

## Suchergebnis

Name	Bereich	Information	V.-Datum
Heinrich Georg GmbH Maschinenfabrik Kreuztal	Rechnungslegung/ Finanzberichte	Jahresabschluss zum Geschäftsjahr vom 01.01.2020 bis zum 31.12.2020	15.12.2021

**Heinrich Georg GmbH Maschinenfabrik**

Kreuztal

**Jahresabschluss zum Geschäftsjahr vom 01.01.2020 bis zum 31.12.2020****Lagebericht Geschäftsjahr 2020****1. Wirtschaftliches Umfeld und Branchenentwicklung**

Die Heinrich Georg GmbH Maschinenfabrik (GEORG) ist ein familiengeführtes, mittelständisches Maschinenbauunternehmen. Der Tätigkeitsschwerpunkt der eingerichteten drei Geschäfts- / Produktbereiche liegt in der Herstellung und im Vertrieb von Bandanlagen für die Stahl- und NE-Metalle herstellende und verarbeitende Industrie, von Produktionsanlagen für die Transformatorenindustrie sowie von Sonderwerkzeugmaschinen. Mit einer Exportquote von über 80 % ist GEORG auf stabile wirtschaftliche und politische Rahmenbedingungen angewiesen.

Das zurück liegende Geschäftsjahr 2020 ist geprägt durch den Schock der COVID-19-Pandemie. Dies war verbunden mit großer wirtschaftlicher Unsicherheit, Reiserestriktionen und dem (teilweisen) Zusammenbruch von Lieferketten. Die Auftragseingänge fielen im zweiten Quartal um ein Viertel, die Produktion schrumpfte um ein Fünftel. Damit war der Tiefpunkt allerdings erreicht - seit dem Herbst 2020 ging es wieder langsam bergauf. (Quelle: Commerzbank)

Im Maschinen- und Anlagenbau setzte sich im Dezember 2020 der leicht positive wirtschaftliche Trend der Vormonate fort. Für das Gesamtjahr 2020 verzeichnet der VDMA jedoch den stärksten Rückgang seit der Finanzkrise 2008/09. Die globalen, von Corona verursachten Schwierigkeiten zeigen sich deutlich im Auftragseingang. Während die Inlandsbestellungen 2020 um 6 % unter dem Vorjahresniveau blieben, kamen aus dem Ausland 13 % weniger Bestellungen. Euro-Länder (-11 %) und Nicht-Euro-Länder (-13 %) liegen dabei fast gleichauf.

Im Dezember 2020 konnten die Unternehmen der Branche ein Auftragsplus von real 7 % im Vergleich zum Vorjahresmonat verbuchen. Dabei spielte einmal mehr die niedrige Ausgangsbasis des Vorjahrs eine Rolle. Im Dezember entwickelten sich die Bestellungen aus dem In- und Ausland gleichermaßen positiv, beide legten um 7 % zum Vorjahr zu.

Im Krisenjahr 2020 ist die Produktion im Maschinen- und Anlagenbau um 12,1 % gesunken. Für das laufende Jahr 2021 rechnet der VDMA unverändert mit einem realen Produktionszuwachs von 4 %. Dies stellt angesichts des Rückgangs im Vorjahr nur den Beginn einer Aufholphase dar. Umsätze beliefen sich 2020 auf 217,4 Milliarden Euro und damit 11 % weniger als im Vorjahr. (Quelle: Feri)

Dazu im Vergleich: Nach vorläufigen Zahlen hat die Maschinenproduktion in China um fast 6 % zulegt. In den USA schrumpfte sie um 9 % und in Japan um 12 %. (Quelle: Commerzbank)

2021 soll der deutsche Maschinenbau laut Prognose des VDMA um 7 % wachsen - eine Eindämmung der Corona-Pandemie im Verlauf des Jahres durch massive Impfungen der Bevölkerung und eine schrittweise Rückkehr zur gesellschaftlichen und wirtschaftlichen Normalität in der zweiten Jahreshälfte ist dabei vorausgesetzt. Der Preisdruck, der aus dem Kampf um Aufträge im letzten Jahr rührt, wird sich 2021 in den Ergebnissen auswirken. (Quelle: Commerzbank)

Es wird davon ausgegangen, dass das Vorkrisen-Niveau erst im Jahr 2023 erreicht werden kann. Dies wird aber nur unter einem wachsenden Preiswettbewerb als große Herausforderung der Zukunft stattfinden. Die Abhängigkeit von einzelnen Abnehmermärkten (z.B. China) wird dabei augenfällig. Der Wettbewerb, vor allem im Mid-Tech-Segment, wird stetig ausgeprägter. Gerade in Schwellenländern gibt es immer mehr lokale Anbieter, die Serienlösungen mit ausreichender Qualität zu einem attraktiven Preis anbieten können („good enough“). (Quelle: VDMA, Commerzbank)

Der Umsatz chinesischer Produzenten hat sich in den vergangenen 10 Jahren vervierfacht, ihr Anteil am Weltmarkt mehr als verdoppelt.

So lagen im vergangenen Jahr chinesische Maschinenbauer in der Rangliste der größten Exporteure erstmals weltweit an der Spitze. Damit hat China Deutschland als „Exportweltmeister“ abgelöst. China hat die Coronakrise genutzt, um schneller wieder liefern zu können als der europäische Wettbewerb, der mit den Auswirkungen der verschiedenen Lockdowns zu kämpfen hat.

Ziel von Chinas Strategie "Made in China 2025" ist es, die Volksrepublik zum Konkurrenten um die weltweite Technologievorherrschaft aufzubauen, etwa bei intelligenter Fertigung und Robotik. Dazu unterstützt die chinesische Politik einheimische Unternehmen durch vorteilhafte Finanzierungsangebote, gestützte Preise oder einen limitierten Zugang zu Ausschreibungen.

It is only possible to set a counterpoint here if a strategy using digitization, strengthening automation and a focus on energy-saving technologies can be countered. In particular, the Green Deal of the EU Commission represents an opportunity for mechanical engineering in this context. Due to increasingly strict environmental regulations and the simultaneous promotion of environmentally friendly technologies, many industrial companies are required to invest in new plants with lower CO2 emissions.

The VDMA is hoping for a similar development in the USA, where President Donald Trump was replaced by democratic competitor Joe Biden.

The conversion of US industry to a climate-oriented economy announced by the Democrats represents a new opportunity for European mechanical engineering in the USA. The hope for more honesty and reliability associated with the change in presidency will lead to a stabilization of relations with the USA lead. Nevertheless, it remains questionable whether the new administration will really turn away from Trump's protectionism.

Free world trade is vital for mechanical engineering - and also for GEORG. Currently, 35% of German exports to third countries are affected by trade barriers. (Source: VDMA)

An important role is played by China and the USA, which each account for around eleven percent of German machine exports - and have maneuvered each other into a trade conflict in recent years through ongoing protectionist policies. This continues to be an important trade barrier for 2021.

## 2. Course of business and position of the company

### a. incoming orders

With the three operational business areas of transformer systems (transformer), conveyor systems (conveyor belt) and machine tools (WZM), which are subject to different economic cycles, the company has a robust structure that is suitable for mutually compensating for over- and underutilization.

The company's incoming orders decreased in the 2020 financial year. At €70.0 million, incoming orders were €5.4 million below the figure for the previous year (previous year). While the transformer product area increased significantly compared to the previous year, the order intake in the strip and WZM areas fell noticeably.

Order intake in 2020 was heavily influenced by the COVID-19 pandemic. For large parts of the financial year, pending investment decisions by our customers were either not made or only made with considerable delays. The lack of travel options under pandemic conditions can be partially offset by video conferences. However, personal customer contact - especially in technically complicated and commercial matters - cannot be compensated for.

This situation will basically continue in 2021. Despite corresponding difficulties in market cultivation due to the lack of travel activities and noticeable delays in the awarding of orders by customers, order intake in the first half of 2021 was positive compared to the same period in the previous year. Inquiries from customers are picking up, especially in the strip product area, accompanied by a reported peak in capacity utilization in the metal producing and processing industry, while there is still a great deal of reluctance to make decisions in the machine tool and transformer areas.

With regard to the orders won in 2020/2021, customers of European origin are clearly signing more orders than their competitors in China - apart from individual decisions - and North America.

At the time of writing, the COVID-19 pandemic has not resulted in any production stoppages, order cancellations and supply chain disruptions for GEORG.

The order backlog as of December 31, 2020 in the amount of €84.3 million decreased by €4.2 million compared to the previous year. However, booked orders extend into 2022 and give the company extensive planning security and freedom of action.

For the 2021 financial year, the company currently expects sales of more than €81 million. After the weak year 2020 in terms of sales, the company is falling short of expectations, but is back in the sales structure that was regularly realized before.

### b. earnings situation

	2020		2019		change k€
	k€	%	k€	%	
revenues	74,283	96.3	90,540	102.4	-16,257
stock change	-2,547	-3.3	-2,898	-3.3	351
Other own work capitalized	3,426	4.4	327	0.4	3,099
Other company income	1,980	2.6	458	0.5	1,522
overall performance	77,142	100.0	88,427	100.0	-11,285
cost of materials	-32,989	-42.8	-44,314	-50.1	11,325
gross profit	44,153	57.2	44,113	49.9	40
Operating Expenses	-42,365	-54.9	-47,849	-54.1	5,484
operating result	1,788	2.3	-3,736	-4.2	5,524
financial result	-133	-0.2	179	0.2	-312
neutral result	0	0.0	0	0.0	0
Earnings before income taxes	1,655	2.1	-3,557	-4.0	5,212
income taxes	-1	0.0	654	0.7	-655
company result	1,654	2.1	-2,903	-33	4,557

At €74.3 million, sales were €16.3 million lower than in the previous year. With weaker sales in the product areas of transformers and tapes, it is possible to achieve an almost comparable sales level in all three business units thanks to a significant increase in sales in the product area of WZM. For the first time in years, sales from the spare parts and service business, which are always realized at short notice, are -10% below the previous year's level under pandemic conditions.

At €2.0 million, other operating income is €1.5 million higher than in the previous year. The increase is mainly due to higher income from the reversal of pension provisions (+ €0.8 million) and general provisions (+ €0.3 million).

Expenses for extensive development projects were again capitalized in the financial year. First of all, the successful realization of a self-developed lateral milling machine in mechanical production should be mentioned. Own work capitalized amounts to a total of €3.4 million.

At €-2.5 million, changes in inventories are € 0.4 million higher than in the previous year. This results in a total output of €77.1 million, which is well below the previous year's level (€-11.3 million/-12.8%).

The cost of materials in the amount of €33.0 million is €11.3 million below the previous year's value due to a different mix of materials with a significantly lower total output. As a result, the cost of materials ratio of 42.8% is 7.3 percentage points below the previous year. The result is a gross profit of €44.2 million, which is again at the previous year's level.

At €42.4 million, operating expenses were €5.5 million lower than in the previous year. The largest single item here is once again personnel expenses at €29.1 million, which is almost €1.5 million below the previous year. Wages and salaries are €1.4 million below the previous year. The reasons for this are a fundamental hiring freeze from May of the financial year and lower overtime pay, both due to the corona pandemic. There are also effects from short-time work. The provisions for working time and holiday accounts fell by €1.0 million compared to the previous year. Social security contributions are almost unchanged compared to the previous year.

At €9.9 million, sales and administration costs are €4.0 million below the previous year. The sales costs have almost halved as a result of the COVID-19 events with canceled trade fairs and flights as well as a lack of marketing activities. At €1.5 million, depreciation of tangible and intangible assets was slightly higher than in the previous year. The other operating expenses are roughly at the previous year's level.

At €1.8 million, the operating result was €5.5 million better than the previous year, and the financial result at €-0.1 million was €0.3 million worse than the previous year. The lower financial result is mainly due to interest refunds (+346 T€) as a special effect in the previous year. Custody fees for deposits also weigh on the result.

At €1.7 million, earnings before taxes were €5.2 million higher than the previous year. Due to existing loss carryforwards, almost no income taxes are due in the year under review. This leads to a company result of €1.7 million (+€4.6 million compared to the previous year).

### c. financial position

	12/31/2020		12/31/2019		change k€
	k€	%	k€	%	
ASSETS					
Capital assets	27,483	27.3	23,564	22.4	3,919
current assets					
Stocks	22,753	22.6	24,925	23.7	-2,172

	12/31/2020		12/31/2019		change
	k€	%	k€	%	k€
<b>ASSETS</b>					
Other Current Assets	50,204	49.9	56,382	53.5	-6,178
	100,440	99.8	104,871	99.6	-4,431
prepaid expenses	123	0.1	245	0.2	-122
Current difference from asset allocation	33	0.0	214	0.2	-181
	100,596	100.0	105,330	100.0	-4,734
<b>LIABILITIES</b>					
Equity capital	51,871	51.6	50,217	47.7	1,654
Long-term liabilities	4,983	5.0	6,355	6.0	-1,372
short-term borrowed capital	43,742	43.5	48,758	46.3	-5,016
prepaid expenses	0	0.0	0	0.0	0
	100,596	100.0	105,330	100.0	-4,734

The balance sheet total fell by 4.5% to €100.6 million in the year under review.

Fixed assets increased by €3.9 million to €27.5 million and consisted of net additions to property, plant and equipment and intangible assets of €5.4 million and depreciation of €1.5 million. The financial assets increased insignificantly by € 0.1 million.

Inventories fell by a total of €2.2 million. The lower level of work in progress (€ -2.5 million) is essential for this. The prepayments made increase by €0.8 million. Raw materials and supplies fell by €0.4 million compared to the previous year.

The remaining current assets fell by a total of €6.2 million. At the same time, trade accounts receivable fell by €6.8 million as of the reporting date. In contrast, cash and cash equivalents increased by €3.8 million compared to the previous year. Other assets decrease by €3.6 million. Receivables from affiliated companies and companies in which an investment is held, as well as related companies, increased by €0.4 million.

Equity increased by €1.7 million compared to the previous year due to earnings. The equity ratio increases, also benefiting from the falling balance sheet total, by 3.8 percentage points to 51.5%. The long-term borrowed capital decreases by € 1.4 million. Current liabilities fell by €5.0 million to €43.7 million, mainly due to the decrease in advance payments received (€-2.5 million) and liabilities from LuL (€-1.7 million). Other liabilities fell by €1.6 million compared to the previous year.

#### **i.e. staff**

	12/31/2020		12/31/2019		change
		%		%	
headcount	406	100%	394	100%	12
entries	35		30		5
resignations	23		12		11
thereof retirement	9		4		5

The number of employees as of December 31, 2020 is 406 employees (including managing directors and trainees), 12 people more than the previous year. Without managing directors and trainees, the workforce is 360 employees.

New appointments are generally made with the aim of maintaining functionality and to eliminate staff shortages in areas important to the company.

Despite the sales and earnings situation in the financial year, the company sees the acquisition of qualified young people as a major challenge for the future development of the company. The company is aggressively positioning itself as an attractive employer brand in the region. The offensive continues to focus on in-house training and on recruiting young people through dual studies.

The company counteracted the difficulty of recruiting traveling staff in the year under review with a program set up in the previous year. In particular, employees with long-term stays abroad and their families are relieved.

In the year under review, the employees were once again offered further and further training within the framework of the established GEORG Academy. Due to the COVID-19 pandemic, however, many offers in the area of further education and training had to be dispensed with. The targeted further development and coaching of management staff that began in 2016 was continued.

#### **e. Occupational safety and health protection**

The promotion of occupational safety and health protection and compliance with the relevant standards are key goals of corporate policy. To ensure the safety and health of our employees, we implement the internationally recognized standard DIN EN ISO 45001 and a company health management system. In this way, we make a contribution to maintaining the health of our employees and to employee satisfaction. In the year under review, the focus was on overcoming the corona pandemic, which has significantly changed working conditions. By establishing a corona task force at an early stage, the necessary measures to protect employees could be implemented and controlled. The creation of a hygiene concept, the provision of protective masks and Covid self-tests as well as the increased use of video conferences and mobile working are examples of this. The entirety of the measures and the discipline of our employees in complying with the protective measures were able to successfully prevent the closure of parts of the company or loss of production.

#### **f. Environmental protection**

GEORG is aware of its ecological responsibility and considers the protection of the environment to be an important corporate goal. Our environmental management system, certified according to DIN EN ISO 14001, forms the basis for the implementation and control of environmental measures and is designed to keep the effects of all processes on nature as low as possible. In particular, we strive to reduce energy consumption and the associated CO2 emissions as our contribution to climate protection.

#### **G. investment activity**

Investments in property, plant and equipment are clearly budgeted on the basis of appropriate planning.

The further modernization of the machinery is an important part of securing the promise of quality to the customers. With the in-house production of a traveling column milling machine (GEORG ultramill 3100H), the investments in 2020 are €2.9 million, €0.8 million above the previous year's level.

Total investments (additions to property, plant and equipment) amounted to €3.2 million.

In addition, self-created intangible assets were capitalized in the year under review in the amount of €2.1 million. This includes in particular development activities (see No. 3) to improve and create new machine controls in the machine tool and transformer product areas.

#### **H. Liquidity and cash flow**

The cash flow from current business activities amounts to €10.7 million (previous year: €-2.7 million). The result for the period increased by €4.6 million compared to the previous year. Decreasing inventories, trade accounts receivable and other non-investment-oriented assets contribute €12.5 million to the clearly positive cash flow. At the same time, liabilities decrease (€ -5.6 million).

At € -5.5 million, the cash flow from investing activities is roughly at the previous year's level. Cash and cash equivalents (+€3.8 million) have increased compared to the previous year.

Cash and cash equivalents available at short notice increased to €20.4 million (+€3.8 million). Short-term receivables fell by € 10.0 million compared to the previous year, also due to a forced receivables management. The pre-financing requirement for current orders was fully covered by customer down payments and available liquid funds.

#### **i. Internal organization**

The process of further developing the corporate organization that had started in previous years was continued. The reorganization measures have now been implemented and are being implemented in day-to-day business. The addition of functional organizational elements and the reduction of the hitherto strictly divisional structure are showing the first synergetic successes. It is only in the sales structure that these changes have not yet been implemented to the desired extent due to the corona pandemic and the associated lack of travel activity.

#### **3. Research and Development**

The company's research and development activities have been carried out since 2017 with a focus on identifying disruptive developments relevant to the company and on setting priorities in the areas of digitization and new technologies. All related research and development activities are bundled in GEORGinnovation. The cross-departmental, synergetic development was further improved. This means that the organization of a goal-oriented approach that is coordinated with a common development vision is increasingly successful.

Customer-independent projects in research and development focus on the standardization and optimization of our machines and systems and include the sustainable further development of future-oriented technologies.

In the year under review, the development activities focused primarily on improvements and new creations of machine controls for the machine tool and transformer divisions. There was also cooperation with external partners. These activities led, among other things, to the capitalization of internally generated intangible assets in the amount of €2.1 million. (see above no. 2e)

The development of certain measuring devices in the cutting systems sold was continued. While in one case this led to the patenting of a system for quality assurance of cut material, this had to be discontinued as part of a research project in association with other companies and the Fraunhofer Institute for several years of research work with laser technology.

The company protects its innovations by registering utility models and patents.

#### **4. Expected development with its main opportunities and risks**

##### **a. Business Development 2021**

The development of the current financial year 2021 is slightly negative compared to the previous year in terms of the expected result with increasing total output. The company is benefiting from an improved development of the commissioning results and cost savings in the area of other operating expenses. Against the background of steadily rising material prices, this is offset by additional material costs, which reduce earnings. Purchasing prices are also under strong pressure in the field of certain special direct costs, such as freight prices.

##### **b. General opportunity and risk analysis**

The business activities of the company are internationally oriented. Significant economic downturns, especially in the identified target markets, therefore represent a significant risk for sales and corporate development. The structural problem of global overcapacities in various sectors has a sustained dampening effect on investments in new machines and systems. In addition, this situation is exacerbated by geopolitical risks, especially in Russia, Turkey, Iran and Ukraine, as well as by the trade conflict between China and the USA.

Despite the political and economic risks described, there is still great potential for GEORG in the target markets of Europe, China and North America. The need for modernization on the one hand, but also the need for more automated processes due to the excessive dependence on human influences, offer development opportunities. The company's development efforts aimed at this promise to bear fruit in the long term.

##### **c. Special risk assessment**

Financing instruments essentially take the form of advance payments, receivables, loans and bank balances.

In particular, the funds raised for investment financing at attractive conditions ensure the further development of the company without reducing the equity capital used in the operative business. In addition, the project financing of existing orders from various banks was used. This was intended to counteract a COVID-19 pandemic situation, which was difficult to assess in the meantime, with a possible lack of follow-up orders and an associated liquidity crisis.

This secured liquidity position means that the company does not have to react to a more rapidly fluctuating order situation than before by making adjustments in the personnel structure. Such changes would be disruptive for the further development of the company in a situation on the labor market characterized by a lack of supply.

The company counteracts the known procurement risks with standard instruments such as supplier assessments, quality controls and obtaining credit ratings.

In the current fiscal year 2021, the development of material prices and an extension of delivery times represent a particular risk. Significant price increases have been observed in the procurement of raw materials in particular. A lack of price escalation clauses in our supply contracts weighs on the gross profit. Derivative financial instruments are not available given the variety of products used.

Other business risks lie in the timely processing of orders to avoid contractual penalties and in additional expenses for commissioning and warranties. These risks are primarily reduced by forward-looking, proper planning and execution of orders and by constantly maintaining high quality standards.

The company still does not anticipate significant bad debts, the making of appropriate value adjustments counteracts default and credit risks in good time.

By means of the corporate planning that has been set up and flanked by forecasts during the year, the company is committed to forward-looking, risk-oriented earnings and financial development. Risks in this regard are identified in good time and can be mitigated in a targeted manner.

A concurrent, rolling liquidity forecast enables the company to permanently monitor the liquidity situation and enables immediate, needs-based intervention. The liabilities are settled within agreed payment terms.

Hedging transactions are concluded to reduce currency risks.

##### **i.e. COVID-19 Pandemic**

Since the beginning of 2020, the company has been forced to deal with the consequences of the COVID-19 pandemic both in response to current developments and in forecasting with regard to emerging risks - and to a limited extent also opportunities. In view of an impending fourth wave, reliable forecasts are very difficult.

At best, reliable prognostic derivations can be made for short periods of time. Against the background of the need for a long-term, strategic positioning of the company, this represents a considerable difficulty.

As already explained in the previous chapters, but especially under No. 1 and No. 2.a, the continuation of the COVID-19 pandemic represents an uncertainty for the further development of the company Execution of assembly and commissioning is restricted. The still hesitant order intake leads to a lack of customer prepayments, which are essential for the company's financing.

The company counteracts this by financing existing customer orders through the house banks. In this way, it has so far been possible to avoid becoming dependent on state programs (e.g. KfW funds) with the associated entrepreneurial restrictions. The company will try to stick to this course.

Nevertheless, the high, business model-specific pre-financing requirement should be emphasized again at this point, which is why the seamless monitoring of the company's liquidity under the conditions of the COVID-19 pandemic has top priority in order to take countermeasures, such as agreeing current account lines, entrepreneur loans or similar, if necessary be able.

Depending on the further development of the pandemic, the cancellation or suspension of customer orders cannot be ruled out. However, there is currently no evidence of this. New contracts will have to be concluded with particular attention to effective force majeure clauses or comparable suspension clauses.

If there are gaps in capacity utilization as the pandemic progresses, the company will counteract this by reducing holiday and free time accounts and by using short-time work, as has been the case in some cases since May 2020.

The commissioning of the machines and systems delivered to our customers at the customer's plant is part of the core of our services. The same applies to services of all kinds. Due to the COVID-19 pandemic, commissioning - primarily caused directly by travel restrictions or temporary closures of customer plants or excessive quarantine regulations - can only be carried out with a delay or is protracted. This results in a significant capacitive disturbance and monetary burden on our activities. It is currently not foreseeable how long these burdens will last.

## 5. Closing Words

The company would like to thank all employees and all business partners who have contributed to understanding the wishes and problems of our customers and to working out economic solutions together.

Kreuztal, July 15, 2021

*Dipl.-Kfm. Dipl.-Wirt.-Ing. Mark George, Managing Director*

## BALANCE SHEET AS OF DECEMBER 31, 2020

### ASSETS

	12/31/2020	12/31/2019
	€	€
<b>A. FIXED ASSETS</b>		
<b>I. Intangible assets</b>		
1. Self-created industrial property rights and similar rights and values	3,251,233.22	1,124,123.55
2. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	307,864.00	428,281.00
	3,559,097.22	1,552,404.55
<b>II. Tangible assets</b>		
1. Buildings on third-party land	81,491.00	95,067.00
2. Technical installations and machines	6,666,887.00	4,463,489.00
3. Other equipment, fixtures and fittings	2,681,842.00	3,030,637.00
	9,430,220.00	7,589,193.00
<b>III. financial assets</b>		
1. Shares in affiliated companies	1,929,791.25	1,981,077.92
2. Loans to affiliated companies	815,139.04	680,973.81
3. Holdings	120,813.14	69,526.47
4. Loans to companies in which an investment is held	194,834.80	272,744.05
5. Investment securities	3,433,415.65	3,418,048.05
6. Loans to related companies	8,000,000.00	8,000,000.00
	14,493,993.88	14,422,370.30
	27,483,311.10	23,563,967.85
<b>B. CURRENT ASSETS</b>		
<b>I. Inventories</b>		
1. Raw, auxiliary and operating materials	2,669,412.00	3,083,948.00
2. Work in progress	13,061,776.00	15,608,828.77
3. Advance payments made	7,021,842.76	6,232,024.27
	22,753,030.76	24,924,801.04
<b>II. Receivables and other assets</b>		
1. Trade accounts receivable	27,269,443.57	34,056,133.23
2. Receivables from affiliated companies	319,931.37	129,996.33
3. Receivables from companies in which a participation is held	322,296.05	291,608.53
4. Receivables from related companies	417,965.73	272,006.79
5. Other Assets	1,498,506.43	5,079,686.09
	298,281,143.15	39,829,430.97
<b>III. Cash and bank balances</b>	20,375,812.15	16,552,922.50
	72,956,986.06	81,307,154.51
<b>C. PREPAID EXPENSES</b>	122,698.98	244,518.03
<b>D. ASSETS DIFFERENCE AMOUNTS</b>	32,844.72	214,178.89
	100,595,840.86	105,329,819.28

### LIABILITIES

	12/31/2020	12/31/2019
	€	€
<b>A. EQUITY</b>		

	12/31/2020	12/31/2019
	€	€
I. Drawn capital	4,800,000.00	4,800,000.00
II. Retained Earnings		
Other retained earnings	20,130.87	20,130.87
III. profit carried forward	45,396,769.31	48,300,139.93
IV. Loss / surplus for the year	1,653,953.30	-2,903,370.62
	51,870,853.48	50,216,900.18
<b>B. PROVISIONS</b>		
1. Provisions for pensions and similar obligations	3,281,717.71	3,314,174.29
2. Tax Provisions	279,160.00	554,716.00
3. Other Provisions	20,008,898.94	19,120,116.95
	23,569,776.65	22,989,007.24
<b>C. LIABILITIES</b>		
1. Liabilities to banks	3,040,836.41	4,380,795.12
2. Deposits Received on Orders	17,435,924.62	19,944,902.02
3. Trade Accounts Payable	1,904,771.45	3,606,947.28
4. Liabilities to affiliated companies	1,442,508.41	1,100,303.86
5. Liabilities to companies in which an investment relationship exists	284,775.05	436,797.88
6. Other Liabilities	1,046,394.79	2,654,165.70
	25,155,210.73	32,123,911.86
	100,595,840.86	105,329,819.28

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020**

	2020	2019
€	€	€
1. Revenue	74,283,369.35	90,540,460.65
2. Decrease in inventories of work in progress	-2,547,052.77	-2,897,723.07
3. Other own work capitalized	3,426,182.60	326,998.13
4. Other operating income	1,979,895.90	457,525.38
5. Cost of Materials		
a) Expenditures for raw materials, auxiliary materials and supplies	-17,374,035.31	-21,269,253.84
b) Expenses for purchased services	-15,614,740.87	-32,044,938.47
6. Personnel expenses		
a) Wages and salaries	-24,554,295.74	-25,951,808.02
b) Social security contributions and expenses for pensions and for assistance	-4,567,853.41	-29,122,149.15
7. Depreciation		
on intangible assets and property, plant and equipment	-1,549,517.51	-1,430,539.92
8. Other Operating Expenses	-11,684,350.86	-15,808,570.32
9. Income from participations	7:12	0.00
10. Income from other securities and loans classified as financial assets	173,190.59	170,620.24
11. Other Interest and Similar Income	176,078.51	563,125.50
12. Interest and Similar Expenses	-481,842.66	-555,335.41
13. Income taxes (previous year: income)	-989.64	653,656.27
14. Earnings after taxes	1,664,045.30	-2,895,524.62
15. Other Taxes	-10,092.00	-7,846.00
16. Net Income/Loss	1,653,953.30	-2,903,370.62

**NOTES FOR THE 2020 FINANCIAL YEAR**

**A. General Disclosures**

The annual financial statements and the management report of Heinrich Georg GmbH Maschinenfabrik, Kreuztal, for the 2020 financial year were prepared in accordance with the provisions of §§ 264 ff. HGB.

Heinrich Georg GmbH Maschinenfabrik is a large corporation within the meaning of Section 267 (3) HGB. The company has its registered office in Kreuztal and is entered in the commercial register of the district court of Siegen under HRB 2004.

The nature of expense method was chosen for the profit and loss account (§ 275 HGB).

**B. Accounting and valuation methods (§ 284 Para. 2 No. 1 HGB)**

**The following accounting and valuation methods were applied in detail:**

Intangible assets and property, plant and equipment were valued at acquisition cost less scheduled straight-line depreciation in accordance with the provisions of commercial law. A fixed value was formed for tools. The estimated useful life was based on the official tax depreciation tables.

Low-value assets (individual acquisition costs of more than EUR 250.00 up to and including EUR 1,000.00) are summarized in a collective item, one fifth of which is released in the year of acquisition and the four following financial years.

Financial assets were stated at acquisition cost or at the lower applicable value on the balance sheet date.

Raw materials and supplies were valued at cost price, taking into account the necessary valuation discounts.

Work in progress was valued at production cost (material and production costs, each including overhead costs). The principle of lossless evaluation was observed.

Receivables and other assets were stated at nominal value less appropriate value adjustments.

Bank balances in foreign currency (excluding hedged forward exchange transactions) were valued at the average spot exchange rate on the balance sheet date.

The active difference from the offsetting of assets was recognized at fair value.

The subscribed capital of €4,800,000.00 was reported at nominal value.

Provisions with a term of more than one year were discounted as of the reporting date using the interest rate published by the Deutsche Bundesbank. The average market interest rate for the past seven financial years, appropriate to the term, is used as the interest rate.

Provisions for pensions and similar obligations are calculated using the projected unit credit method with the settlement amount based on the 2018 G mortality tables from Klaus Heubeck. Expected future increases in pensions are also taken into account. Depending on the pension commitment, pension increases of 0% or 2% are used as a basis. The interest rate used to determine the present value of the pension obligations of 2.30% corresponds to the 10-year average of the market interest rate published by the Deutsche Bundesbank, which results from an assumed remaining term of 15 years (Section 253 (2) sentence 2 HGB).

Provisions for pensions are offset against the assets that serve exclusively to meet the pension obligations and are not accessible to third parties (so-called plan assets). The earmarked, pledged and insolvency-secured plan assets (reinsurance) are measured at the fair value reported by the insurer.

The other provisions take into account all recognizable obligations and risks to an appropriate extent, insofar as they relate to the past financial year. They were recognized at the settlement amount required based on prudent business judgement.

Liabilities were recognized at the settlement amount.

In the fiscal year, there was a surplus of deferred taxes on balance. The option to recognize the resulting tax relief as deferred tax assets in accordance with section 274 (1) HGB was not exercised. The deferred tax assets are essentially based on differences in the balance sheet item pension provisions.

### C. Balance Sheet Disclosures

#### 1. Presentation of the development of fixed assets (§ 268 Para. 2 HGB)

The items of fixed assets shown in the balance sheet are shown below in their classification and development. The depreciation expense for the 2020 financial year can be found in the "Additions" column of the value adjustments.

#### Composition and development of fixed assets for the 2020 financial year

	Status 01.01.2020	Acquisition and production costs			As of December 31, 2020
		€	additions €	departures €	
<b>I. Intangible assets</b>					
1. Self-created industrial property rights and similar rights and values	1,124,123.55	2,128,700.26	0.00		3,252,823.81
2. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,909,556.20	50,213.87	0.00		1,959,770.07
	3,033,679.75	2,178,914.13	0.00		5,212,593.88
<b>II. Tangible assets</b>					
1. Buildings on third-party land	219,571.42	0.00	0.00		219,571.42
2. Technical installations and machines	7,049,349.45	2,928,826.89	60,000.00		9,918,176.34
3. Other equipment, fixtures and fittings	8,062,363.44	289,496.16	90,495.21		8,261,364.39
	15,331,284.31	3,218,323.05	150,495.21		18399112.15
<b>III. financial assets</b>					
1. Shares in affiliated companies	1,929,791.25	0.00	0.00		1,929,791.25
2. Loans to affiliated companies	680,973.81	134,165.23	0.00		815,139.04
3. Holdings	120,813.14	0.00	0.00		120,813.14
4. Loans to companies in which an investment is held	272,744.05	0.00	77,909.25		194,834.8
5. Investment securities	3,418,048.05	15,367.60	0.00		3,433,415.65
6. Loans to related companies	8,000,000.00	0.00	0.00		8,000,000.00
	14,422,370.30	149,532.83	77,909.25		14,493,993.88
	32,787,334.36	5,546,770.01	228,404.46		38,105,699.91
		allowances			
	Status 01.01.2020	additions	departures		As of December 31, 2020
	€	€	€		€
<b>I. Intangible assets</b>					
1. Self-created industrial property rights and similar rights and values	0.00	1,590.59	0.00		1,590.59
2. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	1,481,275.20	170,630.87	0.00		1,651,906.07
	1,481,275.20	172,221.46	0.00		1,653,496.66
<b>II. Tangible assets</b>					
1. Buildings on third-party land	124,504.42	13,576.00	0.00		138,080.42
2. Technical installations and machines	2,585,860.45	725,428.89	60,000.00		3,251,289.34
3. Other equipment, fixtures and fittings	5,031,726.44	638,291.16	90,495.21		5,579,522.39
	7,742,091.31	1,377,296.05	150,495.21		8,968,892.15
<b>III. financial assets</b>					

## allowances

	Status 01.01.2020	additions	departures	As of December 31, 2020
	€	€	€	€
1. Shares in affiliated companies	0.00	0.00	0.00	0.00
2. Loans to affiliated companies	0.00	0.00	0.00	0.00
3. Holdings	0.00	0.00	0.00	0.00
4. Loans to companies in which an investment is held	0.00	0.00	0.00	0.00
5. Investment securities	0.00	0.00	0.00	0.00
6. Loans to related companies	0.00	0.00	0.00	0.00
	9,223,366.51	1,549,517.51	150,495.21	10,622,388.81
			book values	
			As of December 31, 2020	As of 12/31/2019
			€	€
I. Intangible assets				
1. Self-created industrial property rights and similar rights and values			3,251,233.22	1,124,123.55
2. Purchased concessions, industrial property rights and similar rights and values as well as licenses to such rights and values			307,864.00	428,281.00
			3,559,097.22	1,552,404.55
II. Tangible assets				
1. Buildings on third-party land			81,491.00	95,067.00
2. Technical installations and machines			6,666,887.00	4,463,489.00
3. Other equipment, fixtures and fittings			2,681,842.00	3,030,637.00
			9,430,220.00	7,589,193.00
III. financial assets				
1. Shares in affiliated companies			1,929,791.25	1,929,791.25
2. Loans to affiliated companies			815,139.04	680,973.81
3. Holdings			120,813.14	120,813.14
4. Loans to companies in which an investment is held			194,834.80	272,744.05
5. Investment securities			3,433,415.65	3,418,048.05
6. Loans to related companies			8,000,000.00	8,000,000.00
			14,493,993.88	14,422,370.30
			27,483,311.10	23,563,967.85

**2. Receivables with a remaining term of more than one year**

Other assets include receivables with a remaining term of more than one year in the amount of €487 thousand (previous year: €497 thousand).

**3. Active difference from asset allocation**

For the plan assets in excess of the pension obligation in the amount of €4,047 thousand (settlement amount), the excess amount is capitalized at the fair value of €33 thousand under the separate item of the active difference from asset allocation. The total fair value of the plan assets is €4,219 thousand. The acquisition costs of the plan assets amount to €4,216 thousand. The income from the offsetting of assets and debts pursuant to Section 246 (2) sentence 2 HGB before offsetting is €0 thousand and the expenses are €0 thousand.

**4. Amounts blocked for distribution (sections 253 (6) and 268 (8) HGB)**

The total amount of the amounts blocked for distribution is €4,023 thousand. Of this, a portion of €769 thousand is attributable to the difference due to the different market interest rates (7 years to 10 years) in the pension provisions and a portion of €3 thousand to the capitalization of assets at fair value and €3,251 thousand to internally generated intangible fixed assets.

**5. Provisions for pensions and similar obligations**

Pursuant to Section 246 (2) sentence 2 HGB, the company netted assets used to secure pension obligations in the amount of €4,047 thousand with the pension provisions. In total, the settlement amount of the pension obligations is €7,329 thousand. Increasing the valuation period for the average market interest rate to 10 years results in a difference of EUR 769k in provisions compared to the previous legal regulation (7-year average) (Section 253 (6) HGB).

**6. Other Provisions**

These provisions essentially include warranty payments (€1,165 thousand), personnel expenses (€2,835 thousand), expenses for outstanding incoming invoices (€7,769 thousand) and expenses for commissioning (€7,042 thousand) that arise after the balance sheet date from orders that have already been invoiced.

**7. Schedule of Liabilities**

With the exception of liabilities to banks, all liabilities have a remaining term of up to one year, as in the previous year. Liabilities to banks amounting to €3,041 thousand (previous year: €4,381 thousand) break down into remaining terms of up to one year at €1,341 thousand, remaining terms of more than one year and up to five years at €1,700 thousand and remaining terms of more than five years 0 T€ up.

**8. Tax and social security liabilities**

Other liabilities include:

Liabilities from taxes	€329 thousand	(previous year: €1,655k)
Social security liabilities (social security contributions to be paid)	€61 thousand	(previous year: €20 thousand)

**9. Information on the affiliation of assets or liabilities to other balance sheet items (§ 265 Para. 3 HGB)**

The prepayments made include those to affiliated companies amounting to €439 thousand (previous year: €0 thousand).



Receivables from affiliated companies, receivables from related companies and receivables from companies in which an investment is held relate to trade accounts receivable.

Liabilities to affiliated companies and liabilities to companies in which an investment is held relate to trade payables.

Other liabilities include those due to shareholders in the amount of €0 thousand (previous year: €0 thousand).

#### D. Income Statement Disclosures

##### 1. Revenue

Sales break down as follows:

	k€	%
inland	23,894	32.2
abroad	50,389	67.8
	74,283	100.0

##### 2. Research and development costs (§ 285 No. 22 HGB)

The total research and development costs in 2020 amounted to €2,216 thousand, of which €2,129 thousand was attributable to internally generated intangible assets.

##### 3. Other operating income

Other operating income includes income from currency translation of €19 thousand (previous year: €29 thousand).

##### 4. Pension Expenses

Personnel expenses include pension expenses of €177 thousand (previous year: €249 thousand).

##### 5. Other Operating Expenses

This item includes expenses from currency translation of €98 thousand (previous year: €27 thousand) and custody fees of €15 thousand (previous year: €0 thousand).

##### 6. Interest and Similar Expenses

The interest and similar expenses item contains interest expenses from the compounding of provisions in the amount of €311 thousand (previous year: €385 thousand).

#### E. Other information

##### 1. Information on the average number of employees during the financial year (§ 285 No. 7 HGB) without trainees

	2020 Number	2019 Number
employee	181	174
Wage earners	181	176
	362	350

##### 2. Contingent Liabilities

As of December 31, 2019, there were non-recognized warranty obligations of €4,046 thousand (previous year: €5,004 thousand).

In addition, the following contingencies exist:

In order to give our affiliated and related companies a certain scope for their business activities, we are liable to various banks for the following amounts:

- a) absolute maximum guarantees totaling €1,300 thousand.
- b) Joint and several liability for long-term financing of over €10,670 thousand.

Otherwise, we currently see no risk from the stated contingent liabilities. The transactions on which they are based do not show any material or technical facts that would lead to a different risk assessment.

##### 4. Other financial obligations (§ 285 No. 3a HGB)

The main obligations consist of the unlimited lease of the business property totaling €1,656 thousand (annual amount) and obligations from vehicle leasing agreements with terms of up to 48 months amounting to €194 thousand (annual amount).

##### 5. List of shareholdings (§ 285 No. 11 HGB)

	Portion %	Equity capital	annual result
Heinrich Georg (UK) Ltd., Bilston, Great Britain	48.0	£3,514k	-£155k
Georg AUTOMATION GmbH, Kreuztal	100.0	€2,454 thousand	€585 thousand
George US Holding Inc., Roanoke, USA	100.0	3,175 T\$	14 T\$
Georg (Beijing) Technology Service Co., Ltd., Beijing, China	100.0	TCNY1,431	346TCNY
Georg & Uebach GmbH, Freudenberg	50.0	€585 thousand	-26 T€

##### 6. Members of the management body and the supervisory board (§ 285 No. 10 HGB)

###### a. management body

Mr. Mark Georg, engineer, businessman

###### b. supervisory board

Mr. Gerd Georg, Engineer (Chairman)

Mr. Hans-Jürgen Patt, businessman

##### 7. Information on the auditor's fee (§ 285 No. 17 HGB)

The auditor's fees for the 2020 financial year break down as follows:

	k€	%
Final Examination Services	55	75.3
Tax Advisory Services	18	24.7
	73	100.0

## 8. Suggested Appropriation of Earnings

Management proposes a distribution of profits to the shareholders of €330 thousand from the annual surplus of €1,653,953.30 and carrying the remaining amount of €1,323,953.30 forward to new account.

## 9. Events of particular importance that occurred after the end of the financial year and are not included in either the profit and loss account or the balance sheet

With regard to the effects of the corona pandemic on the future development of the net assets, financial position and results of operations, we refer to our statements in the management report.

Kreuztal, July 15, 2021

*Managing directors*

## INDEPENDENT AUDITOR'S REPORT

To Heinrich Georg GmbH Maschinenfabrik, Kreuztal

### audit opinions

We have the annual financial statements of Heinrich Georg GmbH Maschinenfabrik, Kreuztal, - consisting of the balance sheet as of December 31, 2020 and the income statement for the financial year from January 1, 2020 to December 31, 2020 and the notes, including the presentation of the Accounting and valuation methods - checked. In addition, we have audited the management report of Heinrich Georg GmbH Maschinenfabrik, Kreuztal, for the fiscal year from January 1, 2020 to December 31, 2020.

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

- The attached annual financial statements comply in all material respects with the German commercial law provisions applicable to corporations and, in compliance with the German principles of proper accounting, convey a true and fair view of the assets and financial position of the company as of December 31, 2020 and its earnings position for the financial year from January 1, 2020 to December 31, 2020 and
- the attached management report conveys an overall correct picture of the situation of the company. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

In accordance with Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections to the regularity of the annual financial statements and the management report.

### Basis for the test results

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code, taking into account the German generally accepted auditing principles established by the Institute of Public Auditors in Germany (IDW). Our responsibility under those regulations and standards is further described in the "Auditor's responsibility for the audit of the financial statements and management report" section of our auditor's report. We are independent of the company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe

### Responsibility of the legal representatives and the supervisory board for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law provisions applicable to corporations in all material respects, and for the fact that the annual financial statements, in compliance with the German principles of proper accounting, give a true and fair view of the assets, financial - and results of operations of the company. Furthermore, the legal representatives are responsible for the internal controls which they have determined to be necessary in accordance with the German principles of proper accounting in order to enable the preparation of annual financial statements,

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

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

The Supervisory Board is responsible for monitoring the company's accounting process for the preparation of the annual financial statements and the management report.

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

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material - intentional or unintentional - misstatements and whether the management report as a whole provides a suitable view of the company's position and, in all material respects, with the annual financial statements and is consistent with the findings obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report which contains our audit opinions on the annual financial statements and on the management report.

Adequate assurance is a high degree of assurance, but is no guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code, taking into account the German principles of proper auditing established by the Institut der Wirtschaftsprüfer (IDW) will always uncover a material misstatement. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements and management report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misstatements in the annual financial statements and in the management report, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is greater than that arising from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate in the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these systems of society.
- we evaluate the appropriateness of the accounting methods used by the legal representatives as well as the justifiability of the estimated values presented by the legal representatives and the related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that cast significant doubt on the Company's ability to continue as a going concern can raise. If we conclude that there is a material uncertainty, we are required to draw attention to the related disclosures in the financial statements and management report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We base our conclusions on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements, in compliance with German legally required accounting principles, give a true and fair view of the assets, financial and earnings situation of the company.
- We assess the consistency of the management report with the annual financial statements, its compliance with the law and the view it conveys of the company's situation.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not provide a separate audit opinion on the future-oriented information and the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Cologne, September 7, 2021

**DIPL.-KFM. HANS M. KLEIN + PARTNER mbB**  
**auditing company • tax consulting company**

*DipL-Kfm. Matthias Klein, auditor*

*DipL-Ing. agr. T. Hobbold, Chartered Accountant*

**Approval of the annual financial statements for the 2020 financial year**

At the shareholders' meeting on September 17, 2021, the annual financial statements for the 2020 financial year were approved.

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