

search result

CD Wälzholz GmbH & Co. KG	Accounting /	Consolidated financial statements for the financial	08/24/2021
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CD Wälzholz GmbH & Co. KG

Hagen

Consolidated financial statements for the financial year from 07/01/2019 to 06/30/2020**Consolidated balance sheet as of June 30, 2020****assets**

	06/30/2020	06/30/2019
	EUR	EUR
A. Fixed assets		
I. Intangible Assets		
1. Licenses acquired against payment	266,561	335.297
II. Tangible assets		
1. Land and buildings	73.454.927	56,804,347
2. technical systems and machines	62.182.475	38.155.340
3. other equipment, factory and office equipment	20,346,075	22,280,008
4. Advance payments made and assets under construction	33.998.171	63.997.499
	189,981,648	181.237.194
III. Financial assets		
1. Shares in affiliated companies	0	57,412
2. Participations in associated companies	23,582,884	21,711,217
3. Loans to associated companies	10,000,000	15,000,000
4. Participations	25,000	25,000
5. Loans to companies with which there is a participation relationship	175,000	175,000
6. Fixed asset securities	263,895	267.030
7. Cooperative shares	4.122	4.122
	34,050,901	37.239.781
	224.299.110	218.812.272
B. Current Assets		
I. Inventories		
1. Raw materials and supplies	40,017,752	45.278.620
2. Work in progress	56.976.970	60,648,367
3. finished products	66,726,740	75.815.102
4. Advance payments made	4,051,796	3,021,311
	167.773.258	184.763.400
II. Receivables and other assets		
1. Trade accounts receivable	63,877,698	96,737,682
2. Claims against companies with which there is a participation relationship	18,862	17,987
3. Receivables from associated companies	241.393	3,204,940
(of which from deliveries and services: EUR 23,429: 2018/2019: EUR 34,232)		
4. other assets	12,970,892	23.230.903
(of which with a remaining term of more than one year: EUR 4,848,700: 2018/2019: EUR 4,422,656)	77.108.845	123.191.512
III. Securities		
1. other securities	32,329	65,250
IV. Cash in hand, Bundesbank and Postbank balances, bank balances	59.821.104	29,388,729
	304.735.536	337,408,891
C. Prepaid expenses	2,987,707	3,449,645
D. Deferred Tax Assets	11,735,616	8,346,660

	06/30/2020	06/30/2019
	EUR	EUR
	543.757.969	568.017.468
liabilities		
	06/30/2020	06/30/2019
	EUR	EUR
A. Equity		
I. Capital shares of the limited partners		
1. Fixed capital	13,000,000	13,000,000
2. variable capital accounts	125.057.802	135.846.727
	138.057.802	148.846.727
II. Other retained earnings	19.986.996	19,986,875
III. Difference in equity from currency conversion	-10,289,533	-9,534,074
IV. Profit carried forward	67.211.592	46,071,686
V. Group result	-8,194,924	13,527,870
VI. non-controlling interests	1,703,057	2,315,928
	208.474.990	221.215.012
B. Difference from capital consolidation	0	5,532,469
C. Provisions		
1. Provisions for pensions and similar obligations	102.152.718	95.263.094
2. Tax provisions	1,369,347	2,088,599
3. other provisions	35.103.485	50.177.946
	138.625.550	147,529,639
D. Liabilities		
1. Liabilities to credit institutions	56.786.608	15,349,448
(of which with a remaining term of up to one year: EUR 47,680,413; 2018/2019: EUR 7,829,076)		
(of which with a remaining term of more than one year: EUR 9,106,195; 2018/2019: EUR 7,520,372)		
2. Promissory note loans	57.777.250	70.563.250
(of which with a remaining term of up to one year: EUR 277,250; 2018/2019: EUR 10,563,250)		
(of which with a remaining term of more than one year: EUR 57,500,000; 2018/2019: EUR 60,000,000)		
3. Trade payables	68.056.088	87.331.151
(of which with a remaining term of up to one year: EUR 68,056,088; 2018/2019: EUR 87,331,151)		
4. Liabilities from the acceptance of bills of exchange drawn and the issuance of own bills of exchange	5,458,126	7.051.081
(of which with a remaining term of up to one year: EUR 5,458,126; 2018/2019: EUR 7,051,081)		
5. Liabilities to shareholders	4,245,829	4,600,329
(of which with a remaining term of up to one year: EUR 3,845,829; 2018/2019: EUR 4,200,329)		
(of which with a remaining term of more than one year: EUR 400,000; 2018/2019: EUR 400,000)		
6. other liabilities	4,333,528	8,845,089
(of which from taxes: EUR 2,308,448; 2018/2019: EUR 2,791,218)	196.657.429	193.740.348
(of which in the context of social security: EUR 0; 2018/2019: EUR 132,131)		
(of which with a remaining term of up to one year: EUR 4,333,528; 2018/2019: EUR 8,845,089)		
	543.757.969	568.017.468

Consolidated income statement for the period from July 1, 2019 to June 30, 2020

	2019/2020	2018/2019
	EUR	EUR
1. Sales	672.122.158	841.343.307
2. Reduction in stocks of finished and unfinished products	-127,597,569	-24,741,311
3. Other own work capitalized	24,077	49,071
Overall performance	659.386.476	816,651,067
4. other operating income	11,254,649	11,523,286
(of which from currency conversion: EUR 803,131; 2018/2019: EUR 766,977)		
5. Cost of materials		
a) Expenses for raw materials, consumables and supplies and for purchased goods	-402.756.479	-509.774.535
b) Expenses for purchased services	-31,522,386	-36,662,877
	236.362.260	281.736.941
6. Personnel expenses		
a) Wages and salaries	-111.294.148	-125.955.017
b) social security and pension and support expenses	-27,846,569	-33,483,741
(of which for pensions: EUR 7,338,784; 2018/2019: EUR 10,312,492)		
7. Depreciation of intangible assets and property, plant and equipment	-24.784.013	-21,035,679
8. other operating expenses	-77.869.107	-85.889.217
(of which from currency conversion: EUR 971,525; 2018/2019: EUR 1,618,491)		

	2019/2020	2018/2019
	EUR	EUR
9. Income from investments in associated companies	2,228,764	4,695,856
10. Income from other securities and loans from financial assets	627,748	616,436
11. other interest and similar income	194,788	86,957
12. Interest and Similar Expenses	-6,177,538	-5,896,978
(of which from the compounding of long-term provisions: EUR 2,856,659; 2018/2019: EUR 3,031,340)		
13. Income taxes	1,765,707	130,336
(of which income from changes in deferred taxes recognized in the balance sheet: EUR 3,388,956; 2018/2019: EUR 1,722,692)		
14. Profit after tax	-6,792,108	15,005,894
15. other taxes	-1,151,071	-1,041,482
16. Consolidated net loss / net profit	-7,943,179	13,964,412
17. of which share of non-controlling interests in consolidated earnings	-251,745	-436,542
18. Group result	-8,194,924	13,527,870

Notes to the consolidated financial statements as of June 30, 2020

A. General information

CD Wälzholz GmbH & Co. KG, Hagen, is based in Hagen. It is entered in the commercial register of the Hagen District Court under HRA 1920.

CD Wälzholz GmbH & Co. KG, Hagen, is preparing consolidated financial statements as of June 30, 2020 in accordance with the provisions of the German Commercial Code (HGB).

B. Scope of Consolidation

I. Shareholdings in accordance with Section 313, Paragraph 2, No. 1 of the German Commercial Code (HGB)

The consolidation group of CD Wälzholz GmbH & Co. KG, Hagen, includes the following companies:

	Participation rate
	%
inland	
CD Wälzholz GmbH, Hagen	100.00
Waelzholz Service Center GmbH, Hagen	100.00
CD Wälzholz Verwaltungs-GmbH, Hagen	100.00
CD Wälzholz Beteiligungs GmbH, Hagen	100.00
CD Wälzholz Oberkochen GmbH, Oberkochen	100.00
CD Wälzholz-Kern-Liebers GmbH, Schramberg	65.00
Friedr. Gustav Theis Kaltwalzwerke GmbH, Hagen	100.00
Kuhbier + Knörr GmbH & Co. KG, Lüdenscheid	100.00
K + K Verwaltungsgesellschaft mbH, Lüdenscheid	100.00
abroad	
Waelzholz International GmbH, Götzis / Austria	99.80
Waelzholz North America LLC, Cleveland, Ohio / USA	100.00
Waelzholz France SAS, Thiers / France	100.00
Wälzholz New Material Co. Ltd .. Taicang / People's Republic of China	100.00
Taicang Walzholz-Kern-Liebers New Material Co. Ltd .. Taicang / People's Republic of China	65.00
Waelzholz Italia Srl, Senago / Italy	100.00
Waelzholz Polska Sp.zoo, Gliwice / Poland	100.00
Waelzholz México SRL de CV, Mexico City / Mexico	100.00

CD Wälzholz GmbH & Co. KG, Hagen, is the parent company for the subsidiaries listed in the list of shareholdings, whereby these have been included in the consolidated financial statements in accordance with the principles of full consolidation.

II. Shareholdings in accordance with Section 313, Paragraph 2, No. 2 of the German Commercial Code (HGB)

The company Waelzholz Brasmatal Laminação Ltda., Diadema, Sao Paulo, Brazil (44.07% subsidiary of CD Wälzholz Beteiligungs GmbH, Hagen) is included in the consolidated financial statements using the equity method in accordance with Section 311 (1) sentence 1 HGB . The difference according to Section 312, Paragraph 1, Clause 2 of the German Commercial Code as of June 30, 2020 is EUR 16,189 thousand.

C. Consolidation Principles

The consolidated financial statements of CD Wälzholz GmbH & Co. KG, Hagen, were prepared on June 30, 2020, the reporting date of the parent company.

As of August 01, 2017, the scope of consolidation was expanded through the acquisition of Friedr. Gustav Theis Kaltwalzwerke GmbH, Hagen, and its subsidiaries. The capital consolidation is carried out on the basis of the valuations at the time of acquisition. The purchase price was EUR 15,408 thousand. The resulting negative difference as of June 30, 2020 is EUR 0 thousand. The negative difference is being reversed over three years in accordance with DRS 23.143; the reversal in the reporting year is EUR 6,006 thousand.

The associated company Waelzholz Brasmatal Laminação Ltda., Diadema, Sao Paulo, Brazil, was included in the consolidated financial statements for the first time on July 1, 2008 using the equity method. The company uses valuation methods that differ from the consolidated financial statements; an adjustment to the uniform group valuation has not been made in accordance with Section 312 (5) of the German Commercial Code (HGB). In accordance with Section 312 (6) of the German Commercial Code (HGB) with DRS 26.25, the consolidation was based on the company's most recent annual financial statements.

Deferred tax assets in the amount of EUR 10,956 thousand result from the individual financial statements of the parent company and its subsidiaries. In addition, as a result of consolidation measures, deferred tax assets of EUR 780 thousand have been set up at group level, which are offset against deferred tax liabilities.

In accordance with Section 304 (1) of the German Commercial Code (HGB), an elimination of interim results has been carried out for inventories with significant interim results that are wholly or partially based on deliveries and services from companies included in the consolidated financial statements. The relief provision of Section 304 (2) HGB has been used for insignificant amounts.

The assets and liabilities of a balance sheet of a fully consolidated company denominated in a foreign currency are to be converted into euros at the mean spot exchange rate on the balance sheet date, with the exception of equity, which is to be converted into euros at the historical rate. The items in the income statement are to be converted into euros at the average rate for the period. A resulting conversion difference is to be shown within the group equity after the reserves under the item "Equity difference from currency conversion" (§ 308a HGB).

For the conversion of the financial statements of the associated company Brasmetal denominated in a foreign currency, CD Wälzholz GmbH & Co. KG, Hagen applies the principles of Section 308a of the German Commercial Code (HGB) in accordance with DRS 25.42. CD Wälzholz GmbH & Co. KG, Hagen, exercises the option under DRS 25.90 for updating the equity value of the investment in Brasmetal in such a way that the equity value is converted using the respective exchange rate on the reporting date.

D. Accounting and valuation principles

Scheduled depreciation on fixed assets is linear, with the depreciation tables published by the tax authorities being used to determine the useful life. Assets with acquisition costs of up to EUR 800 are written off in full in the year of acquisition.

Work in progress and finished goods are generally valued at production costs, the determination of which does not include the option under Section 255, Paragraph 2, Clause 3 of the German Commercial Code (HGB). The lower fair value to be applied, if applicable, is determined on the basis of the probable sales price minus the profit margin and any expenses incurred until the sale.

All recognizable risks in the inventory that result from above-average storage times, reduced usability and / or lower replacement costs are taken into account by means of value deductions. The lower limit of the valuation is the scrap value on the balance sheet date.

The risk of doubtful trade accounts receivable is taken into account by making individual valuation allowances. The general credit and default risk of all trade receivables that have not been individually adjusted is mapped by applying a general bad debt allowance.

Foreign currency receivables are generally combined with currency forwards to form valuation units in order to compensate for opposing changes in value or cash flows from the occurrence of currency risks. The effective part of the valuation unit is shown in the income statement using the freezing method without posting. On the balance sheet date of June 30, 2020, there were no currency forwards, so that no valuation units had to be formed.

The valuation of the provisions for pensions is based on the projected unit credit method. A general remaining term of the pension obligations of 15 years was assumed. The discounting was carried out using the average interest rate for the last ten financial years (2.51%, previous year 2.94%) that was published as a forecast for June 2020 by the Deutsche Bundesbank according to the Provision Discounting Ordinance. Depending on the pension model, rates of 1.0% to 2.0% were used as the pension trend, and rates between 0.0% and 2.0% were used as the salary trend. The future development of the biometric calculation bases is based on the application of the life tables according to Prof. Dr. Klaus Heubeck "

The other provisions are based on the following accounting and valuation methods:

The valuation of the provision for partial retirement obligations included all employees with whom a partial retirement agreement was concluded on the balance sheet date of June 30, 2020, as well as all employees who were made a non-revocable offer to conclude such an agreement on the balance sheet date and who have made this offer until its termination have accepted the balance sheet. The partial retirement agreements are mostly based on the block model. The top-up amounts are deferred in full at the time the contract is concluded. Fulfillment arrears are accumulated during the employment phase in the amount of the overtime in the provision and used during the release phase. The provision is discounted at the market interest rate for the past seven years, which corresponds to the average remaining term of the partial retirement contracts of three years. A rate of 2.5% is taken into account as the future expectancy trend. Additions to the provision of top-up amounts are shown under other operating expenses, additions to the provision of fulfillment arrears are shown in personnel expenses. The provision is discounted at the market interest rate for the past seven years, which corresponds to the average remaining term of the partial retirement contracts of three years. A rate of 2.5% is taken into account as the future expectancy trend. Additions to the provision of top-up amounts are shown under other operating expenses, additions to the provision of fulfillment arrears are shown in personnel expenses. The provision is discounted at the market interest rate for the past seven years, which corresponds to the average remaining term of the partial retirement contracts of three years. A rate of 2.5% is taken into account as the future expectancy trend. Additions to the provision of top-up amounts are shown under other operating expenses, additions to the provision of fulfillment arrears are shown in personnel expenses.

The provisions for vacations not yet taken (EUR 3,827 thousand) and for time credits (EUR 1,101 thousand) include open vacation entitlements or additional hours worked by employees on the balance sheet date, which are valued at individual personnel costs plus the employer's social security contributions.

Provisions were made for outstanding incoming invoices (EUR 3,974 thousand) on the basis of the expected charges on suppliers.

The restructuring provision (EUR 4,539 thousand) was resolved before the balance sheet date and formed on the basis of the reconciliation of interests and social plans concluded for the individual locations in August and September 2020 in accordance with Section 112 BetrVG. Severance payments and remanence costs (social security contributions on transfer short-time work benefits, top-up amounts and vacation pay) were included in the provision.

The provision for claims to future anniversary benefits (EUR 2,346 thousand) is set up in the amount of the present value of future claims, taking into account an actuarial interest rate of 1.18%, an expectancy trend of 0.25% and staggered fluctuation rates between 0% and 10%.

The provision for Christmas bonuses (EUR 1,996 thousand) was set up on the basis of the provisions of the IG Metall collective agreement for the first half of the 2020 calendar year.

E. Information on the consolidated balance sheet and the consolidated income statement

1. Fixed assets

The development of the individual items of fixed assets in the financial year can be found in the consolidated fixed asset movement schedule.

2. Provisions

The fund shares to be regarded as plan assets are valued at market values on the balance sheet date and offset against the provision for partial retirement obligations. As of June 30, 2020, the acquisition costs of the fund shares amounted to EUR 4,222 thousand, their fair value to EUR 4,175 thousand. The settlement amount of the offset provision is EUR 8,363 thousand. Income from securities held as current assets was offset in the amount of EUR 6 thousand with expenses from the compounding of the interest on the partial retirement provision.

The difference according to Section 253 (6) sentence 1 of the German Commercial Code (valuation difference of the pension provision due to the application of the average market interest rate over ten years compared to the average market interest rate over seven years) is EUR 10,615 thousand.

3. Liabilities

The total amount of all liabilities with a remaining term of more than five years is KEUR 35,000 (previous year: KEUR 35,000).

As of the balance sheet date, there are contingent liabilities from guarantees in the amount of EUR 10 thousand (previous year: EUR 10 thousand). A claim is not assumed.

4. Consolidated income statement

Sales are made up as follows:

KEUR

KEUR

	KEUR	KEUR
inland		289,971
abroad		
EU	181.059	
Third countries	201.092	382.151
total		672.122

The other operating income includes, in particular, income from the reversal of the negative difference from the first-time consolidation of Friedr. Gustav Theis Kaltwalzwerke GmbH, Hagen, in the amount of EUR 6,006 thousand. It also includes income from the reversal of provisions - essentially the reversal of the anniversary provision as a result of changes to the works agreements -, income from the disposal of assets and exchange rate gains.

F. Other information

The deferred taxes relate to temporary differences, which essentially result from the different valuation of the pension, anniversary and partial retirement provisions of German group companies according to commercial and tax law as well as tax loss carryforwards; the calculation for German companies is based on a tax rate of 17.2%, for foreign companies the tax rate is between 17.15% and 35%. The arithmetical tax relief increased by EUR 3,390 thousand to a total of EUR 11,736 thousand and was capitalized after offsetting with deferred tax liabilities in accordance with Sections 298, 274, 306 of the German Commercial Code (HGB).

The group has other financial obligations from rental, lease and leasing agreements amounting to EUR 4,373 thousand.

In the 2019/2020 financial year, the auditor of the consolidated financial statements charged fees of EUR 322 thousand for auditing services, EUR 95 thousand for other certification services, EUR 134 thousand for tax advisory services and EUR 74 thousand for other services. The audit services include expenses for auditing the consolidated financial statements and for auditing the annual financial statements of CD Wälzholz GmbH & Co. KG, Hagen, and its subsidiaries.

As of the balance sheet date, there are contingent liabilities from guarantees in the amount of EUR 10 thousand (previous year: EUR 10 thousand). The risk of a claim under the guarantee is assessed as low.

The average number of employees in the 2019/2020 financial year was 2,087, of which 580 were salaried and 1,507 were industrial workers.

The parent company CD Wälzholz GmbH & Co. KG, Hagen, as well as the subsidiaries listed below, which were included in the consolidated financial statements of CD Wälzholz GmbH & Co. KG, Hagen, take the exemption from § 264b No. 1b HGB and § 264 Para 3 HGB with regard to the disclosure of the respective annual financial statements:

CD Wälzholz GmbH, Hagen, Waelzholz Service Center GmbH, Hagen,

CD Wälzholz Oberkochen GmbH, Oberkochen.

The personally liable partner as of June 30, 2020 is CD Wälzholz Verwaltungs-GmbH, Hagen; this has a subscribed capital of EUR 55 thousand.

CD Wälzholz Verwaltungs-GmbH, Hagen, has sole power of representation as of June 30, 2020.

Managing directors authorized to represent the general partner CD Wälzholz Verwaltungs-GmbH, Hagen, in the 2019/2020 financial year were:

Dr.-Ing. Hans-Toni Junius, Dipl.-Wirtsch.-Ing., Schwerte, Chairman of the Management Board,

Dr.-Ing. Heino Buddenberg, Dipl.-Ing., Hagen, and

Dr. rer. pole. Matthias Gierse, Dipl.-Volksw., Essen.

With the resolution of the shareholders' meeting on December 4th, 2019 and effective July 1st, 2020, Mr. Holger Bierstedt was appointed as an additional managing director.

In accordance with Section 286 (4) of the German Commercial Code (HGB), there is no indication of the managing director's remuneration.

During the 2019/2020 financial year, the board of trustees established by the shareholders included:

Mr. Klaus von Werneburg (chairman), lawyer, Düsseldorf

Dr.-Ing. Hans-Toni Junius, graduate industrial engineer, Schwerte

Mr. Klaus Eberhardt, graduate mathematician, retired chairman of the board of Rheinmetall AG, Düsseldorf

Mr. Wolfgang J. Kirchhoff, graduate engineer, managing director of Kirchhoff Holding GmbH & Co. KG, Iserlohn

Mr. Stephan Gemkow, business graduate, former chairman of the board of management of Franz Haniel & Cie. GmbH, Meerbusch

Ms. Ruth Margret Junius-Morawe, lawyer, Frankfurt am Main,

Dr. Ing. Moritz von Werneburg, air traffic control officer, Munich

The annual result of the parent company is used in accordance with company law regulations.

Hagen, November 24th, 2020

Development of the consolidated fixed-asset movement schedule as of June 30, 2020

	07/01/2019 EUR	Acquisition or manufacturing costs			
		Currency conversion differences EUR	Accesses EUR	Rebooking EUR	Departures EUR
I. Intangible Assets					
1. Licenses acquired for a fee	13,670,114	-6,130	92,611	0	-29,549
2. Goodwill	9,077,267	0	0	0	0
	22,747,381	-6,130	92,611	0	-29,549
II. Tangible assets					
1. Land and buildings	117.728.900	-201.155	215.174	20.024.301	-106,249
2. technical systems and machines	291,098,049	-434,797	6,458,593	32,385,926	-1,263,627
3. other equipment, factory and office equipment	88.907.799	-35.906	3,997,982	552.132	-598,472
4. Advance payments made and assets under construction	63.997.499	-228,762	23,395,770	-52,962,359	-203,977
	561.732.247	-900.620	34,067,519	0	-2,172,325

	Acquisition or manufacturing costs				
	07/01/2019 EUR	Currency conversion differences EUR	Accesses EUR	Rebooking EUR	Departures EUR
III. Financial assets					
1. Shares in affiliated companies	57,412	0	0	0	-57,412
2. Participations in associated companies	21,711,217	0	1,871,667	0	0
3. Loans to associated companies	15,000,000	0	0	0	-5,000,000
4. Participations	25,000	0	0	0	0
5. Loans to companies with which there is a participation relationship	175,000	0	0	0	0
6. Fixed asset securities	267,030	0	0	0	-3,135
7. other loans	4,122	0	0	0	0
	37,239,781	0	1,871,667	0	-5,060,547
total	621,719,409	-906,750	36,031,797	0	-7,262,421
	Acquisition or manufacturing costs		accumulated depreciation		
	06/30/2020 EUR	07/01/2019 EUR	Currency conversion differences accumulated depreciation EUR	Accesses EUR	Departures EUR
I. Intangible Assets					
1. Licenses acquired for a fee	13,727,046	13,334,817	-6,068	161,285	-29,549
2. Goodwill	9,077,267	9,077,267	0	0	0
	22,804,313	22,412,084	-6,068	161,285	-29,549
II. Tangible assets					
1. Land and buildings	137,660,971	60,924,553	58,181	3,327,329	-104,018
2. technical systems and machines	328,244,144	252,942,709	-291,186	14,607,172	-1,197,026
3. other equipment, factory and office equipment	92,823,535	66,627,791	-44,606	6,688,227	-793,952
4. Advance payments made and assets under construction	33,998,171	0	0	0	0
	592,726,821	380,495,053	-277,611	24,622,728	-2,094,996
III. Financial assets					
1. Shares in affiliated companies	0	0	0	0	0
2. Participations in associated companies	23,582,884	0	0	0	0
3. Loans to associated companies	10,000,000	0	0	0	0
4. Participations	25,000	0	0	0	0
5. Loans to companies with which there is a participation relationship	175,000	0	0	0	0
6. Fixed asset securities	263,895	0	0	0	0
7. other loans	4,122	0	0	0	0
	34,050,901	0	0	0	0
total	649,582,035	402,907,137	-283,679	24,784,013	-2,124,545
			accumulated depreciation	Residual book values	
			06/30/2020 EUR	06/30/2020 EUR	06/30/2019 EUR
I. Intangible Assets					
1. Licenses acquired for a fee			13,460,485	266,561	335,297
2. Goodwill			9,077,267	0	0
			22,537,752	266,561	335,297
II. Tangible assets					
1. Land and buildings			64,206,045	73,454,926	56,804,347
2. technical systems and machines			266,061,669	62,182,475	38,155,340
3. other equipment, factory and office equipment			72,477,460	20,346,075	22,280,008
4. Advance payments made and assets under construction			0	33,998,171	63,997,499
			402,745,174	189,981,647	181,237,194
III. Financial assets					
1. Shares in affiliated companies			0	0	57,412
2. Participations in associated companies			0	23,582,884	21,711,217
3. Loans to associated companies			0	10,000,000	15,000,000
4. Participations			0	25,000	25,000
5. Loans to companies with which there is a participation relationship			0	175,000	175,000
6. Fixed asset securities			0	263,895	267,030
7. other loans			0	4,122	4,122
			0	34,050,901	37,239,781
total			425,282,926	224,299,109	218,812,272

	07/01/2019 to 06/30/2020	07/01/2018 to 06/30/2019
	KEUR	KEUR
Profit or loss for the period (consolidated profit for the year including minority interests)	-7,943	13,964
+ / - Depreciation / write-ups on fixed assets	24,784	21,036
+ / - Increase / decrease in provisions	-8,185	-2,950
+ / - Other non-cash expenses / income	-4,826	-9,570
- / + Increase / decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities	63,405	35,080
+ / - Increase / decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities	-26,347	-20,840
- / + profit / loss from the disposal of fixed assets	-94	-1,514
+ / - Interest expenses / interest income	5,355	2,363
- other investment income	-2,229	-4,738
+ / - Income tax expense / income	-1,766	1,593
- / + income tax payments	-2,342	-4,751
= Cash flow from operating activities	39,812	29,673
- Payments for investments in intangible assets	-93	-297
+ Payments from the disposal of property, plant and equipment	143	3,293
- Payments for investments in property, plant and equipment	-33,903	-38,997
+ Payments from the disposal of financial assets	5,003	0
- Payments for investments in financial assets	0	-110
- Payments for additions to the scope of consolidation	0	0
+ Interest received	823	703
= Cash flow from investing activities	-28,027	-35,408
+ Payments from the occurrence of bonds and taking out (financial) loans	41,437	36,629
- Payments from the repayment of bonds and (financial) credits	-12,786	-15,904
- Interest paid	-6,178	-3,066
- Withdrawals by shareholders of the parent company	-3,826	-11,248
= Cash flow from financing activities	18,647	6,411
Cash changes in financial resources	30,414	672
+ / - Exchange rate and valuation-related changes in financial resources	18th	4th
+ / - Changes in financial resources due to the scope of consolidation	0	0
+ Cash funds at the beginning of the period	29,389	28,713
= Cash funds at the end of the period	59,821	29,389

The financial resources only include cash on hand and bank balances.

Consolidated statement of changes in equity for the period from July 1, 2019 to June 30, 2020

	Parent Company Equity	
	Capital shares EUR	Other retained earnings EUR
As of June 30, 2018	131.273.871	19,986,875
Credit of the previous year's result in equity	28,840.937	0
Credit to shareholder accounts in debt	-11.268.081	0
Currency conversion	0	0
Other changes	0	0
Consolidated profit	0	0
As of June 30, 2019	148.846.727	19,986,875
Credit of the previous year's result in equity	-7,314,649	0
Credit to shareholder accounts in debt	-3,474,276	0
Currency conversion	0	0
Other changes	0	121
Consolidated profit	0	0
As of June 30, 2020	138.057.802	1,986,996

	Parent Company Equity			
	Difference in equity from currency conversion EUR	Profit carried forward EUR	Consolidated profit for the year attributable to the parent company total EUR	
As of June 30, 2018	-9.091.443	28.260.493	46.320.833	216.750.629
Credit of the previous year's result in equity	0	17,479,896	-46,320,833	0
Credit to shareholder accounts in debt	0	0	0	-11.268.081
Currency conversion	-442,631	0	0	-442,631
Other changes	0	331.297	0	331.297
Consolidated profit	0	0	13,527.870	13,527,870

	Parent Company Equity					
	Difference in equity from currency conversion	Profit carried forward	Consolidated profit for the year attributable to the parent company			total
	EUR	EUR	EUR	EUR	EUR	EUR
As of June 30, 2019	-9,534,074	46,071,686	13,527,870			218.899.084
Credit of the previous year's result in equity	0	20,842,519	-13,527,870			0
Credit to shareholder accounts in debt	0	0	0			-3,474,276
Currency conversion	-755,459	0	0			-755,459
Other changes	0	297,387	0			297.508
Consolidated profit	0	0	-8,194,924			-8,194,924
As of June 30, 2020	-10,289,533	67.211.592	-8,194,924			206.771.933
Non-controlling interests						
	Non-controlling interests before difference in equity from currency translation and annual result	Difference in equity attributable to non-controlling interests from currency translation	Profits / losses attributable to non-controlling interests		total	Group equity
	EUR	EUR	EUR	EUR	EUR	EUR
	EUR	EUR	EUR	EUR	EUR	EUR
As of June 30, 2018	2,584,092	-405.064	399,698	2,578,726		219.329.355
Credit of the previous year's result in equity	399,698	0	-399,698	0		0
Credit to shareholder accounts in debt	0	0	0	0		-11.268.081
Currency conversion	0	-262,798	0	-262,798		-705,429
Other changes	0	0	0	0		331.297
Consolidated profit	-436,542	0	436,542	0		13,527,870
As of June 30, 2019	2,547,248	-667,862	436,542	2,315,928		221.215.012
Credit of the previous year's result in equity	436,542	0	-436,542	0		0
Credit to shareholder accounts in debt	0	0	0	0		-3,474,276
Currency conversion	0	-612,871	0	-612,871		-1,368,330
Other changes	0	0	0	0		297.508
Consolidated profit	-251,745	0	251.745	0		-8,194,924
As of June 30, 2020	2,732,045	-1,280,733	251.725	1,703,057		208.474.990

Group management report for the financial year from July 01, 2019 to June 30, 2020

I. Company basics

1. Business model of the company

Waelzholz produces special materials from cold-rolled strip steel for complex applications and has been in the tradition of pioneering innovations since it was founded in 1829.

Long-term, partnership-based relationships with business partners are the basis for the sustainable growth of the independent, medium-sized family company that supplies customers from the automotive and automotive supply industries, the energy sector and from the area of specialized technical applications in the industrial goods sector.

With 2,400 employees, the Waelzholz Group is active worldwide and produces high-quality cold-rolled steel strips and profiles at locations in Europe, North and South America and Asia. With a consistent internationalization strategy, the Waelzholz Group differentiates itself from the competition and provides its customers with high-quality products and tailor-made services exactly where they are needed.

Waelzholz operates in the premium segment. A technologically leading plant park as well as sophisticated, networked and reproducible processes enable and secure the high quality level of the steel strip products at all locations. As a technology leader, the company supplies steel materials that exactly meet customer requirements, within the tightest tolerances and with repeatable accuracy for every delivery lot.

The Waelzholz locations work with digitized workflows and globally networked information and organization platforms. In addition, they are increasingly digitally linked to the customer's planning systems. For Waelzholz, the continuous expansion of information technology, in addition to material and process technology, is one of the central core tasks for successful global corporate development.

It is Waelzholz's aim to offer customers significant added value through products and service. This applies not only to innovative steel strip solutions, but also to precisely tailored supply chain models. Waelzholz has made logistics agreements with many customers, individually tailored to the respective needs. These different supply chain models, in which the suppliers are also included, make it possible to react flexibly and with short delivery times to changes in demand. A clever interlocking means that the net working capital is adjusted not only for the customer, but also in the entire value chain.

2. Research and Development

In 2019, Waelzholz was awarded the "TOP 100" seal of approval for the fifth time as one of the most innovative medium-sized companies in Germany.

Waelzholz customers develop sustainable products in the key industries of today and tomorrow. Innovative material solutions are the basis for this. For Waelzholz, actively accompanying customers into the future means supporting partners from all stages of the value chain with its materials expertise right from the development phase. Always with the aim of ensuring customers the greatest possible degree of freedom for their product development and the efficiency of their processes.

As in previous years, up to 10% of the annual gross profit was used to further develop materials and production processes tailored to the special requirements of customers, such as future-oriented automotive drive concepts, among other things, the transfer of the leading quality level to the supply chain in which enables new growth markets.

The quality of Waelzholz products is the result of many years of continuous development. As a technology leader, Waelzholz promotes its own development work for the further development of products and processes, well above the scope customary in the industry. Research and development projects are carried out independently or jointly

with customers, suppliers, and also with the involvement of universities and research institutions. Long-term development work is carried out within the framework of projects or orders with several renowned technical colleges and universities.

The high degree of specialization of the product portfolio, the clear focus on product and process innovations and a consistently implemented internationalization strategy differentiate Waelzholz from the competition and are key success factors for the company.

II. Economic report

1. Macroeconomic, sector-specific framework conditions

According to the autumn 2020 report by the leading economic research institutes, economic output fell sharply in the first half of 2020 as a result of the corona pandemic. The corona pandemic has hit the global economy and led to a global recession. The USA, Europe and also the emerging countries are affected. Investment activity will remain subdued for the foreseeable future, as the uncertainty about the further infection process and the associated protective measures remains high.

World trade is also affected by the Covid-19 pandemic and temporarily lower flows of goods and travel restrictions do not indicate a quick, complete recovery. A containment of the pandemic is only assumed in the course of the coming year.

In addition to the corona pandemic, the economic research institutes name other uncertainties for global economic development. The sharp rise in national debt can lead to sharply rising risk premiums on the financial markets, so that financial policy in many countries has to be restricted to a restrictive course. Should corporate insolvencies rise sharply, the defaulted loans could usher in a banking and financial market crisis. In addition, the trade disputes between the US and China and between the US and the EU are still smoldering. And it remains to be seen what the future relationship between the EU and the UK will be like. Because there is still uncertainty about the development of the United Kingdom's exit from the EU on January 31, 2020. The Withdrawal Agreement, signed on January 24, 2020, provides for a transitional phase until December 31, 2020, during which long-term relations between the United Kingdom and the European Union are to be renegotiated; an end to these processes is not yet in sight. In which the long-term relationship between the UK and the European Union is to be renegotiated; an end to these processes is not yet in sight. In which the long-term relationship between the UK and the European Union is to be renegotiated; an end to these processes is not yet in sight.

As a result of these developments, the International Monetary Fund (IMF) forecasts a decline in global growth of 4.4% in 2020 in its October 2020 report. Global growth of 5.2% is forecast for 2021.

As a result of the strict lockdown measures of the euro area countries, which were supposed to prevent the spread of the coronavirus, real GDP growth in the euro area declined to an unprecedented extent by 11.8% in the second quarter of 2020. Annual real GDP in the euro area is expected to decline 8.0% in 2020 and recover by 5.0% in 2021 and 3.2% in 2022.

In the steel industry in Germany, too, the key figures reflect the deep marks left by the Corona crisis. Market supply, production and incoming orders fell by 15-20% in the first six months of 2020 compared to the same period of the previous year. Even more significant declines can be seen in sales. The business climate for the steel industry determined by the Ifo Institute for Empirical Economic Research even fell to an all-time low in April and has only recovered slightly since then. The external economic framework conditions for the steel industry continue to be extremely challenging in mid-2020.

The market supply of rolled steel products already fell significantly last year, by 12%. In contrast to the 2008/2009 financial crisis, the steel industry will be hit by the recession in an already existing phase of economic weakness. At that time the market supply sank by 33%. This time, starting from a significantly lower level, it fell by 17% in the period from January to May compared to the same period in the previous year. In the second quarter, the volume of the market is likely to have even fallen below the 2009 lows. Crude steel production in Germany fell by 16% in the first half of 2020 compared to the previous year. Projected over the entire year, this corresponds to a production of 34,9 million tons. Only in the first half of 2009 was an even lower volume of 27.7 million tonnes a year produced in Germany. Last year, production in Germany, at 39.7 million tonnes, slipped below the 40 million tonnes mark for the first time since 2009.

Germany is the nation with the largest steel production in the EU and the seventh largest production in the world. As a basic industry, the steel industry is of particular importance for the value chain and is also a backbone of the German economy.

According to the Verband der Automobilindustrie e. V. (VDA) to 78,976,244 units and was thus 6.0% lower than in the previous year (83,991,933 units). Domestic production by German manufacturers in 2019 was 4,663,749 units, which is a decrease of 8.9% compared to 2018 (5,120,409 units).

In the first half of 2020, new car registrations in Germany fell by almost 35% to 1.21 million cars. That is the lowest value for the first half of the year in Germany since reunification 30 years ago.

There are signs of a slight recovery in the second half of the year. One sign of this is the incoming orders from German manufacturers. However, even a continued upward trend will not even come close to compensating for the slump from the first half of the year. For the full year 2020, the VDA expects the global passenger car market to decline by 17% to 65.9 million units (2019: 79.0 million). The decline will be particularly strong in Europe at 24%. For Germany, the VDA is assuming around 2.8 million new car registrations for the year as a whole (-23%).

The European Automobile Manufacturers Association (ACEA) states that 22,060,000 units were produced in Europe in 2019, a share of 23.8% in global automobile production. According to ACEA, China has overtaken Europe this year as well: With 26,149,000 units produced in 2019 and a world market share of 28.2%. For comparison: In 2004 Europe had a share of 32% and China of 9% of the automobiles produced worldwide.

The Corona crisis caused an unprecedented slump in the international car markets in the first half of 2020. Due to the economic repercussions of the corona pandemic and the containment measures, sales fell sharply in the first half of 2020. The parallel slump in most markets caused by the coronavirus is historically unprecedented: In the large sales regions of China, USA and Europe (EU27 & EFTA & UK), a total of 7.5 million fewer cars were sold than in the same period of the previous year. This corresponds to a decrease in sales of 28%. In Japan, demand fell by a fifth. In Russia and Brazil, sales also slumped massively. The European market is hit hardest by the Corona crisis: 5.1 million new cars were registered in Europe in the first half of 2020 - 39% fewer than in the same period of the previous year. The five largest European sales markets were all double-digit in the red. At minus 35%, the decline is the smallest in Germany. In France, sales fell by 39%. New registrations have roughly halved in Italy (-46%), the United Kingdom (-49%) and Spain (-51%). In the USA, the volume of the light vehicle market (cars and light trucks) fell by almost a quarter (-23%) to 6.4 million new vehicles in the first half of the year. In the light truck segment, which now accounts for three quarters of the total US market, sales fell by 18%. The passenger car segment fell by more than 36%. The Chinese new car market closed the first half of 2020 with 7.7 million cars sold. That is 2.2 million units or 23% less than in the same period of the previous year. In Brazil, a total of 765,200 light vehicles were sold in the first six months of the current year - 39% fewer than in the same period of the previous year.

The market situation in the cold rolling industry has always been shaped by economic and seasonal fluctuations. In addition to the close interlinking with the automotive industry on the customer side and price sensitivity through raw material markets on the supplier side, the business of the Waelzholz Group is influenced by economic and financial conditions. This is linked to strong competitive pressure. In 2020, the more difficult conditions due to the corona pandemic will be added.

2. Course of business

Waelzholz closes the 2019/2020 financial year with a negative result that is well below the planned result. The lack of the planned result results from the significant sales deviation due to the corona pandemic. The decline in the global economy caused by this particular situation is also reflected in the sales figures of the Waelzholz Group: In the 2019/2020 financial year, sales fell by 17.0% to 488,463 t. In addition to the corona pandemic, which triggered the greatest effect, the reasons for this negative development are also the effects of global uncertainties, triggered, among other things, by the trade policy of the USA, increasing protectionism and the uncertain effects of Brexit.

EBITDA (earnings before interest, taxes, depreciation and amortization) fell sharply in the reporting period to EUR 14.4 million compared to the previous year (previous year: EUR 34.5 million).

Due to the economic effects of the corona pandemic, it was decided in the financial year to initiate restructuring measures. Accordingly, a social plan was agreed after the balance sheet date and a corresponding provision was posted in the annual financial statements as of June 30, 2020.

3rd location**a) Earnings position**

Due to the effects of the global economic situation and the corona pandemic, the total output of the Waelzholz Group decreased by EUR 161.7 million (-19.8%) compared to the previous year. The forecast sales expectations were not met. With the material usage quota remaining roughly the same, the gross profit decreased by 16.1% (-45.3 million EUR). The other operating income includes the release of the negative difference from the first-time consolidation of Friedr. Gustav Theis Kaltwalzwerke GmbH, Hagen, and its former subsidiaries.

The lower gross profit contrasts with declines in personnel expenses (EUR -20.3 million) and other operating expenses (EUR -7.9 million). Due to the volume development, production shifts have been reduced (shutdown during the turn of the year 2019/2020 and on bridging days), time accounts were also reduced and working hours could be adjusted with the help of short-time work. In addition, the workforce has been reduced through individual measures (partial retirement, early retirement, expiry of fixed-term contracts, etc.). The decrease in other operating expenses is mainly due to lower selling and maintenance expenses.

These developments, together with the increase in depreciation after the completion of investments, led to a negative operating result (EUR -6.6 million).

The net financial expense (including income from other securities and loans from financial assets) amounted to EUR 5.4 million compared to EUR 5.2 million in the previous year. This includes expenses from the compounding of pension, partial retirement and anniversary obligations amounting to EUR 2.8 million.

Despite the tense economic and political situation in Brazil, Waelzholz Brasmatal Laminação Ltda. a gratifying annual result. The proportionate investment income amounts to EUR 2.2 million. In the previous year, a proportionate result from associated companies of EUR 4.7 million was reported.

Income taxes in the reporting period amounted to EUR 1.8 million in tax income after an income tax charge of EUR 0.1 million in the previous year. The tax income is mainly due to the increase in deferred tax assets by EUR 3.4 million.

b) Financial position

The Waelzholz Group generated a cash inflow from operating activities of EUR 39.8 million (previous year EUR 29.7 million). The change compared to the previous year is mainly due to the reduction in inventories and trade receivables.

The investments in property, plant and equipment and intangible assets of EUR 34.0 million were financed from the cash flow from operating activities and borrowings. The build-up of liquid funds in the amount of EUR 30.4 million was financed by taking out additional loans.

As in previous years, there is a surplus of equity plus long-term borrowed capital in relation to the long-term fixed assets.

Thus, the principle of equal deadlines is fully taken into account. Short-term receivables and bank balances exceed short-term liabilities.

c) Financial position

The balance sheet total of the Waelzholz Group decreased only slightly compared to the previous year (-24.3 million EUR). The structure of the short-term and long-term tied assets and liabilities is stable compared to the previous year.

There were significant changes in inventories and trade receivables, which decreased due to active inventory management and the effects of the corona pandemic. In addition, the level of cash and cash equivalents as well as liabilities to banks and from promissory note loans increased.

The equity ratio remains at 38.3%.

4. Financial performance indicators

The following financial indicators are used to manage the company:

Gross profit (absolute and relative to total output)

EBITDA (absolute and relative to total output)

Debt coverage ratio

Equity capital ratio

The gross profit fell by EUR 45.1 million in absolute terms.

The absolute EBITDA decreased by EUR 20.1 million from EUR 34.5 million in the 2018/2019 financial year to EUR 14.4 million in the reporting period. As a percentage of total output, an EBITDA of 2.2% was achieved (previous year: 4.2%). The target value is 12%.

The debt coverage ratio is determined as the ratio of total net debt to EBITDA. The debt coverage ratio increased by 2.5 compared to the previous year.

The equity ratio is calculated as the ratio of equity (liability) to total assets (adjusted for deferred tax assets). Equity (excluding currency translation) fell by 5.2% compared to the previous year, while the equity ratio fell by 0.8 percentage points.

III. Forecast report

The IMF (International Monetary Fund) fears an even worse recession than before because of the coronavirus pandemic. According to the IMF, the global economy will shrink by 4.4% this year due to the coronavirus crisis. The International Monetary Fund cut its forecasts especially for countries that are particularly hard hit by the pandemic - including the USA, Brazil, India, France, Italy and Spain. As recently as April, the IMF had assumed a minus of 3.0%, which was already the worst recession since the Great Depression in the 1930s. The fund has now announced that the negative consequences for the economy are more serious and the recovery is likely to be slower than expected.

For the US economy, the IMF (International Monetary Fund) expects a decline of 4.3% in 2020 and a recovery of 3.1% in 2021. For the euro area, a decline of 8.3% is expected in 2020, but here, too, the IMF is assuming a recovery in 2021, with growth of 5.2% expected. For China, the IMF expects a slight growth of 1.9% in 2020 and even 8.2% in 2021. For Brazil, the IMF expects a decline of 5.8% in 2020, but also here a slight growth of 2, 8% in 2021.

According to the economic research institutes, macroeconomic production in Germany fell more sharply in the first half of 2020 than it has ever been since the Federal Republic of Germany came into existence, with the slump concentrated in the months of March and April. A recovery began as early as May. The institutes assume an increase in GDP in the third quarter of 6.5%. After economic output fell by a cumulative 11.5% in the first two quarters, it is still around 6% below the pre-crisis level. In addition, the institutes anticipate an increasing slowdown in the recovery, because catch-up effects are running out and at the same time some industries are still exposed to considerable restrictions and global investment activity remains weak. According to the institute's forecast, GDP in Germany will decline by 5.4% on average for 2020. This is followed by increases of 4.7% in 2021 and 2.7% in 2022. According to the forecast, the pre-crisis level will be reached again in the final quarter of 2021.

The institutes emphasize that the lack of clarity about the further development of the pandemic places the forecast under considerable uncertainty. The present forecast is based on the assumption that from spring 2021 ways will be found to further contain the health risk, so that after the end of the third quarter of 2021, the infection control measures will no longer have any significant adverse effects on economic activity. One risk for the forecast is that it is not currently foreseeable how many corporate insolvencies there will be after the currently suspended reporting requirement has ended. Conversely, there is also the chance of a faster recovery,

The incoming orders of the Waelzholz Group for the first months of the 2020/2021 financial year are above the level of the same period of the previous year. This is where the catching-up effects are starting to appear after the end of the first corona lockdown in summer 2020. The planning with regard to sales revenues and group earnings in the current 2020/2021 financial year expects a positive development in sales revenues as well as a positive group result. In addition to the general economic conditions, this is based in particular on the recovery from the effects of the corona pandemic.

Despite the current difficult macroeconomic framework and the effects of the Covid 19 pandemic, it is Waelzholz's goal, as a technologically leading company, to further expand its international activities. In order to achieve this goal, investment measures and rationalization projects have been and are being carried out. In addition to the

capacity expansion, the investment measures serve to further strengthen the efficiency of the production facilities, improve the overall productivity of the systems and continuously improve product and service quality. The investment activities are adjusted according to the economic development.

IV. Risk and Opportunity Report

As a medium-sized, technologically leading and internationally oriented steel processing company, Waelzholz is exposed to a large number of opportunities, but also to various types of risks. In 2020, the risks from the Covid-19 pandemic will increase significantly. After the number of infections had decreased in the summer, they rose rapidly again in the course of October. The feared "2. Welle" has occurred, which prompted the federal government to issue the so-called "lockdown light" from November 02, 2020. The development from December 2020 remains to be seen.

Following a sustainable and long-term oriented corporate policy, Waelzholz identifies risks at an early stage in order to use opportunities responsibly and with foresight and to reduce and avoid risks with foresight.

1. Risk report

Industry-specific risks

As an international group of companies, Waelzholz is influenced by different developments in the raw material and sales markets as well as by economic fluctuations in individual regions. The automotive industry, the most important and largest sales market, is also a cyclical sector that can trigger greater fluctuations in demand for Waelzholz products.

The automotive industry is in a process of transformation in drive technology. Alternative drive technologies, especially electrified concepts, are required and are developing rapidly. These innovations create challenges for the German supplier and automotive industry to keep pace with international developments. This also offers great opportunities. New business models will be established, to which Waelzholz is specifically adapting and countering this trend with new products.

Since the crisis financial year 2008/2009, Waelzholz has developed tools to identify economic risks at an early stage and to maintain a high degree of flexibility, especially in the cost sector. This means that changes in the market level can be responded to by means of suitable cost and capacity adjustment measures. In addition, the company has a suitable working capital management system.

Income-oriented risks

Waelzholz is exposed to price fluctuations on both the procurement and the sales side.

In the 2019/2020 financial year, prices fell on both the purchasing and the sales side compared to the previous year. Waelzholz endeavors to control price changes through negotiations on the customer and supplier side in such a way that these have a positive effect on the company's results. For the new financial year, significant price increases in the steel sector are expected at the turn of 2020/2021.

As an energy-intensive company, Waelzholz is subject to the risks of price and cost developments on the energy markets. Political decisions also give rise to uncertainties with regard to price and cost developments. Waelzholz counters these risks with measures to increase the energy efficiency / transparency of its corporate processes.

Waelzholz competes with nationally and internationally operating companies in the cold rolling industry. Waelzholz now occupies a leading position in the international cold rolling industry. As the industry continues to consolidate, the number of competitors will continue to decrease. Waelzholz is pursuing an active consolidation strategy and assumes that it will be able to further expand its market share nationally and internationally in the medium term.

Financial risks

Due to the good liquidity and equity situation of the Waelzholz Group, no liquidity risks are discernible. The aim is to strengthen the equity base and to further reduce debt. Potential currency risks that could affect the company's net assets, financial position and results of operations are limited by means of hedging transactions.

The liquidity situation is good. No bottlenecks are to be expected.

2. Opportunity report

The consistent global orientation of Waelzholz with a growing international share of currently around 55% of total sales and the focus on premium products and services offer the group important opportunities for the future.

Internationalization, application-oriented innovation, a high degree of specialization and sustainable partnerships with customers and suppliers are essential success factors for Waelzholz and differentiate the company from the competition.

Positive effects are achieved in particular through product innovations, but also through measures in the area of cost and capacity adjustments. Investments are continuously made in new products that are classified as "special products".

The Waelzholz Group has a solvent customer base. Bad debt losses are very rare, which is confirmed in the current Corona crisis. We have worked with the company's key customers for many years, many of which have been contractually agreed.

There were no significant changes in the management systems according to IATF 16949 (QM - Automotive), ISO 9001 (QM), ISO 14001 (environmental management) and ISO 50001 (energy management) during the reporting period.

3. Overall statement

Despite Waelzholz's solid and forward-looking position, risks from global economic influences cannot be ruled out. Political changes that have an impact on sales markets cannot be predicted. The developments in the field of e-mobility and autonomous driving will lead to major upheavals in the automotive industry. Waelzholz is preparing for this upheaval with innovative products, optimized processes and manufacturing methods.²

Due to its financial stability, Waelzholz is well equipped to meet future challenges. There are currently no identifiable risks that could jeopardize the continued existence of the company.

V. Risk reporting on the use of financial instruments

In addition to receivables, the financial instruments in the Waelzholz Group also include bank and promissory note loans as well as supplier liabilities, currency contracts, leasing within the usual framework and pension funds.

The financial requirements are mainly covered from the cash flow generated and from existing credit lines.

Liabilities were and will be paid within the agreed payment deadlines using discounts.

In the short-term area, the company finances itself through the use of credit lines in addition to corresponding payment terms with the suppliers.

The aim of financial and risk management is to protect the company's assets and success against financial risks of all kinds.

Waelzholz pursues a conservative risk policy when managing its financial positions. Waelzholz uses suitable hedging transactions to cushion potential currency risks that could affect the company's asset, financial and earnings position.

Credit assessments in new customer business and ongoing reports from our existing customers lead to a significantly reduced risk of bad debts. If default and credit risks are discernible for financial assets, appropriate value adjustments are made. In addition, Waelzholz avails itself of the option of trade credit insurance in order to exclude financial damage for the company as far as possible.

Hagen, November 24, 2020

CD Wälzholz GmbH & Co. KG**Independent auditor's report**

To CD Wälzholz GmbH & Co. KG, Hagen

Examination Opinions

We have the consolidated financial statements of the CD. Wälzholz GmbH & Co. KG, Hagen, and its subsidiaries (the group) - consisting of the consolidated balance sheet as of June 30, 2020, the consolidated income statement, the consolidated equity statement and the consolidated cash flow statement for the financial year from July 1, 2019 to June 30, 2020 as well as the notes to the consolidated financial statements, including the presentation of the accounting and valuation methods. In addition, we have audited the group management report of CD Wälzholz GmbH & Co. KG, Hagen, for the financial year from July 1, 2019 to June 30, 2020.

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

- the attached consolidated financial statements comply in all material respects with the German commercial law regulations and the supplementary provisions of the articles of association and, in compliance with the German principles of proper accounting, give a true and fair view of the assets and financial position of the group as of June 30, 2020 as well as its earnings position for Fiscal year from July 1, 2019 to June 30, 2020 and
- the attached group management report gives an overall accurate picture of the group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and 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 consolidated financial statements and the group management report.

Basis for the examination results

We carried out our audit of the consolidated financial statements and the group management report in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the generally accepted German auditing standards 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 consolidated financial statements and the group management report" of our auditor's report. We are independent of the group companies in accordance with the German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

Responsibility of the legal representatives for the consolidated financial statements and the group management report

The legal representatives are responsible for the preparation of the consolidated financial statements, which comply with German commercial law in all material respects, and for ensuring that the consolidated financial statements provide a true and fair view of the assets, financial and earnings position of the in compliance with German generally accepted accounting principles Group mediated. 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 consolidated financial statements that are free from material - intentional or unintentional - misstatements.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. 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 going concern based on the accounting principle, provided that there are no actual or legal circumstances to the contrary.

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

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

Our aim is to obtain sufficient certainty as to whether the consolidated financial statements as a whole are free from material - intended or unintentional - misstatements and whether the group management report as a whole gives an accurate picture of the group's position and, in all material matters, with the Consolidated financial statements as well as with the knowledge gained during the audit, complies with the 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 consolidated financial statements and the group management report.

Sufficient 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 consolidated financial statements and the group management report.

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

- We identify and assess the risks of material - intentional or unintentional - misrepresentations in the consolidated financial statements and in the group 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, forgeries, 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 consolidated financial statements and the provisions and measures relevant to the audit of the group management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of producing an audit opinion The effectiveness of these systems.
- 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 ability of the group to continue business operations 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 consolidated financial statements and in the group 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 group can no longer continue its business activities.
- we assess the overall presentation, structure and content of the consolidated financial statements, including the information, as well as whether the consolidated financial statements present the underlying business transactions and events in such a way that the consolidated financial statements provide a true and fair view of the asset, financial and earnings position of the group.

- We obtain sufficient suitable audit evidence for the accounting information of the companies or business activities within the group in order to issue audit opinions on the consolidated financial statements and the group management report. We are responsible for the direction, supervision and execution of the group audit. We are solely responsible for our audit opinions.
- we assess the consistency of the group management report with the consolidated financial statements, its compliance with the law and the picture it provides of the group's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the group management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based on 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 significant unavoidable risk

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.

Hagen, November 24th, 2020

WWP Weckerle Wilms Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed Dr. Clemens, auditor

signed Wilms, auditor
