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LISSMAC Maschinenbau GmbH

Bad Wurzach

Annual financial statements for the financial year from January 1st, 2020 to December 31st, 2020

Management report for the 2020 financial year

1. BUSINESS AND GENERAL CONDITIONS

Business model, organizational structure and sales markets

LISSMAC Maschinenbau GmbH is one of the leading suppliers of high-quality construction machinery and equipment, grinding and deburring machines and handling technology. As a manufacturer with high quality and productivity standards, we supply customers from various industries at home and abroad. These include the construction and building materials industry, metalworking industry, automotive industry and their supplier industry and trading companies.

The organizational structure did not change in the year under review.

LISSMAC Maschinenbau GmbH consists of the parent company LISSMAC Maschinenbau GmbH and its subsidiaries. These are bundled in LISSMAC Beteiligungsgesellschaft mbH. This includes LISSMAC Corporation in the USA, LISSMAC (Tianjin) Machinery Co. Ltd. in China, LISSMAC Middle East FZE in Dubai and the 50% stake in NexTec System AB in Sweden.

As of December 31, 2020, the Russian subsidiary LISSMAC Machinery OOO was in the pre-foundation phase, which was completed on January 22, 2021 with the entry in the commercial register. 99% of LISSMAC Machinery OOO is held by LISSMAC Beteiligungsgesellschaft mbH, 1% by LISSMAC Middle East FZE in Dubai.

The parent company has its headquarters in Bad Wurzach and a production site in Beckum, North Rhine-Westphalia. The branch in Celle, Lower Saxony, was closed on December 31, 2020.

On October 1st, 2020, Dr. Hinrich Dohrmann joins LISSMAC Maschinenbau GmbH as the second managing director, who is responsible for the areas of design, production, purchasing and materials management and also manages the location in Beckum.

Most of the companies outside of Germany belong to the foreign sales segment. With the exception of the Chinese company, they are mainly responsible for sales and service activities in the various regions. The Chinese company mainly produces simple products for the Construction Technology division and only performs minor sales and service activities for the Metal Processing product segment.

It's the other way around in American society. In addition to the main activity, sales and service of metal processing machines, products for both product segments are only developed and produced here to a small extent.

LISSMAC developed from a pure construction machinery manufacturer into an international system partner for high-tech machines and systems and today includes four business areas: Construction Technology (CT), Metal Processing (MP), MT-Handling (MT) and Plant Engineering (PE).

In the Construction Technology division, we offer the entire portfolio of cutting technology for structural and civil engineering, handling systems for modern masonry construction and high-quality diamond tools through to products for renovation and demolition. The Metal Processing division revolutionized sheet metal processing by developing its own machine series consisting of steel brushing, grinding and deburring machines and is now one of the market leaders in the industry. For decades we have been developing individual handling systems with specific gripper technology for high-precision product handling in the MT-Handling business area, primarily for the automotive industry.

While the series construction machines for Construction Technology are sold in Germany and abroad almost exclusively via dealers and sales partners, this is partly done in the metal processing area and almost exclusively in direct sales in the MT handling area.

The systems quality management (QM system) according to DIN EN ISO 9001:2015 and energy management (EnM system) according to DIN EN ISO 50001:2018 implemented in the previous year were further professionalized in the reporting year. In addition, the basis for the TISAX information security check, which was successfully passed in February 2021, was created in the reporting year.

strategy and corporate management

The strategy of LISSMAC Maschinenbau GmbH is aimed at profitable, organic growth. It is our goal to produce top-class machines and systems in Germany with a strong equity base and a highly motivated, long-term, competent team of employees in Germany and to generate adequate income.

LISSMAC Maschinenbau GmbH is responsible for controlling the group of companies. Earnings before interest and taxes (EBIT) serve as a control indicator.

economic report

Economic conditions

In 2020, the SARS-Cov-2 virus suddenly changed how people lived together and plunged the global economy into a deep recession. The International Monetary Fund (IMF) estimates that global economic output will decline by 3.5% in real terms in 2020. At the beginning of 2020, the International Monetary Fund (IMF) still assumed global economic growth of 3.3%. Fortunately, the second half of 2020 was characterized by a clear economic recovery, and since this was stronger than expected, the slump was 0.9 percentage points lower than the IMF forecast in October 2020. Industrial production shrank by 4.4% in 2020, while in 2019 it grew by 0.

With the exception of China, all regions had to accept significant losses in economic output compared to the previous year. Among the industrialized countries, the United States recorded the smallest declines in GDP at -3.4%, Japan at -5.1% and Germany at -5.4%. In contrast, the minus in the euro zone was a whopping 7.2%.

Spain (-11.1%), the United Kingdom (-10.0%), Italy (-9.2%) and France (-9.0%) developed particularly weakly.

In the emerging markets and developing countries, the negative economic growth of 2.4% was quite moderate compared to the industrialized countries. But here, too, all countries in 2020 missed the previous year's and forecast values. This was particularly pronounced in India in 2020 with -8.0%.

In China, on the other hand, the outbreak of the corona pandemic began. Accordingly, there was a massive slump in economic output earlier than in other countries, but there was also a faster recovery. China is the only major economy to post positive growth of 2.3% in 2020, with growth momentum declining (2019: 6.0%). The government supported the recovery process with vigorous containment measures, fiscal and monetary aid.

Source: IMF World Economic Outlook Update January 2021 and January 2020; VDMA Economics International, November 2020

In Germany, the price-adjusted gross domestic product in 2020 was around 5.0% lower than in the previous year, according to preliminary calculations by the Federal Statistical Office. After a ten-year growth phase in the Corona crisis year 2020, the German economy fell into a deep recession, similar to the last time during the financial and economic crisis of 2008/2009. But this is where the similarities end. According to preliminary calculations, the economic slump in 2020 was not only slightly less severe overall than in 2009 with -5.7%. Unlike during the financial and economic crisis, when overall consumption supported the economy, private consumer spending in particular fell in 2020 year-on-year by 6, 0% stronger than ever back. In contrast, government consumer spending had a stabilizing effect with a price-adjusted increase of 3.4%, including during the Corona crisis, with the procurement of protective equipment and hospital services contributing to this.

At -3.5%, price-adjusted gross fixed capital formation recorded the most significant decline since the financial and economic crisis of 2008/2009. Contrary to this trend, investments in construction increased by 1.5%. Price-adjusted, 12.5% less was invested in equipment (investments in machinery and equipment as well as vehicles) in 2020 than in the previous year. According to initial estimates, investments in other equipment - which primarily includes investments in research and development - fell by 1.1% in real terms.

The corona pandemic had a massive impact on foreign trade, primarily due to massive disruptions in supply and logistics chains: exports and imports of goods and services fell in 2020 for the first time since 2009, exports price-adjusted by 9.9%, imports by 8.6%.

The economic output was generated on average in 2020 by 44.8 million employees with their place of work in Germany. That was 477,000 people (1.1%) fewer than in 2019.

Source: Federal Statistical Office

industry environment

As a result of the corona pandemic, global machine production also fell drastically in the second quarter of 2020. In line with the overall economic development, the slump in China was a quarter earlier. In the course of the year, mechanical engineering recovered from the low points worldwide, albeit with different dynamics. According to estimates by Oxford Economics, world machine sales fell by 6% in 2020 in real terms. In China alone, it was possible to quickly return to the path of growth. The pre-crisis level was already exceeded in the second quarter of 2020. Machine sales increased by around 5% year-on-year compared to the previous year. At the other large locations, the annual financial statements were negative.

Source: VDMA forecast mirror international, December 2020, VDMA economics international, November 2020

German mechanical and plant engineering

According to initial calculations by the Federal Statistical Office, price-adjusted production in mechanical engineering in Germany fell 12.1% short of the previous year's level in 2020 (preliminary result; some corrections are still pending). After the first failures as a result of the pandemic, initially in China, many supply chains broke or were at least very strained, especially in April and May. Production came under severe pressure. Some things could be caught up in production in June. However, the slump in incoming orders since April put the production of machines under renewed pressure only a month later. Towards the end of the year things were less bad. A total of 4% growth in orders in the fourth quarter helped here and there to give machine production a boost. Production fell by 7.2% in the fourth quarter. However, the low level of the comparison basis (fourth quarter of 2019) also plays a role here that should not be underestimated.

Production and sales reached a level of 199 and 203 billion euros (both estimated values).

Source: Federal Statistical Office, VDMA

According to VDMA surveys, the construction machinery industry had to accept losses in sales and incoming orders in the reporting year, but was still at the high level of 2016/2017. Loss of production did not play a decisive role here, as manufacturers were able to close the interrupted supply chains quite quickly, which is why they were less important than the drop in demand.

Sales from German production fell by 17% to 10.5 billion euros in the year of the pandemic compared to the record level of 2019. Building construction machines were hit the hardest, while the declines in road construction machines were clearly limited. The minus was below the fears at mid-year and is at the sales level of 2017.

The German market declined by 7% in the past year, the European one by 17%. In both cases, however, there was a strong spread between the compact and large machine business: compact machines hardly experienced any declines (-3%), while the market for large machines collapsed by 18%. The world market ended up with a minus of 3%, with the extreme growth of the Chinese market (over 30%) pulling the overall balance upwards. Excluding China, the market declined 17%.

Source: VDMA, specialist group construction machinery

The global market for machine tools and sheet metal working machines was also in a deep recession in the 2020 financial year as a result of the corona pandemic. The downward trend that had been apparent since autumn 2018 intensified massively as demand for machine tools and sheet metal working machines collapsed worldwide. The Association of German Machine Tool Builders (VDW) significantly reduced its forecasts over the course of 2020, as did the British economic research institute Oxford Economics. According to their preliminary information, world consumption for machine tools fell by a full 23.2% to 55.1 billion euros in 2020, after a decline of 8.4% was recorded in the previous year. This was the first time since 2003 that the market for machine tools had declined for two years in a row. The decline was strongest in Europe at 29.2% (previous year: -2.4%), with Asia (-16.8%) and North and South America (-22.8%) also showing significant negative growth.

The sales of the German machine tool manufacturers fell by 30.5% to 11.8 billion euros in the 2020 financial year. The declines are almost equally attributable to domestic sales, which fell by 31.4% to 4.8 billion euros, and German machine exports, which fell by 29.8% to 7.0 billion euros. In the previous year, domestic sales, with growth of 16%, were still the mainstay of the German machine tool industry. The most important export market for German machine tools was once again China, with an above-average decline of 36.2% to 1.2 billion euros, followed by the USA, which continued to occupy second place with an export volume of 0.9 billion euros.

After a decade of growth in the 2020 pandemic year, German robotics and automation is seeing a projected sales slump of 20% year-on-year. On the supply side, the disruption in the supply chains could usually be compensated for quickly. However, travel restrictions continue to hamper international business. Demand-side problems came to the fore. Major projects were postponed or canceled entirely by customers and approvals were delayed. The high dependency on the automotive industry certainly also plays a role here.

The situation differs in the sub-sectors: while robotics and integrated assembly solutions ended the year with a drop in sales of more than 20%, industrial image processing was able to escape the double-digit drop in sales and, according to the data as of November 2020, was heading for -8%.

Sources: VDMA, VDW, Oxford Economics

Overall statement on the course of business

LISSMAC Maschinenbau GmbH was able to further consolidate and partially expand its market position in a very difficult environment. Despite very great economic uncertainties, which, in addition to the Covid 19 pandemic, were still characterized by the change in the automotive industry, the economic reorientation in China, protectionism and the customs and trade disputes, the decline in sales was significantly lower at 5.8% than in still forecast in April 2020 (-17%). With sales of EUR 60.1 million achieved in the 2020 financial year, the sales target for 2020 set and forecast before the corona pandemic was almost reached.

While the Construction Technology (-6%) and Metal Processing (-12%) business areas recorded significant declines compared to the previous year, sales in the MT-Handling business area including Plant Engineering increased by 5%.

The Metal Processing division experienced the sharpest drop in sales, which, in addition to the economic slump in the market for machine tools and sheet metal working machines, is also due to the general decline in exports due to the corona pandemic. While domestic sales even grew by 1% compared to the previous year, the 19% drop in sales is due to foreign sales in the MP area.

The MT-Handling business area, including plant engineering, which is characterized by longer project durations, benefited from a high order backlog that could be built up before the corona pandemic and achieved a new sales record of EUR 12.7 million.

The personnel expense ratio in relation to total output has increased significantly due to the significantly reduced total output.

Despite the corona pandemic, the EBIT margin (in relation to total output) even increased and is at a very good level of 10.0% (previous year: 9.6%). In addition to the reduced overall performance, the main reasons for the improvement in the EBIT margin can be attributed to cost reductions through short-time work, significantly lower travel and trade fair costs as a result of the Covid-19 pandemic and other cost-saving measures taken.

The development of the subsidiaries in the 2020 financial year was divergent. While the subsidiary in Dubai, which was only founded in 2018, was able to achieve an annual surplus of the equivalent of EUR 11 thousand in 2020 despite the corona pandemic, the two established subsidiaries in the USA and China in particular were hit harder by the corona crisis. While the subsidiary in China only had to accept a marginal net loss for the year (EUR 14 thousand) despite being closed for several weeks as a result of the lockdown, the subsidiary in the USA looked set to make a severe loss during the year, which was reduced to EUR 105 thousand by the end of the year. Considering the year-on-year revenue losses of 21,

Overall and not least on the basis of the good results of the parent company, the asset and financial situation again developed very positively from the point of view of the management.

2. COMPANY LOCATION

asset and capital structure

The balance sheet of LISSMAC Maschinenbau GmbH decreased by 1.3% to EUR 38.8 million at the end of 2020 compared to the reporting date.

Fixed assets decreased by 3.4% to EUR 12.1 million (previous year: EUR 12.5 million). Property, plant and equipment, which show comparatively low additions due to a cautious investment policy, decreased mainly due to depreciation. Intangible assets, on the other hand, increased marginally, primarily due to the addition to advance payments made for the new multi-CAD system (EUR 0.1 million).

There were no changes to financial assets in the year under review.

Despite a reduced business volume in 2020, current assets are at the previous year's level at EUR 26.6 million. A significant decline compared to the previous year was recorded in inventories at EUR 4.8 million. The reduction in inventories is largely due to finished products in the series area (EUR 1.9 million), unfinished products in the project area (EUR 1.6 million) and merchandise (EUR 0.6 million). In addition to the declining business volume in 2020, cautious planning in the series area for 2021, a low order backlog at the end of 2020 and final accounts in the project area at the end of 2020 are reasons for the reduction in inventories.

Trade receivables were reduced by around EUR 2.0 million compared to the 2019 balance sheet date. In addition to the lower settlement volume in December compared to the previous year (EUR -0.8 million), this is also due to the more cautious allocation of payment terms in the context of the Corona crisis. Receivables from affiliated companies fell by EUR 0.2 million compared to the previous year, with increases in the subsidiaries in Dubai and China being offset by a significant decrease in the subsidiary in the USA (EUR 0.4 million), which is partly due to currency effects .

In contrast, cash and cash equivalents increased almost sevenfold to EUR 8.1 million (previous year: EUR 1.2 million), which is mainly due to the enormous increase in operating cash flow.

As in previous years, the majority of the liabilities side of the balance sheet was equity, which increased to EUR 29.5 million (previous year EUR 26.7 million) as a result of the annual surplus less the dividend. Based on the slightly reduced balance sheet total compared to the previous year, the equity ratio increased to 76.0% (previous year 67.8%).

At EUR 9.3 million, total borrowed capital is 26.2% below the previous year. The decrease can be found in both provisions with -15.3% and liabilities with -31.7%. The provisions for pensions and similar obligations were reduced by increasing the plan assets offset against the provisions. In addition, tax provisions fell mainly due to outstanding assessments in the previous year. The decline in other provisions is mainly due to lower personnel expenses and reduced provisions for warranties.

The decrease in liabilities to banks is due to the scheduled repayment of the long-term loan and the repayment of the money market loan at the beginning of 2020.

The decline in trade payables is mainly due to the restrained ordering and investment policy due to the corona pandemic. In addition, incoming invoices were paid before they were due at the end of 2020 in order to take account of the corona-related shutdown.

The decrease in advance payments received is mainly due to the project business in the MT area, whereby the projects at the end of 2020 were more advanced than in the previous year and advance payments could be deducted from partial and final invoices.

The increase in other liabilities is mainly due to sales taxes.

The change in the asset structure is shown in the following overview:

	12/31/2020		Previous year	
	kEUR	%	kEUR	%
Intangible and tangible assets	9,334	24.0	9,757	24.8
financial investments	2,754	7.1	2,754	7.0
Assets tied up in the long term	12,088	31.1	12,511	31.8
Stocks	10,766	27.7	15,598	39.7
Requests from deliveries and services	4,235	10.9	6,275	15.9
other receivables, assets and prepaid expenses	3,583	9.2	3,760	9.6
Cash and cash equivalents	8,145	21.0	1,165	3.0
Short-term assets	26,729	68.9	26,798	68.2
total assets	38,817	100.0	39,309	100.0
			change	
			kEUR	%
Intangible and tangible assets			(423)	-4.3
financial investments			0	0.0
Assets tied up in the long term			(423)	-3.4
Stocks			(4,832)	-31.0

	change	%
	kEUR	
Requests from deliveries and services	(2,040)	-32.5
other receivables, assets and prepaid expenses	(177)	-4.7
Cash and cash equivalents	6,980	>100
Short-term assets	(69)	-0.3
total assets	(492)	-1.3

The overall capital structure compared to the previous year is broken down as follows:

	12/31/2020		Previous year	
	kEUR	%	kEUR	%
Equity capital	29,483	76.0	26,659	67.8
Long-term liabilities	550	1.4	698	1.8
Medium-term debt capital	89	0.2	548	1.4
short-term borrowed capital	8,695	22.4	11,404	29.0
total debt	9,334	24.0	12,650	32.2
total capital	38,817	100.0	39,309	100.0

	change	%
	kEUR	
Equity capital	2,824	10.6
Long-term liabilities	(148)	-21.2
Medium-term debt capital	(459)	-83.3
short-term borrowed capital	(2,709)	-23.8
total debt	(3,316)	-26.2
total capital	(492)	-1.3

financial position and financial management

The most important goals of the financial management of LISSMAC Maschinenbau GmbH in 2020 were extensive internal financing and securing of liquidity. Available funds are exclusively invested in low-risk and short-term investments. Both the ongoing business and the investment projects should generally be financed from the cash flow. This enables us to react quickly and flexibly to market changes relatively independently of the interests of third parties and the uncertain capital markets. We only use financing measures such as the loan for our extension building and the "Steelmater" acquisition, which are not only manageable but have also largely been repaid, in a few sensible exceptional cases.

Operating cash flow

The liquidity situation of LISSMAC Maschinenbau GmbH improved significantly in the reporting period.

The positive annual result had an increasing effect on the cash flow. This growth was boosted by lower funds tied up in working capital, which is primarily due to the lower volume of business and the associated reduction in inventories and trade receivables. Compared to the previous year, the cash flow from operating activities increased to EUR 9.9 million (previous year: EUR 3.1 million).

As a result, cash and cash equivalents increased by almost 600% to EUR 8.1 million despite investments in fixed assets and the associated negative cash flow from investing activities of EUR 1.0 million and a negative cash flow from financing activities in Amount of 1.7 million euros.

investment volume

In the 2020 financial year, LISSMAC Maschinenbau GmbH made investments in intangible assets and property, plant and equipment amounting to EUR 1.1 million (previous year: EUR 1.6 million), with the majority of this being attributable to property, plant and equipment (87.5%). The decline compared to the previous year is mainly due to the cautious investment policy in the context of the corona pandemic in 2020. The investments in 2020 mainly relate to the acquisition of a new 2-axis universal lathe and replacement investments in the area of factory and office equipment. Due to scheduled depreciation, property, plant and equipment as of December 31, 2020 were 4.7% below the previous year's level.

earnings situation

With a decline of 5.8%, sales fell to EUR 60.1 million. Due to a reduced inventory and the associated reduction in stocks, the total output was EUR 56.5 million, which corresponds to a decrease of 12.9% compared to the previous year. In addition to the corona pandemic as the main reason for the decline in total output, a downward trend in the MP and MT/PE areas, which was already expected in 2019 for 2020, can be seen due to the general economic conditions there. Even before the outbreak of the Corona crisis, the VDMA was expecting a renewed decline in production in German mechanical and plant engineering. In fact, the MT/PE division was able to exceed its sales budget of EUR 12.7 million for 2020. Euro with more than 10% even clearly surpass. The CT and MP series areas, on the other hand, had to record a significant decline in sales compared to the previous year and the budget, which was mainly due to the cautious investment policy of dealers and customers in connection with the corona pandemic. In the CT area in particular, dealers were cautious and reduced their stocks without placing any significant repeat orders in 2020.

The material intensity fell to 38.0% (previous year 42.2%), which is due to a lower proportion of outsourcing due to the decline in construction and production capacity utilization compared to the previous year and the significant reduction in inventories.

Personnel intensity, on the other hand, increased significantly from 33.1% to 38.1%, which, in addition to the decline in total output, is mainly due to the increase in the average number of employees from 323 in 2019 to 333 in 2020. On the other hand, it was possible to save EUR 0.7 million in personnel expenses in 2020 with the reduction in vacation and overtime and the use of short-time work. As can already be seen from the material intensity, the proportion of in-house production increased significantly in 2020. In addition, the costs for temporary workers were reduced by EUR 0.8 million in the 2020 financial year. The background to the personnel recruitment was and is the goal to keep the proportion of outsourcing low and also to secure well-trained staff for further growth in the coming years. Personnel intensity is to be reduced again in the medium term.

At EUR 1.5 million, depreciation is below the previous year (EUR 1.6 million), which is exclusively due to intangible assets (decrease of EUR 0.2 million). In the 2019 financial year, both the customer base and the word mark acquired in 2012 in connection with the asset deal with Bütfering Schleiftechnik GmbH and the ERP system implemented in 2014 were completely written off. On the other hand, depreciation of property, plant and equipment increased to a very small extent due to investments.

Other operating expenses fell from EUR 8.8 million in the previous year to EUR 6.7 million in 2020. The main decreases are attributable to the costs of temporary workers (EUR -0.8 million), trade fair costs (EUR -0.7 million EUR), travel expenses (EUR -0.4 million) and costs for outbound freight (EUR -0.1 million). In particular, trade fair and travel costs have fallen, mainly because of the corona pandemic. In addition, the bauma trade fair in Munich is included in the marketing costs in 2019. Outgoing freight fell by 11.2% more than sales revenue, which is due to the lower export share in 2020 compared to the previous year.

In total, LISSMAC Maschinenbau GmbH achieved a return on sales (EBIT) of 9.4% (previous year 9.8%), a return on equity of 13.4% (previous year 16.0%) and a return on total capital of 14.6% (previous year 15.9%).

3. OPPORTUNITY AND RISK REPORT

LISSMAC Maschinenbau GmbH is active worldwide. Like any entrepreneurial activity, your business activity harbors a wide range of opportunities and risks. We continuously monitor uncertainties and changes in the environment and within the company as part of our day-to-day business and evaluate and control them as far as possible in order to use opportunities in a targeted manner and minimize risks. The management of opportunities and risks is a central part of corporate management and essential for the long-term positive development of LISSMAC.

Opportunity and risk management is based on our planning and controlling system, from which we receive information about external and internal developments at an early stage. We discuss the knowledge gained from this regularly and across departments. Based on this open communication, we develop and implement strategies for dealing with specific opportunities and risks. The opportunity and risk management of LISSMAC Maschinenbau GmbH is supplemented by an internal control system. Its core elements include a fundamental four-eyes principle and a general separation of important functions, which is additionally secured by means of access restrictions in the IT systems. In addition, there are monthly analyzes of the most important expense items and the observation of the development of individual cost types in order to identify deviations at an early stage. Suitable control mechanisms are also implemented in order calculation, service, warehousing and production, which promptly reveal noticeable changes and thus enable rapid countermeasures.

COVID-19 Risks

The global pandemic caused by the corona virus represents a significant risk for a positive development of LISSMAC Maschinenbau GmbH in 2021. This risk can only be minimized with the vaccination of the global population and the associated herd immunity. For this reason, our general opportunity and risk management was supplemented by a special COVID-19 risk management at the beginning of 2020. We record the changes here almost every day and adapt our measures and corporate management elements accordingly. The primary goal is to maintain the health of our employees and customers as well as the full functionality of the company. To this end, far-reaching hygiene measures have been introduced, which we constantly monitor and improve. Wherever possible and sensible, activities have been outsourced to home offices. New instruments such as virtual trade fair tours and machine presentations, as well as video conferences, web seminars, video-supported sample processing and customer-specific application tests are intended to maintain and guarantee our market presence and customer proximity even in times of restricted travel and contact bans.

In order to minimize procurement risks and gaps as well as postponements in the supply chain and to ensure the highest possible level of security for production and compliance with delivery dates, supply chains that are particularly at risk from the pandemic are regularly analyzed. In addition to the expansion of procurement alternatives, technical alternatives and solutions are also being developed.

Aside from the risks caused by COVID-19, the currently identifiable risks for LISSMAC are manageable and do not pose a threat to the continued existence of the company. We monitor the following risk areas on an ongoing basis:

Economic risks - In addition to COVID-19, we believe that the uncertain macroeconomic environment with its diverse political and economic imponderables continues to represent a high risk.

In addition to the daily changing challenges caused by COVID-19 and the political differences within the EU, we are particularly critical of the protectionist tendencies in various countries, the export opportunities to Russia made more difficult by sanctions and the overindebtedness of many states and other economic actors. This could result in both direct and indirect burdens for LISSMAC. In addition, there is an increasing level of regulation and bureaucracy in Germany and the EU, which is not conducive to positive economic development. LISSMAC can very well compensate for normal economic fluctuations through flexible structures and processes within the concept of the breathing company, especially thanks to the flextime accounts of our employees. Our high liquidity and equity ratio as well as the resulting extensive independence also contribute to the fact that LISSMAC can also withstand large-scale fluctuations in demand unscathed.

Market and competition risks - LISSMAC prevents the intensive price and competitive pressure with particularly high-quality machines, individual system solutions and a very competent and reliable service in order to strengthen customer loyalty. Our sensibly structured product range and the modular design of the machines also enable us to offer tailor-made solutions while at the same time keeping the cost structure solid. The targeted differentiation of our offer with regard to different market requirements also has a positive effect.

LISSMAC reduces concentration tendencies on the customer side and corresponding dependencies through regional and branch-specific diversification as well as the development of new customers and markets. We reduce the risk of insolvency-related payment defaults with an order check and comprehensive receivables management.

The increasing internationalization of our industry increases the likelihood of imitators. LISSMAC reacts to this by bundling R&D activities at the Bad Wurzach site, strict access regulations and a high level of in-house production. The fundamentally very high complexity of the machines also offers a certain degree of protection.

Product risks - We avoid innovation risks through regular exchange with customers, system suppliers and other market participants. Based on the information obtained in this way, we consistently align our products with the requirements of the market. In addition, intensive research and development activities strengthen the technological pioneering role of LISSMAC.

Production Risks - Careful, preventative and far-reaching maintenance and early investment measures reduce the risk of production downtime and keep LISSMAC's production facilities state-of-the-art. Efficient organizational structures also enable smooth production processes. The occurrence of operating errors is very unlikely due to the great professional competence of our employees.

Quality risks - To ensure the high quality of our machines and services, we operate systematic quality management. In addition, there are extensive testing procedures and regular training measures for the employees.

Personnel risks - Most of the LISSMAC employees have completed their training in the company, are very well trained, motivated and reliable. We promote the commitment of the workforce through attractive jobs, long-term employment relationships, a high level of personal responsibility and teamwork, thereby minimizing risks in the human resources area.

Procurement risks - LISSMAC selects its suppliers very carefully and cooperates fairly with them, mostly in long-term partnerships, minimizing the risk of procurement bottlenecks. Our second-source strategy for important parts and rolling requirements planning also help to prevent supply failures.

IT risks - With the latest technologies and redundant systems in strategically important areas, LISSMAC significantly reduces risks in the IT area. In addition, there are consistent security mechanisms to ensure the highest level of data protection.

Financial risks - Our extremely conservative accounting policy, the high equity ratio and our sustainable self-financing largely protect LISSMAC against financial and liquidity risks. In individual cases, we avoid currency risks by means of suitable hedging transactions.

OPPORTUNITIES

Significant opportunities for LISSMAC result from the environment and the strengths of the company.

Should the overall economic and industry-specific conditions develop better than expected, there is a fundamental chance for LISSMAC that business development will also exceed the forecasts. Thanks to our concept of the breathing company as well as flexible capacity reserves and processes, we have a high ability to deliver. We are therefore well prepared for possible positive economic swings.

The trend towards digitization and automation in production (Industry 4.0) also harbors additional expansion potential for LISSMAC, since only high-quality, extremely reliable machines are suitable for this.

We continue to see particularly large growth opportunities abroad. For this reason, we are continuously expanding our position in important markets and are constantly examining additional interesting sales regions. The increasing maturity of various foreign markets on which LISSMAC is already present opens up the possibility for us to sell high-quality machines and systems there in the future.

The high level of competence and willingness to perform of the LISSMAC workforce strengthens the success factors flexibility and quality already mentioned in the external opportunities and thus strengthens our good market position. The commitment, experience and know-how of our employees also help us to cope better with fluctuations in demand and capacity utilization and strengthen customer loyalty through convincing service.

The good reputation we have built up in the past as a reliable, quality and service-oriented partner who relies on continuity generally enables us to acquire additional customers in existing and new market segments. At the same time, the high reliability of our machines and our very up-to-date and needs-oriented product portfolio with ongoing innovations increase the chance of additional possible uses of our machines and systems for existing customers and new customers. In addition, the high-quality, standardized and therefore inexpensive range of machines improves our prospects of opening up new regions.

4. FORECAST REPORT

Economic conditions

The outlook for 2021 is associated with great uncertainty. The renewed increase in infections at the end of 2020, also accelerated by virus mutations, again led to drastic restrictions in some areas of economic life and extensive contact restrictions up to and including curfews. This continued in the first quarter of 2021 and weakened the economic recovery in some areas of the economy, especially in the euro zone.

Due to the strong political support and the expected widespread availability of vaccines in summer 2021, the IMF outlook for 2021 as a whole is positive. Global economic growth of 5.5% seems possible. The low base value from 2020 also plays a role here. The implementation of the decisions already made to support the economy and to strengthen a structural growth process in important sales regions, not least in the EU, as well as additional political measures, especially in the USA and Japan, are promoting global economic development. Added to this is a general easing of trade policy.

The EU economy is expected to grow by 4.2% in 2021, which is not expected to fully offset the losses of 2020. This is only forecast for 2022. Inflation is likely to fall on the back of falling demand and sharply falling oil prices, although there are price increases due to pandemic-related supply disruptions.

Source: IMF World Economic Outlook Update January 2021

German economy

For 2021 as a whole, the federal government expects an increase in price-adjusted gross domestic product (GDP) of 3.0%. It can be assumed that economic output in the first quarter will still be significantly affected by the pandemic. In the further course, after the pandemic situation has stabilized through the vaccination of larger population groups and the lifting of restrictions on public life, the economy should pick up speed again.

A strongly affected service sector faces a robustly developing industry. The positive development on the labor market observed before the second lockdown is unlikely to continue until spring. Rising employment and wages then ensure income growth and support private consumption. Gross investments in fixed assets should rise again significantly this year due to the revival in investment in equipment. Investments in buildings will also increase and give the German economy a boost. Exports should also increase significantly.

Source: Federal government's annual economic report

German mechanical and plant engineering

Mechanical engineering in Germany will benefit from the recovery of the global economy in 2021. The VDMA economists expect real production to increase by 4%. This forecast is subject to greater uncertainty than usual, as much is still unclear. The recent lockdowns in many countries, in particular the increasing travel and residence restrictions, are also having a negative impact on mechanical engineering, although the manufacturing industry, the main customer of mechanical engineering, is largely exempt from administrative restrictions in many cases. As free movement is restored and given the experience that the economy is picking up speed quite quickly,

Nevertheless, the VDMA economists do not expect mechanical engineering in Germany to be able to reach the already modest production level of 2019 as early as 2021. The decline in 2020 was too high for that, and the start to 2021 is not unencumbered enough. In addition, structural change, especially in vehicle construction, will certainly continue to pose challenges in mechanical engineering.

On the international stage, on the other hand, some things have changed for the better: a trade and cooperation agreement between the EU and the UK has been signed and sealed. The EU's Corona economic stimulus package and the EU's medium-term budget were passed after resistance from Poland and Hungary. In addition, the EU and China have agreed on an investment agreement that aims to improve market access and level the playing field for EU companies in China. The USA has passed another huge economic stimulus package (900 billion US dollars) and will put a stronger focus on environmental protection again with the new president. All of these facets will certainly not unfold their full power in a single year. But they should - together with the start of vaccination - spread a good deal of optimism.

Source: VDMA

The construction machinery industry estimates that it will take around two years to recover. The focus is already on the bauma year 2022, when everyone involved will hopefully be able to meet again in person in Munich.

Incoming orders increased significantly in the last quarter of 2020 and in the first months of 2021, which suggests a friendly first half of 2021. Nevertheless, the view of 2021 is differentiated, which is also reflected in the tenor of the press releases. The expected growth of around 5% will not be able to offset the declines of 2019 by a long shot and because the Covid pandemic is not over yet, negative surprises cannot be ruled out.

Once again, high volatility presents challenges. In addition to the higher raw material costs, the biggest challenge from the companies' point of view at the moment is organizing unpredictable fluctuations in the work processes. Many companies have switched directly from short-time work to overtime. However, due to the lack of component availability, the ability to deliver is already being slowed down again in many cases. In this respect, the pressure to become more flexible is constantly increasing. Above all, politicians are expected to implement the agreed support measures quickly and without bureaucracy. In view of the medium-term prospects, the hope remains that the increased level of new borrowing in public budgets is not having a dampening effect on demand in public construction. Apart from that, the investment climate in Europe - key word low interest rates - remains favourable.

The same applies to the German tool and sheet metal working machine manufacturers. Global machine tool consumption is expected to recover noticeably in 2021. VDW and Oxford Economics forecast growth of 17.7% to 64.9 billion euros for 2021. Compared to the 2018 financial year, when global machine tool consumption was still 78.4 billion euros, there is still significant growth potential. In view of the existing global uncertainties, adjusted forecasts during the year are to be expected.

The Robotics and Automation Association also expects a noticeable improvement in demand and forecasts an increase in industry sales of 6% for 2021.

This would mean that industry sales would roughly reach the level of 2016 and still fall well short of the previous record level (2018).

Source: VDMA, VDW, Oxford Economics

Business development and earnings situation

At LISSMAC Maschinenbau GmbH, the recovery in incoming orders was also evident towards the end of 2020. In December 2020, incoming orders of over EUR 10 million were achieved across all business areas, with the order backlog at the end of 2020 still being significantly below that of the previous year.

The high order intake continued at the beginning of the year. With a volume of over EUR 20 million in the first three months, the order backlog was increased to the pre-crisis level. Especially in the series area and especially in the CT area due to the extraordinarily well-running early purchase campaign, production was now fully utilized until well into the summer of 2021.

Despite reduced stocks by the end of 2020, difficulties in the supply chain at the beginning of 2021, which most German mechanical engineering companies are currently confronted with, and the two-week shutdown at the turn of the year, which was mainly decided for health reasons, sales at the end of the first quarter of 2021 are with EUR 15.1 million well above plan. Compared to the first quarter of the previous year, when the company was able to benefit from high inventories as of December 31, 2019, sales are still almost EUR 2.4 million behind.

The planning scenario for 2021 approved in autumn 2020 was based on gloomy economic prospects and a significantly lower order backlog compared to today, which is why conservative sales of around EUR 56 million were planned. The first improved projections for 2021 suggest that we can again achieve a sales level of almost EUR 60 million in 2021, which will result in an EBIT in the mid seven-digit range as planned. Despite the very good start to 2021, however, the forecasts are characterized by a great deal of uncertainty.

Our subsidiaries in the USA and Dubai paint a similar picture, with good order intake in the first quarter of 2021. The Chinese company, which primarily acts as an extended workbench, is benefiting from the good order intake in the CT division.

Financial and assets position, investments

Despite the Corona crisis, we were able to increase our equity ratio from 67.8% to 76.0% and are very well positioned for the coming months and years. Savings measures introduced in good time in 2020 ensure that liquidity is currently very good. The investments planned for 2021, which are aimed in particular at the IT infrastructure and other means of operating and office equipment, are at the pre-crisis level in terms of amount.

Affiliates

The LISSMAC Corporation, USA, is assuming an increase in sales of almost 30% compared to 2020, which is to be achieved not only by an increase in the metal processing business but also by expanding sales activities in the construction sector. As a result, the subsidiary in the USA would be clearly in the profit zone again, as planned, with a planned EBIT ratio of around 8%.

At LISSMAC (Tianjin) Machinery Co. Ltd., China, the main plan is to optimize the production and purchasing processes for the construction sector so that we can manufacture the price-sensitive small floor saws profitably and also serve dealers and customers worldwide as a full-range supplier. In addition, sales potential in the MP area is exploited locally. The medium-term goal of the Chinese company is an EBIT rate in the double-digit range in order to strengthen equity and be able to independently manage further investments in local market expansion in both business areas.

LISSMAC Middle East FZE, United Arab Emirates, expects a significant increase in sales of almost 20% in the CT business area for 2021, which means that the positive EBIT from 2020 will again be significantly improved as planned.

Research and Development

Even in the currently difficult times, research and development will remain of great importance for LISSMAC Maschinenbau GmbH in 2021. The focus continues to be on rounding off our product range with automation components and the development of new machine models.

In the metal processing area, we will further develop our rotor deburring machine for thin sheet metal so that we can also use it for thick sheet metal. In this context, other combinations of processing units are also planned. Furthermore, we will respond particularly to the demand for high-quality, standardized entry-level models for surface grinding and deburring.

In the area of construction technology, we will expand our floor saw range and continue to deal intensively with the topic of microtrenching and glass fiber laying technology.

At the end of 2020, the design area of the series (CT and MP) and the project area (MT and PE) were placed under a single management and a separate development design was also added.

Employee

As of the reporting date, the number of employees at LISSMAC Maschinenbau GmbH was 329 (previous year: 327). Due to the Corona crisis and the resulting uncertainties, new hires are mainly being made in operational areas. Irrespective of this, trainees and students at dual universities who successfully complete their studies are given permanent employment. We want to continue to keep the training quota above average.

Overall statement on future development

After the good start to the first quarter of 2021 and the more than solid liquidity and equity base, the management of LISSMAC Maschinenbau GmbH is optimistic for the years to come. For 2021, we expect a marginal decline in sales due to numerous uncertainties and the still high number of infections caused by the corona pandemic. After overcoming the corona pandemic, we see ourselves very well prepared to return to the path of growth from 2022 and to continue to achieve EBIT ratios of 10% and more. This strengthens our financial, asset and earnings situation and further secures our financial independence. The resulting ability to act quickly,

Bad Wurzach, April 23, 2021

LISSMAC Maschinenbau GmbH

- Management -

Balance sheet as of December 31, 2020

ASSETS PAGE

	12/31/2020	Previous year
	EUR	EUR
A. FIXED ASSETS		
I. Intangible assets		
1. paid concessions, industrial property rights and similar rights and values as well as licenses to such rights and values	223,946.00	298,977.00
2. advance payments made	92,559.20	0.00
		316,505.20
II. Tangible assets		
1. Land, land rights and buildings, including buildings on third-party land	5,220,293.00	5,502,666.00
2. technical installations and machines	1,150,786.00	1,212,420.00
3. Other facilities, fixtures and fittings	2,646,143.00	2,742,747.00
		9,017,222.00
III. financial investments		
1. Shares in affiliated companies	754,160.00	754,160.00

	12/31/2020		Previous year
	EUR	EUR	EUR
2. Loans to affiliated companies	2,000,000.00		2,000,000.00
		2,754,160.00	2,754,160.00
		12,087,887.20	12,510,970.00
B. CURRENT ASSETS			
I. Inventories			
1. Raw, auxiliary and operating materials	2,330,146.00		2,786,167.00
2. Work in progress, work in progress	4,092,180.00		5,752,903.00
3. finished goods and goods	4,271,411.00		6,778,915.00
4. advance payments made	72,008.42		280,216.60
		10,765,745.42	15,598,201.60
II. Receivables and other assets			
1. Trade accounts receivable	4,234,980.45		6,275,317.07
2. Receivables from affiliated companies	3,223,137.21		3,395,649.16
3. other assets	254,506.37		168,851.79
		7,712,624.03	9,839,818.02
III. Cash and bank balances		8,144,667.95	1,165,450.45
		26,623,037.40	26,603,470.07
C. PREPAID EXPENSES		106,323.86	194,455.81
		38,817,248.46	39,308,895.88

LIABILITIES

	12/31/2020		Previous year
	EUR	EUR	EUR
A. EQUITY			
I. Issued Capital			
1. Subscribed capital	1,022,583.76		1,022,583.76
2. Acquired treasury shares	(102,258.38)		(102,258.38)
		920,325.38	920,325.38
II. Retained Earnings			
other retained earnings		5,122,258.38	5,122,258.38
III. profit carried forward		19,491,030.33	16,351,910.09
IV. Net Income		3,949,546.19	4,264,120.24
		29,483,160.28	26,658,614.09
B. PROVISIONS			
1. Provisions for pensions and similar obligations	448,038.00		606,753.00
2. Tax Provisions	339,500.00		406,871.00
3. other provisions	2,777,488.19		3,195,256.80
		3,565,026.19	4,208,880.80
C. LIABILITIES			
1. Liabilities to banks	547,750.00		1,350,550.00
2. Advance payments received on orders	1,096,431.82		2,396,064.25
3. Trade Accounts Payable	1,359,166.98		2,294,971.91
4. other liabilities	2,765,713.19		2,399,814.83
- thereof from taxes: EUR 1,505,854.33 (previous year: EUR 1,205,174.68)			
- of which in the context of social security: EUR 0.00 (previous year: EUR 3,692.00)			
		5,769,061.99	8,441,400.99
		38,817,248.46	39,308,895.88

Profit and Loss Account for the year ended January 1st to December 31st 2020

	2020		Previous year
	EUR	EUR	EUR
1. Revenue	60,059,515.68		63,725,251.18
2. Change in inventories of finished goods and work in progress	(3,553,839.00)		1,132,618.00
3. other operating income	366,896.39		636,694.11
- of which from currency translation: EUR 190,597.75 (previous year: EUR 403,432.88)			
		56,872,573.07	65,494,563.29
4. Cost of Materials			
a) Expenses for raw materials, auxiliary materials and supplies and for purchased goods	(19,362,929.52)		(24,274,269.31)
b) Expenses for purchased services	(2,133,986.89)		(3,060,956.17)

	2020	Previous year
	EUR	EUR
	(21,496,916.41)	(27,335,225.48)
5. Personnel expenses		
a) Wages and salaries	(18,059,375.85)	(17,971,334.75)
b) social security contributions and expenses for pensions and for assistance	(3,467,037.32)	(3,522,305.93)
- of which for pensions: EUR 5,165.23 (previous year: EUR 84,337.00)		
	(21,526,413.17)	(21,493,640.68)
6. Depreciation of intangible assets and property, plant and equipment	(1,460,457.20)	(1,645,818.34)
7. other operating expenses	(6,714,178.26)	(8,778,225.68)
- of which from currency translation: EUR 394,922.24 (previous year: EUR 213,464.69)		
		(51,197,965.04)
		5,674,608.03
8. Income from loans of financial assets	30,000.00	12,500.00
- of which from affiliated companies: EUR 30,000.00 (previous year: EUR 12,500.00)		
9. other interest and similar income	1,230.70	884.50
- of which from affiliated companies: EUR 0.00 (previous year: EUR 0.00)		
10. Interest and Similar Expenses	(72,247.38)	(87,571.66)
- thereof from discounting: EUR 28,676.88 (PY: EUR 24,324.26)		
- of which to affiliated companies: EUR 0.00 (previous year: EUR 0.00)		
		(41,016.68)
11. Income taxes		(1,636,297.00)
12. Earnings after taxes		3,997,294.35
13. other taxes		(47,748.16)
14. Net Income		3,949,546.19
		4,264,120.24

Appendix for the 2020 financial year

of LISSMAC Maschinenbau GmbH, Bad Wurzach

General explanations

1. Application of the Commercial Code

LISSMAC Maschinenbau GmbH is based in Bad Wurzach. It is entered in the commercial register of the district court of Ulm under HRB 610108.

The Company's financial statements as of December 31, 2020 have been prepared in accordance with the provisions of the Commercial Code on accounting and the provisions of the Law on Limited Liability Companies.

The balance sheet was structured in accordance with Section 266 HGB. The nature of expense method in accordance with Section 275 (2) HGB was used to structure the income statement.

For the purpose of increasing the clarity of the balance sheet and income statement, comments and explanations were largely presented in the notes.

According to the size classes specified in § 267 HGB, the company is a large corporation.

2. Accounting and Valuation Principles

Intangible assets acquired against payment are measured at cost less depreciation using the straight-line method. We write off intangible assets in 3-7 years.

Property, plant and equipment are valued at acquisition cost or production cost less scheduled straight-line depreciation or - for additions up to and including 2010 - declining balance depreciation. A transition to depreciation at linear annual rates takes place as soon as this results in higher depreciation amounts.

Additions from 2011 are only depreciated on a straight-line basis. This did not have any significant impact on the asset, financial and earnings position.

The depreciation period corresponds to the useful life of the assets customary in the industry. It is 40 years for factory buildings and 8 years for fixtures and fittings. We generally depreciate technical equipment and machines over 6-8 years, other equipment, factory and office equipment over 3-14 years.

Acquired low-value assets were written off immediately if their acquisition value was less than EUR 800.00.

Financial assets are stated at acquisition cost.

Inventories are valued at acquisition or production cost. Inventory risks resulting from the length of storage, reduced marketability or reduced replacement costs or sales prices were taken into account by appropriate devaluations customary in the industry.

The production costs include direct production and material costs and the special production costs including material and production overheads. Write-downs are made to take into account the loss-free valuation.

We value receivables and other assets at their nominal value or, if necessary, at their present value, with the general credit risk being taken into account by means of a flat-rate discount. Individual value adjustments were made for recognizable risks.

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

Accruals and deferrals are reported at issue amounts as they represent expense for a certain period after the balance sheet date.

Pension provisions were valued according to actuarial principles using the projected unit credit method at the present value, taking into account an interest rate of 2.30% in accordance with Section 253 (2) sentence 2 HGB and Klaus Heubeck's "2018 G mortality tables". A salary trend of 1.00% and a pension trend of 1.50% were used as

a basis. The pension provisions were measured on the basis of the average market interest rate over the past ten years (seven years prior to the application of the BilRUG). This results in a difference of EUR 80k, which is subject to a distribution ban in accordance with Section 253 (6) HGB.

Assets that are used exclusively to meet pension obligations and that are inaccessible to other creditors because they have been pledged to those entitled to pensions are offset against them. The assets are valued at acquisition cost or the higher fair value.

Tax provisions are made for taxes not covered by prepayments in the amount of the expected tax payment.

Other provisions have been allocated to the settlement amount required according to prudent business judgment and take into account all uncertain obligations and recognizable risks. Provisions with a remaining term of more than one year are discounted at the average market interest rate for the past seven financial years that corresponds to their remaining term and is determined by the Deutsche Bundesbank.

Liabilities are recognized at their settlement amount.

Assets and liabilities denominated in foreign currencies have a remaining term of up to one year and are therefore converted at the average spot exchange rate on the balance sheet date.

Deferred taxes are determined in accordance with Section 274 HGB. The option under Section 274 (1) sentence 2 of the German Commercial Code (HGB) is exercised not to capitalize any resulting future tax relief in the balance sheet.

3. Notes to the balance sheet

Shares in affiliated companies

	Shareholding in percent	Equity capital in kEUR 12/31/2020	result in kEUR 2020
Lissmac Beteiligungsgesellschaft mbH (formerly: LMW Maschinenbau GmbH), Bad Wurzach	100	756	4
LISSMAC Corp. Mechanicville, NY 12118, USA ¹⁾	100 *	753	(105)
LISSMAC (Tianjin) Machinery Co., Ltd., Tianjin, China ²⁾	100 *	(316)	(14)
LISSMAC ME FZE, Dubai, United Arab Emirates ³⁾	100 *	(67)	11
NexTec System AB, Stockholm, Sweden ⁴⁾	50 *	(348)	(13)

¹⁾ Closing rate December 31, 2020: EUR 1.00 = USD 1.2271 Average rate 2020: EUR 1.00 = USD 1.1422

²⁾ Rate closing December 31, 2020: EUR 1.00 = CNY 8.0225 Average rate 2020: 1.00 EUR = 7.8747 CNY ³⁾ Closing rate December 31, 2020: EUR 1.00 = AED 4.5065 Average rate 2020: EUR 1.00 = AED 4.1947 ⁴⁾ Closing rate December 31, 2020: EUR 1.00 = 10.0343 SEK Average price 2020: EUR 1.00 = SEK 10.4848 * Participation is indirect via Lissmac Beteiligungsgesellschaft mbH

Receivables and other assets

Receivables and other assets with a remaining term of more than one year amount to EUR 4,783.76 (previous year: EUR 7,783.76).

Receivables from affiliated companies are also trade receivables of EUR 3,311 thousand (previous year: EUR 3,648 thousand) and trade payables of EUR 87 thousand (previous year: EUR 253 thousand).

Equity capital

The share capital of the company is DM 2,000,000.00 (EUR 1,022,583.76).

Other provisions

The other provisions essentially relate to obligations from outstanding personnel costs in the amount of EUR 1,789 thousand (previous year: EUR 2,051 thousand) and guarantee obligations in the amount of EUR 693 thousand (previous year: EUR 720 thousand).

liabilities table

	In total kEUR (previous year EUR thousand)	< 1 year kEUR (previous year EUR thousand)	remaining term		collateral
			1-5 years kEUR (previous year EUR thousand)	> 5 years kEUR (previous year EUR thousand)	
Liabilities to credit institutions	548	459	89	0	of which due to land charges in the amount of EUR 548 thousand
Previous year	(1,351)	(803)	(548)	(0)	
Payments received	1,096	1,096	0	0	
Previous year	(2,401)	(2,401)	(0)	(0)	
Trade payables and	1,359	1,359	0	0	usual retention of title
Previous year	(2,295)	(2,295)	(0)	(0)	
Other liabilities	2,766	2,766	0	0	
Previous year	(2,395)	(2,395)	(0)	(0)	
total liabilities	5,769	5,680	89	0	
Previous year	(8,442)	(7,894)	(548)	(0)	

The decrease in liabilities to banks is due to the scheduled repayment of long-term loans and the repayment of the money market loan of December 31, 2019 for EUR 250 thousand.

The decline in trade payables is mainly due to the restrained ordering and investment policy due to the corona pandemic. In addition, incoming invoices were paid before they were due at the end of 2020 in order to take account of the corona-related shutdown.

The decrease in advance payments received is mainly due to the project business in the MT area, whereby the projects at the end of 2020 were more advanced than in the previous year and advance payments could be deducted from partial and final invoices.

The increase in other liabilities is mainly due to sales taxes.

Deferred taxes

The deferred taxes are based on temporary differences in receivables from affiliated companies, in pension provisions and in other provisions.

There are only deferred tax assets that were not recognized due to the use of Section 274 (1) sentence 2 HGB. Deferred taxes are determined on the basis of an average tax rate of around 28%.

4. Profit and Loss Account**revenues**

The breakdown of sales by geographic market is as follows:

	2020	2019
	kEUR	kEUR
inland	41,868	38,281
Abroad EU	12,022	17,590
abroad third country	6,170	7,854
	60,060	63,725

The sales revenues per business area are as follows:

	2020	2019
	kEUR	kEUR
CT	27,946	29,643
MP	19,134	21,682
MT+ PE	12,748	12.127
Other	232	273
	60,060	63,725

Other company income

Other operating income includes aperiodic income from the disposal of fixed assets, from the reversal of value adjustments on receivables, from insurance compensation and income from creditors written off totaling EUR 166 thousand (previous year: EUR 149 thousand).

Other operating expenses

The other operating expenses include aperiodic expenses from bad debts, expenses from additions to value adjustments and expenses due to claims for damages totaling EUR 35 thousand (previous year: EUR 39 thousand).

5. Other information**Settlement of assets and debts**

In the annual financial statements as of December 31, 2020, the following assets and liabilities as well as expenses and income were offset in accordance with Section 246 (2) sentence 2 HGB:

Balance sheet item of offsetting	assets		debts
	acquisition cost	fair value	settlement amount
	EUR	EUR	EUR
Provisions for pensions and similar obligations	419,637.00	419,637.00	867,675.00

The plan assets are reinsurance policies, which are recognized at their tax assets, which correspond to the fair values and are derived from the plan-based plan reserve.

Items of the profit and loss account of offsetting	expenditure	income
	EUR	EUR
Interest and similar expenses	28,676.88	0.00

The offset assets and debts and the resulting income are pledged to the pension beneficiary.

workers

Average number of employees during the financial year:

	2020	2019
workers commercial	156	149
employee	172	169
temporary workers	5	5
	333	323

Other financial obligations according to § 285 No. 3a HGB

Other financial obligations result from various rental, leasing and maintenance contracts with a total amount of around EUR 1,489 thousand (previous year: EUR 1,517 thousand). The decline results primarily from shortened remaining terms of leases.

Contingent liabilities according to § 251 HGB

The following liability relationships exist:

	2020	Previous year
	kEUR	kEUR
Liabilities from warranty contracts	2,160	2,160
thereof to affiliated companies	2,160	2,160

Abschreibungen

	Stand am 1.1.2020 EUR	Abschreibungen des Geschäftsjahres EUR	Änderungen der gesamten Abschreibungen i.Z.m. Abgängen EUR	Stand am 31.12.2020 EUR
Anzahlungen	0,00	0,00	0,00	0,00
	2.908.747,83	113.401,27	131.051,78	2.891.097,32
Sachanlagen				
Grundstücke, grundstücksgleiche Rechte und Bauten einschließlich der Bauten auf fremden Grundstücken	7.543.514,79	282.373,00	0,00	7.825.887,79
technische Anlagen und Maschinen	5.632.077,97	357.231,05	216.945,28	5.772.363,74
andere Anlagen, Betriebs- und Geschäftsausstattung	3.855.300,21	707.451,88	696.752,74	3.865.999,35
	17.030.892,97	1.347.055,93	913.698,02	17.464.250,88
Finanzanlagen				
Anteile an verbundenen Unternehmen	0,00	0,00	0,00	0,00
Ausleihungen an verbundene Unternehmen	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00
	19.939.640,80	1.460.457,20	1.044.749,80	20.355.348,20

Buchwerte

	Stand am 31.12.2020 EUR	Stand am 31.12.2019 EUR
Immaterielle Vermögensgegenstände		
entgeltlich erworbene Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Werte sowie Lizenzen an solchen Rechten und Werten geleistete	223.946,00	298.977,00
Anzahlungen	92.559,20	0,00
	316.505,20	298.977,00
Sachanlagen		
Grundstücke, grundstücksgleiche Rechte und Bauten einschließlich der Bauten auf fremden Grundstücken	5.220.293,00	5.502.666,00
technische Anlagen und Maschinen	1.150.786,00	1.212.420,00
andere Anlagen, Betriebs- und Geschäftsausstattung	2.646.143,00	2.742.747,00
	9.017.222,00	9.457.833,00
Finanzanlagen		
Anteile an verbundenen Unternehmen	754.160,00	754.160,00
Ausleihungen an verbundene Unternehmen	2.000.000,00	2.000.000,00
	2.754.160,00	2.754.160,00
	12.087.887,20	12.510.970,00

Bestätigungsvermerk**Bestätigungsvermerk des unabhängigen Abschlussprüfers**

An die LISSMAC Maschinenbau GmbH, Bad Wurzach:

Prüfungsurteile

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

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse

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

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

Grundlage für die Prüfungsurteile

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

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und den Lagebericht

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

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

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

Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschlusses und des Lageberichts

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

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

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

Darüber hinaus

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

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

Stuttgart, April 23, 2021

Rödl & Partner GmbH
auditing company
tax consulting company

Gasoline, auditor

Ranger, auditor

