

search result

Surname	Area	information	V. date
Miba Industrial Bearings Germany GmbH Göttingen	Accounting / financial reports	Annual financial statements for the business year from 02/01/2019 to 01/31/2020	03/11/2021



Miba Industrial Bearings Germany GmbH

Goettingen

Annual financial statements for the business year from 02/01/2019 to 01/31/2020

Table of Contents

Management report for the financial year February 1, 2019 to January 31, 2020 of Miba Industrial Bearings Germany GmbH

Annual financial statements for the financial year from February 1, 2019 to January 31, 2020

1. Balance sheet as of January 31, 2020
2. Income statement for the period from February 1, 2019 to January 31, 2020
3. Appendix for the 2019/2020 financial year

Development of fixed assets in the 2019/20 financial year

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT REPORT FOR THE FISCAL YEAR FEBRUARY 1, 2019 TO JANUARY 31, 2020

OF MIBA INDUSTRIAL BEARINGS GERMANY GMBH

COMPANY BASICS

1. Business model

Following the sale of Miba Industrial Bearings Germany GmbH (formerly: John Crane Bearing Technology GmbH) from John Crane Group Limited to the Austrian Miba Group, a family-owned technology company with headquarters in Laakirchen, on June 1, 2018, the financial year was 2018/2019 will initially be a short fiscal year. The reporting year from February 1, 2019 to January 31, 2020 is therefore the first twelve-month financial year of Miba Industrial Bearings Germany GmbH within the scope of consolidation of the Miba Group.

Miba develops and produces components that are intended to make vehicles, trains, ships, aircraft, industrial plants and systems for the production and transmission of energy more efficient, more powerful, quieter and more environmentally friendly. The group specializes in the development and production of sintered molded parts, slide bearings, friction linings, coatings and power electronics components. In addition, Miba develops and produces special machines.

Slide bearings have been produced at the Göttingen site since 1948. Miba Industrial Bearings Germany GmbH offers its global customers from the power generation as well as process and drive technology industries tailor-made axial and radial plain bearings for gear, turbine, compressor and pump construction. Miba Bearings Holding GmbH, Laakirchen / Austria, has been the sole shareholder of Miba Industrial Bearings Germany GmbH since June 1st, 2018. The financial statements of Miba Industrial Bearings Germany GmbH are included in the consolidated financial statements of Miba AG.

2. Research & Development

In the area of research and development, projects in the following areas were carried out in the 2019/2020 financial year: Projects to increase the performance of radial and axial bearings, to improve bearing materials and to optimize the dynamic properties of tilting pad bearings. In addition, further bench tests were carried out on radial bearings as part of basic investigations. Participation in projects of the FVV - Research Association for Combustion Engines eV - was continued.

In the year under review, there were two employees in research and development (previous year: 2 employees); research and development expenses in the financial year totaled € 251 thousand (previous year: € 167 thousand). New research priorities have been defined for the coming financial year in order to develop sophisticated, innovative products. The focus is on the areas of bearing materials and the development of bearings for wind turbines. We want to offer our customers high-performance products and achieve unique selling points for the company.

ECONOMIC REPORT

1. Macroeconomic and industry-specific framework conditions

Development of the world economy

In 2019 the global economy grew by 2.9%, in the euro area the gross domestic product (hereinafter: GDP) increased by 1.2%. In the fourth quarter of 2019, the economy in the euro area remained subdued with growth of 0.1%. For industrial production in the fourth quarter, after a slight up and down in the summer, a sideways trend became apparent at the end of 2019.

Economic output in the USA grew in the fourth quarter of 2019 with a price- and seasonally adjusted plus of 0.5%, similar to the previous quarter. There were still strong impulses from consumption and investment. In the trade dispute, the US and China reached a partial agreement in December 2019. The Chinese economy ended 2019 with a slightly upward trend. China's GDP increased by 1.5% in the fourth quarter of 2019 compared to the previous quarter and by 6% compared to the same quarter last year.

For 2020, the IMF had forecast global economic growth of 3.3% to 3.4% in January 2020. However, this assessment has now been overtaken by the global spread of the Sars-CoV-2 coronavirus in the 1st quarter of 2020, as the spread of the virus has a significant impact on the economy. After the virus initially spread particularly strongly in China, Europe became the epicenter of the coronavirus pandemic in March 2020. As a result of this pandemic, the global economy is collapsing. In order to curb the spread of new infections and counteract an overload of the health system, in many countries, freedom of movement is restricted and public life is largely at a standstill. Most states try to mitigate the expected economic consequences with extensive economic policy measures.

Development in Germany

The GDP of the Federal Republic of Germany increased by 0.6% in 2019, adjusted for price. While the more domestically oriented service sectors have recently developed well, the export-oriented industry continued to be under pressure. The somewhat brighter business expectations towards the end of the year have moved into the background within the first quarter of 2020 due to the increasing spread of the coronavirus. Due to the unclear further progress of the viral disease and the associated uncertain further measures to contain the virus, the negative economic consequences can only be quantified to a very limited extent.

The exchange with other regions badly affected by the virus is likely to decline in the first half of 2020, delivery bottlenecks for intermediate goods can also lead to noticeable production bottlenecks. Private households will be very reluctant to take part in leisure activities in order to avoid contagion. Companies are likely to postpone their investment plans given the uncertainties.

In order to economically defy the corona virus, the Ministry of Finance and the Ministry of Economics have put together a package of measures worth hundreds of billions for companies and employees in Germany. Among other things, a more flexible short-time work allowance and flexible working time regulations, a relief for companies, z. B. through interest-free tax deferral, easier access to promotional loans with an unlimited loan amount and later - if necessary - decided to support the economy.

Industry development

In the German mechanical engineering sector, incoming orders in the 2019 calendar year fell by 9% in real terms compared to the previous year, production in 2019 fell by 2.8% in real terms and sales by 2.4%. The number of employees in the German mechanical engineering sector remained relatively stable over the course of the year, the number of permanent employees in December 2019 was 1,063,000 employees, 0.2% below the figure for the previous year.

In particular, international trade disputes, increasing protectionism, the hangover with Brexit and the far-reaching structural change in the automotive industry led to uncertainty and reluctance to invest in many industries in 2019.

The effects of the corona pandemic are expected to be reflected in incoming orders in the German mechanical engineering sector in the first half of 2020. On the one hand, the production downtimes in China due to the corona virus will also lead to losses in German mechanical engineering; China was Germany's most important foreign supplier of machines, components and parts in 2019. On the other hand, the spread of the coronavirus in Europe itself leads to production losses and negative economic consequences.

The price of the European lead crude oil Brent fluctuated between 50 and 75 USD per barrel in 2019; in the first quarter of 2020 the price fell to below 30 USD by the end of March. With an oil price below USD 50, our fossil fuel generation customers are more reluctant to invest because their projects would not be profitable if the oil price was low.

2. Control-relevant performance indicators

The control of Miba Industrial Bearings Germany GmbH was integrated into the control system of the Miba Group in the reporting year. The control system is based on various individual systems. Primarily, a plan is drawn up, the values of which are regularly subjected to a deviation analysis during the year. If necessary, countermeasures are taken on the basis of this deviation analysis. The findings of the risk management system flow into this control loop of planning, management and control.

The financial performance indicators include gross profit, earnings before interest and taxes (EBIT) and operating cash (cash flow from operating activities). The development of the financial performance indicators is shown in the presentation of the asset, financial and earnings position.

The number of work accidents and productivity in the production area are used as control-relevant, non-financial performance indicators.

The subject of occupational safety is very important to Miba. After no reportable accident had occurred since the 2016/2017 financial year, there were also no reportable accidents in the 2019/2020 financial year, so that the forecast made in the previous year was met.

The productivity in the production area results from the ratio of the hours booked to the hours of attendance. A percentage of 87.0% was achieved here in the reporting year, the highest value since the measurement of this key figure began in 2012. Due to the continued high capacity utilization and various measures to improve productivity - such as multiple machine operation - the target value of 82.0 % are clearly exceeded.

3. Business development of Miba Industrial Bearings Germany GmbH

Business development

The values for the 2019/2020 financial year mentioned in the following statements are only comparable to a limited extent due to the different period with the previous year - the eight-month short financial year 2018/2019.

After three financial years with negative results (financial years 2014/2015 to 2016/2017) and the two short financial years 2017/2018 and 2018/2019, each with positive results, a positive result was again achieved in financial year 2019/2020 (annual surplus of 787 T €), albeit at a lower level than in the previous year (annual surplus of 1,474 T €). The main reasons for the expected decline in earnings compared to the previous year's level are, on the one hand, that in the first year of membership in Miba as part of the integration phase, there was no invoicing with the full group allocations, and on the other hand,

At € 1,632 thousand, operating cash in the reporting year was significantly higher than in the previous year (€ 394 thousand; forecast of a slight improvement). The main reason for the improvement is that the working capital in the reporting year remained relatively constant after the significant increase in trade accounts receivable due to the change in ownership in the previous year.

The management assesses the course of business in the 2019/20 financial year as satisfactory overall due to the positive result achieved and the cash development.

Gross result

In the 2019/2020 financial year, gross profit (total of sales, inventory changes, cost of materials and other operating income) of € 12,881 thousand was achieved. This is 46.9% higher than in the short financial year of the previous year (€ 8,771 thousand).

The total output (total of sales revenues and changes in inventories) increased by 36.6% compared to the short financial year 2018/2019, which was 4 months shorter. The cost of materials increased by 11.7% compared to the short financial year of the previous year. We refer to our explanations of the reclassifications made under inventories in the notes.

The order range (measured from the ratio between the order backlog and the sales of the last 12 months) increased from 103 days on the balance sheet date of the previous year (January 31, 2019) to 114 days on January 31, 2020.

Investments

In the short financial year 2019/2020, € 734 thousand (previous year: € 76 thousand) was invested. The investment ratio (ratio of investments to fixed assets) was therefore significantly higher at 51.9% than in the previous year (7.3%).

The investments made in the reporting year mainly relate to investments in machinery. The largest investment in this context was a new turning-milling center that went into operation in August 2019.

On the balance sheet date, there were investment obligations from replacement and expansion investments that had already started in the amount of € 79 thousand.

4. Asset, financial and earnings position

Financial position

In the course of the 2019/2020 financial year, the balance sheet total increased by 15.3% from € 9,333 thousand to € 10,760 thousand. On the assets side of the balance sheet, there was an increase in fixed assets of 365 T € and an increase in current assets of 1,066 T €.

The increase in fixed assets results mainly from the investment in the turning-milling center in the amount of € 632 thousand; In contrast to the previous year, asset additions exceeded depreciation in the year under review.

The increase in current assets is mainly due to the increase in credit balances with banks amounting to € 971 thousand. The increase in credit balances at banks goes hand in hand with the increase in liabilities to affiliated companies, which rose by € 1,164 thousand in the year under review.

The inventories remained relatively constant in the year under review. The net inventory decreased slightly from € 3,189 thousand in the previous year to € 3,174 thousand as of January 31, 2020.

Receivables and other assets have increased by T € 111 (3.6%) compared to the balance sheet date of the previous year. This is mainly due to the higher trade receivables as a result of the higher sales revenues in the last month of the financial year compared to the previous year.

Financial condition

The equity of Miba Industrial Bearings Germany GmbH as of the balance sheet date was € 7,402 thousand (previous year: € 7,115 thousand). The equity increased by 4.0% compared to the balance sheet date of the previous year. With total assets of € 10,760 thousand (previous year: € 9,333 thousand), however, the equity ratio fell from 76.2% on the previous year's balance sheet date to 68.8% as of January 31, 2020, as liabilities rose faster than equity over the course of the year. Compared to the previous year, liabilities increased significantly from € 589 thousand to € 1,873 thousand, the majority of this increase (€ 1,164 thousand) is due to higher liabilities to affiliated companies.

The decrease in other provisions by 116 T € compared to the previous year's balance sheet date resulted mainly from lower provisions for outstanding invoices. In the case of pension provisions, the increase is mainly due to the lower discount rate.

As of the balance sheet date, there were no free credit lines with banks. In the past, there was full liquidity, and positive cash flow has also been planned for the coming 2020/2021 financial year. If necessary, liquid funds can be made available through group financing.

Earnings situation

In addition to the gross profit, which increased by € 4,110 thousand, personnel expenses increased by € 2,891 thousand compared to the previous year, depreciation by € 141 thousand and other operating expenses by € 1,815 thousand.

One of the main reasons for the differences compared to the previous year is the longer reporting period: while the previous short financial year comprised a period of 8 months, the reporting period of the past financial year was 12 months.

The 97.4% increase in other operating expenses compared to the previous year is mainly due to the fact that the 2019/2020 financial year is the first complete financial year in which we belonged to the Miba Group and therefore the entire group allocations were calculated for the first time .

Taking into account the negative financial result of € -15 thousand (previous year: € -11 thousand), there was an annual surplus of € 787 thousand in the 2019/2020 financial year after an annual surplus of € 1,474 thousand in the short financial year 2018 / 2019. Earnings before interest, taxes, depreciation and amortization (EBITDA) were € 1,178 thousand in the reporting year (previous year: € 1,774 thousand), and earnings before interest and taxes (EBIT) were € 800 thousand (previous year: € 1,537 thousand; forecast of a moderate decline in the previous year).

5. Integrated management system

At the beginning of November 2019, the annual audit of the integrated management system, consisting of ISO 9001: 2015 (quality management system), ISO 14001: 2015 (environmental management system) and ISO 45001: 2018 (occupational health and safety management system), took place and was carried out by Miba Industrial Bearings Germany GmbH successfully passed. There are no known cases in which damage has occurred due to negative environmental impacts.

Recertification of the integrated management system is planned for the end of October 2020.

6. Employees

The average number of employees at Miba Industrial Bearings Germany GmbH in the 2019/2020 financial year was 101 (previous year: 99), as of January 31, 2020, Miba Industrial Bearings Germany GmbH had 103 employees (as of January 31, 2019: 101 employees) . The employees as of January 31, 2020 were made up as follows: 76 employees in production, 8 employees in sales, 13 employees in construction / technical support / research and development and 6 employees in administration.

Company social benefits such as childbirth and wedding grants, bonuses for anniversaries and support with qualifications are covered by the employer.

Personnel expenses in the 2019/2020 financial year were € 8,025 thousand (short financial year 2018/2019: € 5,135 thousand), which corresponds to personnel expenses per employee of € 79 thousand (short financial year 2018/2019: € 52 thousand).

RISK AND OPPORTUNITY REPORT

1. Miba Group's risk management system

After being taken over into the Miba Group, the company was gradually integrated into the Miba Group's risk management system in the 2018/2019 and 2019/2020 financial years. The risks that can be directly influenced by the management were regulated in close cooperation with the Miba Group with a strong focus on corporate governance aspects. We basically pursued a cautious corporate strategy and avoid uncontrollable risk potential.

2. Individual risks

Macroeconomic Risks

Macroeconomic risks could result from a downturn in the economy, especially against the backdrop of the spreading corona pandemic, a weakening of global growth is to be expected.

Furthermore, a further decline in the oil price could have negative effects on the sales markets. The protectionist policies of some states as well as the influence of the American customs policy and the Brexit process on the economy cannot be fully foreseen.

A significant economic downturn, especially with effects on the oil & gas sector, could have significant consequences for Miba Industrial Bearings Germany GmbH. We assume that the coronavirus pandemic can lead to a significant downturn in the months of April to June and that the market situation will normalize again in July to September.

Personnel risks

In the personnel area, the risks resulting from the demographic change in Germany and the associated possible shortage of qualified specialists and managers have decreased as a result of new hires. Thanks to intensive advertising and selection, we have succeeded in gaining very well qualified employees who are well below the average age in production. However, due to the increasing spread of the coronavirus, there is a possibility that employees of Miba Industrial Bearings Germany GmbH could be infected.

As a result of an infection, the employees affected and, if applicable, those employees who had contact with infected people would have to go into quarantine. The consequences could result in a reduced production output or even in a complete temporary shutdown of production, which would result in a reduction in sales. Depending on the severity of the further spread of the corona virus in Germany, the government can also set a regional or nationwide quarantine for residents. This case would also be associated with a drop in sales.

In order to prevent the coronavirus from spreading to the Göttingen location, the management takes all necessary steps in coordination with the group parent company. To ensure all necessary preventive measures, for the orderly coordination of all events in connection with the coronavirus as well as for fast communication with each other and with the authorities, a crisis team was set up with the aim of reducing the risks for Miba Industrial Bearings Germany GmbH resulting from the corona pandemic as low as possible.

Procurement risks

In the context of the procurement of raw materials, parts, components and services, there is a risk of unexpected delivery bottlenecks or price increases, which could have medium to high financial consequences for the company's business activities. Due to the global spread of the Corona pandemic, the risk of delivery bottlenecks has temporarily increased. By continuously reviewing the supply chain, working with alternative suppliers and storing safety stocks for strategic raw materials, procurement risks are reduced so that the risk of procurement bottlenecks can be minimized as much as possible.

Sales risks

In the area of the sales market, there has been stable demand; the 2019/2020 financial year saw the highest annual order intake in the history of Miba Industrial Bearings Germany GmbH.

Miba Industrial Bearings Germany GmbH is continuously working on increasing productivity. The acquisition of a self-populating machining center with a counter spindle in August 2019 and the reintroduction of a third shift in February 2020 has already resulted in a significant improvement in productivity and an increase in flexibility.

However, the further spread of the coronavirus and a further drop in the price of oil can have a not inconsiderable impact on the sales market.

Default risks

In the third-party business, payment defaults and delays are still at a very low level. We counter potential risks from this through close coordination with sales and through timely and periodically consistent monitoring of incoming payments. Since the transition to the Miba Group's ERP system, protection against payment defaults has been provided by credit insurance. Due to the measures taken, no major bad debt losses are to be expected in the future either, so that the resulting financial risks are assessed as low. However, this risk is also dependent on the further spread of the coronavirus, the effect on the economy is still uncertain.

Financial risks

Miba Industrial Bearings Germany GmbH maintains both national and international business relationships, so changes in exchange rates could result in a financial risk. However, since the vast majority of business is carried out in EUR and the majority of customers and suppliers are based in the euro area, the exchange rate risk has only a limited impact on the business of Miba Industrial Bearings Germany GmbH. In the 2019/2020 financial year, Miba Industrial Bearings Germany GmbH had a positive bank balance at all times. If necessary, the financing could be provided at short notice via the shareholder of Miba Industrial Bearings Germany GmbH, so that the financing is guaranteed. The coronavirus pandemic could lead to upheavals on the capital markets, so that the risk of an increase in the price of loans cannot be ruled out in the future. In summary, there are no significant financial risks for us.

Other risks

In addition to the risks already mentioned, IT and legal risks can also arise. The ERP system of Miba Industrial Bearings Germany GmbH has been connected to the parent company's ERP system since May 1, 2019 and is thus largely protected against possible IT risks.

There are currently no known legal disputes or court cases which have not been taken into account in the balance sheet and which could have a significant negative impact on the result.

3. Opportunities

Declining economic driving forces around the world, a large number of politically motivated upheavals and the first effects of structural change in drive technology already burdened the global sales markets of the plain bearings division in 2019, especially in the first quarter of 2019.

In addition, the sustained successes in alternative energy generation reinforce the radical realignment that began in previous years for some of the largest customers of Miba Industrial Bearings Germany GmbH to date, with a focus on fossil energy generation, especially in the gas and steam turbine sector. Worldwide, the slump in demand for this conventional power plant technology has resulted in overcapacities, which are countered with considerable capacity reductions.

The trend from previous years that established providers are coming under increasing pressure will continue in 2020. Smaller, flexible turbo machinery suppliers, also from Europe, on the one hand, and fast-growing suppliers from developing and emerging countries on the other, are pushing into the markets.

For Miba Industrial Bearings Germany GmbH, this results in an undiminished, sustained, considerable competitive pressure, both from established and new bearing manufacturers, and the continuing tendency to replace plain bearings with roller bearings or magnetic bearings in the lower performance ranges. The margins in the service and repair business are still disproportionately good and the further expansion of this part of the business remains the focus of efforts. We assume this based on our sales and technical application activities. that we can consolidate our market position in Europe despite increasing competition.

In addition, we are further intensifying our strategic and operational activities in the direction of Asia, especially China. Based on our efforts in 2019, we succeeded in signing a framework agreement with one of the largest Chinese compressor manufacturers. Here we aim to further intensify business relationships based on technological solutions. This deal could open up further business opportunities for us as a reference customer in the Chinese market.

A joint venture between the Miba Group and the Zollern Group in the plain bearing area has been operational since October 1, 2019. With the joint venture, both companies are bundling competencies in the development and production of industrial and engine plain bearings as well as hydraulic components.

The Miba Bearing Group and Zollern BHW were already strong and innovative, globally active plain bearing specialists. We are now expanding this proximity to our customers. We are now even more represented in the most important markets with six production sites for industrial plain bearings in Germany, the USA and Brazil. Furthermore, our activities in the engine plain bearing business are combined, with all of this we create a broad-based plain bearing specialist who works for our customers around the world.

In addition, we see many advantages in joint research and development, especially in the development of innovative new products for everything to do with digitization and the use of renewable energy. The German Federal Minister of Economics, Peter Altmaier, justified his ministerial approval for our joint venture, which was only granted in very rare cases, primarily with its importance for the energy transition and for achieving environmental goals. By bundling our know-how in research and development, we want to make an important contribution to the development of new solutions for decarbonization.

4. Overall statement on the risk and opportunity report

The risk situation has not deteriorated compared to previous years as a result of the current capacity utilization, combined with a stabilization of positive results. However, due to the global coronavirus pandemic and the possible consequences of this for macroeconomic and industry development, the net risk position has increased significantly. Since the extent and duration of the coronavirus pandemic cannot be estimated, it is currently not possible to make a concrete forecast of the economic effects on our society, the global economy and our customers.

From today's perspective, risks that fundamentally jeopardize the continued existence of Miba Industrial Bearings Germany GmbH can arise as a result of the payment into the capital reserve made in the 2017/18 financial year and as a result of the continued positive development in the 2018/2019 and 2019/2020 financial years and the Further forecast of earnings and liquidity can be largely excluded. The market risks described are currently also offset by sufficient opportunities that should enable the company to continue its successful development.

In general (without evaluating the corona crisis), we expect the trends already observed in our market environment to continue in 2020. The economic policy challenges may force our customers to act even more than before. Divestments of entire regional branches of industry, which have been an integral part of our business up to now, are possible and can lead to a concentration in Asian machine and system manufacturers, which have so far been less of a focus. With these potential customers, who currently rely more on their local or regional procurement structure, Miba Industrial Bearings Germany GmbH has to position itself as a strategic supplier with a larger global presence in the short term.

FORECAST REPORT

Future macroeconomic environment

A precise forecast of the macroeconomic development is not possible at the time of writing due to the uncertainty about the further spread of the coronavirus and the measures taken by the government to contain the pandemic. According to the forecast of the Ifo Institute from March 2020, the German economy is likely to shrink by 1.5% in 2020. This reduces the growth rate by almost 3% compared to a situation without the outbreak of the corona crisis.

The tentative recovery of the German economy that is emerging will be abruptly interrupted by the consequences of the corona pandemic and the industry will plunge deeper into the recession. The restrictions in public life resulting from the corona pandemic will also lead to declines within the domestic economy and in private consumer spending.

This forecast is subject to considerable uncertainty and is based on the assumption that the pandemic will abate in mid-2020 and that there will then be noticeable economic catch-up effects. Decisive for the expected economic losses are precautionary measures that inhibit parts of economic life as well as the high level of uncertainty about the duration and severity of the pandemic and its consequences. In addition, there is a decline in production because intermediate products from Asia are not delivered or are delivered too late.

The corona crisis will also affect the labor market. For 2020, the number of people in employment in Germany is expected to decrease by more than 100,000 compared to the previous year. That would correspond to the first decline in 15 years.

The unemployment rate is expected to rise again throughout the euro area, and the recently moderate rise in consumer prices will slow noticeably. The Brexit process and the negotiation of the trade agreement between the EU and Great Britain also remain a risk factor for the European economy.

A drastic decline in value added is expected worldwide; the Ifo Institute assumes that global gross domestic product will only increase by 0.1% in 2020, after 2.6% in the previous year. With the further intensification of the pandemic, global economic output is likely to collapse by 2.6% in the 2nd quarter of 2020. In particular, Europe and the USA are contributing to this, where the course of the crisis will be similar to that in Germany. Activity in China, on the other hand, should pick up again slightly as a result of the lower number of infections. Starting in summer 2020, this scenario is likely to lead to a gradual catching-up process worldwide with a 2% increase in the 3rd quarter and 1.7% growth in the 4th quarter.

However, it is also possible that the corona crisis will drag on, for example because the pandemic can be contained much more slowly or because the restart of economic activities does not work smoothly or triggers a renewed wave of contagion. Further measures to combat infection could also come into force that shut down production to a far greater extent than assumed in this scenario.

Future industry development

2020 is expected to be difficult for German mechanical engineering. In addition to the long-known burdens from trade conflicts, global economic weakness and structural change in the automotive industry, there is now the coronavirus effect with unforeseeable consequences for the economy as a whole. After incoming orders in the German mechanical and plant engineering sector in 2019 remained 9% below the previous year's value according to the VDMA, the negative development will be further exacerbated by the increasing spread of the coronavirus in the first quarter of 2020. Even in the event of an easing in the second half of 2020, the declines in the 2020 calendar year will no longer be compensated.

Future business development of Miba Industrial Bearings Germany GmbH

The order backlog of Miba Industrial Bearings Germany GmbH increased by 12.3% from € 5,082 thousand (as of February 1, 2019) to € 5,708 thousand (as of January 31, 2020) during the reporting year. The order intake of the 2019/2020 financial year in the amount of € 18,292 thousand is the highest order intake that Miba Industrial Bearings Germany GmbH has ever achieved in a financial year. Due to the high workload, it was decided to reintroduce the night shift as the third shift from February 2020.

With the arrival of the corona crisis in Europe in March 2020, the management of the Miba Group entered into structured crisis management for all European plants. All statements and assessments made are based on the information as of April 15, 2020.

We assume that the coronavirus pandemic can lead to a significant downturn from the second half of the year, which could also have an impact until 2021. Experience from the past (recession in 2008/09) supports this assumption of a time-delayed effect, which, however, cannot be reliably estimated at the moment, as it depends heavily on the duration of the crisis and the further consequences for the global economy.

The most important end markets of Miba Industrial Bearings Germany GmbH are in the areas of industrial applications. As of today, we do not see any order reductions - beyond normal fluctuations.

The site continues to work at a high level of capacity utilization, and no changes in this situation are expected in April and May either.

The order backlog of Miba Industrial Bearings Germany GmbH stood at € 5,780 thousand at the end of March, thus ensuring capacity utilization for the next 3-4 months.

As a result, the positive results are further supported by further savings measures, especially in the area of purchasing. Due to the good order backlog, a significant improvement in gross profit and EBIT compared to the reporting year is expected for the 2020/2021 financial year, accompanied by a moderate increase in sales, provided the corona crisis does not have any significant negative effects on future business development. A significant improvement is also expected for earnings before taxes.

The further spread of the coronavirus and the resulting further decline in the oil price can, however, have a not inconsiderable impact on the 2020/21 financial year and mean that the result for the reporting year cannot be achieved.

Assuming that the current corona development will not have any significant effects on business conduct, especially on the payment behavior of our customers, we assume a moderate increase in cash flow compared to the previous year. Should the EBIT or the payment behavior of customers deteriorate due to the corona crisis, it would be assumed that the cash flow in the 2020/2021 financial year will also decrease compared to the 2019/2020 reporting year.

With regard to the non-financial performance indicators, the avoidance of occupational accidents and the development of productivity remain the focus of consideration.

Due to the consistent implementation of training measures and the ongoing review and elimination of potential hazards, there were no reportable accidents at work in the year under review. By continuing this extremely sensitive approach to occupational safety, the aim is to ensure that work-related accidents are also avoided in this and the following financial years.

After productivity had already improved from 81% to 87% in the last financial year, our goal for financial year 2020/2021 is a further improvement to 90%. This is to be achieved through the creation or use of multiple machine operation as well as through continuous process improvement in all areas. In March 2020, however, due to the increasing influence of the corona crisis, preventive measures to protect against infections were introduced at Miba Industrial Bearings Germany GmbH, which have a negative impact on productivity. However, we assume that we will achieve the desired improvement in productivity after the corona situation has calmed down.

Göttingen, April 15, 2020

Miba Industrial Bearings Germany GmbH

Frank Swierzy
Dr. Clemens Honeder

Balance sheet as of January 31, 2020

assets

	January 31, 2020	January 31, 2019
	€	€
A. Fixed assets		
I. Intangible Assets		
Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	24,922.09	27,213.61
II. Tangible assets		
1. Land, land rights and buildings including buildings on third-party land	1,283.34	2,515.31
2. technical systems and machines	1,040,871.82	613,349.65
3. other equipment, factory and office equipment	316,037.88	406,476.13
4. Advance payments made and assets under construction	31,140.24	0.00
	1,389,333.28	1,022,341.09
	1,414,255.37	1,049,554.70
B. Current Assets		
I. Inventories		
1. Raw materials and supplies	1,149,767.16	108,495.23
2. Work in progress	1,745,109.89	598,075.71
3. Finished products and merchandise	278,980.93	2,482,349.03
	3,173,857.98	3,188,919.97
II. Receivables and other assets		
1. Trade accounts receivable	2,930,012.24	2,839,285.38
2. Receivables from affiliated companies	187,693.05	179,812.33
3. Other assets	46,260.60	34,268.02
	3,163,965.89	3,053,365.73
III. Cash and bank balances	2,980,543.41	2,009,907.57
	9,318,367.28	8,252,193.27
C. Prepaid expenses	27,857.81	31,524.10
	10,760,480.46	9,333,272.07

liabilities

	January 31, 2020	January 31, 2019
	€	€
A. Equity		
I. Drawn capital	50,000.00	50,000.00
II. Capital reserve	6,000,000.00	6,000,000.00
III. Profit / loss carried forward	565,191.69	-409,306.77
IV. Profit for the year	787,024.54	1,474,498.46
	7,402,216.23	7,115,191.69
B. Provisions		
1. Provisions for pensions and similar obligations	446,564.00	421,634.00
2. Tax provisions	51,000.00	51,000.00
3. Other provisions	987,661.00	1,103,754.00
	1,485,225.00	1,576,388.00
C. Liabilities		
1. Advance payments received on orders	29,207.08	14,688.94
2. Trade accounts payable	497,800.83	385,994.04
3. Liabilities to affiliated companies	1,245,431.50	80,805.54
4. Other Liabilities	100,599.82	107,365.37
(of which from taxes € 90,944.92; previous year € 90,781.81)		
(thereof in the context of social security € 5,593.66; previous year € 6,826.20)		
	1,873,039.23	588,853.89
D. Prepaid expenses	0.00	52,838.49
	10,760,480.46	9,333,272.07

Income statement for the period from February 1, 2019 to January 31, 2020

	02/01/2019 to 01/31/2020	06/01/2018 to 01/31/2019
	€	€
1. Sales	17,899,285.14	12,497,679.49
2. Change in stocks of finished and unfinished goods	-618,022.49	-181,749.89
3. other operating income	133,884.84	104,774.91
(thereof income from currency translation € 933.09; previous year € 3,180.74)		
	17,415,147.49	12,420,704.51
4. Cost of materials		
a) Expenses for raw materials and supplies and for purchased goods	4,092,051.54	3,350,848.98
b) Expenses for purchased services	442,581.07	298,884.26
	4,534,632.61	3,649,733.24
5. Personnel expenses		
a) Wages and salaries	6,776,774.76	4,306,897.92

	02/01/2019 to 01/31/2020	06/01/2018 to 01/31/2019
	€	€
b) social security contributions and expenses for pensions and support (of which for pensions € 28,452.28; previous year € 28,653.70)	1,248,469.37	827,743.94
6. Depreciation on intangible assets and property, plant and equipment	8,025,244.13	5,134,641.86
7. other operating expenses (thereof expenses from currency translation € 1,110.90; previous year € 3,665.60)	368,832.51	237,080.72
8. Income from operations	3,686,679.45	1,862,421.23
9. Interest and Similar Expenses (thereof expenses from compounding € 15,009.00, previous year € 10,685.00; of which to affiliated companies € 0.00, previous year € 0.00)	799,758.79	1,536,827.46
10. Financial result	15,009.00	10,685.00
11. Income taxes	-15,009.00	-10,685.00
12. Profit after tax	0.00	51,000.00
13. Other taxes (income; previous year expenses)	784,749.79	1,475,142.46
14. Annual net income	2,274.75	-644.00
	787,024.54	1,474,498.46

Appendix for the 2019/20 financial year

I. General

After Miba Industrial Bearings Germany GmbH (formerly: John Crane Bearing Technology GmbH) as a result of the takeover by the Miba Group on June 1, 2018 in the financial years 2017/2018 (from August 1, 2017 to May 31, 2018) and 2018 / 2019 (from June 1, 2018 to January 31, 2019) resulted in two short fiscal years, the fiscal year from February 1, 2019 to January 31, 2020 is the first fiscal year in the Miba Group that covers a full 12-month period. Due to the short fiscal year in the previous year, the previous year's figures in the annual financial statements are not comparable.

Miba Industrial Bearings Germany GmbH is based in Göttingen and is entered in the commercial register at the Göttingen Local Court (HRB No. 4092).

For the balance sheet, the stipulated structure according to Section 266 of the German Commercial Code (HGB) was used. The total cost method according to Section 275 (2) HGB was chosen for the structure of the income statement. The company makes partial use of the size-dependent relief in Section 288 (2) of the German Commercial Code (HGB).

The amount of inventory changes and the cost of materials were influenced in the reporting period by the reclassification of inventories made as part of the introduction of SAP on May 1, 2019. The reclassification was carried out to present the inventories in accordance with the requirements of commercial law. The following reclassifications were made in the year under review: raw materials, consumables and supplies were increased by € 998 thousand and work in progress by € 1,172 thousand, while finished goods were reduced by € 2,170 thousand. As a result of these reclassifications, there was a negative effect of € 998 thousand for inventory changes and a positive effect of € 998 thousand for the cost of materials in the income statement.

II. Accounting and valuation principles

Intangible fixed assets purchased from third parties are capitalized at cost and depreciated on a straight-line basis in accordance with their expected useful life, pro rata temporis in the year of acquisition. Computer programs acquired for a fee are amortized over a normal useful life of three years. The EDP programs with acquisition costs of up to € 800 are an exception; these are immediately expensed in full. Insofar as the fair values of individual intangible assets fall below their book value, unscheduled depreciation is also made in the event of a likely permanent decrease in value.

Property, plant and equipment are accounted for at acquisition or production cost, reduced by scheduled straight-line depreciation over their normal useful life. The acquisition costs include the components specified in Section 255 (1) of the German Commercial Code (HGB). Production costs include direct production and material costs as well as appropriate portions of production and material overheads. Repair costs are recognized immediately as an expense. Borrowing costs are not recognized as part of the acquisition or production costs. The buildings are based on a useful life of 33 years. The technical systems and machines have a useful life of five to ten years, a useful life of three to fifteen years is used as a basis for other systems and operating and office equipment. Insofar as the fair values of individual items of property, plant and equipment fall below their book value, unscheduled depreciation is also made in the event of a likely permanent decrease in value.

Low-value assets with acquisition costs of up to € 800 are written off in full in the year of acquisition. Up to and including the short financial year 2017/2018, low-value assets, the acquisition costs of which were between € 150 and € 1,000, were still shown in a collective item analogous to the regulation in Section 6 (2a) of the Income Tax Act. This collective item is to be dissolved equally by a fifth in the financial year of education and in the following years. Due to the overall subordinate importance of the collective item, such an item was also formed for low-value assets that were acquired after December 31, 2009, despite the reversal of the reversed relevance through the Accounting Law Modernization Act.

The inventories are valued at acquisition or production cost and taking into account the lower of cost or market principle. All identifiable risks in inventories resulting from above-average storage times, reduced usability and / or lower replacement costs are taken into account by means of appropriate value deductions. In all cases, the valuation was carried out loss-free, ie if the probable sales prices minus the costs incurred up to the sale lead to a lower fair value, corresponding devaluations were made.

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

The raw materials, consumables and supplies and merchandise are valued at acquisition cost with moving average prices or the lower replacement cost on the balance sheet date. Work in progress and finished goods are valued at production cost or the lower applicable value. The production costs include material costs, direct production costs as well as a proportion of material and production overheads. Proportional borrowing costs are not capitalized. The valuations of the unfinished and finished products as well as the goods are below the realizable sales proceeds after taking into account the costs still to be incurred. All recognizable individual risks, such as obsolescence, poor mobility, etc.,

Receivables and other assets are stated at their nominal value or at the lower fair value on the balance sheet date. Appropriate value deductions are made for receivables whose urgency is fraught with recognizable risks; bad debts are written off. To cover the general credit risk, a general value adjustment of 1% is made on the net receivables that have not been individually adjusted.

Liquid funds (cash in hand and bank balances) are shown at their nominal value on the balance sheet date.

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

The subscribed capital is reported at nominal value.

The provisions are measured in such a way that recognizable risks and uncertain obligations are taken into account. The valuation takes place in each case in the amount of the settlement amount, which is necessary according to a reasonable commercial assessment in order to cover future payment obligations. Future price and cost increases are taken into account if there is sufficient objective evidence that they will occur. Provisions for pensions and similar obligations are made on the basis of actuarial calculations using the projected unit credit method, taking into account the 2018 G mortality tables by Prof. Dr. Heubeck rated. The provisions for pensions and similar obligations were discounted at a flat rate using the average market interest rate for the past ten years published by the Deutsche Bundesbank in February 2020, which results from an assumed remaining term of 15 years (Section 253 (2) sentence 2 HGB). This interest rate is 2.68% (previous year 3.16%). When determining the provisions for pensions and similar obligations, annual pension increases of 2.0% per year were taken as the basis. Salary increases were not to be taken into account. Age- and gender-dependent fluctuation probabilities were used for fluctuation.

In the case of provisions for pension obligations, the difference between the recognition of the provisions in accordance with the corresponding average market interest rate from the past ten financial years and the recognition of the provisions in accordance with the corresponding average market interest rate from the past seven financial years in accordance with Section 253 (6) of the German Commercial Code (HGB) in each To determine the fiscal year. If the average market interest rate for the past seven years of 1.94% (previous year 2.29%) published by the Deutsche Bundesbank in February 2020 had been applied, this would have resulted in a pension provision of € 490 thousand (previous year: € 471 thousand); the difference is therefore T € 43 (previous year: T € 50). Profits may only be distributed if the freely available reserves remaining after the distribution plus a profit carryforward and minus a loss carryforward are at least equal to the difference. Accordingly, as in the previous year, there is no amount blocked from distribution in accordance with Section 253 (6) HGB.

Provisions for obligations from partial retirement are set up in accordance with the block model. The valuation of the provisions for partial retirement is based on an actuarial interest rate of 0.56% pa and on the basis of the 2018 G mortality tables by Prof. Dr. Klaus Heubeck according to actuarial principles. The calculation of the provisions for partial retirement obligations was based on annual wage and salary increases of 2.5%. The provisions for partial retirement contain (potentially) top-up amounts up to the balance sheet date. Obligations for partial retirement that are subject to provisions existed as of the balance sheet date in the amount of € 177 thousand (previous year: € 195 thousand).

The liabilities are stated at their settlement amount. Advance payments received are shown at the nominal amount.

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

Foreign currency conversion

Business transactions in foreign currencies are generally recorded using the historical rate at the time of the initial posting. Balance sheet items are valued as follows on the reporting date:

Long-term foreign currency receivables are valued at the letter rate when the receivable arises or at the lower applicable value, based on the mean spot exchange rate on the balance sheet date (imparity principle). Short-term foreign currency receivables (remaining term of one year or less) as well as liquid funds or other short-term assets in foreign currencies are converted at the mean spot exchange rate on the balance sheet date.

Long-term foreign currency liabilities are valued at the exchange rate when the liability arises or at the higher rate on the reporting date, based on the mean spot exchange rate on the reporting date (imparity principle). Short-term foreign currency liabilities (remaining term of one year or less) are converted at the mean spot exchange rate on the balance sheet date.

Deferred taxes

Deferred taxes are recognized on the differences in the balance sheet values of the commercial balance sheet and the tax balance sheet, provided that these are expected to decrease in later financial years. In the event of an excess of deferred taxes on the balance sheet date, the option to capitalize under Section 274 (1) sentence 2 HGB is not used. Due to the existing surplus of assets, no deferred tax assets are recognized as of the balance sheet date.

III. Notes on the balance sheet and income statement

Capital assets

The development of the individual items of fixed assets is shown in the attached schedule of fixed assets.

Trade accounts receivable and other assets

As in the previous year, trade receivables have a remaining term of less than one year. The other assets include rental deposits of € 28 thousand (previous year: € 28 thousand) with a remaining term of more than one year.

Receivables from affiliated companies

The receivables from affiliated companies of the Miba Group amounted to T € 188 on the balance sheet date (previous year: T € 180). These receivables are exclusively receivables from services that have been charged on. These consist of receivables from the shareholder amounting to T € 91 (previous year: T € 167) and receivables from other affiliated companies amounting to T € 97 (previous year: T € 13).

As in the previous year, the receivables have a remaining term of less than one year.

Equity

The company's subscribed capital remains unchanged at T € 50.

The capital reserve remains unchanged at T € 6,000.

In the previous year, an annual surplus of € 1,474,498.46 was achieved. This was offset against the loss carryforward, so that initially a profit carryforward of € 1,065,191.69 resulted.

By resolution of the shareholders on August 26, 2019, it was decided that a dividend of € 500 thousand should be paid out to the shareholder from the profit carried forward from the previous year and that the remaining amount should be carried forward to a new account.

The remaining profit carried forward as of the balance sheet date is therefore € 565,191.69, the net income for the 2019/2020 financial year is € 787,024.54.

Other provisions

The composition of the other provisions results from the following breakdown:

	January 31, 2020	January 31, 2019
	T €	T €
Warranties	93	44
Partial retirement	177	195
Other obligations from the personnel area (vacation, flextime, bonuses, etc.)	547	499
Pending invoice	60	176
Legal, consulting and year-end costs	40	39
Rest	71	151
	988	1.104

liabilities

As in the previous year, all reported liabilities are due within one year.

Liabilities to affiliated companies amounted to € 1,245 thousand as of the balance sheet date (previous year: € 81 thousand). These liabilities are trade payables of € 745 thousand (previous year: € 81 thousand) and a loan liability of € 500 thousand to the shareholder. In the previous year there were no liabilities to the shareholder.

Other company income

The other operating income includes income from other accounting periods from the reversal of provisions in the amount of € 76 thousand (previous year: € 45 thousand).

The other operating income does not contain any amounts of exceptional magnitude or significance.

Other operating expenses

Other operating expenses mainly include license fees, consulting costs, temporary workers, maintenance costs, vehicle costs, travel, entertainment and advertising costs, room rental, office and communication costs, small items and tools, as well as shipping and packaging costs. This financial year does not contain any significant expenses relating to other periods.

The other operating expenses do not include any amounts of exceptional magnitude or significance.

IV. Other information

Other financial obligations and contingent liabilities

In addition to provisions and liabilities, as of January 31, 2020, there were other financial obligations from rental and leasing contracts in the amount of € 1,007 thousand (previous year: € 1,434 thousand). Of this, an amount of € 537 thousand will be due in the 2020/2021 financial year and € 470 thousand in the 2021/2022 to 2022/2023 financial years. There are no other financial obligations to affiliated or associated companies.

The rental and leasing contracts relate to the production and administration building in Göttingen, the vehicle fleet and certain office and business equipment (copiers, printers). In all cases it is a matter of so-called operating lease contracts, which do not result in any accounting for the objects by the company. The advantage of these contracts lies in the lower capital commitment compared to acquisition and in the elimination of the risk of realization.

The order commitment for fixed assets as of January 31, 2020 is T € 79.

Contingent Liabilities

There are no contingent liabilities.

Derivative financial instruments

As of the balance sheet date, the company had not concluded any contracts for derivative financial instruments.

Supplementary report

At the beginning of January 2020, the Chinese announced the identification of a novel coronavirus in several sick people. The initially localized outbreak of the disease developed relatively quickly into an international pandemic. The company has assessed the possible effects of the coronavirus pandemic on the basis of current knowledge. At the time of preparation, there were no significant effects on the asset, financial and earnings position. However, the assessments of the course of the coronavirus pandemic are associated with considerable uncertainties.

No other events of particular importance occurred after the balance sheet date.

Information about the employees

In the 2019/2020 financial year, Miba Industrial Bearings Germany GmbH had an average of 101 employees (previous year 99 employees), of which 60 (previous year 59) were industrial workers and 41 (previous year 40) were salaried employees.

Information on the organs of the company

Managing directors in the 2019/2020 financial year were:

Horst Schackmann, operational manager, graduate engineer, Salzgitter (until January 31, 2020)

Dr. Clemens Honeder, Managing Director of Miba Bearings Holding GmbH, Micheldorf / Austria

On February 1, 2020, Horst Schackmann left the management. Frank Swierzy, businessman, Wolfenbüttel, took over the position of operational manager on February 1, 2020.

Since only one managing director receives remuneration from the company, the remuneration is not stated in accordance with Section 286 (4) HGB.

Parent company and consolidated financial statements

Via the sole shareholder Miba Bearings Holding GmbH, Laakirchen / Austria, the company belongs to the group of Miba AG, Laakirchen / Austria.

The parent company that prepares the consolidated financial statements for the smallest and largest group of companies is Mitterbauer Beteiligungs-Aktiengesellschaft, Laakirchen, FN 105810 d. The consolidated financial statements are deposited with the Wels commercial register.

Appropriation of earnings

The management proposes to the shareholders' meeting that the annual surplus of T € 500 be distributed and the remaining amount of T € 287 to be carried forward to a new account.

Göttingen, April 15, 2020

Frank Swierzy, managing director

Dr. Clemens Honeder, managing director

Development of fixed assets in the 2019/20 financial year

	Acquisition or manufacturing costs				January 31, 2020
	02/01/2019	Accesses	Rebookings	Departures	
	€	€	€	€	€
I. Intangible Assets					
Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	523,749.35	18,698.56	0.00	0.00	542,447.91
II. Tangible assets					
1. Land, land rights and buildings including buildings on third-party land	473,480.82	0.00			473,480.82
2. Technical systems and machines	5,023,861.85	667,154.49	0.00	26,692.00	5,664,324.34
3. Other equipment, factory and office equipment	1,813,912.84	16,539.89	0.00	7,504.23	1,822,948.50
4. Advance payments and assets under construction	0.00	31,140.24	0.00	0.00	31,140.24
	7,311,255.51	714,834.62	0.00	34,196.23	7,991,893.90
	7,835,004.86	733,533.18	0.00	34,196.23	8,534,341.81
Depreciation					
	02/01/2019	Accesses	Departures		January 31, 2020
	€	€	€	€	€
I. Intangible Assets					
Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	496,535.74	20,990.08	0.00		517,525.82
II. Tangible assets					
1. Land, land rights and buildings including buildings on third-party land	470,965.51	1,231.97			472,197.48
2. Technical systems and machines	4,410,512.20	239,632.32	26,692.00		4,623,452.52
3. Other equipment, factory and office equipment	1,407,436.71	106,978.14	7,504.23		1,506,910.62
4. Advance payments and assets under construction		0.00			0.00
	6,288,914.42	347,842.43	34,196.23		6,602,560.62
	6,785,450.16	368,832.51	34,196.23		7,120,086.44
Residual book values					
				January 31, 2020	January 31, 2019
				€	€
I. Intangible Assets					
Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values			24,922.09		27,213.61
II. Tangible assets					
1. Land, land rights and buildings including buildings on third-party land			1,283.34		2,515.31
2. Technical systems and machines			1,040,871.82		613,349.65
3. Other equipment, factory and office equipment			316,037.88		406,476.13
4. Advance payments and assets under construction			31,140.24		0.00
			1,389,333.28		1,022,341.09
			1,414,255.37		1,049,554.70

INDEPENDENT AUDITOR'S REPORT

To Miba Industrial Bearings Germany GmbH, Göttingen

Examination Opinions

We have the annual financial statements of Miba Industrial Bearings Germany GmbH, Göttingen, - consisting of the balance sheet as of January 31, 2020 and the income statement for the financial year from February 1, 2019 to January 31, 2020 as well as the notes, including the presentation of accounting and valuation methods - checked. In addition, we have audited the management report of Miba Industrial Bearings Germany GmbH for the financial year from February 1, 2019 to January 31, 2020.

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 January 31, 2020 and its earnings position for the financial year from February 1, 2019 until January 31, 2020 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

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

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the generally accepted German auditing principles established by the Institute of Auditors (IDW). Our responsibility 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 the 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 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 as a going concern. They are also responsible for disclosing issues relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis of accounting, unless actual or legal circumstances conflict with this.

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

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

Our aim is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material - 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 regulations and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

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

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

- We identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit procedures in response to these risks, and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, falsifications, intentional incompleteness, misleading representations or the overriding of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.
- we draw conclusions about the appropriateness of the going concern accounting principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue as a going concern can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based by the legal representatives and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a considerable unavoidable risk that future events will differ materially from the forward-looking statements.

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

Kassel, April 15, 2020

**PricewaterhouseCoopers GmbH
auditing company**

Holger Plaum, auditor

ppa. Oliver Böhm, auditor

Shareholder resolution

Miba Industrial Bearings Germany GmbH

1. Preliminary remark

Miba Bearings Holding GmbH, with business address at Dr.-Mitterbauer-Straße 3, Laakirchen, Republic of Austria, holds the entire share capital of Miba Industrial Bearings Germany GmbH (the "Company"), based in Göttingen, entered in the commercial register of the Göttingen Local Court under HRB 4092

A shareholders' meeting of the company is held and a decision is made as follows, dispensing with compliance with any form and deadline regulations for the calling and holding of a shareholders' meeting:

2. Shareholders' resolution

- 1.1 The annual financial statements of the Company for the 2019/20 financial year (the "Annual Financial Statements") are hereby adopted.
- 1.2 Of the net profit of EUR 1,352,216.23, an amount of EUR 500,000.00 will be distributed to Miba Bearings Holding GmbH. The remainder will be carried forward to the 2020/21 financial year.
- 1.3 The actions of the managing directors in office in the 2019/20 financial year will be granted for the 2019/20 financial year.

Laakirchen, April 28, 2020

Dr. Wolfgang Litzbauer
for Miba Bearings Holding GmbH
Dr. Clemens Honeder
for Miba Bearings Holding GmbH
