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Waldner Holding Management GmbH

Wangen in the Allgaeu

Consolidated financial statements 06/30/2019

Group management report

FOUNDATION OF THE COMPANY

1.1 Company's business model

Under the umbrella of WALDNER Holding GmbH & Co. KG, the WALDNER Group operates in the operational business areas of laboratory, education and metal. From their roots in the field of milk treatment and processing, the operating companies have been developing innovative and leading solutions for our customers worldwide for over 100 years.

The operating company in the laboratory area is WALDNER Laboreinrichtungen GmbH & Co. KG, Wangen im Allgäu, which supplies customers in the pharmaceutical, chemical and petrochemical industries, universities and research institutions worldwide, with legally independent subsidiaries in England, France, India and Italy , Spain, Russia, USA, Singapore, Switzerland and the Netherlands. We are also present with branches in important markets. As the international market leader, we offer our customers the most innovative products and solutions that are unique in their individuality. With the 'all in one' solution WALDNER "DIMENSIONS" we set standards for individually planned, convertible room solutions.

In the field of education, Hohenloher Spezialmöbelwerk Schaffitzel GmbH + Co. KG develops room concepts and media supply systems. It supplies schools with seating, workstation systems, storage solutions, visual equipment, media supply, fume cupboards and study kitchens. In addition to the company headquarters in Öhringen, Hohenloher Spezialmöbelwerk Schaffitzel GmbH + Co. KG also has production branches in Thuringia and Hungary.

The operative metal division is served by Hermann WALDNER GmbH & Co. KG, Wangen im Allgäu. This area is divided into three sections:

- Dosomat:

Development, planning and sale of packaging machines to food and pet food manufacturers.
- Process Systems:
Development, planning and sale of cooking systems for fruit preparation, drying systems, isolators and containment systems made of stainless steel for the pharmaceutical, chemical and food industries.
- Water technology:
Sale of techniques aimed at disposing of liquids hygienically and economically. The customers are hospitals and canteen kitchens as well as customers from the food and beverage industry.
In line with our claim as a system provider, we make manufacturer-independent planning expertise available to our foreign customers with the wide range of services offered by eretec Laborplanung GmbH & Co. KG, Gummersbach. Eretec is a leading planning and consulting company for overall technical planning specializing in laboratory, medical and media technology.
In all business areas, we offer our customers high-performing on-site service teams. In the field of laboratory equipment, our activities are bundled under the umbrella of 'Global Customer Service'.

1.2 Legal Structure

As a service holding company, WALDNER Holding GmbH & Co. KG assumes overarching central functions. These are, for example, information technology, human resources, facility management, insurance, finance and controlling.

1.3 Research and Development

As part of intensive research and development activities, the WALDNER group of companies regularly supplements its product portfolio with new and innovative products. The focus here is on expanding core competencies and increasing customer benefits.
We actively follow market trends. At the same time, we rely on the competence of our engineers. We have had good experiences with the innovative power in recent years, significant parts of our technical product portfolio are more recent. Since we are mainly active in the project business, in many cases innovations in orders directly benefit our customers.
The most important pillar of our innovative strength is our team of highly qualified employees. Research and development expenses in the year under review continued to be at a high level.

2 ECONOMIC REPORT

2.1 Macroeconomic, industry-related framework conditions

The International Monetary Fund (IMF) is becoming increasingly skeptical about the global economy. In 2019, the global economy will only grow by 3.2 percent and next year by 3.5 percent. The institution has thus had to lower its forecast slightly this year for the third time. In April, the fund had still expected growth of 3.3 percent. This is the lowest growth in the world economy since the global financial crisis.
The latest correction is justified, among other things, with the trade dispute between China and the United States. In addition, global supply chains could be disrupted by US sanctions. Uncertainty surrounding Britain's planned exit from the European Union and tensions in the Gulf region are also clouding prospects.
According to the IMF, the economy in the euro zone will continue to grow by 1.3 percent in 2019. For 2020, the fund is raising its forecast by 0.1 percentage points to 1.6 percent. Due to weaker international demand for German products, the economy in Germany is likely to grow 0.1 percentage points more slowly this year, namely by 0.7 percent. The IMF forecasts an increase of 1.7 percent for the coming year. The IMF speaks of a 'toxic mixture' for Germany as an export nation.
The fund increased its forecast for the USA to 2.6 (previously 2.3) percent because of the surprisingly good start to the year. A further 1.9 percent is expected for 2020. With regard to China, on the other hand, the IMF is skeptical: the economy there is likely to grow by 6.2 (previously 6.3) percent in 2019 and by 6.0 (6.1) percent in 2020.
The VDMA emphasizes that predictability and political stability are indispensable for investments. That is what is currently lacking. The numerous conflict issues are increasingly leaving their mark on the global economy. And so the current data shows mechanical engineering in the downturn. "The party isn't over yet, but you should dance close to the exit," said Carl Martin Welcker, President of the Association of German Machine and Plant Manufacturers (VDMA), on the current economic situation.
For 2019, the association now expects negative growth of 2 percent. This despite still well-filled order books. So far, the VDMA economists had assumed a slight increase in production of 1 percent for the year as a whole.
In addition to the clearly noticeable cyclical weakening, geopolitical upheavals are also responsible for the poorer prospects, which are directly affecting the export-strong mechanical and plant engineering sector. In addition to the escalating trade dispute between the US and China, the VDMA continues to name the uncertainty in connection with Brexit and the latent tensions due to the threat of trade restrictions on the part of the USA towards the EU or individual member states. The deteriorating budget situation in Italy is putting the government on a tough confrontational course with the European Union. Finally, he points to the critical and escalating situation in the Middle East,
For the United Kingdom, Germany and Italy, the VDMA economists are forecasting negative development in mechanical engineering for 2019. Consequently, there is a red zero for the European economic area. In the euro zone, the previous year's value is expected to be missed by 1 percent. The British forecasting institute Oxford Economics expects a decline in output this year for Russia, Turkey, Brazil, India and South Korea.
The forecasts for China, the USA and Japan are positive. As a result, global machine sales could increase by 2 percent in real terms.
Finally, the BDI expects production in the manufacturing sector in Germany to fall by 4 percent in the current year. After 3 percent in previous years, industrial production will only increase by 1 percent. This with stagnation in the industrialized countries and a 2 percent growth in the emerging countries.
On the other hand, according to the Tax Estimation Working Group in May 2019, all levels of government can expect increasing tax revenue by 2023. This is an expression of the generally good economic situation in Germany. The current economic situation is characterized by a robust labor market with significant increases in wages and salaries. However, compared to the previous estimate from autumn 2018, expectations about the extent of increasing tax revenue from federal, state and local governments have been reduced. The development in the federal states and municipalities is somewhat better than in the federal government.
The correction in expected tax revenues is due to two factors. On the one hand, the uncertainty in world trade, caused by trade conflicts and the debates about Brexit, will lead to slower economic growth this year. In the coming years, however, a significantly stronger economic dynamic is expected. However, the current dip in growth is having a lasting impact on the level of tax revenue. On the other hand, tax revenue is reduced as a result of other decisions implemented by the federal government that noticeably reduce taxes for citizens, such as the Strong Families Act and the elimination of cold progression.
From an overall economic point of view, the signs for our development are therefore not very optimistic. However, a long-term comparison, especially during the financial crisis phase, shows that our specific sectors are always highly independent of overall economic

developments. Both in the field of education and research, as well as in the food industry, we have always recorded stable to relieving parallel developments in the past decades. Due to a downturn in the construction industry, capacities are available again in many specialist areas. Increasing economic risks in private households lead to lower expenditure, e.g. B. for restaurant visits and thus higher consumption at home. However, it remains the case that the totality of political uncertainties and the high number of current unresolved crises remain a burden on our development. The calculability of future developments appears to be reduced, decision-making horizons shortened, which are fundamentally unfavorable parameters in our industries, which rely on longevity and sustainability.

2.2 Business Development

In the markets of the WALDNER group of companies, demand was very satisfactory overall in the past financial year. With an order intake of €299 million, the previous year's figure was exceeded by almost €30 million (11 percent).

In the first few months of the current 2019/2020 financial year, demand is again above the level of the previous year, and in the metal sector it remains at a high level.

In the 2018/2019 financial year, we achieved extremely good incoming orders in the metal and laboratory sector. The Education division fell short of targets. All in all, this has led to an adequate course of business. The incoming orders form a good basis for the current financial year. After the weak financial year 2018/2019, we expect an improvement for the current year, especially at the Hohenloher Group, but also at the Labor Group.

The effects of fundamental product and process changes as well as the consequences of the costly introduction of an ERP system in the education area weighed on the results last year. We see this as a one-off effect. The domestic market continued to be burdened by shifts in sales to the following year, with many projects being postponed primarily due to the lack of availability of builders.

In the current year, the improvement achieved in this area will have an impact on the whole group. The "Cure19" savings program will be continued in the current year - the cost reduction will be increased by reducing personnel costs and extending the working hours that are subject to collective agreements.

On average for the year, we were able to achieve a stable employment situation. The order backlog in the group on June 30, 2019 was €295.3 million (+14.0 percent).

Sales increased by around €6 million to €260.8 million. Gross profit also increased by €4.6m to €180.8m in the past fiscal year. The project-related fluctuating cost of materials ratio has fallen from 35.3 percent to 33.6 percent, which is not least due to the fact that we have taken on employees who had previously worked for us as temporary workers due to the new regulations of the Temporary Employment Act. As a result, personnel expenses rose by €6.7 million (+7.2 percent). Contrary to forecast, the operating result of €8.8 million in the previous year fell to €6.7 million (-24.0 percent).

At € -1.5 million, the financial result is almost at the level of the previous year (€ -1.6 million/ -2.3 percent).

Overall, the result from ordinary activities before taxes was €5.1 million, down on the previous year (€7.2 million).

Deferrals of sales, project risks and belatedly agreed cost reductions in the area of personnel costs impacted the result shortly before the balance sheet date. The income from the reversal of the anniversary provisions due to the termination of the corresponding company agreement had an opposite effect.

2.3 Location

The business areas of Hermann Waldner GmbH & Co. KG will work at full capacity in the current year and generate stable earnings contributions.

We see opportunities for improvement primarily in the integration of companies in the field of education. The restructuring of the Hohenloher companies has been initiated since the beginning of the current financial year. The measures range from the outsourcing of products, site closures that have already been implemented and a significant reduction in personnel to the relocation of the export business to the sister company Labor.

In the current period, active overhead cost management will partially compensate for the significant cost increases of the past year in both the education and laboratory sectors. As part of extensive process analyses, the revision of the product structure and the IT development plan, structures that have been in place for decades will be replaced in several steps over the next two years with modern solutions. This will entail conversion costs in the coming years. In the long term, we expect a significant reduction in process costs.

2.3.1 Results of operations

Our main areas of activity and sales markets are in laboratory construction, including schools with scientific facilities, as well as mechanical and plant engineering at home and abroad. 68.6 percent of sales revenues come from laboratory facilities, including schools with scientific facilities, and 31.4 percent from mechanical and plant engineering, or 57 percent from Germany and 43 percent from abroad.

Compared to the previous year, our use of materials fell by €4.9 million from 35.3 percent to 33.6 percent because in the year under review services that were previously obtained from temporary work agencies were increasingly provided by our own employees.

As a result, personnel expenses rose significantly to €6.7 million compared to the previous year (+7.2 percent). The number of employees (excluding temporary workers) increased by 115 from 1,396 in the previous year to 1,511 in the year under review. The increase in personnel affected the areas of education (+24 employees), laboratory (+69 employees), metal (+20 employees) and other group companies (+2 employees) and was primarily caused by the obligation to take on temporary workers in accordance with the AÜG. As of the reporting date, we were only employing 71 temporary workers (previous year: 200). Added to this were wage increases. Overall, our employment situation can be described as sufficient. Average or

Other operating expenses remained constant in the year under review compared to the previous year. The financial result of €1.5 million primarily includes interest on the shareholder loan (€915 thousand). At €1.9 million, the consolidated net profit for the year was €3.2 million (62.3 percent) below the previous year's figure (€5.1 million).

2.3.2 Financial Condition

Our financial situation is stable. Cash and cash equivalents have increased by €13.3 million compared to the previous year, amounting to €37.0 million (previous year: €23.6 million), with only a slightly (€0.4 million) higher level of bank debt. Our financial management is aimed at always settling liabilities within the payment period using discounts and collecting receivables within the payment targets and was significantly intensified in the past financial year.

The advance payments from our customers have increased significantly. While in the previous year €8.9 million of work in progress had to be financed internally, the advance payments received exceeded this by €4.1 million as of the balance sheet date. For the first time, advance payments received on orders are deducted from inventories; the previous year's figures have been adjusted.

Due to our shareholder structure and our legal form, liabilities to shareholders and silent partners are another important part of our equity ratio at 26.2 percent of the balance sheet total.

Trade accounts payable amount to around 7.5 percent of the balance sheet total. We always pay within the payment terms.
As a result of the increase in customer prepayments, we had to provide a greater number of prepayment and warranty bonds. Furthermore, our lines of credit are used during the year to partially finance the inventory of work in progress.
The investments made in the financial year amount to € 4.6 million. In addition to replacement and expansion investments in the area of technical systems and machines, operating and office equipment and software, these relate to many individual measures to prepare for the planned process change.
Short-term receivables, inventories and bank balances significantly exceed short-term liabilities.
The company's liquidity was guaranteed at all times and will be secured in the future.

2.3.3 Assets

The balance sheet total increased to €128.9 million (previous year: €126.0 million/+ 2.3 percent). Advance payments received were netted against unfinished goods for the first time.
The company's equity increased by €1.1m to €23.1m (+4.8 percent). Despite the increase in total assets, the equity ratio also increased slightly, namely from 17.5 percent to 17.9 percent. The equity ratio - consisting of the balance sheet equity as well as liabilities to shareholders and silent partners - fell slightly, mainly due to tax payments by our shareholders, to 44.1 percent (previous year 44.9 percent).
We were able to keep the structure of our short and long-term assets and our liabilities stable.

2.4 Financial and non-financial performance indicators

For our internal corporate management, we use the key figures sales per employee, return on sales, gross profit and cash flow.
The return on sales results from the ratio of net income to sales. The gross profit rate results from the difference between the total output minus the cost of materials in relation to the total output. The cash flow is determined from the annual result, depreciation and the allocation or reversal of long-term provisions.
Despite the €6.0m increase in sales (+2.3 percent) in the financial year, sales per employee fell from €182.5k to €172.6k. If this value is adjusted for the number of temporary workers taken on under AÜG, the turnover per employee remained almost constant.
The return on sales fell from 1.8 percent in the previous year to 0.7 percent. The low level of the financial year continues to result primarily from the results in the Education and Laboratory areas.
Cash and cash equivalents increased by €9.3m to €22.2m. On the one hand, this results from a significantly improved cash flow from operating activities of € 17.0 million. The significant increase in inventories (+€4.1 million), falling trade payables (€+1.9 million) and the reduction in short-term provisions (+€0.5 million) had a particular effect here , which were overcompensated overall by falling trade accounts receivable (+€1.4 million) and the increase in advance payments received (€+13.0 million).
Particular value was and is placed on the qualification of all employees through targeted promotion and further training. Particular attention is also paid to the qualified training of junior staff.
In the 2018/2019 financial year, as well as in the current year, we again hired many trainees. We therefore cover the need for skilled workers primarily through our own training and further education. In addition to the cross-company trainee program, the further training program "Learn from me" was continued. For the current management team, the qualification measures were intensified again in line with the goals of strategic corporate development. This is to a greater extent as part of the "PRO-FIT" process development project, in the context of which the introduction of SAP S/4-Hana is also being implemented.
Targeted acquisitions to strengthen middle management in Labor, Metal and Education were successfully completed.
In addition to the training and further education measures, further support measures and coaching were used to improve processes, cooperation and customer contacts.
In addition, the company management is increasingly involved in the operational area with environmentally friendly and energy policy measures, which are continuously implemented.

3 SUPPLEMENTARY REPORT

Other than that, there were no special changes or events after the end of the financial year.

4 FORECAST REPORT

In the past, the three business areas have been affected by economic fluctuations to the usual extent. Growth impulses came in particular from the core areas of food technology as well as education and research, which have had a dampening effect on fluctuations in the economic environment and - in our opinion - will have an effect in the future.
In order to support and supplement the positive development and the market position of the WALDNER Group - especially in the field of laboratory systems - various options for horizontal and vertical diversification were again examined in the year under review. These projects have not yet been implemented.
Other than that, no significant changes in business policy are planned.
Through systematic recording and active management, we try to reduce the likelihood of risks realizing and to keep unavoidable damage as low as possible. Incoming orders, economic data in the target markets, market studies and sales estimates are used to monitor market developments and set sales targets.
On the basis of an improving development in exports, an unchanged difficult situation in the European environment and effective measures to expand our activities in the education area as well as the unchanged solid development in the metal area, we expect an improved development compared to the previous year.
Overall, we expect the good economic environment to continue in the current and following fiscal year. Since we have high order backlogs in all divisions of our group, we expect satisfactory capacity utilization for the current financial year, although this will be subject to strong fluctuations at times due to delays on construction sites caused by customers.
Great efforts are still being made to reduce the overall costs and to use cost-saving potential.
The main challenge for the current financial year is to stabilize the earning power of our Education and Laboratory divisions. As a result of the product, system and process changes still being implemented in the Education division, we expect the burden on Group earnings to fall significantly.
Primarily due to incoming orders at a satisfactory level in the laboratory and a significant improvement in the area of education, we also expect a sustained increase in earning power for the group. The same applies to sales. Due to the considerable efforts in the integration of the Hohenloher Group on the one hand and the further development of our internal processes on the other hand, the running costs have risen temporarily. We are currently compensating for this with a savings program.
In summary, compared to 2018/2019, we expect earnings for the next two financial years to be at a higher level.

5 OPPORTUNITIES AND RISKS REPORT

5.1 Risk Report

Industry-specific risks:

If the economy weakens again due to increased global turbulence on the financial markets and isolationist politics in international politics, this can have a negative impact on the economic situation of our customers and have a negative impact on our customers' investment decisions. We are particularly concerned about the clear setbacks for free trade in the world. This can result in significant sales and earnings risks for our company.

Income-oriented risks:

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

Financial risks:

Customer prepayments represent a significant part of our financing. So far, the development in this area has been stable. Due to close customer relationships and the market position of the Group companies, we are confident that we will continue to be able to finance ourselves primarily through customer down payments. We counteract the risk of reduced prepayments by agreeing on sufficient credit lines and using state and private-sector methods of failover. The solvency of the group is guaranteed at all times.

Customer orders are mainly processed in euros. Orders in foreign currencies are hedged against currency risks by means of congruent forward exchange transactions.

Liquidity risks are not recognizable due to the stable liquidity and equity situation and sufficient financing lines.

5.2 Opportunity Report

All three business areas have only been slightly affected by economic fluctuations in recent years. Due to the positive framework conditions, we are therefore optimistic about future developments.

In the future, too, we expect additional growth impulses for our core areas of food technology as well as education and research, which will have a dampening effect on fluctuations in the economic environment.

The international business in the field of education will be taken over by Labor from the current financial year, because an international sales structure already exists there. The original plan for independent marketing by Hohenloher was no longer pursued.

The Hohenloher location in Ilmenau was also closed. We expect a significant cost reduction from this.

We are active in sectors in which innovative strength and customer orientation are of outstanding importance. We have no points of contact with the automotive industry. In our experience, the general economic development brings with it opportunities for research and education projects, which we will pursue through consistent market cultivation with our high quality standards, with the optimization of internal processes and with targeted support and further training of employees. Therefore, despite the general economic development, we are positive about the future.

5.3 Risk Reporting on the Use of Financial Instruments

Financial instruments include receivables, liabilities and bank balances. Our customer base is solvent and has a good credit rating. We have been working with most of our customers for a longer period of time. Liabilities are settled within the agreed payment terms. Short-term financing is covered by equity, customer down payments, supplier credits and current account lines.

Appropriate value adjustments are made to the extent that default and creditworthiness risks are identified for financial assets. In order to minimize the risk of default, we have an adequate accounts receivable management system.

Our risk policy with regard to the financial positions is conservative. Finance and risk management is aimed at ensuring the company's success against financial risks of any kind. Orders in foreign currencies are hedged against currency risks by means of forward exchange transactions.

6 overall statement

As an international company, the WALDNER Group is exposed to a large number of opportunities and risks. These result in particular from the high competitive pressure and are regularly discussed in the company's management team and appropriate measures implemented. A timely analysis of key figures enables developments to be identified and appropriate solutions to be found.

Our internal controlling is constantly being refined. It monitors opportunities and risks according to their scope and, if necessary, supports the management with preventive measures to limit risks. No additional preventive measures needed to be taken. Through continuous reporting of the key figures of all our companies, a detailed monthly income statement and regular forecasts, we are informed at all times about the economic situation of our holdings. Deviations from the plan are analyzed and discussed at short notice and measures to achieve the goals are defined. Risks that could permanently impair or endanger the development of the Group,

Wangen im Allgäu, November 30, 2019

Stephan Schale

Consolidated balance sheet 06/30/2019

active side

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	06/30/2019 €	€	06/30/2018 €
A. Fixed assets			
I. Intangible assets			
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,382,945.67		1,279,384.18
2. Goodwill	3,656,068.88		4,171,849.89

	06/30/2019 €	€	06/30/2018 €
3. Advance payments made	991,619.27		254,671.65
		6,030,633.82	5,705,905.72
II. Tangible assets			
1. Land, land rights and buildings, including buildings on third-party land	19,167,274.70		19,809,028.52
2. Technical installations and machines	1,432,600.34		1,921,070.84
3. Other equipment, fixtures and fittings	10149217.18		9,773,163.02
4. Payments on account and assets under construction	299,511.41		569,587.26
		31,048,603.63	32,072,849.64
III. financial investments			
Other loans	27,073.06		28,574.06
		27,073.06	
		37,106,310.51	37,807,329.42
B. Current Assets			
I. Inventories			
1. Raw, auxiliary and operating materials	15,157,471.11		12,562,043.30
2. Work in progress	60,007,250.41		56,790,644.13
3. Finished Goods and Merchandise	596,515.88		639,346.94
4. Advance payments made	3,851,241.44		5,494,433.80
5. Deposits Received on Orders	-79,612,478.84		-66,619,212.72
		0.00	8,867,255.45
II. Receivables and other assets			
1. Trade accounts receivable	49,427,168.67		50,863,810.56
of which with a remaining term of more than 1 year: €0.00 (previous year: €0.00)			
2. Other assets	4,356,333.32		3,704,459.46
of which with a remaining term of more than 1 year: € 4,056.13 (previous year: € 5,128.33)		53,783,501.99	54,568,270.02
III. Cash on hand, bank balances		36,975,091.83	23,640,433.40
C. Prepaid expenses		817,937.89	918,191.67
thereof discount € 0.00 (previous year: € 0.00)			
D. Deferred tax assets		170,288.00	201,952.00
		128,853,130.22	126,003,431.96

passive side

	06/30/2019 €	€	06/30/2018 €
A. Equity			
I. Drawn capital		52,000.00	52,000.00
II. Capital shares of the limited partners		6,250,000.00	6,250,000.00
III. capital reserve		4,300,000.00	4,300,000.00
IV. Retained Earnings		11,321,670.68	10,335,349.49
V. Equity difference from currency translation		-113,975.47	-181,968.24
VI. shares shareholder		1,094,877.23	1,094,877.23
VII. Proportion of Outside Shareholders			
in group equity		174,337.37	169,803.43
		23,078,909.81	22,020,061.91
B. Liabilities to shareholders		31,259,793.24	32,893,040.53
C. Provisions			
1. Provisions for pensions and similar obligations	1,602,590.00		1,759,451.00
2. Tax Provisions	1,058,945.60		293,490.78
3. Other Provisions	35,192,784.19		35,311,166.57
		37,854,319.79	37,364,108.35
D. Liabilities to Silent Partners		2,483,102.16	1,715,418.75

	06/30/2019 €	€	06/30/2018 €
E. Liabilities			
1. Liabilities to banks	14,770,712.38		14,310,735.53
2. Deposits Received on Orders	4,149,776.52		0.00
3. Trade Accounts Payable	9,657,318.16		11,606,335.82
4. Other Liabilities	5,423,212.80		5,920,285.13
thereof from taxes: € 3,997,064.45 (previous year € 4,590,174.97)		34,001,019.86	31,837,356.48
of which in the context of social security: € 136,534.42 (previous year: € 101,618.14)			
F. Deferred income		4,503.36	1,215.94
G. Deferred Tax Liabilities		171,482.00	172,230.00
		128,853,130.22	126,003,431.96

Consolidated income statement for the period from July 1, 2018 to June 30, 2019

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	2018/2019 €	€	2017/2018 €
1. Revenue		260,750,808.23	254,765,920.35
2. Increase in inventories of finished goods and work in progress		3,173,775.22	11,652,188.98
3. Other own work capitalized		4,367.50	290,223.86
4. Other operating income		8,218,470.52	5,749,499.68
		272,147,421.47	272,457,832.87
5. Cost of Materials			
a) Expenses for raw materials, auxiliary materials and supplies and for purchased goods	-84,582,244.42		-88,412,425.86
b) Expenses for purchased services	-6,742,844.18		-7,828,420.71
		-91,325,088.60	-96,240,846.57
6. Personnel expenses			
a) Wages and salaries	-84,062,728.95		-78,622,695.46
b) Social security contributions and expenses for pensions and for assistance	-15,894,357.96		-14,606,661.80
of which for pensions: €403,440.56 (previous year: €328,809.37)		-99,957,086.91	-93,229,357.26
7. Depreciation of intangible assets and property, plant and equipment		-5,238,489.16	-5,343,722.86
8. Other Operating Expenses		-68,956,399.61	-68,866,613.37
9. Income from loans of financial assets	549.25		671.86
10. Other Interest and Similar Income	30,008.36		80,656.12
11. Interest and Similar Expenses	-1,569,769.06		-1,656,175.33
		-1,539,211.45	-1,574,847.35
12. Income before taxes		5,131,145.74	7,202,445.46
13. Income taxes		-2,894,406.33	-1,936,193.74
14. Earnings after taxes		2,236,739.41	5,266,251.72
15. Other Taxes		-330,614.39	-204,073.02
16. Consolidated net income		1,906,125.02	5,062,178.70
17. Allocation to retained earnings		-839,673.30	-3,970,076.16
18. Credit to shareholders' loan accounts		-1,067,066.31	-1,124,358.44
19. Shares of outside shareholders in the consolidated annual result		614.59	32,255.90
20. Retained Earnings		0.00	0.00

Consolidated cash flow statement for the period from July 1, 2018 to June 30, 2019

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	2018/2019	2017/2018
	€ thousand	€k
1. Liquid funds (cash, bank) at the beginning of the financial year	23,641	16,303
Less bank liabilities due at any time at the beginning of the financial year	-14.311	-353
	9,330	15,950
2. Cash flow from operating activities		
net income	1,906	5,062
+ depreciation	5.238	5,343
+/- Change in pension provisions	-157	19
Cash flow according to DVFA/SG	6,987	10,424
Changes in balance sheet items (excluding cash and cash equivalents) due to ongoing business activities		
Inventories (including advance payments made)	-4,126	-13,884
payments received	12,993	7,948
Requests from deliveries and services	1,437	-3,652
Liabilities to silent partners	768	-195
liabilities from goods and services	-1,949	523
other liabilities	-506	-365
deferred tax liabilities	-1	-6
deferred tax assets, prepaid expenses and other assets	25	1,995
accruals	-517	-3.109
Gain/loss on disposal of fixed assets	-49	-132
Interest expense / interest income	1,540	1,576
Income Tax Payments	-2,512	-2,167
income tax expense	2,895	1,936
Cash flow from current activities	16,985	892
3. Cash outflow from investing activities		
Changes in balance sheet items due to investment activity		
Proceeds from disposals of intangible assets	0	1
Payments for investments in intangible assets	-1,516	-884
Proceeds from disposals of property, plant and equipment	114	297
Payments for investments in property, plant and equipment	-3,060	-4.106
Proceeds from disposals of financial assets	2	13
Interest Received	30	81
Cash flow from investing activities	-4,430	-4,598
4. Currency differences	68	40
5. Cash inflow from financing activities		
Deposits shareholder loans	1,983	2,353
Withdrawals from shareholder loans	-5,462	-5,037
Interest shareholder accounts	901	1,018
Financing portion of advance payments received	4,150	0
Interest Paid	-1,321	-1,288
Cash flow from financing activities	251	-2,954
6. Liquid funds (cash, bank) at the end of the financial year	36,975	23,641
Less bank loans due at any time at the end of the financial year	-14,771	-14.311
	22.204	9,330

Consolidated Statement of Equity

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

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

Development of equity in the previous year:

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	Total: €	Subscribed capital €	limited partnership capital €	Capital reserve €
Group equity as of June 30, 2017	18.127.844	52,000	6,250,000	4,300,000
profit distributions	0			
Annual result for the 2017/2018 financial year	5,062,179			
Credit to the loan accounts of the shareholders	-1,124,358			
Allocation and offsetting retained earnings	-73,262			
Currency differences of the current financial year	27,658			
Group equity as of June 30, 2018	22.020.061	52,000	6,250,000	4,300,000

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	Retained earnings €	Currency differences €
Group equity as of June 30, 2017	6,438,534	-221.517
profit distributions	0	
Annual result for the 2017/2018 financial year	5,094,435	
Credit to the loan accounts of the shareholders	-1,124,358	
Allocation and offsetting retained earnings	-73,262	
Currency differences of the current financial year		39,549
Group equity as of June 30, 2018	10,335,349	-181,968

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

Development of equity in the previous year:

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	Shares shareholder €	Outside shareholders €
Group equity as of June 30, 2017	1,094,877	213,950
profit distributions		0
Annual result for the 2017/2018 financial year		-32,256
Credit to the loan accounts of the shareholders		
Allocation and offsetting retained earnings		
Currency differences of the current financial year		-11,891
Group equity as of June 30, 2018	1,094,877	169,803

Consolidated notes for the 2018/2019 financial year

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

scope of consolidation

Our consolidated financial statements include the general partner, Waldner Holding Verwaltungs GmbH, Waldner Holding GmbH & Co. KG and all of their subsidiaries.
In the financial year, WALDNER PTE. LTD., Singapore newly established. 100% are held in this company. Furthermore, the remaining 19% of the shares in OOO Waldner Rus, Russia were acquired, which means that all shares in this company are held as of the balance sheet date.
The Hohenloher School Furniture & Laboratories Trading LLC, Dubai was liquidated in the financial year. Due to its minor importance, this company was not consolidated in previous years.
The consolidated financial statements are exempting consolidated financial statements in accordance with §§ 264 Para. 3, 264b HGB for the included domestic companies.

Recognition and valuation principles

The individual financial statements of the companies included were prepared in accordance with the uniform valuation and accounting principles set out in our group manual.
Assets are valued at acquisition or production costs at most. We value inventories at average acquisition and production costs, taking into account the lower of cost or market principle.
Receivables and other assets are stated at their nominal value or at acquisition cost or lower applicable values. Where risks were evident, we made appropriate write-downs.
The provisions for pensions and similar obligations were calculated using actuarial principles. It was calculated using the 2018G mortality tables by Prof. Dr. Klaus Heubeck calculated with an interest rate of 2.94%. The average market interest rate for the last ten years, which results from an assumed residual term of 15 years, was used as the discount rate. In previous years (annual financial statements up to June 30, 2015), the average market interest rate for the last seven years was used. The difference between the 7-year and 10-year average interest rate for the pension commitments recognized is €149,165.00. A pension trend of 1, 5% or 2.0% and a salary trend of 3.5% are taken into account. Expenses from the discounting of provisions for pensions amounted to €145,794.00.
The provision for semi-retirement obligations is measured in accordance with recognized actuarial principles using the so-called projected unit credit method and the 2018G mortality tables by Prof. Dr. Klaus Heubeck. An interest rate of 0.67% and a salary trend of 3.50% were used to determine the provision. The average market interest rate for the past seven years, which results from an assumed remaining term of one year, was used as the discount rate.

The provision for anniversary payments was calculated using the 2018G mortality tables by Prof. Dr. Klaus Heubeck determined. An interest rate of 2.15% and a salary trend of 3.50% were used to determine the provision. The average market interest rate for the past seven years, which results from an assumed residual term of 15 years, was used as the discount rate. The agreements on anniversary payments were canceled at some companies. For these companies, the provisions for anniversary payments were determined on the basis of the payments still to be expected.

The expenses from the discounting of the provisions for anniversary payments and for partial retirement obligations amounted to € 21,906.00.

The other accruals are recognized in the amount that is required according to prudent business judgment on the balance sheet date to cover future payment obligations, identifiable risks and contingent liabilities of the group. They essentially relate to liabilities from the personnel area, guarantees, impending losses, legal disputes, restructuring and follow-up costs for projects. The provisions for partial retirement models were measured in accordance with the requirements of the Institute of Public Auditors. Obligations due to Italian retirement regulations are reported under other provisions.

Liabilities to shareholders and liabilities to silent partners were each reported in a separate balance sheet item due to special company law requirements.

We have recognized liabilities at the settlement amounts.

In contrast to the previous year, advance payments received on orders, insofar as they relate to inventories, were openly deducted from the assets side under the item "Inventories". An excess amount remained, which is shown on the liabilities side under the item "Prepayments received on orders". The corresponding prior-year figures have been adjusted, with all advance payments being openly deducted from inventories in the prior year.

currency conversion

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

consolidation

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

consolidated balance sheet

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

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	Acquisition / production costs			
	Status 07/01/2018 €	Currency differences €	Rebookings €	Additions €
I. Intangible assets				
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	11,187,082.50	3,203.85	245,096.63	533,558.86
2. Goodwill	7,498,678.78	0.00	0.00	0.00
3. Advance payments made	254,671.65	0.00	-245,096.63	982,044.25
	18,940,432.93	3,203.85	0.00	1,515,603.11
II. Tangible assets				
1. Land, land rights and buildings, including buildings on third-party land	39,901,430.08	27,294.15	0.00	23,527.00
2. Technical installations and machines	19,939,291.58	19,440.80	43,510.50	190,407.53
3. Other equipment, fixtures and fittings	33,856,871.94	33,503.26	497,266.63	2,575,416.45
4. Payments on account and assets under construction	569,587.26	0.00	-540,777.13	270,701.28
	94,267,180.86	80,238.21	0.00	3,060,052.26
III. financial investments				
Other loans	28,574.06	0.00	0.00	0.00
	113,236,187.85	83,442.06	0.00	4,575,655.37

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Acquisition / production costs

	Acquisition / production costs departures €	Status 06/30/2019 €

	departures €	Status 06/30/2019 €
I. Intangible assets		
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,062.68	11,967,879.16
2. Goodwill	0.00	7,498,678.78
3. Advance payments made	0.00	991,619.27
	1,062.68	20,458,177.21
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	0.00	39,952,251.23
2. Technical installations and machines	72,631.85	20120018.56
3. Other equipment, fixtures and fittings	1,412,010.23	35,551,048.05
4. Payments on account and assets under construction	0.00	299,511.41
	1,484,642.08	95,922,829.25
III. financial investments		
Other loans	1,501.00	27,073.06
	1,487,205.76	116,408,079.52

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	depreciation				
	Status 07/01/2018 €	Currency differences €	Additions €	departures €	Status 06/30/2018 €
I. Intangible assets					
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	9,907,698.32	2,824.86	675,472.99	1,062.68	10,584,933.49
2. Goodwill	3,326,828.89	0.00	515,781.01	0.00	3,842,609.90
3. Advance payments made	0.00	0.00	0.00	0.00	0.00
	13,234,527.21	2,824.86	1,191,254.00	1,062.68	14,427,543.39
II. Tangible assets					
1. Land, land rights and buildings, including buildings on third-party land	20,092,401.56	7,980.68	684,594.29	0.00	20,784,976.53
2. Technical installations and machines	18018220.74	15,391.38	719,380.72	65,574.62	18,687,418.22
3. Other equipment, fixtures and fittings	24,083,708.92	28,553.31	2,643,260.15	1,353,691.51	25,401,830.87
4. Payments on account and assets under construction	0.00	0.00	0.00	0.00	0.00
	62,194,331.22	51,925.37	4,047,235.16	1,419,266.13	64,874,225.62
III. financial investments					
Other loans	0.00	0.00	0.00	0.00	0.00
	75,428,858.43	54,750.23	5,238,489.16	1,420,328.81	79,301,769.01

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	book values	
	Status 06/30/2019 €	Status 06/30/2018 €
I. Intangible assets		

	book values	
	Status 06/30/2019	Status 06/30/2018
	€	€
1. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,382,945.67	1,279,384.18
2. Goodwill	3,656,068.88	4,171,849.89
3. Advance payments made	991,619.27	254,671.65
	6,030,633.82	5,705,905.72
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	19,167,274.70	19,809,028.52
2. Technical installations and machines	1,432,600.34	1,921,070.84
3. Other equipment, fixtures and fittings	10149217.18	9,773,163.02
4. Payments on account and assets under construction	299,511.41	569,587.26
	31,048,603.63	32,072,849.64
III. financial investments		
Other loans	27,073.06	28,574.06
	37,106,310.51	37,807,329.42

If differences remain from the purchase of shares as part of the capital consolidation, these are capitalized as goodwill and amortized on a straight-line basis. We generally apply a useful life of five years for acquisitions made before the BilRUG came into force. Deviating from this, we amortize the goodwill from the initial consolidation of the Hohenloher Group over fifteen years because we consider the business model to be sustainable in the long term.
The deferred tax assets result from the elimination of intercompany profits (T€ 170). These are calculated using a company-specific tax rate of 12.3%.
The reported subscribed capital consists of the share capital of Waldner Holding Verwaltungs GmbH in the amount of € 52,000.00. During the financial year, WALDNER Auslandsbeteiligungen GmbH acquired the remaining 19% of the shares in OOO Waldner Rus, Russia. The share in the capital of OOO Waldner Rus, Russia in the amount of € 1,978.49 (19%) was reclassified from the share of outside shareholders in group equity, the shares are fully consolidated. In the previous year, Waldner Holding GmbH & Co. KG acquired the remaining 80% of the shares in Anton Waldner GmbH, which was already included in the consolidated financial statements as an affiliated company.
Liabilities to shareholders and liabilities to silent partners, each shown in a separate balance sheet item, have a remaining term of one to five years. The remaining liabilities are due within one year. These are secured by liens and similar rights totaling €9,657 thousand.
Transactions with related parties are conducted at arm's length conditions.

revenues

The revenues are broken down into the following areas of activity or sales markets

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	total	Domestic	Abroad
	T€	T€	T€
laboratory and school facilities	178,932	120,630	58,302
metal processing	81,819	28,213	53,606
total	260,751	148,843	111,908

Other company income
Other operating income includes income from other periods from the reversal of anniversary provisions of €1,828 thousand, reversal of value adjustments on receivables of €260 thousand and other income from other periods of €525 thousand and income from currency translation of €211 thousand.
Other operating expenses
Other operating expenses include expenses relating to other periods from the increase in value adjustments on receivables of €1,250k and other expenses relating to other periods of €82k and expenses from currency translation of €148k.
Other interest and similar income
No income from discounting is included in other interest and similar income.
Interest and similar expenses
This item includes expenses from discounting of €168k.
Taxes on income and earnings
This item includes expenses from the reduction in deferred tax assets of €32 thousand and income from the reduction in deferred tax liabilities of €1 thousand.
course hedging
For larger orders, we agree payment plans with our customers, sometimes also in US dollars, British pounds and Singapore dollars. We convert the future payments resulting from this into euros as soon as the order is received using exchange rate hedging transactions that are adapted to the payment plan, so that we do not have to bear any risks in the event of future exchange rate fluctuations of the foreign

currencies. As of the balance sheet date, there were forward exchange transactions for US$ 5,730,653. There were no forward exchange transactions for pounds sterling (GBP) or Singapore dollars (SGD) as of the balance sheet date. The cash values as of the balance sheet date are EUR 109.8 thousand.

Contingent liabilities and other financial obligations

As of the balance sheet date, there were contingent liabilities of €50 thousand. The management estimates the risk of claims being low due to the economic situation of the beneficiary. There were also other financial obligations of €2,156 thousand.

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

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

With a contract dated June 26, 2019, an agreement was concluded with CHG-Meridian AG for the sale of the entire ERP system solution and subsequent leasing from CHG-Meridian AG (so-called sale-and-lease-back). The minimum rental period was agreed at 54 months. The willingness of CHG-Meridian AG as the lessor to finance the system solution for a minimum rental period of 54 months is limited to a maximum of €13,800,000.00 (plus statutory sales tax) and is subject to the condition that the system solution has been completed and ready for operation at the tenant's premises by September 30th, 2021 at the latest.

Statement of Shareholdings

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company	Portion
1. Waldner Holding GmbH & Co. KG, Wangen	100%
2. Waldner Laboreinrichtungen GmbH & Co. KG, Wangen	100%
3. Hermann Waldner GmbH & Co. KG, Wangen	100%
4. Waldner Laboratory and School Facilities GmbH, Wangen	100%
5. Anton Waldner GmbH, Wangen	100%
6. WALDNER Auslandsbeteiligungen GmbH, Wangen	100%
(formerly: Waldner Laboreinrichtungen Verwaltungs-GmbH)	
7. Waldner Grundbesitz GmbH, Wangen	100%
8. Waldner Land GmbH & Co. KG, Wangen	100%
9. WALDNER alpha GmbH, Wangen	100%
10. WALDNER concepts + innovations GmbH & Co. KG, Wangen	100%
11. Waldner SRL, Biassono/Italy	100%
12. Waldner AG, Neuhaus/Switzerland	89%
13. Waldner SARL, Heudebouville/France	100%
14. Waldner Benelux BV, Eersel/Netherlands	100%
15. Waldner Limited, Oxford/Great Britain	100%
16. Labortech Waldner SL, Madrid/Spain	100%
17. Waldner Inc., Boston/USA	100%
18. OOO Waldner Rus, Moscow/Russia	100%
19. Waldner India Private Limited, Mumbai/India	100%
20. WALDNER PTE. LTD., Singapore	100%
21. Hohenloher Spezialmöbelwerk Schaffitzel GmbH + Co. KG, Öhringen	100%
22. Schaffitzel GmbH, Öhringen	100%
23. ISE Ilmenauer Systemeinrichtungen GmbH & Co. KG, Ilmenau	100%
24. Ilmenauer Systemeinrichtungen GmbH, Ilmenau	100%
25. W. + F. Schaffitzel GmbH, Obersontheim	100%
26. GFP Society for Product Development and Productivity Planning Ltd., Öhringen	100%
27. Schaffitzel GmbH, trade in special furniture, Linz/Austria	100%
28. Hohenloher Speciálbutór Gyártó és Forgalmazó Korlátolt Felelősségű Társaság, Hungary	100%
29. Employee help of the Hohenloher Spezialmöbelwerk eV	100%
30. eretec Laboratory Planning GmbH & Co. KG, Gummersbach	100%
31. eretec Laboratory Planning Administration GmbH, Gummersbach	100%

The Hohenloher School Furniture & Laboratories Trading LLC, Dubai was liquidated in the financial year.
No further information is given, § 313 Para. 3 Sentence 1 HGB

Events of particular importance after the end of the financial year

No events of particular importance occurred after the end of the 2018/2019 financial year.

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

The accrual of deferred tax liabilities relates to the trade tax of Waldner GrundstЭcks GmbH & Co. KG. The calculations are based on a tax rate of 12.25%. A tax reserve was transferred for office and factory buildings in accordance with § 6b EStG, which means that the tax value is €1,400 thousand lower than the value in the commercial balance sheet. This results in deferred tax liabilities of €171 thousand.

Other Information

The auditor's fees for the audit of the consolidated financial statements of Waldner Holding Verwaltungs GmbH and the subsidiaries included amount to €90 thousand.
In analogous application of Section 286 (4) HGB, the remuneration of the members of the corporate bodies is not disclosed.
On average over the year, a total of 1,511 employees and 76 trainees were employed.
These consolidated financial statements are exempting consolidated financial statements within the meaning of Section 264 (3) in conjunction with Section 264b HGB for the domestic companies named in the list of shareholdings.

Wangen im Allgäu, November 15, 2019

Stephan Schale

Independent Auditor's Report

To Waldner Holding Verwaltungs GmbH, Wangen im Allgäu
audit opinions
We have prepared the consolidated financial statements of Waldner Holding Verwaltungs GmbH, Wangen im Allgäu, and its subsidiaries (the Group) - consisting of the consolidated balance sheet as of June 30, 2019, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the financial year from July 1st. 2018 to June 30, 2019 and the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of Waldner Holding Verwaltungs GmbH, Wangen im Allgäu, for the financial year from July 1, 2018 to June 30, 2019.
According to our assessment based on the knowledge gained during the audit
- the attached consolidated financial statements comply in all material respects with German commercial law regulations and, in compliance with German generally accepted accounting principles, provide a true and fair view of the assets and financial position of the group as of June 30, 2019 and its earnings position for the financial year from July 1, 2018 to to 06/30/2019 and
- the attached group management report as a whole provides an accurate picture of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the correctness of the consolidated financial statements and the group management report.
Basis for the test results
We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB, taking into account the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these regulations and principles are further described in the "Auditor's responsibility for the audit of the consolidated financial statements and group management report" section of our auditor's report. We are independent of the group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.
Responsibility of the legal representatives and the advisory board for the consolidated financial statements and the group management report
The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with the German commercial law provisions in all material respects, and for the fact that the consolidated financial statements, in compliance with the German generally accepted accounting principles, give a true and fair view of the net assets, financial position and results of operations of the company mediated by the group. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of consolidated financial statements,
In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.
In addition, the legal representatives are responsible for the preparation of the group management report, which as a whole provides a suitable view of the group's position and is consistent with the consolidated financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development . Furthermore, the legal representatives are responsible for the precautions and measures (systems) they have deemed necessary to enable the preparation of a group management report in accordance with the applicable German legal provisions,
The Advisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group management report.
Auditor's responsibility for the audit of the consolidated financial statements and the group management report
Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the group management report as a whole provides a suitable view of the Group's position and, in all material respects, with the consolidated financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the consolidated financial statements and on the group management report.
Adequate assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with § 317 HGB, taking into account the German principles of proper annual auditing established by the Institute of Public Accountants (IDW), will always uncover a

material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements and group management report.
During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore
- we identify and assess the risks of material - intentional or unintentional misstatements in the consolidated financial statements and in the group management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and the precautions and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on effectiveness of these systems.
- we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values and related information presented by the legal representatives.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that cast significant doubt on the Group's ability to continue as a going concern corporate activity can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the consolidated financial statements and group management report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- We assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements, in compliance with German generally accepted accounting principles, give a true and fair view of the assets, financial - and results of operations of the group.
- we obtain sufficient appropriate audit evidence for the accounting information of the companies or business activities within the group in order to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We bear sole responsibility for our audit opinions.
- We assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the view of the group's position that it gives.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.
We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Wangen im Allgäu, Wangen im Allgäu, December 16, 2019

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

The consolidated financial statements were approved at the shareholders' meeting on January 25, 2020.