RINGMETALL AG
ANNUAL REPORT 2020

RINGMETALL

CONTENTS

English translation of the German original version.
Ringmetall cannot be held responsible for any translation errors.

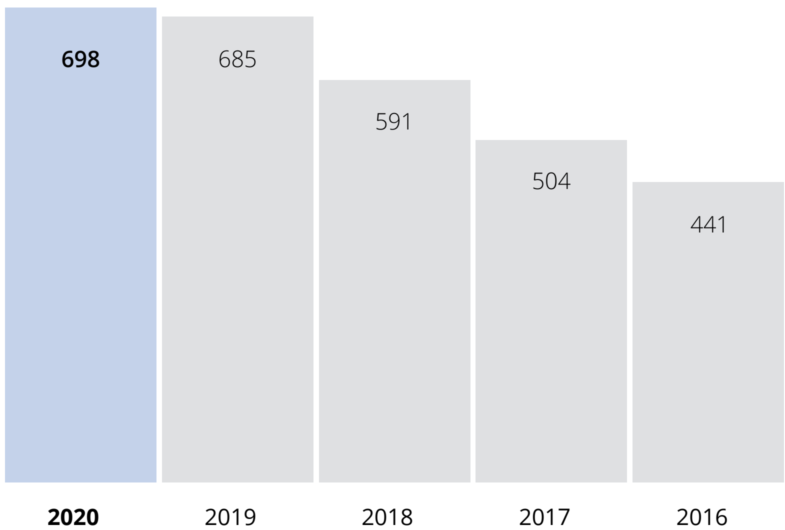
TO THE SHAREHOLDER

Key Figures for the Group

P&L KEY FIGURES EUR '000	**2020**	2019	2018	2017	2016
Revenue	**117,972**	120,581	110,567	102,348	94,294
Total Output	**117,278**	120,563	111,062	102,388	94,645
Gross Profit	**56,887**	55,455	49,517	45,356	41,678
EBITDA	**12,180**	10,029	10,431	12,041	11,194
EBIT	**5,987**	4,969	8,280	10,035	9,267
Consolidated Net Profit	**2,735**	3,022	5,156	7,135	5,701

BALANCE SHEET KEY FIGURES EUR '000	**2020**	2019	2018	2017	2016
Fixed Assets	**66,021**	63,979	48,499	34,867	35,001
Current Assets	**35,392**	34,004	32,982	39,986	30,384
Equity	**49,589**	49,999	48,537	39,102	26,306
Equity Ratio	**47.9%**	50.0%	59.0%	51.6%	39.7%
Liabilities	**47,152**	43,590	29,966	33,291	37,310
Balance Sheet Total	**103,547**	100,002	82,271	75,796	66,239

according to IFRS



OTHER KEY FIGURES

Employees
(Annual average)

The Management Board

CHRISTOPH PETRI

Christoph Petri studied business administration at the University of Nuremberg and the University of Sydney, graduating in 2006. He then began his career at a consulting and investment company in Munich that focused on medium-sized companies. In 2011, he was appointed to the Management Board of Ringmetall, where he is Spokesman of the Board and responsible for strategic investment management as well as finance, investor relations, sales and marketing.

KONSTANTIN WINTERSTEIN

Konstantin Winterstein studied at the Technical University of Darmstadt and the Technical University of Berlin, where he graduated in mechanical engineering in 1996. In 2004, he received an MBA from INSEAD in Fontainebleau and Singapore. From 1997 to 2014, he held various positions at the BMW Group. Since 2014, he has been a member of the Management Board of Ringmetall and is responsible for operational investment management as well as for human resources, IT, technology and production.

Letter from the Management Board

Dear shareholders,
Dear customers and business partners,

Rarely do we look back on a year that was anywhere near as extraordinary and challenging in its course and impact on the future as 2020. 2020 represents a year of drastic experiences for each and every one of us. The COVID 19 pandemic has shown us all how quickly what we thought was certain can become highly uncertain. How quickly things we take for granted become contingencies. How fragile our global cooperation in economic and social terms really is.

Accordingly, 2020 was an extremely challenging year for Ringmetall, even though it began promisingly for us. In the first months of the fiscal year, after COVID-19 had already spread worldwide to become a pandemic, the business performance of the Ringmetall Group still proved to be robust throughout and largely unaffected by events in global economic traffic. It was not until May of the year that we also felt the effects of the pandemic in the form of order intake that fluctuated more strongly from week to week. We made the most of the lead time this gave us. Our Group companies around the world were able to prepare for more difficult times and align their day-to-day business even more closely to the respective order situation.

Looking back, this is one of the reasons why we can say: Ringmetall has come through this challenging year extremely well. From a purely organic point of view, COVID-19 had an impact of only 2.0 percent on our Group sales. However, the contraction of the global economy also resulted in visibly declining steel prices, which impacted sales with a minus of 7.0 percent. This was offset, however, by growth of 6.8 percent from company acquisitions. Since we pass on steel price fluctuations almost entirely to our customers and they therefore have no significant effect on earnings, the slight decline in sales last year of 2.2 percent to EUR 118.0 million shows that Ringmetall is still in a fundamentally sound position and that our day-to-day business, which is extremely strong in terms of cash flow, is only subject to cyclical risks in individual areas. Last but not least, this is also reflected in the fact that almost all subsidiaries of the Ringmetall Group *were classified as systemically relevant in the course of the pandemic and were therefore not affected by pandemic-related site closures. At the same time, our cost management, which is consistently geared to day-to-day business, meant that our earnings before interest, taxes, depreciation and amortization (EBITDA) increased significantly, by 21.4 percent year-on-year to EUR 12.2 million.*

We published our forecast for the course of business in 2020 at the end of January 2020, even before it was foreseeable that COVID-19 would become a global pandemic a few weeks later. Against the background that our outlook does not reflect the effects of steel price and exchange rate fluctuations, which are always difficult to estimate, we have succeeded to date in closing the fiscal year on an organic basis within these forecast ranges despite all adversities. However, due to the aforementioned strong steel price fluctuations in the course of the year, we have adjusted our forecast for this effect with the publication of the nine-month figures. Ultimately, in 2020 we were in the upper half of our forecast ranges for both sales and EBITDA.

Our two business segments, Industrial Packaging and Industrial Handling, coped quite differently with the challenges posed by the pandemic. In Industrial Packaging, revenues of EUR 108.3 million were only marginally below the previous year. This was despite the fact that parts of the inliner business are heavily dependent on the food service sector and had to cope with a sharp drop in sales. However, the core business with drum closure systems in particular proved to be very robust and was able to benefit from the fact that the majority of our production plants are considered to be system-relevant and were therefore able to continue production even during the first lockdown. As we adjusted quickly to the new environment, we also managed to keep our costs well under control. As a result, the business unit's EBITDA of EUR 13.8 million was ultimately even 13.4 percent higher than in the previous year.

By contrast, the Industrial Handling Business Segment was clearly negatively impacted by the restrained demand from the material handling equipment sector. In particular, sales to one major customer fell significantly short of the volumes committed. Overall, revenues of EUR 9.7 million were 13.8 percent lower than in the previous year. On the cost side, however, it was also possible to adjust personnel costs in line with the order situation, thus containing the extent of the negative impact. At EUR 0.4 million, EBITDA declined by a much smaller amount in absolute terms, although it was down 61.4 percent in percentage terms.

With its development in the past fiscal year, the Ringmetall Group has proven that the company's broad positioning in the market makes it far less dependent on individual sectors than some market observers had expected. In our core business, it has been shown that lower sales figures in end customer markets such as the automotive industry and the chemical sector have been compensated for by increased demand, for example, from the pharmaceutical sector or from general consumer goods. This shows that Ringmetall's revenues development is not dependent on individual sectors, but rather reflects the overall economic trend and at the same time benefits from overriding megatrends such as worldwide population growth and globalization.

We have successfully mastered the challenges of the COVID 19 crisis to date. Not least because we further professionalized ourselves and streamlined our efficiency before the crisis and even more so during the crisis. The digitization of the Group is progressing according to plan, and as a result many of our employees, even in quite production-related areas such as production planning, were able to work from home for large parts of the past fiscal year. In combination with the extensive hygiene measures introduced, this resulted in extremely low COVID 19 incidences in our Group. As a result, pandemic-related production restrictions have so far occurred only to a marginal extent, if at all.

Letter from the Management Board

Despite our good starting point, we are nevertheless exercising commercial caution for the current fiscal year 2021. We are fundamentally optimistic that the pandemic will be overcome in the course of the year. Nevertheless, we remain prepared for bad news and are planning accordingly conservatively. Against the backdrop of developments in connection with COVID-19, which continue to be impossible to assess, our forecast for fiscal 2021 is therefore also deliberately conservative. Accordingly, we expect revenues of between EUR 115 and 125 million and EBITDA of between EUR 11 and 13 million.

The estimate is based on an unchanged steel price and unchanged exchange rates of the euro to the US dollar, the Turkish lira and the British pound compared with year-end 2020. It also does not include effects from acquisitions planned for 2021, including transaction costs.

Special thanks go to our employees, on whom we can rely even in these difficult times and who did a great job again in 2020. We also want to remain equally reliable and show our appreciation with secure jobs and fair working conditions in times when many other companies have to think about cutbacks and layoffs. And the most important thing this year as well: stay healthy!

Sincerely
The Management Board of Ringmetall AG

Christoph Petri *Konstantin Winterstein*

The Supervisory Board

KLAUS F. JAENECKE | Chairman

After studying business administration in Frankfurt, Paris and London, Klaus Jaenecke began his professional career in 1980 with an investment company in Mexico. This was followed by positions at the investment banks Kleinwort, Benson and Goldman Sachs in London and New York with a focus on mergers & acquisitions before he set up his own business in this field in Munich in 1991. Klaus Jaenecke has focused for many years on good corporate governance in companies of the industrial middle class and is chairman and member of several supervisory boards.

MARKUS WENNER | Deputy Chairman

After studying law in Germany and the USA, Markus Wenner began his career as a lawyer for the international law firm Clifford Chance in the areas of mergers & acquisitions and corporate finance. He then worked as an investment manager for GSM Industries. Today, Markus Wenner is managing partner of GCI Management Consulting, a consulting and investment company for medium-sized businesses. He is founder and co-owner of various companies as well as member of several supervisory and advisory boards.

RALPH HEUWING | Member

After studying mechanical engineering at RWTH Aachen (Germany) and MIT in Cambridge (USA) as well as an MBA at INSEAD (France), Ralph Heuwing began his professional career in 1990 as a consultant with the Boston Consulting Group. In 2001, he was appointed Managing Director and Partner. In May 2007, he became Chief Financial Officer of the listed mechanical and plant engineering company Dürr AG. Here he was responsible for the commercial areas of the Group, as well as IT, Global Sourcing and two of the five operating business units. In November 2017, he moved to Knorr-Bremse AG as Chief Financial Officer. There he was primarily responsible for preparing and executing one of the largest IPOs in Europe in 2018. Since October 2020, Ralph Heuwing has been Partner and Head of DACH at PAI Partners, one of the oldest private equity firms in Europe.

Report of the Supervisory Board

Dear business partners,
Dear shareholders,

Even though the year 2020 was massively affected by the COVID-19 pandemic that overshadowed everything, the Ringmetall Group can look back on a successful business year thanks to the performance of all employees, its broad positioning and high customer loyalty.

The Supervisory Board continuously monitored the measures taken to safeguard the health of our employees and the management of the lockdown phases, as well as the general management of the 2020 Management Board, and assisted the Board Members as an advisory capacity.

The Supervisory Board was able to convince itself at all times that the activities of the Management Board were lawful, expedient and proper. On the basis of a regular exchange of information, the Supervisory Board was involved in all significant decisions of the Management Board and was informed comprehensively in written and verbal form about all key aspects of strategy, planning, business development, risk situation and compliance.

In 2020, the Supervisory Board held a total of five ordinary meetings. In addition, there were numerous telephone calls and conference calls between the Management Board and the Supervisory Board. All members of the Supervisory Board took part in the regular Supervisory Board meetings.

On 28 April 2020, the Supervisory Board held a virtual meeting to discuss current business developments in all business areas as well as the individual agenda items for the upcoming Annual General Meeting and the annual financial statements. The annual financial statements, the consolidated financial statements and the combined management report were discussed in detail with the independent auditors. The auditor reported on the main findings of his audit of the annual financial statements of Ringmetall AG and the consolidated financial statements as well as the combined management report of Ringmetall AG and the Ringmetall Group and provided additional information on the past financial year and on risk management. In particular, it addressed the net assets, financial position and results of operations of Ringmetall AG and the Group. The Supervisory Board approved the results of the audit. Furthermore, the Supervisory Board also examined the annual financial statements of Ringmetall AG as of 31 December 2019, the consolidated financial statements and the combined management report. There were no objections, so the Supervisory Board approved the annual financial statements of Ringmetall AG and the consolidated financial statements. The annual financial statements were thus adopted.

Furthermore, the Supervisory Board resolved to extend the appointment of Mr. Winterstein to the Management Board until 30 September 2023. In addition, new rules of procedure for the Supervisory Board were adopted, including an age limit of 74 years.

In the virtual meeting on 1 July 2020, the Supervisory Board then adopted the new version of the Management Board contracts in line with the amended provisions of the German Stock Corporation Act (AktG) and the new recommendations of the GCGC.

On 23 July 2020, the Management Board and the Supervisory Board decided in a physical meeting to invite to the Annual General Meeting on 28 August 2020. For the first time, it was decided to hold the AGM only in virtual form against the background of ongoing hygiene regulations. At this point in time, the Management Board was able to better assess the economic effects of COVID-19 for the current fiscal year and it was decided to use the unappropriated surplus of Ringmetall AG to distribute an unchanged dividend of EUR 0.06 per no-par value share entitled to dividends and to carry

forward the remaining amount to new account. The conversion into the corporate form of an SE was also discussed and the Management Board was authorized to make the corresponding preparations.

A meeting of the Supervisory Board was held on 28 August 2020 following the Annual General Meeting. In particular, opportunities and risks for the current fiscal year were discussed under various scenarios of the development of COVID-19 and the high volatility of steel prices.

The meeting on 30 November 2020 focused intensively on the strategic alignment, acquisition-driven growth and strengthening of the internal organization. Following extensive discussion, the Supervisory Board also approved the 2021 budget and investment plan as well as the medium-term planning. A further focus of the meeting was the discussion of risk management.

In the course of the year, the Supervisory Board dealt intensively with the topic of corporate governance of the Ringmetall Group in addition to measures to meet the challenges posed by COVID-19. It is oriented towards a responsible and sustainable interpretation of the value creation concept and is based on the German Corporate Governance Code (GCGC) in its current version. Deviations from the requirements of the Code have been published by the company's Management Board and Supervisory Board in a declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG).

The composition of the Company's Management Board remained unchanged in the past fiscal year. Since the new elections on 30 August 2018, the composition of the Supervisory Board has also remained unchanged. The Supervisory Board did not form any committees in the reporting year.

The Annual General Meeting on 28 August 2020 elected Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Nuremberg branch, as auditors of the financial statements and consolidated financial statements for the 2020 financial year. Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft audited the annual financial statements, the consolidated financial statements and the combined management report of Ringmetall AG for the 2019 financial year and issued an unqualified audit opinion on the respective financial statements.

In conclusion, the Supervisory Board would like to expressly thank all employees in the Group for their dedication and high level of commitment in the past fiscal year. Stay well! Equal thanks are due to the two members of the Management Board of the Company and their high level of commitment to the well-being of the Company and all stakeholders.

Klaus F. Jaenecke
Chairman of the Supervisory Board

Ringmetall on the Capital Markets

Without a doubt, the stock year 2020 joins the list of years that will be remembered by investors for a long time to come. If not forever. The force with which the COVID-19 pandemic and the economic shock it triggered hit the world caused extreme reactions on the world's stock markets and a significant increase in the volatility of shares. Even at the beginning of the year, when COVID-19 still seemed to be a purely Asian problem, the DAX rose to a new record high of 13,795 points. The prevailing mood on the markets pointed to a good year for equities.

However, the COVID 19 shock led to a crash on the stock markets in March. By mid-March, the Dax had plummeted by around 39 percent to a low of 8,256 points. From this point, however, prices recovered over the course of the year - albeit with some sharp price fluctuations. At the end of the year, the German benchmark index closed at 13,719 points, up 3.6 percent and exceeding the expectations of many market participants against the backdrop of a rampant global pandemic. Internationally, the stock markets also reacted similarly. The pan-European Stoxx Europe 600 gained 3.4 percent. The US Dow Jones Industrial Average performed even better, gaining 7.2 percent.

Whereas on the German stock market, the winners included the securities of companies that were able to profit from COVID-19 in a special way - such as real estate stocks or delivery services - the shares of supposed COVID-19 losers suffered. And although Ringmetall came through the pandemic-related crisis exceptionally well and the stock outperformed the benchmark SDAX index in the first half of the year, it attracted little buying interest from investors in the second half. Despite a good underlying corporate development, the price of the Ringmetall share did not develop very satisfactorily. At EUR 2.47, the share closed 2020 6.4 percent below the previous year.

PRICE DEVELOPMENT OF RINGMETALL AG COMPARED TO THE SDAX 2020

The reasons for this development can be found above all in the behavioral patterns of many investors that can be perceived in the market. For example, most investors tended to focus on growth stocks rather than so-called value stocks. Also, in the course of the pandemic, shares of companies with higher market capitalization and higher liquidity, i.e. higher share turnover, were in particular demand. The latter even led to numerous funds focusing on small-cap stocks having to cope with significant outflows of funds in 2020, in some cases even to the point of liquidation of the funds. In the case of the Ringmetall share in particular, this led to a fundamentally unfounded but at times clearly noticeable selling pressure on the share price. This is also comprehensible when looking at the shareholder structure of the company: the names of several institutional investors from recent years left the shareholder structure. The funds behind them were liquidated in some cases.

Nevertheless, the company was also very active in the past year in addressing existing and new investors. Ringmetall AG presented its current business performance and the outlook for the coming years at several virtual conferences and roadshows. In addition to the presentation of quarterly results within the framework of telephone conferences, the company has also been increasingly using so-called Zoom Calls, as video conferences for a large number of participants, since this year. Despite the restraint on the part of investors perceptible in the share price performance, the basic interest of investors in the course of business remained at a consistently high level throughout the year.

In 2020, Ringmetall AG was continuously covered by Stifel Europe Bank as part of a sponsored research mandate. On the other hand, the research of the private bank M.M.Warburg continued to analyze the development of the company. The paid mandate with Montega Research expired in 2020, which is why research coverage was also terminated during the year. Instead, another institute, the private bank Hauck & Aufhäuser, started coverage of Ringmetall on its own initiative and has been publishing studies on the company's development since the fourth quarter of 2020. As of 31 December 2020, Ringmetall AG was thus actively monitored by a total of three institutions:

Institution	Analyst	Recommendation	Price target EUR
Hauck & Aufhäuser	Christian Sandherr	Buy	3.70
Stifel Europe*	Florian Pfeilschifter	Buy	3.40
Warburg Research	Cansu Tatar	Buy	3.30

*Sponsored Research

as of 31 December 2020

The 23rd Annual General Meeting was held for the first time as a virtual Annual General Meeting on 28 August 2020 against the background of the applicable pandemic legislation. Of Ringmetall AG's share capital of EUR 29,069,040.00, 63.7 percent was represented at the time of voting on the proposed resolutions by postal vote or via the company's proxy. As in the previous year, all agenda items were passed with a high level of approval in accordance with the proposal of the management. Information on the individual agenda items and the detailed voting results are published on the company website in the Investor Relations section.

No capital market transactions were carried out in the 2020 financial year that would have had an impact on the number of shares outstanding. Accordingly, the number of shares outstanding as of 31 December 2020 was 29,069,040 shares, unchanged from 31 December 2019.

COMBINED MANAGEMENT REPORT FOR THE FISCAL YEAR 2020

The Ringmetall Group

BUSINESS MODEL AND STRUCTURE

As a leading global specialist supplier in the packaging industry, Ringmetall concentrates on the market for packaging elements for industrial drums. While the focus is on the market for drum clamping rings, the Group is consistently expanding its influence into adjacent business areas. The aim is to hold a market-dominating position in all areas of the core business.

Active in the business segments Industrial Packaging and Industrial Handling

The company emerged from its predecessor company, H.P.I. Holding AG, in 2015 by changing its name and adapting its business model. This in turn was founded in 1997 as an investment company. Since renaming the company and adapting the business model, Ringmetall has been operating as a specialized industrial holding company in the two business segments Industrial Packaging and Industrial Handling. Ringmetall develops, produces and markets packaging solutions for use in the chemical, petrochemical and pharmaceutical industries, the food industry as well as products for warehouse logistics and the agricultural sector.

Over 2,500 variants of clamping rings and over 4,000 different inliners

In the Industrial Packaging division, Ringmetall Group manufactures packaging elements for industrial drums and multi-component systems. The product range in the Industrial Packaging division primarily includes closure clamping rings as well as inner sleeves - so-called inliners - and bag-in-box systems. In addition, the company also produces drum lids, gaskets, handles, complex closure units and special components to customer specifications with a wide range of dimensions, quality levels and usage profiles. The product group of clamping rings represents the proportionally largest sales driver of the Ringmetall Group, followed by inliners and bag-in-box systems. In total, Ringmetall produces over 2,500 different variants of clamping rings and over 4,000 different variants of inliners.

In the market for industrial drums, the company focuses primarily on the special requirements of so-called open top drums and here specifically steel drums, plastic drums, fiber drums and pails. In 2019, the company also entered the market for inner liners for industrial drums and multi-component systems. Since then, the Group has also offered product solutions in the field of closed top drums and for bag-in-box systems, a special packaging for food products.

In the Industrial Handling business unit, the Ringmetall Group manufactures vehicle attachments for special vehicles in freight and warehouse logistics and in the agricultural sector. In addition to attachments for tractors, agricultural machinery and trucks, these include, in particular, attachments for industrial trucks. The product range mainly includes restraint systems and trailer coupling systems. However, lift mast parts, clutch and brake pedals with special requirement profiles, hydraulic components and complex welding assemblies are also part of the product range.

The Ringmetall Group has a holding structure in which the subsidiaries assigned to the two divisions are linked to the parent company. This Munich-based holding company, Ringmetall AG, combines central group functions. These include above all the areas of finance and group financing, investor relations, IT, strategy and corporate development, as well as the preparation and implementation of corporate acquisitions. In addition to the holding company, the Group consisted of a total of 22 companies at the end of 2020. Of these, 15 companies are operationally active, three companies are purely intermediate holding companies, three companies operate as administrative units and one company is dormant.

SUBSIDIARIES AND GROUP BRANDS

The individual subsidiaries of the Group operate on the market largely independently of each other. On the basis of regular management meetings, the Management Board members of the Management Holding discuss strategic approaches for the further development of the Ringmetall Group together with the managing directors of the largest subsidiaries. The first cross-company positions have already been created for strategically important key areas of the drum clamping rings and inliners business: in the areas of purchasing, production and sales, the implementation of group-wide decisions is thus ensured by a centrally responsible person in each case.

The development and manufacture of the products takes place at a total of 15 production sites worldwide. In Germany, these include the sites in Attendorn (North Rhine-Westphalia), Berg (Rhineland-Palatinate), Bürstadt (Hesse), Ernsgaden (Bavaria) and Halle (Saxony-Anhalt). Internationally, Ringmetall is also represented by sites in Valmadrera and Albavilla (Italy), Peterlee (Great Britain), Reus (Spain), Balcik (Turkey), Changshu (China), as well as sites in the USA in Birmingham (Alabama), Chicago (Illinois), Houston (Texas) and Shippensburg (Pennsylvania).

The headquarters of the company and the holding company are in Munich, Germany. As an internationally positioned group, all subsidiaries are united under the umbrella brand Ringmetall. The subsidiaries, in turn, are commercially active under their company names as regional and national brands. These companies include Berger Global, Berger USA, Cemsan, SGT, Nittel, Tesseraux and HSM. Some of the subsidiaries are subdivided into national companies from which they operate internationally.

The international headquarters of Ringmetall AG are in the Bavarian capital Munich

COMPANY HISTORY

The Ringmetall Group was founded in 1997 under the name H.P.I. Holding AG, the predecessor company of the present company. Initially operating in the market as an investment company, the company acquired, founded and sold numerous other companies from 1998 onwards. From 2011, the new management then began to focus the business activities increasingly on industrial packaging and the handling of industrial goods. In 2015, the company was renamed Ringmetall AG, which also marked the completion of the repositioning of the company as a specialist supplier in the packaging industry.

The main steps from the foundation to the current positioning of the Ringmetall Group are as follows:

1997

- Foundation of the company under the former name of H.P.I. Holding AG

1998

- Acquisition of August Berger Metallwarenfabrik GmbH & Co. KG, Germany
- Entry into the special packaging business

2007

- Initial public offering of the company on the Regulated Unofficial Market of the Frankfurt Stock Exchange

2012

- Expansion to China in the industrial packaging sector
- Acquisition of S.G.T. S.r.l., leading clamping ring manufacturer in Italy
- Acquisition of Cemsan MPI Limited Sirketi (majority shareholding), leading clamping ring manufacturer in Turkey
- Change to the Entry Standard of the Frankfurt Stock Exchange

2013

- Foundation of Berger Italia S.r.l. and acquisition of the clamping ring division of an Italian company
- Acquisition of HSM Sauermann GmbH & Co. KG, German metalworking specialist
- Expansion of the Industrial Handling division

2015

- Acquisition of Berger USA (formerly: Self Industries Inc.), leading clamping ring manufacturer in the USA
- Positioning as a leading specialty packaging company and change of name to Ringmetall AG
- Acquisition of Metallwarenfabrik Berger GmbH, Germany
- Expansion of the product range to include drum lids
- Acquisition of the remaining 40.0 percent of the shares of the minority shareholder of CEMSAN MPI Limited Sirketi, Turkey

2016

- Acquisition of a further 29.0 percent in the Italian subsidiary S.G.T. S.r.l.
- Acquisition of a smaller clamping ring production facility in the USA

2017

- Acquisition of Latza GmbH, clamping ring and closure manufacturer from Germany (effective 1 Aug. 2017)
- Foundation of Berger Hong Kong Limited, China, as an intermediate holding company for the subsidiary in China
- Acquisition of HongRen Packaging Equipment, clamping ring manufacturer in China, and contribution to the existing subsidiary in China (as of 1 Feb. 2018)

2018

- Change to the regulated market of the Frankfurt Stock Exchange, General Standard
- Acquisition of Nittel Halle GmbH, leading producer of molded inliners from Germany (effective 1 Jan. 2019)

2019

- Acquisition of Tesseraux Spezialverpackungen GmbH, leading producer of aluminum inliners and bag-in-box systems (effective 1 July 2019)
- Acquisition of a further 30.0 percent of the shares in Nittel B.V., Holland
- Acquisition of Sorini Ring Manufacturing Inc, clamping ring manufacturer from the USA, as part of an asset deal and contribution of business activities to the existing US subsidiary (as of 31 Dec. 2019)

2020

- Increased implementation of Group-wide corporate governance and introduction of a program to promote more sustainable business processes as well as sustainable expansion of Group digitization

MARKETS AND CUSTOMERS

Global market for industrial packaging expected to grow through 2024

According to a study by market research firm Smithers, the global industrial packaging market was worth a total of USD 56.2 billion in 2019. According to the study, the market is expected to grow to USD 66.0 billion by 2024, which would correspond to a compound annual growth rate (CAGR) of 3.3 percent.

Internationally, the market is generally segmented by product type into drums, IBCs, sacks, pails and crates/totes. Furthermore, the market is segmented according to the type of material used for the products and here usually according to the main material groups Paperboard, Plastics, Metal, Wood and Fiber.

In addition, the market is further differentiated according to the main industries on the customer side in which industrial packaging is used. These are generally categorized into Chemical & Pharmaceutical, Building & Construction, Food & Beverage, Oil & Lubricants, Agriculture & Horticulture, and Others.

The main growth drivers in the industrial packaging market include, first and foremost, increasing globalization and worldwide population growth. Both of these drivers are fueling the worldwide increase in exports and imports, which typically involve shipping over long distances, thus increasing the need for high-quality, resilient, and secure industrial packaging. Moreover, in the case of chemical and pharmaceutical applications, the goods shipped are usually sensitive to atmospheric agents and pose a risk to their environment. For this reason, a large number of drums and IBCs are constantly needed to ship and store chemicals worldwide.

In the food industry, similar factors are decisive, except that here it is not so much the environment that needs to be protected from the packaged goods, but much more frequently the packaged goods from the environment. Here, oxygen, light and moisture often lead to decomposition processes that make food unsuitable for consumption and which should therefore be prevented by appropriate industrial packaging.

The most important growth markets worldwide are first and foremost the Asia-Pacific region and LAMEA (Latin America, Middle East and Africa). Ringmetall is currently mainly active in the markets of Europe and North America and is increasingly expanding its business in the growth markets of Asia-Pacific and LAMEA.

With the Industrial Packaging division's two largest customers, large internationally operating drum manufacturers, Ringmetall accounted for nearly 40 percent of the division's sales in 2020. The remaining sales of the business unit were distributed among several hundred customers. The not inconsiderable concentration of a significant share of sales on two customers is also seen by Ringmetall as an advantage here, since both suppliers and customers, as globally active companies, are mutually dependent due to their large share of sales in their respective industries.

In the market for industrial packaging, the Ringmetall Group has secured its position as the global market leader in the niche segment for drum clamping rings in recent years through targeted acquisitions, with a market share of well over 50 percent. In addition, since 2019 the company has been expanding into the attractive market for inner sleeves for industrial drums and multi-component systems. Here, the company has now advanced to become the European market leader and plans to further expand its position through acquisitions in the future.

Competitors in the drum liner sector are exclusively regional suppliers whose annual revenues are in the mid single-digit million range. In the market for inliners, there are few competitors of roughly similar size to Ringmetall, who, similar to the competitive situation in the clamping ring sector, do not have a global reach.

Due to the lower global market coverage, the significantly lower sales volume of the regional competitors, as well as the stronger technical know-how of the Ringmetall Group - measured by the variety of machines used in production - Ringmetall is in an overall favorable competitive situation from its own point of view. It has customer relationships that have grown over many years and accordingly has the highest level of competence in responding to complex customer requirements. Accordingly, the company sees no danger from competitors that Ringmetall's positioning on the market could come under sustained pressure.

In the markets that are of importance for the Industrial Handling Business Segment, the Ringmetall Group sees itself positioned rather as a specialized niche supplier. As capital goods, material handling vehicles such as forklifts and warehouse equipment - so-called industrial trucks - are in greater demand in economically good times than in periods of economic weakness. The market for this type of vehicle tends to follow the general economic cycle with a lag of six to nine months.

According to the WITS trade database, the global market for industrial trucks could grow by a total of 8.6 percent in 2020 to 1.64 million units in terms of new orders (2019: 1.51 million units). However, this growth is almost exclusively attributable to the Chinese market, which grew by 37.0 percent, and to a lesser extent the South and Central American market, which grew by 5.7 percent. While North America remained more or less stable at -1.0 percent, the Western European market declined significantly by -6.3 percent.

In the market for agricultural machinery, which is also important for the development of the Industrial Handling Business Segment, demand tends to follow the development of prices for the world's most important foodstuffs. The development of the market volume for agricultural machinery in the EU is therefore highly correlated to the development of the price index of the Food & Agricultural Organization (FAO) of the United Nations, FAO Food Price Index (FFPI). In 2020, the FFPI rose 3.2 percent to 98.0 from 95.0 in the previous year.

Ringmetall's Industrial Handling division holds a niche position in the product areas of restraint systems for forklifts, brake and clutch pedals, trailer couplings for tractors in agriculture and forestry, brackets for hydraulic components, lift mast parts for industrial trucks, cast housings and complex welded assemblies. However, in recent years the company has increasingly invested in the development of its own products and considers itself well positioned in the competitive environment due to steadily increasing customer demand. Competitors include numerous medium-sized companies and corporate groups that basically sell similar products on the market.

COMPETITIVE STRENGTHS AND BARRIERS TO MARKET ENTRY

(Unaudited Section)

The comments on competitive strengths and barriers to market entry were not audited by the independent auditor and are excluded from, or not covered by, the audit opinion, which is reproduced in the auditor's report.

Mature internal structures, resilient industry networks and customer relationships

With its global market-leading position as a niche supplier in the packaging industry, the Ringmetall Group has an above-average consolidated position in the market. The company is constantly driving forward consolidation in its sectors. At the same time, no new competitors have been emerging on the market to any perceptible extent for decades. Ringmetall has mature internal structures, resilient industry networks and customer relationships that have grown over decades. The special characteristics of the industrial packaging sector in general and the drum industry in particular contribute to the Group's pronounced competitive strengths and make it difficult for potential new competitors to enter the market.

Self-developed machinery

The production of packaging elements for the industrial sector requires a high degree of specialization in all areas of the value chain. Both in the product area of drum closure systems and in the product area of drum inliners and bag-in-box systems, the Ringmetall Group produces almost exclusively on machines developed in-house or highly customized. Individual modules of the machinery are purchased as standard components from well-known machine manufacturers.

Production on machines developed in-house or highly customized

However, the assembly of these individual components to the machines used in production is carried out almost exclusively by internal specialist engineers and mechanical engineers. Ringmetall produces for its customers a comprehensive product range of more than 2,500 different clamping rings and more than 4,000 different inliners and bag-in-box systems from a single source. The companies of the Ringmetall Group continuously develop new products in close coordination with their customers in order to meet changing market requirements at all times.

In recent years, Ringmetall has increasingly invested in a fundamentally new generation of machines. This is a new type of modular ring profiling machine with integrated thermoforming unit. The machine concept can be used for all of the more than 2,500 ring types. The fast changeover between the profiling and pressing modules enables extremely short changeover times between different production batches, resulting in significantly reduced downtimes. At the same time, a significantly higher production speed combined with improved tolerance accuracy and thus reduced production waste is evident. Lower energy consumption and reduced noise emissions also underline the much more sustainable production conditions.

Following the successful completion of the prototype phase, the introduction of the production-ready machines is now taking place on a continuous basis, which will be accompanied by a noticeable modernization of the machine park in the coming years.

Global production network

With 15 production sites in 7 countries on 3 continents, Ringmetall is the only company in the world that succeeds in supplying its internationally positioned customers on a global scale with a consistently high product quality. The individual national companies produce reliably and in the desired quantities according to clearly defined specifications. The functionality of the supply chains and compliance with production standards are systematically coordinated and monitored. At the same time, the regional subsidiaries are available as trusted contacts for customers and interested parties. This guarantees professional handling of orders across the individual subsidiaries and at the same time provides the necessary know-how to offer solutions even for complex issues.

"Just in time" production and delivery

In a large number of industries, modern production is geared to keeping inventories of both preliminary products and finished goods as low as possible. This "just in time" approach, which has been established for years, is accordingly also applied in the packaging industry. The customers of the Ringmetall Group also expect short delivery times of packaging elements according to their acute order situation. The lead time is usually a maximum of five to ten working days with regard to clamping rings, lids and seals. For inliners as well as bag-in-box systems, delivery times are significantly more individual, also due to seasonal products. As a globally positioned company, Ringmetall is able to serve individual customer orders in any batch size and to guarantee on-time delivery to any location worldwide. No other company is able to deliver the variety of products expected by the market, worldwide in the same quality, in almost any quantity and within the shortest time window to any desired customer location.

Certification and regulation

In most cases, industrial packaging materials are used to transport goods that must not be exposed to the environment. Industrial drums are therefore subject to particularly high requirements, on the one hand to protect the environment from the contents of the drums, or on the other hand to protect the contents of the drums from environmental influences. Products from Ringmetall are therefore in most cases part of a packaging unit whose components are clearly defined and provided with a so-called UN certification by the United Nations (UN). The certification also includes the specification of all manufacturer's details of the individual packaging components. Since the certifications are preceded by extensive tests, which are associated with a corresponding expenditure of time and money, the change of individual components of a packaging unit is usually not economical. The Ringmetall

Group and its customers are accordingly bound to each other throughout the life cycle of a product.

Quality and price transparency

Quality and reliability of Ringmetall's products have led over the years to grown and resilient customer relationships. A basic understanding of mutual economic dependence has been established in the cooperation. For example, clear regulations on the composition of product prices have been agreed upon, which allow both sides a high degree of transparency and predictability. The components supplied by Ringmetall for the industrial drum account for only a very small part of the total price for a complete drum. In the product area of clamping rings, moreover, the material costs (usually steel) account for the largest part of the final price for the supplied end product. The margin attributable to an individual product is therefore in a comprehensible relationship, accepted by the customer, to the quality and reliability supplied by Ringmetall. It would therefore represent an extraordinary challenge for new competitors to enter into these established customer relationships and to establish themselves on the market as a competitor of Ringmetall. Due to the supposedly low price sensitivity on the part of the customer, the establishment of a competitive position in the market would therefore mainly be in the areas of product quality, product innovation and product availability. However, Ringmetall considers itself to be optimally positioned in all three areas at the same time and well equipped in the event of a change in the competitive situation.

Investment in innovation

Ringmetall is constantly increasing its investments in the development of new products and production facilities. In addition to the continuous optimization of process flows in all areas and targeted measures to modernize machines and IT infrastructure, investments are also made in the know-how of internal development engineers and production technicians. However, the gradually increasing development expenditure is always in a healthy proportion to the company's sales development. To a large extent, this consists of personnel costs for the development engineers and production technicians involved. In addition, costs are incurred for the materials used and, in some cases, for external consulting.

Constant investments in the development of new products and production facilities.

In recent years, the Ringmetall Group has invested in the development of a fundamentally new generation of machines for the production of clamping rings. Since the end of 2020, prototype tests have already been carried out under production conditions and preparations have been made for granting CE approval. The combination of machine components allows a significant reduction in changeover times, which regularly occurs when switching production between different types of clamping rings. At the same time, personnel expenses and production scrap are reduced. Furthermore, an upgrade of the production monitoring software developed in cooperation to a supplementary digital production monitoring and control system has been in preparation since the end of 2020.

The focus on self-developed products that are closely aligned with customer demand ensures Ringmetall a steadily increasing demand on the market and the sustainability of its own earnings strength. While this approach has been established in the Industrial Packaging area for years, it has now been increasingly pursued in the Industrial Handling area as well.

MARKETING

Ringmetall's products in the Industrial Packaging segment are highly specialized niche products that are used exclusively as supplier products by a manageable number of customers, namely mainly manufacturers and users of industrial drums. For this reason, Ringmetall relies on close and established personal customer relationships for product marketing.

A classic marketing approach for consumer goods manufacturers, which relies on investments in extensive product information materials, ad placements or mailing campaigns, is only pursued selectively. Instead, Ringmetall's sales team maintains close contact with its customers and their key decision makers by attending trade shows and industry events. Since entering the market for drum inliners and bag-in-box systems, the company generally also invests to a reasonable extent in its own trade show appearances at industry-relevant trade shows such as FachPack, the European Coatings Show, and Brau Beviale, all of which are held in Nuremberg, Germany. In some cases, participation takes the form of joint trade show appearances by several subsidiaries with the products inliners, bag-in-box systems, and clamping rings and lids. Against the background of COVID-19, however, no trade shows were attended in 2020.

Due to the still much more specialized market in the industrial handling sector, marketing here is carried out exclusively by directly addressing customers through development engineers of the subsidiary HSM. In personal discussions, the company presents its own development competencies and offers suitable product solutions that are oriented to the respective specifications of the vehicle manufacturers.

Compared to the size of sales, the expenses of the Ringmetall Group for marketing activities are accordingly at a comparatively low level. In 2020 - due to the restrictions imposed by COVID-19 - there was no significant expenditure in this area. In 2019, the total investment still amounted to around EUR 0.1 million.

EMPLOYEES

Increase in the number of employees mainly due to the acquisition of companies

On average, Ringmetall employed a total of 698 people in 2020 (2019: 685). Of these, 154 employees (2019: 142) were employed in administrative positions and 544 employees (2019: 543) in production. As in the previous year, the increase in the number of employees is mainly due to the acquisition of companies. The companies acquired during the year in 2019 were consolidated for a full twelve months for the first time in 2020, which led to a further increase even without acquisitions in the past fiscal year. Ringmetall also regularly employs temporary staff in order to be able to respond to sales fluctuations as a result of changing general economic conditions. However, the industry-related low sales visibility - i.e. the lead time between order intake and goods delivery - of up to ten working days at the most, also makes the use of temporary staff indispensable on a regular basis. In this way, peaks in demand are cushioned and capacity utilization figures are optimized economically. Against the backdrop of the COVID 19 pandemic, however, fewer temporary workers were deployed as a percentage of the total workforce in 2020. Due to the increasingly low availability of skilled workers on the German labor market, however, Ringmetall continues to use temporary staffing to recruit suitable skilled workers for the company and to take on well-trained temporary workers as permanent employees. This is intended to give committed workers a more predictable working life and also to take account of the social responsibility of which Ringmetall is aware in this issue.

In recruiting personnel and improving the working atmosphere, Ringmetall has further developed existing modern approaches and continues to break new ground. For example, employees receive separate bonus payments in various forms for regular work commitment. In addition, overtime and vacation days can be saved in a separate temporary employment account and used in the form of a sabbatical lasting up to three months.

Especially in the course of the pandemic, the benefits and advantages of the option of home office (working from home) have become apparent, as Ringmetall has been enabling its employees to do for some time. If the area of responsibility permits, the company even actively encourages its workforce to work from home wherever possible as part of the pandemic restrictions. To this end, Ringmetall has continued to invest in its existing group-wide video conferencing solutions, enabling proven cross-site and cross-functional working. In production, which does not offer the possibility of home office, Ringmetall has developed an appropriate hygiene concept to protect the workforce from infection with the SARS-COV-2 virus. This includes, on the one hand, an elaborated shift system, the observance of intervals in cooperation as far as possible, as well as the increased disinfection of contact surfaces in the production as well as the social rooms. At some sites, however, the digitalization of production planning and control is already so far advanced that home office can be used at least in this part of production.

As part of in-house training, individual employees are regularly trained for a period of two to three months in special programs in the area of quality assurance and thus continuously sensitized to the special importance of consistently high production quality. In addition, new knowledge is constantly imparted, for example through deployment in changing production areas ("job rotation"), and know-how is retained in the company in the long term. This leads to an increase in deployment flexibility as well as qualification and reduces the risks that can arise from a possible monotony in the daily work routine.

There is also a continuous transfer of knowledge between Ringmetall sites. Employees are repeatedly sent to other sites for work assignments lasting several months in order to gain new impressions of the Group and to standardize best practice approaches to individual production steps at an international level. This approach has proved particularly effective in establishing knowledge transfer between the individual companies as quickly as possible following corporate acquisitions. Teams for Group-wide projects are also increasingly being made up of employees from different international locations. Middle managers are also regularly given special support in the form of internal and external seminars. In the course of the pandemic, such training courses were increasingly held in the form of webinars. External training personnel impart modern approaches to employee management within the framework of coaching sessions, thus constantly enhancing an equally productive and pleasant working atmosphere at Ringmetall.

In order to create a group-wide corporate identity, Ringmetall relies on a uniform external image and promotes an improved feeling of togetherness among the workforce by producing image films. Strategic and financial corporate goals are communicated openly and regularly at all hierarchical levels. By means of the Code of Conduct, which is binding throughout the Group, it is ensured that Ringmetall communicates a uniform mission statement to its employees and that they pursue uniform values and goals irrespective of national origin and possible differences between cultural groups.

Teams for Group-wide projects with employees from different international locations

Compliance and Sustainability Report

(Unaudited section)

The statements on sustainability were not audited by the independent auditor and are excluded from, or not subject to, the audit opinion, which is reproduced in the auditor's certificate.

Ringmetall has always taken responsibility for the way in which economic activity shapes the environment in an ecological and social manner. This arises from the conviction that the careful use of resources and the respectful treatment of fellow human beings is, on the one hand, appropriate from an ethical and moral point of view and, on the other hand, also represents in every respect the only conduct to ensure the success of the company in the long term. The company is therefore fully committed to the ten principles of the UN Global Compact.

In order to make the values behind these principles comprehensible and binding for all employees, the company has drafted rules of conduct in the form of a code ("Code of Conduct") that are binding for all employees. The company monitors compliance with the Code on an ongoing basis. Furthermore, the company has established internal structures through which employees can inform themselves about the Code and help shape the further development of the Code by asking questions and making suggestions.

HUMAN RIGHTS

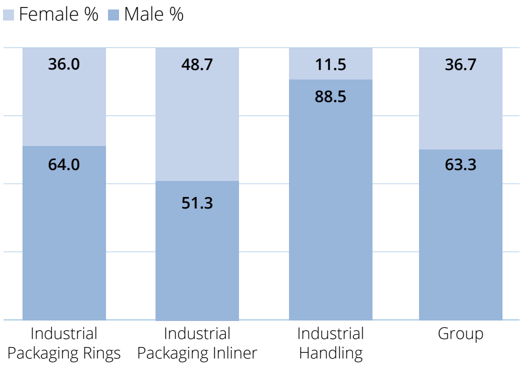
Adherence to the group-wide compliance guidelines regarding the observance of human rights is a top priority at Ringmetall. All employees are bound at all times neither to violate these fundamental rights in their own actions nor to tolerate the violation by others within their own sphere of influence. In their business activities, the companies of the Ringmetall Group make sure that this also applies to suppliers and regularly check this also within the scope of plant inspections. If the company determines that other companies or their employees in the value chain of the Ringmetall Group are committing human rights violations and these are not immediately stopped, this will result in the immediate termination of the business relationship. The same applies to the company's own employees, whose employment relationship will be immediately warned or terminated in the event of violations.

EMPLOYEES

Ringmetall fully recognizes the right of its employees to freedom of association and the recognition of collective bargaining. This includes the right to join trade unions and to elect employee representatives. The company categorically rejects any form of forced or child labor and expects the same behavior from its suppliers and customers. Ringmetall therefore fully supports the conventions of the International Labor Organization (ILO) number 138 and 182 as a minimum standard for the protection against child labor. Ringmetall actively advocates the equal treatment of all employees with regard to ethnic origin, gender, sexual orientation or religion and supports any measures that are conducive to diversity within the Ringmetall Group.

Ringmetall also strives to make its working conditions equally attractive for employees. However, due to the physically demanding work in the metalworking subsidiaries, the proportion of female staff here is below 50.0 percent. In the ring manufacturing sector, the proportion of women at the end of the year was 36.0 percent, and in the industrial handling sector 11.5 percent. In the plastics processing plants, on the other hand, the picture is more balanced. In the inliner sector, the proportion of women at the end of the year was 48.7 percent.

Employee Relation

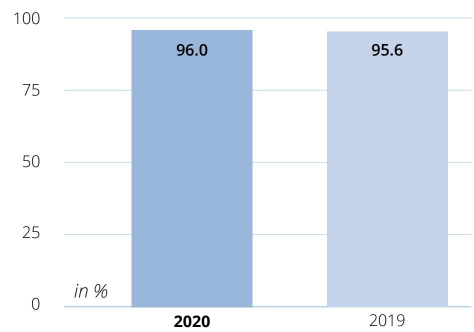


At the same time, Ringmetall tries to meet the family needs of its employees as best as possible by offering flexible working time models or the option of a “home office”. In addition, well-equipped social and rest rooms are available for work breaks and also receive appropriate attention in the modernization planning of sites.

ENVIRONMENT

The Ringmetall Group attaches particular importance to the careful use of resources of all kinds. As a manufacturing company, particular attention is paid to ensuring that the use of raw materials results in as little production waste or scrap as possible. However, since this is not entirely avoidable, the company makes sure that all reusable materials are consistently recycled. Depending on the material used and the production step, different amounts of scrap are generated. A direct comparison of recycling rates over the years is therefore not possible in every case. In general, over 95 percent of the company’s production scrap is recycled.

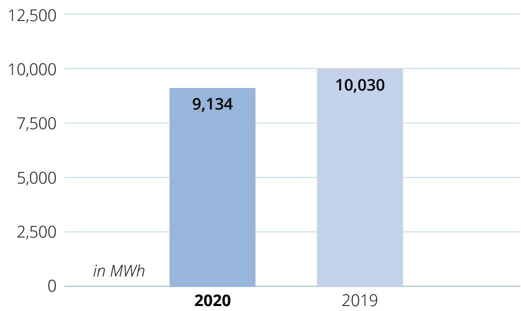
Recycling rate of the production scrap



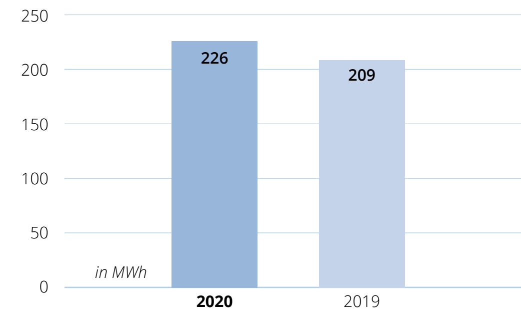
Ringmetall continues to consistently convert the Group’s energy supply to the use of renewable energies. Thus, electricity supply contracts are being converted step by step on the basis of renewable energy sources. Currently, one of the 15 production sites almost exclusively uses “green electricity”. By 2022, all electricity supply contracts are to be converted accordingly, insofar as this is possible depending on regional conditions. At two sites, Ringmetall already produces its own electricity from solar energy through the use of photovoltaic systems.

Consistent conversion to the use of renewable energies

Energy consumption electricity

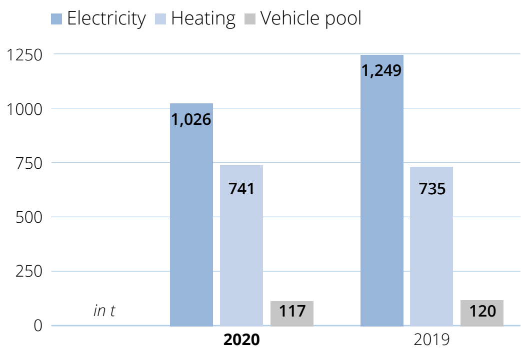


Power generation from photovoltaic systems

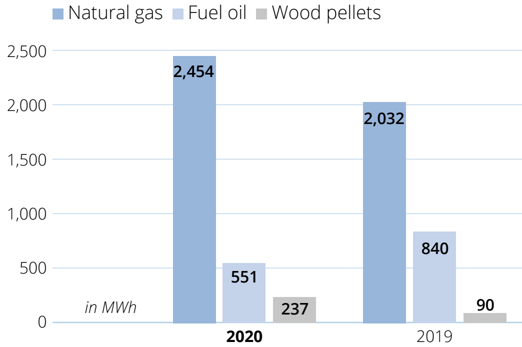


Ringmetall also pays attention to continuously reducing the CO_2 emissions of the Group with regard to the fuels required for heating. Heating systems are converted from heating oil to gas or - if local conditions permit - systems for fuels from renewable raw materials, such as wood pellets, are installed.

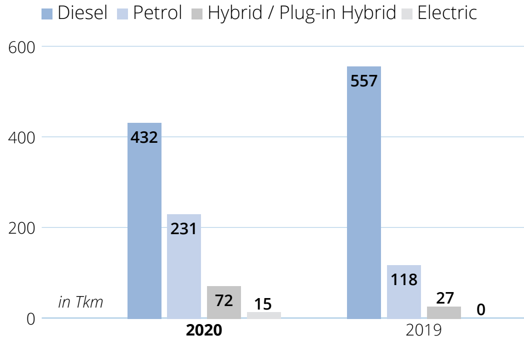
CO_2-Emissions



Energy consumption heating

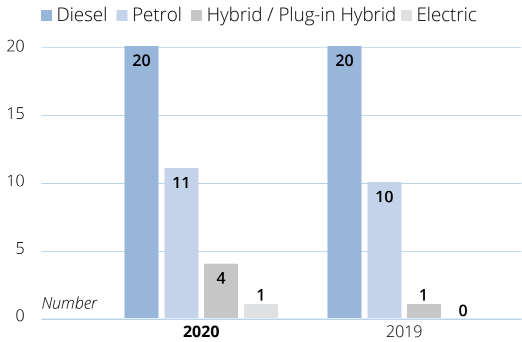


Distance covered by engine type



The emissions of the company's vehicle fleet have also been examined in detail since 2020. Almost all of these are company cars provided to employees of the company. When leasing contracts expire, the company intends to modernize the fleet with vehicles that do not run on fossil fuels or only run on fossil fuels in part. In addition, Ringmetall also plans to make e-bikes available to its employees at various locations.

Vehicle fleet by engine type



In addition, a Group-wide environmental management system has been under development since 2020. Initial certification by EcoVadis, an external service provider for sustainability ratings, is scheduled for the course of fiscal 2021

ANTI-CORRUPTION

Ringmetall has defined clear behavioral guidelines within the framework of the Code of Conduct in order to protect the company as best as possible against corruption. These are implemented throughout the Group, whereby individual measures are always adapted to the respective national legal peculiarities. Benefits of any kind are prohibited in the Group if they are intended to influence decision-makers in an improper way. This applies in particular with regard to decision-makers of a government authority.

Ringmetall is of the opinion that corruption is not a trivial offense, but a very serious form of crime.

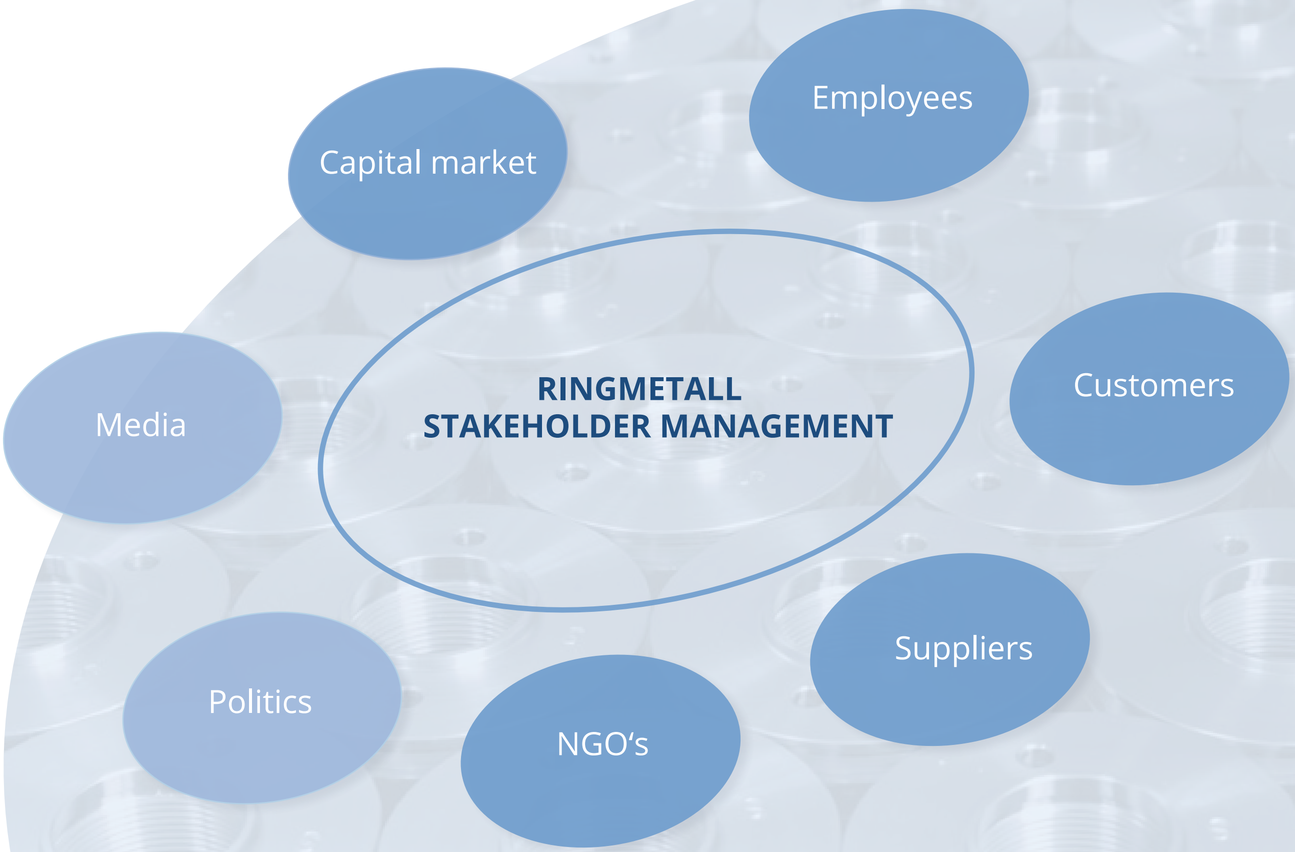
STAKEHOLDER MANAGEMENT

Ringmetall communicates openly and transparently with its internal and external stakeholders and actively seeks regular exchange with these target groups. Due to the size of the company, stakeholder groups have emerged in the past with whom current topics are discussed on a regular basis and those with whom contact is more case-related. In particular, exchanges with employees, customers, suppliers, the media and the capital market take place on a very regular basis. At clearly defined intervals, company representatives discuss current company developments, answer questions and receive criticism and suggestions, which in turn can be used to take concrete measures to consistently develop Ringmetall further. In addition, however, the company is also in contact with representatives of non-profit or political organizations, if a need for discussion develops here. Ringmetall consistently develops the exchange with its stakeholders in order to continue to incorporate the expectations of the individual groups into the strategic development of the company.

NON-FINANCIAL STATEMENT

As part of this combined management report, Ringmetall publishes a combined non-financial statement for Ringmetall AG and the Group in accordance with Sections 315b, 315c HGB in conjunction with Sections 289b to 289e HGB. The contents of the non-financial statement can be found throughout the combined management report, but in particular in the sections "The Ringmetall Group - Competitive Strengths and Barriers to Market Entry" and "Compliance and Sustainability Report". These contents were not part of the audit of the consolidated financial statements and the combined management report.

Ringmetall is consistently developing the exchange with its stakeholders



Economic Report

OVERALL ECONOMIC SITUATION

External shock of the COVID 19 pandemic has ended a long period of growth

In its 2021 Annual Economic Report, the German Federal Ministry for Economic Affairs and Energy (BMWi) states that the external shock of the COVID 19 pandemic has ended the long period of growth since the financial crisis. The German economy has slid into the worst recession in decades. In 2020, gross domestic product fell by 5.0 percent. However, the economic low had already been passed by the end of the first lockdown in April. At an average of around 44.8 million, around 477,000 or 1.1 percent fewer people were employed in Germany in 2020 than in the previous year. According to the European Central Bank, inflation in the euro zone in 2020 was just 0.2 percent, unusually close to the threshold of deflation. However, the ECB expects the situation to return to normal as early as 2021, with inflation rising to 1.0 percent.

In its January 2021 economic outlook, the International Monetary Fund (IMF) expresses cautious optimism. After growth of just 2.9 percent in 2020, the global economy is expected to recover again in the current and the coming year. For 2021 and 2022, the forecast is for global growth of 3.3 and 3.4 percent respectively. The IMF is thus fundamentally more optimistic than other organizations, but slightly more pessimistic than in its October estimates.

After a year characterized by ups and downs in 2020, the German Chemical Industry Association (VCI) also takes a positive view of the current year 2021. After a 3.0 percent decline in chemical production in 2020, the industry association expects growth of 1.5 percent again in 2021. As in the previous year, the forecast indicates that the pharmaceuticals and cosmetics, detergents and personal care products sectors in particular will develop more positively than the rest of the industry.

The German Engineering Federation (VDMA) describes 2020 as one of the most difficult years for the industry in decades. After a slump in the industry in the first half of the year, demand recovered in the second half. Consequently, industry sales slumped by 13.1 percent compared to the previous year. Based on the positive trend towards the end of the year, the association forecasts a brightening environment and production growth of around 4 percent in 2020.

BUSINESS PERFORMANCE OF THE GROUP

The COVID-19 pandemic with all its facets poses challenges to the economy that have not been seen before in this form. Negative effects on business life in general cannot be avoided in such an environment. Nevertheless, Ringmetall has come through the 2020 financial year extremely well. At EUR 118.0 million, the Group's sales revenues fell by EUR 2.6 million compared to the previous year. EBITDA, on the other hand, increased from EUR 10.0 million to EUR 12.2 million in the same period, and the EBITDA margin rose to 10.4 percent (2019: 8.3 percent).

The following analysis refers to the consolidated financial statements as of 31 December 2020, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as applied in the European Union.

Industrial Packaging Division

In 2020, the Industrial Packaging division reported a decline in revenues for the first time in many years. A decisive factor in this development was the general steel price trend. In purely organic terms, segment revenues showed only a very slight decline. The revenue-increasing effect from company acquisitions of the companies or business activities consolidated for the first time as of 1 July 2019 and 1 January 2020 - Tesseraux Spezialverpackungen GmbH and Sorini Ring Manufacturing Inc. respectively - was roughly equivalent in amount to the aforementioned revenue-reducing steel price effects. Segment EBITDA increased significantly compared with the previous year. In the course of the pandemic, Ringmetall benefited from the classification of a large part of its sites as system-relevant production operations and was therefore spared pandemic-related site closures. Furthermore, an improved cost of materials ratio combined with continued rigorous cost management had an earnings-increasing effect.

The integration of the companies and business activities consolidated for the first time in 2019 and 2020 has been largely completed. In addition to Tesseraux, this concerns both Sorini and Nittel. In addition to targeted optimizations, particularly in production, which will be steadily implemented in the coming years, only individual areas in the ERP system connection still require further increased attention.

Industrial Handling Division

The economic recovery at the end of 2019 also provided positive signals in the Industrial Handling division at the start of 2020, so that moderate growth in the segment could be expected in 2020. Despite the onset of restrictions due to COVID-19 and the associated general uncertainty in the markets, order intake and sales in the first quarter were still approximately as forecast. However, from the second quarter onwards, demand for material handling equipment in particular slumped massively due to a decline in demand from customers. Demand picked up again slightly in the fourth quarter as the effects of the pandemic temporarily abated and the industry increasingly adjusted to the new economic environment. While the business trend for material handling equipment and in the couplings business flattened out over the course of the year, the Agricultural Equipment product sector reported growth throughout the fiscal year. Overall, sales in 2020 were down on the previous year and fell short of budget. Assuming a recovery in the traditional target markets and a number of innovation projects in the business area, slight growth is expected in 2021.

Moderate growth in the Industrial Handling division could be expected in 2021

RESULTS OF OPERATIONS OF THE GROUP

	2020		2019		Veränderung	
	EUR '000	**%**	EUR '000	%	EUR '000	%
Revenue	**117,972**	**100.6**	**120,581**	**100.0**	**-2,609**	**-2.2**
Change in inventories of finished goods and work in progress	-694	-0.6	-18	0.0	-675	3,685.5
Total output	117,278	100.0	120,563	100.0	-3,285	-2.7
Other income	804	0.7	702	0.6	101	14.4
Cost of materials						
Cost of raw materials and supplies	55,324	47.2	58,424	48.5	-3,100	-5.3
Cost of purchased services	5,068	4.3	6,684	5.5	-1,616	-24.2
Personnel expenses	31,458	26.8	30,956	25.7	502	1.6
Depreciations	6,193	5.3	5,060	4.2	1,133	22.4
Other expenses	14,010	11.9	15,258	12.7	-1,248	-8.2
Operating expenses	**112,053**	**95.5**	**116,382**	**96.5**	**-4,329**	**-3.7**
Result from investments accounted for using the equity method	-42	0.0	86	0.1	-128	-149.1
EBITDA	**12,180**	**10.4**	**10,029**	**8.3**	**2,151**	**21.4**
EBIT	**5,987**	**5.1**	**4,969**	**4.1**	**1,018**	**20.5**
Finance income	14	0.0	14	0.0	0	0.0
Finance costs	1,721	1.5	1,124	0.9	596	53.1
Financial result	**-1,707**	**-1.5**	**-1,110**	**-0.9**	**-596**	**53.7**
Net income for the year from continuing operations before taxes	**4,280**	**3.6**	**3,859**	**3.2**	**421**	**10.9**
Income tax expense	1,545	1.3	837	0.7	708	84.6
Consolidated net income for the year	**2,735**	**2.3**	**3,022**	**2.5**	**-287**	**-9.5**

Revenues were in the upper half of the forecast for the reporting year

Total revenues amounted to EUR 118.0 million in 2020 (2019: EUR 120.6 million). Revenues were thus in the upper half of the forecast for the reporting year of EUR 115.0 to 120.0 million. Particularly against the backdrop of significantly declining steel prices until the end of October 2020, it was necessary to concretize the sales forecast. Of consolidated revenues, EUR 39.3 million (2019: EUR 38.0 million) were generated in Germany, EUR 29.6 million (2019: EUR 30.8 million) in the USA and EUR 49.1 million (2019: EUR 51.8 million) in foreign markets outside the USA. The Industrial Packaging segment accounted for 91.8 percent (2019: 90.7 percent) of total revenues at EUR 108.3 million (2019: EUR 109.4 million). Of the change in the Industrial Packaging segment, 7.5 percentage points or EUR 8.2 million resulted from acquisition effects, -7.7 percentage points or EUR -8.4 million from steel price developments, and -0.8 percentage points or EUR -0.9 million from organic developments. At EUR 9.7 million, the Industrial Handling Segment's share of total sales was significantly below the previous year's figure (2019: EUR 11.2 million). Revenue development in the Industrial Handling Segment resulted exclusively from organic business development.

The cost of materials fell to EUR 60.4 million in the reporting year (2019: EUR 65.1 million) and was correspondingly significantly below the previous year's figure at 51.5 percent of total operating performance (2019: 54.0 percent). This development was largely driven by the Industrial Packaging segment, where the cost of materials ratio improved from 54.7 percent in 2019 to 51.6 percent in 2020. The inliner product line's share of Industrial Packaging segment revenues increased to 17.5 percent (2019: 15.2 percent). In this product area, the cost of materials ratio is significantly below the segment average. Furthermore, in 2020, particularly in the period from the start of the pandemic to around the middle of the third quarter, there were some supply surpluses in the steel market, which Ringmetall was able to exploit selectively. In addition, the overall complaint rate and therefore also the production scrap rate were below the level of the previous year. In the Industrial Handling segment, the cost of materials ratio was 50.2 percent in the reporting year (2019: 47.6 percent).

Personnel expenses, including purchased services for temporary workers, amounted to EUR 31.5 million in 2020 (2019: EUR 31.0 million). The personnel expense ratio deteriorated from 25.7 percent in the previous year to 26.8 percent. In order to counter order fluctuations, expenses for temporary workers were reduced by around EUR 3.5 million compared to 2019. Short-time working was implemented on a selective basis and only at a few locations for individual areas, particularly administration. In the areas with comparatively flexible personnel expenses, Ringmetall responded to the effects of the pandemic appropriately and in line with the situation. At the same time, however, the measures taken in this regard also resulted in unplanned personnel expenses. Examples include the costs of hygiene concepts and targeted bonus payments. These were incurred, among other things, to compensate for the in some cases significant additional time spent by team members on their way to work due to checks at the German-French border.

Other expenses were sustainably reduced compared to the previous year

Compared to the previous year, other expenses were sustainably reduced from EUR 15.3 million to EUR 14.0 million. In relation to total operating performance, these expenses fell accordingly from 12.7 percent to 11.9 percent. There was a slightly disproportionate reduction in logistics costs, from 4.5 percent or EUR 5.4 million to 3.8 percent or EUR 4.5 million in 2020. There were also savings in expenses relating to buildings (decrease of EUR 0.4 million) and consulting services (decrease of EUR 0.1 million). By contrast, expenses for IT increased by EUR 0.6 million. This development reflects the path taken to invest in digitization. Other expenses were EUR 0.5 million lower than in the previous year.

At EUR 12.2 million, earnings before interest, taxes, depreciation and amortization (EBITDA) were significantly higher than in the previous year, by EUR 2.2 million or 21.4 percent. In relation to total operating performance, the EBITDA margin improved to 10.4 percent (2019: 8.3 percent). EUR 13.8 million of EBITDA (2019: EUR 12.2 million) is attributable to the Industrial Packaging segment and EUR 0.2 million (2019: EUR 0.6 million) to the Industrial Handling segment. The main reasons for this development in the Industrial Packaging segment are the improved cost of materials and other expenses in relation to total operating performance. In Industrial Handling, the general negative economic development due to COVID-19 had a significant impact on business development and thus on EBITDA. Despite all adversities, the Ringmetall Group thus overall met the expectations communicated by the Management Board for the development of EBITDA in the range of EUR 11.0 to 13.0 million.

The Group's depreciation and amortization amounted to EUR 6.2 million (2019: EUR 5.1 million). EUR 1.1 million of the increase was attribut-

The consolidated net profit for the year amounted to EUR 2.7 million

able to EUR 0.4 million of higher depreciation and amortization on rights of use from leases (IFRS 16). Profit before income taxes increased to EUR 4.3 million in the reporting year (2019: EUR 3.9 million). The financial result amounted to EUR -1.7 million (2019: EUR -1.1 million) and is incurred almost exclusively in Industrial Packaging at segment level and in Ringmetall AG at holding company level. The financial result includes interest income to an insignificant extent. Foreign currency effects related to financing are reported within the financial result. These amounted to EUR 0.6 million in the reporting year (2019: EUR 0.1 million). The main reason for this development is the very high volatility of the Turkish currency. In Turkey, a significant portion of financing is denominated in foreign currency.

After deduction of income taxes, the consolidated net profit for the year amounted to EUR 2.7 million (2019: EUR 3.0 million).

FINANCIAL SITUATION OF THE GROUP

	31.12.2020		31.12.2019		Change	
ASSETS	**EUR '000**	**%**	EUR '000	%	EUR '000	%
Intangible assets	2,915	2.8	3,589	3.6	-675	-18.8
Goodwill	32,300	31.2	32,917	32.9	-617	-1.9
Property, plant and equipment	30,604	29.6	27,154	27.2	3,450	12.7
Investments accounted for using the equity method	66	0.1	185	0.2	-119	-64.4
Other non-current assets	136	0.1	133	0.1	3	2.1
Deferred tax assets	2,134	2.1	2,019	2.0	116	5.7
Total non-current assets	**68,155**	**65.8**	**65,998**	**66.0**	**2,157**	**3.3**
Inventories	12,202	11.8	14,113	14.1	-1,911	-13.5
Trade receivables	15,150	14.6	14,334	14.3	816	5.7
Contract assets	435	0.4	424	0.4	11	2.6
Other current assets	870	0.8	785	0.8	85	10.8
Current tax receivables	510	0.5	757	0.8	-247	-32.7
Cash and cash equivalents	6,225	6.0	3,591	3.6	2,634	73.3
Total current assets	**35,392**	**34.2**	**34,004**	**34.0**	**1,388**	**4.1**
Total assets	**103,547**	**100.0**	**100,002**	**100.0**	**3,545**	**3.5**

EQUITY AND LIABILITIES	31.12.2020		31.12.2019		Change	
	EUR '000	%	EUR '000	%	EUR '000	%
Share capital	29,069	28.1	29,069	29.1	0	0.0
Capital reserves	16,664	16.1	16,664	16.7	0	0.0
Currency translation differences recognized outside profit or loss	-1,765	-1.7	-890	-0.9	-875	98.3
Revaluation of severance payment obligations and others	39	0.0	23	0.0	16	69.6
Retained earnings	4,713	4.6	4,069	4.1	644	15.8
Non-controlling interests	869	0.8	1,064	1.1	-195	-18.3
Total equity	**49,589**	**47.9**	**49,999**	**50.0**	**-410**	**-0.8**
Provisions for post-employment benefits	844	0.8	830	0.8	14	1.7
Financial liabilities	26,855	25.9	8,201	8.2	18,654	227.5
thereof liabilities from leases	*11,341*	*11.0*	*6,076*	*6.1*	*5,265*	*86.6*
Deferred tax liabilities	2,352	2.3	2,633	2.6	-280	-10.6
Total non-current liabilities	**30,051**	**29.0**	**11,664**	**11.7**	**18,387**	**157.6**
Other provisions	3,610	3.5	2,950	2.9	660	22.4
Current tax liabilities	789	0.8	698	0.7	91	13.1
Financial liabilities	7,330	7.1	22,765	22.8	-15,435	-67.8
thereof liabilities from leases	*2,149*	*2.1*	*2,187*	*2.2*	*-38*	*-1.7*
Trade payables	10,153	9.8	10,359	10.4	-206	-2.0
Other liabilities	2,025	2.0	1,567	1.6	458	29.2
Total current liabilities	**23,907**	**23.1**	**38,338**	**38.3**	**-14,431**	**-37.6**
Total liabilities	**53,958**	**52.1**	**50,002**	**50.0**	**3,956**	**7.9**
Total equity and liabilities	**103,547**	**100.0**	**100,002**	**100.0**	**3,545**	**3.5**

The Group's total assets increased slightly by 3.5 percent to EUR 103.5 million as of 31 December 2020 (31 December 2019: EUR 100.0 million). As no company acquisitions were completed in the reporting year, total assets changed only insignificantly in contrast to previous years. Within non-current assets, the most significant change was in property, plant and equipment, which increased by EUR 3.5 million. Within current assets, cash and cash equivalents in particular increased by EUR 2.6 million compared with the previous year. Equity of EUR 49.6 million is almost unchanged compared with EUR 50.0 million as of 31 December 2019. The structure and maturities of financing on the liabilities side were significantly optimized compared to the previous year. Non-current financial liabilities increased by EUR 18.7 million. By contrast, current financial liabilities fell by a sustained EUR 15.4 million. These changes are primarily due to the conclusion of a new master consortium agreement and effects from IFRS 16 (leasing).

The Group's total assets increased slightly by 3.5 percent as of 31 December 2020

Non-current assets of EUR 68.2 million increased by EUR 2.2 million. Due to the significantly higher amortization of intangible assets, the carrying amount decreased by EUR 0.7 million compared to the previous year, despite continued high investments in this area (EUR 0.4 million). Ringmetall continues to invest in the standardization and optimization of ERP systems and digitalization, such as in the software used for production control. The change in goodwill (decrease of EUR 0.6 million) is exclusively due to the currency-related adjustment of the value from the USA. The sustained increase in property, plant and equipment by EUR 3.5 million to EUR 30.6 million is due to the effects of IFRS 16 and the investments made in the financial year. Due to new leases and the extension of the relevant period, there was an increase in property, plant and equipment of EUR 5.3 million. Investments in property, plant and equipment outside leases totaled EUR 1.3 million. In the financial year, these were simultaneously offset by depreciation of property, plant and equipment of EUR 2.9 million.

Total current assets amounted to EUR 35.4 million (31 December 2019: EUR 34.0 million). Of this amount, inventories accounted for EUR 12.2 million (31 December 2019: EUR 14.1 million) and trade receivables for EUR 15.2 million (31 December 2019: EUR 14.3 million). Within inventories, the main decrease of EUR 1.3 million was in raw materials and supplies, which is almost exclusively attributable to the drum closure systems product area. A general shortage of steel on the world markets was already apparent towards the end of the year. At the same time, order intake and thus also sales revenue increased significantly in December 2020 compared with the same month in 2019. Consequently, the drum closure systems business is the cause of the increase in trade receivables. Compared to 31 December 2019, trade receivables decreased by EUR 0.2 million in the Inliner product segment and by EUR 0.1 million in the Industrial Handling segment. Cash and cash equivalents amounted to EUR 6.2 million as of the balance sheet date (31 December 2019: EUR 3.6 million). The predominantly good business development in the reporting year despite the pandemic, strict cost management and significantly lower cash outflows for company acquisitions are the reasons for the increase in cash and cash equivalents. In 2019, EUR 9.9 million was paid out in connection with company acquisitions, compared to EUR 1.4 million in 2020.

Total equity remained almost unchanged at EUR 49.6 million (31 December 2019: EUR 50.0 million). Due to the increase in total assets, the equity ratio declined to 47.9 percent (31 December 2019: 50.0 percent). Nevertheless, Ringmetall thus continues to report a good equity ratio.

In December, a new framework syndicate agreement was concluded with the existing banks. In addition to optimizing the financing structure, this also created financial resources for possible company acquisitions. For historical reasons, bank financing was previously provided mainly by the Group subsidiary August Berger Metallwarenfabrik GmbH, the largest company in the Industrial Packaging segment. As a result of the restructuring of the syndicate agreements, from now on primarily the holding company, Ringmetall AG, will be the contractual partner of the financing banks. Against the backdrop of the new master consortium agreement, non-current loan liabilities increased from EUR 2.1 million to EUR 15.5 million as of 31 December 2020. In contrast, current liabilities to banks decreased to EUR 5.2 million (31 December 2019: EUR 19.2 million). In total, interest-bearing liabilities to banks amounted to EUR 20.7 million at the end of 2020 (31 December 2019: EUR 21.3 million).

The Group's current liabilities (excluding financial liabilities) and provisions of EUR 16.6 million (31 December 2019: EUR 15.6 million) increased by EUR 1.0 million year-on-year. This is due in particular to increased accruals for personnel and consulting services within other provisions. Furthermore, other liabilities increased slightly, which is also due to the slightly higher accrual for wage and salary payments and the related taxes compared to the previous year.

RESULTS OF OPERATIONS OF THE AG

	2020 EUR '000	2019 EUR '000	Change	
			EUR '000	%
Sales	772	1,110	-338	-30.5
Other operating income	33	47	-14	-29.8
Personnel expenses	-1,284	-1,236	-48	3.9
Depreciation	-4	-4	0	0.0
Other operating expenses	-1,422	-1,583	161	-10.2
Income from investments	-	340	-340	-100.0
Profits received under profit-pooling, profit transfer or partial profit transfer agreements	4,308	3,603	705	19.6
Other interest and similar income	79	246	-167	-67.9
Interest and similar expenses	-302	-164	-138	84.1
Earnings before taxes	**2,180**	**2,359**	**-179**	**-7.6**
Taxes on income	-126	547	-673	-123.0
Earnings after taxes	**2,054**	**2,906**	**-852**	**-29.3**
Other taxes	-1	3	-4	-133.3
Net income for the year	**2,053**	**2,909**	**-856**	**-29.4**
Retained profits brought forward from the previous year	11,823	10,659	1,164	10.9
Retained Earnings	**13,876**	**13,568**	**308**	**2.3**

The following analysis of the results of operations and net assets is based on the annual financial statements of Ringmetall AG prepared in accordance with German commercial law.

The company generated net income of EUR 2.1 million in the 2020 financial year. This was EUR 0.9 million lower than the net profit for the previous year. The following circumstances had a significant impact on the annual result:

In the 2020 financial year, the company generated net profit of EUR 2.1 million

Intercompany services of EUR 0.8 million were down on the previous year's figure of EUR 1.1 million. The decrease was primarily due to integration costs incurred in this form on a one-off basis in the previous year, which were charged on accordingly. These include services, particularly in the area of production-specific process optimization and plant development.

Other operating expenses decreased slightly compared to the previous year. In 2020, a virtual Annual General Meeting was held for the first time on the basis of pandemic legislation. Likewise, due to COVID-19, it was possible to visit the subsidiaries abroad on site significantly less frequently in the past fiscal year. These two aspects - in addition to continued strict cost management - led to a reduction in other operating expenses of EUR 0.2 million.

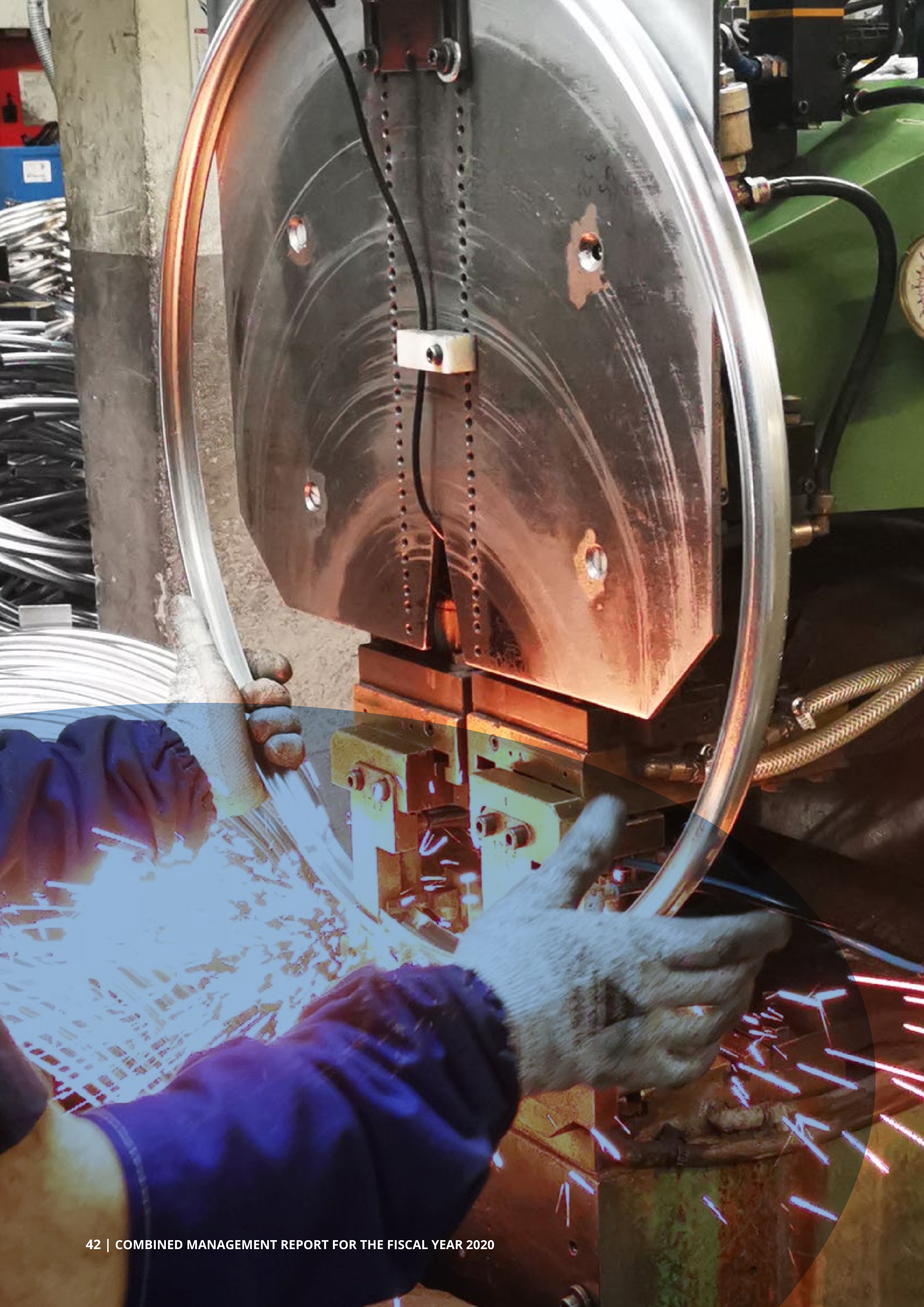
Income from investments decreased by EUR 0.3 million to EUR 0.0 million. This item only includes dividend payments from Fidum Verwaltungs GmbH, which acts as an intermediate holding company for the Inliner product area. The effects of the pandemic-related lockdowns are having a lasting impact in this area. The significant decline in incoming orders in the area of product solutions for food service and hotel businesses could not be fully offset by increased demand from the food, pharmaceutical and consumer goods industries.

Income from profit transfers increased by EUR 0.7 million compared to the previous year. The increase is mainly attributable to August Berger Metallwarenfabrik GmbH and its subsidiaries. In the context of the pandemic, it became apparent in almost all markets worldwide how extremely relevant the products in the area of drum closure systems are as a supplier product for other industries, and how extremely crisis-resistant this business unit is accordingly.

The income from income taxes reported in 2019 resulted mainly from two effects. Withholding taxes of EUR 0.2 million were refunded in connection with dividend payments of the US subsidiary from previous years. Furthermore, deferred tax assets on loss carryforwards amounting to EUR 0.4 million were capitalized. In total, the net result for the year was EUR 2.1 million (2019: EUR 2.9 million). In the forecast for the 2020 financial year, the Management Board assumed a slight increase in earnings before taxes.

FINANCIAL SITUATION OF THE AG

	31.12.2020		31.12.2019		Change	
	EUR '000	**%**	EUR '000	%	EUR '000	%
Assets						
Property, plant and equipment	7	0.0	9	0.0	-2	-22.2
Financial assets	51,367	71.5	45,367	62.6	6,000	13.2
Fixed assets	**51,374**	**71.5**	**45,376**	**62.6**	**5,998**	**13.2**
Receivables from affiliated companies	19,641	27.3	26,294	36.3	-6,653	-25.3
Other fixed asset	274	0.4	87	0.1	187	214.9
Cash on hand, Bank balances	17	0.0	22	0.0	-5	-22.7
Current Assets	**19,932**	**27.7**	**26,403**	**36.4**	**-6,471**	**-24.5**
Deferred income	24	0.0	15	0.0	9	60.0
Deferred tax assets	550	0.8	683	0.9	-133	-19.5
Other assets	**574**	**0.8**	**698**	**1.0**	**-124**	**-17.8**
	71,880	**100.0**	**72,477**	**100.0**	**-597**	**-0.8**
Equity						
Share capital	29,069	40.4	29,069	40.1	–	0.0
Capital reserves	17,042	23.7	17,042	23.5	–	0.0
Revenue reserves						
Legal reserves	1,155	1.6	1,155	1.6	–	0.0
Other revenue reserves	1,728	2.4	1,728	2.4	–	0.0
Net profit of the year	13,876	19.3	13,568	18.7	308	2.3
Equity capital	**62,870**	**87.5**	**62,562**	**86.3**	**308**	**0.5**



	31.12.2020		31.12.2019		Change	
	EUR '000	**%**	EUR '000	%	EUR '000	%
Provisions						
Provisions for taxes	0	0.0	10	0.0	-10	-100.0
Other provisions	1,100	1.5	699	1.0	401	57.4
Total Provisions	**1,100**	**1.5**	**709**	**1.0**	**391**	**55.1**
Liabilities						
Liabilities to banks	7,791	10.8	8,385	11.6	-594	-7.1
Liabilities to banks	95	0.1	115	0.2	-20	-17.4
Other liabilities	24	0.0	707	1.0	-683	-96.6
Total liabilities	**7,910**	**11.0**	**9,207**	**12.7**	**-1,297**	**-14.1**
Debt capital	**9,010**	**12.5**	**9,916**	**13.7**	**-906**	**-9.1**
	71,880	**100.0**	**72,478**	**100.0**	**-598**	**-0.8**

At EUR 71.9 million, total assets were slightly down on the previous year. In line with the consolidated balance sheet, there were no significant changes in this respect, also because no company acquisitions were completed in 2020. The increase in financial assets of EUR 6.0 million results from the conversion of receivables from Fidum Verwaltungs GmbH into equity. As an intermediate holding company, Fidum Verwaltungs GmbH holds the interests in the operating companies Nittel and Tesseraux in the inliner product area.

The changes in equity result from the earnings of the holding company and from dividend payments. The equity ratio, which remains very good at 87.5 percent, increased further compared with the previous year (31 December 2019: 86.3 percent). Liabilities to banks were down EUR 0.6 million on the previous year. The effects of the new framework syndicate agreement signed in December are only reflected in the consolidated financial statements, in terms of maturities. Effects on the separate financial statements of Ringmetall AG will not arise until 2021.

GENERAL FINANCIAL SITUATION

As can be seen from the presentation of the net assets position of the Group and Ringmetall AG, the equity ratio remains good and very good respectively. Due to the increase in total assets in conjunction with the slight decrease in Group equity, the equity ratio decreased from 50.0 percent to 47.9 percent compared to the previous year. At Ringmetall AG, the ratio increased to 87.5 percent in the year under review from 86.3 percent in the previous year.

Ringmetal's equity ratio remains good and very good respectively

FINANCIAL SITUATION OF THE GROUP

EUR ‘000	**2020**	2019
Cash flow from operating activities	**12,184**	**9,560**
Cash flow from investing activities		
Inflows from the disposal of property, plant and equipment and of intangible assets	81	109
Outflows for investments in property, plant and equipment and investments in intangible assets	-1,648	-2,299
Outflows for additions to the scope of consolidation in the previous year and in the current financial year	-	-10,167
	-1,567	**-12,357**
Cash flow from financing activities		
Inflows from the borrowing of financial loans	3,874	9,006
Inflows from borrowing financial loans and Outflows for the redemption of financial loans/leases	-9,593	-7,245
Outflows to owners (dividend payment)	-2,122	-2,161
	-7,841	**-400**
Cash and cash equivalents at the end of the period		
Cash-effective change in cash and cash equivalents (Subtotal from the above cash flows)	2,776	-3,197
Effect of exchange rates on cash	-142	36
Changes in cash and cash equivalents due to changes in the scope of consolidation	-	816
Cash and cash equivalents 1 January	3,591	5,936
Cash and cash equivalents 31 December	**6,225**	**3,591**
Composition of cash and cash equivalents		
Cash and cash equivalents	6,225	3,591
Current liabilities to bank	0	0
	6,225	**3,591**

The cash flow statement also shows that Ringmetall has come through the year 2020, which was characterized by COVID-19, extremely well overall. The cash inflow from operating activities increased by EUR 2.6 million or 27.5 percent compared to the previous year. Cash and cash equivalents at the end of the year also increased by EUR 2.6 million.

In addition to the positive development of EBITDA, the main reason for the significant increase in cash flow from operating activities from EUR 9.6 million to EUR 12.2 million in the reporting year, was the improvement in the ratio of current current assets to current liabilities. Against the background of the constellation of rising sales revenues towards the end of the year in conjunction with a shortage of raw materials on the world market, as described in the Group's net assets, inventories fell comparatively sharply compared with the previous year. At the same time, trade accounts receivable increased. Trade accounts payable are almost unchanged from the previous year.

Particularly with the steady increase in the impact of COVID-19, it became apparent over the course of the year that an optimal environment for company acquisitions in line with Ringmetall's strategy did not exist. Consequently, no acquisitions were made in 2020 and thus no corresponding payments were made (2019: EUR 9.9 million). As a result, the cash outflow from investing activities decreased from EUR 12.4 million to EUR 1.6 million in the reporting year. At EUR 1.7 million, cash outflows for investments in property, plant and equipment and intangible assets were around EUR 0.7 million lower than in the previous year. In some cases, planned investments had to be postponed due to the pandemic. For example, in some cases technical developments could not be completed or suppliers' time resources were not available. Furthermore, investments were financed under leases.

Cash flow from financing activities amounted to EUR -7.8 million in 2020, compared with EUR -0.4 million in the previous year. Payments for the repayment of loans and leases increased to EUR 8.1 million, compared to EUR 6.3 million in the previous year. Borrowings from loans decreased by EUR 5.1 million year-on-year to EUR 3.9 million. In total, there was a reduction in financial loans in 2020, compared with an increase in the same period of the previous year. This underscores the positive operating performance in the financial year combined with the significant reduction in investing activities.

As a result of the effects described above, the Group's cash and cash equivalents increased significantly by EUR 2.6 million to EUR 6.2 million as of the balance sheet date.

Stable and solid financial position is in line with management's expectations

The Group was able to meet its payment obligations at all times. Overall, the development of the financial position is in line with management's expectations and is considered stable and solid.

Due to Ringmetall AG's function as a financing and management holding company, its financial position developed similarly to the Group. The effects of the framework consortium agreement with the existing banks, which was finalized before the end of the year, will not become apparent until 2021. The effects will already be reflected in the consolidated financial statements as of 31 December 2020. In Ringmetall AG, liabilities to banks decreased to EUR 7.8 million (31 December 2019: EUR 8.4 million). Cash and cash equivalents of EUR 0.0 million remained unchanged compared to the previous year. Ringmetall AG was able to meet all of its payment obligations at all times.

INVESTMENTS

The most significant investments in the reporting year included:

- Investments in components for the new generation of machines for the production of clamping rings in the amount of approximately EUR 0.2 million.
- Modernization of a plant for the production of inliners for beer tanks in the amount of EUR 0.2 million.
- Acquisition of a new press for around EUR 0.2 million and investments in further production plant and machinery in the amount of EUR 0.2 million.

- Various investments in the real estate portfolio amounting to around EUR 0.1 million.
- Investments in IT infrastructure amounting to EUR 0.4 million, including the implementation of the Group-wide standardized ERP system at a subsidiary.

The investments were financed from current cash flow.

INTERNAL CONTROL SYSTEM / FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The Group has an internal management information system for planning, controlling and reporting. The management information system ensures transparency regarding current business developments and guarantees permanent reconciliation with corporate planning. Planning covers a period of three years, one year of which is planned in great detail. In addition to the corporate strategy, revenues and EBITDA are the main benchmarks for operational management. With regard to Ringmetall AG, the focus for operational management is on liquidity or cash and cash equivalents and earnings before taxes.

Relating to the comparison of the forecast with the actual values for the financial performance indicators sales and EBITDA, reference is made to the explanations in the net assets and results of operations as well as within the forecast report.

Customer satisfaction with regard to quality and service of elementary importance

Customer satisfaction with regard to product quality and service is of fundamental importance to Ringmetall. The global quality management system ensures the company's high quality standards. Each national company is responsible for the quality of its products and services. The companies are supported in this by the superordinate central quality management. This defines central requirements for the systems, carries out internal quality audits and monitors training measures. The complaint rate for Industrial Packaging Rings remained at a consistently low level of 0.2 percent in the reporting year. This figure includes complaints caused by upstream products and/or external services. The rate is in the middle of the planning range, in which no increase in the number of complaints was assumed despite the integration of a new production facility (USA). In the Industrial Packaging Inliner unit, the complaint rate was reduced from 0.8 percent to 0.1 percent in the year under review compared with the previous year. However, it should be noted here that one company in this area has only been part of the Ringmetall Group since July 2019, which is why only the complaints for the second half of 2019 were taken into account for this company. Complaints asserted by customers at the end of the reporting year that were demonstrably attributable to defective raw material from a supplier were not taken into account for this calculation. The complaint rate for the reporting year for the Industrial Packaging Inliner segment is at the lower end of the planning.

In the Industrial Handling area, the planning of raw materials required for production is much more important than in the Industrial Packaging area. Therefore, continuous monitoring of order intake and order backlog is elementary in the Industrial Handling Business Unit.

The number of employees (FTE) is given special attention not only on the reporting date, but also with regard to its development over defined periods of time. The assessment of the extent of employee turnover is placed in the context of external influencing factors, such as location-related macroeconomic development trends. Overall, Ringmetall observes an extremely low level of employee turnover throughout the Group compared with the rest of the industry. Despite the pandemic, no significant decline in the employment situation was recorded in the national companies of the Ringmetall Group. Therefore, the company continues to face a shortage of skilled workers. This particularly affects the sites located in economically strong regions, such as the German sites in the regions of Karlsruhe (Berg site) and

Ingolstadt (Ernsgaden site). As of 31 December 2020, the Industrial Packaging segment employed around 605 FTE (31 December 2019: 617 FTE) and the Industrial Handling segment around 60 FTE (31 December 2019: 53 FTE).

OVERALL ASSESSMENT

In view of the extraordinary challenges that arose in 2020 against the backdrop of COVID-19 to the most varied extent worldwide, Ringmetall closed the past fiscal year extremely well. At EUR 118.0 million, sales were only 2.2 percent lower than in the previous year. The effects of significantly lower steel prices compared to the previous year were almost offset by positive effects from company acquisitions. The development of the business figures is therefore largely in line with the organic development of the Group. Compared with the forecast, Group sales were thus in the upper half of the range of EUR 115 million to EUR 120 million, which was concretized by the effect of declining steel prices.

EBITDA developed significantly better than in the previous year against the background of cost management consistently geared to day-to-day business combined with reduced expenses for temporary staff and an improved cost of materials ratio. At EUR 12.2 million, it was up 21.4 percent on the previous year and was thus also in the upper half of the communicated forecast range of EUR 11 to 13 million.

While the company's order situation at the beginning of 2020 was still little affected by the burgeoning pandemic, from March onwards and for long stretches of the second quarter there were clear negative effects of COVID-19 on the course of business. However, the decline in demand in end-customer markets such as the automotive industry and the food service and hotel sectors was almost offset by increased demand from other industries - such as food, pharmaceutical products and household goods. In the Industrial Packaging segment, this resulted in only a slight decline in revenues to EUR 108.3 million (2019: EUR 109.4 million) with a significant increase in EBITDA to EUR 13.8 million (2019: EUR 12.2 million). In the Industrial Handling Segment, the percentage decline was more pronounced due to restrained demand from the material handling equipment industry. Here, sales fell significantly to EUR 9.7 million (2019: EUR 11.2 million). On the cost side, however, it was also possible to adjust personnel costs to the order situation and thus contain the extent of the negative effects. At EUR 0.2 million, EBITDA was down significantly less in absolute terms, although in percentage terms it fell by 61.4 percent (2019: EUR 0.6 million).

Overall, the Management Board is satisfied with the business development in the past year. It considers the investments made in the digitization of the Group and the further optimization of production processes and machinery, also in the wake of the pandemic, to be sustainably positive for the future development opportunities of the Group. Financially, he sees the company as continuing to be very well positioned and accordingly expects to be able to generate additional growth impetus again in the current financial year through company acquisitions.

In view of COVID-19, Ringmetall closed the past fiscal year extremely well

STRUCTURE AND PROCESSES OF THE RISK AND OPPORTUNITY MANAGEMENT SYSTEM

The Group's business areas are exposed to economic fluctuations and market cycles in their respective regions and sectors. The Group-wide identification and analysis of risks and opportunities are therefore an elementary component of sustainable and responsible Group management. In order to achieve strategic goals, it is of fundamental importance to identify, assess and manage risks and opportunities in good time. The management system implemented at Ringmetall therefore actively involves the management of the individual business units and subsidiaries in corporate management. The principles and specifications of the opportunity and risk management system are specified at Group level. In addition to the Management Board, responsibility for implementing the individual requirements lies with the management and middle management of the individual subsidiaries.

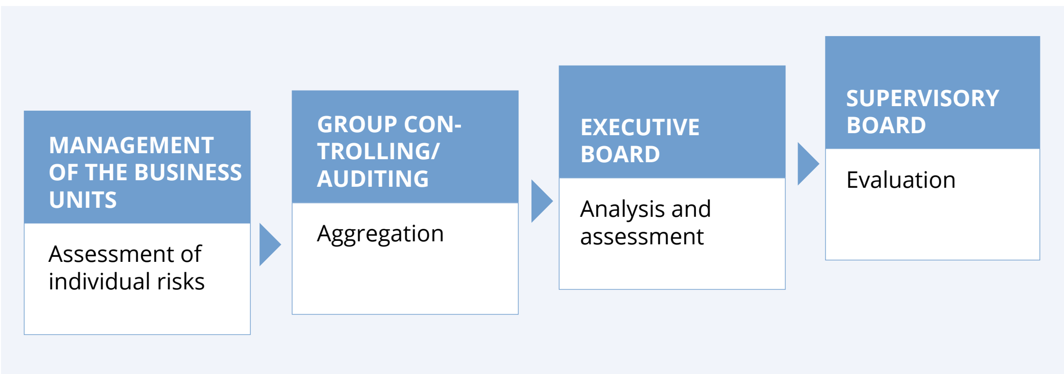
The risk management system established throughout the Group was also developed further in a targeted manner in 2020. Against the background of the COVID 19 pandemic, risk monitoring was significantly expanded in the course of the year. In addition to even more intensive monitoring of selected key figures, telephone conferences were held with the managing directors of the subsidiaries on a weekly basis. The software-based solution established in the Group was used for the risk assessment itself. The software provides clearly defined categories to optimally support the targeted evaluation and addressing of risks. This ensures that risks are recorded as completely as possible and increases the Group-wide comparability of individual risk scenarios. A key objective is to monitor all strategic, operational, legal and financial potential negative deviations (risks) so that they can be identified and managed accordingly at an early stage. Potential positive deviations (opportunities) are analyzed and recorded separately using further processes.

Organization of risk management

Holistic system of different control instances

The risk management system of the Ringmetall Group represents a holistic system of different control instances through the involvement of the Supervisory Board, the Management Board, Group Controlling / Internal Audit and the management of the business units and subsidiaries. The allocation of the central core tasks of the individual instances is as follows:

PROCESS OF RISK REPORTING



Further development of the opportunity and risk management system

The continuous development of the opportunity and risk management system is carried out in close consultation between the Management Board and the Supervisory Board. A core element is the assessment of opportunities and risks.

The management of the business areas uses the software-based risk management system to identify and record the risks of the operating units. As part of the recording process, an initial assessment is carried out by assigning risks to predefined categories. The aggregation, further assessment and presentation of risks is carried out centrally at Group level. The risk assessment is the product of the probability of occurrence and the assessed potential extent of damage. Mitigating measures are identified, evaluated and responsibilities assigned in meetings between central management and the Management Board. Based on this, the final assessment is made by the Management Board and subsequently submitted to the Supervisory Board.

In addition, acute risks from day-to-day operations that have a high potential for damage if they are highly likely to occur are communicated immediately to Group Controlling and the Management Board. In line with the procedure described above, measures are then decided to limit and mitigate the risks identified in this way. From March 2020, risk management has been significantly strengthened, initially through weekly and, from the late year, fortnightly conference calls between the Management Board and the management of the subsidiaries.

The risk management system is divided into integrated planning, reporting and control systems. This subdivision enables significant risks to be identified and assessed at an early stage and subsequently countered with appropriate measures. Monthly reporting informs the respective managing directors and the Management Board about the status of the companies.

Internal guidelines for the approval of investments by the Management Board or Supervisory Board above a certain order volume represent a further risk prevention measure. Contracts to be concluded or obligations to be entered into that deviate from the normal case (for example, a particularly high order value, comparatively long contract term) must also be agreed in advance with Group Controlling, the Management Board and, if necessary, with a legal expert.

Internal audits are carried out at the individual companies on an ad hoc basis. The main components of these audits are the review of the recoverability, valuation and completeness of balance sheet items and compliance with internal guidelines. This type of internal audit is carried out specifically at companies where the ERP system or merely the financial accounting software is being converted. Reporting is made directly to the Board of Management.

Evaluation of risks

For a clear assessment of the extent at which identified potential risks must be classified as material, the risks are classified according to their estimated probability of occurrence and their impact. At this stage, an assessment is made within the framework of the so-called gross assessment, i.e. without possible or already initiated countermeasures being included in the assessment. The scales for measuring the assessment criteria are illustrated below.

Overview of risk categorization:

Degree of potential impact		Probability of occurrence					
	5.0	low	medium	medium	medium high	high	high
	2.0	low	low	medium	medium high	medium high	high
	1.0	low	low	medium	medium	medium high	high
	0.5	low	low	low	medium	medium	medium high
	0.2	low	low	low	low	medium	medium high
	0.1	low	low	low	low	low	medium
		0.1	0.2	0.5	1	2	12
		1	2	3	4	5	6

Probability of occurrence of the risk			Quantification
1	Unlikely	Once every 10 years	< 100 EUR'000
2	Seldom	Once every 5 years	> 200 EUR'000
3	Occasionally	Once every 2 years	> 500 EUR'000
4	Regulary	Once a year	> 1,000 EUR'000
5	Frequently	Twice a year	> 2,000 EUR'000
6	Very frequently	Monthly	> 5,000 EUR'000

Handling and monitoring of risks

Responsibilities are assigned to the risks as part of the risk assessment. At the same time, an analysis is made of the effectiveness of possible countermeasures and the general acceptability of a risk, taking into account all the given circumstances. The analysis always takes into account the interests of all target groups involved, such as customers, employees and investors.

The assessment of the effectiveness and thus the monitoring of the respective countermeasures is the responsibility of the persons in charge. In addition to documentation as part of the next risk assessment, information is provided in management meetings if there is a significant negative change in the previously made assessment.

Key features of the internal control and risk management system, in relation to the consolidated financial reporting process

Within the group-wide control system of the Ringmetall Group, the Internal Control System ("ICS") related to accounting is a central component. Ensuring compliance with regulations and guidelines relevant to the Ringmetall Group - both internal and external - is the central objective. These regulations and guidelines are binding for all subsidiaries of the Group. Possible effects of new regulations on the Ringmetall Group are analyzed together with external consultants. Implementation and corresponding monitoring are then carried out by internal bodies.

Continuous optimization of control processes and systems in the IT sector

The existing control processes and systems in the area of IT are also optimized through steadily progressing centralization. The central Group ERP system, which has already been introduced in most subsidiaries, is also being steadily implemented. Access authorizations are clearly regulated and centrally monitored. The Group also makes use of the expertise of selected external specialists in the area of IT.

The preparation of the individual financial statements and reporting to the central finance department is mostly carried out by the accounting departments of the national companies. In isolated cases, these are supported by local, external specialists. Appropriate regulations and guidelines are issued by the central finance department of the Ringmetall Group.

For the preparation of the consolidated financial statements, the reported data of the individual companies are imported into a consolidation tool. A review of the reported financial statements is carried out by Group headquarters. If necessary, adjustments are made to comply with the Ringmetall Group's accounting policies. By means of these systems and controls, Ringmetall ensures with reasonable assurance that the Group accounting process complies with the law.

The Ringmetall Group's central finance department monitors liquidity, interest rate and currency risks throughout the Group. Ensuring liquidity is also the responsibility of the head office. To reduce the interest rate risk on variable-rate loans, appropriate hedging transactions are concluded where necessary. Forward exchange transactions are only entered into if, in the opinion of the Group's head office, significant cash flows in foreign currencies are to be expected and there are risks due to high exchange rate fluctuations. In accordance with internal guidelines, no transactions involving financial instruments are used for speculative purposes.

OVERALL RISK

Number of individual risks increased by only one individual risk

Compared with year-end 2019, the number of individual risks, irrespective of classification, increased by only one individual risk despite COVID-19. The "high" risk class remained unchanged in terms of the number of individual risks, "medium-high" and "medium" decreased, and "low" increased significantly accordingly. This reflects the relevance of the products offered in the Industrial Packaging segment, particularly for the chemical and food industries, despite the impact of the pandemic on the global economy. Furthermore, risks in connection with COVID-19 should not be viewed singularly but in combination with other risks. Overall, therefore, the risk situation is slightly improved compared with 2019, due to the quantitative shift to lower risk classes.

With regard to general risks that could result from general changes in the market, the customer and supplier environment or also adjustments in regulatory areas, Ringmetall carries out regular reviews. These include, among other things, changed requirements for our products due to technical possibilities or legal requirements as well as changed entry barriers for new suppliers. Risks arising from general social demands on the Group as well as legal and political developments are also regularly analyzed.

Significant individual risks

The following table shows individual risks which, from a current perspective, could have a sustained impact on the Group's earnings over a period of 12 months. These risks have been assessed in the analysis as "high", "medium" or "medium". Unless mentioned separately, the assessment of a possible impact on the financial position and results of operations has changed only insignificantly compared with the previous year.

Overall market risk

A market risk arises from the fact that macroeconomic and industry-specific developments may turn out to be negative compared with planning or forecasts. Periodic fluctuations in overall economic activity may also have an impact on the global transport of goods and the market for material handling equipment, which is relevant for the Industrial Handling segment. With the outbreak of the COVID-19 pandemic, there are dynamics in the market in many areas that have not been seen before, making planning even more difficult. These include, for example, strong fluctuations in the availability of raw materials combined with high price volatility. Furthermore, announced or implemented temporary border closures can lead to a very short-term shortage of resources. In such times, customers have a much stronger tendency to postpone investments or even cancel them altogether. Consolidations of customers or even insolvencies of customers may also occur within industries. The strategy pursued by the Management Board of the Ringmetall Group of broadening the product portfolio, albeit with a focus on the packaging industry, shows its advantages especially in times of crisis by stabilizing the Group. The Ringmetall Group also always ensures that its cost structure is designed in such a way that it can respond to fluctuations in demand. Nevertheless, sustained declines in revenues would have a negative impact on earnings.

In various areas, the economy recovered very quickly from the COVID-19 pandemic in 2020, in some cases much faster than expected. The approval of vaccines to protect against COVID-19 are also sustained positive signals for the economy. However, this is dampened by the slow availability of vaccines in many regions. Furthermore, it is not yet possible to estimate the economic impact once government support measures expire. The extent to which this could have a negative impact on the economic development of the Ringmetall Group depends on the segment. The Management Board classifies the risk of a sustained negative impact for the Industrial Handling segment as "high". This segment also produces components for the logistics industry, which invested less in industrial trucks in the past fiscal year despite a significant increase in sales in some cases. By contrast, the segment with clamping rings and drum liners appears to be very crisis-proof. Therefore, the risk rating is "low".

Ringmetall operates a plant in Turkey. The production focus of this location continues to be on the local Turkish market, although cross-border sales potential has increasingly been identified and realized. Due to the continuing political uncertainties within Turkey and the ongoing political tensions between Turkey and other countries, both the Turkish currency and the Turkish economic situation remain under pressure. There is also uncertainty as to whether the slight recovery in the Turkish currency since mid-2020 represents a turnaround or is merely a temporary development. As a result, the Turkish subsidiary's revenues with third-party customers in 2020 remained at a consistently low level compared with the previous fiscal year. However, EBITDA increased as a result of continued strict cost management, efficiency improvements in production, and an increase in deliveries to other Group companies.

As there is currently no sign of a sustained improvement in the political environment, the risk in relation to Turkey is still classified as "high".

Competitive risks

Immanent in a market with several suppliers is the risk of not achieving the planned targets in general and earnings targets in particular due to increasing competitive pressure. Competition in the markets relevant to the Ringmetall Group is also very much based on price. This price and margin pressure may intensify as a result of various effects. If the steel price indices, which serve as a basis for price negotiations, and the effectively realizable steel purchase prices develop in opposite directions, this can have a sustained negative impact on margins in the clamping rings segment. In the course of the COVID-19 pandemic, the availability of raw materials, particularly with regard to steel, represented a key competitive factor. Here in particular, the Group's network of production sites in various countries and its existing procurement expertise give it clear competitive advantages over its mostly much smaller, locally operating competitors. The steadily growing quality and service requirements of our customers represent a barrier to growth and market entry for our competitors, particularly in the industrial packaging segment. Nevertheless, additional competitive pressure may also arise here in the future. In this respect, the risk in the inliner segment is higher than in the clamping rings segment, also due to the much higher transportability of the products. Furthermore, there are signs of a significant increase in price sensitivity, especially for inliners for which no specific requirements are made by customers or on the basis of standards.

The Ringmetall Group is taking a variety of approaches to minimize competitive risks and to further strengthen and expand its own market position. Increasing efficiency at the production sites, further expanding cooperation between the production sites and developing alternative sources of raw materials are elementary in this respect. Furthermore, Ringmetall invests in product innovations and continuously looks for opportunities to expand and strengthen its market position in growth regions.

Overall, the competitive risks continue to be classified as "medium".

Risks from digitalization and "Industry 4.0"

Investment in the digitalization and automation of internal processes and production steps

The topics of digitalization and "Industry 4.0" present industrial companies worldwide with a number of new challenges, which have become rather greater against the backdrop of the COVID-19 pandemic. From Ringmetall's perspective, it is still not possible to adequately assess the extent to which this could result in disruptive changes for the business model. Ringmetall invests sustainably in the digitalization and automation of internal processes and production steps. Ringmetall will continue to deal with the topic and the resulting challenges in detail in the future. The development of a new software for production monitoring, which was successfully completed in 2018, will be continuously supplemented by additional tools and converted to the new release ("LEANFOCUS II") as planned in 2021. Furthermore, this software will be successively rolled out at further production sites. Significant progress was made in the development and modernization of specific production equipment in the past fiscal year. This relates in particular to a new generation of profiling lines for clamping rings and a line for the production of beer tank inliners. Despite comprehensive measures, the Management Board is still unable to conclusively assess whether the investments are extensive enough to meet future requirements and thus defend and expand the current competitive position. Due to the not fully recognizable effects of possible economic changes that could result from the topics of "digitalization" and "Industry 4.0", Ringmetall continues to see this as a risk that is still classified as "medium".

Cluster risks from major customers

Ringmetall generated just under 40 percent of its sales revenue with its three largest customers

Ringmetall generated just under 40 percent of its sales revenue in the 2020 financial year with its three largest customers, all of which are globally active corporate groups. The company generated the remaining sales revenue with well over 80 customers.

In the Industrial Packaging segment in particular, however, the not inconsiderable concentration of a significant share of sales on two customers (just under 40 percent of segment sales in 2020 as well as 2019) can also be seen as an advantage. Both suppliers and customers, as globally active companies, are in a mutual dependency with the Ringmetall Group due to their large share of sales in their respective industries. Since the end of 2018, Ringmetall has invested sustainably in the expansion of the Industrial Packaging segment through the acquisition and integration of companies in the "Inliner" segment. Even though the aforementioned two major customers continue to represent significant shares of sales, their percentage share of the Group's total sales is consequently declining. Irrespective of this, the loss of one or more major customers or a significant decline in orders from these customers could lead to a significant drop in sales.

Taking all relevant factors into account, the risk of dependence on major customers continues to be classified as "medium".

Risks from raw materials and intermediate products

In the course of its business activities, Ringmetall has a high demand for various raw materials, which are procured from different suppliers and subsequently processed. This mainly concerns steel, various components such as closures for the finished articles as well as thermoplastics (polyethylenes). To this end, Ringmetall conducts negotiations with various suppliers in order to obtain what it considers to be the most favorable offer and also to avoid becoming dependent. Framework agreements with a maximum duration of three months as a rule have been concluded with some suppliers in order to ensure continuous supply and a certain degree of price stability on the purchasing side. In this context, the customers, for their part, monitor the development of raw material prices on the various markets and are therefore also the basis for pricing.

As a result of the COVID-19 pandemic, monitoring of the raw material markets and exchanges with suppliers were significantly intensified. There was also much greater coordination within the Group on the situation in the supply chain. Furthermore, inventories of certain raw materials and finished goods were increased in a targeted manner.

For the reasons described above, the risk is assessed as "medium".

Downtime of production facilities / Risks in production

Ringmetall has several production sites in Germany as well as in other countries in the Industrial Packaging segment. The inliners offered as a result of the expansion of the scope of consolidation are currently manufactured at two sites in Germany. The Industrial Handling segment continues to produce at only one location in Germany. Based on an analysis of the facilities and production equipment, neuralgic points were identified and, where technically or economically feasible, appropriate alternatives were created. Nevertheless, in the worst-case scenario, delivery delays may occur in the event of damage or destruction. In the Industrial Packaging segment, Ringmetall has a large number of fully automated lines for the production of heavy-duty clamping rings as well as clamping ring types with a very high quantity as well as further automatic production lines for closures, various inliners as well as bag-in-box systems and other applications. Even though each of these clamping rings can equally be produced on conventional lines at several locations, the failure of a fully automated line could lead to delivery delays. This applies analogously to most of the inliners mentioned.

Extensive precautions have been taken to reduce risks in production in connection with the pandemic. In addition to appropriate hygiene concepts, these include multi-shift models, strict separation of individual shifts, and spacing regulations. Nevertheless, there is a fundamental risk that individual production sites could be affected by significant production restrictions or even complete production downtimes. This could be due to supply problems on the part of our suppliers, who provide us with the steel or other starting materials required for production. On the other hand, several or all skilled workers at a site could be absent for health or quarantine reasons, making it significantly more difficult or impossible to maintain production. Furthermore, delivery delays may occur due to logistical problems, for example if truck drivers are absent due to health reasons or border controls hold up delivery traffic. On a positive note, however, Ringmetall has already been classified by the relevant authorities in many regions as an important supplier to system-relevant industries. This ensures that the company can continue to produce in its plants even in the event of factory closures ordered by the authorities, as was recently the case in Italy.

Overall, Ringmetall counters these production risks with quality management and its defined processes, including systematic maintenance. Therefore, the risk is classified as "medium".

Risks due to downtime of IT systems

Ringmetall relies on information technology, i.e. IT systems and networks or electronic data processing systems, for its business and operational activities. Sensitive business information and other proprietary information is also stored and processed in these systems and networks. Due to the continuous expansion of the Group, the ever more intensive use of information technology, including in production, and increasing requirements for data storage and processing, the relevance of IT systems is constantly growing. These systems are vulnerable to failures caused by fire, floods, power outages, failure of telecommunications equipment, viruses, burglaries and similar events or security breaches. Even before the pandemic, Ringmetall made intensive use of mobile working options at individual sites. Thanks to this knowledge and also experience, mobile working could be quickly implemented at additional sites in order to increase employee safety.

Ringmetall has taken measures with regard to these risks by implementing as well as systematically expanding advanced security technologies, internal controls, resilient networks and data centers as well as a recovery process. Thus, this risk is classified as "medium" in the overall assessment.

Personnel risks

For Ringmetall, motivated and qualified specialists and managers are elementary for sustainable entrepreneurial success. Topics such as digitization, diverging training and qualification standards in the countries in which Ringmetall operates lead to challenges in the recruitment and continuous training of employees, but also offer opportunities. In order to counteract the risks arising from a corresponding shortage, Ringmetall repeatedly uses complementary channels to further improve its recruitment process and constantly implements additional measures to increase its attractiveness as an employer. Especially investments in the IT architecture as well as modern production facilities are also sustainable positive signals to the whole team. As a result of the constant expansion of the scope of consolidation, the employment opportunities for specialists and managers continue to increase, both in terms of technical aspects and location options. Also due to the constantly growing requirements, the internal as well as external further and advanced training possibilities are constantly extended. The range of international assignments successfully offered in previous years had to be significantly reduced in the fiscal year due to COVID-19. On the other hand, the advantages of increased flexibility and diversity with regard to working time models and mobile working became

Ringmetall classified in many regions as an important supplier to system-relevant industries

particularly apparent during the pandemic. This gave employees the opportunity to respond flexibly to their individual family situations. This was particularly beneficial in production-related areas and administration, and contributed to increased security for the entire workforce with regard to infection risks.

The classification of this risk is highly dependent on the individual location. Overall, the risk is classified as "medium" from a Group perspective.

BREXIT

Comparatively high inventory of raw materials and primary products at the UK location

Even though final regulations have been made with regard to the United Kingdom's exit from the European Union, it is not yet possible to foresee how far-reaching the consequences will be for the Ringmetall Group. This cannot yet be conclusively assessed, especially with regard to the structure of trade relations. One of the essential measures at the UK location is the build-up or a comparatively high inventory of raw materials and primary products in order to continue to guarantee the company's ability to deliver. Should the BREXIT and COVID-19 result in a further deterioration of the economic situation in the UK or in the EU, there would be a risk of falling short of earnings expectations.

In view of the size of the site in the UK compared with the Group as a whole, the Management Board continues to classify the risk as "medium".

Legal and tax risks

The Ringmetall Group is exposed to legal and tax risks. If specific regulatory requirements are placed on the products produced, for example due to their use in the transport of hazardous goods, production is subject to certain regulations. If relevant standards or laws are not complied with, this may, under certain circumstances, be associated with significant fines and reputational risks. With its subsidiaries, Ringmetall AG operates in many countries worldwide and is therefore subject to a large number of different legal regulations as well as tax laws. Diverging legal interpretations by tax authorities, especially with regard to cross-border transactions, may be subject to considerable uncertainty.

Any changes in the regulations and laws relevant to the Ringmetall Group are monitored together with external tax advisors and lawyers and appropriate measures are initiated if necessary.

From the Group's point of view, the risk is classified as "medium", although it is highly dependent on the location.

Overall assessment

The Management Board assesses the risk situation of the Group with regard to the risks inherent in the business model as essentially unchanged, despite the sustained macroeconomic impact of the COVID-19 pandemic. With regard to the Ringmetall Group, it should be noted that the business model has so far proved to be extremely crisis-proof in most areas. No individual risks have been identified that could jeopardize the continued existence of the Ringmetall Group. This applies analogously to an overall view of all risks. The countermeasures adopted for significant risks as well as internal controls are regularly analyzed by the Management Board. Against the backdrop of the ongoing pandemic, the further development and effects of which remain unquantifiable, the Management Board will continue to pay increased attention to risk management in 2021. For further details, please refer to the comments in the report on expected developments.

OPPORTUNITIES

In addition to the aforementioned risks, a number of opportunities also arise from the business model and market position of the Ringmetall Group. Opportunities are considered to be those developments that may lead to a positive deviation from strategic planning and thus to an additional improvement in the net assets, financial position and results of operations. The order of the opportunities does not necessarily correlate with the current assessment of their significance for the Group.

Company acquisitions

Company acquisitions are a central component of Ringmetall's business model and represent the largest growth driver. They open up the opportunity for the company to grow in a targeted manner in specific regions of the world and in specific product areas. Since the organic growth of the industries in which Ringmetall is active is in the single-digit range and the market entry barriers can always be described as high, acquisitions represent almost the only opportunity for significantly accelerated growth. Only very selectively does the company decide to expand into a new market by setting up its own branches. The only example so far from the past is the market entry in China, which can be attributed to the special conditions of this market.

Around 70 percent of revenues growth since the IPO in 2007 has been generated by acquisitions. Accordingly, the company also proceeds with routine in the M&A process - from process initiation, due diligence and financing, to the final integration of an acquisition. In 2019, the Ringmetall Group entered the market for inliners via acquisitions, thus already acquiring a dominant market position in Europe. Through a further active consolidation of the market, Ringmetall accordingly opens up the opportunity to take the leading position worldwide in the market for inliners in the future as well.

Entering new markets

In order to grow faster than the market and thus generate synergies even beyond the mere size of the company, the development of new markets is an important component of Ringmetall's strategic corporate development. Due to the low chances - caused by the high market entry barriers - to open up new markets quickly through organic growth, Ringmetall usually develops them through acquisitions. The development is divided into three main directions:

– new customer groups and sales regions
– new production sites and regions
– new products and product groups

Ringmetall sees great opportunities in the development of new markets to expand its own well-established structures with additional structures and to establish its own best practice approach in these as well. In this way, Ringmetall succeeds in achieving margin improvements by leveraging synergies and increasing efficiency in new markets and additionally making these markets more attractive.

Further development of production technologies

As a niche supplier in the market for industrial packaging, Ringmetall has a highly specialized machine park. All production machines are developed in-house or assembled from standard components and adapted to a high degree to the respective application. The further development of production machines up to their complete new development represents an important part of Ringmetall's value chain. On the one hand, this enables the company to continuously keep the market entry barriers for potential competitors at a high level. On the other hand, they represent an important means of making production more efficient and thus increasing production output and improving production efficiency. As described above in the section on competitive strengths, Ringmetall has successfully completed the prototype phase of a new type of modular ring profiling line. Continuous rollout of the equipment will now start in 2021.

Synergies and efficiency improvements

Continuous leverage of intra-group synergies or increasement of efficiencies

Ringmetall continuously examines internal and external processes for potential to leverage intra-group synergies or increase efficiencies. For example, production processes are regularly analyzed in order to increase the utilization of machines, reduce set-up times, or optimize employee qualifications. The further development of production facilities or the relocation of production parts to sites optimized according to regional aspects are also continuously driven forward. The advancing digitization of the production industries also offers Ringmetall the opportunity to additionally benefit from efficiency increases as a result of the investments made here.

RISK REPORTING WITH REGARD TO THE USE OF FINANCIAL INSTRUMENTS

The main risks to which the Group is exposed as a result of its financial instruments include cash flow risks, liquidity risks and default risks. The aim of corporate policy is to avoid or limit these risks as far as possible. The handling of these risks has already been dealt with in detail in the corresponding sections of the risk report. If necessary, Ringmetall uses derivative financial instruments to hedge against interest rate and market risks. In addition, securities and derivatives are traded to a limited extent as part of retention activities. An appropriate description of this can be found in the notes to the consolidated financial statements.

Forecast Report

The Management Board assumes consolidated sales of EUR 115 to 125 million

The preparation of the forecast report is based on the statements and forecasts of current publications by major economic institutions such as the German Federal Ministry for Economic Affairs and Energy (BMWi), the European Central Bank (ECB) and the International Monetary Fund (IMF), in conjunction with the forecasts of leading trade associations such as the German Engineering Federation (VDMA) and the German Chemical Industry Association (VCI). In addition, the generally perceived mood on the capital markets and the current mood on the customer side are taken into account in the decision-making process.

As already mentioned in the section on the overall economic situation, all major economic institutions and industry associations expect the general economic situation to brighten slightly in 2021 compared with 2020. At the same time, COVID-19 is expected to continue to have a difficult-to-quantify but noticeable effect on overall economic development in the current fiscal year 2021.

The forecast for the 2021 financial year is deliberately conservative in view of the fact that it is still difficult to assess developments in connection with COVID-19. The Management Board assumes that the pandemic and its economic impact will continue to affect the global economy for significant parts of 2021. Taking these aspects into account, the Management Board's expectation covers a range that includes both slightly declining revenues and a moderate increase in Group sales. This applies analogously to sales of manufactured goods. With regard to the cost of materials and personnel expenses, as well as other expenses, a development correlating with sales is expected. Accordingly, the Group is expected to generate sales of between EUR 115 and 125 million and stable EBITDA of between EUR 11 and 13 million. With regard to Ringmetall AG, a slight increase in earnings before taxes and a stable financial position are expected, sufficient to finance the Group's operating business and to pay dividends.

The estimate is based on an unchanged steel price, a continuation of existing customer agreements to the greatest possible extent and unchanged exchange rates of the euro to the US dollar, the Turkish lira and the British pound compared with year-end 2020. Also not included are effects from acquisitions planned in 2021 including transaction costs.

REMUNERATION REPORT

Transparent reporting on the compensation of the Management Board and Supervisory Board is one of the core elements of good corporate governance for the Company. In the following we provide information on the principles of the compensation system and the structure and amount of benefits.

Management Board

The compensation of the Management Board is determined and regularly reviewed by the Supervisory Board. The existing compensation system ensures that the compensation of the Management Board is commensurate with its activities and responsibilities. In addition to personal performance, the economic situation, performance and future prospects of the Group are also taken into account.

Total compensation is generally made up of a non-performance-related fixed component and a performance-related variable component. If targets are met in full, the fixed salary component accounts for around 50 percent of total compensation, while the variable component accounts for around 50 percent. The performance-related compensation is in turn divided into a short-term component (50 percent) and a long-term component (50 percent). The amount of the short-term bonus depends on the extent to which the targets agreed between the Supervisory Board and the Management Board at the beginning of the financial year have been achieved. The amount of the long-term bonus is calculated on the basis of standard capital market earnings and profitability indicators and extends over a period of three years.

In addition, the compensation of the Management Board may include non-cash benefits, which mainly comprise the values to be applied in accordance with tax guidelines for the use of company cars.

The fixed compensation structure also includes statutory social security contributions for the two Management Board members. These charges are recognized in personnel expense.

The remuneration of the members of the Management Board employed in the fiscal year amounted to:

MANAGEMENT BOARD EUR '000	Occupation	Total expenditure 2020	not performance-based	performance-based	Total expenditure 2018	not performance-based	performance-based
Mr.Christoph Petri (Spokesman of the Management Board)	Merchant	355	236	119	284	185	99
Mr. Konstantin Winterstein	Engineer	355	236	119	298	199	99
Total expenditure		**710**	**472**	**238**	**582**	**384**	**198**

MANAGEMENT BOARD EUR ‘000	Occupa-tion	Total expen-diture 2020	not perfor-mance-based	perfor-mance-based	Total expen-diture 2018	not perfor-mance-based	perfor-mance-based
Mr.Christoph Petri (Spokesman of the Management Board)	Merchant	306	236	70	241	185	56
Mr. Konstantin Winterstein	Engineer	306	236	70	255	199	56
Total remuneration (cash effective)		**612**	**472**	**140**	**496**	**384**	**112**

The Supervisory Board

The compensation of the Supervisory Board is governed by the Articles of Association and is determined by the Annual General Meeting. Accordingly, the members of the Supervisory Board receive remuneration in each financial year, which consists of a fixed remuneration and travel expense reimbursements. In 2020, the members of the Supervisory Board received a total of EUR 130 thousand (2019: EUR 130 thousand).

Declaration on corporate governance

The corporate governance statement (Section 289a HGB) includes the declaration of conformity with the German Corporate Governance Code, information on corporate governance practices, and a description of the working methods of the Management Board and Supervisory Board.

The explanations in this regard have been made permanently available on the Company’s website at www.ringmetall.de/investor-relations/corporate-governance/. A separate presentation in the combined management report has therefore been dispensed with.

Disclosures pursuant to sections 315a and 289a of the German Commercial Code (hgb)

Composition of the subscribed capital

The subscribed capital of Ringmetall AG as of 31 December 2020 amounts to EUR 29,069,040. It is divided into 29,069,040 no-par value registered shares, each with a notional interest in the share capital of EUR 1.00. The development of subscribed capital is shown in the notes to the consolidated financial statements.

Each share confers one vote and, with the exception of any new shares not entitled to dividends, an equal share in the profits in accordance with the dividend distribution resolved by the Annual General Meeting. The rights and obligations arising from the shares are based on the statutory provisions, in particular sections 12, 53a et seq., 118 et seq. and 186 of the German Stock Corporation Act (AktG). As of 31 December 2020, the company held no shares in treasury.

Restrictions concerning voting rights or the transfer of shares

The Company is not entitled to any rights from treasury shares. In cases covered by Section 136 of the German Stock Corporation Act (AktG), the voting rights attached to the shares concerned are excluded by law.

Legal provisions and provisions of the articles of association on the appointment and dismissal of members of the board of management and on amendments to the articles of association

Members of the Management Board are appointed and dismissed on the basis of sections 84 and 85 of the German Stock Corporation Act (AktG). Pursuant to Section 84 of the Stock Corporation Act, members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. However, the Supervisory Board of Ringmetall

AG has decided to limit the appointment of Management Board members to three years as a rule. A repeated appointment or extension of the term of office, in each case for a maximum of five years, is permissible.

In accordance with Section 6 of the Articles of Association, the Management Board consists of one or more persons. The number of members is determined by the Supervisory Board. In accordance with § 84 (2) of the Stock Corporation Act, the Supervisory Board may appoint a member of the Management Board as Chairman. If a required member of the Management Board is absent, the member shall be appointed by the court in urgent cases at the request of an interested party in accordance with § 85 (1) of the Stock Corporation Act. The Supervisory Board may revoke the appointment to the Management Board and the appointment as Chairman of the Management Board in accordance with § 84 (3) of the Stock Corporation Act if there is good cause.

In accordance with § 179 of the Stock Corporation Act, the Articles of Association may only be amended by a resolution of the Annual General Meeting. Unless mandatory provisions of the law stipulate otherwise, resolutions of the Annual General Meeting - with the exception of elections - are adopted by a simple majority of the votes cast and, where appropriate, by a simple majority of the capital represented, in accordance with § 133 Stock Corporation Act, § 17 (1) of the Articles of Association. Pursuant to Section 179 (2) of the German Stock Corporation Act, a majority of 75.0 percent of the capital stock represented is required to amend the purpose of the Company; the Articles of Association do not make use of the option of specifying a larger capital majority for this purpose. Pursuant to Art. 17 par. 2 of the Articles of Association, the Supervisory Board may resolve amendments to the Articles of Association that relate solely to their wording. Pursuant to Art. 181 par. 3 of the Stock Corporation Act, amendments to the Articles of Association become effective upon entry in the Commercial Register.

Authorizations of the Management Board to issue or buy back shares

At the Annual General Meeting on 31 August 2015, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by a total of up to EUR 3,120,000.00 by issuing new no-par value bearer shares (ordinary shares) on one or more occasions in return for cash contributions and/or contributions in kind, whereby shareholders' subscription rights may be excluded (Authorized Capital 2015/I). The Authorized Capital of 31 August 2015 (Authorized Capital 2015/I) still amounts to EUR 832,000.00 after partial utilization.

At the Annual General Meeting on 30 August 2016, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by a total of up to EUR 3,432,000.00 against cash contributions and/or contributions in kind until 31 July 2021, whereby shareholders' subscription rights may be excluded (Authorized Capital 2016/I). The Authorized Capital of 30 August 2016 (Authorized Capital 2016/I) still amounts to EUR 915,200.00 after partial utilization.

At the Annual General Meeting on 30 August 2018, the Management Board was authorized until 31 July 2023, with the approval of the Supervisory Board, to increase the share capital by up to EUR 3,975,200.00 in exchange for cash contributions and/or contributions in kind, whereby shareholders' subscription rights may be excluded (Authorized Capital 2018/I).

At the Annual General Meeting on 14 June 2019, the Management Board was authorized pursuant to Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to acquire treasury shares up to a total of 10.0 percent of the current share capital of EUR 29,069,040.00 until 31 May 2024, subject to the approval of the Supervisory Board. The shares acquired hereunder, together with treasury shares already held by the Company or attributable to it pursuant to Secs. 71 a et seq. of the Stock Corporation Act, may at no time exceed 10.0 percent of the capital stock. The authorization may be exercised in whole or in part, in which case also on several occasions, for one or more purposes. The authorization may not be used for trading in treasury shares.

Material agreements subliect to the condition of a change of control

Ringmetall AG did not conclude any agreements in the 2020 financial year that contain provisions for the event of a change of control, such as may occur as a result of a takeover bid, among other things.

DEPENDENT REPORT IN ACCORDANCE WITH SECTION 312 OF THE AKTG

The Management Board has prepared a dependency report in accordance with section 312 of the German Stock Corporation Act (AktG) and has issued the following conclusion:

"The Management Board of Ringmetall AG declares that, according to the circumstances known to it at the time when the legal transactions were carried out or measures taken or omitted, the company received appropriate consideration for each legal transaction and was not disadvantaged by the fact that measures were taken or omitted."

STATEMENT OF THE LEGAL REPRESENTATIVES

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

Munich, April 28, 2021

Christoph Petri Spokesman of the Management Board	Konstantin Winterstein Member of the Management Board

THE RINGMETALL GROUP

Consolidated Balance Sheets

As of 31.12.2020

ASSETS EUR '000	Notes	**31.12.2020**	31.12.2019
Non-current assets			
Intangible assets	14	2,915	3,589
Goodwill	13, 14	32,300	32,917
Property, plant and equipment	15	30,604	27,154
Investments accounted for using the equity method	5	66	185
Other non-current assets	16	136	133
Deferred tax assets	11	2,134	2,019
Total non-current assets		**68,155**	**65,998**
Current assets			
Inventories	17	12,202	14,113
Trade receivables	18	15,150	14,334
Contract assets	19	435	424
Other current assets	20	870	785
Current tax receivables	20	510	757
Cash and cash equivalents	21	6,225	3,591
Total current assets		**35,392**	**34,004**
Total assets		**103,547**	**100,002**

LIABILITIES EUR '000	Notes	**31.12.2020**	31.12.2019
Equity			
Share capital	22	29,069	29,069
Capital reserves	22	16,664	16,664
Currency translation differences recognized outside profit or loss	22	-1,765	-890
Revaluation of severance payment obligations and others	22	39	23
Retained earnings		4,713	4,069
Non-controlling interests	22	869	1,064
Total equity		**49,589**	**49,999**
Non-current liabilities			
Provisions for post-employment benefits	23	844	830
Financial liabilities	25	26,855	8,201
Deferred tax liabilities	11	2,352	2,633
Total non-current liabilities		**30,051**	**11,664**
Current liabilities			
Other provisions	24	3,610	2,950
Current tax liabilities		789	698
Financial liabilities	25	7,330	22,765
Trade payables	26	10,153	10,359
Other liabilities	26	2,025	1,567
Total current liabilities		**23,907**	**38,338**
Total liabilities		**53,958**	**50,002**
Total equity and liabilities		**103,547**	**100,002**

Consolidated Profit & Loss Statement

From 1.1. to 31.12.2020

EUR '000	Notes	**2020**	2019
Revenue	8	117,972	120,581
Other income	8	804	702
Change in inventories of finished goods and work in progress	17	-694	-18
		118,082	**121,265**
Cost of materials	9	-60,392	-65,108
Personnel expenses	9	-31,458	-30,956
Other expenses	9	-13,753	-14,940
Other taxes	9	-257	-318
Result from investments accounted for using the equity method	5	-42	86
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**12,180**	**10,029**
Depreciation	14, 15	-6,193	-5,060
Earnings before interest and taxes (EBIT)		**5,987**	**4,969**
Finance income	10	14	14
Finance costs	10	-1,721	-1,124
Net income for the year from continuing operations before taxes		**4,280**	**3,859**
Income tax expense	11	-1,545	-837
Consolidated net income for the year		**2,735**	**3,022**
Consolidated net income for the year attributable to:			
Shareholders of Ringmetall AG	12	2,388	2,707
Non-controlling interests	12	347	315
Earnings per share			
Basic earnings per share (EUR)	12	0.08	0.09
Diluted earnings per share (EUR)	12	0.08	0.09

Consolidated Statement of Comprehensive Income

From 1.1. to 31.12.2020

EUR '000	Notes	**2020**	2019
Consolidated net income for the year		2,735	3,022
Items in other comprehensive income that could affect expenses or income in the future:			
Foreign business currency translation differences	6, 22	-890	479
Items of other comprehensive income that will not be recognized as expenses or income in the future:			
Result from the revaluation of the severance payment obligations	23	21	-60
Income tax attributable to components of other comprehensive income	11	-5	36
Other comprehensive income		**-874**	**455**
Total comprehensive income		**1,861**	**3,477**
Total comprehensive income attributable to:			
Shareholders of Ringmetall AG		1,529	3,154
Non-controlling interests		332	323

Consolidated Statement of Cash Flows

From 1.1. to 31.12.2020

EUR '000	Notes	**2020**	2019
1. Cash flow from operating activities			
Consolidated net income	12	2,735	3,022
Depreciation	14, 15	6,193	5,060
Income tax expense and deferred taxes	11	1,545	837
Gain (-)/loss (+) on asset disposals	8	-6	-38
Result from at equity	5	42	-86
Net interest income	10	1,707	1,110
Cash flow before interest, taxes and refinancing		**12,216**	**9,905**
Increase (-)/decrease (+) in inventories and trade receivables		1,084	-3,498
Increase (+)/decrease (-) in provisions		674	795
Increase (-)/decrease (+) in trade payables, other liabilities and accruals		252	-245
Assets acquired from company acquisitions		-	5,139
Increase (+)/decrease (-) in the statement of financial position – non-cash		-238	-880
Cash flow before interest and taxes		**13,988**	**11,216**
Income taxes paid		-1,804	-1,656
Cash Flow from operating activities		**12,184**	**9,560**
2. Cash flow from investment activities			
Inflows from the disposal of property, plant and equipment		81	71
Proceeds from imposals of intangible assets		-	38
Outflows for investments in property, plant and equipment		-1,252	-2,008
Outflows for investments in intangible assets		-396	-291
Outflows for additions to the scope of consolidation in the previous year		-	-250
Outflows for additions to the scope of consolidation in the current financial year		-	-9,917
Cash flow from investment activities		**-1,567**	**-12,357**

EUR '000	Notes	**2020**	2019
3. Cash flow from financing activities			
Inflows from borrowing financial loans		3,874	9,006
Outflows for the redemption of financial loans		-5,901	-4,439
Payments from the redemption of leasing		-2,156	-1,868
Outflows to owners (dividend payment)		-2,122	-2,161
Interest paid*		-1,550	-952
Interest received*		14	14
Cash flow from financing activities		**-7,841**	**-400**
4. Cash and cash equivalents at end of period			
Cash change in cash and cash equivalents (sub-totals 1-3)		2,776	-3,197
Effect of exchange rates on cash		-142	36
Changes in cash and cash equivalents due to changes in the consolidation group		-	816
Cash and cash equivalents at the beginning of the period		3,591	5,936
Cash and cash equivalents at end of period**		**6,225**	**3,591**
5. Composition of cash and cash equivalents			
Cash and cash equivalents	21	6,225	3,591
Current liabilities to banks		0	0
Cash and cash equivalents at end of period		**6,225**	**3,591**

* For better understanding, interest paid and received is shown under cash flow from financing activities and not under cash flow from operating activities.

** Of the cash and cash equivalents, an amount of EUR 359 thousand (2019: EUR 213 thousand) is attributable to non-controlling interests.

Consolidated Statement of Changes in Equity

As of 31.12.2020

EUR '000	Notes	Share capital	Capital reserves	Currency translation reserve
As of 01.01.2019 (IFRS)		**29,069**	**16,664**	**-1,361**
Consolidated net profit for 2019	12	-	-	-
Capital increase	22	-	-	-
Dividend payments/distributions		-	-	-
Other comprehensive income	22	-	-	471
Change in scope of consolidation		-	-	-
Total transactions with owners of the company		**0**	**0**	**471**
As of 31.12.2019 (IFRS)		**29,069**	**16,664**	**-890**
As of 01.01.2020 (IFRS)		**29,069**	**16,664**	**-890**
Consolidated net profit for 2020	12	-	-	-
Capital increase	22	-	-	-
Dividend payments/distributions		-	-	-
Other comprehensive income	22	-	-	-875
Change in scope of consolidation		-	-	-
Total transactions with owners of the company		**0**	**0**	**-875**
Stand As of 31.12.2020 (IFRS)		**29,069**	**16,664**	**-1,765**

Revaluation of severance obligation	Effect of first-time adoption of IFRS 15	Retained earnings	**Total**	Non-controlling interests	**Total equity**
25	**22**	**3,106**	**47,525**	**1,012**	**48,537**
-	-	2,707	**2,707**	315	**3,022**
-	-	-	**-**	-	**-**
-	-	-1,744	**-1,744**	-417	**-2,161**
-24	-	-	**447**	8	**455**
-	-	-	**-**	145	**145**
-24	**0**	**963**	**1,410**	**52**	**1,462**
1	**22**	**4,069**	**48,935**	**1,064**	**49,999**

1	**22**	**4,069**	**48,935**	**1,064**	**49,999**
-	-	2,388	**2,388**	347	**2,735**
-	-	-	**-**	-	**-**
-	-	-1,744	**-1,744**	-527	**-2,271**
16	-	-	**-859**	-15	**-874**
-	-	-	**-**	-	**-**
16	**0**	**644**	**-215**	**-195**	**-410**
17	**22**	**4,713**	**48,720**	**869**	**49,589**

NOTES FOR THE FISCAL YEAR 2020

1. GENERAL INFORMATION

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

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

The consolidated financial statements of Ringmetall are prepared in euros. Unless otherwise stated, figures are given in EUR thousand. Amounts are rounded in accordance with standard commercial practice.

2. PRINCIPLES OF ACCOUNTING

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the provisions of German commercial law applicable under Section 315e (1) of the German Commercial Code (HGB) have been taken into account in the preparation of the consolidated financial statements. The principles of recognition, measurement and presentation are applied uniformly by all companies within the scope of consolidation.

The presentation in the consolidated statement of income is based on the nature of expense method. To improve presentation and information, the income statement has been expanded to include the subtotals "earnings before interest, taxes, depreciation and amortization (EBITDA)" and "earnings before interest and taxes (EBIT)".

The Management Board of Ringmetall AG approved the 2020 consolidated financial statements for publication on 28 April 2021 [date of approval for submission to the Supervisory Board by management].

Details of the significant accounting policies, including changes in accounting policies, can be found in note 6.

The Management Board assumes that the company will continue as a going concern. The consolidated financial statements give a true and fair view of the net assets, financial position and results of operations.

3. REPORTING CURRENCY

These consolidated financial statements are prepared in euros, the functional currency of Ringmetall AG (parent company) and are presented in thousands of euros (EUR thousand), which may result in rounding differences.

4. DISCRETIONARY DECISIONS AND ESTIMATES

In certain cases, it is necessary to apply estimate- and assumption-sensitive accounting policies. These involve complex and subjective assessments and the use of assumptions, some of which relate to matters that are inherently uncertain and subject to change. Such estimate- and assumption-sensitive accounting policies may change over time and have a significant impact on Ringmetall's net assets, financial position and results of operations. Furthermore, they may contain estimates that Ringmetall could have made differently in the same reporting period for equally understandable reasons. Ringmetall points out that future events often deviate from forecasts and that estimates routinely require adjustments.

4.1 Discretionary decisions, assumptions and estimates

Information on discretionary decisions made in the application of accounting policies and information on assumptions and estimation uncertainties that have a significant effect on the amounts recognized in the consolidated financial statements or whose change may have a significant effect on the presentation of the Group's net assets, financial position and results of operations are included in the notes below:

- Note 6 - Effects of new standards and interpretations not yet adopted on the Group's financial position and results of operations,,
- Note 11 - Recognition of deferred tax assets: Uncertainty regarding future taxable profit,
- Note 13 - Impairment of goodwill,
- Note 18 - Impairment of expected credit losses for financial assets measured at amortized cost,
- Notes 23 and 24 - Provisions: key assumptions concerning the probability and extent of the inflow or outflow of economic benefits and in determining the discount rate.

All estimates and discretionary decisions are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial effect on the company and are believed to be reasonable under the circumstances.

No adjustments were made in fiscal year 2020 as a result of identified errors or changes in previous estimates.

4.2 Determination of fair values

The consolidated financial statements have been prepared on a historical cost basis, however, a number of accounting standards require the determination of fair values for financial and non-financial assets and liabilities.

The Group has established a policy regarding the determination of fair values. This includes in-house monitoring of all significant fair value measurements.

In determining the fair value of an asset or liability, the Group uses observable market data to the extent possible. Based on the inputs used in the valuation techniques, fair values are categorized into different levels in the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Valuation inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3: Valuation inputs for assets or liabilities that are not based on observable market data

If the inputs used to measure the fair value of an asset or liability can be categorized into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety into the level of the fair value hierarchy that corresponds to the lowest level input that is significant to the measurement as a whole.

The Group recognizes reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

Further information on the assumptions used in determining fair values is included in the notes below:

- Notes 6 and 28 - Financial instruments.

5. DIRECTORY OF SUBSIDIARIES AND ASSOCIATED COMPANIES

For accounting policies, see Note 6.

All subsidiaries of Ringmetall are listed below.

The consolidated financial statements as of 31 December 2020 include all entities over which Ringmetall AG has direct or indirect control over the financial and operating policies. 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 ceases.

The following subsidiaries are held by Ringmetall AG (directly / indirectly) and are fully consolidated in the consolidated financial statements as of 31 December 2020:

NAME OF THE COMPANY	Office	Country	Share in capital (%)
August Berger Metallwarenfabrik GmbH	Berg	Germany	100.00
Berger Closing Rings (Changshu) Co., Ltd.	Changshu	China	100.00
Berger Group Europe Iberica, S.L.	Reus	Spain	100.00
Berger Group US Inc. (formerly Berger US Inc.)	Birmingham	USA	100.00
Berger Italia S.r.l.	Valmadrera	Italy	100.00
Berger US Inc. (formerly Self Industries Inc.)	Birmingham	USA	100.00
Cemsan Metal Parts Manufacturing Industry Trade Ltd. Company	Gebze-Kocaeli	Turkey	100.00
Fidum Verwaltungs GmbH	Munich	Germany	100.00
Fieder Verwaltungs GmbH	Munich	Germany	100.00
Hollandring B.V.	Vaassen	Netherlands	100.00
HSM GmbH & Co. KG	Ernsgaden	Germany	100.00
Latza GmbH	Attendorn	Germany	100.00
Nittel Halle GmbH	Halle (Saale)	Germany	100.00
Tesseraux Spezialverpackungen GmbH	Bürstadt	Germany	100.00
Berger Hong Kong Limited	Hong Kong	China	80.00
Nittel B.V.	Moerdijk	Netherlands	80.00
Nittel France SARL	Merignac	France	80.00
S.G.T. S.r.l.	Albavilla	Italy	80.00
Berger Closures Limited	Peterlee	UK	75.57

In case 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 profit or loss. Further financial data are not disclosed as they are of minor importance for the Group as a whole.

As of 31 December 2020, the following company is included at equity due to significant influence:

Name and registered office of the company	Office	Country	Share in capital (%)
Nittel UK Ltd.	Southport	UK	50.00

In the reporting year, a result of -42 kEUR (2019: 86 kEUR) was generated from Nittel UK Ltd.

The following subsidiaries are not included by Ringmetall in the consolidated financial statements as of 31 December 2020 due to their minor significance for the net assets, financial position and results of operations:

Company	Office	Country	Share in capital (%)
Berger Verwaltung GmbH i.L.*	Berg	Germany	100.00
HSM Verwaltungs GmbH	Ernsgaden	Germany	100.00

*The company is no longer operational and is in liquidation.

6. SIGNIFICANT ACCOUNTING AND VALUATION METHODS

6.1 Changes in accounting and valuation methods

The accounting and valuation methods have remained fundamentally unchanged from the previous year.

AMENDMENTS TO STANDARDS AND INTERPRETATIONS IN THE REPORTING PERIOD

The following International Financial Reporting Standards (IFRS) and Interpretations (IFRIC) and amendments to standards and interpretations were required to be applied for the first time in the reporting period:

- Amendments to the Framework
- Amendments to IAS 1 and IAS 8, Definition of Materiality
- Amendments to IFRS 9, IAS 39 and IFRS 7, Reform of Reference Rates
- Amendments to IFRS 3, Definition of a Business Operation
- Amendments to IFRS 16, Rental Concessions in the Context of COVID-19

The standards, clarifications and interpretations required to be applied from1 January 2020 and 1 June 2020, respectively, had no impact or no material impact on the presentation of the Group's financial position, financial performance or earnings per share.

Amendments to IFRS 16, Lease Concessions in the Context of COVID-19: As a result of the COVID-19 pandemic, lease concessions were granted to lessees. In May 2020, the IASB issued an amendment to IFRS 16 that includes optional relief for lessees. As a practical expedient, a lessee may elect to defer the assessment of whether a lessor's pandemic-related rent concession constitutes a lease modification. A lessee that makes this election accounts for any qualifying lease modification resulting from the COVID 19 pandemic-related lease concession in the same manner as it would account for the modification under IFRS 16 if it were not a lease modification. Ringmetall has elected not to apply the optional lessee relief.

AMENDMENTS TO STANDARDS WHOSE APPLICATION WAS NOT YET MANDATORY IN THE FINANCIAL YEAR UNDER REVIEW

The IASB has issued the following new or amended standards that are fundamentally relevant from today's perspective. However, as the application of these standards is not yet mandatory, or adoption by the EU is still pending in some cases, Ringmetall has not applied these standards in the consolidated financial statements as of 31 December 2020.

The new standards or amendments to existing standards are to be applied for annual periods beginning on or after the respective effective dates. Early application is usually not made, even if individual standards permit this.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Reform of Reference Rates - Phase 2 (effective from January 1, 2021) => this IFRS pronouncement has already been endorsed by the EU, the following IFRS pronouncements have not yet received an EU endorsement.
- Amendments to IFRS 17, Insurance Contracts (effective from 1 January 2023).

- Amendments to IFRS 3, Reference to Framework (effective from 1 January 2022).
- Amendments to IAS 16, Revenue recognition before an asset is in its working condition (effective from 1 January 2022).
- Amendments to IAS 37, Onerous Contracts - Costs of Fulfilling a Contract (effective from 1 January 2022).
- Annual improvements process (2018 - 2020), Amendments to IFRS 1, IFRS 9 and IAS 41 (effective from 1 January 2022).
- Amendments to IAS 1, Classification of liabilities as current or non-current (effective from 1 January 2023).

According to current estimates, the new or amended IFRS pronouncements mentioned in the above list do not have any material impact on the presentation of Ringmetall's net assets, financial position and results of operations, with the exception of the amendment explained below.

With regard to the amendments to IAS 1, Classification of Liabilities as Current or Non-current, the Group is currently assessing what impact the amendments will have on current accounting practice: In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities is based on the rights that exist at the end of the reporting period. The classification is independent of both management's expectations and any events. It is also clarified what is meant by "settlement" of a liability in IAS 1. The amendments are effective for annual periods beginning on or after 1 January 2023 and are to be applied retrospectively.

Ringmetall has not voluntarily applied any of the aforementioned new or amended requirements early. The application of the aforementioned standards and interpretations is generally effective as of 1 January of the following fiscal year in the case of first-time application dates during the year. The adoption of these regulations by the EU is a prerequisite.

6.2 Principles of consolidation

Inclusion of subsidiaries

In addition to Ringmetall AG, the consolidated financial statements include all material subsidiaries over which Ringmetall AG can exercise control by way of full consolidation. Control is deemed to exist if the Company:

- can exercise control over the investee,
- is exposed to variable returns from its involvement, and
- has the ability to affect the amount of returns from its involvement by virtue of its power over the investee.

The results of subsidiaries acquired during a fiscal year are recognized accordingly in the consolidated statement of income and other comprehensive income from the actual date of acquisition. Where necessary, the financial statements of the subsidiaries are adjusted to bring the accounting policies into line with those used within the Group.

All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation.

Non-controlling interests in the profit or loss and equity of subsidiaries are presented separately in the consolidated statement of income, statement of comprehensive income, statement of changes in equity and statement of financial position.

Changes in the Group's ownership interest in existing subsidiaries

Changes in Ringmetall AG's ownership interest in subsidiaries that do not result in a loss of control of that subsidiary are accounted for as equity transactions. Non-controlling interests are adjusted to reflect the change in the ownership interest of the shareholders. Any difference between the amount of this adjustment and the fair value is to be offset against the equity attributable to the shareholders of the parent company.

Acquisition of businesses (business combinations)

Acquisitions of businesses are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value. The consideration transferred in a business combination is measured at fair value, being the aggregate of the acquisition-date fair values of the assets given, liabilities incurred by the previous owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

The identifiable assets acquired and liabilities assumed are generally measured at their fair values.

If the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree exceeds the remeasured net assets of the acquiree at the acquisition date, goodwill is recognized. In the opposite case, any negative difference must be recognized immediately in profit or loss.

Non-controlling interests that currently convey ownership rights and grant the holder the right to receive a pro rata share of the net assets of the entity in the event of liquidation are measured at the relevant proportion of the identifiable net assets upon addition.

If the initial accounting for a business combination has not been completed at the end of a financial year, Ringmetall discloses provisional amounts for the items not yet finally determined.

If new information becomes known during the measurement period that clarifies the circumstances at the acquisition date, the amounts recognized provisionally are adjusted or additional assets or liabilities are recognized if necessary.

Investments accounted for using the equity method

The Group includes one associated company within the meaning of IAS 28. An associate is an entity over which Ringmetall has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the entity. This does not constitute control or joint control over the decision-making processes. The results, assets and liabilities of the associate are included in these financial statements using the equity method. Accordingly, investments in associates are initially recognized in the consolidated statement of financial position at cost, adjusted for changes in the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognized as goodwill. The goodwill associated with the associated company is allocated according to its economic affiliation, and is generally included in the carrying amount of the investment. This is neither amortized nor subjected to a separate impairment test. After application of the equity method, Ringmetall determines at each reporting date whether it is necessary to recognize an impairment loss on its investment in the associates. The investor's recognized share of post-acquisition profits or losses is appropriately adjusted, for example, for additional amortization of depreciable assets of the associate based on the excess of their fair values over their carrying amounts at the acquisition date.

6.3 Foreign currency

Ringmetall translates the assets and liabilities of foreign subsidiaries whose functional currency is not the euro at the mean spot exchange rate at the end of the reporting period. Expenses and income, on the other hand, are translated at average exchange rates for the year. Differences arising on translation are recognized in equity and reclassified to profit or loss when the gain or loss on disposal of a foreign subsidiary is recognized. Items in the consolidated statement of cash flows are translated at average exchange rates during the year, while cash and cash equivalents are translated at the average spot exchange rate at the end of the reporting period.

Translation differences arising from monetary items are generally recognized in profit or loss in the period in which they occur. Goodwill arising on the acquisition of a foreign operation and adjustments to the fair values of identifiable assets and liabilities are treated as assets or liabilities of the foreign operation in accordance with IAS 21 and translated at the closing rate. Resulting translation differences are recognized in equity.

The exchange rates used for translation purposes for the major currencies in the Group are shown in the table:

1 EURO		Balance sheet closing rate		P&L average rate	
		31.12.2020	31.12.2019	**2020**	2019
Great Britain	GBP	0.9046	0.8538	0.8892	0.8757
China	CNY	8.0154	7.8247	7.8709	7.7155
Turkey	TRY	9.0506	6.6605	8.0438	6.3743
USA	USD	1.2283	1.1199	1.1413	1.1177

All business units operate almost entirely in their respective country-specific home markets, so transactions in foreign currencies are of minor importance. Where financing is required, it is generally in local currency.

6.4 Revenue recognition

Ringmetall generates its sales almost exclusively from the two segments Industrial Packaging and Industrial Handling. In the Industrial Packaging segment, this involves the production and sale of clamping rings, the associated closures and, since 2019, also the production and sale of drum inliners. In the Industrial Handling segment, this relates to revenue from the production and marketing of vehicle attachments for special vehicles used in logistics, warehouse logistics and agriculture. All these sales represent revenue within the meaning of IFRS 15 "Revenue from Contracts with Customers". Ringmetall supplies exclusively to corporate customers. Contracts are concluded with these customers, which form the basis for the supply relationship.

The performance obligations are fulfilled at the time when the customer has obtained control over the goods. Revenue is recognized at this point in time. The point in time at which the power of disposal is transferred is generally determined on the basis of the agreed terms of the contract, in particular the Incoterms. In the case of transactions via consignment warehouses, in certain contracts the transfer of power of disposal is already completed upon delivery to the consignment warehouse, so that economic power of disposal is transferred to the consignment customer prior to legal ownership.

Assets not yet invoiced to customers ("contract assets" in accordance with IFRS 15 "Appendix A") are generally reported under "assets from customer contracts". Advance payments received that are to be classified as "contract liabilities" in accordance with IFRS 15 are reported under "liabilities from customer contracts". If the customer withdraws goods from the consignment warehouse, the product delivery is invoiced to the customer and the contract asset is derecognized in favor of a trade receivable.

The proceeds from the sale are measured at the fair value of the consideration received or receivable, which are the prices agreed in the customer contracts. Payments are generally due in 30 to 60 days - in individual cases up to 90 days due to country-specific circumstances - and do not include financing components.

6.5 Personnel expenses

Temporary workers are reported under personnel expenses. This corresponds to the economic circumstances within the Group.

6.6 Financial income and financing expenses

Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued in accordance with the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the rate that exactly discounts expected future cash receipts through the expected life of the financial asset to the net carrying amount of the asset when it is initially recognized.

Dividend income from shares or investments is recognized when the Company's legal right to receive payment is established.
Finance costs are recognized in profit or loss in the period in which they are incurred.

6.7 Income taxes

Income tax expense represents the sum of current tax expense and deferred taxes.

Current or deferred taxes are recognized in the consolidated income statement. If current or deferred taxes result from the initial accounting for a business combination, the tax effects are included in the accounting for the business combination.

A. Current taxes

Current tax expense is determined based on taxable income for the year. Taxable income differs from net income as reported in the consolidated statement of income in respect of those items of income and expense that will become taxable or deductible in future years or never. The Group's liability for current taxes is calculated based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

B. Deferred taxes

Deferred taxes are recognized for differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences; deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Such deferred tax assets and deferred tax liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor net income.

Deferred tax assets are recognized for tax loss carryforwards to the extent that it is probable, based on a projection of future taxable profit, that the losses can be utilized for tax purposes within the next five years.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from temporary differences associated with investments in subsidiaries are recognized only to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilized. In addition, it must be probable that these temporary differences will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed each year at the balance sheet date and reduced in value if it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured using enacted tax rates and laws that are expected to apply when the liability is settled or the asset is realized. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to settle the liability or realize the asset.

In order to determine deferred tax assets, assumptions have to be made regarding future taxable income and the timing of the realization of the deferred tax assets. For this purpose, the planned operating results and the effects on earnings of the reversal of taxable temporary differences are taken into account. However, as future business performance is uncertain and in part cannot be influenced by Ringmetall, the measurement of deferred taxes is subject to uncertainty.

6.8 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year. Diluted earnings per share are calculated assuming that all potentially dilutive financial instruments and share-based payment plans are converted or exercised.

6.9 Intangible assets

A. Acquired intangible assets

Acquired intangible assets with a definite useful life are measured at cost less accumulated amortization and impairment losses. Amortization is charged to expense on a straight-line basis over the expected useful life. The estimate of the expected useful life and the amortization method are reviewed at each reporting date and, if necessary, adjusted with effect for the future.

The useful lives of software on which the calculation of amortization is based are between three and five years.

B. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognized separately from goodwill and measured at fair value at the acquisition date.

In subsequent periods, intangible assets acquired in a business combination are measured at cost less accumulated amortization and impairment losses in the same way as individually acquired intangible assets.

C. Goodwill

As part of the first-time adoption of IFRS, goodwill determined in previous years in accordance with the principles of the German Commercial Code was retained in line with the simplification rules as of 1 January 2016.

Ringmetall recognizes the goodwill resulting from a business combination at the acquisition date in the amount of the difference between the revalued net assets of the acquired business on the one hand and the sum of consideration given at fair value of any shares held in the business prior to the business combination and the value of the non-controlling interests on the other.

Goodwill is not subject to amortization. Impairment tests are performed regularly to determine possible impairment requirements. For the purpose of impairment testing, goodwill is allocated, on acquisition, to each of the Group's cash-generating units (or groups thereof) that are expected to benefit from the synergies of the combination.

The cash-generating units considered are essentially identical to the legal entities of the respective divisions.

Cash-generating units to which a portion of goodwill has been allocated must be tested for impairment at least annually. If there are indications that a unit may be impaired, it may be necessary to perform impairment tests more frequently. If the recoverable amount of a cash-generating unit is less than the carrying amount of the unit, the impairment loss shall be allocated first to the carrying amount of goodwill allocated to the unit and then to the other assets on a pro rata basis based on the relative proportions of their carrying amounts. The recoverable amount is the higher of value in use and fair value less costs to sell.

Any impairment loss on goodwill is recognized directly in the income statement within depreciation and amortization. An impairment loss recognized for goodwill may not be reversed in future periods.

On disposal of a cash-generating unit, the pro rata carrying amount of goodwill disposed of is included in the determination of profit or loss on disposal.

6.10 Property, plant and equipment

A. Land and buildings

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are measured at cost less accumulated straight-line depreciation and impairment losses. Depreciation on buildings is recognized in profit or loss. Buildings and related leasehold improvements are depreciated over a useful life of 5-50 years. Land is not depreciated.

B. Other property, plant and equipment

Technical equipment and machinery, office and business equipment and other assets are stated at cost less accumulated depreciation and recognized impairment losses.

Depreciation is calculated by depreciating the cost of assets on a straight-line basis over their useful lives. Expected useful lives, residual values and depreciation methods are reviewed at each reporting date. Any necessary changes in estimates are taken into account by adjusting the depreciation schedule for the future.

The following useful lives were used as the basis for determining the depreciation of property, plant and equipment and rights of use:

- Technical equipment and machinery: 3-10 years
- Other equipment, factory and office equipment: 3-15 years
- Rights of use: 5-25 years

The depreciation rules described above also apply to assets held by Ringmetall under leases. However, if there is no reasonable certainty that ownership will pass to the lessee at the end of the lease, the assets are depreciated over the shorter of the lease term and their expected useful lives.

6.11 Impairment of property, plant and equipment and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amounts of property, plant and equipment and intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of any impairment loss. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In determining the value in use, the estimated future cash flows are discounted at a pre-tax rate.

If the estimated recoverable amount of an asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognized immediately in profit or loss.

If the impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the most recent estimate of its recoverable amount. The increase in the carrying amount is limited to the amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

6.12 Research and development costs

Internally generated intangible assets are initially measured at cost. Research costs are not included in production costs and are expensed in the period in which they are incurred.

Own work capitalized is subject to a limited useful life and is amortized over its expected useful life (generally within 3 to 10 years).

In the fiscal year, only immaterial expenses for research and development were recognized in the consolidated income statement. These expenses were incurred in connection with the further development of production.

6.13 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is measured using the average cost method. Production cost includes directly attributable direct costs and overheads.

Net realizable value represents the estimated selling price of inventories less all estimated costs necessary for completion and disposal.

6.14 Financial instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position when Ringmetall becomes a party to the contractual provisions of the financial instrument.

Classification and measurement of financial assets and financial liabilities

IFRS 9 provides for the classification of financial assets (debt instruments only) based on both the business model used for the financial assets concerned and the contractual cash flow characteristics of the individual financial asset (Solely Payments of Principal and Interest (SPPI) criterion). No order is specified for this test.

Business models

Under IFRS 9, the following three business models are possible:

- Intention to hold ("Hold to collect") - financial assets held with the intention of collecting the contractual cash flows,
- Hold to Collect and Sell - financial assets held for the purpose of both collecting and selling the contractual cash flows,
- Other ("other") - financial assets held with the intention of trading or that do not meet the criteria of the other two categories.

The assessment of the business model requires a review based on facts and circumstances at the time of that assessment. The basic model at Ringmetall is "held for trading". Despite allocation to this business model, unplanned sales are possible in the normal course of business.

In principle, the Company can exercise the following irrevocable options upon initial recognition of a financial asset:

- the Company may irrevocably elect to recognize changes in the fair value of an investment in equity instruments that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination in accordance with IFRS 3 in other comprehensive income; and
- the Company may irrevocably elect to designate as at fair value through profit or loss a financial asset that would have been measured at either amortized cost or fair value through other comprehensive income using the above criteria, provided that this eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets at amortized cost (AC)

A financial asset that is a debt instrument is classified as "at amortized cost" (AC) and subsequently measured accordingly if the financial asset is held in a "hold-to-maturity" business model and the contractual cash flows meet the SPPI criterion. In addition, a possible fair value option may not have been applied, although this is only possible if measurement and recognition inconsistencies can be avoided as a result.

In this case, the financial asset is initially recognized at fair value. Subsequently, the financial asset is measured using the effective interest method, adjusted for any impairment losses using the expected credit loss model (ECL model).

Financial assets at fair value through other comprehensive income (FVOCIr)

A financial asset that is a debt instrument is classified and measured as FVOCIr ("fair value through other comprehensive income with recycling) if the financial asset is held in a "hold to sell" business model and the contractual cash flows meet the SPPI criterion. In addition, a possible fair value option may not have been applied, although this is only possible if measurement and recognition inconsistencies can be avoided as a result.

Here, the financial asset is measured at fair value, with all changes in fair value recognized in other comprehensive income, i.e., in equity. The interest components (using the effective interest method) and currency translation effects are recognized in profit or loss.

Unrealized gains and losses are not reclassified to profit or loss until the disposal of the financial asset.

Financial assets at fair value through profit or loss (FVPL)
Any financial asset (debt instrument) that is held for trading or does not fall into the "intention to hold" or "intention to hold and sell" business models is allocated to the "other" business model, as are derivatives and equity instruments, and measured at fair value through profit and loss ("FVPL").

In addition, any financial asset (debt instruments), even if it meets the "intention to hold" or "intention to hold and sell" business model, that does not meet the SPPI criterion must be measured at fair value through profit or loss.

Financial instruments are included here and held for trading if they exist primarily for the purpose of short-term disposal with regard to short-term profit-taking.

Financial liabilities
Financial liabilities are measured at amortized cost using the effective interest method.

Impairment and risk provisioning under IFRS 9
The impairment rules under IFRS 9 are applied to AC or FVOCIr valued debt instruments, trade receivables, contract assets and off-balance sheet commitments such as loan commitments and financial guarantees ("impairment-relevant financial instruments").

In this context, the approach to determining impairment losses and the allowance for credit losses consists of an expected credit loss model (ECL model under IFRS 9), in which the allowance for credit losses is recognized upon initial recognition of the impairment-relevant financial instrument based on the expectations of potential credit losses prevailing at that time.

Ringmetall uses the simplified approach for trade receivables and contract assets from IFRS 15. For this purpose, the necessary impairments are determined in an impairment table based on historical default rates on maturity categories, supplemented by current information and expectations. Trade accounts receivable are grouped by geographical area as payment terms vary by geographical area.

Otherwise, the simplified impairment model of IFRS 9 is applied.

Phased approach to determining expected defaults
IFRS 9 specifies a three-step approach for the impairment of impairment-relevant financial instruments that were classified as not credit-impaired at the time of origination or acquisition. This involves a time-slice-based calculation of the ECL using the probability of default (PD), expected exposure at default (EAD) and loss-given-default (LGD), taking into account the effective interest rate as part of the discounting process.

This approach can be summarized as follows:

Level 1: A valuation allowance is recognized in the amount of the expected defaults within 12 months. This corresponds to the portion of expected defaults from default events expected within 12 months of the balance sheet date, provided that there has been no increase in the default risk since initial recognition.

Level 2: An allowance is recognized in the amount of the expected defaults within the entire remaining term if there has been a significant increase in the default risk since initial recognition. This corresponds to the portion of expected defaults from default events that are expected to occur within the remaining term after the balance sheet date and leads accordingly to a higher allowance for losses on loans and advances compared with level 1, provided the remaining term is longer than 12 months.

Level 3: Here, the probability of occurrence with regard to the expected impairment loss is 100 percent and has therefore already occurred or is assumed to have occurred. These are financial assets with impaired credit ratings. This may also be the case at the time of addition.

Significant increase in default risk

Ringmetall determines whether there has been a significant increase in default risk since initial recognition on the basis of appropriate and reliable forward-looking information that is available without undue effort. In particular, default probabilities determined by rating agencies are taken into account in assessing creditworthiness.

Notwithstanding the above, a significant increase is rebuttably presumed if a debtor is more than 30 days in arrears.

The assessment regarding a significant increase in default risk since initial recognition is the basis for classification in Level 1 or Level 2 of the ECL model.

Impairment-relevant financial instruments in Level 3

Default with regard to a financial asset is determined on the basis of the recoverable cash flows.

Notwithstanding the above, a default is rebuttably presumed if a debtor is more than 60 days in arrears. Due to the customer structure, overruns of payment terms are not unusual and generally do not result in impairment losses.

Derivatives

Derivatives are generally assigned to the “other” category and are measured and recognized at fair value through profit or loss. Valuation effects are recognized in profit or loss. The valuation is based on generally accepted valuation models, such as the Black-Scholes model or the Heath-Jarrow-Morton model framework.

Ringmetall does not apply hedge accounting, or only to an insignificant extent.

6.15 Assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This is assumed to be the case if the disposal transaction is completed within one year of such classification. Non-current assets and disposal groups classified as held for sale are measured at the lower of their original carrying amount and fair value less costs to sell.

6.16 Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances with an initial remaining term of up to three months, as well as checks, bills of exchange and payments in transit. Cash and cash equivalents are measured at amortized cost.

6.17 Equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial instruments issued by Group companies are classified as financial liabilities or equity in accordance with the substance of the contractual arrangement and the definitions.

6.18 Provisions similar to pensions

Provisions for termination benefit obligations are measured in accordance with IAS 19, taking into account the mortality tables of the respective country, age- and gender-specific characteristics, and other demographic parameters.

6.19 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount of the provision recognized is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If a provision is measured on the basis of the cash flows estimated to be required to settle the obligation, these cash flows must be discounted if the interest effect is material

6.20 Leases

Ringmetall as lessee leases certain assets, in particular real estate, machinery, and operating and office equipment. At the inception of the lease, Ringmetall assesses whether the lease is a lease as defined by IFRS 16. A lease is an agreement that gives the right to control the use of an identified asset for a certain period of time in return for payment of a consideration. Under IFRS 16, all leases must generally be recognized in the consolidated statement of financial position: for leases, an asset in the form of a right-of-use asset and a lease liability for the outstanding lease payments must be recognized.

Rights-of-use assets recognized in property, plant and equipment are stated at cost less accumulated depreciation and any necessary impairment losses. If necessary, the cost of the respective rights of use is adjusted when the lease liabilities are remeasured. The cost of a right of use is determined as the present value of all future lease payments plus lease payments made at or before the commencement of the lease term and, if stipulated in the respective contract, the contract termination costs and the estimated costs of dismantling or restoring the leased asset.

Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term and the expected useful life of the asset.

If ownership of the leased asset is transferred to Ringmetall at the end of the lease term, or if the cost includes the exercise of a purchase option, depreciation is determined on the basis of the expected useful economic life of the leased asset.

The rights of use are also generally tested for impairment.

The initial recognition of lease liabilities allocated to financing liabilities is determined as the present value of the lease payments to be made. In subsequent measurement, the carrying amount of the lease liability is compounded and reduced by the lease payments made.

The amortization of the right-of-use assets is allocated to depreciation and amortization in accordance with IFRS 16. The accrued interest on the lease liability is included in interest expense. Under IAS 17, the lease expenses of leases classified as operating leases were previously recognized in full under other operating expenses.

In accordance with IFRS 16, the following options exist: the recognition of a right of use and a lease liability may be waived for leases with a term of up to twelve months (short-term leases) and for leases of low-value assets (value of less than EUR 5 thousand each).

Ringmetall makes use of these options. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the term of the lease.

6.21 Government grants

Government grants are recognized at fair value if there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants include, for example, income subsidies or social security contributions for short-time allowances. If short-time allowance is a personal benefit for the employee, the corresponding payments are transitory items. Another example is low-interest government loans for which the interest benefit is distributed ratably over the term.

7. BUSINESS SEGMENTS

The Management Board is the chief operating decision maker in accordance with IFRS 8. For management purposes, the Group is divided into the Industrial Packaging and Industrial Handling operating segments, based on the products offered by the segments.

Both segments also represent the reportable segments.

The Industrial Packaging business segment specializes in the development, production and marketing of packaging elements for the drum industry. The product range, which focuses exclusively on industrial drums, includes not only the clamping ring, the lid and the gasket, but also handles, closure units and requirement-specific special components. Since 2019, the product portfolio has also included the manufacture and sale of drum inner sleeves.

The second business segment, Industrial Handling, produces and markets application-oriented vehicle attachments for special vehicles in freight and warehouse logistics. This segment develops and produces restraint systems, lift mast parts and 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 Board of Management assesses the operating segments on the basis of EBITDA. EBITDA represents earnings before interest, taxes, depreciation and amortization.

Revenues

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

	2020			2019		
EUR '000	Segment revenues	Intersegmental revenues	Revenues from external clients	Segment revenues	Intersegmental revenues	Revenues from external clients
Industrial Packaging	117,842	9,545	108,297	118,100	8,744	109,356
Industrial Handling	9,675	-	9,675	11,225	-	11,225
Other	772	772	-	1,110	1,110	-
Total	**128,289**	**10,317**	**117,972**	130,435	9,854	120,581

For further information on revenues, please refer to Note 8.1.

Segment results

EUR '000	2020	2019
Industrial Packaging	13,806	12,172
Industrial Handling	231	598
Other	-1,861	-2,740
EBITDA before consolidation	**12,176**	**10,029**
Consolidation effects on EBITDA	4	0
EBITDA	**12,180**	**10,029**
Depreciation Property, plant and equipment and intangible assets	-6,193	-5,060
EBIT	**5,987**	**4,969**
Financing result	-1,707	-1,110
Earnings before income taxes	**4,280**	**3,859**
Income tax expense	-1,545	-837
Net results	**2,735**	**3,022**

Assets

The amounts of assets reported to the Management Board are measured in the same way as in the consolidated financial statements. These assets are allocated to the segments according to their business activities. Geographical allocation is not of significance to the Management Board here.

EUR '000	**31.12.2020**	31.12.2019
Industrial Packaging	20,871	26,675
Industrial Handling	953	1,351
Other	19,658	26,156
Segment assets	**41,482**	**54,183**
Reconciliation consolidated balance sheet	-19,672	-35,833
Not distributed:		
Property, plant and equipment	30,604	27,154
Intangible assets	2,915	3,589
Goodwill	32,300	32,917
Deferred tax assets	2,134	2,019
Inventory	12,202	14,113
Current tax receivables	510	757
Others assets	1,072	1,103
Assets according to consolidated balance sheet	**103,547**	**100,002**

Segment assets consist of trade receivables, contract assets and bank balances. Trade receivables include assets from customer contracts in full, with EUR 14,492 thousand (31 December 2019: EUR 13,541 thousand) attributable to the Industrial Packaging segment and EUR 658 thousand (31 December 2019: EUR 793 thousand) to the Industrial Handling segment. Contract assets amounting to EUR 435 thousand (31 December 2019: EUR 424 thousand) are fully attributable to the Industrial Packaging segment.

Liabilities

Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are allocated to the segments according to their business activities.

EUR '000	**31.12.2020**	31.12.2019
Industrial Packaging	36,016	53,965
Industrial Handling	2,303	2,472
Other	7,894	8,506
Segment liabilities	**46,213**	**64,943**
Reconciliation consolidated balance sheet	-15,365	-33,286
Not distributed:		
Financial liabilities leasing	13,490	8,263
Financial liabilities other loans	-	1,404
Pension provisions	844	830
Deferred tax liabilities	2,352	2,632
Other liabilities	2,025	1,567
Other provisions	3,610	2,950
Current tax liabilities	789	698
Liabilities according to consolidated balance sheet	**53,958**	**50,002**

Segment liabilities comprise trade accounts payable and financial liabilities.

Group-wide information

The total non-current assets other than deferred tax assets are attributable to the following countries:

	31.12.2020 Total non-current assets that are not deferred taxes				
EUR '000	**Total**	Germany	USA	Italy	Other
Property, plant and equipment	30,604	18,709	3,196	6,387	2,312
Intangible assets	2,915	2,560	-	46	309
Goodwill	32,300	14,242	12,204	4,520	1,334
Other non-current assets and investments accounted for using the equity method	202	91	-	111	-
Total non-current assets excluding deferred taxes	**66,021**	**35,602**	**15,400**	**11,064**	**3,955**

	31.12.2019 Total non-current assets that are not deferred taxes				
EUR '000	**Total**	Germany	USA	Italy	Other
Property, plant and equipment	27,154	17,834	3,883	3,748	1,689
Intangible assets	3,589	3,327	-	53	210
Goodwill	32,917	14,704	12,820	4,135	1,257
Other non-current assets and investments accounted for using the equity method	318	210	-	108	-
Total non-current assets excluding deferred taxes	**63,979**	**36,076**	**16,703**	**8,044**	**3,156**

The regional breakdown of net sales from transactions with non-Group customers is as follows:

	2020				2019			
EUR '000	Germany	USA	Italy / UK	Other	Germany	USA	Italy / UK	Other
Industrial Packaging	30,127	29,616	14,016	34,538	27,499	30,830	9,186	41,763
Industrial Handling	9,159	-	-	516	10,452	-	-	851
Other	-	-	-	-	-	-	-	-
Total	**39,286**	**29,616**	**14,016**	**35,054**	37,951	30,830	9,186	42,614

In the Industrial Packaging segment, revenues of EUR 20,357 thousand (2019: EUR 23,010 thousand) and EUR 20,789 thousand (2019: EUR 20,637 thousand), respectively, are based on transactions with two customers. In the Industrial Handling segment, revenues of EUR 5,208 thousand (2019: EUR 6,084 thousand) were generated with one customer.

8. REVENUES AND OTHER OPERATING INCOME

8.1 Revenues

EUR '000	2020	2019
Clamping rings, lids, etc.	89,340	92,758
Drum inliners	18,957	16,598
Vehicle attachment parts, etc	9,675	11,225
Other	0	0
Total	**117,972**	**120,581**

The Group's principal activity is the manufacture and sale of clamping rings, related closures and, since 2019, also drum inliners (Industrial Packaging segment) and the production and marketing of vehicle attachments for special vehicles used in logistics and warehouse logistics as well as agriculture (Industrial Handling segment).

The Group generated revenue from contracts with customers in accordance with IFRS 15 in the amount of EUR 117,972 thousand (2019: EUR 120,581 thousand). All revenue in both segments is generated and recognized on a point-in-time basis in the reporting year, as in the previous year.

8.2 Other income

EUR '000	2020	2019
Income from the release of provisions and allowance for doubtful accounts	246	124
Income from the private use of company vehicles	140	122
Income from contribution	94	74
Rental income	88	81
Insurance income	78	58
Other own work capitalized	22	21
Profit / loss on disposal of property, plant and equipment	6	38
Income from exchange rate differences	0	95
Other income	130	89
Total	**804**	**702**

Other income of EUR 130 thousand is made up of a large number of small amounts.

Income from grants and reimbursements includes lump-sum reimbursements of social security contributions from short-time working allowances applied for in the amount of EUR 22 thousand.

9. OPERATING EXPENSES

9.1 Cost of material

EUR '000	2020	2019
Cost of raw materials and supplies	55,324	58,424
Cost of purchased services	5,068	6,684
Total	**60,392**	**65,108**

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

9.2 Personnel expenses

EUR '000	2020	2019
Wages and salaries	23,734	22,252
Social security contributions	5,209	5,110
Temporary workers	2,515	3,594
Total	**31,458**	**30,956**

Temporary employees are reported under personnel expenses. This corresponds to the economic approach from the Group's perspective.

Social security contributions include expenses for pension insurance in the amount of EUR 1,220 thousand (2019: EUR 929 thousand).

The average number of employees has increased from 685 to 698 in 2020 compared to 2019.

In contrast, the average number of temporary workers employed decreased to 73 in 2020 (2019: 141 temporary workers).

9.3 Other expenses and other taxes

EUR '000	2020	2019
Expenses for the issue of goods	4,501	5,371
Expenses for administration and EDP	3,067	2,432
Expenses for consultancy and other external services	2,323	2,425
Expenses for machinery and tools	2,175	2,142
Expenses related to buildings	1,461	1,841
Other taxes	257	318
Other expenses	226	729
Total	**14,010**	**15,258**

Other expenses decreased both in absolute terms and as a proportion of total operating performance, to 11.9 percent in 2020 compared with 12.7 percent in the previous year. Within this item, the most significant changes were in expenses for IT and for goods issue. These were reduced at a slightly higher rate than sales. Within the IT costs, both the expenses for consulting services and the license expenses increased.

10. INVESTMENT AND FINANCIAL RESULT

10.1 Finance income

EUR '000	**2020**	2019
Interest income	**14**	**14**

Interest income mainly includes income from bank balances.

10.2 Finance costs

EUR '000	**2020**	2019
Interest on current account and bank loans (not from related parties)	810	833
Interest on liabilities from finance leases	326	175
Interest effect from the compounding of provisions	572	116
Taxes, contributions, fees and others	13	0
Total	**1,721**	**1,124**

The significant increase in finance costs is primarily attributable to exchange rate effects in connection with financing and to increased interest expense for leases in accordance with IFRS 16. In 2020, the Turkish currency was also very volatile and depreciated significantly overall. As a result, there were high exchange rate expenses.

11. INCOME TAXES

Ringmetall Aktiengesellschaft is subject to domestic corporate income tax and trade tax. The corporate income tax rate applicable for fiscal years 2020 and 2019 is 15.0 percent. In addition, a solidarity surcharge of 5.5 percent is levied. The trade income tax in 2020 is unchanged from the previous year at 17.2 percent of taxable income.

The domestic subsidiaries, insofar as they are corporations, are also subject to domestic corporate income tax, the solidarity surcharge and trade tax. The domestic partnership is only subject to trade tax. Depending on the individual assessment rate, the trade income tax amounts to between 10.5 percent and 17.2 percent of taxable income.

In the case of the foreign subsidiaries, the tax rates applicable or already enacted at the balance sheet date are used to calculate deferred taxes. Depending on the country, the tax rates range from 16.5 percent to 28.0 percent.

In the Group, several years have not yet been finally assessed for tax purposes. Ringmetall believes that it has made sufficient provision for these open assessment years. It cannot be ruled out that tax payments may be made that exceed the provisions recognized in the financial statements.

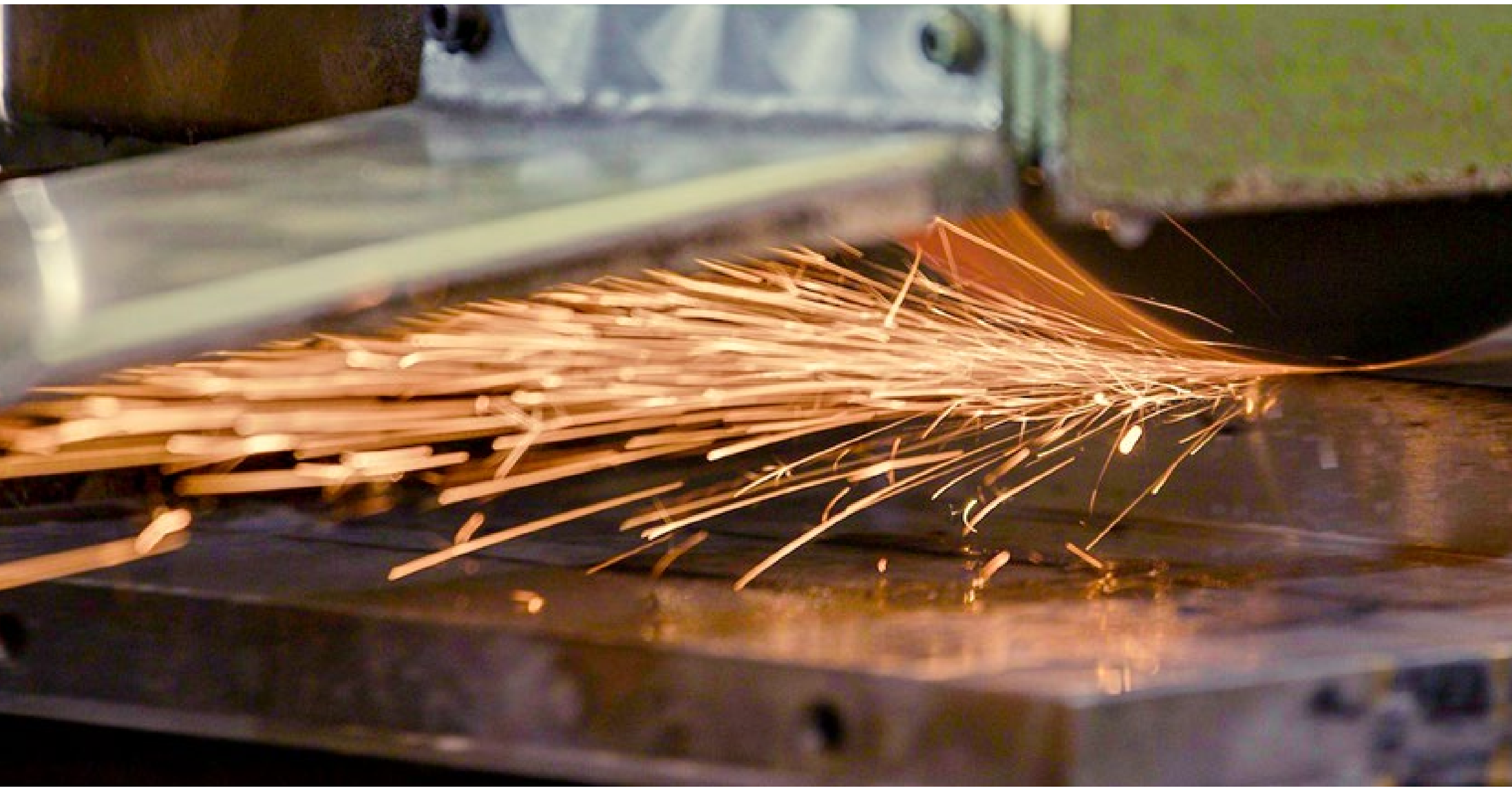
Due to future court rulings or changes in the opinion of the tax authorities, it cannot be ruled out that tax payments may have to be made for past years

11.1 Income taxes recognized in profit and loss

Taxes on income are composed as follows:

EUR '000	**2020**	2019
Actual tax expense		
Current year	-1,969	-1,711
Adjustments for previous years	-14	72
	-1,983	**-1,639**
Deferred tax income		
thereof from occurrence or reversal of temporary differences	215	318
thereof loss carryforwards	223	484
	438	**802**
Income tax expense	**-1,545**	**-837**

Deferred tax income mainly relates to temporary differences in the recognition and measurement of assets and liabilities in accordance with IFRS, as well as from consolidation transactions recognized in profit or loss and changes in the portfolio of loss carryforwards. They are calculated on the basis of the tax rates that apply or are expected to apply under the current legal situation in the individual countries at the time of realization.



11.2 Reconciliation of the effective tax rate

The Group tax rate for the 2020 financial year is unchanged from the previous year at 33.0 percent. The reconciliation from the expected to the reported tax result is shown below::

EUR '000	**2020**	**%**	2019	%
Profit before taxes	4,280		3,859	
Taxes based on the domestic tax rate of the parent company	-1,411	-33.0	-1,273	-33.0
Differences in tax rates	379	8.8	427	11.1
Change of tax rates	6	0.1	-	-
Non-deductible expenses	-233	-5.4	-142	-3.7
Losses and temporary differences for which no tax assets could be recognized	-721	-16.8	-146	-3.8
Actual taxes relating to other periods	-14	-0.3	72	1.9
Reduction of deferred tax expense due to previously unrecognized tax losses	438	10.2	-	-
Foreign tax benefit	42	1.0	238	6.2
Other tax effects	-30	-0.7	-12	-0.3
Effective tax expense	**-1,545**	**-36.1**	**-837**	**-21.7**

The increase in the effective tax rate in the reporting year compared to the previous year is mainly due to the losses for which no tax assets could be recognized and to the foreign tax benefit included in the previous year.

11.3 Unrecognized deferred tax assets

At the end of the reporting period, the Group has unrecognized taxes on loss carryforwards amounting to EUR 1,517 thousand (2019: EUR 1,074 thousand). Deferred tax assets were not capitalized due to corporate planning, taking into account usability and recoverability.

Ringmetall AG does not recognize deferred tax liabilities for retained earnings of subsidiaries if these earnings are considered likely to be permanently invested and Ringmetall is able to control the timing of the reversal. and Ringmetall is able to control the timing of the reversal. In the event that these gains are distributed or the Company disposes of its interest in the respective subsidiary, an additional tax liability could arise. Due to the Company's distribution policy, this deferred tax liability is immaterial in value and is therefore not recognized as a liability.

11.4 Change in deferred taxes during the year

The deferred tax assets and liabilities show the following development:

Deferred tax assets EUR '000	**31.12.2020**	31.12.2019
Intangible assets	641	659
Property, plant and equipment	636	991
Inventory	108	130
Other liabilities	75	93
Other assets	29	30
Tax loss carryforwards	1,179	964
Total	**2,668**	**2,867**
Netting of deferred tax assets and liabilities	-534	-848
Deferred tax assets after netting	**2,134**	**2,019**

Deferred tax liabilities EUR '000	**31.12.2020**	31.12.2019
Intangible assets	1,008	1,080
Property, plant and equipment	1,752	1,952
Trade receivables	121	132
Other liabilities	-	317
Other assets	5	-
Total	**2,886**	**3,481**
Netting of deferred tax assets and liabilities	-534	-848
Deferred tax liabilities after netting	**2,352**	**2,633**

Deferred taxes are capitalized to the extent that it is probable that future income will be generated in line with business expectations.

In Germany, the establishment of a fiscal unity for income tax purposes with persistently profitable Group companies is intended to enable the future offsetting of tax losses in the Industrial Packaging segment within the planning period of five years. A profit and loss transfer agreement was concluded with a corresponding subsidiary in the reporting year. A further profit and loss transfer agreement was concluded with another subsidiary in the first quarter of 2021; further profit and loss transfer agreements will be concluded as soon as the loss carryforwards of the future controlled companies have been used up. Deferred tax assets were recognized for the first time for the tax loss carryforwards concerned.

The Group generated tax losses at four domestic subsidiaries in 2020 and 2019, respectively. Ringmetall AG assumes that the future taxable income will be sufficient to realize the deferred tax assets of these companies in the amount of EUR 1,179 thousand. The current assessment regarding the recoverability of the deferred tax assets may change and require valuation allowances.

The net amount of deferred taxes has developed as follows:

EUR '000	**2020**	2019
Deferred tax assets, net at 1. January	**-614**	**7**
Changes in the consolidated group	-	-1,464
Change in deferred taxes due to Revaluation of severance payment obligations, recognised in other comprehensive income	-5	36
Currency translation effects	-38	5
Deferred tax expenses/income	439	802
Deferred tax assets, net at 31. December	**-218**	**-614**

12. NOTES TO THE CONSOLIDATED NET INCOME

12.1 Net income from continuing operations

EUR '000	2020	2019
Shareholders of the parent company	2,388	2,707
Non-controlling interests	347	315
Consolidated net income	**2,735**	**3,022**

12.2 Earnings per share

	2020	2019
a) Undiluted earnings per share	Euro per share	Euro per share
from continuing operations	0.08	0.09
from discontinued operations	-	-
Total undiluted earnings per share	**0.08**	**0.09**

The net income and weighted average number of ordinary shares used in the calculation of basic earnings per share are presented below.

	2020	2019
Group earnings attributable to the shareholders of Ringmetall AG	2,388	2,707
Weighted average number of ordinary shares to calculate undiluted earnings per share	29,069	29,069
b) Diluted earnings per share	Euro per share	Euro per share
from continuing operations	0.08	0.09
from discontinued operations	-	-
Total diluted earnings per share	**0.08**	**0.09**

The calculation uses the consolidated net profit for the year attributable to the shareholders of Ringmetall AG.

In the reporting year, there were no option programs for employees, convertible bonds or other circumstances that would lead to a dilution of earnings per share, so that basic earnings per share and diluted earnings per share are identical.

13. GOODWILL

13.1 Reconciliation of the book value

EUR '000	**2020**	2019
Acquisition cost	33,613	34,759
Accumulated impairment losses	-1,313	-1,842
	32,300	**32,917**
Acquisition cost		
Balance at beginning of year	34,759	24,364
Additional amounts recognized from business combinations	-	10,136
Effects of exchange rate differences	-1,146	259
Balance at end of year	**33,613**	**34,759**
Accumulated impairment losses		
Balance at beginning of year	1,842	1,765
Impairment losses recognized during the year	-	-
Effects of exchange rate differences	-529	77
Balance at end of year	**1,313**	**1,842**

The accumulated impairment losses relate in the amount of EUR 820 thousand to Cemsan Metal Parts Manufacturing Industry Trade Ltd. Company and in the amount of EUR 493 thousand to Metallwarenfabrik Berger GmbH, which was merged with Latza GmbH in 2019. These impairment losses - recognized in previous years - are the result of the impairment tests regularly performed on goodwill.

13.2 Assignment of goodwill to cash-generating units

Goodwill arising from a business combination is carried at cost less any necessary impairment losses and is presented separately in the consolidated statement of financial position. For the purpose of impairment testing, goodwill is allocated on acquisition to each of the Group's cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

At each measurement 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 determined and approved by management. This was based on a detailed plan for one year, which was extrapolated in a simplified extrapolation with an average growth potential of 1.5 percent to 10.0 percent for two further years (depending on how severely a country or business area was or is affected by the COVID-19 pandemic). Periods not included in the budgeted figures are represented by recognizing the terminal value. Cash flows after the three-year period are assumed to be subject to a growth rate of 0.0 percent (Dec. 31, 2019: 0.0 percent). The cash flows are discounted using the risk-adjusted interest rate of the respective cash-generating units of 6.0 percent to 8.0 percent (Dec. 31, 2019: 7.1 percent to 10.7 percent), which is based on the weighted average cost of capital (WACC). The weighted average cost of capital takes into account a cost of capital of 8.2 percent (Dec. 31, 2019: 9.0 percent) and a cost of debt of 1.8 percent (Dec. 31, 2019: 1.6 percent). 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 borrowing cost rates were used to determine the risk-adjusted interest rates for impairment testing purposes.

Goodwill is composed as follows as of the balance sheet date:

EUR '000	**31.12.2020**	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.	12,204	12,820
HSM GmbH & Co. KG	3,973	3,973
Packaging Inliner *)	9,332	-
Latza GmbH	1,261	1,261
Nittel Companies *)	-	7,200
S.G.T. S.r.l.	1,862	1,862
Tesseraux Spezialverpackungen GmbH *)	-	2,132
Total	**32,300**	**32,917**

* The CGUs Nittel companies and Tesseraux were merged in fiscal 2020. Operational management of the companies is carried out by a joint group of people. The overriding objective is to bring the companies closer together in order to leverage synergies in all relevant areas of the business.

The strategic management and alignment of the companies as well as the preparation and pursuit of a business area strategy is carried out at the Packaging Inliner level, and reports are submitted to management and the Supervisory Board at this level. This business unit is part of the Industrial Packaging segment and is therefore smaller than the segment.

The companies were acquired in fiscal 2019, but the final decision by management to combine the CGUs was not made until the course of fiscal 2020. For this reason, the goodwill was still reported separately in the consolidated financial statements as of 31 December 2019.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All goodwill recognized results primarily from synergies in market development. This may result, for example, from the development of new regions or new products. There is also earnings potential from acquired production sites.

Basic assumptions for calculating the value in use of the business units

The following section explains the basic assumptions on which management has based its cash flow forecasts for goodwill impairment testing.

There are estimation uncertainties in the following assumptions - on which the calculation of the value in use of the cash-generating units is based:

Business plan – The business plan was prepared on the basis of estimates of future business development by management. These estimates were based on past experience.

Budgeted gross profit margins – Gross profit margins are determined on the basis of the average gross profit margins achieved in the immediately preceding fiscal year and increased to take account of expected efficiency improvements.

Price increase of raw materials / goods – To account for the price increase, it was mainly assumed that the Group will be able to pass on price increases of raw materials / goods purchased through selling prices. The basic assumptions made are consistent with those of external information sources.

Sensitivity of the assumptions made

The values in use calculated have significantly exceeded the carrying amounts of the cash-generating units.

Management believes that no reasonably possible change in any of the key assumptions used to determine the value in use of the cash-generating units could cause the carrying amount of the cash-generating unit to exceed its recoverable amount.

14. INTANGIBLE ASSETS AND GOODWILL

14.1 Reconciliation of the book value

For accounting policies, see Notes 6.9. and 6.11.

2020 EUR '000	Software	Goodwill	Intangibles in origination	**Total**
Acquisition and production costs				
As of 1.1.2020	**4,692**	**34,759**	**-**	**39,451**
Changes in the scope of consolidation	-	-	-	-
Additions	396	-	-	396
Transfers	-	-	-	-
Disposals	-9	-	-	-9
Currency translation	-17	-1,146	-	-1,163
As of 31.12.2020	**5,062**	**33,613**	**-**	**38,675**
Accumulated depreciation and impairment charges				
As of 1.1.2020	**-1,103**	**-1,842**	**-**	**-2,945**
Changes in the scope of consolidation	-	-	-	-
Additions	-1,061	-	-	-1,061
Transfers	-	-	-	-
Disposals	7	-	-	7
Currency translation	10	529	-	539
As of 31.12.2020	**-2,147**	**-1,313**	**-**	**-3,460**
Book values				
As of 31.12.2020	**2,915**	**32,300**	**-**	**35,215**

2019 EUR '000	Software	Goodwill	Intangibles in origination	**Total**
Acquisition and production costs				
As of 1.1.2019	**1,272**	**24,364**	**11**	**25,647**
Changes in the scope of consolidation	3,362	10,136	-	13,498
Additions	291	-	-	291
Transfers	11	-	-11	0
Disposals	-240	-	-	-240
Currency translation	-4	259	-	255
As of 31.12.2019	**4,692**	**34,759**	**0**	**39,451**
Accumulated depreciation and impairment charges				
As of 1.1.2019	**-701**	**-1,765**	**-**	**-2,466**
Changes in the scope of consolidation	-	-	-	-
Additions	-606	-	-	-606
Transfers	-	-	-	-
Disposals	202	-	-	202
Currency translation	2	-77	-	-75
As of 31.12.2019	**-1,103**	**-1,842**	**-**	**-2,945**
Book values				
As of 31.12.2019	**3,589**	**32,917**	**0**	**36,506**

15. PROPERTY, PLANT AND EQUIPMENT

15.1 Reconciliation of the book value

For accounting policies, see Notes 6.10. A, 6.10 B and 6.11.

2020 EUR '000	Land and buildings	Technical equipment and machinery	Other systems, POE*	Property, plant and equipment in origination	**Total**
Acquisition and production costs					
As of 31.12.2019	**19,833**	**41,864**	**7,366**	**441**	**69,504**
Changes in the scope of consolidation	-	-	-	-	-
Additions	7,359	661	834	256	9,110
Transfers	30	765	-700	-96	0
Disposals	-	-1,118	-486	-	-1,605
Currency translation	-223	-477	-47	-6	-753
As of 31.12.2020	**26,999**	**41,695**	**6,967**	**596**	**76,256**
Accumulated depreciation and impairment charges					
As of 31.12.2019	**-6,019**	**-30,802**	**-5,529**	**-**	**-42,350**
Changes in the scope of consolidation	-	-	-	-	-
Additions	-2,011	-2,351	-770	-	-5,132
Transfers	-16	-682	698	-	0
Disposals	-	1,014	467	-	1,481
Currency translation	81	226	42	-	348
As of 31.12.2020	**-7,965**	**-32,596**	**-5,092**	-	**-45,652**
Book values					
As of 31.12.2020	**19,035**	**9,099**	**1,875**	**596**	**30,604**

* plant and office equipment

2019 EUR '000	Land and buildings	Technical equipment and machinery	Other systems, POE*	Property, plant and equipment in origination	Total
Acquisition and production costs					
As of 31.12.2018	**9,101**	**37,018**	**6,517**	**135**	**52,771**
Adjustment to IFRS 16	5,772	0	409	0	**6,181**
As of 1.1.2019 according to IFRS 16	**14,873**	**37,018**	**6,926**	**135**	**58,952**
Changes in the scope of consolidation	4,424	5,243	366	-	10,033
Additions	614	982	677	631	2,904
Transfers	23	250	51	-325	-1
Disposals	-133	-1,654	-650	-	-2,437
Currency translation	31	25	-5	-	52
As of 31.12.2019	**19,833**	**41,864**	**7,366**	**441**	**69,504**
Accumulated depreciation and impairment charges					
As of 31.12.2018	**-4,398**	**-30,378**	**-5,480**	**-**	**-40,256**
Adjustment to IFRS 16	0	0	0	0	0
As of 1.1.2019	**-4,398**	**-30,378**	**-5,480**	**-**	**-40,256**
Changes in the scope of consolidation	-	-	-	-	-
Additions	-1,739	-2,032	-683	-	-4,454
Transfers	-	-16	16	-	-
Disposals	133	1,653	618	-	2,404
Currency translation	-15	-30	0	-	-45
As of 31.12.2019	**-6,019**	**-30,802**	**-5,529**	0	**-42,350**
Book values					
As of 31.12.2019	**13,814**	**11,062**	**1,837**	**441**	**27,154**
As of 1.1.2019 according to IFRS 16	**10,475**	**6,640**	**1,446**	**135**	**18,696**

* plant and office equipment

The capitalized rights of use are reported in the respective asset class in which the asset underlying the lease would have to be reported.

For reasons of clarity, the development of the carrying amounts of the rights of use is presented in the following table:

2020 EUR '000	Land and Buildings	Technical equip-ment and machinery	Plant and office equipment	**Total**
Rights of use				
As of 1.1.2020	**7,489**	**2,250**	**652**	**10,391**
Changes in the consolidated group	-	-	-	-
Revaluation	2	-	38	40
Additions	7,386	-	434	7,820
Disposals	-	-	-28	-28
Currency translation	-189	-	-	-189
As of 31.12.2020	**14,688**	**2,250**	**1,096**	**18,034**
Accumulated depreciation				
As of 1.1.2020	**-1,396**	**-649**	**-216**	**-2,261**
Changes in the consolidated group	-	-	-	-
Revaluation	-89	-12	-13	-114
Additions	-1,661	-312	-299	-2,272
Disposals	-	-	25	25
Currency translation	63	-	5	68
As of 31.12.2020	**-3,083**	**-973**	**-498**	**-4,554**
Book values				
As of 31.12.2020	**11,605**	**1,277**	**598**	**13,480**

2019 EUR '000	Land and Buildings	Technical equipment and machinery	Plant and office equipment	**Total**
Rights of use				
As of 1.1.2019 according to IFRS 16	**5,772**	**1,548**	**435**	**7,755**
Changes in the consolidated group	1,231	405	104	1,740
Additions	486	297	113	896
As of 31.12.2019	**7,489**	**2,250**	**652**	**10,391**
Accumulated depreciation				
As of 1.1.2019 according to IFRS 16	**0**	**-364**	**-7**	**-371**
Changes in the consolidated group	-	-	-	-
Additions	-1,396	-285	-209	-1,890
As of 31.12.2019	**-1,396**	**-649**	**-216**	**-2,261**
Book values				
As of 31.12.2019	**6,093**	**1,601**	**436**	**8,130**

The marginal borrowing rates used to determine the lease liabilities and thus also the rights of use at the time of recognition in fiscal 2020 range between 1.18 and 5.89 percent.

As of 31 December 2020, there were no indications of any impairment requirement for the rights of use.

As a result of the application of IFRS 16, lease expenses are eliminated from other expenses and rights of use are capitalized accordingly, provided that the associated leases meet the recognition requirements of IFRS 16 and no relief provisions are utilized. Without this adjustment, lease expenses would have been EUR 2,248 thousand higher in 2020 (2019: EUR 1,810 thousand). Expenses for short-term leases or those based on a low-value asset amount to EUR 93 thousand (2019: EUR 108 thousand).

16. OTHER NON-CURRENT ASSETS

Other non-current assets include the following items:

EUR '000	**31.12.2020**	31.12.2019
Other non-current financial assets	136	133
Total	**136**	**133**

Other non-current assets mainly comprise shares in affiliated companies that are not consolidated and assets relating to pension provisions recognized as liabilities.

17. INVENTORIES

EUR '000		**31.12.2020**	31.12.2019
	Gross value	6,902	8,080
	Depreciation	-123	-14
Raw materials and supplies	**Book value**	**6,779**	**8,066**
	Gross value	1,697	1,654
	Depreciation	-15	-14
Work in progress	**Book value**	**1,681**	**1,640**
	Gross value	3,817	4,408
	Depreciation	-75	-1
Finished products	**Book value**	**3,742**	**4,407**
Total		**12,202**	**14,113**

Finished goods include merchandise amounting to EUR 914 thousand (31 Dec. 2019: EUR 843 thousand), which is not included in the change in inventories.

Some of the inventories are subject to retention of title by suppliers. Part of the inventories from the inliner product area has been pledged as collateral. For details of the collateral, please refer to Note 25.2.

Income from the reversal of impairment losses recognized in profit or loss amounts to EUR 6 thousand (2019: EUR 182 thousand). This mainly results from the sale or consumption of inventories previously written down.

18. TRADE RECEIVABLES

Trade receivables are amounts owed by customers for goods sold in the ordinary course of business. They are generally payable within 30 to 60 days - in individual cases up to 90 days due to country-specific conditions - and are therefore classified as current. Trade receivables are initially recognized at the amount of the unconditional consideration. They do not contain any financing components. The Group holds trade receivables to collect the contractual cash flows and measures them at amortized cost.


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The corresponding carrying amounts at year-end are as follows:

EUR '000	**31.12.2020**	31.12.2019
Trade receivables	15,278	14,592
Impairments for expected credit losses	-128	-258
Total	**15,150**	**14,334**

The risk of bad debts is limited by credit checks and a dunning system. In the operating business, outstanding receivables are continuously monitored on a location-specific, i.e. decentralized, basis.

The expected credit losses on trade accounts receivable are calculated using an allowance table. Based on future expectations, credit losses on trade receivables are estimated over the entire contractual period during which Ringmetall is exposed to default risk. Trade receivables have been grouped by geographical area as payment terms vary by geographical area.

In fiscal year 2020, as in previous years, trade accounts receivable losses were incurred only to an insignificant extent.

Age structure of overdue receivables (nominal values):

EUR '000	**31.12.2020**	31.12.2019
61 to 90 days	86	111
91 to 180 days	162	121
More than 180 days	6	11
Total	**254**	**243**

Changes in the allowance for expected credit losses:

EUR '000	**2020**	2019
Balance at beginning of year	**258**	**77**
Impairment on expected credit losses	-	1
Amounts received from depreciated receivables during the financial year	**258**	**78**
Adjustment for expected credit losses	97	193
Depreciated receivables due to irrecoverability	-222	-13
Changes in exchange rate	-5	-
Balance at end of year	**128**	**258**

Age structure of impaired receivables (nominal values):

EUR '000	**31.12.2020**	31.12.2019
0 to 30 days	1,247	75
31 to 60 days	375	134
61 to 90 days	86	52
91 to 180 days	162	63
More than 180 days	6	11
Total	**1,876**	**335**

19. CONTRACT ASSETS

EUR '000	**31.12.2020**	31.12.2019
Contract assets	435	424
Total	**435**	**424**

Contract assets are those assets from customer contracts that have not yet been invoiced to customers. They result from deliveries of Ringmetall products to customers' consignment stores. As a result, the customers immediately gain physical possession of the assets and control is deemed to have been transferred.

These contract assets are entirely from the Industrial Packaging segment.

The presentation of these contract assets as of 31 December 2019 has been adjusted accordingly.

20. OTHER CURRENT ASSETS AND CURRENT TAX RECEIVABLES

EUR '000	**31.12.2020**	31.12.2019
Deferrals	298	234
Other receivables	572	551
Other current non-financial assets	**870**	**785**
Current tax receivables	510	757

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December 2020 comprise the following:

EUR '000	31.12.2020	31.12.2019
Bank balances and cash on hand	6,225	3,591
Balance at end of year	**6,225**	**3,591**

Bank balances bear interest at variable rates for balances callable on demand. Cash equivalents are short-term investments for varying periods of time ranging from one day to three months depending on the Group's cash requirements. They bear interest at the prevailing interest rates for short-term deposits. The fair value of cash and cash equivalents corresponds to the nominal value.

22. EQUITY

The development of equity in the 2020 financial year is shown in the consolidated statement of changes in equity.

22.1 Subscribed capital

EUR '000	31.12.2020	31.12.2019
Subscribed capital	29,069	29,069
The subscribed capital is composed as follows:		
Bearer shares of EUR 1 each	29,069,040	29,069,040

a) Fully paid ordinary shares

EUR '000	No. of shares	Subscribed Capital	Premium
As of 1.1.2019	29,069,040	29,069	16,664
Capital increase	-	-	-
As of 31.12.2019	29,069,040	29,069	16,664
Capital increase	-	-	-
As of 31.12.2020	**29,069,040**	**29,069**	**16,664**

The fully paid-in ordinary shares have a par value of EUR 1.00, carry one voting right each and are entitled to dividends.

Ringmetall AG does not hold any treasury shares.

In the 2018 financial year, the share capital was increased by EUR 1,384,240.00 from EUR 27,684,800.00 to EUR 29,069,040.00 by resolution of the Supervisory Board on 14 August 2018 in accordance with Section 5 of the Articles of Association (Share Capital, Authorized Capital). 1,384,240 no-par value bearer shares with a notional interest in the share capital of EUR 1.00 were issued.

At the Annual General Meeting on 31 August 2015, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by a total of up to EUR 3,120,000.00 by issuing new no-par value bearer shares (ordinary shares) on one or more occasions in return for cash contributions and/or contributions in kind, whereby shareholders' subscription rights may be excluded (Authorized Capital 2015/I). The Authorized Capital of 31 August 2015 (Authorized Capital 2015/I) still amounts to EUR 832,000.00 after partial utilization.

At the Annual General Meeting on 30 August 2016, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by a total of up to EUR 3,432,000.00 against cash contributions and/or contributions in kind until 31 July 2021, whereby shareholders' subscription rights may be excluded (Authorized Capital 2016/I). The Authorized Capital of 30 August 2016 (Authorized Capital 2016/I) still amounts to EUR 915,200.00 after partial utilization.

At the Annual General Meeting on 30 August 2018, the Management Board was authorized until 31 July 2023, with the approval of the Supervisory Board, to increase the share capital by up to EUR 3,975,200.00 in exchange for cash contributions and/or contributions in kind, whereby shareholders' subscription rights may be excluded (Authorized Capital 2018/I).

22.2 Capital reserve

EUR '000	**2020**	2019
Balance at beginning of year	16,664	16,664
Additions from premiums	-	-
Costs associated with the capital increase	-	-
Balance at end of year	**16,664**	**16,664**

The capital reserve mainly includes premiums from the issue of shares.

22.3 Currency translation reserve

EUR '000	**2020**	2019
Balance at beginning of year	-890	-1,361
Changes in the financial year	-875	471
Balance at end of year	**-1,765**	**-890**

The currency translation reserve contains the differences from the currency translation of the financial statements of foreign subsidiaries recognized directly in equity. The portion attributable to non-controlling interests from currency translation not affecting profit or loss amounts to EUR -15 thousand (31 December 2019: EUR 8 thousand) and is included in the non-controlling interests. .

22.4 Other result

Other comprehensive income relates to differences arising from the currency translation of the financial statements of foreign subsidiaries and the effects of the remeasurement in connection with the recognition of severance obligations.

Deferred taxes are calculated on the revaluation in connection with the recognition of severance obligations, which are generally not recognized in profit or loss in the income statement, but as other comprehensive income in the statement of comprehensive income.

22.5 Non-controlling shareholders

EUR '000	2020	2019
Balance at beginning of year	1,064	1,012
Share in the net result	347	315
Distributions	-527	-417
Other changes	-15	154
Balance at end of year	**869**	**1,064**

23. PROVISIONS SIMILAR TO PENSIONS

Under pensions and similar obligations, obligations are shown which are based on legal foundations in Italy at the Group companies S.G.T. S.r.l. Albavilla, Italy, and Berger Italia S.r.l. Valmadrera, Italy. These are so-called "Trattamento di Fine Rapporto (TFR)" or severance payment obligations which the Italian companies have towards their employees. Employees in Italy are generally entitled to a severance payment. In this context, the reason for the "separation from the employee" is irrelevant. A claim to payment from TFR arises in every employment relationship. It is a supplementary pension entitlement under public law that is not negotiable.

The corresponding funds for the TFR must be recognized by the companies as a provision for future company liabilities. When the TFR is paid out, therefore, there are primarily no expenses due to the consumption of the provision; there is only a cash outflow. The TFR refers, among other things, to the salary amount received by the employee. To secure the obligations, the Group holds corresponding restricted cash through an insurance institution; however, the provisions are not netted.

23.1 Valuation of severance payment obligations

The provision for severance obligations corresponds to the total amount of the individual claims accumulated by the employees on the respective valuation date, less advance payments already made, and corresponds to the amount that would be due upon termination of the respective employment relationship on the valuation date.

The valuation of severance obligations is carried out in accordance with IAS 19. Corresponding actuarial reports are available for the Group companies S.G.T. S.r.l. Albavilla, Italy, and Berger Italia S.r.l. Valmadrera, Italy, as of the valuation dates 31 December 2020 and 31 December 2019.

In accordance with the requirements of IAS 19, particular consideration is given to the point in time at which the corresponding severance obligations arise and a quantification is carried out taking into account an average present value calculation.

The underlying parameters are gender and qualification as well as age and length of service. As part of the valuation process, the future obligations are calculated in terms of amount and timing, taking into account the economic and demographic parameters and premises. With regard to the demographic parameters, a further distinction is made between termination, occupational disability and death.

In the calculations according to IAS 19, the termination benefit obligations are determined for the respective measurement dates with the respective defined or underlying premises and assumptions on the basis of the defined remaining term of the TFR cash flows and the remaining average expected working life in years.

The calculation of foreign obligations was based on mortality tables of the respective country. The probability of fluctuation was estimated on an age- and gender-specific basis. The expected return on plan assets was estimated prudently on the basis of historical values.

	Foreign countries 2020	Foreign countries 2019
Discount rate	0.34%	0.77%
Inflation rate	2.00%	2.00%
Income development	6.27%	3.00%
Annual payment amounts	0-37 EUR '000	27-47 EUR '000
Remaining term of TFR cash flows	11.23-16.82 years	12.64-17.54 years
Average expected remaining working time	15 resp. 19 years	17 resp. 20 years

23.2 Development of severance payment obligations

The provision for severance obligations developed as follows:

EUR '000	**2020**	2019
As of 1.1.	830	773
Current service cost	-37	-74
Interest expense	3	6
Reappraisal	-21	60
Other changes	69	65
As of 31.12.	**844**	**830**

The annual expense for the addition to the termination benefit obligation is allocated to personnel expenses in the consolidated income statement in accordance with the nature of expense method. The interest expense is presented within the financial result. The result from the remeasurement of the termination benefit obligation and the deferred taxes thereon are presented within other comprehensive income in equity.

The following effects would have resulted on the provision for severance obligations recognized as of 31 December 2020 and 31 December 2019 if the calculation parameters (discount factor 0.34 percent, 2019: 0.77 percent) had changed as follows:

Sensitivity analysis of severance obligations (2019: variance +/- 0.50%).

EUR '000	**31.12.2020**	31.12.2019
Discount rate 0.09% (-0.25%)	+20	+45
Discount rate 0.59% (+0.25%)	-20	-41

24. OTHER PROVISIONS

For accounting policies, see Note 6.19.

2020 EUR '000	Vacation pay / Overtime	Other personnel	Consultancy	Warranty risks	Other	**Total**
As of 1.1.	**796**	**1,235**	**408**	**66**	**445**	**2,950**
Changes in the scope of consolidation	-	-	-	-	-	-
Provisions used	(650)	(922)	(406)	(11)	(361)	(2,350)
Reversal of unused provisions	-	(118)	(26)	(12)	(13)	(169)
Increase of provi-sions	705	1,176	567	105	691	3,244
Reassessment	(119)	69	118	(12)	(121)	(65)
As of 31.12.	**732**	**1,440**	**661**	**136**	**641**	**3,610**

2019 EUR '000	Vacation pay / Overtime	Other personnel	Consultancy	Warranty risks	Other	**Total**
As of 1.1.	**986**	**834**	**75**	**10**	**307**	**2,212**
Changes in the scope of consolidation	119	18	33	76	85	331
Provisions used	(1,026)	(852)	(65)	0	(288)	(2,231)
Reversal of unused provisions	-	(24)	(11)	(60)	(9)	(104)
Increase of provi-sions	923	1,083	383	91	391	2,871
Reassessment	(206)	176	(7)	(51)	(41)	(129)
As of 31.12.	**796**	**1,235**	**408**	**66**	**445**	**2,950**

Personnel-related provisions include in particular accrued amounts for vacation entitlements and earned overtime. The decrease mainly results from lower vacation and overtime entitlements.

Other personnel-related provisions include provisions for management bonuses and estimated amounts in connection with the departure of employees. The increase mainly results from these potential severance payments.

The provision for consulting includes anticipated obligations in connection with services received. A significant portion includes accrued costs due to the Group's audit, tax advice and consulting services in connection with the extension and optimization of the Group's financing.

The provision for warranty risks is based on the Management Board's best estimate of the future outflow and mainly takes into account individual case-related transactions.

25. FINANCIAL LIABILITIES

25.1 Terms and liabilities schedule

EUR '000	Notes	**31.12.2020**	31.12.2019
Non-current liabilities			
Bank loans	25.2	**15,514**	**2,125**
Liabilities from leasing agreements	25.4	11,341	6,076
Total		**26,855**	**8,201**
Current liabilities			
Bank loans	25.2	**5,181**	**19,174**
Other loans		-	1,404
Liabilities from leasing agreements	25.4	2,149	2,187
Total		**7,330**	**22,765**

Information on the Group's exposure to interest rate, currency and liquidity risks is presented in Note 28.4.

Liabilities are classified as current or non-current in accordance with the repayment schedules.

25.2 Secured bank loans

The outstanding loans have the following terms:

					31.12.2020		31.12.2019	
EUR '000		Currency	Interest rate	Maturity year	Nominal value	Book value	Nominal value	Book value
Ringmetall AG		EUR	EURIBOR +1.75%	2021-2025	7,304	7,304	7,935	7,935
		EUR	7.50%	2021	487	487	450	450
August Berger Metallwarenfabrik GmbH	A	EUR	EURIBOR +1.75%	2021-2025	9,000	9,000	10,000	9,975
	B	EUR			575	575	-	-
	C	EUR			337	337	-	-
Berger US Inc.		USD / EUR	1.00%	2022	777	777	-	-
Cemsan Metal Parts Manufacturing Industry Trade Ltd. Company		TRY / EUR	18.00%	2021	192	192	260	260
SGT s.r.l.		EUR	2.50%	2023	110	110	160	160
		EUR	1.00%	2021	163	163	-	-
Berger Closing Rings (Changshu) Co., Ltd.		CNY / EUR	6.09%	2021-2023	277	277	558	558
Berger Italia s.r.l.		EUR	0.60%	REVOLV-ING	-	-	2	2
Nittel Halle GmbH		EUR	1.85%	2021	10	10	722	722
		EUR	EURIBOR +4.25%	2021-2025	963	963	936	936
Tesseraux Spezialver-packungen GmbH		EUR	EURIBOR +1.80%	2021	500	500	300	300
Gesamt					**20,695**	**20,695**	**21,324**	**21,299**

The bank loans are secured by land and buildings in the amount of EUR 1,487 thousand (Dec. 31, 2019: EUR 1,613 thousand), as well as other non-current assets in the amount of EUR 2,483 thousand (Dec. 31, 2019: EUR 2,545 thousand) and current assets in the amount of EUR 9,656 thousand (Dec. 31, 2019: EUR 9,745 thousand). The values stated correspond to the carrying amounts from the separate financial statements.

In December 2020, a new master syndicate agreement was concluded with the existing banks. In addition to optimizing the financing structure, this also created financial resources for possible company acquisitions. Previously, bank financing was mainly provided by the Group subsidiary August Berger Metallwarenfabrik GmbH; now, Ringmetall AG is primarily the contractual partner of the financing banks.

In the consolidated financial statements as of 31 December 2020, the effects of this new master consortium agreement are reflected in terms of maturities.

The breakdown into A, B and C shows the different tranches of the same syndicated loan agreement.

25.3 Violations of covenants from financial liabilities

The Group has entered into a syndicated loan agreement for the acquisition of companies. The documents to be submitted under this agreement are based on the previously relevant German Commercial Code (HGB). The coordination with the syndicate banks on the necessary adjustments to the agreements in the syndicated loan agreement with regard to documents to be submitted, key figures to be met and deadlines was completed in December 2020 and a new master syndicated loan agreement was signed.

25.4 liabilities from leasing

At the end of the reporting period, liabilities from leases relate to assets financed in the form of buildings on land owned by third parties, technical equipment and machinery, and operating and office equipment. The lease term is generally based on the useful economic life of the assets. However, in the case of leases for buildings on land owned by third parties, account is taken of corporate strategy factors.

With regard to the interest rates used for discounting, please refer to the comments on rights of use in Note 15.

The maturities of the lease liabilities range between 2021 and 2034 (31 December 2019: between 2020 and 2025) and are due as follows:

	Future minimum payments		Interest payments		Present value of future minimum payments	
EUR '000	**31.12.2020**	31.12.2019	**31.12.2020**	31.12.2019	**31.12.2020**	31.12.2019
Less than 1 year	2,414	2,273	265	86	2,149	2,187
Between 1 and 5 years	7,371	6,016	623	229	6,748	5,579
More than 5 years	5,068	503	475	7	4,593	497
Total	**14,853**	**8,792**	**1,363**	**322**	**13,490**	**8,263**

The increase in liabilities from leases is mainly the result of the extension of building leases at several companies, see also the comments on rights of use under property, plant and equipment.

The present value of the future minimum payments corresponds to the carrying amount in the statement of financial position.

As in the prior-year period, there were no contingent rentals in the reporting period.

26. TRADE PAYABLES AND OTHER LIABILITIES

Current: EUR '000	**31.12.2020**	31.12.2019
Trade payables	10,153	10,359
Other liabilities	2,025	1,567
Total	**12,178**	**11,926**

Other liabilities include liabilities of EUR 60 thousand to an affiliated company that is not included in the consolidated financial statements.
For information on the Group's currency and liquidity risks with regard to trade accounts payable and other liabilities, please refer to note 28.4.

27. CAPITAL MANAGEMENT

The Group's objective is to maintain a strong capital base in order to maintain the confidence of investors, creditors and the markets and to ensure the sustainable development of the Company.

The Executive Board aims to achieve 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 ratio of equity to total assets is as follows:

EUR '000	**31.12.2020**	31.12.2019
Interest-bearing loans and bonds	20,695	21,299
Minus cash and cash equivalents	-6,225	-3,591
Net debt	**14,470**	**17,708**
Equity	**49,589**	**49,999**
Total assets	**103,547**	**100,002**
Equity ratio	47.9%	50.0%

28. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

28.1 Classifications and fair values

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

EUR '000	IFRS 9 Valuation category	**IFRS 9 Book value 31.12.2020**	IFRS 9 Book value 01.01.2020
Assets			
Other non-current financial assets	AC	136	133
Trade receivables	AC	15,150	14,334
Contract assets	AC	435	424
Cash and cash equivalents	AC	6,225	3,591
Total		**21,946**	**18,482**
Liabilities			
Non-current financial liabilities	FLAC	26,855	8,201
Trade payables	FLAC	10,153	10,359
Current financial liabilities	FLAC	7,330	22,765
Total		**44,338**	**41,325**

28.2 Derivative financial instruments

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

The interest rate swap expired during the 2020 financial year.

		Book value		Fair value			
31.12.2020 EUR '000	Notes	Fair value hedging instruments	**Total**	Level 1	Level 2	Level 3	**Total**
Financial liabilities at fair value Interest rate swaps used for hedging transactions	28.3	-	-	-	-	-	-
Total		**-**	**-**	**-**	**-**	**-**	**-**

31.12.2019 EUR '000	Notes	Book value Fair value hedging instruments	**Total**	Fair value Level 1	Level 2	Level 3	**Total**
Financial liabilities at fair value Interest rate swaps used for hedging transactions	28.3	-18	-18	-	-18	-	-18
Total		**-18**	**-18**	**-**	**-18**	**-**	**-18**

It is assumed that the fair value of current and non-current assets and current and non-current liabilities corresponds to the carrying amount.

The bank loans mainly bear interest at EURIBOR plus a margin. This margin has changed only insignificantly compared to the time the contract 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.

28.3 Determination of fair value

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in determining Level 2 and Level 3 fair values and the significant unobservable inputs 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.*

28.4 Financial risk management

The Group is exposed to the following risks from the use of financial instruments:

- Default risk (see B)
- Liquidity risk (see C)
- market risk (see D).

A. Principles of risk management

The Managements Board is responsible for establishing and monitoring the Group's risk management system. To this end, the Managents Board has established an internal specialist committee responsible for monitoring and further developing the Group's risk management guidelines. This committee reports regularly to the Managements Board on its activities. The principles of the risk management system can be applied to financial risks; reference is made in this respect to the risk report in the Group management report.

The Group's risk management guidelines have been developed to identify and analyze the Group's risks, to implement appropriate risk limits and controls, and to monitor the development of risks and compliance with limits. The risk management guidelines and the risk management system are regularly reviewed to address changes in market conditions and the Group's activities. The existing training and management standards and associated processes are designed to ensure a target-oriented control environment in which all employees understand their respective roles and responsibilities.

The Supervisory Board monitors the Managements Board's compliance with Group risk management policies and processes and the effectiveness of the risk management system with regard to the risks to which the Group is exposed.

B. Default risk

Default risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Default risk generally arises from trade receivables. These receivables are mainly trade receivables from the sale of goods. They are exclusively short-term receivables which are generally settled within one to two months.

The carrying amounts of the financial assets correspond to the maximum default risk.

The Group's default risk is mainly influenced by the individual characteristics of the customers. However, the Management Board also takes into account the characteristics of the entire customer base, including the default risk of the industry and the countries in which the customers operate, as these factors can also influence the default risk.

The majority of the Group's customers are global corporations. For none of these customers has it been necessary to recognize an impairment loss to date. In order to monitor the risk of default, the main focus is on timely billing, which is usually done by the customer, and timely payment of the invoice.

The Management Board assesses on a case-by-case basis whether overdue amounts are still collectible in full. This assessment is based on past payment history, assessment of creditworthiness based on published financials, if available, and the amount of existing receivables. Overall, the Group has experienced bad debt losses only to a minor extent.

Cash and cash equivalents

The Group has cash and cash equivalents of EUR 6,225 thousand as of 31 December 2020 (31 December 2019: EUR 3,591 thousand). This amount therefore represents the maximum default risk with regard to these assets. Cash and cash equivalents are held at various banks or financial institutions in the countries in which the Group operates, but the majority are held in Germany.

Derivatives

The Group enters into interest rate swaps to hedge interest rate risk. These are entered into with German banks or financial institutions with which the floating rate loans were also agreed.

C. Liquidity risk

Liquidity risk describes the risk that the Group will not be able to meet its obligations when they fall due. Liquidity risks from financial liabilities do not arise, as the Group has cash and cash equivalents of EUR 6,225 thousand (31 December 2019: EUR 3,591 thousand) at the balance sheet date. In addition, cash flows are expected with a high degree of certainty that will be able to service the interest and principal payments and the financial liabilities therefrom on a term-equivalent basis. In the final instance, responsibility for liquidity management lies with the Management Board, which has established an appropriate concept for managing short-, medium- and long-term financing and liquidity requirements. The Group manages liquidity risks by maintaining adequate reserves and by constantly monitoring the forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

IFRS 7 further requires a maturity analysis for both derivative and non-derivative financial liabilities. The following maturity analysis shows to what extent the undiscounted cash flows related to the liabilities as of 31 December 2020 and 31 December 2019, respectively, affect the future liquidity situation of the Group.

Significance of liquidity risk

The following table presents the remaining contractual maturities of financial liabilities at the reporting date, including estimated interest payments. These are gross undiscounted amounts including estimated interest payments, but without presentation of the effect of offsetting.

31.12.2020 EUR '000	Book value	Nominal value	**Total**	< 1 year	1 to 5 years	> 5 years
Bank loans incl. interest rate swaps	20,695	20,695	20,695	5,181	15,514	-
Liabilities from leasing agreements	13,490	14,853	14,853	2,414	7,371	5,068
Total	**34,185**	**35,548**	**35,548**	**7,595**	**22,885**	**5,068**
31.12.2019 EUR '000	Book value	Nominal value	**Total**	< 1 year	1 to 5 years	> 5 years
Bank loans incl. interest rate swaps	21,317	21,342	21,342	19,217	2,125	-
Liabilities from leasing agreements	8,263	8,792	8,792	2,273	6,016	503
Total	**29,580**	**30,134**	**30,134**	**21,490**	**8,141**	**503**

As disclosed in note 25.2, the Group mainly has bank loans which contain covenants. A future breach of the covenants may result in the loan having to be repaid earlier than indicated in the table above.

The interest payments on floating rate loans and borrowings in the above table have been based on a fixed interest rate if covered by swaps. They reflect market conditions for forward interest rates at the end of the fiscal year. These may change as market interest rates change.

D. Market Risk

Market risk is the risk that market prices, for example exchange rates, interest rates or share prices, will change, thereby affecting the Group's earnings or the value of financial instruments held. The objective of market risk management is to manage and control market risk within acceptable ranges while optimizing returns.

In order to manage market risk, the Group acquires and disposes of derivatives or enters into financial liabilities. All transactions are conducted within the guidelines of the Risk Management Committee. At the end of the reporting period, no risk concentrations are seen for the Group's companies

Currency risk

Various business transactions in the Group are denominated in foreign currencies. Risks therefore arise from exchange rate fluctuations. Exchange rate risks are managed by specifically controlling payment flows in foreign currencies and, in individual cases, by means of forward exchange transactions.

The carrying amount of the Group's monetary assets and liabilities denominated in foreign currencies at the reporting date is:

	31.12.2020		31.12.2019	
EUR '000	**Assets**	**Liabilities**	Assets	Liabilities
USD	4,962	2,222	3,570	1,641
GBP	1,193	362	992	233
TRY	342	337	471	364
CNY	880	575	761	845
HKD	1	-	-	-

The following table shows the effect on the income statement of an assumed exchange rate change of +/-1000 basis points with all other variables held constant for monetary assets and liabilities denominated in foreign currencies:

EUR '000	**31.12.2020**				31.12.2019			
	Assets		**Liabilities**		Assets		Liabilities	
	Basis points				Basis points			
	-1000	**+1000**	**-1000**	**+1000**	-1000	+1000	-1000	+1000
USD	-496	496	-222	222	-357	357	-164	164
GBP	-119	119	-36	36	-99	99	-23	23
TRY	-34	34	-34	34	-47	47	-36	36
CNY	-88	88	-57	57	-76	76	-85	85
HKD	0	0	-	-	-	-	-	-

Interest rate risk

The Group is mainly exposed to interest rate risk in connection with the financing of acquisitions. Bank loans with variable interest rates, which are listed in note 25.2, result in an interest rate-related cash flow risk.

The following table shows the effects on the income statement of an assumed change in interest rates of +/-25 basis points with all other variables held constant:

					31.12.2020 Basis points		31. 12.2019 Basis points	
EUR '000		Currency	Interest rate	Maturity year	**+25**	**-25**	+25	-25
Ringmetall AG		EUR	EURIBOR +1.75%	2021-2025	520	-520	-	-
	A	EUR	EURIBOR +1.75%	2021-2025	641	-641	221	-221
	B	EUR	EURIBOR +1.75%	2021-2025	41	-41	-	-
August Berger Metallwarenfabrik GmbH	C	EUR	EURIBOR +1.75%	2021-2025	24	-24	-	-
Nittel Halle GmbH		EUR	EURIBOR +4.25%	2021-2025	69	-69	-	-
Tesseraux Spezialverpack-ungen GmbH		EUR	EURIBOR +1.8%	2021	3	-3	-	-
Total					**1,298**	**-1,298**	**221**	**-221**

The liabilities of tranche A were generally hedged with interest rate swaps. The interest rate swaps were due in fiscal year 2020 and have expired (term 31 December 2019: 1 - 2 years). The fair value of the recognized interest rate swaps changed accordingly from EUR - 18 thousand as of 31 December 2019. The difference was recognized in profit or loss in the financial result.

Due to the variable interest rate, the interest rate risk would only have an immaterial impact on the carrying amount of liabilities to banks.

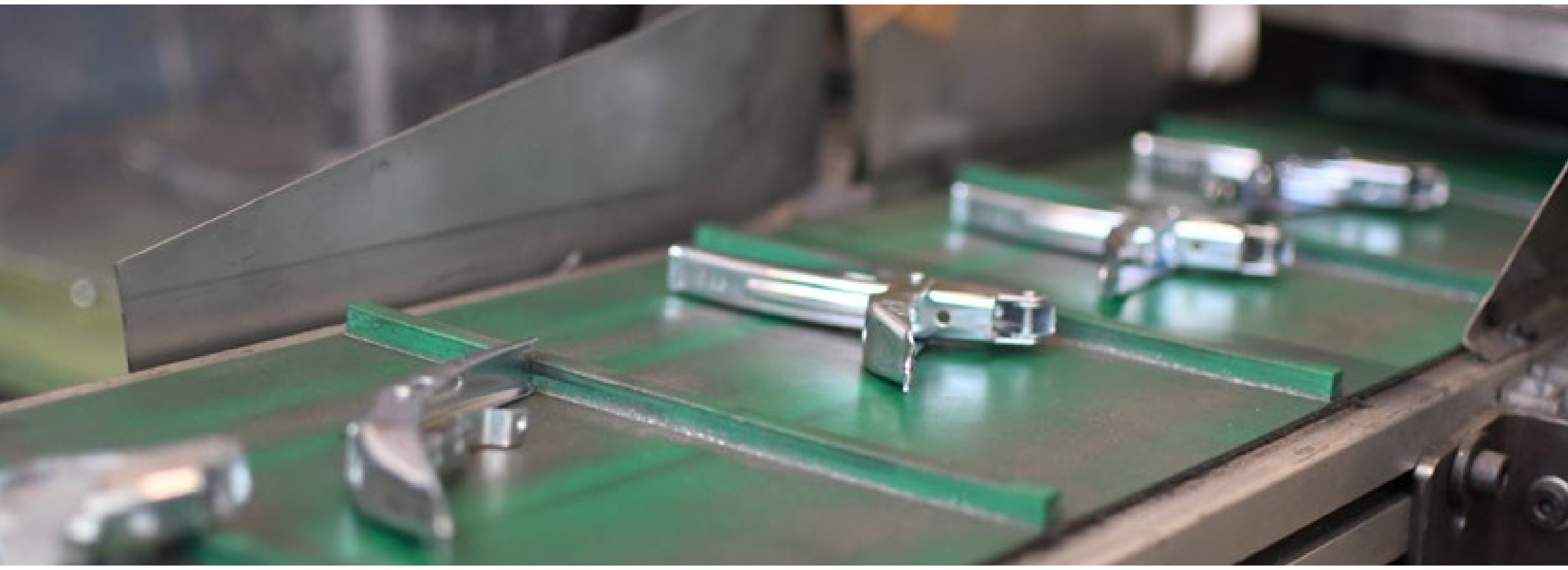
The following table shows the effect on the income statement of an assumed interest rate change of +/-100 basis points with all other variables held constant for the derivative financial instruments:

EUR '000	**31.12.2020**		31.12.2019	
Interest rate level	+100 Basis points	-100 Basis points	+100 Basis points	-100 Basis points
Derivative financial Instruments	**-**	**-**	**-2**	**-16**

29. OTHER FINANCIAL OBLIGATIONS

The Group has the following financial obligations that are not included in the consolidated statement of financial position:

EUR '000	**31.12.2020**			31.12.2019		
	< 1 Year	**1 to 5 Years**	**> 5 Years**	**< 1 Year**	**1 to 5 Years**	**> 5 Years**
Obligation from outstanding orders	6,547	0	0	657	0	0
Service contracts	458	1,065	32	345	997	29
short-term & low value lease	22	16	0	108	90	0
Total	**7,027**	**1,081**	**32**	**1,110**	**1,087**	**29**



30. RELATED COMPANIES AND PERSONS

At Ringmetall, the shareholders are generally considered to be the ultimate controlling party.

Due to the syndicate agreement existing between the main shareholders, the two main shareholders together constitute the Ultimate Controlling Party of Ringmetall.

Related parties are non-consolidated subsidiaries and persons who can exercise significant influence on the financial and operating policies of the Ringmetall Group. The latter include all persons in key positions as well as their close family members. In the Ringmetall Group, these are the members of the Management Board and the Supervisory Board.

The group of related parties did not change in the 2020 financial year compared to 31 December 2019. In the reporting period, no new contracts were concluded with key management personnel, members of the Supervisory Board or other related parties, nor were any significant changes made to existing contracts that have a material impact on the net assets, financial position and results of operations of the company.

A. TRANSACTIONS WITH MEMBERS OF THE MANAGEMENT IN KEY POSITIONS

The members of the Management Board hold 58.9 percent (31 December 2020) of the voting rights of the Company.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

	Sale of goods / services		Purchase of goods / services	
EUR '000	**2020**	2019	**2020**	2019
Ringmetall AG	-	-	38	75
Subsidiaries of Ringmetall AG	-	-	14	25
Total	**-**	**-**	**52**	**100**

	Receivables from related parties		Payables to related parties	
EUR '000	**31.12.2020**	31.12.2019	**31.12.2020**	31.12.2019
Ringmetall AG	-	-	4	12
Subsidiaries of Ringmetall AG	-	-	-	-
Total	**-**	**-**	**4**	**12**

B. TRANSACTIONS WITH MEMBERS OF THE SUPERVISORY BOARD

The aggregate value of transactions and outstanding balances related to members of the Supervisory Board and companies over which they have control or significant influence were as follows:

EUR '000	Values of business transactions		Balances outstanding as of 31.12.	
	2020	2019	**2020**	2019
Remuneration	130	130	29	39
Reimbursement of expenses	-	-	-	-
Total	**130**	**130**	**29**	**39**

C. BUSINESS TRANSACTIONS WITH OTHER RELATED PARTIES

EUR '000	Sale of goods / services		Purchase of goods / services	
	2020	2019	**2020**	2019
Ringmetall AG	-	-	-	-
Subsidiaries of Ringmetall AG	-	-	-	-
Total	**-**	**-**	**-**	**-**

EUR '000	Receivables from related parties		Payables to related parties	
	31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
Ringmetall AG	-	-	-	-
Subsidiaries of Ringmetall AG	-	-	-	-
Total	**-**	**-**	**-**	**-**

D. TRANSACTIONS WITH ASSOCIATED COMPANIES

EUR '000	Nittel UK Ltd.		Nittel B.V.
	2020	2019	until 30.09.2019
Revenues	914	1,324	627
Other operating income	24	32	-
Total	**938**	**1,356**	**627**

In addition, as of the balance sheet date, the Group has receivables from Nittel UK Ltd. in the amount of EUR 228 thousand (2019: EUR 280 thousand) and liabilities in the amount of EUR 6 thousand (2019: EUR 0 thousand).

31. EMPLOYEES

In fiscal 2020, the Group employed an average of 698 employees (2019: 685 employees).

	Employees	Workers	Total
Average number of employees 2019	**142**	**543**	**685**
Admin	87	3	90
Sales	19	1	20
Production	48	540	588
Average number of employees 2020	**154**	**544**	**698**

32. EVENTS AFTER THE BALANCE SHEET DATE

There were no reportable events after the balance sheet date.

33. RIGHT OF ELIGIBILITY ACCORDING TO §§ 264 ABS. 3 BZW. 264B HGB

The following domestic subsidiaries in the legal form of a corporation or commercial partnership will make use of the exemption provisions pursuant to Section 264 (3) and Section 264b of the German Commercial Code (HGB) and will therefore refrain from preparing a management report and from disclosing their annual financial statements and management report for the 2020 financial year:

- August Berger Metallwarenfabrik GmbH, Berg
- HSM GmbH & Co. KG, Ernsgaden

34. ACCORDING TO § 315E HGB

The Management Board proposes to distribute a dividend of EUR 1,744,142.40, i.e. 6 cents per share, to the shareholders of Ringmetall AG from the unappropriated profit of Ringmetall AG of EUR 13,876,408.97. The remaining amount of EUR 12,132,266.57 will be carried forward.

Fee of the auditor of the consolidated financial statements

At the Annual General Meeting on 28 August 2020, the shareholders of Ringmetall AG appointed Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft as auditor. The fee charged by the auditor for the fiscal year for the audit of the consolidated financial statements, including the audit of domestic companies as of 31 December 2020, as well as the subsequent charges from the previous year total EUR 160 thousand (2019: EUR 245 thousand). In addition to the aforementioned audit services, further expenses of EUR 26 thousand (2019: EUR 100 thousand) for other services have been taken into account.

35. EXECUTIVE BODIES OF THE COMPANY

A. MEMBERS OF THE MANAGEMENT BOARD

Christoph Petri	
Spokesman of the Management Board	since 01.04.2011
Domicile	Hamburg, Germany
Occupational Profession	Merchant
Supervisory board mandates and memberships in comparable supervisory bodies according to §285 No. 10 HGB at: • Montega AG	

Konstantin Winterstein	
Member of the Management Board	since 01.10.2014
Domicile	Munich, Germany
Occupational Profession	Engineer
Supervisory board mandates and memberships in comparable supervisory bodies according to §285 No. 10 HGB at: • Clariant AG, Switzerland	

The compensation of the Management Board in fiscal years 2019 and 2020 includes only short-term benefits and is composed as follows:

	2020			2019		
Management Board EUR '000	**Total remuneration**	**thereof not performance-related**	**thereof performance-related**	Total remuneration	thereof not performance-related	thereof performance-related
Mr. Christoph Petri (Spokesman of the Management Board)	355	236	119	284	185	99
Mr. Konstantin Winterstein	355	236	119	298	199	99
Total	**710**	**472**	**238**	**582**	**384**	**198**

In fiscal year 2020, a total of EUR 612 thousand (2019: EUR 496 thousand) was paid to members of the Executive Board.

B. MEMBERS OF THE SUPERVISORY BOARD

Klaus F. Jaenecke, Munich	
Chairman	since 30.08.2018
Profession	Managing Director of Jaenecke & Cie. GmbH & Co. KG, Munich
Remuneration in 2020:	60 EUR ‘000

Supervisory board mandates and memberships in comparable supervisory bodies according to §285 No. 10 HGB at:
• Hansgrohe SE, Schiltach
• Wintersteiger AG, Ried im Innkreis, Austria

Markus Wenner, Munich	
Member	since 01.09.2014
Deputy Chairman	since 30.06.2016
Profession	Managing Director of GCI Management Consulting GmbH
Remuneration in 2020:	40 EUR ‘000

Supervisory board mandates and memberships in comparable supervisory bodies according to §285 No. 10 HGB at:
• Traumhaus AG, Wiesbaden
• Wolftank Adisa Holding AG, Innsbruck, Austria
• TeleService Holding AG, Munich
• aifinyo AG, Dresden
• Value-Holdings Capital Partners AG, Gersthofen
• Metriopharm AG, Zurich, Switzerland

Ralph Heuwing, Munich	
Member	since 30.08.2016
Profession	Member of the Management Board of Knorr-Bremse AG
Remuneration in 2020:	30 EUR ‘000

Supervisory board mandates and memberships in comparable supervisory bodies according to §285 No. 10 HGB at:
• Hoberg & Driesch GmbH, Düsseldorf, Member of the Shareholders’ Committee
• Hoberg & Driesch GmbH & Co. KG Röhrengroßhandel/
• Hoberg und Driesch Beteiligungs GmbH, Düsseldorf, Member of the Advisory Boards
• Chiron Group SE, Tuttlingen, Member of the Administrative Board
• Chiron-Werke GmbH & Co. KG/Chiron-Werke Beteiligungsgesellschaft mbH, Tuttlingen, Member of the Advisory Boards

36. GERMAN CORPORATE GOVERNANCE CODE

The Management Board and the Supervisory Board of Ringmetall AG have issued a declaration pursuant to Section 161 AktG and made it permanently available to shareholders on Ringmetall's website (www.ringmetall.de) under Investor Relations.

Munich, April 28, 2021

Christoph Petri	Konstantin Winterstein
Spokesman of the Management Board	Member of the Management Board

Independent auditor's certificate

To Ringmetall AG, Munich

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of Ringmetall AG and its subsidiaries (the Group) – comprising the consolidated balance sheet as of December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the fiscal year from January 1, 2020 through December 31, 2020 as well as the notes to the consolidated financial statements, including a summary of significant accounting methods. Furthermore, we have audited Ringmetall AG's consolidated management report for the fiscal year from January 1, 2020 through December 31, 2020. In accordance with German legal requirements, we have not audited the presentations contained in the consolidated management report's sections "Competitive strengths and market entry barriers" as well as "Compliance and sustainability report" and "Non-financial declaration" as well as the legal representatives' compliance statement contained in the consolidated management report's section "Other legally required disclosures".

According to our assessment based on our audit's findings,

- the attached consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the additional legal requirements pursuant to Art. 315e Sec. 1 HGB (German Commercial Code) and provides, in compliance with these requirements, a true and fair view of the Group's assets and financial position as of December 31, 2020, and of its profit situation for the fiscal year from January 1, 2020 through December 31, 2020; and
- the attached consolidated management report as a whole provides a true and fair view of the Group's position. In all material respects, this consolidated management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development. Our audit opinion on the consolidated management report does not cover the content of the aforementioned legal representatives' compliance statement and the presentation in the consolidated management report's sections "Competitive strengths and market entry barriers", "Compliance and sustainability report" and "Non-financial declaration".

Pursuant to Art. 322 Sec. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the consolidated financial statements' and the consolidated management report's legal compliance.

Basis for our audit opinions

We have conducted our audit of the consolidated financial statements and of the consolidated management report in accordance with Art. 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for the Audit of Financial Statements issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer "IDW"). Our responsibilities under these requirements and principles are further described in our audit certificate's section "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Consolidated Management Report". We are independent of the Group companies in accordance with the requirements pursuant to European law as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 Sec. 2 lit. f of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 Sec. 1 of the EU Audit Regulation. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions on the consolidated financial statements and on the consolidated management report.

Key audit matters in connection with the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from January 1, 2020 through December 31, 2020. These matters have been taken into account in connection with our audit of the consolidated financial statements as a whole, and in forming our audit opinion related herewith; we do not express a separate audit opinion on these matters.

From our perspective, the following matters were of most significance during our audit:

- Valuation of goodwill
- Valuation of inventories

We have structured our presentation of these key audit matters as follows:

1.) Facts and problems
2.) Audit approach and findings
3.) Reference to further information

In the following, we will present these key audit matters:

A. Valuation of goodwill

1.) Ringmetall AG's consolidated financial statements include goodwill in the amount of KEUR 32,300. The goodwill's share in total assets amounts to 31.2 % and has as such a significant influence on the Group's assets.

The Group values goodwill at acquisition costs less required depreciations, if applicable. The Group examines the goodwill's recoverability on an annual basis. For this purpose, it calculates the cash-generating units' use values on the basis of a discounted cash-flow procedure. A possibly required depreciation highly depends on the legal representatives' assessment of the respective cash-generating units' future cash flows. There is discretionary scope, in particular in connection with the goodwill's allocation to the respective cash-generating units, the underlying planning and the determination of the applied discount rates.

2.) We assessed the methodology used to perform the impairment tests on the basis of the provisions pursuant to IAS 36 and verified the mathematical accuracy of the valuation model used. As part of the audit of the individual use value calculations, we verified the main underlying assumptions. In particular, we conducted interviews and reviewed Supervisory Board minutes. We assessed the discount rates applied with the involvement of valuation experts. We assessed the allocation of goodwill to individual cash-generating units mainly on the basis of internal reporting and interviews. Overall, the audit procedures described and other procedures performed enabled us to satisfy ourselves that the valuation of goodwill in the consolidated financial statements was appropriate.

3.) Ringmetall's information on the accounting of goodwill is contained in Section "6.9. C. Goodwill" under "Significant accounting and valuation methods", no. 13 "Goodwill", and No. 14 "Intangible assets and goodwill" in the consolidated notes.

B. Valuation of inventories

1.) As a manufacturing group, Ringmetall AG's consolidated financial statements show inventories in the amount of KEUR 12,202. They are of major importance for an assessment of the Group's assets, financial position and profit situation.

Ringmetall AG valuates inventories at acquisition or manufacturing costs or the lower net realizable value. In this context, the inventories' acquisition or manufacturing costs are determined according to the average cost method. Manufacturing costs include directly attributable direct costs and overheads. Manufacturing costs are determined with the systems applied in the respective companies and on the basis of group-wide uniform valuation specifications. The net realizable value is the inventories' estimated sales price less estimated expenses yet required for completion and sale.

As of the balance sheet date, manufacturing costs are compared with the respective net realizable value and the Group recognizes the lower of both values.

2.) Within the scope of our audit, we interviewed the persons responsible for determining the manufacturing costs and any valuation allowances and recorded the process. We examined individual controls identified within the process on the basis of random samples with regard to their effectiveness in a specific period. For the costs included, we examined whether they were in line with the components to be included in accordance with IAS 2. We examined the plausibility of the overhead rates applied and the assumptions made. Based on the audit procedures performed, we conclude that the valuation of inventories is appropriate.

3.) Ringmetall's information on the recognition of inventories are contained in section "6.13. Inventories" under "Significant accounting and valuation methods", and no. 17 "Inventories" in the consolidated notes.

Other information

The legal representatives are responsible for other information. Other information comprises:

- the letter by the Management Board,
- the report by the Supervisory Board,
- the declaration on corporate governance,
- the presentations in the section "Competitive strengths and market entry barriers" in the consolidated management report,
- the presentations in the section "Compliance and sustainability report",
- the presentations in the section "Non-financial declaration",
- the responsibility statement by the legal representatives.

Our audit opinions on the consolidated financial statements and on the consolidated management report do not cover such other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereupon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to assess whether the other information

- is materially inconsistent with the consolidated financial statements, with the consolidated management report or our knowledge obtained during the audit; or
- otherwise seems to have been materially misstated.

Legal Representatives' and the Supervisory Board's Responsibilities for the Consolidated Financial Statements and the Consolidated Management Report

The legal representatives are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements pursuant to Art. 315e Sec. 1 HGB and that the consolidated financial statements, in compliance with these requirements, provide a true and fair view of the Group's net assets, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have deemed necessary in order to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the going concern principle. Furthermore, they are responsible for financial reporting on a going concern basis unless they intend to liquidate the Group or to discontinue business operations or in case there is no realistic alternative but to do so.

Furthermore, the legal representatives are responsible for the preparation of the consolidated management report that, as a whole, provides a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for such arrangements and measures (systems) they have considered necessary in order to enable the preparation of a consolidated management report in accordance with the applicable German legal requirements and in order to be able to provide sufficient appropriate evidence for the statements made in the consolidated management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for the preparation of the consolidated financial statements and the consolidated management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Consolidated Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the consolidated management report as a whole presents a true and fair view of the Group's position and is, in all material respects, consistent with the consolidated financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development, as well as to issue an audit report that includes our audit opinions on the consolidated financial statements and on the consolidated management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for the Audit of Financial Statements promulgated by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the consolidated management report.

We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the consolidated financial statements and the consolidated management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than for those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- obtain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of arrangements and measures relevant for the audit of the consolidated management report, in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the audit certificate to the related disclosures in the consolidated financial statements or the consolidated management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements, in compliance with IFRS as adopted by the EU and the additional requirements pursuant to Art. 315e Sec. 1 HGB, provide a true and fair view of the Group's net assets, financial position and profit situation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express audit opinions on the consolidated financial statements and on the consolidated management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions;
- evaluate the consolidated management report's consistency with the consolidated financial statements, its conformity with German law, and its presentation of the Group's position;
- perform audit procedures on the prospective information presented by the legal representatives in the consolidated management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and discuss with them all relationships and other matters that may reasonably be expected to affect our independence and, where applicable, the applied safeguards.

From the matters discussed with those charged with governance, we determine those matters that were of most importance in the audit of the current reporting period's consolidated financial statements and are therefore the key audit matters. We describe these matters in our audit certificate unless the matter's public disclosure should be precluded by any law or other regulation.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Note on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and the Consolidated Management Report prepared for the Purposes of Disclosure pursuant to Art. 317 Sec. 3b HGB

Audit opinion

Pursuant to Art. 317 Sec. 3b HGB, we have performed an audit in order to determine with reasonable assurance whether the reproductions of the consolidated financial statements and the consolidated management report (hereinafter also referred to as the "ESEF documents") contained in the file "Ringmetall - 2020-12-31.zip" (SHA256-Hashwert: 7A1EC439B23AD06BB830122A15C7B94692949B42AE3721D32208203CD62C7023)" which is retrievable by the issuer in the protected client portal, and prepared for disclosure purposes comply in all material respects with the requirements pursuant to Art. 328 Sec. 1 HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, such audit extends only to the conversion of the information contained in the consolidated financial statements and the consolidated management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

According to our assessment, the reproductions of the consolidated financial statements and the consolidated management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements pursuant to Art. 328 Sec. 1 HGB. We do not express an audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond the scope of this audit opinion and our audit opinions on the attached consolidated financial statements and the attached consolidated management report for the fiscal year from January 1, 2020 to December 31, 2020 contained in the preceding "Report on the audit of the consolidated financial statements and the group management report".

Basis for our audit opinion

We conducted our audit of the reproductions of the consolidated financial statements and the consolidated management report contained in the above-mentioned attached file in accordance with Art. 317 Sec. 3b HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to Art. 317 Sec. 3b HGB (IDW EPS 410). Our responsibility in accordance with such standard is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice complies with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements to Quality Assurance in Auditing Practice (IDW QS 1).

Legal representatives' and Supervisory Board's responsibilities for the ESEF documents

The Company's legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the consolidated management report in accordance with Art. 328 Sec. 1 sentence 4 no. 1 HGB and for the certification of the consolidated financial statements in accordance with Art. 328 Sec. 1 sentence 4 no. 2 HGB.

Furthermore, the legal representatives are responsible for such internal controls they have deemed necessary in order to enable the preparation of the ESEF documents that are free from any material non-compliance, whether due to fraud or error, with the provisions pursuant to Art. 328 Sec. 1 HGB regarding the electronic reporting format.

The Company's legal representatives are also responsible for submitting the ESEF documents together with the audit certificate and the attached audited consolidated financial statements and audited consolidated management report as well as other documents to be disclosed to the operator of the Federal Gazette.

The Supervisory Board is responsible for monitoring the preparation of the ESEF documents as part of the reporting process.

Auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from any material non-compliance, whether due to fraud or error, with the requirements pursuant to Art. 328 Sec. 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material non-compliance with the requirements pursuant to Art. 328 Sec. 1 HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- obtain an understanding of the internal controls relevant for the audit of the ESEF documents in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls;
- assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended at the reporting date regarding the technical specification for this file;
- assess whether the ESEF documents allow a consistent XHTML reproduction of the audited consolidated financial statements and the audited consolidated management report;
- assess whether the markup of ESEF documents with inline XBRL technology (iXBRL) provides for an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information pursuant to Article 10 EU Audit Regulation

We were elected as group auditors by the Annual General Meeting on August 28, 2020. We were engaged by the Supervisory Board on February 2, 2021. We have served as Ringmetall AG's group auditors without interruption since the fiscal year 2017.

We declare that the audit opinions contained in this audit certificate are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Ms. Alexandra Dittus.

Nuremberg, April 28, 2021

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Edenhofer	Dittus
German CPA	German CPA

DECLARATION OF THE LEGAL REPRESENTATIVES

“We assure to the best of our knowledge that, in accordance with the applicable accounting principles, the financial statements and the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the company or of the group and that the business performance, including the results of operations, in the combined management report, and the position of the company or of the group is presented in such a way as to give a true and fair view and to describe the material opportunities and risks of the anticipated development of the company or the group.“

Munich, April 28, 2021

Christoph Petri
Spokesman of the Management Board

Konstantin Winterstein
Member of the Management Board

ANNUAL FINANCIAL STATEMENTS OF RINGMETALL AG

Balance Sheets

as of 31.12.2020

ASSETS EUR		**31.12.2020**	**31.12.2019**
A. Fixed assets			
I. Intangible assets 1. Purchased concessions, industrial and similar rights and assets and licenses in such rights and assets		1.00	1.00
II. Tangible assets 1. Other equipment, operating and office Equipment		7,177.00	8,726.00
III. Financial assets 1. Shares in affiliated companies		51,367,260.46	45,367,260.46
B. Current assets			
I. Receivables and other assets			
1. Receivables from affiliated companies	19,641,502.64		26,293,832.24
2. Other assets	274,082.59		87,265.16
		19,915,585.23	26,381,097.40
II. Cash-in-hand and bank balances		16,529.65	22,397.39
C. Prepaid expenses		23,832.28	15,161.26
D. Deferred tax assets		550,084.12	682,620.00
		71,880,469.74	**72,477,263.51**

LIABILITIES EUR		**31.12.2020**	**31.12.2019**
A. Equity			
I. Subscribed capital		29,069,040.00	29,069,040.00
II. Capital reserves		17,041,911.50	17,041,911.50
III. Revenue reserves			
1. Legal reserves	1,154,800.00		1,154,800.00
2. Other revenue reserves	1,727,585.77		1,727,585.77
		2,882,385.77	2,882,385.77
IV. Net retained profits		13,876,408.97	13,567,546.91
B. Provisions			
1. Tax provisions	0.00		10,212.39
2. Other provisions	1,100,550.00		699,100.00
		1,100,550.00	709,312.39
C. Liabilities			
1. Liabilities to banks	7,790,796.76		8,385,183.28
2. Trade payables	94,836.36		115,116.64
3. Other Liabilities	24,540.38		706,767.02
		7,910,173.50	**9,207,066.94**
		71,880,469.74	**72,477,263.51**

Profit and Loss Statement

as of 31.12.2020

PROFIT & LOSS STATEMENT EUR		**2020**	2019
1. Sales		771,936.00	1,110,000.00
2. Operating Result		771,936.00	1,110,000.00
3. Other operating income		33,417.66	46,968.42
4. Personnel expenses			
a) Wages and salaries	-1,206,124.83		-1,167,389.64
b) Social security, post-employment and other employee benefit costs	-77,508.89		-68,796.97
		-1,283,633.72	-1,236,186.61
5. Depreciation			
a) of intangible and tangible fixed assets		-4,209.51	-3,852.90
6. Other operating expenses		-1,422,344.14	-1,583,260.41
7. Income from investments		0.00	340,000.00
8. Arofits received under profit-pooling, profit transfer or partial profit transfer agreements		4,307,624.61	3,602,690.54
9. Other interest and similar income		79,196.88	246,081.97
10. Interest and similar expenses		-301,982.29	-163,571.72
11. Taxes on income		-126,360.03	547,323.29
12. Earnings after taxes		**2,053,645.46**	**2,906,192.58**
13. Other taxes		-641.00	2,772.00
14. Net income for the year		**2,053,004.46**	**2,908,964.58**
15.Retained profits brought forward from the previous year		11,823,404.51	10,658,582.33
16. Net retained profits		**13,876,408.97**	**13,567,546.91**

NOTES TO THE FINANCIAL STATEMENTS FOR FISCAL YEAR 2020

I. PRELIMINARY NOTE

The annual financial statements of Ringmetall Aktiengesellschaft, Munich, as of 31 December 2020, and the combined management report for the period from January 1, 2020 to 31 December 2020, have been prepared in accordance with the provisions of German commercial law pursuant to Sections 242 et seq. HGB, taking into account the supplementary provisions for large corporations. As a capital market-oriented company within the meaning of Section 264d HGB, the Company is deemed to be a large company pursuant to Section 267 (3) sentence 2 HGB. In addition, the provisions of the German Stock Corporation Act have been observed. The Company is registered with the Munich Local Court under the commercial register number HRB 118683. The annual financial statements have been prepared on a going concern basis.

II. ACCOUNTING AND VALUATION PRINCIPLES

Intangible assets and property, plant and equipment acquired for consideration were measured at cost less depreciation and amortization based on use.

Financial assets only include shares in affiliated companies. They are measured at the lower of cost or fair value due to expected permanent impairment. If the value of financial assets increases as a result of an impairment loss, the impairment loss is reversed up to a maximum of the cost of acquisition.

Receivables and other assets are measured at their nominal amount. Receivables are valued taking into account all identifiable risks.

Cash and cash equivalents are stated at their nominal amount.

Prepaid expenses relate to expenditures prior to the balance sheet date which represent expenses for a certain period after this date. They are reversed on a straight-line basis in accordance with the passage of time.

Deferred taxes

Deferred taxes result from timing differences in valuation between the commercial and tax balance sheets. The capitalization also takes into account existing corporate income tax and trade tax loss carryforwards that are expected to be realized within the next five years.

In order to determine deferred tax assets, assumptions have to be made regarding future taxable income and the timing of the realization of the deferred tax assets. For this purpose, the planned operating business results and the effects on earnings of the reversal of taxable temporary differences are taken into account. However, as future business developments are uncertain and in some cases cannot be influenced by Ringmetall, the measurement of deferred taxes is subject to uncertainty.

The deferred tax assets, which represent future tax relief, result from loss carryforwards.

The deferred tax liabilities, which represent a future tax burden, result from the balance sheet item non-current assets.

Deferred tax assets and liabilities are recognized on a net basis. Deferred tax assets amount to EUR 550 thousand (2019: EUR 692 thousand) and deferred tax liabilities amount to EUR 0 thousand (2019: EUR 9 thousand).

The tax rate applied to deferred taxes is 32.975 percent in total for corporate income tax, solidarity surcharge and trade tax.

Equity is recognized at its nominal amount. It consists of subscribed capital, additional paid-in capital, retained earnings and unappropriated profit.

Accruals take account of all identifiable risks and uncertain obligations on the basis of prudent business judgment at the necessary settlement amount.

Liabilities are stated at the settlement amount.

With regard to foreign currency translation, it should be noted that the assets and liabilities concerned are translated at the respective mean spot exchange rate at the time of valuation. Subsequent measurement of assets and liabilities denominated in foreign currencies with a remaining term of more than one year is carried out at the closing date in accordance with the imparity principle, according to which exchange rate losses are expensed and exchange rate gains are not recognized.

In preparing the financial statements, assumptions and estimates have been made which have affected the recognition, presentation and measurement of the assets, liabilities and expenses reported. The underlying assumptions and estimates mainly relate to the measurement of financial assets, the calculation of deferred taxes and the measurement of provisions.

III. INFORMATION ON CERTAIN BALANCE SHEET ITEMS AND ON THE PROFIT AND LOSS ACCOUNT

Fixed assets

The breakdown and development of fixed assets and depreciation and amortization for the financial year are shown in the statement of changes in fixed assets (appendix to the notes). The list of shareholdings pursuant to Section 285 No. 11 HGB in conjunction with Section 16 (4) AktG is presented in a separate annex.

Affiliation

Receivables from affiliated companies represent trade receivables in the amount of EUR 486 thousand (2019: EUR 499 thousand) and other assets in the amount of EUR 19,156 thousand (2019: EUR 25,795 thousand). They have a remaining term of up to one year.

Shareholders’ equity

The share capital amounts to EUR 29,069,040.00 and is divided into 29,069,040 no-par value bearer shares (one no-par value share thus corresponds to an arithmetical share in the share capital of EUR 1.00 each). In the 2018 financial year, the share capital was increased by EUR 1,384,240.00 from EUR 27,684,800.00 to EUR 29,069,040.00 by resolution of the Supervisory Board on 14 August 2018 in accordance with Section 5 of the Articles of Association (Share Capital, Authorized Capital). 1,384,240 no-par value bearer shares with a notional interest in the share capital of EUR 1.00 were issued.

At the Annual General Meeting on 31 August 2015, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by a total of up to EUR 3,120,000.00 by issuing new no-par value bearer shares (ordinary shares) on one or more occasions in return for cash contributions and/or contributions in kind, whereby shareholders’ subscription rights may be excluded (Authorized Capital 2015/I). The Authorized Capital of 31 August 2015 (Authorized Capital 2015/I) still amounts to EUR 832,000.00 after partial utilization. This amount was not utilized.

At the Annual General Meeting on 30 August 2016, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital by a total of up to EUR 3,432,000.00 against cash contributions and/or contributions in kind until 31 July 2021, whereby shareholders’ subscription rights may be excluded (Authorized Capital 2016/I). The Authorized Capital of 30 August 2016 (Authorized Capital 2016/I) still amounts to EUR 915,200.00 after partial utilization.

At the Annual General Meeting on 30 August 2018, the Management Board was authorized until 31 July 2023, with the approval of the Supervisory Board, to increase the share capital by up to EUR 3,975,200.00 in exchange for cash contributions and/or contributions in kind, whereby shareholders’ subscription rights may be excluded (Authorized Capital 2018/I).

The **capital reserve** results from gains on disposals of treasury shares and the premium from capital increases.

The retained earnings 2020 developed as follows:

EUR	31.12.2020
Profit carryforward	13,567,546.91
Profit carryforward	-1,744,142.40
Net income	2,053,004.46
Balance sheet profit	**13,876,408.97**

On 28 August 2020, the Annual General Meeting resolved to appropriate the retained earnings for 2019 in the amount of EUR 13,568 thousand as follows: Distribution of a dividend of 6 cents per no-par share. Total distribution in the amount of EUR 1,744 thousand. The remaining retained earnings of EUR 11,823 thousand were carried forward to new account.

As of the balance sheet date, there are amounts blocked from distribution in the amount of EUR 550 thousand, which relate exclusively to deferred tax assets.

Accruals

Other accruals mainly include personnel costs and expenses for auditing and financial statement costs.

Liabilities

The maturities of liabilities are shown in the following schedule of liabilities:

Type of liability as of 31.12.2020 EUR		Amount	thereof with a remaining maturity up to 1 year	thereof with a remaining maturity more than 5 years
To banks	**2020**	**7,790,796.76**	**7,790,796.76**	**0.00**
	2019	8,385,183.28	8,385,183.28	0.00
From trade payables	**2020**	**94,836.36**	**94,836.36**	**0.00**
	2019	115,116.64	115,116.64	0.00
Other liabilities	**2020**	**24,540.38**	**24,540.38**	**0.00**
	2019	706,767.02	706,767.02	0.00
Total	**2020**	**7,910,173.50**	**7,910,173.50**	**0.00**
	2019	9,207,066.94	9,207,066.94	0.00

Other liabilities include liabilities from taxes in the amount of EUR 22 thousand (2019: EUR 703 thousand).

As in the previous year, **revenues** were generated exclusively in Germany.

Other operating income includes **income relating to other periods**, mainly resulting from the reimbursement of costs from previous years, in the amount of EUR 1 thousand (2019: EUR 0 thousand).

Other operating expenses include **expenses relating to other periods**, mainly resulting from costs relating to the previous year, in the amount of EUR 2 thousand (2019: EUR 1 thousand)..

Currency translation

Other operating income includes income from currency translation in the amount of EUR 0 thousand (2019: EUR 0 thousand). Other operating expenses do not include any expenses from currency translation (2019: EUR 0 thousand).

Income from profit and loss transfer agreements

Income from profit and loss transfer agreements relates to the profit transfer of August Berger Metallwarenfabrik GmbH, Berg.

Interest income

Interest income includes interest from affiliated companies in the amount of EUR 72 thousand (2019: EUR 244 thousand).

Write-downs on financial assets and on marketable securities in the amount of EUR 0 thousand (2019: EUR 0 thousand) relate to shares in affiliated companies.

Interest expenses

Interest expenses include interest to affiliated companies in the amount of EUR 0 thousand (2019: EUR 0 thousand).

Taxes on income and earnings

Income taxes include expenses from deferred taxes in the amount of EUR 133 thousand (2019: income EUR 400 thousand).

IV. OTHER DISCLOSURES

Contingent liabilities

Contingent liabilities pursuant to Section 251 of the German Commercial Code (HGB) exist for liabilities arising from guarantee agreements with banks for affiliated companies in the amount of EUR 25,000 thousand. Based on the current net assets, financial position and results of operations, as well as future planning, no utilization of these contingent liabilities is expected.

Other financial obligations

Other financial obligations result from continuing obligations (rental and leasing transactions) with an expense p.a. of EUR 46 thousand. The total obligation until the end of the term amounts to EUR 57 thousand. The rental and leasing transactions serve to improve the liquidity situation and the equity ratio. These are also the main advantages of the business. Risks exist in the contractual obligations arising from the agreements, as any significant technical progress in the leased and rented assets cannot be compensated for by new acquisitions.

Number of employees

The average number of employees employed on a commercial basis during the fiscal year is 6 (2019: 4 employees).

Corporate bodies

MANAGEMENT BOARD EUR '000	Profession	Total remuneration in 2020	thereof not performance-related	thereof performance-related
Mr. Christoph Petri (Spokesman of the Management Board)	Merchant	355	236	119
Mr. Konstantin Winterstein	Engineer	355	236	119
Total remuneration		**710**	**472**	**238**

The members of the Management Board, Christoph Petri and Konstantin Winterstein are members of the administrative and supervisory bodies of the following companies and enterprises:

Christoph Petri:
Supervisory Board of Montega AG

Konstantin Winterstein:
Supervisory Board of Clariant AG, Switzerland

Supervisory Board EUR '000		Main Profession	Remuneration in 2020	Membership in other supervisory boards / controlling boards
Klaus F. Jaenecke	Chairman	Managing Director of Jaenecke & Cie. GmbH & Co. KG, Munich	60	Hansgrohe SE, Schiltach Wintersteiger AG, Ried im Innkreis, Austria
Markus Wenner	Deputy Chairman	Managing Director of GCI Management Consulting GmbH and of MuM Industriebeteiligungen GmbH, Wuppertal	40	Traumhaus AG, Wiesbaden Wolftank Adisa Holding AG, Innsbruck, Austria TeleService Holding AG, Munich aifinyo AG, Dresden Value-Holdings Capital Partners AG, Gersthofen Metriopharm AG, Zurich, Switzerland
Ralph Heuwing		Partner und Head of DACH der int. Private Equity Gesellschaft PAI Partners, Munich	30	Hoberg & Driesch GmbH, Düsseldorf, Member of the Shareholders' Committee Hoberg & Driesch GmbH & Co. KG Röhrengroßhandel Hoberg und Driesch Beteiligungs GmbH, Düsseldorf, Member of the Advisory Boards Chiron Group SE, Tuttlingen, Verwaltungsratsmitglied Chiron-Werke GmbH & Co. KG Chiron-Werke Beteiligungsgesellschaft mbH, Tuttlingen, Member of the Advisory Boards

Auditor’s fee

The fee charged by the auditor for the financial year for the audit of the financial statements as of 31 December 2020 and the subsequent charges from the previous year total EUR 181 thousand (2019: EUR 31 thousand).

Consolidated Financial Statements

As the parent company, Ringmetall Aktiengesellschaft, Munich, prepares the consolidated financial statements for the largest and smallest group of companies. They are submitted to the operator of the electronic Federal Gazette and published in the electronic Federal Gazette.

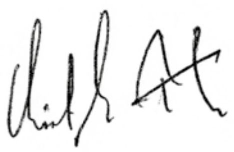
Proposal for the appropriation of earnings

The Supervisory Board and Executive Board propose to distribute a dividend of 6 cents per share from the unappropriated net income of the Company and to carry forward the remaining amount.

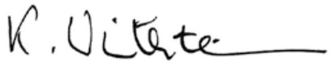
Corporate Governance – Declaration on corporate governance pursuant to arts. 289f HGB, 161 AktG

The corporate governance statement (§ 289a HGB) includes the declaration of conformity with the German Corporate Governance Code, information on corporate governance practices and a description of the working methods of the Executive Board and Supervisory Board. The statements in this regard have been made permanently available on the Company’s website at www.ringmetall.de/investor-relations/corporate-governace. A separate presentation in the combined management report has therefore been dispensed with.

Munich, April 28, 2021



Christoph Petri
Spokesman of the
Management Board



Konstantin Winterstein
Member of the
Management Board

Business Interests

as of 31.12.2020

	Location	Country	Share in capital (%)		Equity kEUR	Net result kEUR
Inland						
August Berger Metallwarenfabrik GmbH	Berg	Germany	100.00		16,007	0
Fieder Verwaltungs GmbH	Munich	Germany	100.00		-11	-3
Fidum Verwaltungs GmbH	Munich	Germany	100.00		18,408	-624
Latza GmbH	Attendorn	Germany	100.00	1)	1,259	177
HSM GmbH & Co. KG	Ernsgaden	Germany	100.00		220	-507
HSM Verwaltungs GmbH	Ernsgaden	Germany	100.00		58	3
Nittel Halle GmbH	Halle (Saale)	Germany	100.00	3)	5,738	0
Tesseraux Spezialverpackungen GmbH	Bürstadt	Germany	100.00	3)	2,700	158
Abroad						
Berger Closures Limited	Peterlee	Great Britain	75.57	1)	1,313	692
Hollandring B.V.	Vaassen	Netherlands	100.00	1)	182	-3
Berger Group Europe Iberica, S.L.	Reus	Spain	100.00	1)	1,127	230
Cemsan Metal Parts Manufacturing Industry Trade Ltd. Company	Gebze-Kocaeli	Turkey	100.00	1)	-1,622	-901
S.G.T. S.r.l.	Albavilla	Italy	80.00	1)	2,245	984
Berger Closing Rings (Changshu) Co., Ltd.	Changshu	China	80.00	1), 4)	397	-87
Berger Italia S.r.l.	Valmadrera	Italy	100.00	1)	4,510	1,034
Berger Group US Inc. (formerly Berger US Inc.)	Birmingham	USA	100.00	1)	11,805	0
Berger US Inc. (formerly Self Industries Inc.)	Birmingham	USA	100.00	1), 2)	12,287	2,104
Berger Hong Kong Limited	Hong Kong	China	80.00	1)	1,300	-1
Nittel UK Ltd.	Southport	Great Britain	50.00	3)	157	58
Nittel B.V.	Moerdjik	Netherlands	80.00	3)	440	126
Nittel France SARL	Merignac	France	80.00	3)	195	-6

1) held indirectly via August Berger Metallwarenfabrik GmbH
2) held indirectly via Berger US Inc.
3) held indirectly via Fidum Verwaltungs GmbH
4) held indirectly via Berger Hong Kong Limited

The currency translation for the companies was as follows:

	Currency	EURO
Berger Closures Limited und Nittel UK Ltd.		
Equity at average exchange rate:	1 GBP	= 1.10543 EUR
Net income for the year at year's average exchange rate:	1 GBP	= 1.12459 EUR
Cemsan Metal Parts Manufacturing Industry Trade Ltd. Company		
Equity at average exchange rate:	1 TRY	= 0.11049 EUR
Net income for the year's average exchange rate:	1 TRY	= 1.12432 EUR
Berger Closing Rings (Changshu) Co. Ltd.		
Equity at average exchange rate:	1 CNY	= 1.12476 EUR
Net income for the year at year's average exchange rate:	1 CNY	= 1.12705 EUR
Berger US Inc. (formerly Self Industries Inc.) and Berger Hong Kong Limited		
Equity at average exchange rate:	1 USD	= 0.81412 EUR
Net income for the year at year's average exchange rate:	1 USD	= 0.87621 EUR

Development of Capital Assets

in the financial year 2020

CAPITAL ASSETS EUR	Acquisition cost / Production costs			
	As of 01.01.2020	Additions	Disposals	As of 31.12.2020
I. Intangible assets				
Purchased licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	10,640.00	0.00	0.00	10,640.00
Total intangible assets	**10,640.00**	**0.00**	**0.00**	**10,640.00**
II. Property, plant and equipment				
Other plant, factory and office equipment	31,108.13	2,660.51	0.00	33,768.64
Total property, plant and equipment	**31,108.13**	**2,660.51**	**0.00**	**33,768.64**
III. Investments				
1. Shares in affiliated companies	47,595,300.23	6,000,000.00	0.00	53,595,300.23
Total financial assets	**47,595,300.23**	**6,000,000.00**	**0.00**	**53,595,300.23**
Total capital assets	**47,637,048.36**	**6,002,660.51**	**0.00**	**53,639,708.87**

Depreciations				Book values	
As of 01.01.2020	Additions	Disposals	As of 31.12.2020	As of 31.12.2020	As of 31.12.2019
10,639.00	0.00	0.00	10,639.00	1.00	1.00
10,639.00	**0.00**	**0.00**	**10,639.00**	**1.00**	**1.00**
22,382.13	4,209.51	0.00	26,591.64	7,177.00	8,726.00
22,382.13	**4,209.51**	**0.00**	**26,591.64**	**7,177.00**	**8,726.00**
2,228,039.77	0.00	0.00	2,228,039.77	51,367,260.46	45,367,260.46
2,228,039.77	**0.00**	**0.00**	**2,228,039.77**	**51,367,260.46**	**45,367,260.46**
2,261,060.90	**4,209.51**	**0.00**	**2,265,270.41**	**51,374,438.46**	**45,375,987.46**

Independent auditor's certificate

To Ringmetall AG, Munich

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

Audit opinions

We have audited Ringmetall AG's annual financial statements – comprising the balance sheet as of December 31, 2020 and the income statement for the fiscal year from January 1, 2020 through December 31, 2020 as well as the notes to the annual financial statements, including a presentation of accounting and valuation methods. Furthermore, we have audited Ringmetall AG's consolidated management report for the fiscal year from January 1, 2020 through December 31, 2020. In accordance with German legal requirements, we have not audited the presentations contained in the consolidated management report's sections "Competitive strengths and market entry barriers" as well as "Compliance and sustainability report" and "Non-financial declaration", the statement on corporate governance contained in the consolidated management report's section "Other legally required information" as well as the legal representatives' responsibility statement contained in the consolidated management report's section "Legal representatives' responsibility statement".

According to our assessment based on our audit's findings,

- the attached annual financial statements comply, in all material respects, with the requirements pursuant to German commercial law as applicable to corporations and provide, in compliance with German generally accepted accounting principles, a true and fair view of the Company's assets and financial position as of December 31, 2020, and of its profit situation for the fiscal year from January 1, 2020 through December 31, 2020; and
- the attached consolidated management report as a whole provides a true and fair view of the Group's position. In all material respects, this consolidated management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of the Group's future development. Our audit opinion on the consolidated management report does not cover the content of the aforementioned presentations contained in the consolidated management report's sections "Competitive strengths and market entry barriers" as well as "Compliance and sustainability report" and "Non-financial declaration", the statement on corporate governance contained in the consolidated management report's section "Other legally required information" as well as the legal representatives' responsibility statement contained in the consolidated management report's section "Legal representatives' responsibility statement".

Pursuant to Art. 322 Sec. 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the annual financial statements' and the consolidated management report's legal compliance.

Basis for our audit opinions

We have conducted our audit of the annual financial statements and of the consolidated management report in accordance with Art. 317 HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for the Audit of Financial Statements issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer "IDW"). Our responsibilities under these requirements and principles are further described in our audit certificate's section "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Consolidated Management Report". We are independent of the Company in accordance with the requirements pursuant to European law as well as German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 Sec. 2 lit. f of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 Sec. 1 of the EU Audit Regulation. We believe the audit evidence we have obtained is sufficient and appropriate in order to provide a basis for our audit opinions on the annual financial statements and on the consolidated management report.

Key audit matters in connection with the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1, 2020 through December 31, 2020. These matters have been taken into account in connection with our audit of the annual financial statements as a whole, and in forming our audit opinion related herewith; we do not express a separate audit opinion on these matters.

From our perspective, the following matters were of most significance during our audit:

• Valuation of shares in affiliated companies
• Recognition and valuation of receivables from affiliated companies

We have structured our presentation of these key audit matters as follows:

1.) Facts and problems
2.) Audit approach and findings
3.) Reference to further information

In the following, we will present these key audit matters:

A. Valuation of shares in affiliated companies

1.) In the annual financial statements, shares in affiliated companies in the amount of KEUR 51,367 are reported under the balance sheet item "financial assets". This corresponds to 71.5 % of net assets. In light of this and due to the overall significant effects of the financial assets' depreciations on Ringmetall AG's assets, financial position and profit situation, the valuation of shares in affiliated companies was of particular importance within the scope of our audit. Ringmetall AG subjects all shares in affiliated companies to an annual impairment test in order to identify and determine any potential need for depreciations due to permanent impairment. The impairment test is performed at the level of the respective legal entity. For this purpose, Ringmetall AG first determines an overall enterprise value using the discounted cash flow (DCF) method on the basis of earnings and cash flow forecasts, which are based on a one-year detailed plan with simplified projection for the next four financial years and the perpetual annuity (terminal value). The enterprise value adjusted for debt is subsequently compared with the relevant carrying amount. If the enterprise value is at least equal to the carrying amount, financial assets are not revalued. If it is below the carrying amount, the carrying amount is depreciated to the lower enterprise value. For impairment losses recognized in the past, an annual review is performed on the same basis in order to determine whether a corresponding appreciation is required. The outcome of these valuations is highly dependent on the legal representatives' estimate of the respective customer relationships' future cash inflows, as well as on the discount rates used in each case. The valuation is therefore subject to significant uncertainties.

2.) Within the scope of our audit of the financial assets' valuation, we examined, inter alia, the methodological approach to the impairment test and the calculation of the future cash flows' or enterprise values' present value. In doing so, we critically assessed the valuation's underlying parameters and the planning and checked their plausibility, and computationally verified the result. In our opinion, the valuation parameters and assumptions applied by the legal representatives, taking into account the available information, are all in all suitable for the examination of the financial assets' valuation. In our view, the underlying data and parameters provide an appropriate basis for identifying a possible need for depreciation.

3.) The Company's information on financial assets is contained in the notes' section "Accounting and valuation principles" as well as the section "Notes on certain balance sheet items and on the income statement" and in the assets analysis.

B. Recognition and valuation of receivables from affiliated companies

1.) The Company's annual financial statements include receivables from affiliated companies in the amount of KEUR 19,642 which corresponds to 27.3 % of net assets. As such, receivables from affiliated companies constitute a material part of net assets. The assessment of the affiliated companies' creditworthiness and a comprehensive consideration of the related evaluation of the affiliated companies' economic development, which is largely discretionary, is therefore of major importance within the scope of the valuation of receivables from affiliated companies and as such of particular importance in Ringmetall AG's annual financial statements. In our opinion, this fact is of particular importance for the audit.

2.) Within the scope of our audit, we first examined the process of verifying the identity of the balances and then, through audit procedures based upon information provided to us, the reported receivables' consistency with the respective affiliated companies' corresponding liabilities. In addition, we verified the credit assessment based on the respective subsidiary's corporate planning and critically assessed the underlying planning and assumptions of such planning. We also applied our auditor's judgment in identifying potentially risky receivables. We consider the processes and assumptions made for the valuation of receivables from affiliated companies to be appropriate.

3.) The Company's information on receivables from affiliated companies are contained in the notes' section "Notes on certain balance sheet items and on the income statement".

Other information

The legal representatives and the Supervisory Board are responsible for other information. Other information comprises:

- the report by the Management Board,
- the report by the Supervisory Board,
- the declaration on corporate governance,
- the presentations in the section "Competitive strengths and market entry barriers" in the consolidated management report,
- the presentations in the section "Compliance and sustainability report",
- the presentations in the section "Non-financial declaration",
- the responsibility statement made by the legal representatives, pursuant to Art. 264 Sec. 2 sentence 3 HGB to the best of their knowledge, that the annual financial statements provide a true and fair view of the asses, financial position and profit situation,
- but not the annual financial statements, the notes' statements audited as to their content, and our related audit certificate.

Our audit opinions on the annual financial statements and on the consolidated management report do not cover such other information, and consequently we do not express an audit opinion or any other form of audit conclusion thereupon.

In connection with our audit, our responsibility is to read the other information and, in doing so, to assess whether the other information

- is materially inconsistent with the annual financial statements, with the consolidated management report or our knowledge obtained during the audit; or
- otherwise seems to have been materially misstated.

Legal Representatives' and the Supervisory Board's Responsibilities for the Annual Financial Statements and the Consolidated Management Report

The legal representatives are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements pursuant to German commercial law and that the annual financial statements, in compliance with German generally accepted accounting standards, provide a true and fair view of the Company's net assets, financial position, and profit situation. Furthermore, the legal representatives are responsible for such internal controls they have, in accordance with German generally accepted accounting standards, deemed necessary in order to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

When preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility to disclose, as applicable, matters related to the going concern principle. Furthermore, they are responsible for financial reporting on a going concern basis unless otherwise required due to actual or legal circumstances.

Furthermore, the legal representatives are responsible for the preparation of the consolidated management report that, as a whole, provides a true and fair view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for such arrangements and measures (systems) they have considered necessary in order to enable the preparation of a consolidated management report in accordance with the applicable German legal requirements and in order to be able to provide sufficient appropriate evidence for the statements made in the consolidated management report.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED MANAGEMENT REPORT

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the consolidated management report as a whole presents a true and fair view of the Company's position and is, in all material respects, consistent with the annual financial statements and the knowledge obtained during our audit, complies with German legal requirements and appropriately presents the opportunities and risks of the Company's future development, as well as to issue an audit report that includes our audit opinions on the annual financial statements and on the consolidated management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Art. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for the Audit of Financial Statements promulgated by the IDW will always detect any material misstatement. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and the consolidated management report.

We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material misstatements in the annual financial statements and the consolidated management report, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting any material misstatements resulting from fraud is higher than for those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- obtain an understanding of the internal control system relevant for the audit of the annual financial statements and of arrangements and measures relevant for the audit of the consolidated management report, in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems;
- evaluate the appropriateness of accounting methods applied by the legal representatives and the reasonableness of estimates made by the legal representatives as well as the related disclosures;
- draw conclusions on the appropriateness of the going concern principle applied by the legal representatives and, based on the audit evidence obtained, whether there is a material uncertainty in connection with events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in the audit certificate to the related disclosures in the annual financial statements or the consolidated management report or, if such disclosures are inadequate, to modify our respective audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit certificate. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements, in compliance with German generally accepted accounting principles, provide a true and fair view of the Company's net assets, financial position and profit situation;
- evaluate the consolidated management report's consistency with the annual financial statements, its conformity with German law, and its presentation of the Company's position;
- perform audit procedures on the prospective information presented by the legal representatives in the consolidated management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that may reasonably be expected to affect our independence and, where applicable, the applied safeguards.

From the matters discussed with those charged with governance, we determine those matters that were of most importance in the audit of the current reporting period's annual financial statements and are therefore the key audit matters. We describe these matters in our audit certificate unless the matter's public disclosure should be precluded by any law or other regulation.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Note on the Audit of the Electronic Reproductions of the Annual Financial Statements and the Consolidated Management Report prepared for the Purposes of Disclosure pursuant to Art. 317 Sec. 3b HGB

Audit opinion

Pursuant to Art. 317 Sec. 3b HGB, we have performed an audit in order to determine with reasonable assurance whether the reproductions of the annual financial statements and the consolidated management report (hereinafter also referred to as the "ESEF documents") contained in the file "Ringmetall AG -2020-12-31.zip" (SHA256-Hashwert: 8FBFF373B9C6CDBE137C20D67E7FA81F4BDDF8C7E52CBF746BA02659B7E5DF8A)" which is retrievable by the issuer in the protected client portal, and prepared for disclosure purposes comply in all material respects with the requirements pursuant to Art. 328 Sec. 1 HGB regarding the electronic reporting format ("ESEF format"). In accordance with German legal requirements, such audit extends only to the conversion of the information contained in the annual financial statements and the consolidated management report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

According to our assessment, the reproductions of the annual financial statements and the consolidated management report contained in the aforementioned attached file and prepared for disclosure purposes comply, in all material respects, with the electronic reporting format requirements pursuant to Art. 328 Sec. 1 HGB. We do not express an audit opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file beyond the scope of this audit opinion and our audit opinions on the attached annual financial statements and the attached consolidated management report for the fiscal year from January 1, 2020 to December 31, 2020 contained in the preceding "Report on the audit of the annual financial statements and the group management report".

Basis for our audit opinion

We conducted our audit of the reproductions of the annual financial statements and the consolidated management report contained in the above-mentioned attached file in accordance with Art. 317 Sec. 3b HGB and in compliance with the draft IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for the Purpose of Disclosure pursuant to Art. 317 Sec. 3b HGB (IDW EPS 410). Our responsibility in accordance with such standard is further described in the section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice complies with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements to Quality Assurance in Auditing Practice (IDW QS 1).

Legal representatives' and Supervisory Board's responsibilities for the ESEF documents

The Company's legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the annual financial statements and the consolidated management report in accordance with Art. 328 Sec. 1 sentence 4 no. 1 HGB.

Furthermore, the Company's legal representatives are responsible for such internal controls they have deemed necessary in order to enable the preparation of the ESEF documents that are free from any material non-compliance, whether due to fraud or error, with the provisions pursuant to Art. 328 Sec. 1 HGB regarding the electronic reporting format.

The Company's legal representatives are also responsible for submitting the ESEF documents together with the audit certificate and the attached audited annual financial statements and audited consolidated management report as well as other documents to be disclosed to the operator of the Federal Gazette.

The Supervisory Board is responsible for monitoring the preparation of the ESEF documents as part of the reporting process.

Auditor's responsibilities for the audit of the ESEF documents

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from any material non-compliance, whether due to fraud or error, with the requirements pursuant to Art. 328 Sec. 1 HGB. We exercise professional judgment and maintain professional skepticism throughout the entire audit. We also:

- identify and assess the risks of material non-compliance with the requirements pursuant to Art. 328 Sec. 1 HGB, whether due to fraud or error, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion;
- obtain an understanding of the internal controls relevant for the audit of the ESEF documents in order to plan audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls;
- assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the requirements of Delegated Regulation (EU) 2019/815 as amended at the reporting date regarding the technical specification for this file;
- assess whether the ESEF documents allow a consistent XHTML reproduction of the audited annual financial statements and the audited consolidated management report.

Other information pursuant to Article 10 EU Audit Regulation

We were elected as group auditors by the Annual General Meeting on August 28, 2020. We were engaged by the Supervisory Board on February 2, 2021. We have served as Ringmetall AG's group auditors without interruption since the fiscal year 2017.

We declare that the audit opinions contained in this audit certificate are consistent with the additional report to the audit committee pursuant to Article 11 EU Audit Regulation (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Ms. Alexandra Dittus.

Nuremberg, April 28, 2021

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Edenhofer German CPA	Dittus German CPA

SUPPLEMENTARY INFORMATION

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- Federal Ministry for Economic Affairs and Energy - Annual Economic Report 2021
- Deutsche Börse - Price data Ringmetall AG and stock exchange indices
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- Warburg Research GmbH - Equity Research on Ringmetall AG by Analyst Cansu Tatar

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