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LEISTRITZ Turbinentechnik GmbH	Accounting /	Annual financial statements for the business year from	01/06/2021
<b>Surname</b>	<b>Area</b>	<b>information</b>	<b>V. date</b>

**LEISTRITZ Turbinentechnik GmbH**

Remscheid

**Annual financial statements for the business year from 01/01/2019 to 12/31/2019****INDEPENDENT AUDITOR'S REPORT**

To LEISTRITZ Turbinentechnik GmbH, Remscheid

**Examination Opinions**

We have prepared the annual financial statements of LEISTRITZ Turbinentechnik GmbH, Remscheid, - consisting of the balance sheet as of December 31, 2019 and the income statement for the financial year from January 1 to December 31, 2019 as well as the notes, including the presentation of the accounting and valuation methods - checked. In addition, we have audited the management report of LEISTRITZ Turbinentechnik GmbH, Remscheid, for the financial year from January 1 to December 31, 2019.

In our opinion based on the knowledge gained during the audit

- the attached annual financial statements comply in all material respects with the German commercial law regulations applicable to corporations and give a true and fair view of the assets and financial position of the company as of December 31, 2019 as well as its earnings position for the financial year from January 1 to December 31, 2019 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322, Paragraph 3, Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

**Basis for the examination results**

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the generally accepted German auditing principles established by the Institute of Auditors (IDW). Our responsibility in accordance with these regulations and principles is described in more detail in the section entitled "Auditor's Responsibility for the Audit of the Annual Financial Statements and Management Report" of our auditor's report Compliance with these requirements. We believe

**Responsibility of the legal representatives for the annual financial statements and the management report**

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all essential respects with the German commercial law regulations applicable to corporations, and for ensuring that the annual financial statements, in compliance with the German principles of proper bookkeeping, give a true and fair view of the assets, finance - and the company's earnings position. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing issues relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and to provide sufficient suitable evidence for the statements in the management report can.

**Auditor's responsibility for the audit of the annual financial statements and the management report**

Our aim is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material - intentional or unintentional - misrepresentation and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is in line with the knowledge gained during the audit, complies with German legal regulations and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) in accordance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation. Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these annual financial statements and management report.

During the examination, we exercise due discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit procedures in response to these risks, and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, falsifications, intentional incompleteness, misleading representations or the overriding of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial

statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and fair view of the asset, financial and the company's earnings.

- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based by the legal representatives and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

Nuremberg, May 13, 2020

**Deloitte GmbH**  
auditing company  
*Sebastian Kiesewetter, auditor*  
*Christian Fischer, auditor*

### Balance sheet as of December 31, 2019

#### assets

	December 31, 2019		December 31, 2018
	EUR	EUR	EUR
A. Fixed assets			
I. Intangible Assets			
1. Self-created industrial property rights and similar rights and values	0.00		476.00
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	5,786.56		22,530.33
3. Advance payments made	137,778.50		89,704.10
		143,565.06	112,710.43
II. Tangible assets			
1. Land, land rights and buildings including buildings on third-party land	110,377.14		128,799.14
2. Technical systems and machines	3,675,710.19		4,817,505.66
3. Other equipment, factory and office equipment	678,614.79		839,546.73
4. Advance payments and assets under construction	1,333,164.31		874,767.35
		5,797,866.43	6,660,618.88
III. Financial assets			
1. Shares in affiliated companies	8,480,611.45		8,480,611.45
2. Loans to affiliated companies	1,500,000.00		1,069,000.00
		9,980,611.45	9,549,611.45
		15,922,042.94	16,322,940.76
B. Current Assets			
I. Inventories			
1. Raw materials and supplies	2,974,100.41		3,555,221.61
2. Work in progress, work in progress	7,308,337.40		10,029,331.80
3. Finished products and merchandise	2,497,242.09		3,672,784.81
4. Advance payments received on orders	0.00		-25,000.00
		12,779,679.90	17,232,338.22
II. Receivables and other assets			
1. Trade accounts receivable	6,829,659.18		10,900,881.74
2. Receivables from affiliated companies	3,589,787.85		3,490,308.75
3. Claims against companies with which there is a participation relationship			
4. Other assets	2,249,615.54		2,434,449.18
		12,669,062.57	16,825,639.67
III. Cash in hand, Bundesbank balances, bank balances and checks		3,844.81	3,991.30
		25,452,587.28	34,061,969.19
C. Prepaid expenses		143,674.32	150,566.05
		41,518,304.54	50,535,476.00

#### liabilities

	December 31, 2019		December 31, 2018
	EUR	EUR	EUR
A. Equity			
I. Drawn capital		2,556,500.00	2,556,500.00
II. Capital reserve		8,743,773.87	8,743,773.87
III. Loss carryforward		-314,969.41	0.00
IV. Annual deficit		-2,879,062.84	-314,969.41
		8,106,241.62	10,985,304.46
B. Provisions			
1. Provisions for pensions and similar obligations	7,882,415.00		7,270,687.00
2. Tax provisions	377,360.43		1,323,650.65
3. Other provisions	4,266,848.62		9,214,756.80
		12,526,624.05	17,809,094.45
C. Liabilities			
1. Liabilities to credit institutions	7,865,481.20		12,493,459.10
2. Trade accounts payable	8,250,785.35		5,262,583.50

	December 31, 2019	December 31, 2018
	EUR	EUR
3. Liabilities to affiliated companies	3,976,256.03	3,622,877.70
of which to shareholders EUR 1,554,471.63 (previous year: EUR 3,258 thousand)		
4. Other Liabilities	792,916.29	362,156.79
of which from taxes EUR 707,404.60 (previous year: EUR 289 thousand)		
thereof in the context of social security EUR 31,346.15 (previous year: EUR 39 thousand)		
	20,885,438.87	21,741,077.09
	41,518,304.54	50,535,476.00

**Income statement for the 2019 financial year**

	EUR	EUR	2018 EUR
1. Sales	70,596,262.22		78,708,328.13
2. Increase or decrease in stocks of finished and unfinished products	-3,896,537.12		-1,691,117.16
3. Other own work capitalized	468,843.96		607,845.53
4. Other operating income of which income from currency translation EUR 635,835.98 (previous year: EUR 947 thousand)	2,297,952.56		12,140,204.25
		69,466,521.62	89,765,260.75
5. Cost of materials			
a) Expenses for raw materials and supplies and for purchased goods	-33,533,099.28		-36,095,411.37
b) Expenses for purchased services	-3,184,684.01		-5,507,494.20
6. Personnel expenses			
a) Wages and salaries	-19,183,465.09		-22,501,152.10
b) Social security and pension and support expenses	-4,567,561.07		-4,788,839.18
of which for pensions EUR 620,155.11 (previous year: EUR 448 thousand)			
7. Depreciation of intangible assets and property, plant and equipment	-1,755,077.15		-2,124,616.40
8. Other operating expenses	-9,687,107.15		-17,622,488.07
of which expenses from currency translation EUR 500,773.58 (previous year: EUR 1,090 thousand)			
		-71,910,993.75	-88,640,001.32
9. Income from other securities and loans from financial assets	1,200.00		1,200.00
of which from affiliated companies EUR 1,200.00 (previous year: EUR 1 thousand)			
10. Expenses from the assumption of losses	-2,947.10		-2,965.19
11. Interest and Similar Expenses	-593,772.88		-726,605.33
of which to affiliated companies EUR 52,725.35 (previous year: EUR 111 thousand)			
of which expenses from the compounding of provisions EUR 210,536.00 (previous year: EUR 230 thousand)			
		-595,519.98	-728,370.52
12. Income taxes		162,876.27	-709,859.32
13. Profit after tax		-2,877,115.84	-312,970.41
14. Other taxes		-1,947.00	-1,999.00
15. Annual deficit		-2,879,062.84	-314,969.41

**Appendix for 2019****General information**

The present annual financial statements were prepared in accordance with §§ 242 ff. And §§ 264 ff. HGB as well as the relevant provisions of the GmbHG. The rules for large corporations apply.

The outlines are unchanged. The income statement has been prepared using the total cost method.

**Register information**

The company is registered under the company LEISTRITZ Turbinentechnik GmbH with its registered office in Remscheid in the commercial register of the Wuppertal District Court under the number HRB B 12485.

**Accounting and valuation methods**

The following accounting and valuation methods were still decisive for the preparation of the annual financial statements.

Purchased and internally generated intangible fixed assets are carried at acquisition or production cost and, if they are subject to wear and tear, are reduced by scheduled depreciation over their useful life. The useful life for software is 3 years.

Tangible fixed assets are valued at acquisition or production cost and, if they are subject to wear and tear, are reduced by scheduled depreciation. In addition to the individual costs, the production costs of self-made systems also include proportionate overheads and depreciation caused by the production.

Property, plant and equipment are depreciated using the straight-line method over their expected useful life. The useful life for land and buildings is 10 to 33 years. Technical equipment and machines as well as other equipment, factory and office equipment are depreciated with a useful life of 2 to 10 years.

Low-value assets with a net value of up to EUR 800.00 have been depreciated in full in the year of acquisition since the 2018 financial year or recognized as an expense; their immediate departure was assumed. The depreciation on additions to property, plant and equipment is otherwise carried out pro rata temporis.

A fixed value was established for spare parts with acquisition or production costs of less than EUR 2,500.00.

In the year under review, the first forging dies developed in-house, which had not yet been completed by the time of completion, were reported under construction under construction.

In the case of financial assets, equity interests are shown at cost or lower fair value and loans are generally shown at their nominal value. Interest-free or low-interest loans are discounted to their present value.

The inventories are valued at acquisition and production costs or at the lower current value.

The stocks of raw materials and supplies are capitalized at average cost prices or at lower daily prices on the balance sheet date.

The unfinished and finished goods are valued at production costs on the basis of individual calculations based on the current operating accounting, whereby in addition to the directly attributable direct material costs, production wages and special direct costs, production and material overheads as well as depreciation are taken into account in accordance with the minimum scope under tax law. In the case of work in progress and finished goods, interest on borrowed capital was not included in the manufacturing costs. General administration costs were not capitalized.

In all cases, the valuation was carried out without loss, ie deductions were made from the expected sales prices for costs still to be incurred and reasonable profit.

All recognizable risks in the inventory that result from above-average storage times, reduced usability and lower replacement costs are taken into account by means of appropriate devaluations.

Appropriate provisions have been made for losses from delivery and purchase obligations.

Apart from the customary retention of title, the inventories are free of third party rights.

Receivables and other assets are shown at their nominal value. All risky items are taken into account through the formation of appropriate individual value adjustments; the general credit risk is taken into account by means of flat-rate discounts.

The provisions for pensions and similar obligations are determined on the basis of actuarial calculations using the projected unit credit method using Prof. Dr. Klaus Heubeck's "mortality tables 2018 G". The discounting was based on the average market interest rate of the past ten Years with a remaining term of 15 years of 2.71%. Expected salary increases were taken into account at 2.0% and expected pension increases were taken into account at 1.0%. The fluctuation was taken into account at a rate of 4.0%.

The assets, which are used exclusively to meet the partial retirement obligations and are not accessible to all other creditors (cover assets within the meaning of Section 246, Paragraph 2, Clause 2 of the German Commercial Code), were offset against the provisions at their fair value.

The tax provisions and the other provisions take into account all uncertain liabilities and impending losses from pending transactions. They are set in the amount of the settlement amount necessary according to a reasonable commercial assessment. Provisions with a remaining term of more than one year have been discounted.

Liabilities are stated at the settlement amount.

Assets and liabilities denominated in foreign currencies were generally converted using the mean spot exchange rate on the reporting date. With a remaining term of more than one year, the realization principle (Section 252 (1) No. 4 HGB) and the acquisition cost principle (Section 253 (1) sentence 1 HGB) were observed.

A tax rate of 31.5% was used to determine deferred taxes due to temporary differences between the commercial law valuations of assets, debts and prepaid expenses and their tax values or due to tax loss carryforwards. Active and passive tax deferrals are offset. A surplus of deferred taxes is not capitalized by exercising the option to apply for this.

The currency conversion notes shown in the income statement contain both realized and unrealized exchange rate differences.

Notes on the balance sheet

Capital assets

The development of the individual items of the fixed assets is shown in the fixed asset schedule, along with the depreciation of the financial year.

Research and development costs totaled EUR 1.7 million (previous year: EUR 1.6 million) in the financial year.

Information on shareholdings

inland	currency	Participation%	Equity in TLW	Result in TLW
LEISTRITZ Turbinentechnik Nürnberg GmbH, Nuremberg	EUR	100	5,000	0 *) **)
Leistritz Development Company GmbH, Cottbus	EUR	100	25th	0 *)
foreign countries				
LEISTRITZ Turbinske component Belisce doo, Belisce / Croatia	HRK	100	1,765	-79
LEISTRITZ (Thailand) Ltd., Chonburi Province, Thailand	THB	100	474.139.	60,296

\*) after profit and  
loss transfer \*\*) there is a profit and loss transfer agreement with Leistritz AG.

Receivables and other assets

All receivables and other assets have a remaining term of up to one year.

On the balance sheet date, customer receivables were assigned / sold as part of real factoring to the following extent:

	December 31, 2019	December 31, 2018
	KEUR	KEUR
Factoring	4,056	7,753

The receivables from affiliated companies essentially result from delivery and service relationships with the subsidiaries.

Prepaid expenses

This essentially includes IT licenses and services.

Deferred taxes

Deferred tax assets essentially result from balance sheet differences for provisions for pensions and impending losses, while deferred tax liabilities result from balance sheet differences for intangible assets. Active and passive deferred taxes are netted, an active surplus is not recognized in exercising the option of Section 274 (1) HGB.

Equity

Subscribed capital

The share capital is fully paid.

Provisions for pensions and similar obligations

The difference according to Section 253, Paragraph 6, Clause 3 of the German Commercial Code (HGB) from the valuation of pension obligations using the average market interest rate for the past seven years is EUR 1,069 thousand.

Provisions for partial retirement

Information on offsetting according to Section 246, Paragraph 2, Clause 2 of the German Commercial Code:

	December 31, 2019	December 31, 2018
	KEUR	KEUR
Settlement amount of the offset debts	207	233
Fair value of the assets	100	100

The fair value of the assets corresponds to their acquisition costs; no income was generated from them, so that there was no need to offset expenses and income.

Other provisions

The other provisions were essentially formed for outstanding supplier invoices, impending losses from sales transactions, warranty claims and for personnel provisions.

liabilities

The remaining terms and the collateralisation of the liabilities are shown in detail in the schedule of liabilities. No amounts are shown under liabilities that arise legally after the balance sheet date. The liabilities to affiliated companies include those to shareholders in the amount of EUR 3,455 thousand (previous year: EUR 3,258 thousand; these result mainly from a loan from the parent company of EUR 1,900 thousand (previous year: EUR 2,900 thousand)). The remaining liabilities to affiliated companies result from deliveries and services.

in EUR thousand

Type of liability	Remaining term			December 31, 2019		December 31, 2018	
	up to 1 year	from 1 to 5 years	over 5 years	total	Remaining term		total
					up to 1 year	more than 1 year	
1. Liabilities to credit institutions	3,365	4,500	0	7,865	7,993	4,500	12,493
2. Trade accounts payable	8,251	0	0	8,251	5,262	0	5,262
3. Liabilities to affiliated companies	3,976	0	0	3,976	3,623	0	3,623
4. Other Liabilities	793	0	0	793	362	0	362
- of which from taxes	707	0	0	707	289	0	289
- of which in the context of social security	31	0	0	31	39	0	39

Of the liabilities to affiliated companies, EUR 1,900 thousand is secured through the assignment of receivables (EUR 2,900 thousand in the previous year).

Notes on the income statement

**Breakdown of sales**

	2019		2018	
	KEUR	%	KEUR	%
Sales by division				
Engine blades including discount	44,351	62.8	47,108	59.8
Engine disks	8,897	12.6	11,925	15.2
Turbine blades	11,523	16.3	12,740	16.2
Special parts	4,521	6.4	5,294	6.7
Other (scrap)	1,304	1.9	1,641	2.1
total	70,596	100.0	78,708	100.0
	2019		2018	
Sales by region	KEUR	%	KEUR	%
inland	13,538	19.2	18,283	23.2
Other EU countries	24,525	34.8	22,828	29.0
Rest of Europe	1,828	2.6	250	0.3
North America	1,783	2.5	1,840	2.3
Other countries	28,922	40.9	35,507	45.1
total	70,596	100.0	78,708	100.0

**sales**

In the turnover, under the position engine blades, there are revenues from machine sales in the amount of EUR 3.0 million and revenues from passing on costs to subsidiaries in the amount of H. v. EUR 9.5 million (previous year EUR 6.3 million), which comes exclusively from the engine blades division.

**Other company income**

Other operating income includes out-of-period income from the reversal of provisions in the amount of EUR 1,298 thousand (previous year: EUR 841 thousand), atypical income - mainly from R&D funds - in the amount of EUR 114 thousand (previous year: EUR 76 thousand), foreign exchange gains Foreign currency transactions in the amount of EUR 636 thousand (previous year: EUR 947 thousand) and income from the reversal of value adjustments on receivables in the amount of EUR 161 thousand (previous year: EUR 120 thousand) are reported.

**Cost of materials**

The total cost of materials in the financial year was EUR 27.6 million (previous year: EUR 26.1 million). This includes EUR 8.4 million in expenses (previous year: EUR 5.8 million) for the charging of costs to subsidiaries.

**Other operating expenses**

Other operating expenses include expenses from exchange rate differences in the amount of EUR 501 thousand (previous year: EUR 1,090 thousand) and losses from the disposal of fixed assets in the amount of EUR 20 thousand (previous year: EUR 10 thousand). Option costs for currency forwards are included with an expense of EUR 50 thousand (previous year: EUR 80 thousand) and expenses for external employees of EUR 841 thousand (previous year: EUR 2,578 thousand).

In 2019, extraordinary expenses in the course of the transformation and realignment of the company are included in the amount of EUR 614 thousand; these relate to expenses for former employees (previous year: EUR 353 thousand).

**Contingent Liabilities**

There is joint liability for liabilities to banks of the parent company LEISTRITZ Aktiengesellschaft and other companies in the LEISTRITZ Group. The liabilities to banks under joint liability of LEISTRITZ Turbinentechnik GmbH amount to EUR 25,506 thousand on the balance sheet date (EUR 20,478 thousand after offsetting against credit) (previous year: EUR 14,607 thousand after offsetting against credit). Furthermore, the company is jointly and severally liable with other companies in the LEISTRITZ Group for liabilities of the parent company LEISTRITZ Aktiengesellschaft to CBG Commerz Beteiligungskapital GmbH & Co. KG from profit participation capital in the amount of EUR 3,750 thousand (previous year: EUR 3,750 thousand).

The company from DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH to the Thai subsidiary LEISTRITZ (Thailand) Ltd. Granted credit lines were valued at EUR 2,800 thousand on the balance sheet date (previous year: EUR 3,900 thousand). LEISTRITZ Turbinentechnik GmbH and LEISTRITZ Aktiengesellschaft are jointly and severally liable for this.

The same applies to a financing commitment from HSBC to LEISTRITZ (Thailand) Ltd. (KEUR 3,328 or THB 111 million), of which KEUR 1,305 (THB 43.5 million) was drawn on the reporting date. Furthermore, the company has undertaken to DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH to provide the Thai subsidiary with financing of up to EUR 2,200 thousand, which was called up until 2014 and an amount of EUR 1,500 thousand was used by the end of 2019.

Beyond this, there are no other significant obligations to be noted for the assessment of the financial position. The risk of a claim arising from the individual contingent liabilities is assessed as low due to the assets, financial and earnings position of the companies concerned.

**Distribution block**

The difference between the pension provisions in accordance with Section 253 (6) HGB results in an amount of EUR 1,069 thousand which is subject to a distribution block.

**Off-balance sheet transactions****Leasing and rental agreements**

These contracts exist to finance investments in machinery and the rental of production buildings. The advantages of the relevant leasing contracts / rental contracts consist in the low capital commitment with constant usage options. Another advantage of leasing contracts / rental contracts is the lack of marketing risk at the end of the term. This contrasts with the future liquidity burden over the duration of the contract.

	December 31, 2019	December 31, 2018
	KEUR	KEUR
Payment obligations		
from current rental and leasing contracts	2.154	5,097
from future leasing contracts	0	1,222
	2.154	6.319

The leasing contracts have a term of up to 49 months, the rental contracts have a term of up to 60 months. The reduction in leasing liabilities compared to the previous year is due to the early takeover of 3 machines from the leasing contract and the resale of the machines.

**Factoring**

Purpose:

Trade accounts receivable are sold on an ongoing basis in order to obtain liquid funds to finance operating activities; As of the reporting date, receivables with a nominal value of EUR 4,056 thousand had been sold as part of real factoring (previous year: EUR 7,753 thousand).

Risks:

no

Advantage:

Improvement of the liquidity planning

**Other financial obligations**

Other financial obligations exist to the following extent:

	December 31, 2019	December 31, 2018
	KEUR	KEUR
Payment obligations		
from service contracts	894	908
Purchase commitments from issued investment orders	414	448

December 31, 2019	December 31, 2018
KEUR	KEUR
1,308	1,356

Further financial obligations result from service contracts with the affiliated company LEISTRITZ Aktiengesellschaft in the amount of the use of services. In the reporting year, LEISTRITZ Aktiengesellschaft billed a total of EUR 858 thousand (previous year: EUR 1,094 thousand) to the company.

On March 23, 2016, LEISTRITZ Aktiengesellschaft concluded an agreement with the company based on an oral commitment from November 9, 2015, on a debt waiver against debtor warrant in the amount of EUR 1,896 thousand. This contract comes with a letter of promise. In addition, an agreement was concluded with LEISTRITZ Aktiengesellschaft in 2016 on a debt waiver against debtor warrant in the amount of EUR 450 thousand. For the waivers of claims described above, the better case occurs, among other things, if the waiver of claims can be fully or partially offset from a positive annual profit, but not earlier than on the balance sheet date 31. December 2017 and only insofar as the loss carryforward has been offset. The debt waiver of EUR 1,896 thousand was offset with EUR 1,549 thousand in 2017, so that in the following years the debt waiver against debtor warrant in the amount of EUR 797 thousand remains.

#### Derivative financial instruments

The company uses derivative financial instruments to limit the currency risk. Foreign currency cash flows related to the underlying transaction are hedged. The effectiveness of the hedging relationship is checked on an ongoing basis. The overriding principle of the use of derivatives is to hedge against risks from underlying transactions. The derivative financial instruments are subject to internal risk controls. The accounting of derivative financial instruments is imparity, i.e. provisions are made for negative market values.

#### Information on financial instruments (not reported at fair value):

category	Nominal amount	Fair value	Book value (if available)	In balance sheet items (if recorded in the balance sheet)
	KEUR	KEUR	KEUR	KEUR
Currency related transactions	617	7th	0	0

#### Information on financial instruments measured at fair value

Category / Art	essential conditions	Nominal amount KEUR	Fair value KEUR
Currency-related transactions / purchase option	Duration until the end of July 2020	3,263	16

The fair value is measured mark to market.

#### Managing directors

Dipl.-Kfm. Sven Nieper (until July 31, 2019)

Dr.-Ing. Olaf Römer (until June 17, 2019)

Dr. Mathias Florian Klein

Dipl.-Ing. Carsten Behrens (from July 1st, 2019)

#### Total remuneration of the management

The company makes use of Section 286 (4) of the German Commercial Code.

#### Employee

The average number of employees during the financial year is:

	2019	2018
Wage earners	274	315
Employees	99	103
	373	418
trainee	7th	6th
	380	424

The number of employees is broken down according to functional areas as follows:

	2019	2018
production	250	281
quality assurance	29	33
logistics	25th	26th
Engineering & Technology	24	24
technical service	17th	25th
Administration and Sales	28	29
	373	418
trainee	7th	6th
	380	424

#### Corporate relationships

The company's annual financial statements are included in the consolidated financial statements of LEISTRITZ Aktiengesellschaft, Nuremberg, to be prepared in accordance with German commercial law principles. LEISTRITZ Aktiengesellschaft prepares the consolidated financial statements for the smallest group of companies; this is also the largest group of companies. This is published in the electronic Federal Gazette. By being included in the consolidated financial statements of LEISTRITZ Aktiengesellschaft, the company itself is released from the obligation to prepare consolidated financial statements and a group management report.

#### Examination and consultation fees

For the financial year, we refer to the information in the consolidated financial statements of LEISTRITZ Aktiengesellschaft for information on the auditor's fee.

#### Supplementary report

By the time the annual financial statements and the management report were prepared, the corona virus had broken out worldwide and in Germany.

The increasingly emerging economic effects will have an impact on the future asset, financial and earnings position of LEISTRITZ Turbinentechnik GmbH.

If the further spread of the corona virus leads to continuous and long-lasting interruptions in supply chains and interruptions in production, this could have negative effects on the forecast for LEISTRITZ Turbinentechnik GmbH and the LEISTRITZ Group and result in a deterioration in the most important financial performance indicators forecast .

We refer to our explanations in the management report under section "4. Opportunities and risk report "as well as section" 6. Forecast report taking into account the corona pandemic ".

Remscheid, May 13, 2020

*Managing directors*  
*Carsten Behrens*  
*Dr. Mathias Florian Klein*

#### Development of fixed assets for 2019

Acquisition and production costs

	Acquisition and production costs			December 31,
	01/01/2019	Accesses	Departures	2019
	EUR	EUR	EUR	EUR
I. Intangible Assets				December 31,
1. Self-created industrial property rights and similar rights and values	01/01/2019 605,487.50	Accesses 0.00	Departures 0.00	2019 605,487.50
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	1,411,056.52	2,748.96	14,114.75	1,399,690.73
3. Advance payments made	89,704.10	48,074.40	0.00	137,778.50
	2,106,248.12	50,823.36	14,114.75	2,142,956.73
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	582,022.62	0.00	0.00	582,022.62
2. Technical systems and machines	52,503,275.94	260,567.33	1,703,370.31	51,060,472.96
3. Other equipment, factory and office equipment	6,865,495.79	190,001.92	457,387.57	6,598,110.14
4. Advance payments and assets under construction	874,767.35	468,843.96	10,447.00	1,333,164.31
	60,825,561.70	919,413.21	2,171,204.88	59,573,770.03
III. Financial assets				
1. Shares in affiliated companies	8,564,791.12	0.00	0.00	8,564,791.12
2 Loans to affiliated companies	1,069,000.00	431,000.00	0.00	1,500,000.00
	9,633,791.12	431,000.00	0.00	10,064,791.12
	72,565,600.94	1,401,236.57	2,185,319.63	71,781,517.88
	Accumulated depreciation			December 31,
	01/01/2019	Accesses	Departures	2019
	EUR	EUR	EUR	EUR
I. Intangible Assets				
1. Self-created industrial property rights and similar rights and values	605,011.50	476.00	0.00	605,487.50
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values	1,388,526.19	19,492.73	14,114.75	1,393,904.17
3. Advance payments made	0.00	0.00	0.00	0.00
	1,993,537.69	19,968.73	14,114.75	1,999,391.67
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	453,223.48	18,422.00	0.00	471,645.48
2. Technical systems and machines	47,685,770.28	1,367,715.08	1,668,722.59	47,384,762.77
3. Other equipment, factory and office equipment	6,025,949.06	348,971.34	455,425.05	5,919,495.35
4. Advance payments and assets under construction	0.00	0.00	0.00	0.00
	54,164,942.82	1,735,108.42	2,124,147.64	53,775,903.60
III. Financial assets				
1. Shares in affiliated companies	84,179.67	0.00	0.00	84,179.67
2 Loans to affiliated companies	0.00	0.00	0.00	0.00
	84,179.67	0.00	0.00	84,179.67
	56,242,660.18	1,755,077.15	2,138,262.39	55,859,474.94
	Book values			December 31,
				2019
				EUR
I. Intangible Assets				
1. Self-created industrial property rights and similar rights and values			0.00	476.00
2. Concessions acquired against payment, industrial property rights and similar rights and values as well as licenses to such rights and values			5,786.56	22,530.33
3. Advance payments made			137,778.50	89,704.10
			143,565.06	112,710.43
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land			110,377.14	128,799.14
2. Technical systems and machines			3,675,710.19	4,817,505.66
3. Other equipment, factory and office equipment			678,614.79	839,546.73
4. Advance payments and assets under construction			1,333,164.31	874,767.35
			5,797,866.43	6,660,618.88
III. Financial assets				
1. Shares in affiliated companies			8,480,611.45	8,480,611.45
2 Loans to affiliated companies			1,500,000.00	1,069,000.00
			9,980,611.45	9,549,611.45
			15,922,042.94	16,322,940.76

### Management report for the business year from 01.01. - 31.12.2019

#### 1. Business model of the company

LEISTRITZ Turbinentechnik GmbH, Remscheid (LTR), is a subsidiary of LEISTRITZ Aktiengesellschaft and holds the shares in the production companies LEISTRITZ Turbinentechnik Nürnberg GmbH, LEISTRITZ (Thailand) Ltd., Thailand, LEISTRITZ Turbinske Components Belisce doo, Croatia, as well as the shares in LEISTRITZ Entwicklungsgesellschaft mbH, Cottbus.

The main focus of LEISTRITZ Turbinentechnik GmbH, Remscheid, is the manufacture and sale of components for aircraft engines as well as the manufacture of steam and gas turbines for generating energy.

#### 2. Business and framework

##### Overall Economic Development

The economic climate also enabled global growth in 2019. According to the International Monetary Fund (IMF), global growth in gross domestic product was 2.9% in 2019. The reluctance to invest in recent years, influenced by a large number of geopolitical uncertainties, has been reduced. The utilization of industrial capacities has improved.

According to preliminary calculations by the OECD, the US economy achieved gross domestic product growth of 2.3% in 2019. According to the OECD, the economy in the PRC grew slightly less than in the previous year at 6.2%.

In the United Kingdom, economic growth of 1.2% in 2019 was in line with the growth rate in the euro zone. The effects of Brexit acted as a brake on growth. Industrial production rose in a similar order of magnitude. Capacity utilization, employment and investment increased.

The German economy grew by 0.6% in 2019, but less than the average of the last ten years (+ 1.2%). The growth was supported by robust private consumption, government spending, construction investments and investments in equipment by companies. In this economic environment, employment rose by an annual average of 0.9%.

### Industry development

The aviation market continues to show significant growth with an expected average annual growth rate of approx. 4.3% CAGR over the next 10 years (according to Global Market Forecast 2019-2038-Airbus-Commercial-Aircraft-Book). Market intelligence sources forecast a total requirement of around 75,100 engines (based on the turbofan). The civil market, with more than 80% of global demand, is the driver. 57% of demand is covered by airlines with the majority in the narrow-body / single-aisle segment.

In the last 10 years, Airbus and Boeing have brought more economical models with modern and more efficient engines onto the market, including the GTF family, LEAP family, TrentXWB, GE9x. These have initiated a generation change and will completely replace the dominant market players such as the CFM56, V2500, CF34 or CF6-80 engines in the medium term.

While Airbus is growing very strongly in the narrow-body / single-aisle segment with the GTF family from PWA / MTU, Boeing's growth trend with the CFMI (GE / SAFRAN) engine LEAP-1B (because of the B737 MAX grounding or flight ban) cannot be continued. In the wide-body segment, Rolls-Royce leads GE Aviation at a stagnating level.

Power plant construction remained at a consistently low level in 2019.

### Business development

After the turbine technology division achieved largely significant increases in sales volumes and thus sales in the years 2016 to 2018, the compressor blade business stagnated at a high level in 2019. In addition, the difficult market conditions in the area of energy shovels showed a reduced volume for 2019. The loss of the business with titanium aluminide shovels (TiAl), which was discontinued by the customer in 2018, continues to have a negative impact on LTR's sales. In 2018 there was a compensation payment from the customer to compensate.

Product sales fell by -19.8% from 2018 to 2019. The TiAl blade product group recorded the greatest decline of -94.2% due to the discontinuation of the business. However, the other product groups of compressor blades, engine disks and structural parts in the aviation business also developed negatively. The reason for this is the continuous relocation of the compressor blade business for the programs TRENT XWB, TRENT 1000 and 1000TEN as well as PW1100 / 1700/1900 and also LeapX to Thailand. In addition, there is the forging process-related decline in the window business, which will only settle at a level comparable to 2018 in the form of a new long-term contract after 2021.

In 2019, the company had an average of 381 employees, including 7 trainees (previous year: 424 employees, including 6 trainees) and an average of 16 temporary workers (previous year: 47 temporary workers). The reduction took place due to the ongoing transformation and realignment, in particular the relocation of business to Thailand.

### 3. Earnings, financial and asset situation

For us, sales and annual results are the most important financial performance indicators. In addition, other key figures such as incoming orders and order backlog also play an important role. Contrary to the forecast in 2018, the company did not match the sales of the previous year and sales decreased. It was not possible to compensate for the volume-related decline in the adjustments to personnel and material costs, so that the net loss for the year was greater than forecast.

#### Earnings situation

Incoming orders and sales by the company declined in all product areas. Business in the engine components industry is still characterized by a small number of customers with long-term purchase agreements. For years, power plant construction (16% share of sales) has been characterized by political uncertainties in connection with the energy transition. In 2019, international projects were acquired that led to sales of EUR 11,523 thousand (previous year: EUR 12,740 thousand). Once again, a positive contribution to earnings was achieved.

In the area of engine blades (63% share of sales) the operating result could not be maintained compared to the previous year, mainly due to the decrease in sales from KEUR 47,108 to KEUR 44,351.

The engine disks product group (13% share of sales) was in terms of sales at EUR 8,897 thousand, again below the previous year's level of EUR 11,925 thousand. Because of the expected permanent reduction of this product group as a result of the declining demand for the corresponding engine programs, no improvement in earnings (due to process optimization) could be achieved compared to the previous year.

The sales of engine blades include the sale of the production equipment from the business with special engine blades that was discontinued in the previous year.

Overall, the company recorded a worsened earnings situation due to lower sales compared to the previous year. Based on a EUR 10.5 million lower total output, the result is a disproportionately low reduction in material costs by EUR 4.6 million and a disproportionately low reduction in personnel costs by EUR 2.7 million, and depreciation and amortization by EUR 0.4 million. Other operating expenses decreased by EUR 3.1 million, taking into account other operating income, an operating result of EUR -2.5 million (previous year: EUR -2.9 million). The financial result consists in particular of bank interest in the amount of EUR -0.3 million (previous year EUR -0.4 million) and other interest of EUR -0.3 million (previous year EUR -0.3 million). The annual result after taxes amounts to EUR -2.9 million (previous year EUR -0.3 million).

#### Financial condition

As in the previous year, the company has bank loans available under the consortium agreement as well as a framework for factoring. Customer receivables in the amount of EUR 4,056 thousand (previous year: EUR 7,753 thousand) were assigned as part of real factoring. Compensation payments from the discontinuation of the TiAl business, some of which were made in 2019, led to a reduction in working capital in 2019. As a result, the cash flow from operating activities improved. To finance ongoing business, the company uses a current account line, which is made available as part of a syndicated loan agreement. The amount of the current account line was left unchanged by the parent company in 2019. Furthermore, the LEISTRITZ Group must meet clearly defined financial indicators. Furthermore, the company is jointly and severally liable under this syndicated loan agreement. The financing, maturity and interest structure, which is based on the requirements of the operational business, has been regulated for the operating resources area since 2012 via a syndicated loan agreement, which was concluded in March 2018 with a term until March 2023 (current account credit / guarantee lines and long-term financing) and with an extension option of one year was newly completed. Furthermore, the LEISTRITZ Group must meet clearly defined financial indicators. Furthermore, the company is jointly and severally liable under this syndicated loan agreement. The financing, maturity and interest structure, which is based on the requirements of the operational business, has been regulated for the operating resources area since 2012 via a syndicated loan agreement, which was concluded in March 2018 with a term until March 2023 (current account credit / guarantee lines and long-term financing) and with an extension option of one year was newly completed. Furthermore, the company is jointly and severally liable under this syndicated loan agreement. The financing, maturity and interest structure, which is based on the requirements of the operational business, has been regulated for the operating resources area since 2012 via a syndicated loan agreement, which was concluded in March 2018 with a term until March 2023 (current account credit / guarantee lines and long-term financing) and with an extension option of one year was newly completed. Furthermore, the company is jointly and severally liable under this syndicated loan agreement. The financing, maturity and interest structure, which is based on the requirements of the operational business, has been regulated for the operating resources area since 2012 via a syndicated loan agreement, which was concluded in March 2018 with a term until March 2023 (current account credit / guarantee lines and long-term financing) and with an extension option was newly completed by one year.

On March 29, 2016, LEISTRITZ Aktiengesellschaft had an agreement with the company on a debt waiver against debtor warrant i. H. v. EUR 450 thousand, which is subordinate to the debt waiver concluded in 2015 against a debtor warrant in the amount of EUR 1,896 thousand. The better case occurs for both of the aforementioned debt waivers, among other things, if the debt waivers can be fully or partially offset from a positive annual surplus, but at the earliest for the first time on the balance sheet date of December 31, 2017 and only to the extent that any losses carried forward were offset. The debtor warrant is due to the debt waiver of EUR 1,896 thousand in 2017 with EUR 1 thousand. 549 has been revived and expensed, so that for the following years a total of debt waivers against debtor warrant i. H. v. KEUR 797 remain.

Investments totaling EUR 1.4 million were made for property, plant and equipment, intangible assets and financial assets (previous year: EUR 1.4 million). In addition, EUR 0.5 million (previous year EUR 0.3 million) was financed through leasing. Financial assets increased compared to the previous year by EUR 0.4 million for the granting of a loan to the subsidiary in Thailand.

#### Financial position

The equity ratio as of December 31, 2019 was 19.5% (previous year: 21.7%). In the course of 2019, inventories decreased compared to the previous year due to the decline in incoming orders and the order backlog. The other provisions decreased significantly compared to the previous year from KEUR 9,215 to KEUR 4,267. The provisions from 2018 from the obligations relating to the discontinuation of the TiAl business in the amount of EUR 3,592 thousand could be used or reversed in 2019. In addition, the need for provisions for flexitime and vacation could be reduced significantly. Long-term liabilities were repaid according to schedule. The utilization of the bank lines from the syndicated loan agreement averaged EUR 7.4 million. (Previous year EUR 7.5 million). The processing of the TiAl special transaction was the main reason for the decline in trade receivables from EUR 10,901 thousand to EUR 6,830 thousand in 2019 as well as due to the inflow of liquidity for the decline in liabilities to banks from EUR 12,493 thousand to EUR 7,866 thousand.

#### Research and Development

Research and development expenses in the financial year amounted to EUR 1.7 million (previous year EUR 1.6 million) and thus 2.4% of sales (previous year 2.0%). The newly capitalized development costs within the technical systems and machines comprised initial tools and construction services and amounted to EUR 1.0 million (previous year: EUR 0.9 million). The amortization for intangible capitalized development costs amounted to KEUR 0 (previous year: KEUR 21).

#### Non-financial performance indicators



The certificates for the quality management system according to DIN EN ISO 9001 or AS / EN 9100 and for the aviation-specific quality management system NADCAP are subject to regular audits and are constantly updated. In addition, there is an integrated occupational safety and environmental management system in accordance with OHSAS 18001 and DIN EN ISO 14001. The energy management systems are also certified in accordance with DIN EN ISO 50001. As planned, the listed certificates have not changed compared to the previous year and are to be retained in the future.

#### 4. Opportunity and risk report

The company has an internal risk management system, which forms the basis for identifying potential risks at an early stage and initiating countermeasures. Risk management is an integral part of the quality management system, which has been certified in accordance with the EN / AS 9100 standard. Significant risks are analyzed and documented and suitable measures are initiated as part of regular management and management meetings.

The company is also included in the LEISTRITZ Group's integrated controlling system. This is based on a monthly standard report by the companies on the current situation to the Management Board of LEISTRITZ Aktiengesellschaft. Reports on the liquidity situation are created daily and communicated to the parent company. In addition, the situation of the company is analyzed in detail between the board of the parent company and the management in monthly and quarterly meetings. The subsidiaries LEISTRITZ Turbinentechnik Nürnberg GmbH, LEISTRITZ Turbinske komponente Belisce doo and LEISTRITZ (Thailand) Ltd. are also integrated into the LEISTRITZ Group's reporting system. A compliance management system was installed back in 2013, which contains all elements of the system introduced by LEISTRITZ worldwide. In addition to the code of conduct, the company is committed to compliance with the "Common Industry Standard" introduced by the ASD (AeroSpace and Defense Industries Association of Europe).

The company is exposed to exchange rate risks from its operating business due to purchases and sales in foreign currencies, which essentially relate to the British pound and the American dollar. The net currency positions are monitored and updated. Standard market instruments such as currency forwards or options are used in accordance with defined rules. Furthermore, the currency risk is limited by currency clauses in the most important long-term contracts. Due to the customer structure with few major customers, there is a risk that the loss of a major customer will have an impact on the company's earnings.

We can hardly estimate the extent to which delivery and procurement risks will arise as a result of BREXIT in addition to exchange rate risks; Customers and suppliers also did not make any recommendations for action that the company could use as a guide. By concluding procurement framework agreements, precautions are taken to counter the risks from fluctuations in the price of materials on the raw material markets. Any remaining fluctuations in the price of materials are usually borne by the customers who have contractually agreed to adjust the price of the material or, in individual cases, enable the company to purchase the material through their own framework agreements.

Due to the corona pandemic, there is a risk on the procurement side that supply chains are no longer fully intact and that there are therefore delivery delays or failures. Corona-related employee absences and government restrictions can lead to production declines or losses. In addition, there is a risk that customers will postpone or cancel their orders. Furthermore, there is the risk that customer receivables will be paid with a time delay or will fail. This could lead to liquidity bottlenecks. We assume that the influences caused by Corona will have a temporary effect, especially in the second and third quarter of 2020, but will equalize again in the future depending on the duration of the worldwide impairments. Based on the information currently available, we assume that the risks mentioned can be controlled. For further information on risk control, please refer to section 6. Forecast report taking into account the corona pandemic.

With regard to the technical risks in production, measures are implemented as part of a continuity strategy that are intended to secure production against failure risks. Essential elements are, for example, preventive maintenance and the expansion of spare parts management in order to optimize the availability of the plant fleet. In the engine disks product group, the quality of the products depends largely on the quality of the input material supplied. Due to approvals, individual suppliers have unique selling points, which results in a strong market position. This makes it difficult for the company to fully enforce quality standards in the event of complaints.

The development of the location in Thailand is still dependent on the timely transfer of products, the approval of processes and units as well as the planned productivity. As a result of the extensive support measures of the location in Thailand by the parent company, the ramp-up of production has so far largely proceeded according to plan, so that concrete risks with regard to the asset, financial or earnings situation are currently not discernible.

The management report contains statements on the future business development of the company. These statements are based on assumptions about the development of the world economy, in particular about the development of the aviation and energy market, which we have made on the basis of the information available to us and which we currently regard as realistic. The extent to which there are risks due to the indifferent global economic situation and the unclear growth dynamics in the emerging markets as a result of geopolitical risks or natural disasters cannot currently be assessed. These assessments are naturally fraught with risks. The actual development can therefore deviate from the expected development.

With regard to the liquidity of LEISTRITZ Turbinentechnik GmbH, the allocation of a sufficient current account line by LEISTRITZ Aktiengesellschaft as part of the syndicated loan agreement continues to represent an essential basis for the company's financing operating companies and LEISTRITZ AG as well as partially covered by factoring. The syndicated financing (current account, guarantees, Long-term financing) will map the financial planning for this period with a term until 2023 and, as is customary in the product, is linked to compliance with the financial ratios of minimum equity ratio and maximum level of indebtedness. As a result, there is a general risk of non-compliance with these financial ratios.

#### 5. Forecast report before the corona pandemic

Robust growth is forecast for the aerospace sector in 2020 as well. The new engine generations (Leap, PW1100G and Trent XWB / 1000/7000) will continue to grow. The downward trend in orders for older engine generations will continue, albeit at a slower pace. China is increasingly developing into the largest aviation market in the world. The first self-developed and built large passenger aircraft C919 (Leap 1C engine) completed its maiden flight in 2017 after 8 years of development. China and Russia now want to start building the C929 passenger aircraft together. It is to be expected that engines from a Chinese manufacturer will be used for the first time in 2-3 years. The development of new manufacturing processes, such as additive manufacturing (e.g. structural parts) of engine assemblies, is booming. The long-term market potential of additive manufacturing in the aerospace sector is enormous and will develop rapidly over the next few years. All engine manufacturers are currently dealing with this topic and, as a result, society as well.

A sharply reduced turnover is expected for 2020, largely due to the continued transfer of the series production of compressor blades to the plant in Thailand and, among other things, the poor order situation for energy blades. Furthermore, due to the ongoing transformation and realignment, a sharp deterioration in the earnings situation is expected.

#### 6. Forecast report taking into account the corona pandemic

The coronavirus outbreak is having an extensive global and local impact on the economy and society. The further development of the spread of the virus as well as the countermeasures taken and their consequences are currently difficult to assess. As a result, a forecast that takes the corona pandemic into account is subject to a high degree of uncertainty. Due to the corona pandemic, there are in particular the risks presented in the risk report with regard to procurement markets, production capacities, sales markets and liquidity.

The company has drawn up comprehensive emergency plans. Possible production downtimes due to Corona are consistently countered by adjustments in the context of short-time work. For this purpose, a works agreement has already been concluded with the employee representatives and short-time working was implemented in April 2020. The procurement of raw materials and components is checked and secured on a daily basis. In addition, a system for the daily recording and tracking of incoming and outgoing payments has been developed in order to be able to assess and influence the liquidity situation at any time.

Sales in the first quarter of 2020 are slightly above budget, with the highest sales in March.

As part of the LEISTRITZ Group, LEISTRITZ Turbinentechnik GmbH is included in the existing syndicated loan agreement. According to current estimates based on a scenario calculation, the sales of the LEISTRITZ Group and the financial result of LEISTRITZ AG will be influenced by the corona crisis in the further course of the year and will be below the previous year. For the second and third quarters of 2020, a decline in sales compared to the first quarter is expected. For the fourth quarter, sales are expected to be above the third quarter, but below the original plan. The result of the LEISTRITZ Group is, however, according to this forecast calculation due to the measures already introduced - esp. Cost reductions by means of short-time work and the postponement of transformation and realignment measures at the Remscheid location - should be kept at the previous year's level. Based on the assumptions made, it is expected that there will be sufficient liquidity and that the key financial figures will be adhered to.

In view of the global dimension of the pandemic and the high degree of uncertainty of the effects, it cannot be ruled out that the planning assumptions will not materialize and, as a result, the key financial figures to be adhered to in the context of the syndicated financing cannot be adhered to. On the basis of the information currently available, we assume for the continued existence of the company or the group of companies that any market-related risks can be controlled.

Taking into account the effects of the corona pandemic, LEISTRITZ Turbinentechnik GmbH's annual result is expected to be lower than in the previous year for the 2020 financial year. For the 2020 financial year, it is expected that the sales of LEISTRITZ Turbinentechnik GmbH will fall below the sales of the past financial year.

**Remscheid, May 13, 2020**

**LEISTRITZ Turbinentechnik GmbH**

*Dipl.- Ing. Carsten Behrens*

*Dr. Mathias Florian Klein*

