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MacGregor Germany GmbH & Co. KG Uetersen	Accounting / financial reports	Annual financial statements for the business year from 01/01/2018 to 12/31/2018 Supplemented on -----	07/21/2020
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MacGregor Germany GmbH & Co. KG

Uetersen

Annual financial statements for the business year from 01/01/2018 to 12/31/2018**Management report for the 2018 financial year****A. Basis of the company****1. Business model and structure of the company**

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

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

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

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

Even after the restructuring, the activities at the Uetersen location will mainly be carried out for the GSD (Global Services Division) and MSD (Merchant Services Division) divisions. The Hamburg and Schenefeld locations work mainly for the GSD division, but also to a lesser extent for MSD.

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

Economic activity, as measured by GDP growth, slowed in 2018. This is due to the temporary interruptions in supply in some core industries, but also to the decline in world trade. This has a direct effect on the strongly export-oriented economy in Germany. Thus, only moderate growth is expected in the following years. In addition, the macroeconomic situation is adversely affected by political actions in connection with trade conflicts and Brexit. This also gives rise to cautious expectations with regard to export growth and corporate investment. On the other hand, there is a very high employment rate and rising wages, which allow private consumption to continue to grow. The higher employment rate mainly affects regular employment. The International Monetary Fund (IMF) is assuming economic growth of 2.9 percent for 2019 (previous year: 3.6 percent), the lowest value since the financial crisis in 2009 .5 percent. For the years 2020 and 2021, global economic growth of 3.3% and 3.4% was expected before the outbreak of COVID-19. From today's perspective, these values will not be achieved, rather a decline in the global economy is to be feared, at least for 2020. The higher employment rate mainly affects regular employment. The International Monetary Fund (IMF) is assuming economic growth of 2.9 percent for 2019 (previous year: 3.6 percent), the lowest value since the financial crisis in 2009 .5 percent. For the years 2020 and 2021, global economic growth of 3.3% and 3.4% was expected before the outbreak of COVID-19. From today's perspective, these values will not be achieved, rather a decline in the global economy is to be feared, at least for 2020. The higher employment rate mainly affects regular employment. The International Monetary Fund (IMF) is assuming economic growth of 2.9 percent for 2019 (previous year: 3.6 percent), the lowest value since the financial crisis in 2009 .5 percent. For the years 2020 and 2021, global economic growth of 3.3% and 3.4% was expected before the outbreak of COVID-19. From today's perspective, these values will not be achieved, rather a decline in the global economy is to be feared, at least for 2020. The International Monetary Fund (IMF) is assuming economic growth of 2.9 percent for 2019 (previous year: 3.6 percent), the lowest value since the financial crisis in 2009 .5 percent. For the years 2020 and 2021, global economic growth of 3.3% and 3.4% was expected before the outbreak of COVID-19. From today's perspective, these values will not be achieved, rather a decline in the global economy is to be feared, at least for 2020. Global economic growth was thus well below the IMF's original expectation of 3.5 percent for 2019. For the years 2020 and 2021, global economic growth of 3.3% and 3.4% was expected before the outbreak of COVID-19. From today's perspective, these values will not be achieved, rather a decline in the global economy is to be feared, at least for 2020. Global economic growth was thus well below the IMF's original expectation of 3.5 percent for 2019. For the years 2020 and 2021, global economic growth of 3.3% and 3.4% was expected before the outbreak of COVID-19. From today's perspective, these values will not be achieved, rather a decline in the global economy is to be feared, at least for 2020.¹

After world shipbuilding reached a low point in 2016, development has remained subdued since then. At 1,165, the number of new orders was only slightly higher than in the previous year and is still below the average since the outbreak of the financial crisis. The worldwide order intake rose to 32.2 CGT (Compensated gross tons). The bulk carriers and tankers sectors were particularly weak, while there were higher orders for LNG transporters and container ships. The cruise ship sector remained stable. The tonnage delivered, on the other hand, continued to decline and amounted to 31.5 CGT in 2018. In contrast, the prices for new buildings rose slightly.²

2. Business development of the company

After 2017, incoming orders for new construction activities remained weak in 2018, and the order backlog fell again. Sales for new buildings were also down. In contrast, the development in the after-sales area was positive, but could not fully compensate for the decline in new buildings. The restructuring initiated in 2017 enabled significant

cost reductions to be achieved in the financial year; nevertheless, no positive result could be achieved.

After completion of the aforementioned restructuring measures and reorganization, a capital increase was carried out by the parent company in May 2018. This will strengthen the newly established society over the long term.

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

Realized sales in the 2018 calendar year amounted to € 91.5 million (previous year: € 100.3 million, 2018 forecast: € 87.3 million).

Operating profit excluding restructuring costs is € -8.8 million (previous year: € -1.2 million, 2018 forecast: € -10.3 million). The annual result is € -10.7 million (previous year: € -26.0 million, 2018 forecast: € -12.3 million).

The previous year's result was impaired by restructuring costs of € 4.2 million (personnel adjustments and merger loss) and the creation of a provision for penalties of € 2.3 million. No restructuring expenses were incurred in 2018.

3. Presentation of the asset, financial and earnings position

The earnings, financial and asset situation of MacGregor Germany was determined by the information in Chapter B.1. The economic and industry-specific framework conditions described have a negative impact.

a. Earnings situation

Compared to the previous year, sales fell by 8.8% to € 91.5 million (previous year: € 100.3 million). The main reason for this was a decline in the order backlog for new buildings. The total output (sales revenues less inventory reduction) decreased by 9.2% to € 89.4 million (PY: € 98.4 million).

The cost of materials fell more sharply than sales by 13.6 percent to € 45.9 million (previous year: € 53.2 million), while the cost of materials ratio fell to 51.3 percent of total output (previous year: 54.1 percent). The decline resulted not only from the lower order volume but also from the restructuring process that was carried out. Overall, the company achieved a 3.8 percent decrease in gross profit to € 43.5 million (previous year: € 45.2 million).

Personnel expenses amount to € 18.7 million (previous year: € 21.6 million). The personnel cost ratio, based on total output, fell to 20.9 percent (previous year: 21.9%).

Other operating expenses fell by 64.2 percent to € 36.2 million (previous year: € 101.1 million). The decrease is due to the special effect from the merger in the amount of € 67.3 million in the previous year

Compared to the previous year, depreciation rose by € 3.8 million to € 4.9 million. The increase is mainly the result of the impairment loss of € 3.3 million, which was made on the goodwill that arose in connection with the acquisition of the division from a Norwegian sister company.

After deducting income taxes and other taxes in the amount of € -0.1 million (previous year: € 4.2 million), the company posted an annual deficit of € -10.7 million in the 2018 financial year (previous year: - € 26.0 million).

b. Financial condition

Liquid funds fell by € 1.6 million to € 0.3 million (previous year: € 1.9 million). It should be noted that the bank balances from the integration into the Cargotec cash pool are shown under receivables or liabilities to affiliated companies. These items include a cash inflow of € 43.8 million. The main reason for this is the capital increase of € 50 million.

The equity ratio (equity plus treasury shares) increased to 12.60 percent (previous year: 0.03 percent) in the financial year.

c. Financial position

Fixed assets decreased by € 1.3 million to € 8.4 million in the reporting period. The main reason for this was the scheduled depreciation.

Receivables and other assets rose by a total of € 4.7 million to € 63.5 million (previous year: € 58.8 million). The main reasons were a settlement of cash pool receivables and liabilities, as well as a large default in payment Customers in the previous year.

In the past financial year, a loss of € 10.7 million was generated, so that equity was initially reduced accordingly. After offsetting the capital increase in the amount of € 50.0 million with the existing shareholder guarantee declaration in the amount of € 28.0 million, however, there is an increase in reserves of € 22.0 million.

Provisions fell by € 5.6 million to € 16.5 million in the reporting period (previous year: € 22.0 million). This was mainly due to the utilization of provisions for purchase guarantees and severance payments.

Liabilities fell by € 3.5 million to € 61.9 million.

d. Summarized overall statement on the course of business

Despite the persistently difficult market situation, some of the expectations from the previous year were slightly exceeded. The sales achieved were € 4.2 million above the forecast value of € 87.3 million, the operating profit was € 1.5 million higher than the forecast value of € -10.3 million and the annual result was around € 1.6 million above the forecast value of € -12.3 million.

At the time the management report was prepared, the management judged the company's economic situation to be challenging, especially in light of the persistently difficult market situation. Business development during the first months of 2020 is in line with expectations despite the onset of the effects of COVID-19, but a decline is becoming apparent in April.

C. Report on opportunities and risks

1. Opportunities

After the restructuring of the MacGregor operations, as described in Chapter A.1, the business activities are increasingly coordinated with each other and organizational synergies can be realized.

Despite a tense market situation, where ship orders fell in 2019, the company is able to act from a strong market position. For this reason, there was an increase in incoming orders in 2019 and it is to be expected that the company will maintain this market position in the further course of the year.

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

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

In 2019 the MacGregor Division of the Cargotec Group acquired the marine and offshore business of the TTS Group. As part of this acquisition, MacGregor Germany acquired TTS Neuenfelder Maschinenfabrik GmbH. The company is thus expanding its product portfolio in the field of ship cranes, which can strengthen its current market position. Furthermore, the company will benefit from the exploitation of synergies in the future.

2. Risks

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

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

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

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

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

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

3. Overall assessment of the risks and opportunities

The assessment of the company's overall risk situation is the result of a consolidated view of all significant individual risks. From today's perspective, even after the balance sheet date, December 31, 2018, there are no indications of any risks to the continued existence of the company, as the shareholder MacGregor Netherlands has given us a shareholder guarantee limited to December 31, 2020 in the event of negative equity of MacGregor Germany to provide them with the necessary financial resources on request to offset the negative equity. A capital increase of € 50.0 million took place in May 2018. The additional payments previously requested as part of the guarantee were offset against this.

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

Against the background of subdued global economic growth, the cautious assessment of the overall risk due to a decreasing decline in ship orders in 2020 is the same as in 2018 and 2019. However, due to the currently unforeseeable effects of COVID-19 on regional and global economic developments, this annual outlook is subject to one high level of uncertainty.

D. Forecast report

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

In 2018 there were 1,358 new ship orders worldwide; in 2019 this figure was 899. The current forecast for 2020 is based on 1,345 new orders. The low in 2016 was 558 new orders. Significant increases are expected for the following years up to 2022.

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

For 2019, MacGregor Germany achieved preliminary sales of € 81.4 million, preliminary OPs of € -9.3 million and preliminary annual results of € -11.5 million.

There was a slight recovery in the order backlog for 2019. At the end of 2019, the order book for new business deliveries in 2020 was € 26.6 million. For 2020 the expected turnover is EUR 65.0 million, the OP is EUR -4.3 million. The original planning is based on the assumption that the spread of the coronavirus (COVID-19) has no significant impact on economic development. Given the current situation and current dynamic developments, this is rather unlikely. From today's perspective, we therefore expect the annual result for the 2020 financial year to be moderately below the previous year. However, developments in some areas of activity, in the shipbuilding environment in general and especially the further development of the corona pandemic, which cannot be fully foreseen today, could significantly change this assessment. We are currently unable to make a reliable statement beyond 2020.

Uetersen, May 7, 2020

Rainer Twisterling, managing director

¹ http://www.oecd.org/berlin/presse/OECD-Wirtschaftsausblick-2019-1_DEU.pdf

² Clarkson Research, March 2019

Balance sheet as of December 31, 2018

assets

	December 31, 2018		December 31, 2017	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets:				
1. Self-created software and values as well as licenses to such rights and values	270,298.18		594,656.00	
2. Software and assets acquired against payment as well as licenses for such rights and assets	117,902.02		266,408.25	
3. Goodwill	896,290.00		1,153,994.00	
		1,284,490.20		2,015,058.25
II. Tangible assets				
1. Land, land rights and buildings including buildings on third-party land	5,594,651.39		5,850,943.40	
2. Technical systems and machines	59,020.46		21,387.00	
3. Other equipment, factory and office equipment	1,455,689.76		1,791,124.90	
		7,109,361.61		7,663,455.30
III. Financial assets				
1. Shares in affiliated companies	30,678.51		44,895.51	
2. Holdings	4,730.45		4,730.45	
		35,408.96		49,625.96
		8,429,260.77		9,728,139.51
B. Current Assets				
I. Inventories:				
1. Raw materials and supplies	8,467,877.14		10,896,441.89	

	December 31, 2018		December 31, 2017	
	EUR	EUR	EUR	EUR
2. Work in progress, work in progress	6,777,645.75		8,212,266.59	
3. Finished products and merchandise	3,655,474.63		2,387,007.76	
4. Advance payments made	66,114.37		64,694.08	
5. Advance payments received	-1,678,097.16	17,289,014.73	-4,468,043.82	17,092,366.50
II. Receivables and other assets:				
1. Trade accounts receivable	13,868,911.52		23,799,714.54	
2. Receivables from affiliated companies	47,433,168.48		33,169,822.31	
3. Other assets	2,234,711.60		1,842,364.78	
		63,536,791.60		58,811,901.63
III. Cash in hand, bank balances		340,670.84		1,939,650.06
		81,166,477.17		77,843,918.19
C. Prepaid expenses		192,630.29		252,001.61
Total assets		89,788,368.23		87,824,059.31

liabilities

	December 31, 2018		December 31, 2017	
	EUR	EUR	EUR	EUR
A. Equity				
I. Capital share of the limited partners	2,435,000.00		2,435,000.00	
II. Reserves	65,711,277.21		43,755,533.20	
III. Loss carryforward accounts	-56,860,766.59		-46,190,533.20	
		11,285,510.62		0.00
B. Adjustment items for own capitalized shares		30,677.51		30,677.51
C. Provisions				
1. Provisions for pensions and similar obligations	145,169.20		139,110.10	
2. Tax provisions	3,259,934.22		4,097,409.27	
3. Other provisions	13,062,865.87		17,811,700.81	
		16,467,969.29		22,048,220.18
D. Liabilities				
1. Trade accounts payable	6,579,020.49		10,223,494.04	
2. Liabilities to Agents	621,460.36		713,490.97	
3. Liabilities to shareholders	126,092.92		122,388.72	
4. Liabilities to affiliated companies	53,087,589.74		53,376,752.90	
5. Liabilities to the relief fund	53,870.35		53,805.96	
6. other liabilities	1,449,152.34		944,017.83	
		61,917,186.20		65,433,950.42
E. Prepaid expenses		87,024.61		311,211.20
Total liabilities		89,788,368.23		87,824,059.31

Income statement From January 1, 2018 to December 31, 2018

	01/01/2018 - 12/31/2018 EUR	01/01/2017 - 12/31/2017 EUR
1. Sales	91,528,747.19	100,317,251.30
2. Increase or decrease in stocks of finished and unfinished products	-2,121,991.24	-1,886,869.64
3. Other operating income	7,476,865.30	57,726,930.29
4. Cost of materials		
a) Expenses for raw materials and supplies and for purchased goods	39,197,423.88	43,196,189.19
b) Expenses for purchased services	6,737,560.91	9,985,240.16
	45,934,984.79	53,181,429.35
5. Personnel expenses		
a) Wages and salaries	15,917,157.57	18,546,804.82
b) Social security and pension and support expenses	2,741,195.58	3,024,073.68
of that for pensions	28,323.33	-26,667.12
	18,658,353.15	21,570,878.50
6. Depreciation		
a) on intangible fixed assets and property, plant and equipment	4,905,652.56	1,108,122.80
7. other operating expenses	36,233,812.85	101,140,111.47
8. Income from participations	0.00	31,908.25
of which from affiliated companies	0.00	31,908.25
9. Other Interest and Similar Income	162,242.88	60,169.70
of which from affiliated companies	37,322.73	41,044.79
10. Depreciation on financial assets	0.00	48,680.73

	01/01/2018 - 12/31/2018 EUR	01/01/2017 - 12/31/2017 EUR
11. Interest and Similar Expenses	1,992,354.73	994,337.14
of which to affiliated companies	1,815,553.09	835,854.62
12. Taxes on income and earnings (income; previous year: expenses)	-59,718.04	3,932,105.59
13. Profit after tax	-10,619,575.91	-25,726,275.68
14. Other taxes	50,657.48	258,099.84
15. Annual deficit	-10,670,233.39	-25,984,375.52
16. Debiting of the annual deficit on loss carryforward accounts	10,670,233.39	25,984,375.52
17. Balance sheet profit / (loss)	0.00	0.00

APPENDIX FOR THE FISCAL YEAR from January 1st to December 31st, 2018

I. Legal basis and preliminary remarks

MacGregor Germany GmbH & Co. KG is based in Uetersen and is entered in the commercial register at the Pinneberg District Court under number HRA 499 EL.

The company follows in the accounting and valuation according to § 264 a HGB i. V. m. §§ 264 ff. Of the German Commercial Code (HGB), the provisions of the Commercial Code applicable to corporations and the special provisions of the articles of association.

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

As in previous years, the balance sheet was expanded to include the items "Liabilities to representatives" and "Liabilities to benevolent funds". According to the size classes specified in Section 267 of the German Commercial Code, the company is a large company.

II. Accounting, valuation and conversion methods

1. Intangible assets

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

Internally generated industrial property rights and similar rights and assets are depreciated according to the straight-line method pro rata temporis over the respective expected useful life.

Intangible assets acquired from third parties in return for payment are carried at cost less accumulated depreciation. The depreciation is calculated according to the straight-line depreciation method between 3 and 15 years.

Since the expected useful life of the **goodwill** cannot be reliably estimated, the scheduled depreciation is carried out over a period of 15 years in accordance with Section 253 (3) sentence 3 of the German Commercial Code (HGB). Insofar as permanent impairments are likely to exist, unscheduled depreciation is carried out in accordance with Section 253 (3) sentence 5 of the German Commercial Code (HGB) in order to report fixed assets at the lower value that is attributable to them on the balance sheet date.

2. Property, plant and equipment

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

3. Financial assets

The **financial assets** are valued at acquisition or production cost or at the lower fair value on the balance sheet date.

4. Inventories

The **raw materials and supplies** and the **goods** are valued at acquisition cost upon receipt. The reduced usability is taken into account in the value deductions on stocks in the area of raw materials and supplies as well as unfinished products; a 100% marketability deduction is made after 12 months.

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

Finished goods and unfinished goods are valued loss-free.

Advance payments made and received are valued at the nominal amount.

5. Receivables and other assets

The **receivables and other assets** are valued at par.

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

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

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

7. Prepaid expenses

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

8. Deferred Taxes

When determining the deferred taxes as of December 31, 2018, there is a surplus of deferred tax assets. Deferred tax liabilities from valuation differences in provisions for environmental damage and in trade receivables were offset against deferred tax assets on the valuation of goodwill and loss carryforwards that differ from one another under commercial law and tax law. The option for accounting for deferred tax assets in accordance with Section 274 (1) sentence 2 of the German Commercial Code was exercised to the effect that deferred taxes were not accounted for.

9 Equity

The limited partners' liability deposits are fully paid up. The outstanding amount of the guarantee declaration in the amount of EUR 28,044 thousand was offset by a payment by the shareholder of EUR 50,000 thousand. The excess amount of EUR 21,956 thousand was transferred to the reserves as a capital increase.

The loss of EUR 10,670,233.39 will be carried forward to a new account.

10. Adjustment items for capitalized own shares

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

11. Provisions

Provisions for pensions

According to commercial law, a provision is made for future liabilities (Section 249 of the German Commercial Code). This also includes the provisions for obligations from a committed pension in the form of a direct commitment - the pension provision.

This provision will be set at the settlement amount required based on a reasonable commercial assessment (Section 253 (1) sentence 2 HGB). In view of the obligations that usually become due much later, discounting is carried out. The calculation is based on the average market interest rate for the past 10 financial years (Section 253 (2) sentence 1 HGB).

Other provisions are set up based on prudent commercial caution for identifiable risks, uncertain liabilities and impending losses and are recognized at the expected settlement amount.

12. Liabilities

Liabilities are shown at their settlement amount. Advance payments received on orders are openly deducted from inventories in accordance with Section 268 (5) sentence 2 of the German Commercial Code (HGB).

13. Conversion Methods

Cash in hand , goods in hand , receivables and liabilities in foreign currencies on the balance sheet date are **posted** at the current exchange rate. In the case of hedging through forward exchange transactions, the posting is made at the hedging rate. Differences from changes in exchange rates of transactions with a remaining term of less than one year are taken into account by revaluation at the official foreign exchange spot exchange rate on the balance sheet date, unless assets and debts that existed on the balance sheet date have been consistently valued as a closed item due to matching amounts and maturities.

III. Notes to the balance sheet

1. Fixed assets

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

The goodwill capitalized in intangible assets results from three acquisitions of business areas in 2003, 2007 and 2018. The addition from 2018 resulted from the acquisition of the business area of a Norwegian sister company. Due to the service business to be expected over the life of a ship (approx. 20 years), goodwill is amortized over the carefully estimated individual operational useful life of 15 years. In 2018, an impairment loss was made on goodwill due to an expected permanent impairment. The unscheduled depreciation amounted to € 3,500 thousand.

2. Shareholdings within the meaning of Section 285 No. 11 HGB

Surname	Seat	Equity as of December		Annual result 2018 kEUR
		Share %	31, 2018 kEUR	
HATLAPA Verwaltungs GmbH ¹⁾	Uetersen	100	126	6th
Sanger Metal Sp. Z oo ³⁾	Szczecin, Poland	30th	0	0
Interschalt Bluedrive GmbH	Schnefeld	100	14th	-7
Interschalt maritime systems Shanghai ²⁾	Shanghai / China	100	-3	4th

1) This is the personally liable partner.

2) The company is in liquidation

3) The company is in bankruptcy

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

Extraordinary depreciation due to a likely permanent decrease in value was carried out for the valuations for investments in accordance with Section 253, Paragraph 3, Clause 5 of the German Commercial Code (HGB) in the amount of € 0 thousand (previous year: € 49 thousand).

3. Inventories

The down payments received amounting to T € 1,678 (previous year: T € 4,468), which are openly deducted from the inventories, contain down payments of T € 1,101 (previous year: T € 1,884) that do not relate to products accounted for in inventories.

4. Receivables and other assets

The receivables from affiliated companies include receivables from the Group's internal cash pool amounting to € 47,075 thousand (previous year: € 5,562 thousand) and trade receivables of € 253 thousand (previous year: € 237 thousand).

Of the **other assets** , € 7 thousand (previous year: € 11 thousand) have a remaining term of more than one year and € 0 thousand (previous year: € 2 thousand) have a remaining term of more than five years.

5. Deferred Taxes

Essentially, different commercial and tax law valuations for goodwill, inventories, impending loss and partial retirement provisions, loss carryforwards and added values in the supplementary tax balance sheets result in deferred tax assets that significantly exceed the deferred tax liabilities from valuation differences. The valuation of deferred taxes is based on a tax rate of 14.40%.

6. Pension provisions

The valuation of pension provisions was based on the modified entry age method. The following assumptions were made for the calculations:

Discount rate:	3.21%
Discount rate for distribution block	2.32%
Salary trend:	0.00%
Pension trend:	1.75%
underlying mortality tables:	Heubeck mortality tables 2018 G

7. Other provisions

The other provisions were formed for:

	12/31/2018 kEUR	12/31/2017 KEUR
Commissions	2,825	3,146
Penalties	2,445	2,335
Guarantee and goodwill	1.952	1,835
Manufacturing material	1.016	1,838
Severance payments	945	2,261
Purchase guarantees	667	2,053
Impending losses from pending transactions	161	85
Rest	3,052	4,259
	13,063	17,812

8. Liabilities

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

	December 31, 2018 EUR	Thereof with a remaining maturity between one and five years			Collateral provided EUR
		up to one year EUR	years EUR	of more than five years EUR	
Trade payables ¹⁾	6,579,020.49	6,579,020.49	0.00	0.00	2,590,323.35
Liabilities to agents	621,460.36	621,460.36	0.00	0.00	0.00
Liabilities to shareholders	126,092.92	126,092.92	0.00	0.00	0.00
Liabilities to affiliated companies	53,087,589.74	87,589.74	53,000,000.00	0.00	0.00
Liabilities to the relief fund	53,870.35	0.00	3,655.74	50,214.61	0.00
Other liabilities	1,449,152.34	1,449,152.34	0.00	0.00	0.00
	61,917,186.20	8,863,315.85	53,003,655.74	50,214.61	2,590,323.35

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

The liabilities to affiliated companies include liabilities from the granting of loans amounting to € 53,000 thousand (previous year: € 49,947 thousand).

IV. Notes on the profit and loss account

1. Sales

According to geographic markets, sales break down as follows:

In EUR	2018	2017
inland	28,356,239.01	26,085,520.58
foreign countries	63,172,508.18	74,231,730.72
total	91,528,747.19	100,317,251.30

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

In EUR	2018	2017
New business	30,762,572.15	53,633,448.54
Service business	54,932,409.35	37,932,332.56
miscellaneous	5,833,765.69	8,751,470.20
	91,528,747.19	100,317,251.30

2. Other operating income

The other operating income includes exchange rate gains of € 1,312 thousand (previous year: € 2,250 thousand).

The other operating income does not include any extraordinary income compared to the previous year. In the previous year, the extraordinary income of T € 54,193 resulted from the sale of a business area.

3. Depreciation

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

4. other operating expenses

The other operating expenses include exchange rate losses of € 1,270 thousand (previous year: € 862 thousand).

The other operating expenses do not include any extraordinary expenses compared to the previous year. In the previous year, the extraordinary expenses of T € 67,253 resulted from mergers.

V. Other information

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

	Expenses 2019 kEUR	Expenses 2020 kEUR	Expense 2021 kEUR	Expense 2022 kEUR	Expense 2023 kEUR	Total KEUR
From leasing and rental contracts:						
Copier, printer, EDP	99	10	0	0	0	109
Car	168	140	73	17th	2	400
machinery	51	0	0	0	0	51
Office rent	94	0	0	0	0	94
	412	150	73	17th	2	654

2. Purchase commitments

The order commitments from orders for goods amounted to € 8,241 thousand on the current reporting date (previous year: € 17,920 thousand).

3. Purchase obligation

On December 31, 2016, the company undertook to purchase production services from a third party worth a total of € 11.8 million over a period of two years. A provision of € 4.8 million was set up for impending losses from this obligation.

On December 31, 2018, this provision was reduced to € 0.7 million.

4. Number of employees (annual average)

	1.1.2018 - 31.12.18	1.1.2017 - 31.12.17
constantly employed	251	209
temporary employees	7th	4th
	258	213
trainee	8th	11
	266	224

5. Derivative financial instruments and valuation units

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

	Nominal values	
	12/31/2018	12/31/2018
	KEUR	TUSD
Cargotec	14,484	17.102
	KEUR	TNOK
Cargotec	618	6,064

For the currency forwards, the total of the positive fair values is T € 40 (previous year: T € 639), the total of the negative fair values is T € -194 (previous year: T € -31). The calculations of the fair values were based on the reference rates from December 31, 2018.

The derivatives concluded with the banks and the respective underlying transactions basically form a valuation unit, so that no valuation result arises. These are microhedges (clear allocation of underlying and hedging transactions). The effectiveness of the hedge is checked on an ongoing basis. Due to the equality of amounts, risks and deadlines, the valuation units are highly effective. Most of the opposing changes in value and cash flows from currency forwards are expected to balance each other out in 2019.

6. Auditor's fee

The total fee charged by the auditor for the financial year is EUR 102 thousand and relates exclusively to audit services.

7. Approval of the annual financial statements

The annual financial statements as of December 31, 2017 were adopted by the shareholders' resolution on October 29, 2019. The management was granted discharge.

8. Supplementary report

At the beginning of 2019, the contract manufacturer, which arose as a result of the outsourcing of production from MacGregor Germany in 2016, filed for bankruptcy. As a result, part of the insolvent company was sold to a medium-sized group of companies that started operations for a short time and also filed for bankruptcy in May 2019. As a result, most of the production was relocated to China.

In August 2019, the company expanded its product portfolio in the field of ship cranes by acquiring TTS Neuenfelder Maschinenfabrik GmbH.

The effects of the corona pandemic, which has been occurring since January 2020, are increasingly affecting the global economy. With the further progress of the consequences of the measures taken, such as standstill of production and trade as well as travel restrictions, it is not foreseeable how this will affect economic development. In principle, this has no impact on the annual financial statements as of December 31, 2018 for MacGregor Germany GmbH & Co. The further course of the spread of the coronavirus (COVID-19) and the possible consequences on the course of business of MacGregor Germany GmbH & Co. KG are continuously monitored by the management.

The assessments of concrete economic effects as a result of the further course of the crisis are associated with considerable uncertainties, so that the actual development of the earnings situation could deviate from the forecast and a significant impact on the company's assets and financial position cannot be ruled out. The management assesses the economic situation of the company at the time of the preparation of the annual financial statements, especially against the background of the persistently difficult market situation, as challenging. Business development during the first months of 2020 is in line with expectations despite the onset of the effects of COVID-19, but a decline is becoming apparent in April.

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

9. Management

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

10. Consolidated financial statements

The annual financial statements of MacGregor Germany GmbH & Co. KG, Uetersen, will be included in the consolidated financial statements of the ultimate parent company, Cargotec Oyj, Helsinki, Finland, as of December 31, 2018. These consolidated financial statements in English can be viewed on the Internet at www.cargotec.com or can be obtained from Cargotec Corporation, Helsinki / Finland.

Uetersen, May 13, 2020

The Board
Rainer Twisterling

Schedule of assets as of December 31, 2018

	As of Jan. 01, 2018 €	Acquisition or manufacturing costs			As of December 31, 2018 €
		Additions €	Rebooking €	Disposals €	
I. Intangible Assets					
1. Self-created software and values as well as licenses to such rights and values	1,621,787.40	0.00	0.00	0.00	1,621,787.40

	Acquisition or manufacturing costs				
	As of Jan. 01, 2018 €	Additions €	Rebooking €	Disposals €	As of December 31, 2018 €
2. Software and assets acquired against payment as well as licenses for such rights and assets	2,957,844.36	11,724.37	0.00	31,375.43	2,938,193.30
3. Goodwill	5,475,970.21	3,500,000.00	0.00	0.00	8,975,970.21
	10,055,601.97	3,511,724.37	0.00	31,375.43	13,535,950.91
II. Tangible assets					
1. Land, land rights and buildings including buildings on third-party land	13,799,418.51	0.00	3,398.00	0.00	13,802,816.51
2. Technical systems and machines	995,026.85	4,168.00	-334,719.55	0.00	664,475.30
3. Other equipment, factory and office equipment	10,126,595.44	106,063.45	331,321.55	324,929.93	10,239,050.51
	24,921,040.80	110,231.45	0.00	324,929.93	24,706,342.32
III. Financial assets					
1. Shares in affiliated companies	251,427.41	0.00	0.00	80,749.90	170,677.51
2. Holdings	138,910.18	0.00	0.00	0.00	138,910.18
	390,337.59	0.00	0.00	80,749.90	309,587.69
	35,366,980.36	3,621,955.82	0.00	437,055.26	38,551,880.92
	Accumulated depreciation				
	As of Jan. 1, 2018 €	Additions €	Rebookings	Disposals €	As of December 31, 2018 €
I. Intangible Assets					
1. Self-created software and values as well as licenses to such rights and values	1,027,131.40	324,357.82	0.00	0.00	1,351,489.22
2. Software and assets acquired against payment as well as licenses for such rights and assets	2,691,436.11	160,230.60	0.00	31,375.43	2,820,291.28
3. Goodwill	4,321,976.21	3,757,704.00	0.00	0.00	8,079,680.21
	8,040,543.72	4,242,292.42	0.00	31,375.43	12,251,460.71
II. Tangible assets					
1. Land, land rights and buildings including buildings on third-party land	7,948,475.11	256,292.01	3,398.00	0.00	8,208,165.12
2. Technical systems and machines	973,639.85	24,992.94	-393,177.95	0.00	605,454.84
3. Other equipment, factory and office equipment	8,335,470.54	382,075.19	389,779.95	323,964.93	8,783,360.75
	17,257,585.50	663,360.14	0.00	323,964.93	17,596,980.71
III. Financial assets					
1. Shares in affiliated companies	206,531.90	0.00	0.00	66,532.90	139,999.00
2. Holdings	134,179.73	0.00	0.00	0.00	134,179.73
	0.00	0.00	0.00	66,532.90	274,178.73
	25,298,129.22	4,905,652.56	0.00	421,873.26	30,122,620.15
				Net book values as of Dec. 31, 2017 €	Net book values as of December 31, 2018 €
I. Intangible Assets					
1. Self-created software and values as well as licenses to such rights and values				594,656.00	270,298.18
2. Software and assets acquired against payment as well as licenses for such rights and assets				266,408.25	117,902.02
3. Goodwill				1,153,994.00	896,290.00
				2,015,058.25	1,284,490.20
II. Tangible assets					
1. Land, land rights and buildings including buildings on third-party land				5,850,943.40	5,594,651.39
2. Technical systems and machines				21,387.00	59,020.46
3. Other equipment, factory and office equipment				1,791,124.90	1,455,689.76
				7,663,455.30	7,109,361.61
III. Financial assets					
1. Shares in affiliated companies				44,895.51	30,678.51
2. Holdings				4,730.45	4,730.45
				49,625.96	35,408.96
				9,728,139.51	8,429,260.77

INDEPENDENT AUDITOR'S REPORT

To MacGregor Germany GmbH & Co. KG, Uetersen

Examination Opinions

We have prepared the annual financial statements of MacGregor Germany GmbH & Co. KG, Uetersen, - consisting of the balance sheet as of December 31, 2018 and the income statement for the financial year from January 1 to December 31, 2018 as well as the notes, including the Presentation of accounting and valuation methods - checked. In addition, we have the management report of MacGregor Germany GmbH & Co. KG for the financial year from January 1 to January 31.

Checked December 2018.

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

- The attached annual financial statements comply in all material respects with German commercial law regulations and, in compliance with German generally accepted accounting principles, give a true and fair view of the company's assets and financial position as of December 31, 2018 as well as its earnings position for the financial year from January 1 to as of December 31, 2018 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

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

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe

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

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law in all essential respects, and for ensuring that the annual financial statements give a true and fair view of the assets, financial and earnings position of the in compliance with the German principles of proper bookkeeping Society mediates. In addition, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted accounting principles in order to enable the preparation of annual financial statements that are free from material - intended or unintentional - misstatements.

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

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

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

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

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

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

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

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

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

Hamburg, June 22nd, 2020

PricewaterhouseCoopers GmbH
auditing company

Alexander Fernis, auditor

ppa. Christian Eden, auditor

The annual financial statements as of December 31, 2018 have not yet been adopted.
