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MacGregor Germany GmbH & Co. KG**Hamburg (formerly: Uetersen)****Annual financial statements for the business year from 01/01/2019 to 12/31/2019****Table of Contents**

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INDEPENDENT AUDITOR'S REPORT

Management report for the 2019 financial year**A. Basis of the company****1. Business model and structure of the company**

MacGregor Germany GmbH & Co. KG (hereinafter MacGregor Germany or company) has been a 100% subsidiary of MacGregor Netherlands BV, Rotterdam / Netherlands, since November 1, 2013. The ultimate parent company is Cargotec Oyj, Helsinki / Finland.

The Cargotec Group is the world's leading provider of solutions and systems for cargo and goods handling with the business areas Kalmar (cargo loading solutions, including for ports and terminals), Hiab (equipment and services for cargo handling) and MacGregor (sea freight and cargo handling).

MacGregor Germany develops and sells goods for equipping seagoing vessels. MacGregor Germany also supplies spare parts and technical services for international ship operations.

In 2017 the German MacGregor companies were reorganized. The subsidiaries and sister companies MacGregor Germany GmbH, Hamburg and Interschalt maritime systems GmbH, Schenefeld, were merged with the receiving MacGregor Germany GmbH & Co. KG in 2017, so that at the end of 2018 there was only one MacGregor company in Germany. The "Software" division, which did not fit into the portfolio, was sold to the sister company, Kalmar Germany GmbH, in 2017.

The integration of the various areas of the company continued in 2019. The company now works completely with the group-wide ERP system. This also has a beneficial effect on cooperation with other group companies.

Even after the restructuring, the activities at the Uetersen location will mainly be carried out for the GSD (Global Services Division) and MSD (Merchant Services Division) divisions. The Hamburg and Schenefeld locations work mainly for the GSD division, but also to a lesser extent for MSD. In 2020 these locations were largely given up, the various areas were brought together in a joint office in Hamburg.

2. Research and Development

MacGregor Germany develops and sells goods for equipping seagoing vessels. MacGregor Germany also supplies spare parts and technical services for international ship operations.

B. Economic report**1. Macroeconomic and industry-specific framework conditions**

The slowdown in global economic growth continued into 2019. The strongly export-oriented German economy therefore continues to suffer from the decline in export orders and industrial production, which is why GDP only grew slightly by 0.6% in 2019. As in the previous year, the continued uncertain development of Brexit and other geopolitical tensions are dampening investment behavior. Despite these negative influencing factors, the OECD sees opportunities for Germany in the areas of private consumption and the construction industry. In addition, the German labor market is robust, which is due, among other things, to the shortage of skilled workers and increasingly flexible working hours.¹

With regard to developments in the coming years, the International Monetary Fund (IMF) is assuming a decline in the global economy of -3.0 percent in 2020 in view of the consequences of the coronavirus (COVID-19) (previous year: 2.9 percent); a far worse prognosis than in the 2009 financial crisis. The further course of the crisis will be significantly influenced by political decisions regarding the best possible containment of the virus and economic aid for those affected.²

After world shipbuilding reached a low point in 2016, development has remained subdued since then. At 987, the number of new orders was only slightly below the previous year and is still below the average since the outbreak of the financial crisis. The worldwide order intake rose to 42.0 million CGT (Compensated gross tons). The tankers, bulk carriers and container ships were particularly weak, but there were still higher orders for LNG transporters. The cruise ship sector remained stable, with future development being adversely affected by the corona pandemic. The tonnage delivered, on the other hand, continued to decline and was 27% below the value of the previous year.³

2. Business development of the company

After 2018, incoming orders for new construction activities remained weak in 2019, and the order backlog fell again. Sales for new buildings were also down. In contrast, the development in the after-sales area was constant, but could not compensate for the decline in new buildings. Although the personnel adjustments made in previous years resulted in significant cost reductions in the financial year, it was still not possible to achieve a positive result. Therefore, further adjustments were decided in 2019, for which provisions were made.

The company's significant financial performance indicators (KPIs) are sales, operating profit excluding restructuring costs (OP) and annual results.

Realized sales in the 2019 financial year amounted to € 85.7 million (previous year: € 91.5 million, 2019 forecast: € 81.4 million).

Operating profit excluding restructuring costs is € -10.5 million (previous year: € -8.8 million, forecast 2019: € -9.3 million). The annual result is € -17.4 million (previous year: € -10.7 million, forecast 2019: € -11.5 million).

¹ https://www.oecd.org/berlin/publications/OECD-Wirtschaftsausblick-2019-2_DEU.pdf

² <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020> ³ Clarkson Research, March 2019

3. Presentation of the asset, financial and earnings position

The earnings, financial and asset situation of MacGregor Germany GmbH & Co. KG was negatively influenced by the economic and industry-specific framework conditions described in Chapter B1.

a. Earnings situation

Compared to the previous year, sales fell by 6.4 percent to € 85.7 million (previous year: € 91.5 million). Total output (sales plus changes in inventory) fell by 8.2 percent to € 82.1 million (previous year: € 89.4 million). The main reason for this was a decline in the order backlog for new buildings.

The cost of materials fell by 0.3 percent to € 45.8 million (previous year: € 45.9 million), and the cost of materials ratio rose to 55.8 percent of total output (previous year: 51.4 percent). The increase is mainly due to the fact that the new ERP system and more transparent processes make imminent cost overruns visible at an early stage. The provisions required as a result increase the cost of materials. Overall, the company achieved a 16.6 percent reduction in gross profit to € 36.3 million (previous year: € 43.5 million). The continuing pressure on margins on the customer side is also contributing to the increase in the cost of materials ratio.

Personnel expenses amount to € 18.1 million (previous year: € 18.7 million). The personnel cost ratio, based on total output, fell to 19.0 percent (previous year: 20.9 percent). This shows the effects of the personnel adjustments made in recent years.

Other operating expenses fell by 5.9 percent to € 34.1 million (previous year: € 36.2 million). The cause are various opposing effects. An increase due to restructuring costs of EUR 5.6 million was more than offset by cost reductions in many areas. Particularly noteworthy here are the lower expenses for outgoing freight, brokerage commissions and group allocations of the group parent company.

Compared to the previous year, depreciation fell by € 3.7 million to € 1.2 million (previous year: € 4.9 million). The decrease results mainly from the impairment losses on goodwill made in the previous year.

After deducting income taxes and other taxes, the company generated an annual deficit of € -17.4 million in the 2019 financial year (previous year: € -10.7 million).

b. Financial condition

Liquid funds fell by € 0.3 million to € 0.02 million (previous year: € 0.3 million). It should be noted that bank balances due to the integration in the Cargotec cash pool are shown under receivables or liabilities to affiliated companies. The positive cash pool balance decreased by € 17.0 million to € 30.7 million.

The equity ratio (equity plus treasury shares) fell to 0.04 percent (previous year: 12.6 percent) in the financial year.

External financing is provided through an intercompany loan from a sister company in the amount of € 53 million with a term until the end of 2021.

c. Financial position

Fixed assets decreased in the reporting period by € 1.1 million to € 7.3 million (previous year: € 8.4 million). The main reason for this was the scheduled depreciation.

Receivables and other assets fell by a total of € 5.7 million to € 57.9 million (previous year: € 63.5 million). The main cause is a decline in cash pool receivables.

In the past financial year, a loss of € 17.4 million was generated, so that equity initially decreased accordingly. The reserves have increased by 6.1 million as a result of a guarantee from the existing shareholders. In total, equity amounts to € 0 million (previous year: € 11.3 million).

Provisions increased in the reporting period by € 2.4 million to € 18.9 million (previous year: € 16.5 million). There were opposing effects here. Provisions for a purchase guarantee and a high penalty have been used up. Significant parts of the tax provision were used or reversed. In contrast, the provisions for restructuring, production materials and other late costs increased significantly. Here the new ERP system has made the underlying processes more transparent and indicates impending cost overruns at an early stage. The potential for improvement identified in this way should be used and the internal processes further improved.

Liabilities rose by € 3.4 million to € 67.0 million (previous year: € 63.6 million). The increase in liabilities is due to opposing developments. On the one hand, trade accounts payable fell by € 4.0 million; on the other hand, there was an increase in advance payments received for orders amounting to € 1.3 million and an increase in liabilities to affiliated companies amounting to € 5 million.

C. Summarized overall statement on business development

Due to the persistently difficult market situation, the course of business fell short of expectations. The sales achieved were € 4.3 million above the forecast value of € 81.4 million. While sales in the new construction area were € 1.5 million above the forecast, in the after-sales area they roughly corresponded to the forecast. The remaining deviations result from other areas such as rental income or internal group services.

The operating profit excluding restructuring costs is € -10.5 million and thus € 1.2 million below the forecast value of € -9.3 million. The reasons are increases in costs, in particular the increased cost of materials.

The annual result was € -17.4 million, € 5.9 million below the forecast of € -11.5 million. The high restructuring costs contribute to this.

At the time the management report was prepared, the management judged the company's economic situation to be challenging, especially in light of the persistently difficult market situation. Business development during the first months of 2020 is significantly below expectations due to the onset of the effects of COVID-19. In the further course of the year business development recovered, but the previous level was not yet reached.

D. Report on opportunities and risks

1. Opportunities

After the restructuring of the MacGregor operations, as described in Chapter A1, the business activities are increasingly coordinated with each other and organizational synergies can be realized. Associated with this is a local consolidation of Cargotec companies at one location in Hamburg in 2020.

In this way, the company can operate from a strong market position despite a tense market situation, where ship orders fell in 2019. For this reason, there were good incoming orders in 2019 and it is to be expected that the company will maintain this market position in the further course of the year.

As a result of further restructuring in the group, MacGregor Germany acquired a division of the Norwegian sister company in 2018. As a result, the portfolio has now also been expanded to include winches and rowing machines from the Pusnes and Porsgrunn brands. This has positive effects on the business development of the MSD division, which, however, have so far fallen short of expectations.

The MacGregor Pte. Ltd and Nanjing Luzhou Machine Co Ltd (LMC) for compressors has been established and obtained the operating license in March 2018. The structure of the organization is being pursued. MacGregor Germany will supply essential components in the initial phase and can benefit from lower production costs in

the long term.

In 2019 the MacGregor Division of the Cargotec Group acquired the marine and offshore business of the TTS Group. As part of this acquisition, MacGregor Germany acquired TTS Neuenfelder Maschinenfabrik GmbH. The company is thus expanding its product portfolio in the field of ship cranes, which can strengthen its current market position. Preparations are currently underway for an asset deal for the main business, so the company will benefit from the exploitation of synergies in the future. Another company of the TTS Group is currently being acquired, TTS Marine GmbH, Bremen. A merger with this company is planned with effect from January 1, 2020.

2. Risks

With the decline in the market volume in shipbuilding, there is an increasing demand in the shipbuilding countries to give preference to national equipment providers. This may reduce MacGregor's market share in new business. Countermeasures such as the presentation of our own "local content" are part of our strategy.

The risk of bankruptcies at shipyards and shipping companies is still latent. Close coordination within the group, for example with the sales areas that monitor the progress of orders in the shipyards, should help to minimize risks.

In the area of spare parts sales, advance payment is still used if there are doubts about the liquidity of customers or the one-ship companies.

Rising procurement prices can lead to a further reduction in the margins that can be achieved due to the ongoing price pressure on the customer side due to the market. This development is counteracted by projects to bundle suppliers within the group.

In 2016, the production operations of MacGregor Germany GmbH were spun off and sold to an investor. This area thus became an independent company and subsequently operated production as a contract manufacturer. At the beginning of 2019, this newly founded company filed for bankruptcy. Part of the insolvent company was then sold to a medium-sized group of companies that has meanwhile also filed for bankruptcy. However, a short-term bottleneck in procurement was overcome by switching to other contract manufacturers, which means that bankruptcy is no longer a major risk.

In 2020, the world trade volume decreased significantly due to COVID-19. This could result in growth and earnings risks for all of our segments. The possible consequences on the course of business of MacGregor Germany GmbH & Co. KG are continuously monitored by the management. In order to counteract negative developments, restructuring measures have been initiated and short-time working has been introduced since April 14, 2020.

3. Overall assessment of the risks and opportunities

The assessment of the company's overall risk situation is the result of a consolidated consideration of all significant individual risks. Even after the balance sheet date, from today's point of view, there are no risks to the continued existence of the company, since the shareholder MacGregor Netherlands has given us a shareholder guarantee limited to December 31, 2021, in the case of negative equity of MacGregor Germany, this on request with the necessary financial Provide funds to offset negative equity. In addition, it is included in the Group's cash pool.

The company is adapting to the difficult market development through ongoing restructuring.

Against the background of subdued global economic growth, the cautious assessment of the overall risk in 2020 is just as cautious as in 2018 and 2019 due to the decreasing decline in ship orders. However, due to the currently unpredictable effects of COVID-19 on regional and global economic developments high level of uncertainty.

E. Forecast report

In the area of commercial shipbuilding, we track the number of new shipbuilding orders (> 2000 GT / dwt) as an early indicator. For this purpose, we orientate ourselves on the forecasts of the Clarkson Shipping Intelligence Network.

In 2018 there were 1,358 new ship orders worldwide, in 2019 this number was 987. The original forecast for 2020 was based on 1,345 new orders, due to Covid 19 this was adjusted to 756 new orders. The low in 2016 was 558 new orders. Significant increases are expected for the following years up to 2022.

The historical average for the past 24 years (1996 - 2019) is 1,532 orders per year. The trend towards larger or very large ships continues. As a result, the cargo space grows disproportionately to the number of ships.

There was a slight recovery in the order backlog for 2019. The original planning for 2020 was based on a recovery of the market, but this has been adjusted due to the effects of the coronavirus (COVID-19). As a result of the pandemic, the order backlog again fell significantly in 2020. However, developments in some areas of activity, in the shipbuilding environment in general and especially the further development of the corona pandemic, which cannot be fully foreseen today, could significantly change this assessment. We are currently unable to make a reliable statement beyond 2020.

Based on these estimates, we also see the need to adjust the forecast for the 2020 financial year. The original forecast was based on sales of € 65.0 million for 2020, with € 21.1 million attributable to new construction and € 43.9 million to service. This already took into account the expected effects of the COVID-19 pandemic. This forecast will be exceeded, we are currently expecting sales of € 78.3 million, € 33.3 million of which is accounted for by new construction and € 39.5 million by service, the remainder from other sales, such as intra-group services and rental income.

The original forecast for operating profit was € -4.3 million, or € -2.1 million excluding restructuring costs. Due to the high costs arising from the acquisition of the TTS companies and the resulting restructuring costs, the 2020 OP is estimated at € -22.4 million. Without restructuring costs, we expect an OP of € -7.0 million. On this basis, the expected annual result will be around € -24.7 million.

The planned merger with TTS Marine GmbH retrospectively as of January 1, 2020 is not yet included in this forecast. The company is expected to generate sales of € 24.3 million in 2020 with an annual result of € -0.5 million.

Uetersen, December 22, 2020

Rainer Twisterling, managing director

Balance sheet as of December 31, 2019

assets

	December 31, 2019		December 31, 2018	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets:				
1. Self-created software and values as well as licenses to such rights and values	0.00		270,298.18	
2. Purchased software and values and values as well as licenses for such rights and values	37,210.09		117,902.02	
3. Goodwill	672,217.50		896,290.00	
		709,427.59		1,284,490.20
II. Tangible assets				
1. Land and buildings, including buildings on third-party land	5,338,857.91		5,594,651.39	

	December 31, 2019		December 31, 2018	
	EUR	EUR	EUR	EUR
2. Technical systems and machines	49,240.29		59,020.46	
3. Other equipment, factory and office equipment	1,210,536.44		1,455,689.76	
		6,598,634.64		7,109,361.61
III. Financial assets				
1. Shares in affiliated companies	30,679.51		30,678.51	
2. Holdings	4,731.45		4,730.45	
		35,410.96		35,408.96
		7,343,473.19		8,429,260.77
B. Current Assets				
I. Inventories:				
1. Raw materials and supplies	23,178.94		8,467,877.14	
2. Work in progress	6,773,420.08		6,777,645.75	
3. Finished products and merchandise	13,680,350.77		3,655,474.63	
4. Advance payments made	218,079.79		66,114.37	
		20,695,029.58		18,967,111.89
II. Receivables and other assets:				
1. Trade accounts receivable	16,654,227.18		13,868,911.52	
2. Receivables from affiliated companies	32,591,556.92		47,433,168.48	
3. Claims against shareholders	6,064,704.60		0.00	
4. Claims against companies with which there is a participation relationship	52,159.08		0.00	
5. Other assets	2,498,080.71		2,234,711.60	
		57,860,728.49		63,536,791.60
III. Cash in hand, bank balances		23,005.39		340,670.84
		78,578,763.46		82,844,574.33
C. Prepaid expenses		56,847.04		192,630.29
Total assets		85,979,083.69		91,466,465.39

liabilities

	December 31, 2019		December 31, 2018	
	EUR	EUR	EUR	EUR
A. Equity				
I. Capital share of the limited partners	2,435,000.00		2,435,000.00	
II. Reserves	71,775,981.80		65,711,277.21	
III. Loss carryforward accounts	-74,210,981.80		-56,860,766.59	
		0.00		11,285,510.62
B. Adjustment items for own shares		30,677.51		30,677.51
C. Provisions				
1. Provisions for pensions	148,902.36		145,169.20	
2. Tax provisions	440,809.00		3,259,934.22	
3. Other provisions	18,302,936.43		13,062,865.87	
		18,892,647.79		16,467,969.29
D. Liabilities				
1. Advance payments received on orders	3,025,024.51		1,678,097.16	
2. Trade accounts payable	3,213,148.97		7,200,480.85	
3. Liabilities to shareholders	132,440.95		126,092.92	
4. Liabilities to affiliated companies	59,583,377.19		53,087,589.74	
5. Liabilities to the relief fund	53,870.35		53,870.35	
6. Other Liabilities	990,120.62		1,449,152.34	
		66,997,982.59		63,595,283.36
E. Prepaid expenses		57,775.80		87,024.61
Total liabilities		85,979,083.69		91,466,465.39

Income statement From January 1, 2019 to December 31, 2019**MacGregor Germany GmbH & Co. KG**

	01/01/2019 - 12/31/2019	01/01/2018 - 12/31/2018
	EUR	EUR
1. Sales	85,657,613.57	91,528,747.19
2. Reduction in stocks of finished and unfinished products	-3,607,572.32	-2,121,991.24
3. Other operating income	2,146,118.05	7,476,865.30
4. Cost of materials		

	01/01/2019 - 12/31/2019	01/01/2018 - 12/31/2018
	EUR	EUR
a) Expenses for raw materials and supplies and for purchased goods	40,356,859.84	39,197,423.88
b) Expenses for purchased services	5,423,551.73	6,737,560.91
5. Personnel expenses		
a) Wages and salaries	15,499,042.20	15,917,157.57
b) Social security and pension and support expenses	2,655,233.14	2,741,195.58
of that for pensions	24,166.67	28,323.33
6. Depreciation		
on intangible assets and property, plant and equipment	1,152,908.63	4,905,652.56
7. other operating expenses	34,099,313.27	36,233,812.85
8. Other Interest and Similar Income	113,007.54	162,242.88
of which from affiliated companies	32,669.29	37,322.73
9. Interest and Similar Expenses	2,515,290.49	1,992,354.73
of which from affiliated companies	2,418,493.68	1,815,553.09
10. Taxes on income and earnings (earnings)	-14,813.00	-59,718.04
11. Profit after tax	-17,378,219.46	-10,619,575.91
12. Other taxes (income, previous year expenses)	-28,004.25	50,657.48
13. Annual deficit	-17,350,215.21	-10,670,233.39
14. Debiting of the annual deficit on loss carryforward accounts	17,350,215.21	10,670,233.39
15. Balance sheet profit / (loss)	0.00	0.00

APPENDIX FOR THE FISCAL YEAR from January 1st to December 31st, 2019

I. Legal basis and preliminary remarks

MacGregor Germany GmbH & Co. KG is based in Uetersen and is entered in the commercial register at the Pinneberg District Court under number HRA 499 EL. The company follows in the accounting and valuation according to § 264 a HGB i. V. m. §§ 264 ff. Of the German Commercial Code (HGB), the provisions of the Commercial Code applicable to corporations and the special provisions of the articles of association.

The legal classification schemes of §§ 266, 264c and 275 HGB were applied; The total cost method (Section 275 (2) HGB) was retained for the income statement.

The expanded disclosure of the item "Liabilities to representatives" was dispensed with in the financial year and the amount was reported under trade accounts payable. The previous year was adjusted accordingly.

According to the size classes specified in Section 267 of the German Commercial Code, the company is a large company.

II. Accounting, valuation and conversion methods

1. Intangible assets

Self-created software as well as licenses for such rights and values are capitalized at production costs (development costs), provided there is at least a high probability that an asset will actually arise on the reporting date. Manufacturing costs include the individually attributable costs resulting from the consumption of goods and the use of services, as well as appropriate portions of the material and production overheads and the depreciation of fixed assets caused by the development process.

Intangible fixed assets acquired from third parties are stated at acquisition cost less accumulated depreciation. Depreciation is scheduled using the straight-line method of depreciation between 3 and 15 years.

The goodwill capitalized through an acquisition is set at 15 years due to the long-term economic concept and the long-term plans of this new business area. Insofar as permanent impairments are likely to exist, unscheduled depreciation is carried out in accordance with Section 253 (3) sentence 5 of the German Commercial Code (HGB) in order to report fixed assets at the lower value that is attributable to them on the balance sheet date.

2. Property, plant and equipment

Tangible assets are stated at acquisition or production cost less accumulated depreciation. Buildings are depreciated using the straight-line method based on a useful life of 33.3 years. The depreciation of movable assets is accounted for by scheduled straight-line or degressive depreciation. For assets that were already available at the beginning of the 2010 financial year and that were previously depreciated using the declining balance method, the declining balance method of depreciation was retained, exercising the option of Art. 67 (4) sentence 1 EGHGB.

Low-value assets are fully depreciated in the year of their acquisition, based on the tax regulations.

3. Financial assets

Financial assets are valued at acquisition cost or at the lower fair value on the balance sheet date.

4. Inventories

The inventories are valued at acquisition or production cost, taking into account the lower of cost or market principle.

The reduced usability is taken into account for the value deductions on stocks in the area of raw materials and supplies as well as unfinished products; a 100% marketability deduction is made after 12 months.

The finished and unfinished services and products are valued at production cost. The production costs contain the components of Section 255 (2) HGB that are required to be capitalized (direct costs, reasonable material and production overheads as well as depreciation of fixed assets, insofar as this is caused by production).

Finished goods and unfinished goods are valued loss-free.

Advance payments made are valued at the nominal amount.

Advance payments received on orders are shown under liabilities. With the change to the group-wide ERP system, the ID was aligned with that of the other group companies.

5. Receivables and other assets

Receivables and other assets are valued at their nominal value.

In the case of trade receivables, known individual risks are 100% value adjusted and the general risks are taken into account by means of a general value adjustment. The value deduction for the general value adjustment is determined depending on the age of the individual claim.

6. Cash in hand, Bundesbank balances, bank balances and checks

Liquid funds are stated at their nominal value on the balance sheet date.

7. Active prepaid expenses

Payments made before the balance sheet date are recognized as prepaid expenses insofar as they represent expenses for a certain period after this point in time.

8. Deferred Taxes

When determining the deferred taxes as of December 31, 2019, there is a surplus of deferred tax assets. Deferred tax liabilities from valuation differences in the provision for environmental damage and in trade receivables were offset against deferred tax assets on the valuation of goodwill and loss carryforwards that differ from one another under commercial and tax law. The option for accounting for deferred tax assets in accordance with Section 274 (1) sentence 2 of the German Commercial Code was exercised to the effect that deferred taxes were not accounted for.

9. Equity

The equity capital paid in by the shareholders as well as the capital reserve and the loss carryforward accounts are shown.

10. Adjustment items for capitalized own shares

This is the adjustment item for the shares in the general partner.

11. Provisions

Provisions for pensions are made on the basis of an actuarial calculation using the projected unit credit method and the modified partial value method, taking into account the 2018 G mortality tables by Prof. Dr. Heubeck rated.

The discount rate for the pension obligation is based on the discount rate used in accordance with Section 253 (2) HGB, which is 2.71% for 2019 (previous year: 3.21%). The difference in the provision from the two different interest rates of EUR 14 thousand is blocked from distribution in accordance with Section 253 (6) sentence 1 of the German Commercial Code (HGB). When determining the provisions, a remaining term of 15 years is assumed and annual pension increases i. H. v. 1.75% is taken as a basis. Wage and salary increases were not taken into account. The average market interest rate for the past ten years calculated by the Deutsche Bundesbank on the balance sheet date was used as the discount factor.

The obligations from pensions and similar obligations are offset against the assets that serve exclusively to fulfill the pension and similar obligations and are not accessible to third parties (so-called cover assets) in the amount of € 39,532.64. Income from the plan assets in the amount of € 1,619.84 was offset against expenses from the provision. The earmarked, pledged and insolvency-protected plan assets are valued at fair value.

Tax accruals and other accruals have been formed according to prudent commercial caution for recognizable risks, uncertain liabilities and impending losses and are recognized at the probable settlement amount.

12. Liabilities

Liabilities are shown at their settlement amount.

Advance payments received on orders are recognized at their nominal value and are shown separately for the first time under liabilities. With the change to the group-wide ERP system, the ID was aligned with that of the other group companies. The presentation of the previous year's comparative figures has been adjusted. In previous years, the advance payments received were openly deducted from the inventories in accordance with Section 268 (5) sentence 2 of the German Commercial Code (HGB).

13. Deferred income

Income before the balance sheet date is recognized as deferred income, insofar as it represents income for a certain period after this day.

14. Conversion Methods

Cash in hand, goods in hand, receivables and liabilities in foreign currencies on the balance sheet date are booked at the current exchange rate. In the case of hedging through forward exchange transactions, the posting is made at the hedging rate. Differences from changes in the exchange rate of transactions with a remaining term of less than one year are taken into account by revaluing them at the official mean spot exchange rate on the balance sheet date, unless assets and debts existing on the balance sheet date are considered closed items due to congruence of amounts and maturities been rated uniformly.

III. Notes to the balance sheet**1. Fixed assets**

The composition and development of the fixed assets can be found in the attached schedule of assets (Appendix to the Appendix).

The goodwill capitalized in intangible assets results from three acquisitions of business areas in 2003, 2007 and 2018. Due to the service business expected over the life of a ship (approx. 20 years), goodwill from 2003 and 2007 is depreciated over the carefully estimated individual operational useful life of 15 years.

The addition from 2018 resulted from the acquisition of a division from a Norwegian sister company. A useful life of 10 years was estimated for this goodwill. However, since the development of this business area fell well short of expectations, an impairment loss was made to the lower fair value in 2018 due to the likely permanent impairment. The unscheduled depreciation amounted to EUR 3,296 thousand.

2. Shareholdings within the meaning of Section 271 (1) of the German Commercial Code (HGB)

The shares in affiliated companies and participations (shareholdings) reported under financial assets are made up as follows:

Surname	Seat	proportion of %	Equity as of December	
			31, 2019 KEUR	Annual results 2019 KEUR
HATLAPA Verwaltungs GmbH ¹⁾	Uetersen	100	128	1
Sanger Metal Sp. Z oo ³⁾	Szczecin, Poland	30th	N / A	N / A
Interschalt maritime systems Shanghai ²⁾	Shanghai / China	100	-3	4th
TTS NMF GmbH ⁴⁾	Neuenfelde / Germany	100	0	-1,537

¹⁾ This is the personally liable partner.

²⁾ The company is in liquidation. ³⁾ The company is in bankruptcy. ⁴⁾ These are preliminary figures

The equity capital of the annual financial statements prepared in foreign currency was converted at the rate on the reporting date, and the annual result at the average rate. The annual results of the companies relate to the calendar year.

There were no unscheduled depreciations (previous year: EUR 0 thousand).

3. Inventories

In comparison to the previous year, inventories increased by EUR 3,406 thousand to EUR 20,695 thousand (previous year: EUR 18,967 thousand).

With the change to the group-wide ERP system, the accounting for inventories was brought into line with that of the other group companies. This applies in particular to the allocation to raw materials, consumables and supplies or to finished products and goods.

4. Receivables and other assets

As in the previous year, all receivables have a remaining term of up to one year.

There is a cash pooling agreement between Cargotec Oy., Helsinki, Finland and MacGregor Germany GmbH & Co. KG, Uetersen. This results in receivables of EUR 30,754 thousand, which are included in receivables from affiliated companies.

As in the previous year, the other receivables from affiliated companies result from deliveries and services.

Of the other assets, EUR 3 thousand (previous year: EUR 7 thousand) have a remaining term of more than one year.

5. Deferred Taxes

Essentially, the different commercial and tax law valuations for goodwill, inventories, impending loss and pension provisions as well as added value in the supplementary tax balance sheets and loss carryforwards result in deferred tax assets that significantly exceed the deferred tax liabilities from valuation differences. The valuation of deferred taxes is based on a tax rate of 14.38%.

6. Equity

The fully paid-up limited partnership capital entered in the commercial register amounts to EUR 2,435 thousand (previous year: EUR 2,435 thousand).

The loss of EUR -17,350 thousand (previous year: EUR -10,670 thousand) will be carried forward.

7. Provisions for pensions

The following assumptions were made for the calculations:

Discount rate:	2.71%
Discount rate for distribution block	1.97%
Pension trend:	1.75%
underlying mortality tables:	Heubeck mortality tables 2018 G

8. Other provisions

The other provisions were formed for:

	December 31, 2019	December 31, 2018
	KEUR	KEUR
Late costs	6,471	3,420
Severance payments	4,024	945
Manufacturing material	3,907	947
Guarantee and goodwill	1,585	1,952
Impending losses from pending transactions	5	161
Penalties	0	2,445
Purchase guarantee	0	667
Rest	2,311	2,526
total	18,303	13,063

9. Liabilities

The breakdown of liabilities according to remaining term is shown in the following schedule of liabilities:

	December 31, 2018	December 31, 2019	up to one year	between one and five	of more than five years	collateral provided
	EUR	EUR	EUR	Years EUR	EUR	EUR
Payments received	1,678,097.16	3,025,024.51	3,025,024.51	0.00	0.00	0.00
Trade payables ¹⁾	7,200,480.85	3,213,148.97	3,213,148.97	0.00	0.00	2,908,020.90
Liabilities to shareholders	126,092.92	132,440.95	132,440.95	0.00	0.00	0.00
Liabilities to affiliated companies	53,087,589.74	59,583,377.19	59,583,377.19	0.00	0.00	0.00
Liabilities to the relief fund	53,870.35	53,870.35	0.00	3,655.74	50,214.61	0.00
Other liabilities	1,449,152.34	990,120.62	990,120.62	0.00	0.00	0.00
total	63,595,283.36	66,997,982.59	66,944,112.24	3,655.74	50,214.61	2,908,020.90

¹⁾ The securities for the trade payables relate to the suppliers who have delivered their goods subject to retention of title.

Of the liabilities to affiliated companies, EUR 53,005 thousand relate to a loan and interest, the remainder to trade payables.

Other liabilities include tax liabilities (EUR 315 thousand; previous year: EUR 306 thousand) and social security liabilities (EUR 15 thousand; previous year: EUR 0 thousand).

IV. Notes on the income statement**1. Sales**

According to geographic markets, sales break down as follows:

In EUR	2019	2018
inland	24,657,010.66	28,356,239.01
foreign countries	61,000,602.91	63,172,508.18
total	85,657,613.57	91,528,747.19

The sales revenues break down as follows by area of activity:

In EUR	2019	2018
New business	33,018,764.17	30,762,572.15
Service business	44,144,893.62	54,932,409.35
miscellaneous	8,493,955.78	5,833,765.69
total	85,657,613.57	91,528,747.19

2. Other operating income

The other operating income includes exchange rate gains of EUR 980 thousand (previous year: EUR 1,312 thousand) and income relating to other periods of EUR 0 thousand (previous year: EUR 127 thousand).

3. Depreciation

The development of depreciation is shown in the schedule of assets.

4. Other operating expenses

The other operating expenses include exchange rate losses in the amount of EUR 1,319 thousand (previous year: EUR 1,270 thousand) as well as expenses unrelated to the accounting period in the amount of EUR 0 thousand (previous year: EUR 96 thousand).

An amount of EUR 5,648 thousand relates to restructuring costs (previous year: EUR 0 thousand).

5. Other Interest and Similar Income

The other interest and similar income includes those from affiliated companies in the amount of EUR 33 thousand (previous year: EUR 37 thousand) as well as income from discounting in the amount of EUR 1 thousand (previous year: EUR 1 thousand).

6. Interest and Similar Expenses

The interest and similar expenses include those from affiliated companies in the amount of EUR 2,418 thousand (previous year: EUR 1,816 thousand).

V. Other information**1. Other financial obligations from leasing contracts and other long-term contracts**

	Effort 2020	Effort in 2021	Effort in 2022	Expenditure in 2023	Effort in 2024	total
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
From leasing and rental contracts:						
Copier, printer, EDP	10	0	0	0	0	10
Car	142	91	33	13th	2	281
machinery	0	0	0	0	0	0
Office rent	112	0	0	0	0	112
total	150	73	17th	2	0	354

2. Purchase commitments

The order commitments from orders for goods amounted to EUR 2,320 thousand as of the current reporting date (previous year: EUR 8,241 thousand).

3. Number of employees (annual average)

	1.1.2019 - 31.12.19	1.1.2018 - 31.12.18
constantly employed	236	251
temporary employees	6th	7th
	242	258
trainee	1	8th
	243	266

4. Derivative financial instruments and valuation units

Forward exchange contracts are used as financial instruments to control the currency risk in connection with deliveries and services with foreign customers and suppliers. The forward exchange transactions are processed exclusively through Cargotec (Trezone). The following financial items existed as of the balance sheet date:

	Nominal values	
	December 31, 2019	December 31, 2019
	KEUR	TUSD
Cargotec	11,724	13,418
	KEUR	TNOK
Cargotec	121	1,213

For the currency forwards, the total of the positive fair values is KEUR 102 (previous year: KEUR 40), the total of the negative fair values is KEUR -246 (previous year: KEUR -194). The calculations of the fair values were based on the reference rates from December 31, 2019.

The derivatives concluded with the banks and the respective underlying transactions basically form a valuation unit, so that no valuation result arises. These are microhedges (clear allocation of underlying and hedging transactions). The effectiveness of the hedge is checked on an ongoing basis. Due to the equality of amounts, risks and deadlines, the valuation units are highly effective. Most of the opposing changes in value and cash flows from currency forwards are expected to balance each other out in 2020.

5. Auditor's fee

The auditor's fee calculated for the financial year does not need to be stated in accordance with Section 285 No. 17 HGB, as it is included in the information in the consolidated financial statements of Cargotec Oyi, Helsinki, Finland

6. Approval of the annual financial statements

The annual financial statements as of December 31, 2018 were adopted by the shareholders' resolution on August 20, 2020. The management was granted discharge.

7. Supplementary report

The effects of the corona pandemic, which has been occurring since January 2020, are increasingly affecting the global economy. With the further progress of the consequences of the measures taken, such as standstill of production and trade as well as travel restrictions, it is not foreseeable how this will affect economic development. This has basically no impact on the annual financial statements as of December 31, 2019 of MacGregor Germany GmbH & Co. KG. The further course of the spread of the coronavirus (COVID-19) and the possible consequences on the course of business of MacGregor Germany GmbH & Co. KG are continuously monitored by the management.

The assessments of concrete economic effects as a result of the further course of the crisis are associated with considerable uncertainties, so that the actual development of the earnings situation could deviate from the forecast and a significant impact on the company's assets and financial position cannot be ruled out. The management assesses the economic situation of the company at the time of the preparation of the annual financial statements, especially against the background of the persistently difficult market situation, as challenging. Business development during the first months of 2020 is in line with expectations despite the onset of the effects of COVID-19. After a decline in the first half of the year, sales and incoming orders have recovered somewhat, although the pre-crisis level has not yet been reached. The company will again close with a loss, especially as further restructuring expenses are added to the losses from the operating business.

After the acquisition of TTS Neuenfelder Maschinenfabrik in 2019, an asset deal is planned for the end of 2020 that will cover the assets associated with the after-sales division. In addition, TTS Marine GmbH, Bremen, was acquired. A merger with this company with effect from January 1, 2020 is planned for the end of 2020

In 2020, the cooperation between the various MacGregor Germany locations was strengthened. Newly rented office space in Hamburg is to replace the previous locations in Uetersen, Schwerin and partly in Schenefeld. In 2020 it was decided that the properties at these locations should be sold. The ongoing sales efforts indicate that the property in Uetersen can only be sold at a loss. For this reason, a write-down of EUR 570 thousand to the lower fair value was made in 2020.

Beyond this, no events have occurred after the end of the financial year that are of particular significance for the net assets, financial position and results of operations of MacGregor Germany GmbH & Co. KG.

8. Management

The personally liable partner is Hatlapa Verwaltungsgesellschaft mbH, Uetersen, represented by its managing director Rainer Twisterling. The company's subscribed capital amounted to EUR 31 thousand on the balance sheet date.

9. Consolidated financial statements

The annual financial statements of MacGregor Germany GmbH & Co. KG, Uetersen, will be included in the consolidated financial statements of the ultimate parent company, Cargotec Oyj, Helsinki, Finland, as of December 31, 2019, which represents the smallest and largest group of consolidated companies. These consolidated financial statements in English can be viewed on the Internet at www.cargotec.com or can be obtained from Cargotec Corporation, Helsinki / Finland.

Uetersen, December 22, 2020

The Board

Fixed assets schedule

Development of fixed assets December 31, 2019

	Acquisition or manufacturing costs			
	01/01/2019	Accesses	Departures	December 31, 2019
	€	€	€	€
I. Intangible Assets				
1. Self-created software and values as well as liens on such rights and values	1,621,787.40	0.00	0.00	1,621,787.40
2. Software and assets acquired against payment as well as licenses for such rights and assets	2,938,193.30	0.00	0.00	2,938,193.30
3. Goodwill	8,975,970.21	0.00	95,445.41	8,880,524.80
	13,535,950.91	0.00	95,445.41	13,440,505.50
II. Tangible assets				
1. Land and buildings, including buildings on third-party land	13,802,816.51	0.00	0.00	13,802,816.51
2. Technical systems and machines	664,475.30	0.00	0.00	664,475.30
3. Other equipment, factory and office equipment	10,239,050.51	67,119.05	0.00	10,306,169.56
	24,706,342.32	67,119.05	0.00	24,773,461.37
III. Financial assets				
1. Shares in affiliated companies	170,677.51	1.00	0.00	170,678.51
2. Holdings	138,910.18	1.00	0.00	138,911.18
	309,587.69	2.00	0.00	309,589.69
	38,551,880.92	67,121.05	95,445.41	38,523,556.56
		Depreciation		
	01/01/2019	Accesses	Departures	December 31, 2019
	€	€	€	€
I. Intangible Assets				
1. Self-created software and values as well as liens on such rights and values	1,351,489.22	270,298.18	0.00	1,621,787.40
2. Software and assets acquired against payment as well as licenses for such rights and assets	2,820,291.28	80,691.93	0.00	2,900,983.21
3. Goodwill	8,079,680.21	224,072.50	95,445.41	8,208,307.30
	12,251,460.71	575,062.61	95,445.41	12,731,077.91
II. Tangible assets				
1. Land and buildings, including buildings on third-party land	8,208,165.12	255,793.48	0.00	8,463,958.60
2. Technical systems and machines	605,454.84	9,766.17	0.00	615,221.01
3. Other equipment, factory and office equipment	8,783,360.75	312,286.37	0.00	9,095,647.12
	17,596,980.71	577,846.02	0.00	18,174,826.73
III. Financial assets				
1. Shares in affiliated companies	139,999.00	0.00	0.00	139,999.00
2. Holdings	134,179.73	0.00	0.00	134,179.73
	274,178.73	0.00	0.00	274,178.73
	30,122,620.15	1,152,908.63	95,445.41	31,180,083.37
		Residual book values		
		December 31, 2019	December 31, 2018	
		€	€	
I. Intangible Assets				
1. Self-created software and values as well as liens on such rights and values		0.00	270,298.18	
2. Software and assets acquired against payment as well as licenses for such rights and assets		37,210.09	117,902.02	
3. Goodwill		672,217.50	896,290.00	
		709,427.59	1,284,490.20	
II. Tangible assets				
1. Land and buildings, including buildings on third-party land		5,338,857.91	5,594,651.39	
2. Technical systems and machines		49,254.29	59,020.46	
3. Other equipment, factory and office equipment		1,210,522.44	1,455,689.76	
		6,598,634.64	7,109,361.61	

	Residual book values	
	December 31, 2019	December 31, 2018
	€	€
III. Financial assets		
1. Shares in affiliated companies	30,679.51	30,678.51
2. Holdings	4,731.45	4,730.45
	35,410.96	35,408.96
	7,343,473.19	8,429,260.77

INDEPENDENT AUDITOR'S REPORT

To MacGregor Germany GmbH & Co. KG, Uetersen

Examination Opinions

We have prepared the annual financial statements of MacGregor Germany GmbH & Co. KG, Uetersen, - consisting of the balance sheet as of December 31, 2019 and the income statement for the financial year from January 1 to December 31, 2019 as well as the notes, including the Presentation of accounting and valuation methods - checked. In addition, we have audited the management report of MacGregor Germany GmbH & Co. KG for the financial year from January 1 to December 31, 2019.

In our opinion, based on the knowledge gained during the audit

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

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

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations 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 in all essential respects, and for ensuring that the annual financial statements give a true and fair view of the assets, financial and earnings position of the in compliance with the German principles of proper bookkeeping Society mediates. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles in order to enable the preparation of annual financial statements that are free from material - intended or unintentional - misstatements.

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

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

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

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

Adequate security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation.

Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of the addressees made on the basis of these annual financial statements and management report.

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

- we identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, falsifications, intentional incompleteness, misleading representations or the overriding of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit

opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.

- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based by the legal representatives and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

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

Hamburg, December 23, 2020

**PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft**

Alexander Fernis, auditor

ppa. Christian Eden, auditor

The annual financial statements as of December 31, 2019 were adopted on January 15, 2021.
