

The background of the cover page is a photograph of a modern industrial factory. In the foreground, there are large, white, curved pieces of machinery, possibly part of a production line. In the background, there are blue industrial machines and a worker in a blue uniform. The lighting is bright and even, typical of a factory environment.

**RINGMETALL AG**  
INTERIM REPORT  
1ST HALF YEAR 2020



# RINGMETALL AG

## INTERIM FINANCIAL REPORT 2020

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## RINGMETALL GROUP

### KEY FIGURES OF THE GROUP

<b>P&amp;L KEY FIGURES</b>	<b>H1 2020</b>	<b>H1 2019</b>	<b>Δ</b>	<b>Δ %</b>
EUR '000				
Group Revenues	62,320	61,764	556	0.9%
Total output	63,066	62,470	596	1.0%
Gross profit	30,169	28,609	1,560	5.5%
EBITDA	6,495	5,718	777	13.6%
EBIT	3,370	3,477	-107	-3.1%
<b>Consolidated Net Profit</b>	<b>1,792</b>	<b>2,159</b>	<b>-367</b>	<b>-17.0%</b>

<b>BALANCE SHEET KEY FIGURES</b>	<b>30.06.2020</b>	<b>31.12.20219</b>	<b>Δ</b>	<b>Δ %</b>
EUR '000				
Fixed assets	62,609	63,979	-1,370	-2.1%
Current assets	38,873	34,004	4,869	14.3%
Equity	51,523	49,999	1,525	3.1%
Equity ratio	49.6 %	50.0 %		
Liabilities	42,773	42,892	-120	-0.3%
<b>Balance sheet total</b>	<b>103,813</b>	<b>100,002</b>	<b>3,811</b>	<b>3.8%</b>

<b>OTHER KEY FIGURES</b>	<b>30.06.2020</b>	<b>30.6.2019</b>	<b>Δ</b>	<b>Δ %</b>
Employees (average of period)	701	635	66	10.4%

Gross profit: Since fiscal year 2019, temporary workers have been reported under personnel expenses and not under cost of materials, as this is more in line with the Group's economic approach. An adjustment to H1 2019 has been made for better comparability.

## LETTER FROM THE MANAGEMENT BOARD

Dear Business Partners,

Dear Shareholders,

After years of upswing, the global economy came to a virtual standstill in the first half of the year in a way that can be compared with few events in the past. COVID-19 confronts us all with new challenges in an unprecedented way and thus heralds a time of great uncertainty and lasting change in economic life as well.

As a system supplier for industrial packaging in the international goods traffic, which has a very exposed market position worldwide, we perceive the uncertainty caused by COVID-19 not least on the side of our customers and the end users of our products. Nevertheless, in the course of this crisis so far we have succeeded in reacting quickly and flexibly to the changing environment. Until today, we have come through the last months comparatively well and have only had to accept slight losses in the operational business development.

Due to our acquisitions respectively the first-time consolidation in fiscal year 2019 - of the companies Nittel and Tesseraux from Germany and Sorini based in the USA - Ringmetall continued to grow year-on-year in the first half of 2020 and achieved a slight increase in sales of 0.9 percent to EUR 62.3 million. From a purely organic point of view, there was a decline in sales of -4.1 percent in the Industrial Packaging segment and -12.3 percent in Industrial Handling.

On the earnings side, however, we performed really well thanks to good cost management. Earnings before interest, taxes, depreciation and amortization (EBITDA) were up 13.6 percent on the previous year at EUR 6.5 million. At 10.3 percent, the EBITDA margin was again in the double-digit range. Above all, personnel cost management, which is closely aligned with day-to-day business, had a significant impact here. As a result of a significant reduction in the proportion of temporary staff, it was possible to cut personnel costs significantly in the course of the COVID 19 pandemic without having to make cuts in the core workforce. Likewise, short-time working had to be used only to a very limited extent and very selectively in certain regions.

The first half of the year also showed that our business performance is now far less cyclical than in previous years. While demand for our products from end customers was negatively influenced by industries that are closely correlated with the automotive sector, for example, demand from end customers in the consumer goods and pharmaceutical industries increased. In addition, the increased importance of the food industry as a buyer of liners is now having a significant levelling effect on demand fluctuations in other industries.

However, the pandemic has had a significant impact on our M&A activities. Although acquisitions are generally an elementary part of our growth strategy, we always ensure a reasonable relationship between opportunities and risks in such transactions. In view of the unpredictable impact of COVID-19 on the economy, we have temporarily suspended all acquisition-related negotiations in the second quarter. At the beginning of the third quarter, talks on this matter were resumed within Europe. However, it is already foreseeable today that our acquisition-related growth prospects can only be realized with a corresponding delay. Still overall we continue to see numerous attractive opportunities for further acquisitions in the market and we continue to assess our own refinancing options as very good.

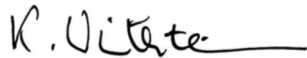
We still consider the forecast for the company's development in 2020 as a whole to be realistic. However, unless the trend reverses at least partially in the further course of the year, the sharp fall in steel prices could mean that consolidated sales will fall slightly short of expectations, although the Company's operating performance is in line with expectations. The fall in steel prices will not have a negative impact on earnings. At the current time, we therefore continue to expect consolidated sales of EUR 125 to 135 million and EBITDA of EUR 11 to 13 million for 2020.

Finally, we would like to thank you - especially in these special times - for your continued interest in Ringmetall and remain with kind regards,

The Management Board of Ringmetall AG



Christoph Petri



Konstantin Winterstein

## BUSINESS MODEL AND STRUCTURE

Ringmetall is a worldwide leading specialist supplier in the packaging industry with a primary focus on packaging elements in the industrial drum sector. As a specialized industrial holding company, it is active in the two business areas Industrial Packaging and Industrial Handling. Ringmetall develops, produces and markets product solutions for applications in the chemical, pharmaceutical and food processing industries, as well as in the logistics and agricultural sectors.

In the Industrial Packaging division Ringmetall develops, produces and markets packaging elements for industrial drums and multi-component systems. The product range in the Industrial Packaging division mainly includes closure clamping rings as well as so-called inliners and bag-in-box systems. In addition, the company also produces drum lids, gaskets and handles, complex closure units as well as requirement-specific special components in a wide range of dimensions and quality levels. The product group of clamping rings is the Ringmetall Group's proportionally largest sales generator, followed by inliners and bag-in-box systems. In total, Ringmetall manufactures over 2,500 different variants of clamping rings and over 4,000 different variants of inliners.

In the market for industrial drums, the company concentrates primarily on the special requirements of so-called Open Top Drums and here especially Steel Drums, Plastic Drums, Fiber Drums and Pails. Since entering the market for inliners for industrial drums and multi-component systems at the beginning of 2019, the Group is also offering product solutions in the field of closed top drums and for food applications (bag-in-box systems) for the first time.

In the Industrial Handling business unit, Ringmetall develops, produces and sells vehicle attachments for special vehicles in freight and warehouse logistics as well as in the agricultural sector. In addition to attachments for tractors, agricultural machinery and trucks, these include above all those for industrial trucks. The product range of the Industrial Handling division mainly includes restraint systems and trailer coupling systems. But also lift mast parts, clutch and brake pedals with special requirement profiles, hydraulic components and complex welded assemblies are part of the product range.

Ringmetall and its subsidiaries assigned to the two business units are linked together by a holding structure. The parent company, Ringmetall AG, located in Munich, combines central group functions which are mainly concerned with group financing, investor relations, strategy and corporate development as well as the preparation and execution of company acquisitions. In addition to the holding company, the Group consisted of a total of 22 companies at the end of June 2020. Of these, 15 companies are operationally active, three companies are purely intermediate holding companies, three companies are administrative units and one company is dormant.

## ECONOMIC REPORT

### GENERAL ECONOMIC SITUATION

The German economy experienced a historic decline in economic output in the first half of the year. This is the conclusion reached by the Federal Ministry of Economics and Energy in its assessment of the economic situation dated 14 August 2020. At the end of July, the Federal Statistical Office reported a 10.1 percent decline in gross domestic product for the second quarter. While a slump in economic output was observed in almost all sectors of the economy with the exception of the construction industry, employment was largely decoupled from this thanks to the use of short-time working.

Furthermore, the course of the second quarter also showed that, despite the continuing smoldering pandemic, the economy is now back on the road to recovery since the hard shutdown was eased from May onwards, although this is likely to take longer. Industrial production already expanded strongly again in May and June, but as of June was still only at a good 87 percent of the fourth quarter of 2019. In principle, however, companies are once again noticeably more confident. According to the ifo economic test in July, overall economic business expectations for the coming six months are already positive again on balance and more favorable than in 2019.

The labor market also appears to be more relaxed again towards the end of the second quarter. After three months of significant growth, unemployment figures fell again for the first time in July, down 18,000 on June. According to initial estimates by the Federal Employment Agency, short-time working in June fell from 6.7 million people to 4.5 million. At the same time, employment fell only slightly in June and the leading indicators also continued to recover.

The global recovery is also showing signs of coming to an end at the end of the second quarter. Global industrial production in the April/May period was still down by around 12 percent on the same period in the previous year, and global trade even fell by 17 percent. GDP fell by 12.1 percent in the euro zone and by 9.5 percent in the USA. The recovery in exports of goods and services continued in June. Compared with the previous month, they rose by 10.8 percent on a seasonally adjusted and nominal basis. In May, a significant increase of 8.2 percent was already recorded following the pandemic-related slump. For the second quarter as a whole, there was still a perceptible decline of 21.2 percent.

However, several sentiment indicators are sending positive signals for the second half of the year. The global purchasing managers' index (PMI) of J.P.Morgan / IHS Markit for industry climbed above its growth threshold in July for the first time since January, at 50.3 points.

### BUSINESS DEVELOPMENT AND SITUATION OF THE RINGMETALL GROUP

#### *General business development*

The global spread of COVID-19 has significantly limited and permanently affected economic activities in a variety of industries worldwide since the middle of the first quarter of 2020. As a system supplier to the packaging industry, which in turn is a supplier to numerous industries, Ringmetall was also affected by these negative trends, but only in the course of the second quarter did it have to record slight losses in the order situation and consequently in sales revenues. Only the Industrial Handling segment was already affected by the global economic crisis in the first quarter and had to cope with a noticeable drop in sales.

Due to company acquisitions, Group revenues nevertheless increased by 0.9 percent compared with the first half of 2019 to EUR 62.3 million. This includes revenues from the business activities of Tesseraux Spezialverpackungen GmbH and Sorini Ring Manufacturing Inc., which have been consolidated since July and the end of December 2019, respectively.

Overall, revenues are slightly below budget for H1 2020. Thanks to an improved gross profit margin and consistent cost management, EBITDA increased disproportionately by EUR 0.8 million to EUR 6.5 million. EBITDA is thus within the expectations for the 1st half of 2020.

### *Net assets, financial position and results of operations*

The Group's balance sheet total of EUR 103.8 million as at 30 June 2020, increased only insignificantly by EUR 3.8 million compared to the end of 2019. There were no significant changes worth mentioning on either the assets or the liabilities side of the balance sheet. Rather, the development is mainly attributable to the regular business operations of the Ringmetall Group with only effects on the balance sheet date. Equity increased by EUR 1.5 million to EUR 51.5 million as at 30 June 2020. As a consequence, the equity ratio of 49.6 percent was almost unchanged compared to 31 December 2019 (50.0 percent).

The strongest increase on the assets side compared to year-end 2019 was in cash and cash equivalents, which rose by EUR 2.1 million to EUR 5.7 million. In addition to the increase in cash flow from operating activities, the postponement of the Annual General Shareholders' Meeting to August 2020 due to COVID-19 and the associated dividend payment at a later date had a positive effect on liquidity at the reporting date. Trade receivables increased from EUR 14.8 million as at 31 December 2019, to EUR 16.6 million, which is mainly due to the reporting date. A similar effect can be seen in inventories, which increased by EUR 0.8 million to EUR 14.9 million.

Within non-current assets, only property, plant and equipment showed any significant changes. In particular, the amortization/depreciation of rights of use in accordance with IFRS 16 in the amount of EUR 1.2 million had the effect of reducing property, plant and equipment from EUR 27.2 million to EUR 26.1 million. The payments made in the first half of the year for investments in property, plant and equipment and intangible assets amount to approximately EUR 1.0 million and mainly concern metal presses (EUR 0.2 million), ERP systems (EUR 0.2 million), sustainable expansion and optimization of the production plant for beer tank liners (EUR 0.1 million) and industrial trucks (EUR 0.1 million).

Non-current liabilities in the amount of EUR 11.4 million remained essentially unchanged compared to the balance at the end of 2019 at EUR 11.7 million. Current liabilities in the amount of EUR 40.9 million (31 December 2019: EUR 38.3 million) showed the most significant change in other provisions. They increased from EUR 3.0 million to EUR 4.9 million. This is mainly due to personnel-related provisions - also as a result of the vacation entitlement existing at mid-year - and accruals for consulting services. As already described in the Annual Report 2019, the conclusion of the syndicated follow-up financing was postponed to fiscal year 2020 in agreement with the syndicate banks. Now that agreement has been reached on the framework conditions of the financing and the necessary approval procedures have been completed, the contractual negotiations are in the final phase. Against this backdrop, around EUR 17.6 million are reported as current liabilities, which are to be considered long-term in economic terms. Overall, Ringmetall continues to have a solid financing structure that ensures its further organic and inorganic growth.

Despite temporary national lock-downs in almost all major economies in the wake of the COVID-19 pandemic, Ringmetall continued to grow in the first half of 2020 and also achieved a sustained increase in profitability compared with the same period of the previous year. Revenues increased from EUR 61.7 million in the first half of 2019 to EUR 62.3 million. In the Industrial Packaging segment, revenues were increased by EUR 1.3 million to EUR 56.9 million, a rise of 2.4 percent. The company Tesseraux, included in the Group since 1 July 2019, generated sales revenues of EUR 4.2 million. Sorini, which has been consolidated since the end of 2019, generated revenue of EUR 2.2 million in H1 2020. Due to declining steel prices, revenues decreased by around EUR 3.0 million compared to the first half of 2019.

Revenues in the Industrial Handling segment decreased by EUR 0.8 million to EUR 5.4 million. The segment was thus much more noticeably affected by the COVID-19 pandemic. In particular, orders from customers in the material handling equipment industry showed a significant decline.



The gross profit margin, i.e. total operating performance less cost of materials in relation to total operating performance, increased from 45.8 percent to 47.8 percent in the first half of 2020. The increase was mainly influenced by the Industrial Packaging segment, which saw its gross profit margin rise to 47.7 percent from 44.8 percent in the same period of the previous year.

Ringmetall continues to rely to a certain extent on temporary staff and contract workers in order to be able to optimize capacity utilization at its production sites as flexibly as possible. Ringmetall was thus able to react appropriately to the slight (Industrial Packaging) and comparatively strong (Industrial Handling) declines in incoming orders compared to planning. Expenses for temporary workers decreased year-on-year from EUR 1.9 million to EUR 1.3 million, excluding Tesseraux, which was consolidated from 1 July 2019.

Due to consistent cost management, other expenses were also reduced by EUR 0.4 million to EUR 7.3 million. The ratio of other operating expenses fell from 12.3 percent in the first half of 2019 to 11.6 percent.

### *Summarizing overall statement*

Overall, Ringmetall was able to increase revenues in the first six months of the fiscal year by 0.9 percent to EUR 62.3 million (H1 2019: EUR 61.8 million). Combined with an improved gross profit margin and consistent cost management, profitability also increased significantly compared to H1 2019. At 10.3 percent, the EBITDA margin was 1.1 percentage points higher than in the same period of the previous year and is thus once again in the double-digit range.

## RISK AND OPPORTUNITY REPORT

Taking into account the respective probability of occurrence and the potential financial impact of the risks described in the Annual Report 2019 and against the background of the current business outlook, management does not expect a substantial threat or substantial impairment of the Company's going concern status.

With respect to risks resulting from the COVID-19 pandemic, it became apparent during the second quarter that the precautions and measures already described in the Annual Report 2019 seem to be appropriate in type and scope. Currently, the Company is coping well with the challenges of the pandemic and can maintain sales and earnings at a stable to slightly growing level. However, it is difficult to estimate how the effects of the pandemic will be felt in the second half of the year. Therefore, the potential risks related to COVID-19 are still classified as "medium" by the Management Board.

Overall, management remains confident that the Company's profitability provides a solid foundation for future business development and provides the necessary resources to take advantage of opportunities that present themselves to our Company. Accordingly, the Group's risk profile remains unchanged compared to the assessment in the Annual Report 2019.

## OUTLOOK

The company published its forecast for the current 2020 fiscal year together with the preliminary figures for the 2019 business year on 5 March 2020. At that time, COVID-19 related infections had not yet reached global pandemic status and the impact on the global economy was not yet foreseeable. Therefore, possible effects of the pandemic have not been included in the forecast for fiscal year 2020.

However, against the background of the business development especially in the second quarter of 2020 and the business development in the third quarter to date as well as the order backlog, the Management Board still expects to be able to fulfill the forecast within the published ranges both in terms of revenue and EBITDA.

Accordingly, the Management Board of Ringmetall AG expects consolidated revenues of EUR 125.0 to 135.0 million and earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 11.0 to 13.0 million. The assumptions are based on an unchanged steel price and unchanged exchange rates of the euro to the US dollar, Turkish lira and British pound compared to the end of 2019. They do not include effects from possible acquisitions, which cannot be quantified more precisely at present, including the resulting transaction costs.

## DECLARATION OF THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

These condensed interim financial statements were authorized for issue by the Management Board on 17 September 2020.

## CONSOLIDATED BALANCE SHEETS ASSETS

EUR '000	Notes item	30.06.2020	31.12.2019
Non-current assets			
Intangible assets		3,284	3,589
Goodwill	6	32,908	32,917
Property, plant and equipment		26,128	27,154
Other non-current assets		154	185
At equity holdings		135	133
Deferred tax assets		2,331	2,019
<b>Total non-current assets</b>		<b>64,940</b>	<b>65,998</b>
Current assets			
Inventories		14,858	14,113
Trade and other receivables		16,592	14,758
Other current assets		1,064	785
Current tax receivables		621	757
Cash and bank balances		5,738	3,591
<b>Total current assets</b>		<b>38,873</b>	<b>34,004</b>
<b>Total assets</b>		<b>103,813</b>	<b>100,002</b>

## CONSOLIDATED BALANCE SHEETS LIABILITIES

EUR '000	Notes item	30.6.2020	31.12.2019
<b>Equity</b>			
Subscribed capital		29,069	29,069
Capital reserves		16,664	16,664
Currency translation differences recognized outside profit or loss		-799	-890
Revaluation severance payment obligations and others		21	23
Consolidated result carried forward		5,680	4,069
Non-controlling interests		888	1,064
<b>Total equity</b>		<b>51,523</b>	<b>49,999</b>
<b>Non-current liabilities</b>			
Provisions for post-employment benefits		840	830
Financial liabilities	7	7,829	8,201
Deferred tax liabilities		2,702	2,633
<b>Total non-current liabilities</b>		<b>11,371</b>	<b>11,664</b>
<b>Current liabilities</b>			
Other provisions		4,857	2,950
Current tax liabilities		1,118	698
Financial liabilities	7	22,444	22,765
Trade payables	8	10,552	10,359
Other liabilities		1,948	1,567
<b>Total current liabilities</b>		<b>40,919</b>	<b>38,338</b>
<b>Total liabilities</b>		<b>52,290</b>	<b>50,002</b>
<b>Total assets</b>		<b>103,813</b>	<b>100,002</b>

## CONSOLIDATED PROFIT AND LOSS STATEMENT

EUR '000	Notes item	H1 2020	H1 2019
Revenues	10	62,320	61,764
Other income		391	248
Change in inventories of finished goods and work in progress		746	706
		<b>63,457</b>	<b>62,718</b>
Cost of material	11	-32,897	-33,861
Cost of personnel	11	-16,595	-15,404
Other expenses	11	-7,304	-7,667
Other taxes		-135	-87
Results from investments accounted for at equity	12	-31	19
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>6,495</b>	<b>5,718</b>
Depreciation and amortization		-3,125	-2,241
<b>Earnings before interest and taxes (EBIT)</b>		<b>3,369</b>	<b>3,477</b>
Financial income		14	29.4
Financing expenses		-764	-469
<b>Result for the period from 01.01. to 30.06. from continuing operations before taxes</b>		<b>2,619</b>	<b>3,037</b>
Income tax expense	14	-828	-878
<b>Consolidated result for the period from 01.01 to 30.6.</b>		<b>1,792</b>	<b>2,159</b>
Consolidated result for the period attributable to:			
Shareholders of Ringmetall AG		1,611	1,963
Non-controlling interests		181	196
Earnings per share	15		
Basic earnings per share (EUR)		0.06	0.07
Diluted earnings per share (EUR)		0.06	0.07

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Notes item	H1 2020	H1 2019
<b>Consolidated result for the period from 01.01. to 30.6.</b>		<b>1,792.00</b>	<b>2,159.00</b>
<b>Items than can be reclassified to profit or loss</b>			
Currency translation differences		62	-8
<b>Items than cannot be reclassified to profit or loss</b>			
Result from revaluation of the severance pay obligation		-2	-83
Other result		60	-91
<b>Consolidated comprehensive income from 01.01. to 30.6.</b>		<b>1,852</b>	<b>2,068</b>
Consolidated comprehensive income attributable to:			
Shareholders of Ringmetall AG		1,700	1,884
Non-controlling interests		152	184

## CONSOLIDATED STATEMENT OF CASH FLOWS (SHORT)

EUR '000		H1 2020	H1 2019
<b>1. Cash flow from operating activities</b>			
Cash flow before interest, taxes and refinancing		6,491	5,711
Cash flow before interest and taxes		5,984	3,331
Cash flow from interest and income taxes		-1,060	-1,161
<b>Cash flow from operating activities</b>		<b>4,924</b>	<b>2,170</b>
<b>2. Cash flow from investment activities</b>			
Payments for investments in property, plant and equipment		-807	-795
Payments for investments in intangible assets		-228	-79
Payments for additions to the scope of consolidation in the financial year		-	-7,230
Other inflows / outflows from investing activities		7	7
<b>Cash flow from investment activities</b>		<b>-1,028</b>	<b>-8,097</b>
<b>3. Cash flow from financing activities</b>			
Deposits from taking out financial loans / leasing		2,844	9,394
Payments from the repayment of financial loans / leasing		-4,254	-2,627
Payments to shareholders (dividend payment)		-265	-1,986
<b>Cash flow from financing activities</b>		<b>-1,675</b>	<b>4,781</b>
<b>4. Cash at the end of the period</b>			
Cash-effective change in cash and cash equivalents		2,221	-1,146
Influence of exchange rate effects on the means of payment		-74	-15
Financial funds at the beginning of the period		3,591	5,936
<b>Cash at the end of the period</b>		<b>5,738</b>	<b>4,775</b>
<b>5. Composition of Cash</b>			
Cash and cash equivalents		5,738	5,962
Current liabilities to banks		0	-1,187
<b>Cash at the end of the period</b>		<b>5,738</b>	<b>4,775</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Notes item	Subscribed capital	Capital reserve	Currency translation reserve	Revaluation severance pay obligation / first-time application effects	Consolidated retained earnings	Total	Non-controlling interests	Total equity
<b>As of 1.1.2019 (IFRS)</b>		<b>29,069</b>	<b>16,664</b>	<b>-1,361</b>	<b>47</b>	<b>3,106</b>	<b>47,525</b>	<b>1,012</b>	<b>48,537</b>
Consolidated result for the period from 01.01. to 30.06.	11					1,963	1,963	196	<b>2,159</b>
Dividend payments						-1,744	-1,744	-317	<b>-2,061</b>
Other result				-4	-75		-79	-12	<b>-91</b>
Change in scope of consolidation							0	39	<b>39</b>
Total transactions with shareholders		0	0	-4	-75	219	140	-94	<b>46</b>
<b>As of 30.06.2019 (IFRS)</b>		<b>29,069</b>	<b>16,664</b>	<b>-1,365</b>	<b>-28</b>	<b>3,325</b>	<b>47,665</b>	<b>918</b>	<b>48,583</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Notes item	Subscribed capital	Capital reserve	Currency translation reserve	Revaluation severance pay obligation / first-time application effects	Consolidated retained earnings	Total	Non-controlling interests	Total equity
<b>As of 1.1.2020 (IFRS)</b>		<b>29,069</b>	<b>16,664</b>	<b>-890</b>	<b>23</b>	<b>4,069</b>	<b>48,935</b>	<b>1,064</b>	<b>49,999</b>
Consolidated result for the period from 01.01. to 30.06.	11					1,611	1,611	181	<b>1,792</b>
Dividend payments							0	-328	<b>-328</b>
Other result				91	-2		89	-29	<b>60</b>
Change in scope of consolidation							0		<b>0</b>
Total transactions with shareholders		0	0	91	-2	1,611	1,700	-176	<b>1,524</b>
<b>As of 30.06.2020 (IFRS)</b>		<b>29,069</b>	<b>16,664</b>	<b>-799</b>	<b>21</b>	<b>5,680</b>	<b>50,635</b>	<b>888</b>	<b>51,523</b>

## SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. General information

Ringmetall AG (hereinafter: "Ringmetall") is a leading specialty supplier in the packaging industry with production and sales locations worldwide. The main activities of Ringmetall and its subsidiaries are assigned to the business units Industrial Packaging and Industrial Handling. A superordinate function in the organizational structure is assumed by Ringmetall as the managing holding company. It combines central group functions.

It was entered in the Munich Commercial Register (HRB 118683) of the Munich Local Court on December 2, 1997 as H.P.I. Holding Aktiengesellschaft. The Company's registered office is in Munich. The address is Innere Wiener Strasse 9, 81667 Munich.

The interim consolidated financial statements of Ringmetall are prepared in euros. Unless otherwise stated, all figures are given in TEUR. The amounts are rounded according to commercial rounding.

### 2. Basics of accounting

These unaudited interim financial statements of the Ringmetall Group comprise the condensed interim consolidated financial statements and the interim group management report. The condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in compliance with IAS 34 Interim Financial Reporting, which were in force at the reporting date 30 June 2020, and as mandatory applicable in the European Union. The interim financial statements are also consistent with German Accounting Standards (GAS), taking due account of GAS 16 Interim Financial Reporting, which were in force and required to be applied at the reporting date on 30 June 2020.

The standards and interpretations requiring mandatory application for the first time as of 1 January 2020, did not have any implications for the net asset, financial and earnings position of the Group and therefore no retrospective adjustments were required. Further information on the amendments is presented in the notes to the consolidated financial statements in the Annual Report as of 31 December 2019, 6.1 "Amendments to Standards which application was not yet mandatory in the fiscal year" p. 75 f.

The consolidated interim report is based on the reporting period from 1 January to 30 June 2020.

This interim report should be read in conjunction with the annual report for the 2019 fiscal year, which contains a detailed description of the Group's business activities and explanatory notes on the accounting policies applied by the Group during the reporting period. The accounting policies have basically remained unchanged from the previous year.

### 3. List of subsidiaries

All subsidiaries of Ringmetall AG are listed below.

The consolidated financial statements as of 30 June 2020, include all companies in which Ringmetall AG can exercise direct or indirect control over financial and business policy. Subsidiaries are included in the consolidated financial statements by way of full consolidation from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ends.

The following subsidiaries are held by Ringmetall AG (directly / indirectly) and are fully consolidated in the interim consolidated financial statements as of 30 June 2020:

NAME OF THE COMPANY	Office	Country	Share in capital (%)
August Berger Metallwarenfabrik GmbH	Berg	Germany	100
Berger Closing Rings (Changshu) Co., Ltd.	Changshu	China	100
Berger Group Europe Iberica, S.L.	Reus	Spain	100
Berger Group US Inc. (formerly Berger US Inc.)	Birmingham	USA	100
Berger Italia S.r.l.	Valmadrera	Italy	100
Berger US Inc. (formerly Self Industries Inc.)	Birmingham	USA	100
Cemsan Metal Parts Manufacturing Industry and Trade Company	Dilovasi-Kocaeli	Turkey	100
Fidum Verwaltungs GmbH	Munich	Germany	100
Fieder Verwaltungs GmbH	Munich	Germany	100
Hollandring (BV) Besloten Vennootschap	Vaassen	Netherlands	100
HSM GmbH & Co. KG	Ernsgaden	Germany	100
Latza GmbH	Attendorn	Germany	100
Nittel Halle GmbH	Halle (Saale)	Germany	100
Tesseraux Spezialverpackungen GmbH	Bürstadt	Germany	100
Berger Hong Kong Limited	Hong Kong	China	80
Nittel B.V.	Moerdijk	Netherlands	80
Nittel France SARL	Merignac	France	80
S.G.T. S.r.l.	Albavilla	Italy	80
Berger Closures Limited	Peterlee	UK	75.57

If non-controlling interests are held in one of the subsidiaries listed above, Ringmetall refers to the disclosures in the consolidated income statement with regard to the share of earnings. No further financial data is disclosed as these are of minor importance for the Group as a whole.

As of 30 June 2020, the following company is included at equity due to its significant influence:

Name and registered office of the company	Country	Share in capital (%)
Nittel UK Ltd., Southport Merseyside	UK	50.0

The following subsidiaries are not included in the consolidated interim financial statements as of June 30, 2020 by Ringmetall AG due to their minor significance for the net assets, financial position and results of operations:

Company	Location	Country	Share in capital (%)
Berger Verwaltung GmbH i.L.*	Berg	Germany	100
HSM Verwaltungs GmbH	Ernsgaden	Germany	100
* The company is no longer operational and is in liquidation.			

#### 4. Foreign currency

Ringmetall translates the assets and liabilities of foreign subsidiaries whose functional currency is not the euro at the mean spot exchange rate as of 30 June 2020. The exchange rates used for translation of the major currencies in the Group for the reporting period are as follows:

		Balance sheet date rate		P&L average rate	
1 euro		30.6.2020	31.12.2019	H1 2020	H1 2019
Great Britain	GBP	0.9109	0.8538	0.8743	0.8719
China	CNY	7.9384	7.8247	7.7483	7.6388
Turkey	TRY	7.69468	6.6605	7.1521	6.3808
USA	USD	1.12289	1.1199	1.1015	1.1284

#### 5. Business segments

The Management Board is the responsible corporate body according to IFRS 8. For management purposes, the Group is divided into the business segments "Industrial Packaging" and "Industrial Handling", based on the products offered by the segments. Both segments also represent the reportable segments.

The business segment "Industrial Packaging" is specialized in the development, production and marketing of packaging elements for the drum industry. The product range, which focuses exclusively on industrial drums, includes the clamping ring, the lid and the gasket, as well as handles, closure units and special components specific to requirements. Since 2019, the production and distribution of drum inliners has also been part of the product portfolio.

The second business segment, "Industrial Handling", produces and markets application-oriented vehicle attachments for special vehicles in freight logistics and warehouse logistics. This segment develops and produces restraint systems, lift mast components, clutch and brake pedals for tractors, trucks and, above all, industrial trucks. However, complex welded assemblies and trailer coupling systems as well as hydraulic components are also part of the product range.

The Management Board assesses the business segments on the basis of EBITDA. EBITDA represents earnings before interest, taxes, depreciation and amortization.

##### 5.1 Revenues

Sales between the segments are carried out at market prices. Sales to external customers, which are reported to the Management Board, are measured using the same principles as in the income statement.

EUR'000	H1 2020			H1 2019		
	Segment revenues	Intersegmental revenues	Revenues from external clients	Segment revenues	Intersegmental revenues	Revenues from external clients
Industrial Packaging	62,260	5,319	56,941	60,455	4,826	55,628
Industrial Handling	5,379	0	5,379	6,135	0	6,135
Other	382	382	0	555	555	0
<b>Total</b>	<b>68,021</b>	<b>5,701</b>	<b>62,320</b>	<b>67,145</b>	<b>5,381</b>	<b>61,764</b>

Please refer to Note 10 for further information on revenues.

## 5.2 Segment results

EUR '000	H1 2020	H1 2019
Industrial Packaging	7,406	6,233
Industrial Handling	184	770
Others	-1,089	-661
<b>EBITDA before consolidation</b>	<b>6,501</b>	<b>6,341</b>
Consolidation effects on EBITDA	-5	-623
<b>EBITDA</b>	<b>6,495</b>	<b>5,718</b>
Depreciation of property, plant and equipment and immaterial assets	-3,125	-2,241
<b>EBIT</b>	<b>3,370</b>	<b>3,477</b>
Financing result	-750	-440
<b>Earnings before income taxes</b>	<b>2,620</b>	<b>3,037</b>
Income tax expense	-828	-878
<b>Consolidated net profit from 01.01. to 30.06.</b>	<b>1,792</b>	<b>2,159</b>

The assets and liabilities of the segments have developed in line with the segments' business performance. There were no material changes compared to 31 December 2019.

### 5.3 Group-wide information

Revenues from businesses transacted with non-Group customers are distributed regionally as follows:

EUR '000	H1 2020				H1 2019			
	Germany	USA	Italy\ UK	Other	Germany	USA	Italy\ UK	Other
Industrial Packaging	14,669	16,823	2,990	22,459	14,138	15,248	4,062	22,181
Industrial Handling	5,045	0	0	334	5,724	-	-	411
<b>Total</b>	<b>19,714</b>	<b>16,823</b>	<b>2,990</b>	<b>22,793</b>	<b>19,862</b>	<b>15,248</b>	<b>4,062</b>	<b>22,592</b>

In the Industrial Packaging segment, revenues of EUR 21,924 thousand (H1 2019: EUR 22,671 thousand) are based on transactions with two customers. In the Industrial Handling segment, revenues of EUR 2,806 thousand (H1 2019: EUR 3,274 thousand) were generated with one customer.

## 6. Goodwill

### 6.1 Reconciliation of the book value

EUR '000	30.06.2020	31.12.2019
<b>Acquisition cost</b>	<b>34,673</b>	<b>34,682</b>
Accumulated impairment losses	-1,765	-1,765
<b>Total</b>	<b>32,908</b>	<b>32,917</b>
<b>Acquisition cost</b>		
As of beginning of the year	34,682	24,364
Additional amounts recognized from business combinations in the financial year	0	10,136
Effects of exchange rate differences	-9	182
<b>As of end of period</b>	<b>34,673</b>	<b>34,682</b>
<b>Accumulated impairment losses</b>		
As of beginning of the year	1,765	1,765
Impairment losses recognized during the year	0	0
Effects of exchange rate differences	0	0
<b>As of end of period</b>	<b>1,765</b>	<b>1,765</b>

## 6.2 Assignment of goodwill to cash-generating units

Goodwill resulting from a business combination is carried at cost less any necessary impairment losses and is reported separately in the consolidated balance sheet. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units (CGU) that is expected to benefit from the synergies of the combination.

At each balance sheet date, the recoverable amount of each cash-generating unit is determined based on a value-in-use calculation using cash flow projections based on financial budgets established and approved by management. This was based on detailed planning for one year, which was extrapolated in a simplified extrapolation with an average growth potential of 1.5 percent to 2.0 percent for two further years. Periods not included in the planning calculations are shown by recognizing the residual value (terminal value). Cash flows after the three-year period are assumed to be subject to a growth rate of 0.0 percent (2019: 0.0 percent). The cash flows are discounted using the risk-adjusted interest rate of the respective cash-generating units based on the weighted average cost of capital (WACC). The calculation is based on the capital asset pricing model (CAPM) taking into account current market expectations. Specific peer group information for beta factors, capital structure data and cost of debt capital were used to determine risk-adjusted interest rates for the purposes of the impairment test.

The number of CGUs at 30 June 2020 has not changed since the last reporting date for the consolidated financial statements. Goodwill is composed as follows as of 30 June 2020:

EUR '000	30.06.2020	31.12.2019
August Berger Metallwarenfabrik GmbH	834	834
Berger Closures Limited	176	176
Berger Italia S.r.l.	2,658	2,658
Berger US Inc.	12,812	12,821
HSM GmbH & Co. KG	3,973	3,973
Latza GmbH	1,261	1,261
Nittel Gesellschaften	7200	7,200
S.G.T. S.r.l.	1,862	1,862
Tesseraux Spezialverpackungen GmbH	2,132	2,132
<b>Total</b>	<b>32,908</b>	<b>32,917</b>

## 7. Financial liabilities

### 7.1 Terms and liabilities

EUR '000	30.06.2020	31.12.2019
Non-current liabilities		
Bank loans	2,186	2,125
Liabilities from finance leases	5,643	6,076
<b>Total</b>	<b>7,829</b>	<b>8,201</b>
Current liabilities		
Bank loans	18,815	19,174
Other loans	1,404	1,404
Liabilities from finance leases	2,225	2,187
<b>Total</b>	<b>22,443</b>	<b>22,765</b>

The breakdown of debts in the short and long term is based on the defined repayment schedules.



## 7.2 Secured bank loans

The outstanding loans have the following conditions:

EUR '000		Curren- cy	Interest rate	Maturity year	30.06.2020		31.12.2019	
					Nominal value	Book value	Nominal value	Book value
		EUR	3.50%	2020	7,410	7,410	7,935	7,935
Ringmetall AG		EUR	7.50%	2020	468	468	450	450
August Berger Metallwarenfabrik GmbH	A	EUR	EURIBOR +1,75%	2020	9,750	9,741	10,000	9,975
	B	EUR						
	C	EUR						
Berger US inc.		USD	1.00%	2022	850	850	-	-
Cemsan Metal Parts Manufacturing Industry and Trade Company		TRY / EUR	18.00%	2020	225	225	260	260
SGT s.r.l.		EUR	2.50%	2023	135	135	160	160
		EUR	5.00%	REVOLVING	160	160	-	-
Berger Closing Rings (Changshu) Co., Ltd.		CNY /EUR	6.09%	2019- 2023	298	298	558	558
Berger Italia s.r.l.		EUR	0.60%	REVOLVING	-	-	2	2
Latza GmbH		EUR	0.0674	REVOLVING	2	2	-	-
Nittel Halle GmbH	A	EUR	1,80% - 3,73%	2021	939	939	722	722
	B	EUR	2,25% -2,35%	2022	773	773	936	936
Tesseraux Spezialverpackungen GmbH		EUR	1.85%	REVOLVING	-	-	300	300
<b>Total</b>					<b>21,010</b>	<b>21,001</b>	<b>21,324</b>	<b>21,299</b>

The bank loans are secured by land and buildings in the amount of EUR 3,784 thousand (31 December 2019: EUR 1,613 thousand), other non-current assets in the amount of EUR 2,138 thousand (31 December 2019: EUR 2,545 thousand) and current assets in the amount of EUR 8,579 thousand (31 December 2019: EUR 9,745 thousand). The values stated correspond to the carrying amounts in the individual financial statements.

## 8. Trade payables and other liabilities

The increase in trade payables as of 30 June 2020 is due to the closing date.

EUR '000	30.06.2020	31.12.2019
Trade payables	10,552	10,359
Other liabilities	1,948	1,567
<b>Total</b>	<b>12,500</b>	<b>11,926</b>

## 9. Other financial obligations and contingent liabilities

The Group has the following financial obligations, which are not included in the consolidated balance sheet:

EUR '000	30.06.2020			31.12.2019		
	< 1 year	1 to 5 years	> 5 years	< 1 year	1 to 5 years	> 5 years
Obligation from outstanding order	1,759	0	0	657	0	0
Service contracts, etc.	249	706	18	345	997	29
Short-term & low value lease	16	60	0	108	90	0
<b>Total</b>	<b>2,024</b>	<b>766</b>	<b>18</b>	<b>1,110</b>	<b>1,087</b>	<b>29</b>

## NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT AND OTHER RESULTS

### 10. Revenues

EUR '000	H1 2020	H1 2019
Clamping rings, lids, etc.	46,772	49,185
Drum liners	10,169	6,444
Vehicle attachment parts, etc	5,379	6,135
<b>Total</b>	<b>62,320</b>	<b>61,764</b>

The Group's main activity is the manufacture and distribution of clamping rings, associated closures and, since 2019, drum liners (Industrial Packaging segment), as well as the production and marketing of vehicle components for special vehicles in logistics and warehouse logistics and agriculture (Industrial Handling segment).

The Group generated revenues of EUR 62,320 thousand (H1 2019: EUR 61,764 thousand) from contracts with customers in accordance with IFRS 15. As in the prior year, all sales revenue in both segments is generated and recognized in the reporting year.

As at 30 June 2020, the balance sheet shows assets from customer contracts designated as trade receivables totaling EUR 16,592 thousand (H1 2019: EUR 17,685 thousand), of which EUR 15,794 thousand (H1 2019: EUR 16,825 thousand) are attributable to the Industrial Packaging segment and EUR 798 thousand (H1 2019: EUR 860 thousand) to the Industrial Handling segment. Assets from customer contracts in the Industrial Packaging segment include contract assets of EUR 543 thousand (H1 2019: EUR 690 thousand).

## 11. Operating expenses

### 11.1 Cost of materials

EUR '000	H1 2020	H1 2019
Cost of raw materials and supplies	29,411	30,257
Expenses for purchased services	3,486	3,604
<b>Total</b>	<b>32,897</b>	<b>33,861</b>

The cost of purchased services includes in particular expenses for energy and external work.

### 12.2 Personnel expenses

EUR '000	H1 2020	H1 2019
Wages and salaries	12,283	10,932
Social security contributions	2,766	2,530
Temporary workers	1,546	1,942
<b>Total</b>	<b>16,595</b>	<b>15,404</b>

Temporary staff have been reported under personnel expenses since fiscal year 2019. Further explanations can be found in the Annual Report as of 31 December 2019, under 10.2. "Personnel expenses" on page 99. An adjustment of the previous year's figures has been made for better comparability.

The average number of employees in the first half of 2020 of 701 increased compared to the first half of 2019 with 635 average employees mainly due to the acquisitions of Tesseraux and Sorini. As a result, expenses for wages and salaries and social security contributions increased.

By contrast, expenses for temporary workers have decreased. In the first half of 2020, an average of 85 temporary workers were employed, compared to 141 temporary workers in the first half of 2019.

### 11.3 Other operating expenses

EUR '000	H1 2020	H1 2019
Expenses for the issue of goods	2,520	2,690
Expenses related to buildings	1,673	2,151
Expenses for machinery and tools	1,182	1,303
Expenses for administration and EDP	866	579
Expenses for consultancy and other external services	750	465
Expenses for Exchange variation	122	146
Other expenses	191	333
Other taxes	135	87
<b>Total</b>	<b>7,439</b>	<b>7,754</b>

## 12. At Equity

The result from investments accounted for using the equity method of EUR -31 thousand results from the associated company Nittel UK Ltd. Accordingly, the carrying amount of the investment accounted for using the equity method decreased from EUR 185 thousand as of 31 December 2019, to EUR 154 thousand as of 30 June 2020.

In the first half of 2019, the result from investments accounted for using the equity method amounted to EUR 19 thousand and was split between Nittel B.V. and Nittel UK Ltd. Nittel B.V. has been fully consolidated since 1 October 2019, see the explanations in the annual report as of 31 December 2019, under 7. "Expansion of the consolidated group / Acquisition of assets > Nittel acquisition" on p. 88 et seq.

## 13. Investment income and financial result

Interest income of EUR 14 thousand is lower than in the comparable period (EUR 29 thousand). Interest expenses increased by EUR 295 thousand to EUR 764 thousand.

## 14. Income taxes

Ringmetall Aktiengesellschaft is subject to domestic corporate income tax and trade tax. The corporate income tax rate to be applied for the 1st half of 2020 and the 1st half of 2019 is 15.0 percent. In addition, a solidarity surcharge of 5.5 percent is levied. Trade income tax amounts to 17.2 percent of taxable income (calculated as the average of the various trade tax rates).

There have been no significant changes in the tax framework compared with the consolidated financial statements as of 31 December 2019. In total, income taxes in the amount of EUR 828 thousand (H1 2019: EUR 878 thousand) were recognized in the income statement for the interim financial statements. No income taxes were recognized directly in equity in the first half of the year.

## 15. Explanations to the statement of comprehensive income

### 15.1 Consolidated profit for the period from continuing operations

EUR '000	H1 2020	H1 2019
Shareholder of the parent company	1,611	1,963
Non-controlling interests	181	196
<b>Consolidated result for the period from 01.01. to 30.06.</b>	<b>1,792</b>	<b>2,159</b>

### 15.2 Earnings per share

Earnings per share (basic and diluted) are calculated by dividing the consolidated net income for the period (excluding minority interests) by the weighted average number of shares issued and admitted to trading in the respective reporting period. As of 30 June 2020, the Company has not issued any stock options or convertible bonds that would dilute earnings per share, so basic earnings per share are equal to diluted earnings per share.

	H1 2020	H1 2019
Result for the period in EUR '000	1,611	1,963
Weighted average number of shares	29,069,040	29,069,040
<b>Earnings per share (basic and diluted, in EUR)</b>	<b>0.06</b>	<b>0.07</b>

## 16. Capital management

The Group's objective is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to ensure the sustainable development of the Company. The Executive Board strives to strike a balance between increasing returns, while optimizing the ratio of equity to debt, and the benefits of a stable capital base.

The Group monitors capital using a ratio of adjusted net debt to equity. Adjusted net debt principally comprises interest-bearing liabilities to banks less cash and cash equivalents. The equity ratio is as follows:

EUR '000	30.06.2020	31.12.2019
Interest-bearing loans and bonds	21,001	21,299
Less cash and cash equivalents	-5,738	-3,591
<b>Net debt</b>	<b>15,264</b>	<b>17,708</b>
Equity	51,523	49,999
<b>Balance sheet total</b>	<b>103,813</b>	<b>100,002</b>
Equity ratio	49.6%	50.0%

## 17. Financial Instruments - Fair Values and Risk Management

### 17.1 Classifications and fair values

The hedging instruments concluded by Ringmetall serve exclusively for the economic hedging of interest rate risks. Derivatives are concluded with German banks or financial institutions with which the variable interest rate loans have also been agreed. The classification of the existing interest rate swaps into their levels in the fair value hierarchy is unchanged as of 31 December 2019. It is assumed that the fair value of current assets and liabilities corresponds to their carrying amount.

The following table shows the carrying amounts and the classification of financial assets and financial liabilities in accordance with IFRS 9.

EUR '000	IFRS 9 Valuation category	IFRS 9 Book value 30.06.2020	IFRS 9 Book value 31.12.2019
Assets			
Other non-current financial assets	AC	135	133
Trade receivables	AC	16,592	14,758
Cash and cash equivalents	AC	5,738	3,591
<b>Total</b>		<b>22,465</b>	<b>18,482</b>
Liabilities			
Non-current financial liabilities	FLAC	7,829	8,201
Trade payables	FLAC	10,552	10,359
Current financial liabilities	FLAC	22,444	22,765
<b>Total</b>		<b>40,825</b>	<b>41,325</b>

## 17.2 Derivative financial instruments

The following table shows the carrying amounts and fair values of derivative financial instruments, including their levels in the fair value hierarchy.

30.06.2020 EUR '000	Notes	Book value		Fair value			
		Fair value hedging instruments	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value							
Interest rate swaps used for hedging transactions		-6	-6	-	-6	-	-6
<b>Total</b>		<b>-6</b>	<b>-6</b>	<b>-</b>	<b>-6</b>	<b>-</b>	<b>-6</b>

31.12.2019 EUR '000	Notes	Book value		Fair value			
		Fair value hedging instruments	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value							
Interest rate swaps used for hedging transactions		-18	-18	-	-18	-	-18
<b>Total</b>		<b>-18</b>	<b>-18</b>	<b>-</b>	<b>-18</b>	<b>-</b>	<b>-18</b>

Almost all bank loans bear interest at EURIBOR plus a margin. This margin has changed only insignificantly compared to the time the agreement was concluded. Therefore, the fair value does not differ significantly from the carrying amount. This applies analogously to the existing leases. Existing interest rate swaps are used exclusively for economic hedging purposes.

### 17.3 Determination of fair value

#### Valuation techniques and significant unobservable input factors

The following tables show the valuation techniques used to determine the fair values of Level 2 and Level 3 and the significant unobservable input factors used:

#### Financial instruments measured at fair value

Kind	Valuation Method
Interest rate swaps	Market comparison procedure: The fair values are based on standardized calculations by a reputed German bank, whereby only observable market inputs are used.

#### Financial instruments not measured at fair value

Kind	Valuation Method	Significant unobservable inputs
Other financial liabilities*	Discounted cash flows in a DCF method using market interest rates and term of the liability	Margin surcharge on interest
* Other financial liabilities include secured and unsecured bank loans, unsecured bonds and finance lease liabilities. As the fair value corresponds to the carrying amount of financial instruments that are not measured at fair value, no further disclosures are made.		

## **18. Related companies and persons**

The existing consortium agreement between the main shareholders was newly concluded and expanded in fiscal year 2019. In line with this expansion, the two main shareholders together represent the ultimate controlling party of Ringmetall. Related parties are non-consolidated subsidiaries and persons who can exercise significant influence on the financial and business policy of the Ringmetall Group. The latter include all persons in key positions and their close family members. In the Ringmetall Group, these are the members of the Executive Board and the Supervisory Board.

The group of related companies and persons has not changed within the first six months of fiscal year 2020 compared to 31 December 2019. In the period under review, no new contracts were concluded with key management personnel, members of the Supervisory Board or other related parties, nor were there any material changes to existing contracts that would have a material impact on the net assets, financial position or results of operations of the Company.

The members of the Management Board hold 58.7 percent (30 June 2020) of the voting rights of the Company.

In addition, we refer to the explanations in the Annual Report as of 31 December 2019, under 30 "Related Parties" on page 134 et seqq.

## **19. Employees**

In the first half of 2020, the Group had an average of 701 employees (H1 2019: 635 employees).

## **20. Events after the balance sheet date**

While the BMWi and the IMF still generally assumed a consolidating economic environment for 2020 at the beginning of the year, the VDMA and the VCI were rather cautious about the future prospects of the industries they represent. The special challenges for the economy resulting from the current developments regarding COVID-19 and which may still arise in the further course of the year have been included in the forecasts to the extent foreseeable from today's perspective. Nevertheless, there is a certain uncertainty for the Ringmetall Group due to the pandemic. If there are significant effects on the net assets, financial position and results of operations due to the further course of the pandemic, Ringmetall will communicate this accordingly.

In order to be as well prepared as possible for potential market changes with regard to COVID-19, the Ringmetall Group has taken a number of preventive measures and can also benefit from measures taken by national authorities. First and foremost, the granting of extensive special permits and production approvals by several of the national competent authorities should be mentioned here, which should ensure that the company remains capable of production without any changes even if COVID-19 continues to have an increasing influence on public life and the economy. The classification as part of system-relevant industries ensures that the Ringmetall Group, with its 15 plants in seven countries worldwide, can and may continue to produce in its plants even in the event of officially ordered factory closures, such as recently in Italy.

## **21. Declaration by the legal representatives**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.



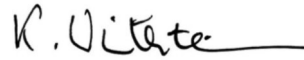
Munich, 17 September 2020

The Management Board



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Christoph Petri  
Spokesperson of the Management  
Board



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Konstantin Winterstein  
Member of the  
Management Board

#### FORWARD-LOOKING STATEMENTS

This interim report contains explicit or implicit forward-looking statements that refer to the future business performance of Ringmetall AG and concern its operations. Such statements can be identified by words such as "expect", "want", "will", "plan" or similar expressions.

Such statements are not historical facts. These statements are based on the current expectations and assumptions of Ringmetall's management, many of which are beyond Ringmetall's control. Therefore, they are subject to a number of uncertainties and risks. Ringmetall's actual results, performance or achievements could differ materially (negatively or positively) from those expressed or implied by such forward-looking statements due to the realization of risks, uncertainties or other factors, the failure of underlying expectations to materialize or the incorrectness of assumptions.

## **Review Report**

### **To Ringmetall AG, Munich**

We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, the statement of profit or loss, the statement of other comprehensive income, the condensed statement of cash flows, the statement of changes in equity and selected explanatory notes – together with the interim group management report of Ringmetall AG, Munich, for the period from January 1, 2020 to June 30, 2020 that are part of the consolidated half-year financial report pursuant to § (Article) 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS as adopted by the EU and of the interim consolidated group management report in accordance with the requirements of the German Securities Trading Act applicable to interim consolidated group management reports is the responsibility of the Company’s legal representatives. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report of the Group based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with

our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the German Securities Trading Act applicable to interim group management reports.

Nuremberg, September 17, 2020

Baker Tilly GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Prof. Dr. Edenhofer

Wirtschaftsprüfer

(German Public Auditor)

Dittus

Wirtschaftsprüferin

(German Public Auditor)

#### Disclaimer

This Document is a respective non-binding English translation of the official signed leading German version.