

## search result

Surname	area	information	V. date
HEW-KABEL GmbH Wipperfurth	Accounting/ Financial Reports	Annual financial statements for the financial year from June 1st, 2020 to December 31st, 2020	03/08/2022

**HEW-KABEL GmbH****Wipperfurth****Annual financial statements for the financial year from June 1st, 2020 to December 31st, 2020****Management report for the short financial year 2020**

The company has decided to change the fiscal year to the calendar year. The short financial year, which differs from the calendar year, covers the period from June 1st, 2020 to December 31st, 2020.

The information, in particular on the company's earnings situation, is therefore not comparable to the previous year, since the short financial year only includes seven months, while the information for the previous year includes twelve months.

**1. Fundamentals of the company****1.1 Company's business model**

HEW-Kabel GmbH is an independent special cable manufacturer based in Wipperfurth, in the Bergisches Land. Customized cables and wires from HEW-Kabel have been known for their excellent quality and reliability for decades. In terms of market, the company is divided into the segments of industry, automotive, medicine and energy.

The sales markets are primarily in Germany and the EU. In addition, a steadily growing business outside of Europe can be observed.

The organizational structure of the company is typical of a medium-sized manufacturing company and is divided into the areas of production/technology, innovation, sales, human resources and the commercial area.

**1.2 Research and Development**

HEW-Kabel is a special cable manufacturer, ie HEW-Kabel develops and produces cables and wires for customer-specific solutions. Development is therefore a core competence of the company.

As part of the increase in efficiency, the Innovation department was formed into the Research & Development (RD) department. Today, this area comprises nine product developers who are strategically managed by product management in segments (e.g. robotics, sense, military, mobility, etc.). In addition to product development, the area included two material developers within the company's own material development department, a test laboratory and a newly created area for which HEW-Kabel is responsible for interdisciplinary project management. The process engineering area was dissolved and handed over to production under the name Process Engineering. Seven developers and three process engineers work in this area.

The company has numerous certificates, such as ISO 9001:2008, ISO 14001:2004, and ISO 50001.

**2. Economic report****2.1 Macroeconomic, industry-related framework conditions**

According to the Federal Statistical Office, overall economic development in Germany proved to be very unstable at -3% in terms of real gross domestic product (GDP) in the short financial year. In addition to the adjusted consumer behavior caused by the pandemic, the ZVEI economic barometer from February 2021 calculated a drop in orders of 3.3% for the period from January to December 2020 compared to the previous year. Here, domestic orders recovered by 1.9%, foreign customers even ordered 7.3% less than a year earlier.

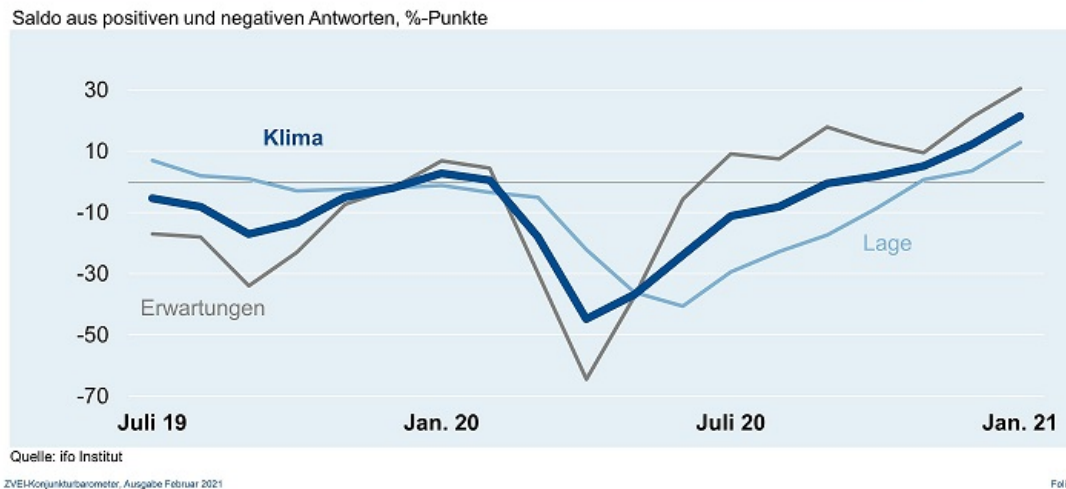


(Source ZVEI economic barometer 07/2020)

The development of the world electronics market can be seen in the diagram below:

Business climate in the electronics industry:

## Deutsche Elektroindustrie – Geschäftsklima



With the number of infections falling and the gradual easing of containment measures, an economic recovery began in the summer of 2020, so that GDP rose significantly in the 3rd quarter. The very dynamic infection process in many Member States in autumn and winter 2020 and the associated additional restrictions due to infection control measures have caused the recovery to pause for the time being.

The industry was already in a downturn before the corona pandemic. This was particularly pronounced among manufacturers of intermediate and capital goods. In Germany and Italy, where these sectors account for a relatively high proportion of industrial value added, production in the manufacturing sector fell comparatively sharply in 2018 and 2019. In the spring of 2020, there were significant declines throughout the euro area. In addition to the disruptions in global supply chains, officially ordered production shutdowns meant that production in Italy, for example, fell by almost half at times. In Germany, the manufacture of motor vehicles and motor vehicle parts accounted for a large part of the decline. The major automobile manufacturers had closed their production facilities for several weeks due to a lack of intermediate goods and a lack of sales opportunities. In other areas, however, production fell less sharply.

In the course of the relaxed restrictions and the global recovery, industrial production expanded significantly over the summer. In many places it is still well below the level at the beginning of 2019. However, the significantly brighter business prospects for companies and the improved order situation indicate that industry will continue to develop upwards in the second half of 2020.

(Council of Experts for the Assessment of Overall Economic Development)

## 2.2 Business Development

### Sales and order situation

Sales in the short financial year amounted to EUR 35,758 thousand and increased again significantly towards the end of the short financial year. Due to the global recovery, there has also been a significant increase in incoming orders at HEW-Kabel GmbH since December 2020. The EBIT margin of 5.98%, which had already fallen significantly in the previous year, increased slightly by 1.77% to 4.21% in the short financial year.

The gross profit margin was 52.2% in the short financial year, but is not comparable with the gross profit margin of the previous year due to the valuation changes made in the previous year within the framework of inventories. In the overall view over the financial years, however, it is relatively constant.

The important financial performance indicators of the management are the turnover, the gross margin and the EBIT of the company.

### financing

Despite the tense economic situation, the financial situation can be described as satisfactory. Around 58% of the current account lines granted were utilized and additionally expanded.

### production

Due to the increased order situation, it was possible to utilize the company's own production capacities well in the short financial year 2020. In some areas of the company, however, it was necessary to forgo additional external employees and to maintain short-time work due to the corona pandemic. The flexibility of the existing working time accounts was actively used during the year.

### personnel and social area

During the short financial year 2020, an average of 384 people (including trainees) belonged to the workforce of our company, which is 10 employees fewer than in the previous year. Personnel expenses totaled EUR 12,447 thousand. The personnel expenses ratio for the short fiscal year was 36.3% (previous year: 36.0%).

The commercial and technical training of young people continues to have a high priority at HEW-Kabel, as does occupational safety.

## 3rd layer

### 3.1 Results of operations

The short financial year 2020 of HEW-Kabel GmbH, like the previous year, was particularly determined by economic effects from the corona pandemic and structural (sales) crises in the industries of our customers, especially the automotive industry.

In the short financial year 2020, sales of EUR 35,758k and a net loss of 1,048 generated. The economic effects of the corona pandemic, which are fully reflected in the short financial year, are essential for the significantly lower sales revenues in a relative comparison. The cost of materials has developed at a disproportionately low rate. Personnel expenses have remained almost constant in relation to total output, despite not using external staff, the use of short-time work and the reduced number of employees. The EBITDA is significantly from EUR 6,733 to EUR 211 increased.

Another factor that also had a negative impact on the result is the increased interest expenses in the short financial year, which resulted from the greater utilization of the overdraft facility.

The order backlog at the end of the year is at a satisfactory level compared to the previous year.

For the restructuring and reorganization of HEW-Kabel GmbH, a large number of measures were agreed by the management together with the works council in the previous year, the implementation of which is bearing fruit.

From the point of view of the management, this makes it clear that HEW-Kabel will remain stable even in this extraordinary crisis and, in addition to the necessary control measures, has also fulfilled its social obligations.

The further sales and cost-cutting measures are already contributing to an improved earnings situation in the first quarter of 2021, flanked by a significant increase in customer requirements to almost the "pre-Covid level". From the point of view of the management, HEW-Kabel GmbH is therefore very well prepared for further internationalization and business expansion.

The return on sales increases in the short financial year from  $\cdot$  6.7% on  $\cdot$  2.9%.

### 3.2 Financial Condition

#### asset position and capital structure

The capital structure of the company is characterized by almost constant fixed assets in the financial year, while current assets have decreased significantly by EUR 4,102 thousand, in particular due to the reduction in inventories and the lower trade receivables. Prepaid expenses fell significantly by EUR 581k due to the change in the balance sheet date.

The most significant change on the liabilities side is the reduction in liabilities to shareholders by EUR 12,000k to zero. This results from the allocation of the subordinated shareholder loan of EUR 10,500k to the capital reserve. The remaining liabilities to the shareholder were settled in the short financial year.

The equity ratio increased from 8.5% to 31.3%, mainly as a result of the transfer to the capital reserve mentioned above. This change is to be viewed taking into account the amount of EUR 10,500 thousand defined as "economic equity" in the previous year.

#### investments

The investments started in the previous year, including in the field of electroplating, were almost completely completed as planned. Further investments are planned, in particular to optimize production. For example, further investments were made in testing and measuring equipment as well as in machines.

#### liquidity

The company made investments in fixed assets in the amount of EUR 1,392 thousand during the financial year. This essentially leads to the negative cash flow from investing activities in the amount of  $\cdot$  EUR 1,309 thousand.

The company has overdraft facilities of EUR 15,200 thousand, of which EUR 8,753 thousand had been utilized as of the balance sheet date.

The investments are based on development and production contracts, the income from which will be available in the future for the scheduled repayment of liabilities. Replacement investments were also made. Investments are mostly financed on a long-term basis.

The company was liquid and solvent at all times during the financial year.

### 4. Non-financial performance indicators

#### production

The company has a pronounced vertical integration and generates a large part of the added value in-house.

Also in the short financial year 2020, the production capacities at the site were continuously modernized and partially expanded. In particular, the investment in the field of electroplating, the triad of press, roller and banding system and the digitization of production should be mentioned.

Due to the production expansion in the PTFE extrusion area in the previous year, additional production and logistics space was required in Wiehagen, which could only be used underutilized during the Corona period. In the course of consolidation and restructuring, the Wiehagen location will be dispensed with in the future.

#### procurement

As in previous years, the company is concentrating on procurement from proven suppliers. From this point of view, the possible risks of the procurement market are known and are classified as low.

#### human resources and social affairs

In addition to the qualified and proven employees, the company covers order peaks in the commercial sector by using external employees. This external assignment was not required in the short financial year. The company continues to use flexible working time accounts to manage fluctuations in orders.

The company continues to attach particular importance to in-house training. As of the balance sheet date, the company employed 27 trainees.

#### environmental Protection

Our environmental management system is certified according to ISO 14001. In addition, our certified energy management system according to DIN EN ISO 50001: since 2011 has made a decisive contribution to making better use of potential and improving the energy efficiency of HEW cables.

### 5. Forecast Report

According to the February 2021 forecast by the Ifo Institute, GDP in Germany shrank by 5.1% in 2020 compared to the previous year. This forecast has been revised downwards on an ongoing basis.

Since the beginning of 2020, the corona virus has continued to spread worldwide in 2021. The International Monetary Fund forecast the worst economic crisis since 1929. The IMF revised its forecast from economic growth of 3.3% to a shrinkage in global economic output of around 6%. The corona pandemic has affected the company through falling sales and difficult situations on the procurement markets. Almost all areas of the company were affected.

Even before the outbreak of the corona pandemic, the company was struggling with slumps in sales due to declining demand in the automotive sector, so that short-time work was registered from September 2019 for the entire 2020 financial year. This trend reversed in December 2020. In the first four months of the new 2021 financial year, we see an above-planned increase in customer demand of over 30% at the peak, which we were able to translate into corresponding sales and earnings development. This trend will continue from the order backlog of our customers in Q2 and Q3.

Based on the provisional cumulative monthly financial statements, for the fiscal year ended December 31, 2021, we are assuming a significant increase in sales compared to the previous year and a significantly improved result (EBIT) compared to the previous year due to the measures taken. Furthermore, we also expect a significantly increasing gross margin. Also in Q2 2021 we see a significant recovery of the situation at a high level both in the order backlog and in the forecast sales and expect a satisfactory year 2021.

### 6. Opportunity and Risk Report

#### 6.1 Risks

The aim of risk management is to ensure that the company's equity base is appropriate and that the level of liquidity that is available at all times is secured. The design of our risk management through monitoring and reporting processes is aimed at prompt information of the responsible executives and the management. Our risk management is an integral part of the company's processes and is monitored externally through auditing and certification.

The company's risks can be categorized and evaluated as follows:

##### 6.1.1 Macroeconomic risk due to Corona

Due to the outbreak of the pandemic in Europe and the temporary lockdown in society and the economy, HEW-Kabel was forced to ensure ongoing operations with extensive hygiene concepts and the introduction of home office workplaces. In this way it was possible to reduce the risk of infection within the operation of the HEW cable to a minimum. Infections with Covid19 have arisen within the operational processes for our employees, which resulted in a restriction of production due to official orders during the peak phase.

Due to the economic recession and the shutdowns from the corona waves in Germany and Europe, HEW-Kabel saw an average drop in sales of around 30% at the end of 2020, which was countered with short-time work and the suspension of temporary work. The financial situation was and is currently sufficient for the operation, which is also running at a lower level, but the earnings situation is clearly negative. This was countered by further measures that led to a significant trend reversal in the first quarter of 2021.

Although risks that threaten the existence of the company cannot be ruled out in the context of Corona, they are not becoming apparent over the long term, since we started the year just ended with a slight increase and Q1/2021 with a strong order intake in the automotive sector and in operational sales activity. \* We are convinced that the economic environment will continue to adjust to Corona and that there will be a significant relaxation in large parts of society once the vaccine has been administered. \* From the end of summer 2021, we expect the economy and society to return to normal. The following statements are to be understood without taking "corona effects" into account. A conclusive overall risk assessment in this regard is currently not possible.

## 6.2 Operational Risks

We deliberately diversify to control sales and procurement risks. \* The evaluation of suppliers with regard to product quality and adherence to delivery dates is integrated into our quality assurance system.

We prevent production risks through high technical standards and the usual security measures. \* The availability of our production facilities is guaranteed by regular maintenance and modernization \* ; we also make targeted investments in innovations to use technical progress for product and process quality. Damage caused by business interruptions or production losses as well as liability risks are covered by insurance policies that limit the financial consequences of risks to an extent that is economically justifiable. The insurance cover is regularly monitored and adjusted if necessary. \*

The basic operational risks include sales prices and sales volumes, which can come under pressure at any time due to the competition prevailing in all areas.

By working together with long-standing, key suppliers, we see ourselves in a position to avoid procurement bottlenecks in order not to jeopardize the sales targets we are striving for. \* Prices for copper and silver have generally increased in recent periods. We do not see any risks in the procurement of our operating materials and our energy requirements.

The shortage of workers that will probably become apparent in the future is being counteracted by a high training rate and targeted personnel planning. \* HEW-Kabel maintains close contacts with local universities and educational institutions. \*

The production process, purchasing, sales and liquidity are monitored daily and coordinated with the management. This enables us to react flexibly and immediately to any changing conditions.

Warranty risks exist within the scope customary in the industry.

## 6.3 Price Risks

The management is concerned with all essential questions of purchase and sales pricing itself. \* Pricing is based on industry competitive conditions. \*

We observe both the raw materials markets and our direct procurement markets in order to be able to react to expected price changes in good time through long-term price agreements or inflation surcharges.

We can only influence the prices for key cost items (copper and silver, energy, transport) to a limited extent. They are constantly monitored in order to be able to pass price changes on to customers if possible. Here, temporal divergences can occur, which in individual cases have a negative effect on the respective gross margin. In the short financial year, no significant metal price risks arose that could not be passed on to customers.

To protect against risks on the procurement side, we strive for long-term contracts that are supplemented by ongoing supplier evaluation.

## 6.4 Financial Risks

Financial risks from bad debts are essentially covered by default insurance, taking deductibles into account. The bad debts that arose in the short financial year are of minor importance overall.

All risks known to us according to the current state of knowledge are covered by appropriate provisions.

The medium-term financing requirement is covered by loans that we have already promised but not yet drawn down, as well as the available overdraft facility. We are assuming that our house banks and internal financing capacity will be able to provide sufficient financing options for our further growth financing.

## 6.5 Exchange Rate Risks

There are no significant exchange rate risks, since the majority of sales are generated in euros with short-term payment terms.

## 6.6 Interest Rate Risks

Interest rate risks only exist to an insignificant extent. The low interest rate level resulting from the current global economic situation remains calculable even if credit lines are used.

## 6.7 Other Risks

The risks in the area of IT security were checked as part of external penetration tests. There were no significant findings here. To ensure the level we have reached, we will continue to invest in hardware and software to prevent third-party access to our data and systems in order to be at the cutting edge of technical developments in preventing cybercrime.

In addition to the aforementioned risks, our company may be exposed to other risks that have not previously been recognized or that have been assessed as immaterial. Such circumstances can also materialize as risks in the future and have an adverse effect on the asset, financial and earnings situation. In our view, there are no risks that could jeopardize the continued existence of the company.

## 6.8 Business Opportunities

We see the main opportunities for the company in the broad product mix and a diversified global customer base from different industries. HEW-Kabel is very well positioned to serve both large and series orders as well as individualized special orders. \* Due to the extensive investment and development measures, HEW-Kabel is also well prepared for opening up other markets and regions. \*

In particular, we meet the strongly growing demand of the markets for the production of special cables, eg in the sensor and medical industry, with an innovative and certified product portfolio. \*

## 7. Overall Statement

In summary, the short fiscal year from June 1, 2020 to December 31, 2020 was unsatisfactory. Due to the strategy pursued so far and the future-oriented measures and restructuring, we are confident that HEW-Kabel is well prepared for the future and will also be able to generate stable earnings in the future.

\* Statements marked with an asterisk are unaudited.

## BALANCE SHEET AS OF DECEMBER 31, 2020

## HEW-KABEL GMBH, WIPPERFUERTH

## ASSETS

	12/31/2020 EUR	31.5.2020 EUR
A. FIXED ASSETS	18,389,471.62	18,359,845.03
I. Intangible assets	1,277,584.00	1,245,537.00
1. Computer software	1,277,583.00	1,245,536.00
2. Customer Base	1.00	1.00
II. Tangible assets	17,111,802.00	17,114,222.41
1. Land, land rights and buildings, including buildings on third-party land	359,816.00	379,838.00
2. Technical installations and machines	13,478,183.00	13,667,029.00
3. Other equipment, fixtures and fittings	1,732,234.01	1,658,265.01
4. Payments on account and assets under construction	1,541,568.99	1,409,090.40
III. financial investments	85.62	85.62
1. Shares in affiliated companies	85.62	85.62
B. CURRENT ASSETS	24,778,051.06	28,880,519.09
I. Inventories	14,464,271.92	16,857,767.62
1. Raw, auxiliary and operating materials	4,784,931.94	5,746,082.95
2. Work in progress	4,447,206.96	5,714,170.81
3. Finished Goods	5,232,133.02	5,397,513.86
II. Receivables and other assets	9,043,031.97	11,397,163.62
1. Trade accounts receivable	7,420,417.30	10,004,379.69
2. Receivables from affiliated companies	570,228.01	374,671.25
3. Other Assets	1,052,386.66	1,018,112.68
III. Cash on hand, bank balances	1,270,747.17	625,587.85
C. PREPAID EXPENSES	100,711.50	681,911.67
I. Other prepaid expenses	100,711.50	681,911.67
	43,268,234.18	47,922,275.79

## LIABILITIES

	12/31/2020 EUR	31.5.2020 EUR
A. EQUITY	13,523,697.37	4,071,720.72
I. Drawn capital	1,500,000.00	1,500,000.00
II. Capital Reserve	10,500,000.00	0.00
III. Other retained earnings	1,000,000.00	1,000,000.00
IV. Balance sheet profit	523,697.37	1,571,720.72
B. PROVISIONS	2,906,027.74	4,327,241.74
1. Provisions for taxes	0.00	65,500.00
2. Other provisions	2,906,027.74	4,261,741.74
C. LIABILITIES	26,838,509.07	39,523,313.33
1. Liabilities to banks	25,187,215.77	24,632,673.44
- of which with a remaining term of up to one year: EUR 15,585,796.00 (previous year: EUR 5,337,845.71)		
- of which with a remaining term of between one and five years: EUR 6,751,552.14 (previous year: EUR 15,615,685.52)		
- of which with a remaining term of more than five years: EUR 2,849,867.63 (previous year: EUR 3,679,142.21)		
2. Deposits Received on Orders	124,791.63	53,999.37
- of which with a remaining term of up to one year: EUR 124,791.63 (previous year: EUR 53,999.37)		
3. Trade Accounts Payable	967,821.87	2,062,428.09
- of which with a remaining term of up to one year: EUR 967,821.87 (previous year: EUR 2,062,428.09)		
4. Liabilities to affiliated companies	48,322.04	90,869.98
- of which with a remaining term of up to one year: EUR 48,322.04 (previous year: EUR 90,869.98)		
5. Liabilities to shareholders	0.00	12,036,262.50
- of which with a remaining term of up to one year: EUR 0.00 (previous year: EUR 1,536,262.50)		
- of which with a remaining term of more than one year: EUR 0.00 (previous year: EUR 10,500,000.00)		
- thereof from a subordination loan: EUR 0.00 (previous year: EUR 10,500,000.00)		
6. Other Liabilities	510,357.76	647,079.95
- of which with a remaining term of up to one year: EUR 510,357.76 (previous year: EUR 647,079.95)		
- thereof from taxes: EUR 208,042.67 (previous year: EUR 420,440.22)		
- of which in the context of social security: EUR 70,028.17 (previous year: EUR 11,690.38)		
	43,268,234.18	47,922,275.79

## PROFIT AND LOSS ACCOUNT FOR THE SHORT FINANCIAL YEAR FROM 1 JUNE TO 31 DECEMBER 2020

	Short financial year 2020 EUR	2019/20 EUR
1. Revenue	35,757,784.01	77,102,538.52
2. Production costs of the services rendered to generate sales	-31,247,664.21	-71,731,190.94
3. Gross profit on sales	4,510,119.80	5,371,347.58
4. Selling Expenses	-1,859,821.35	-3,325,722.07
5. General Administrative Expenses	-2,553,093.56	-3,487,823.31
6. Research and Development Costs	-905,860.42	-1,690,662.29
7. Other operating income	402,547.03	615,383.25
- of which from currency translation: EUR 6,971.74 (previous year: EUR 17,266.30)		
8. Other Operating Expenses	-200,066.76	-2,096,537.74
- of which from currency translation: EUR 24,755.21 (previous year: EUR 12,832.62)		
9. Other Interest and Similar Income	7,408.52	19,654.18
- thereof from affiliated companies: EUR 7,408.52 (previous year: EUR 19,654.18)		
10. Interest and Similar Expenses	-522,769.41	-794,145.58
- of which to affiliated companies: EUR 261,682.28 (previous year: EUR 375,674.49)		
11. Income taxes	73,512.80	205,751.00
12. Earnings after taxes	-1,048,023.35	-5,182,754.98
13. Net Loss	-1,048,023.35	-5,182,754.98
14. Earnings Carry Forward	1,571,720.72	6,754,475.70
15. Retained Earnings	523,697.37	1,571,720.72

### Appendix for the short financial year 2020

#### I. General information on the annual financial statements

HEW-Kabel GmbH (hereinafter also referred to as "HEW-Kabel") is based in Wipperfurth. It is entered in the commercial register of the district court of Cologne under HRB 73113.

The annual financial statements as of December 31, 2020 were prepared in accordance with the accounting regulations of the German Commercial Code (HGB) and the Law on Limited Liability Companies (GmbHG).

The company changes the fiscal year to the calendar year. The company therefore entered a short fiscal year from June 1, 2020 to December 31, 2020. This means that the prior-year figures in the balance sheet are only comparable to a limited extent, while the prior-year figures in the income statement are not comparable.

As of the balance sheet date, HEW-Kabel GmbH is a large corporation within the meaning of Section 267 (3) HGB.

The present annual financial statements have been prepared in accordance with the provisions of the German Commercial Code applicable to large corporations (§§ 265 Para. 1 Sentence 2, 266 ff. HGB) while retaining the classification and valuation principles used for the previous year's financial statements.

The structure of the balance sheet in accordance with Section 266 (2) HGB has been expanded to include the following items in accordance with Section 265 (5) HGB:

- Liabilities to shareholders.

The income statement is structured according to the cost of sales method in accordance with Section 275 (3) HGB.

The structure of the income statement has been expanded to include the item "Research and development costs" in accordance with Section 265 (5) HGB.

The accounting and valuation methods used correspond to the provisions of the German Commercial Code (§§ 238 to 289 HGB).

In order to ensure transparency of the company's earnings situation, the service fee was recorded in different cost centers in the short financial year 2020 and thus reported in the income statement in the area of general administrative expenses. If the disclosure had been retained, the other operating expenses would have amounted to EUR 483 thousand.

#### II. Information on accounting and valuation methods

Intangible assets and property, plant and equipment are valued at acquisition or production cost less scheduled depreciation.

The scheduled depreciation was determined in accordance with the customary useful life using the straight-line depreciation method. In the case of assets that were acquired or manufactured during the financial year, only that part of the annual depreciation amount was deducted for the year of acquisition or manufacture that corresponds to the period between acquisition or manufacture and the end of the financial year.

The usual useful life is for:

- Customer base	ten years
- exploitation rights	ten years
- Software	3-12 years
- Building	50 years
- outdoor facilities	ten years
- Technical equipment and machinery	5-13 years
- Other equipment, factory and office equipment	5-12 years

Financial assets are stated at the lower of cost or fair value.

Inventories were valued at acquisition or production cost, taking into account the lower of cost or market principle in accordance with Section 253 (4) HGB. The acquisition costs of raw materials and supplies are valued at the weighted average price or at the lower market value on the balance sheet date.

The manufacturing costs of unfinished and finished goods include the copper portion, valued according to the above principles, direct labor and material costs as well as material and production overheads including depreciation. The costs of general administration were not taken into account, the costs of sales and interest on borrowed capital are not taken into account.

Sluggish items that are not used up in a period are depreciated appropriately or scrapped during the year.

Receivables and other assets are valued at nominal value. Recognizable default risks are taken into account through individual value adjustments. A general allowance is made to cover the general credit risk associated with receivables. It is calculated after deduction of value added tax from the claims that are not individually value-adjusted and not secured and amounts to 1.5% for domestic claims and 3% for foreign claims.

Cash and cash equivalents are accounted for at their nominal value.

Prepaid expenses and deferred income include payments made in the 2020 short financial year that relate to expenses for the following year.

Equity is valued at nominal value.

The other provisions cover all identifiable risks and contingent liabilities. They are valued at the settlement amount that is necessary for settlement based on prudent business judgement.

Liabilities are recognized at their settlement amount.

Foreign currency receivables and liabilities are valued at the mean spot exchange rate on the balance sheet date in accordance with Section 256a HGB.

### III. Details of balance sheet items

#### 1. Fixed assets

The development of fixed assets is shown in the asset history sheet attached to the last page of this appendix. In application of Art. 48 Para. 5 EGHGB, the book values of the assets as of July 31, 2000 were taken over and continued as the original acquisition and production costs.

In the case of fixed assets in the area of IT equipment (computer workstations), the simplified valuation method was used in accordance with Section 240 (3) HGB.

#### 2. Shareholding Disclosures

The company holds 100% of the capital of HEW-Kabel America Inc. based in Chicago/USA. The equity of the company as of December 31, 2020 amounts to ./ EUR 531 thousand (previous year: ./ EUR 564 thousand). The net loss for the fiscal year ended December 31, 2020 was EUR 4 thousand (previous year: EUR ./ EUR 283 thousand).

#### 3. Claims

As of the balance sheet date, receivables from affiliated companies amounted to EUR 570 thousand (previous year: EUR 375 thousand). This involved receivables from shareholders in the amount of EUR 546 thousand. The receivables have a maturity of less than one year.

#### 4. Equity

The revenue reserves are other revenue reserves in accordance with § 266 Para. 3, A., III. No. 4 HGB in connection with § 272 Para. 3 HGB.

The capital reserve relates to other additional payments in accordance with Section 266 (3) A. II. HGB in conjunction with Section 272 (2) No. 4 HGB.

The balance sheet profit as of December 31, 2020 in the amount of EUR 524 thousand includes a profit carried forward in the amount of EUR 1,572 thousand.

#### 5. Provisions

The other provisions were formed primarily for a restructuring provision (EUR 1,100 thousand), employee anniversaries (EUR 484 thousand), the trade association (EUR 264 thousand), guarantee payments (EUR 331 thousand) and outstanding vacation (EUR 158 thousand). The provisions, with the exception of employee anniversaries and the storage of business documents, all have a remaining term of up to one year.

#### 6. Liabilities

Liabilities are recognized at the settlement amount.

The remaining terms of the liabilities are shown in detail in the balance sheet. Due to the interest rate and term of the liabilities, discounting was not necessary.

### IV. Notes to the Profit and Loss Account

#### 1. Revenue

36% of sales revenues for cable deliveries were generated domestically, 31% within the EU and 30% elsewhere. Of the other sales, 3% was achieved in Germany.

#### 2. Cost of Materials

	SFY 2020 *	FY 2019/20
	kEUR	EUR thousand
Expenses for raw, auxiliary and operating materials and for purchased goods	16,308	38,937
Expenses for purchased services	50	152
Total	16,358	39,089

\* SFY = short financial year

#### 3. Personnel expenses

	SFY 2020 *	FY 2019/20
	kEUR	EUR thousand
Wages and salaries	10,117	21,378
Social security contributions and expenses for pensions	2,329	4,307
Of that for pensions	250	478
Total	12,446	25,685

#### 4. Other operating income

Other operating income breaks down as follows:

	SFY 2020 *	FY 2019/20
	kEUR	EUR thousand
Release of provisions and value adjustments	362	80
Income from exchange rate differences	7	17
Income from sale of assets	-	33
Miscellaneous other income	33	485
Total	402	615

Other operating income includes income relating to other periods from the reversal of provisions and value adjustments in the amount of EUR 362 thousand (previous year: EUR 80 thousand).

**5. Other Operating Expenses**

Other operating expenses break down as follows:

	SFY 2020 * kEUR	FY 2019/20 EUR thousand
service fee	109	411
Expenses from exchange rate differences	25	13
Miscellaneous other expenses	349	1,673
Total	483	2,097

**6. staff**

The average number of employees during the reporting period is as follows:

	SFY 2020 *	FY 2019/20
employee	95	96
Wage earners	261	280
total	356	376

**7. Net Income**

It is proposed to the shareholders' meeting to carry forward the annual deficit of EUR 1,048k to new account.

**V. Other information****1. Contingent Liabilities**

There are guarantee accounts/guarantees totaling EUR 446 thousand. We consider the probability of utilization to be low.

In addition, there is a guarantee from HEW-Kabel GmbH to the Landesbank Baden-Württemberg for a development loan from a related company for the purchase of a production machine of EUR 900 thousand. A claim from this contract is not expected.

The Volksbank Oberberg eG has a working capital loan of EUR 2,700 thousand, which can be used by HEW-Kabel GmbH and a related company.

**2. Other financial obligations**

The other financial obligations for the next five years from rental and leasing contracts for production buildings, machines, industrial trucks and company vehicles as well as office communication equipment amount to EUR 5,142 thousand.

fiscal year	kEUR
2021	1,477
2022	1,294
2023	1,213
2024	1.122
2025	37
total	5.142

Order commitments exist as of the reporting date within the usual framework.

**3. Derivative financial instruments and valuation units**

Derivative financial instruments were not used in the financial year to hedge any interest rate, currency or commodity price risks.

**4. Managing Director**

In the short financial year 2020, the management was carried out by Mr. Peter Van Loo. The managing director is authorized to represent the company alone and is exempt from the restrictions of § 181 BGB. There are no pension obligations to active or former members of management.

In accordance with Section 286 (4) HGB, the total remuneration of the management is not disclosed.

**5. Group relationships**

The company is a 100 percent subsidiary of HEW-Kabel Holding GmbH, Wipperfurth. It is included in the consolidated financial statements of HEW-Kabel Holding GmbH, Wipperfurth as of December 31, 2020 (smallest and largest scope of consolidation). The consolidated financial statements of HEW-Kabel Holding are submitted electronically to the operator of the Federal Gazette (Bundesanzeiger Verlags GmbH, Cologne) and published in the Federal Gazette. HEW-Kabel Holding GmbH is listed at the District Court of Cologne under HRB 98503.

**6. Auditor's Fees**

With regard to the information on the auditor's fee, the simplification provision of Section 285 No. 17 HGB is used and the information is provided in the consolidated financial statements of HEW-Kabel Holding GmbH, Wipperfurth.

**7. Supplementary report**

On January 30, 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of the coronavirus. Since March 11, 2020, the WHO has classified the spread of the coronavirus as a pandemic. The corona pandemic has affected the company through falling sales and volatile material prices. Almost all areas of the company were affected. Since January 2021 we have been experiencing a sharp increase in demand, which from February has been well above plan and the pre-crisis level. However, there are still risks in upstream and downstream processes (e.g. possible supply bottlenecks due to a lack of supplies). The further course of the spread of the corona virus (in the rest of the world) and the consequences for the course of business are continuously monitored. Even though the number of infections is currently falling and we expect the vaccination to return to normal in the summer, it remains to be seen what effects the pandemic and the corona mutants will have on the social and industrial environment. With the intensification of vaccinations and the opening up of all groups of people for them in the summer of 2021, we are initially assuming that there will be a clear disruption-free operational capacity utilization in the end of 2021. Even though the number of infections is currently falling and we expect the vaccination to return to normal in the summer, it remains to be seen what effects the pandemic and the corona mutants will have on the social and industrial environment. With the intensification of vaccinations and the opening up of all groups of people for them in the summer of 2021, we are initially assuming that there will be a clear disruption-free operational capacity utilization in the end of 2021. Even though the number of infections is currently falling and we expect the vaccination to return to normal in the summer, it remains to be seen what effects the pandemic and the corona mutants will have on the social and industrial environment. With the intensification of vaccinations and the opening up of all groups of people for them in the summer of 2021, we are initially assuming that there will be a clear disruption-free operational capacity utilization in the end of 2021.

Historical acquisition/manufacturing costs					
	As of June 1st, 2020 EUR	Access EUR	Transfers EUR	departure EUR	As of 12/31/2020 EUR
I. Intangible assets					
1. Computer software	3,108,008.81	166,198.37	32,917.50	2,732.82	3,304,391.86
2. Customer Base	1,500,000.00	0.00	0.00	0.00	1,500,000.00
	4,608,008.81	166,198.37	32,917.50	2,732.82	4,804,391.86
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	742,484.11	19,611.51	0.00	0.00	762,095.62
2. Technical installations and machines	18,644,800.23	179,914.81	509,607.23	0.00	19,334,322.27
3. Other equipment, fixtures and fittings	6,980,702.75	275,826.85	0.00	445.34	7,256,084.26
4. Payments on account and assets under construction	1,409,090.40	750,852.80	-618,374.21	0.00	1,541,568.99
	27,777,077.49	1,226,205.97	-108,766.98	445.34	28,894,071.14
III. financial investments					
1. Shares in affiliated companies	85.62	0.00	0.00	0.00	85.62
	85.62	0.00	0.00	0.00	85.62
	32,385,171.92	1,392,404.34	-75,849.48	3,178.16	33,698,548.62
accumulated depreciation					
	As of June 1st, 2020 EUR	Access EUR	departure EUR	As of 12/31/2020 EUR	
I. Intangible assets					
1. Computer software		1,862,472.81	164,336.05	0.00	2,026,808.86
2. Customer Base		1,499,999.00	0.00	0.00	1,499,999.00
		3,362,471.81	164,336.05	0.00	3,526,807.86
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third- party land		362,646.11	39,633.51	0.00	402,279.62
2. Technical installations and machines		4,977,771.23	878,368.04	0.00	5,856,139.27
3. Other equipment, fixtures and fittings		5,322,437.74	201,556.85	144.34	5,523,850.25
4. Payments on account and assets under construction		0.00	0.00	0.00	0.00
		10,662,855.08	1,119,558.40	144.34	11,782,269.14
III. financial investments					
1. Shares in affiliated companies		0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00
		14,025,326.89	1,283,894.45	144.34	15,309,077.00
book values					
	As of 12/31/2020 EUR		As of May 31, 2020 EUR		
I. Intangible assets					
1. Computer software		1,277,583.00		1,245,536.00	
2. Customer Base		1.00		1.00	
		1,277,584.00		1,245,537.00	
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land		359,816.00		379,838.00	
2. Technical installations and machines		13,478,183.00		13,667,029.00	
3. Other equipment, fixtures and fittings		1,732,234.01		1,658,265.01	
4. Payments on account and assets under construction		1,541,568.99		1,409,090.40	
		17,111,802.00		17,114,222.41	
III. financial investments					
1. Shares in affiliated companies		85.62		85.62	
		85.62		85.62	
		18,389,471.62		18,359,845.03	

Wipperfurth, July 2nd, 2021

Peter Van Loo

Date of approval of the annual financial statements as of December 31, 2020: December 21, 2021

## Independent Auditor's Report

To HEW-Kabel GmbH, Wipperfurth  
audit opinions

We have the annual financial statements of HEW-Kabel GmbH - consisting of the balance sheet as of December 31, 2020 and the income statement for the short fiscal year from June 1 to December 31, 2020 and the notes, including the presentation of the accounting and valuation methods - checked. In addition, we have audited the management report of HEW-Kabel GmbH for the short financial year from June 1st to December 31st, 2020.

According to our assessment based on the knowledge gained during the audit

- the attached annual financial statements comply in all material respects with the German commercial law provisions applicable to corporations and, in compliance with the German principles of proper accounting, convey a true and fair view of the assets and financial position of the company as of December 31, 2020 and its earnings position for the short financial year from June 01 to December 31, 2020 and

- the attached management report as a whole provides an 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 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 regularity of the annual financial statements and the management report.

#### **Basis for the test results**

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibility under those requirements and standards is further described in the "Auditor's responsibility for the audit of the financial statements and management report" section of our auditor's report. We are independent of the company 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

#### **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 with the German commercial law provisions applicable to corporations in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial and earnings situation of the company. 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 annual financial statements,

In preparing the annual financial statements, the legal representatives are responsible for assessing the company'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 preparing the management report, which as a whole provides a suitable view of the company's position and is consistent with the annual 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 management report in accordance with the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the management report be able.

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

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, with the annual 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 annual financial statements and on the management report.

Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (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 financial statements and 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 annual financial statements and in the 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 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 in the given circumstances, but not with the aim of providing an audit opinion on effectiveness of these systems to society.

- 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 Company's ability to continue as a going concern corporate activity can raise. If we come to the conclusion that there is a material uncertainty, we are required to draw attention to the related information in the annual financial statements and management report in the auditor's report or, if this information is 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 Company to cease to be able to continue as a going concern.

- We assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with German legally required accounting principles, give a true and fair view of the assets, financial and earnings situation of the company.

- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it gives of the company's situation.

- we perform audit procedures on the future-oriented information presented by the legal representatives in the 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.

Siegen, July 02, 2021

**8P Treuhand GmbH**  
**auditing company**

*Dipl.-Bw. M. Künzel, auditor*

*Dipl.-Kfm./Dipl.-Vw. D. Neuhaus, Chartered Accountant*

**Shareholder resolution on profit appropriation:**

With a shareholder resolution of December 21, 2021, the annual financial statements for the short financial year as of December 31, 2020 of HEW-Kabel GmbH, Wipperfürth, were adopted. The net loss for the short financial year 2020 will be carried forward to new account.

---