030,633.82
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	18,434,266.38	19,167,274.70
2. Technical installations and machines	1,025,449.21	1,432,600.34
3. Other equipment, fixtures and fittings	10,992,476.15	10149217.18
4. Payments on account and assets under construction	73,487.30	299,511.41
	30,525,679.04	31,048,603.63
III. financial investments		
Other loans	26,293.06	27,073.06
	34,671,233.96	37,106,310.51

If differences remain from the purchase of shares as part of the capital consolidation, these are capitalized as goodwill and amortized on a straight-line basis. We generally apply a useful life of five years for acquisitions made before the BilRUG came into force. Deviating from this, we amortize the goodwill from the initial consolidation of the Hohenloher Group over fifteen years because we consider the business model to be sustainable in the long term.
The deferred tax assets result from the elimination of intercompany profits (T€ 305). These are calculated using a company-specific tax rate of 12.3%.
The reported subscribed capital consists of the share capital of Waldner Holding Verwaltungs GmbH in the amount of € 52,000.00. Last year, WALDNER Auslandsbeteiligungen GmbH acquired the remaining 19% of the shares in OOO Waldner Rus, Russia. The share in the capital of OOO Waldner Rus, Russia in the amount of € 1,978.49 (19%) was reclassified from the share of outside shareholders in group equity, the shares are fully consolidated.
Liabilities to shareholders and liabilities to silent partners, each shown in a separate balance sheet item, have a remaining term of one to five years.
Liabilities to banks amounting to €11,400,591.98 have a remaining term of up to one year and €2,412,952.54 have a remaining term of one to five years. These are secured by Waldner Holding GmbH & Co. KG in the amount of € 4,000,000.00, and Waldner Laboreinrichtungen GmbH & Co. KG and Hermann Waldner GmbH & Co. KG are also joint debtors.
The remaining liabilities are due within one year. These are secured by liens and similar rights totaling €10,890 thousand.
Transactions with related parties are conducted at arm's length conditions.

revenues

The sales are divided into the following areas of activity or sales markets:

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	total T€	Domestic T€	Abroad T€
laboratory and school facilities	181,529	107,606	73,923

	total	Domestic	Abroad
	T€	T€	T€
metal processing	92,397	42,077	50,320
total	273,926	149,683	124,243

Other company income

Other operating income includes income from other periods from the reversal of anniversary provisions of €196 thousand, reversal of value adjustments on receivables of €874 thousand and other income from other periods of €161 thousand, as well as income from currency translation of €376 thousand.

Other operating expenses

Other operating expenses include expenses relating to other periods from the increase in value adjustments on receivables of €468k and other expenses relating to other periods of €549k and expenses from currency translation of €661k.

Other interest and similar income

No income from discounting is included in other interest and similar income.

Interest and similar expenses

This item includes expenses from discounting of €132 thousand.

Taxes on income and earnings

This item includes income from the increase in deferred tax assets of €135 thousand and income from the reduction in deferred tax liabilities of €6 thousand.

Taxes on income and earnings

This item includes income from the increase in deferred tax assets of €135 thousand and income from the reduction in deferred tax liabilities of €6 thousand.

course hedging

For larger orders, we agree payment plans with our customers, sometimes also in US dollars, British pounds and Singapore dollars. We convert the future payments resulting from this into euros as soon as the order is received using exchange rate hedging transactions that are adapted to the payment plan, so that we do not have to bear any risks in the event of future exchange rate fluctuations of the foreign currencies. As of the balance sheet date, there were forward exchange transactions for US$ 3,646,506.83. There were no forward exchange transactions for pounds sterling (GBP) or Singapore dollars (SGD) as of the balance sheet date. The cash values as of the balance sheet date are EUR 13.9 thousand.

Contingent liabilities and other financial obligations

As of the balance sheet date, there were contingent liabilities of €52 thousand. The management estimates the risk of claims being low due to the economic situation of the beneficiary. There were also other financial obligations of €2,508k.

Significant contracts that are necessary for the assessment of the financial position

With a contract dated June 25, 2019, an agreement was reached on the delivery, adaptation and implementation of a group-wide, integrated group template (ERP system) based on the SAP business process library and the all-for-one implementation method that corresponds to the requirement profile of the Waldner Group "Active Prototyping" completed.

With a contract dated June 26, 2019, an agreement was concluded with CHG-Meridian AG for the sale of the entire ERP system solution and subsequent leasing from CHG-Meridian AG (so-called sale-and-lease-back). The minimum rental period was agreed at 54 months. The willingness of CHG-Meridian AG as lessor to finance the system solution for a minimum rental period of 54 months is limited to a maximum of €13,800,000.00 (plus statutory sales tax) and is subject to the condition that the system solution is delivered to the lessee by no later than September 30th, 2021 ready for use.

Statement of Shareholdings

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company	Portion
1. Waldner Holding GmbH & Co. KG, Wangen	100%
2. Waldner Laboreinrichtungen GmbH & Co. KG, Wangen	100%
3. Hermann Waldner GmbH & Co. KG, Wangen	100%
4. Waldner Laboratory and School Facilities GmbH, Wangen	100%
5. Anton Waldner GmbH, Wangen	100%
6. WALDNER Auslandsbeteiligungen GmbH, Wangen	100%
7. Waldner Grundbesitz GmbH, Wangen	100%
8. Waldner Land GmbH & Co. KG, Wangen	100%
9. WALDNER alpha GmbH, Wangen	100%
10. WALDNER concepts + innovations GmbH & Co. KG, Wangen	100%
11. WALDNER Finance GmbH & Co. KG, Wangen	100%
12. Waldner SRL, Biassono/Italy	100%
13. Waldner AG, Neuhaus/Switzerland	89%
14. Waldner SARL, Heudebouville/France	100%
15. Waldner Benelux BV, Eersel/Netherlands	100%

company	Portion
16. Waldner Limited, Oxford/Great Britain	100%
17. Labortech Waldner SL, Madrid/Spain	100%
18. Waldner Inc., Boston/USA	100%
19. OOO Waldner Rus, Moscow/Russia	100%
20. Waldner India Private Limited, Mumbai/India	100%
21. WALDNER PTE. LTD., Singapore	100%
22. WALDNER (Shanghai) Technology Co. Ltd., Shanghai/China	100%
23. Hohenloher Spezialmöbelwerk Schaffitzel GmbH + Co. KG, Öhringen	100%
24. Schaffitzel GmbH, Öhringen	100%
25. ISE Ilmenauer Systemeinrichtungen GmbH & Co. KG, Ilmenau	100%
26. Ilmenauer Systemeinrichtungen GmbH, Ilmenau	100%
27. GFP Society for Product Development and Productivity Planning Ltd., Öhringen	100%
28. Schaffitzel GmbH, trade in special furniture, Linz/Austria	100%
29. Hohenloher Speciálbutór Gyártó és Forgalmazó Korlátolt Felelósségú Társaság, Hungary	100%
30. Employee help of the Hohenloher Spezialmöbelwerk eV	100%
31. eretec Laboratory Planning GmbH & Co. KG, Gummersbach	100%
32. eretec Laboratory Planning Administration GmbH, Gummersbach	100%

W. + F. Schaffitzel GmbH i. L., Obersontheim was finally liquidated and deconsolidated in the financial year.
No further information is given, § 313 Para. 3 Sentence 1 HGB

Events of particular importance after the end of the financial year

No events of particular importance occurred after the end of the 2019/2020 financial year.

Information on tax deferrals in accordance with Section 285 No. 29 HGB

The accrual of deferred tax liabilities relates to the trade tax of Waldner GrundstЭcks GmbH & Co. KG. The calculations are based on a tax rate of 12.25%. A tax reserve was transferred for office and factory buildings in accordance with § 6b EStG, which means that the tax value is €1,352k lower than the value in the commercial balance sheet. This results in deferred tax liabilities of €166k.

Other Information

The auditor's fees for the audit of the consolidated financial statements of Waldner Holding Verwaltungs GmbH and the subsidiaries included amount to €90 thousand.
In analogous application of Section 286 (4) HGB, the remuneration of the members of the corporate bodies is not disclosed.
On average over the year, a total of 1,476 people and 79 trainees were employed.
These consolidated financial statements are exempting consolidated financial statements within the meaning of Section 264 (3) in conjunction with Section 264b HGB for the domestic companies named in the list of shareholdings.

Wangen im Allgäu, November 17, 2020

Stephan Schale

Independent Auditor's Report

To Waldner Holding Verwaltungs GmbH, Wangen im Allgäu
audit opinions
We have prepared the consolidated financial statements of Waldner Holding Verwaltungs GmbH, Wangen im Allgäu, and its subsidiaries (the group) - consisting of the consolidated balance sheet as of June 30, 2020, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from July 1st. 2019 to June 30, 2020 and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of Waldner Holding Verwaltungs GmbH, Wangen im Allgäu, for the financial year from July 1, 2019 to June 30, 2020.
According to our assessment based on the knowledge gained during the audit
- the attached consolidated financial statements comply in all material respects with the German commercial law regulations and, in compliance with the German principles of proper accounting, provide a true and fair view of the assets and financial position of the group as of June 30, 2020 and its earnings position for the financial year from July 1, 2019 to to 06/30/2020 and
- the attached group management report as a whole provides an accurate picture of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the group management report.
Basis for the test results
We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these regulations and principles are further described in the "Auditor's responsibility for the audit of the consolidated financial statements and group management report" section of our auditor's report. We are independent of the

group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Responsibility of the legal representatives and the advisory board for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with the German commercial law provisions in all material respects, and for the fact that the consolidated financial statements, in compliance with the German generally accepted accounting principles, give a true and fair view of the net assets, financial position and results of operations of the company mediated by the group. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of consolidated financial statements,

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

In addition, the legal representatives are responsible for the preparation of the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development . Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions,

The Advisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.

Auditor's responsibility for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the group management report as a whole provides a suitable view of the Group's position and, in all material respects, with the consolidated financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the consolidated financial statements and on the group management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with § 317 HGB, taking into account the German principles of proper annual auditing established by the Institute of Public Accountants (IDW), will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements and group management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misstatements in the consolidated financial statements and in the group management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these to deliver systems.

- we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values and related information presented by the legal representatives.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Group's ability to continue as a going concern corporate activity can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the consolidated financial statements and group management report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- We assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with German generally accepted accounting principles, give a true and fair view of the assets, financial - and results of operations of the group.
- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the group in order to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinions.
- We assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the view of the group's position that it gives.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the group management report.

On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Wangen im Allgäu, December 17, 2020

dr Esters & Prof. Dr. Joos & Seifert GmbH & Co. KG
auditing company
Christian Seifert, auditor

The consolidated financial statements were approved at the shareholders' meeting on January 16, 2021.