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Z-LASER GmbH Freiburg im Breisgau	Accounting/ Financial Reports	Annual financial statements for the financial year from January 1st, 2020 to December 31st, 2020	01/04/2022

Z-LASER GmbH**Freiburg in Breisgau****Annual financial statements for the financial year from January 1st, 2020 to December 31st, 2020****Management report for the 2020 financial year****Z-LASER GmbH**

1. Fundamentals of the company

1. Business Model

Z-LASER GmbH is entered in the commercial register under HRB 3451, District Court of Freiburg. The object of the company is the development, manufacture and sale of opto-electronic devices, in particular laser sources and beam systems. The company is based at Merzhauser Strasse 134 in 79100 Freiburg. Furthermore, Z-LASER GmbH holds the majority of shares in Z-LASER Italia SRL in Brugherio, Italy and Z-LASER America Inc. in Vaudreuil-Dorion, Quebec, Canada. In June 2020, another subsidiary, Z-Laser Inc., was founded in Atlanta, Georgia, USA, whose sole owner is Z-LASER GmbH.

As of December 31, 2020, the company employed 104 people, including 8 trainees.

Z-LASER GmbH is active in the following business areas:

- Laser for positioning
- Lasers for image processing
- laser projectors

On December 31, 2020, the majority of shares in the company Z-LASER GmbH were sold by the previous sole shareholder and founder Kurt-Michael Zimmermann to Union-Park Capital (UPC) from Boston in Massachusetts, USA. In the years to come, UPC intends to group a portfolio of strategically appropriate companies around Z-Laser in order to build up a strong range of services for customers of industrial lasers and optical assemblies. In the medium and long term, this new ownership structure should help Z-LASER GmbH to play a stronger role in the world market and successfully continue the growth of the past decades.

1. Research and Development

Z-LASER GmbH develops lasers and laser projectors as well as customer-specific laser systems. The laser light is usually generated by a semiconductor laser diode and focused to the desired distance by suitable optics and projected onto the desired shape (line, cross, scale, etc.) or, in the case of a laser projector with galvanometric mirrors, moved on a specific path .

Z-LASER GmbH offers a wide range of standard products with a large number of variants (see www.z-laser.com). This product portfolio is constantly being expanded / improved by the development department. Furthermore, Z-LASER GmbH offers the development of customer-specific laser assemblies, which are usually integrated into a customer's device or machine.

Since the technology used (laser, optics, electronics, software, etc.) is constantly evolving and since new applications for lasers are constantly emerging on the world market, the successful development of new laser systems is a very central and crucial activity at Z-LASER GmbH. Two departments deal with this activity:

The development department with the disciplines optics, electronics, mechanical construction and software develops new laser products.

The process technology department develops the manufacturing processes and systems required for these new products and oversees the start of series production of new products.

The most important development projects in the 2020 financial year were:

- The development of a customer-specific line laser based on a MEMS mirror and the associated manufacturing technology
- The customer-specific development of a 3D scanner family and the associated manufacturing technology
- The further development of a customer-specific fiber laser for metrological use
- The adaptation of the software and hardware of the ZLP2 laser projector to the needs of a new mechanical engineering customer
- the work on 3 funding projects for the development of novel beam sources and laser projectors

At the end of the 2020 financial year, a total of 30 employees (including 4 trainees) and thus 29% of the workforce were working in the development and process technology departments. In total, around EUR 1.9 million and thus 15% of annual sales were invested in research and development (personnel costs and material costs).

1. Economic report

1. Macroeconomic and industry-related conditions

The three business areas of Z-LASER GmbH sell their products primarily in the following sectors:

construction industry	(approx. 20%)
medical technology	(approx. 15%)
plant construction	(about 10-15%)
Automobile industry, especially tire production	(approx. 10%)

At the beginning of the 2020 financial year, the weak economic situation from the fourth quarter of 2019 initially continued. From March onwards, the 2020 financial year was then dominated by the effects of the **COVID-19 pandemic**. Starting in China, the COVID-19 virus spread worldwide at great speed at the beginning of the year and led to an increasing number of infections in Germany in March. Initially, mortality rates of 2-5% were determined for those infected and older people in particular were at great risk from the virus. All trade fairs, business trips, etc. came to a complete standstill. The physical gathering of several people in a closed room had to be avoided completely. Meetings could only take place via video conferencing tools. Hotels, restaurants, retail, schools and much more. were closed for months. By shutting down public life ("lock-down"), it was possible to keep the frequency of infection within a framework that the health system can cope with. The federal government provided enormous funds for the rescue of companies that were particularly affected by the pandemic. A help that was relevant for Z-Laser was the increase in the short-time allowance, in which the social benefits for the employees were also taken over by the state in addition to the gross wage. As a further measure against the spread of the pandemic, companies were forced to move a large part of their office work to their employees' homes within a few weeks (home office or mobile working). Those companies that were technically prepared for this were at a clear advantage.

Germany's gross domestic product in 2020 fell by -4.9% compared to the previous year. In the second quarter, around 6 million people were temporarily on short-time work. The number of unemployed in Germany rose by 500,000 (source: economic report from the Ministry of Economics).

The construction industry was less affected by the pandemic (see economic report). After the initial phase was over, the construction sites could be continued. The pandemic confirmed the high and crisis-proof value of real estate compared to other forms of investment. Medical technology also proved to be largely independent. Plant construction and the automotive industry recorded significant losses. Industrial production in Germany fell by -10.6% in 2020 compared to the previous year (see economic report). The turnover of the VDMA reference group "Industrial Image Processing", which Z-Laser has followed over the past 10 years, fell by -9% in 2020 compared to the previous year.

1. Business Development and Situation

Z-LASER GmbH achieved sales of almost €12.8 million in 2020, which was -9.8% below the previous year. The plan to keep sales at the level of 2019 (€14.1 million) could not be implemented due to the corona pandemic. Such a significant slump had previously only been recorded in 2008/9, during the global financial crisis. In detail, the first and third quarters were weak in an overall comparison at around €3 million, the second quarter was very weak at around €2.8 million and the fourth quarter was good with sales of €3.8 million. The first quarter shows the economic environment before the onset of the crisis for Z-Laser. In the second quarter the crisis occurs, there is a slight recovery in the third quarter and a very clear recovery in the fourth quarter. Orders received in 2020 followed the same course.

Broken down to the business units, the following picture emerged:

Positioning business field	€3.6 million	(-10%)
Image processing business field	€5.4 million	(-15%)
Business area laser projectors	€3.8 million	(+20%)

compared to the previous year. The positioning area turned out to be slightly affected, the image processing area was very clearly affected by the crisis and the laser projectors area was even able to significantly increase its sales despite the crisis.

The success of the laser projectors division is essentially due to the acquisition of a major customer in North America whose products are used in the construction industry. Conversely, the poor performance of the image processing division was reinforced by the loss of a major customer in 2019 and by the dependence of a major customer on investment activity in the German automotive industry, which is in transition.

Z-Laser responded to the sanitary and economic challenges of the COVID-19 pandemic as follows:

- In response to the slump in incoming orders and significantly reduced capacity utilization in all areas of the company, Z-Laser GmbH introduced short-time work from March 23, 2020 to September 30, 2020. The workload was reduced to 50% for about 2

months and then to about 75% in the following months. There were exceptions in development due to strategically important projects.

- In production, the occupancy and thus the probability of infection was reduced by forming teams with shifted working hours.
- The office activities were alternately shifted to the home office.
- Meetings with more than 3 people were prohibited.
- Additional foil walls were clamped and personal areas for employees were marked in order to minimize the potential for infection and to give employees the opportunity to work in their place without a mask.
- Hygiene rules with a minimum distance of 1.5m, regular hand washing, disinfecting the workplace and much more. were introduced.
- Wearing a medical face mask has become mandatory when moving inside the building.
- Presence and regular appointments such as shop floor meetings have been replaced by video conferences.

By using short-time work, Z-Laser was able to significantly reduce personnel costs and keep the company from financial damage.

As a result, the operating result (net income before income taxes and interest) in 2020 was kept almost at the level of the previous year.

The hygiene rules and, above all, the high level of cooperation among the employees prevented the pandemic from breaking out in the company and allowed Z-Laser to continue business activities without interruption.

1. Results of operations

Sources of results	2020 (T€)	2019 (T€)	change	%
operating result	1,001	1,097	-96	-8.7%
interest result	-12	-15	3	-19.9%
tax result	-310	-311	1	-0.4%
annual result	678	772	-94	-12.2%

The result for the year was T€ 678. At 7.8% of sales, the operating result is above the figure of just under 7% forecast last year.

1. Financial condition

Equity increased by €198k compared to the previous year. The equity ratio is now 63.4% in 2020 (previous year: 63.2%).

The financial liabilities > 1 year have further decreased due to the repayment of the existing loans. Two promotional loans from L-Bank were in the approval process as of December 31, 2020, and no payments were made in the 2020 financial year.

EBITDA increased slightly from 9.6% in 2019 to 10.0% in 2020. Taking into account the build-up of inventories and receivables as well as loan repayments and appropriation of profits, cash and cash equivalents fell from EUR 1,127 thousand to EUR 719 thousand.

The focus in the following financial years should primarily be on increasing profitability and an improved and increasing liquidity situation.

1. Assets

Significant Balance Sheet Items	2020 (T€)	2019 (T€)	change	%
assets				
Capital assets	912	967	- 55	-5.7%
current assets	4,539	3,765	774	20.5%
liquid funds	719	1.127	- 408	-36.2%
liabilities				
Equity capital	3,928	3,730	198	5.3%
accruals	1,622	1,458	164	11.2%
liabilities	620	710	- 90	-12.7%
total assets	6.194	5,898	296	5.0%

Fixed assets fell slightly, investment activities fell slightly due to a year shaped by Corona.

In addition to trade receivables and other assets, current assets also include inventories. Due to an increase in trade receivables and an increase in inventories, current assets have risen compared to the previous year.

The increase in inventories is due, among other things, to a sharp increase in the order backlog at the end of the year and the associated procurement of materials. A strong first quarter of 2021 was already apparent in Q4 2020. Procurement had to be initiated for this in Q4 2020.

The cost of materials ratio includes services for development services offered on the sales side and services purchased on the expense side.

Due to a very good month in December 2020 with sales of almost EUR 1.6 million, receivables increased accordingly as of December 31, 2020.

1. Financial performance indicators

In terms of financial performance indicators, our focus is on:

- incoming orders,
- sales development and
- operating result

Incoming orders in 2020 were EUR 15.0 million and thus significantly higher than annual sales due to important blanket orders received in the fourth quarter.

1. Overall statement

Z-LASER GmbH was able to prove its crisis resilience in 2020. Despite a significant slump in sales, incoming orders, financial results and cash and cash equivalents remained at a good level. Our assessment remains valid that our net assets, financial position and results of operations can be assessed as satisfactory but with room for improvement. Z-LASER GmbH wants to increase its profitability with the help of sales growth in focus industries.

1. Forecast Report

We see ourselves as part of the photonics industry in a fundamentally growing market environment. This is mainly driven by the increasing automation of the industry and the sensors and displays required as a result. New applications for lasers that are accessible to Z-LASER are still being found. Traditional fields of application (positioning lasers) for lasers are still in existence, but are increasingly being attacked by competitors from Asia. New laser sources (laser diodes with better visible wavelengths, VCSEL or similar) and optical elements (aspheric lenses, cheaper manufacturing methods, MEMS mirrors) allow the development of new and functionally improved products.

We believe that business success in our industry will be determined by appropriately adapting products to new customer needs, appropriately utilizing new emerging technologies and working professionally with leading OEM customers. Accordingly, we invest in building a competent and motivated workforce, in technology and product development, and in more professional processes and procedures. Furthermore, we want to better understand the opportunities in our 3 business areas and focus our resources on realizing them.

In the coming 2021 financial year, we want to compensate for the decline in sales from 2020 and return to the sales level of €14 million. We assume that the vaccines developed against the COVID-19 pandemic can be used to build up herd immunity in Europe and North America by autumn 2021, thereby gradually reducing the disruptions to the global economy caused by the pandemic. There is potential for the crisis to be followed by a multi-year recovery or upswing. Accordingly, we expect a positive business climate in 2021 with a good first half and a strong second half. We want to use our good economic situation to

Due to these investments and rising personnel costs, we expect an operating result (net income before interest and taxes) of around 5% of sales, but we want to increase this significantly in the years to come.

1. Opportunity and risk report

Z-LASER now generates 80% of its sales in Europe. In the medium term we see significant opportunities in strengthening our market presence in North America and establishing new business partners and distributors in this region.

There are further interesting opportunities for Z-LASER in the development of customer-specific laser systems for OEM customers in the field of image processing. We were able to win two important projects and in 2020 we were able to carry out the majority of the necessary product development. These projects and customer relationships should have a positive impact on our sales from 2021.

Finally, Z-LASER is working on improving the new ZLP generation of laser projectors. It features a modern software architecture and is intended, among other things, to open up the potentially high-volume market for assembly assistance systems.

In order to be able to take advantage of these opportunities, we intend to take out a low-interest loan in 2021.

The financial instruments used mainly include receivables, liabilities and bank balances.

We consider the risk of bad debts to be low. We minimize it by checking the creditworthiness of new customers and continuously checking the receivables of existing customers.

We rate our currency risk (above all the USD/EUR exchange rate) as moderate, since income and expenditure in US dollars are roughly balanced. If the establishment of US business is successful and thus the US dollar revenue increases, we will implement appropriate currency hedging.

Against the background of our high equity ratio, a new and financially strong investor and the long-term attractiveness of our business field, we do not expect any risks that would fundamentally endanger the continued existence of Z-LASER GmbH.

The COVID-19 pandemic represents a turning point for the global economy. There is reason to hope that the pandemic will help to correct inefficient structures and business models and thus allow a new phase of growth in the coming years. We believe that innovative laser products will attract increasing customer interest because they can be used to increase the efficiency of production processes.

Fribourg, July 2021

The Board

balance sheet

assets

	12/31/2020 EUR	12/31/2019 EUR
A. Fixed assets	911,504.06	966,625.62
I. Intangible assets	25,363.65	48,503.77
1. other intangible assets	25,363.65	48,503.77
II. Tangible assets	782,935.94	814,513.75
1. technical systems and machines	567,099.66	568,804.75
2. Other facilities, fixtures and fittings	215,836.28	245,709.00
III. financial assets	103,204.47	103,608.10
1. Shares in affiliated companies	85,699.41	84,880.07
2. Loans to affiliated companies	17,249.41	18,472.38
3. other financial assets	255.65	255.65
B. Current Assets	5,257,099.44	4,891,880.46
I. Inventories	2,824,861.34	2,339,546.94
II. Receivables and other assets	1,713,639.99	1,425,302.15
1. Receivables from affiliated companies	613,587.82	472,894.04
2. Other receivables and other assets	1,100,052.17	952,408.11
III. Cash on hand, Bundesbank balances, bank balances and checks	718,598.11	1,127,031.37
C. Prepaid expenses	25,884.30	39,508.98
Total assets, total assets	6,194,487.80	5,898,015.06

liabilities

	12/31/2020 EUR	12/31/2019 EUR
A. Equity	3,928,214.94	3,729,993.29
I. Drawn capital	100,000.00	100,000.00
II. Retained Earnings	450,000.00	450,000.00
III. retained profit	3,378,214.94	3,179,993.29
B. Provisions	1,621,748.59	1,458,012.65
C. Liabilities	619,524.27	710,009.12
1. Liabilities to banks	58,671.53	107,335.96
2. other liabilities	560,852.74	602,673.16
D. Accruals and Accruals	25,000.00	0.00
Balance sheet total, total liabilities	6,194,487.80	5,898,015.06

Profit and Loss Account

	1/1/2020 - 12/31/2020 EUR	1/1/2019 - 12/31/2019 EUR
1. Raw Score	8,071,723.25	9,086,083.20
2. Personnel expenses	4,944,763.56	5,503,863.82
a) Wages and salaries	4,180,847.14	4,564,029.59
b) social security contributions and expenses for pensions and for assistance of that for pensions	763,916.42 7,675.61	939,834.23 9,559.33
3. Depreciation	271,599.85	257,645.25
a) Depreciation of intangible assets and property, plant and equipment	271,599.85	257,645.25
4. other operating expenses	1,853,399.90	2,375,694.25
5. Income from participations	0.00	150,000.00
6. other interest and similar income	316.24	2,672.34
thereof from affiliated companies	310.49	443.34
7. Depreciation of financial assets and marketable securities	1,222.97	0.00
8. Interest and Similar Expenses	12,052.38	17,323.54
thereof from discounting	10,319.00	12,107.00
9. Income Taxes	309,528.18	310,644.50
10. Earnings after taxes	679,472.65	773,584.18
11. other taxes	1,251.00	1,440.73
12. Net Income	678,221.65	772,143.45

Appropriation of earnings

	1/1/2020 - 12/31/2020 EUR	1/1/2019 - 12/31/2019 EUR
12. Net Income	678,221.65	772,143.45
13. Profit carried forward from the previous year	2,699,993.29	2,657,849.84
14. Allocations to retained earnings	0.00	250,000.00
a) to other retained earnings	0.00	250,000.00
15. Retained Earnings	3,378,214.94	3,179,993.29

Appendix for the 2020 financial year**A. General information about the financial statements**

The company is entered in the commercial register at the district court of Freiburg im Breisgau, no. HRB 3451 under the name Z-LASER GmbH. The company's headquarters are in Freiburg im Breisgau.

The annual financial statements of Z-LASER GmbH were prepared on the basis of the accounting regulations of the German Commercial Code (HGB) and the supplementary regulations of the law concerning limited liability companies (GmbHG).

The company is a medium-sized corporation within the meaning of Section 267 (2) HGB.

The profit and loss account is structured according to the nature of expense method (§ 275 Para. 2 HGB).

B. Information on accounting and valuation methods

The annual financial statements of Z-LASER GmbH were prepared in accordance with the accounting and valuation regulations of the German Commercial Code and the supplementary regulations of the GmbHG.

The following accounting and valuation methods were applied to the balance sheet items:

Capital assets

Acquired intangible assets were recognized at acquisition cost and, if they are subject to wear and tear, valued less scheduled straight-line depreciation. The customary useful lives were set at two to six years.

Property, plant and equipment were valued at acquisition cost or production cost and, if their use is limited in time, reduced by scheduled straight-line depreciation. The customary useful lives were set at three to 20 years.

Movable fixed assets up to a value of EUR 800.00 are written off in full in the year of acquisition. The disposal of these assets is assumed in the year of acquisition.

Financial assets were valued at acquisition cost.

Financial assets that cannot be accessed by all other creditors and are used exclusively to meet pension obligations are measured at fair value and offset against the provisions for pensions and similar obligations.

current assets

Raw materials and supplies are valued at acquisition cost.

Work in progress and finished goods are valued at production cost. The production costs include the individual costs, appropriate parts of the material overheads, the production overheads and the depreciation of the fixed assets, insofar as this is caused by the production.

In the case of inventories, where relevant, reductions are made for risks from usability, taking into account the duration of storage.

Goods are valued at their acquisition cost.

Receivables and other assets were stated at their nominal value. Recognizable individual risks are taken into account through individual value adjustments.

A general bad debt allowance was formed to cover the general credit risk associated with trade accounts receivable.

Business transactions in foreign currency are posted at the respective daily exchange rate. Receivables in foreign currencies with a remaining term of no more than one year are valued at the mean spot exchange rate on the balance sheet date. In other cases, only any exchange rate losses on the balance sheet date are taken into account.

Cash on hand and bank balances are stated at their nominal value.

liabilities

A provision was made for uncertain liabilities from pension obligations. The pension provision was valued according to actuarial principles using the pension present value method or the modified partial value.

Tax accruals and other accruals are valued at the settlement amount required according to prudent business judgement. With a term of more than one year, future price and cost increases are taken into account in the amount of the general inflation rate and discounted to the balance sheet date.

The discount rates used are the average market interest rates for the past seven financial years, which correspond to the remaining terms of the provisions, as determined and published monthly by the Deutsche Bundesbank in accordance with the Provision Discounting Ordinance.

Where discounted amounts were insignificant, discounting was not applied.

Liabilities were recognized at the settlement amount.

Business transactions in foreign currency are posted at the respective daily exchange rate. Liabilities in foreign currencies with a remaining term of no more than one year are valued at the mean spot exchange rate on the balance sheet date. In other cases, only any exchange rate losses on the balance sheet date are taken into account.

continuity

The accounting and valuation methods have remained unchanged compared to the previous year.

C. Balance Sheet Disclosures

Capital assets

The breakdown and development of fixed assets in 2020 can be found in the following fixed asset movement schedule.

	Acquisition and production costs 01/01/2020 euros	Additions euros	of which FK interest in euros	departures euros	Transfers in euros	Acquisition and production costs 12/31/2020 euros
Capital assets						
Intangible assets						
Other intangible assets	277,376.71	9,144.00	0.00	0.00	0.00	286,520.71
Total intangible assets	277,376.71	9,144.00	0.00	0.00	0.00	286,520.71
Property, plant and equipment						
Technical equipment and machinery	1,728,721.38	180,503.97	0.00	3,306.00	0.00	1,905,919.35
Other equipment, factory and office equipment	730,734.21	35,596.11	0.00	36,621.42	0.00	729,708.90
Total property, plant and equipment	2,459,455.59	216,100.08	0.00	39,927.42	0.00	2,635,628.25
financial assets						
Shares in affiliated companies	84,880.07	819.34	0.00	0.00	0.00	85,699.41
Loans to affiliated companies	25,062.98	0.00	0.00	0.00	0.00	25,062.98
Other financial assets	255.65	0.00	0.00	0.00	0.00	255.65
Total financial assets	110,198.70	819.34	0.00	0.00	0.00	111,018.04
Total Fixed Assets	2,847,031.00	226,063.42	0.00	39,927.42	0.00	3,033,167.00
	accumulated depreciation 01/01/2020 euros	Depreciation fiscal year euros	Additions euros	departures euros	Transfers in euros	accumulated depreciation 12/31/2020 euros
Capital assets						
Intangible assets						
Other intangible assets	228,872.94	32,284.12	0.00	0.00	0.00	261,157.06
Total intangible assets	228,872.94	32,284.12	0.00	0.00	0.00	261,157.06
Property, plant and equipment						
Technical equipment and machinery	1,159,916.63	179,835.78	0.00	932.72	0.00	1,338,819.69
Other equipment, factory and office equipment	485,025.21	59,479.95	0.00	30,632.54	0.00	513,872.62
Total property, plant and equipment	1,644,941.84	239,315.73	0.00	31,565.26	0.00	1,852,692.31
financial assets						
Shares in affiliated companies	0.00	0.00	0.00	0.00	0.00	0.00
Loans to affiliated companies	6,590.60	1,222.97	0.00	0.00	0.00	7,813.57
Other financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Total financial assets	6,590.60	1,222.97	0.00	0.00	0.00	7,813.57
Total Fixed Assets	1,880,405.38	272,822.82	0.00	31,565.26	0.00	2,121,662.94

Write-ups fiscal year euros	Book value 12/31/2020 euros	Book value 12/31/2019 euros
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Capital assets		
Intangible assets		
Other intangible assets	0.00	25,363.65
Total intangible assets	0.00	25,363.65
Property, plant and equipment		
Technical equipment and machinery	0.00	567,099.66
Other equipment, factory and office equipment	0.00	215,836.28
Total property, plant and equipment	0.00	782,935.94
financial assets		
Shares in affiliated companies	0.00	85,699.41
Loans to affiliated companies	0.00	17,249.41
Other financial assets	0.00	255.65
Total financial assets	0.00	103,204.47
Total Fixed Assets	0.00	911,504.06

The company holds the following investments within the meaning of Section 271 (1) HGB:

	stake %	Annual result thousand euros	Equity thousand euros
company headquarters			
Z-LASER ITALIA SRL, Cologno Monzese	77.5	114	468
Z-LASER AMERIQUES INC., Quebec	100.0	-24	-235
Z Laser Inc., Atlanta	100.0	0	1

Receivables and other assets

The balance sheet entry for receivables from affiliated companies includes an amount of EUR 613,587.82 (previous year: EUR 472,894.04), which also includes other receivables and other assets.

The item receivables from affiliated companies includes receivables with a remaining term of more than one year in the amount of EUR 7,358.47 (previous year: EUR 0.00). The item other receivables and other assets includes receivables with a remaining term of more than one year in the amount of EUR 21,000.00 (previous year: EUR 21,000.00).

Equity capital

The annual financial statements were drawn up after a partial appropriation of profits. The balance sheet profit includes a profit carried forward of EUR 2,699,993.29.

accruals

The provisions for pensions and similar obligations were calculated in accordance with recognized actuarial principles using the pension present value method or the modified partial value. The actuarial age of the beneficiaries at the beginning of the financial year of joining the company is used as the financing start age. The 2018G mortality tables by Klaus Heubeck were used as the biometric basis for calculation. The salary trend was taken into account with 0% pa, the pension trend with 0% pa.

The provision was valued in accordance with section 253 (2) sentence 2 HGB. An average market interest rate of 2.3% was used in the reporting year, which corresponds to the discount rate published by the Deutsche Bundesbank in accordance with the Provision Discounting Ordinance for a flat remaining term of 15 years.

The average market interest rate on which the valuation of the pension provisions is based was determined in accordance with the legal regulations from the past ten financial years.

The difference between the recognition of the provisions based on the average market interest rate from the past ten financial years and the recognition of the provisions based on the corresponding average market interest rate from the past seven years is EUR 24,199.00 and is not subject to distribution.

The obligations from pension commitments are partly covered by reinsurance claims, which are not accessible to all creditors and serve exclusively to meet the pension obligation. The reinsurance claims were offset against the corresponding obligations in the financial year in accordance with Section 246 (2) sentence 2 HGB.

The acquisition costs of the offset assets correspond to the fair value.

	Euro
settlement amount of the pension obligation	40,844.00
fair value of plan assets	-31,455.00
Net value of pensions and similar obligations	9,389.00

liabilities

The following presentation shows the remaining terms and security rights of the liabilities listed in the balance sheet.

	with a remaining term of				Amounts	Type and form of collateral
	Total *) euros	up to one year euros	more than a year euros	more than five years euros	secured in euros	
Liabilities to credit institutions	58,671.53	18,408.32	40,263.21	0.00	0.00	**)
	(107,335.96)	(52,424.98)	(54,910.98)	(0.00)	(72,186.00)	
Other liabilities	560,852.74	560,852.74	0.00	0.00	0.00	***)
	(602,673.16)	(602,673.16)	(0.00)	(0.00)	(0.00)	
buzz	619,524.27	579,261.06	40,263.21	0.00	0.00	
	(710,009.12)	(655,098.14)	(54,910.98)	(0.00)	(72,186.00)	

*) The figures in brackets are from the previous year.

**) Real estate liens

***) The remaining liabilities may be secured by retention of title.

Liabilities to shareholders are not shown separately in the balance sheet. The other liabilities item shown in the balance sheet is an amount of EUR 0.00 (previous year: EUR 34,091.39) and also a liability to shareholders within the meaning of Section 42 (3) GmbHG.

Other Financial Obligations

In addition to the liabilities shown in the balance sheet, the following other financial obligations exist:

Designation	Annual thousand euros	Total thousand euros
from tenancies	297	unlimited

D. Income Statement Disclosures

The following expenses and income arose in connection with the assets and liabilities to be offset in accordance with Section 246 (2) HGB (pension provision), which are reported net in the item personnel expenses:

	Euro
Change in asset value	1,195.00
change provision	1,382.00
personnel expenses	-187.00

The item other operating income includes EUR 22 thousand (previous year: EUR 26 thousand) from currency conversion.

The item other operating expenses includes EUR 125 thousand (previous year: EUR 16 thousand) from currency conversion.

E. Other information

The average number of employees in the financial year was:	Number
Commercial and technical employees	49
Wage earners	45
In total	94

The calculation was made in accordance with Section 267 (5) HGB.

Managing Director was in the 2020 financial year

Dr. Hans Ebinger (physicist, full-time managing director of Z-LASER GmbH).

During the financial year, the members of the Advisory Board included:

Mr. Kurt-Michael Zimmermann (Chairman) (independent entrepreneur)

Dr. Dieter Pauschinger (physicist, managing director)

Dr. Ralf Lauterbach (management consultant)

The Advisory Board was dissolved in the fourth quarter of the financial year.

Fribourg, July 14, 2021

signed Dr. Hans Ebinger, Managing Director

other report components

Appropriation of earnings according to the resolution of the shareholders' meeting:

The balance sheet profit of EUR 3,378,214.94 (profit carried forward of EUR 2,699,993.29 plus net income for the 2020 financial year of EUR 678,221.65) will be carried forward to new account.

Information on the determination:

The annual financial statements were approved on July 30, 2021.

The above annual financial statements are the abridged version for disclosure purposes in accordance with § 327 HGB. The following audit opinion was issued for the complete annual financial statements and the management report:

Independent Auditor's Report

To Z-LASER GmbH, Freiburg

audit opinions

Wir haben den Jahresabschluss der Z-LASER GmbH, Freiburg – bestehend aus der Bilanz zum 31. Dezember 2020 und der Gewinn- und Verlustrechnung für das Geschäftsjahr vom 1. Januar 2020 bis zum 31. Dezember 2020 sowie dem Anhang, einschließlich der Darstellung der Bilanzierungs- und Bewertungsmethoden – geprüft. Darüber hinaus haben wir den Lagebericht der Z-LASER GmbH für das Geschäftsjahr vom 1. Januar 2020 bis zum 31. Dezember 2020 geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse

- entspricht der beigefügte Jahresabschluss in allen wesentlichen Belangen den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften und vermittelt unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2020 sowie ihrer Ertragslage für das Geschäftsjahr vom 1. Januar 2020 bis zum 31. Dezember 2020 und
- vermittelt der beigefügte Lagebericht insgesamt ein zutreffendes Bild von der Lage der Gesellschaft. In allen wesentlichen Belangen steht dieser Lagebericht in Einklang mit dem Jahresabschluss, entspricht den deutschen gesetzlichen Vorschriften und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar.

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Jahresabschlusses und des Lageberichts geführt hat.

Grundlage für die Prüfungsurteile

Wir haben unsere Prüfung des Jahresabschlusses und des Lageberichts in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt „Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts“ unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zum Jahresabschluss und zum Lagebericht zu dienen.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und den Lagebericht

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses, der den deutschen, für Kapitalgesellschaften geltenden handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht, und dafür, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.

Außerdem sind die gesetzlichen Vertreter verantwortlich für die Aufstellung des Lageberichts, der insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt. Ferner sind die gesetzlichen Vertreter verantwortlich für die Vorkehrungen und Maßnahmen (Systeme), die sie als notwendig erachtet haben, um die Aufstellung eines Lageberichts in Übereinstimmung mit den anzuwendenden deutschen gesetzlichen Vorschriften zu ermöglichen, und um ausreichende geeignete Nachweise für die Aussagen im Lagebericht erbringen zu können.

Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, und ob der Lagebericht insgesamt ein zutreffendes Bild von der Lage der Gesellschaft vermittelt sowie in allen wesentlichen Belangen mit dem Jahresabschluss sowie mit den bei der Prüfung gewonnenen Erkenntnissen in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt, sowie einen Bestätigungsvermerk zu erteilen, der unsere Prüfungsurteile zum Jahresabschluss und zum Lagebericht beinhaltet.

Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Jahresabschlusses und Lageberichts getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus

- identifizieren und beurteilen wir die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Jahresabschluss und im Lagebericht, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können;
- gewinnen wir ein Verständnis von dem für die Prüfung des Jahresabschlusses relevanten internen Kontrollsystem und den für die Prüfung des Lageberichts relevanten Vorkehrungen und Maßnahmen, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieser Systeme der Gesellschaft abzugeben;
- beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben;
- ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die bedeutsame Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss und im Lagebericht aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser jeweiliges Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen, dass die Gesellschaft ihre Unternehmenstätigkeit nicht mehr fortführen kann;
- beurteilen wir die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrundeliegenden Geschäftsvorfälle und Ereignisse so darstellt, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt;
- beurteilen wir den Einklang des Lageberichts mit dem Jahresabschluss, seine Gesetzesentsprechung und das von ihm vermittelte Bild von der Lage der Gesellschaft;
- führen wir Prüfungshandlungen zu den von den gesetzlichen Vertretern dargestellten zukunftsorientierten Angaben im Lagebericht durch. Auf Basis ausreichender geeigneter Prüfungsnachweise vollziehen wir dabei insbesondere die den zukunftsorientierten Angaben von den gesetzlichen Vertretern zugrunde gelegten bedeutsamen Annahmen nach und beurteilen die sachgerechte Ableitung der zukunftsorientierten Angaben aus diesen Annahmen. Ein eigenständiges Prüfungsurteil zu den zukunftsorientierten Angaben sowie zu den zugrundeliegenden Annahmen geben wir nicht ab. Es besteht ein erhebliches unvermeidbares Risiko, dass künftige Ereignisse wesentlich von den zukunftsorientierten Angaben abweichen.

We discuss with those charged with governance, among other things, the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

Freiburg im Breisgau, July 19, 2021

MORISON Riedlinger AG
auditing company

Kischel-Leibrecht, auditor

Dressler, auditor