

**Eisenwerk Erla GmbH
Schwarzenberg**

Management Report and Financial Statements for the
Financial Year from 1 April 2021 to 31 March 2022

Management Report for the Financial Year from 1 April 2021 to 31 March 2022

A. Basis of the company

1. Business model of the company

The company is active in the production and machining of iron castings and develops its own production processes, methods and tools for casting production and mechanical machining.

A wide variety of series products are manufactured for about 100 customers at home and abroad. At the moment, automotive customers are still among the largest clients and dominate the diversity of production. The company plays an important role in the European supply sector, particularly in the area of castings for the entire drive train, and convinces its diverse customers with high quality, development strength and reliability. Increasingly, customers from the agricultural and construction machinery sectors are being served.

The company is characterised by its ability to manufacture very complex and complicated components. In the area of high-temperature and wear-resistant materials, the company was able to convince customers last year of the advantages of a German location for small and medium-sized series. In the field of ductile iron castings, it was possible to win new customers and to inspire them with the production possibilities at the site.

2. Goals and strategies

Eisenwerk Erla GmbH has taken the next and most important step towards a successful future by setting up an in-house automated mechanical machining facility for castings.

Together with the automations and process optimisations in the production area, the company is facing the new challenges on the market. The customers are positive about the new development and are waiting for further activities to expand this competence so that products that can be installed can be supplied from a single source. This will enable cost savings and the expansion of the market position and competitiveness.

In the transition phase, Eisenwerk Erla GmbH will benefit from the special market conditions that have arisen in the automotive industry, as a result of which a number of series orders will be transferred directly from our competitors to our plant.

B. Economic Report

For the situation reports on the global economy, Europe and Germany, we rely on Eurostat, IfW Kiel, ifo Munich, DIW, DIHK, Stat. BA, BMWI, DB Research and the Joint Economic Forecast as well as the opinions of the German Council of Economic Experts. The industry reports are also based on the assessments of the respective industry associations, VDA, VDMA, HDB, WV Stahl, Worldsteel, the Federal Statistical Office and of course the BDG.

1. Macroeconomic and sectoral framework conditions

The year 2021 was another turbulent year for the German economy. In the first half of the year, economic development was still slowed down by the pandemic and its effects. As the year progressed, supply bottlenecks, material shortages and higher energy costs also played an increasing role. As a result of these influences, the price-adjusted gross domestic product rose by 2.7 points compared to the previous year. In addition to the Corona effects, the supply bottlenecks of raw materials burdened global industrial production and world trade. Although German companies' exports abroad increased by 9.4% year-on-year, investment in equipment is recovering only slowly and is expected to grow by 4.1% year-on-year. On average, around 44.9 million people with a place of work in Germany were employed in 2021. According to provisional calculations by the Federal Statistical Office (Destatis), the annual average number of employed persons in 2021 was at the same level (+7,000 persons; 0.0 %) as in the previous year. In 2020, the Corona crisis had ended the increase in employment that had previously lasted for 14 years and led to a decline of 370,000 persons (-0.8 %). The unemployment rate averaged 5.7% in 2021. Due to the prolonged restrictions, the fourth Corona infection wave and the dynamic price level development, real private consumption expenditure did not increase as expected in the annual projection for 2021, but stagnated. ¹

In December 2021, significant production declines due to a lack of availability of preliminary and intermediate products, especially semiconductors, led to a collapse in sales figures in the German passenger car market. While significantly positive growth rates were still achieved in the first half of the year due to the lockdown in the previous year, the entire second half of 2021 was characterised by double-digit percentage declines. In 2021 as a whole, the domestic passenger car market had a volume of 2.6 million passenger cars and was thus 10% below the first corona year 2020.

With 2.6 million new passenger car registrations in 2021, the German automotive sector continued to reach a falling level of -10.3 % compared to 2020. Accordingly, domestic passenger car production in 2021 as a whole, at 3.1 million units, remained significantly below the previous year's corona-induced figure (-12 %) and reached the lowest production volume since 1975. Exports also developed similarly to production: in December, 206,800 passenger cars were delivered to customers from all over the world (-11 %). For the year as a whole, German passenger car exports were also clearly in the red at 2.4 million vehicles (-10%). ²

¹ Annual Economic Report 2022, Federal Ministry for Economic Affairs and Energy

² VDA, annual figures, 05.01.2022

Although the Corona pandemic is still not over, German foundries recorded significant production growth in 2021 compared to the previous year, when the first lockdown shocked the economy. The iron and steel foundries reported a production increase of 15.6 % to 3.138 million tonnes. The non-ferrous metal foundries, on the other hand, registered a growth of 4.8 % with a tonnage of 0.806 million tonnes. In the reporting year 2021, the foundry industry generated EUR 6.421 billion in turnover on the FE side and EUR 5.103 billion on the non-ferrous metal side. Overall, the foundries recorded a growth in turnover of 16.7 %. Capacity utilisation averaged 86.8% in 2021 (value determination at the beginning of the quarter) and was thus, in purely arithmetical terms, significantly higher than the average level of 67.9% in 2020. ³.

2. Business performance

The turnover from April 2021 to March 2022 of EUR 53,752,000 is EUR 2,465,000 or 4.8% higher than the previous year's figure.

In the 2021/2022 business year, all major material prices showed above-average volatility with a dynamic upward trend towards the end of the year. The strategic market of high-temperature resistant materials for the turbocharger industry and the automotive industry in general was on a declining level as planned, with a share of around 67 % of sales in relation to the development of total sales. In the area of agricultural machinery, construction machinery and mechanical engineering, the gradual strategic reorientation of the company towards a broader sales base was realised with nominal and relative growth.

The accumulated incoming orders of the 2021/2022 business year amounting to TEUR 47,954 are TEUR 12,564 below the previous year's values and also below the planned values. The order backlog as of 31 March 2022 of EUR 32,793,000 is EUR 5,811,000 below the previous year's value. The declines are mainly due to a certain degree of uncertainty in the ordering behaviour of customers in the wake of the Russia-Ukraine conflict.

The operating result (EBITDA) amounts to EUR 1,640,000 and, due to the positive development in the 2021/2022 business year, is above the previous year's value (EUR 1,077,000) and at the same time at the planned level.

3. Location

a. Earnings situation

Turnover in the financial year increased to TEUR 53,752 (previous year: TEUR 51,287).

³ Analysis of figures BDGuss Annual Report 2020/2021

Turnover is broken down by regional markets as follows:

	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
	<u>TEUR</u>	<u>TEUR</u>
Domestic	37.200	35.901
EU countries	12.818	15.012
Third country	<u>3.734</u>	<u>374</u>
	<u><u>53.752</u></u>	<u><u>51.287</u></u>

The total operating performance, which is made up of sales revenues, changes in inventories and other operating income, reached a value of TEUR 54,155 after TEUR 51,336 in the previous year.

The cost of materials ratio in relation to total output fell by 1.5 percentage points in the 2021/2022 business year and amounted to 68.9%, which is due in particular to declining expenses for mechanical processing through TIER roll changes in comparison. In absolute terms, the cost of materials increased in line with the development of sales revenues to EUR 37,340,000 in 2021/2022 compared to the previous year (EUR 36,115,000).

Depreciation and amortisation fell by 22.4% to TEUR 792 (previous year: TEUR 1,020) due to the expiry of the useful lives of individual assets under commercial law, which was not compensated for by restrained activities in new investments.

Personnel expenses rose to TEUR 10,514 compared to the previous year (TEUR 9,762). The ratio of personnel expenses to total operating performance increased from 19.0 % in the previous year to 19.4 % in the 2021/2022 business year.

Other operating expenses increased from TEUR 4,382 to TEUR 4,660, which essentially reflects their fixed cost character.

Interest and similar expenses continued to fall and decreased by TEUR 192 to TEUR 369. During the financial year, repayments were made in accordance with the contract, and the variable interest rate structure led to falling costs.

The result after taxes (before other taxes) of EUR 1,064,000 achieved in the financial year is EUR 3,036,000 higher than the result of the previous year (EUR -1,972,000).

b. Financial position

The cash flow statement shows a reduced cash and cash equivalents in the 2021/2022 financial year. The development of the sub-areas is as follows:

	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
	TEUR	TEUR
Cash flow from operating activities	1.158	2.481
Cash flow from investing activities	-323	-107
Cash flow from financing activities	<u>-2.127</u>	<u>-4.741</u>
Change in cash and cash equivalents	-1.292	-2.367
Cash and cash equivalents at the beginning of the period	<u>1.495</u>	<u>3.862</u>
Cash and cash equivalents at the end of the period	<u><u>203</u></u>	<u><u>1.495</u></u>

The cash and cash equivalents shown in the cash flow statement correspond to the cash and cash equivalents less the liabilities due to banks.

On the balance sheet date, the company had committed and unused credit lines of EUR 5.0 million and receivables of EUR 0.2 million, which could be sold at any time with an effect on liquidity due to an existing factoring commitment.

The reduction in cash and cash equivalents is mainly due to the scheduled repayment of liabilities due to banks. Stable inflows from the operating business and restrained investment activities supported the cash flow in the financial year with effects on the respective balance sheet items.

c. Net assets and capital structure

Overall, the balance sheet total as at 31 March 2022 has decreased by EUR 2,624,000 to EUR 31,521,000 compared to the balance sheet date as at 31 March 2021.

The relative share of non-current assets in total assets as of the balance sheet date is 40.1% (previous year: 38.4%), the share of current assets in total assets is 59.9% (previous year: 61.6%).

In the financial year, KEUR 323 was invested in fixed assets. A significant share of this was invested in equipment, tools and devices for the production process in the amount of EUR 173,000 and in various smaller rationalisation measures on production facilities in the amount of EUR 150,000.

Inventories of TEUR 9,876 were further reduced compared to the previous year (TEUR 11,304). Within inventories, the stock of raw materials and supplies increased by KEUR 677. The stock of work in progress and finished goods increased by KEUR 289, which is due to the scheduled adjustment of inventories to the increased business volume at the end of the financial year. Advance payments on inventories were significantly reduced by EUR 2,275,000 to EUR 317,000 in the financial year.

Trade receivables at 31 March 2022 were TEUR 997, TEUR 276 higher than the balance sheet value at 31 March 2021. The balance is mainly dependent on the amount of receivables sold at the balance sheet date.

Equity capital remains constant at TEUR 15,872.

Due to a profit and loss transfer agreement concluded with the parent company JKM Erla Holdings GmbH, the result achieved in the 2021/2022 business year was reported as liabilities to affiliated companies. As of the balance sheet date 31 March 2022, the equity ratio in relation to the balance sheet total under commercial law increased by 3.9 percentage points to 50.4%.

Other provisions increased by EUR 705,000 to EUR 4,589,000, which is primarily due to an increase of EUR 749,000 in provisions for models.

In the course of the 2021/2022 financial year, the liabilities to banks were repaid in accordance with the contract.

4. Financial and non-financial performance indicators

Eisenwerk Erla GmbH uses various financial and non-financial performance indicators, which are continuously reported to the management and serve to monitor and control production and the company.

The most important financial performance indicators are turnover and profit after tax. In addition, the operating result (EBITDA) is also used as a performance indicator. Non-financial performance indicators are of minor importance.

Among other things, quality indicators are part of the non-financial performance indicators. In the past financial year, these were at a constant but high level compared to the same period of the previous year. Due to highly complex geometric casting structures, demanding material variations and further processing steps, this together represents an increasing challenge.

In addition to quality, other indicators are used to make existing process flows measurable and to provide monitoring and control options. These include, for example, man-hour comparisons to evaluate the efficiency of individual production processes; energy consumption indicators to control the melting operation or other important plant areas and material consumption indicators. This covers all essential cost and performance parameters of the foundry.

In order to meet the high demands of our customers for project and quality management, Eisenwerk Erla GmbH is subject to the process-oriented certification ISO TS 16949:2009, the environmental certification ISO 14001 or energy certification ISO 50001. Here, a high methodical level in the continuous work is achieved with a series of key figures.

The non-financial performance indicators described above are of minor importance for an understanding of the course of business and the position of the company.

As of 31 March 2022, 263 employees have employment contracts with the company, including five trainees. The training ratio in relation to all employees is therefore 1.9 %. The sickness rate was influenced by the effects of the pandemic.

In addition, 32 temporary workers were employed at the end of the business year.

C. Forecast, opportunity and risk report

1. Forecast report

The German Council of Economic Experts forecasts an increase in German GDP of 1.8% in 2022. The forecast is based on the assumption that energy prices will remain high in the forecast period, but that Russian energy supplies will not be cut off. The high dependence on Russian energy sources entails the incalculable risk of lower economic growth and even recession, with significantly higher inflation rates at the same time. For the year ahead, we are assuming high growth by German standards, which includes corresponding base effects. To reach the pre-crisis or pre-Corona level, a further growth spurt would be needed into 2022. The maintenance of supply chains will have to be a key stability factor due to corona-related production losses, shortages of semiconductors and other intermediate products of various kinds. The international political environment, driven by trade conflicts and geopolitical disputes, will make for volatile and risky commodity and energy markets. We expect prices to fluctuate strongly in both of these markets, which are important for the foundry industry. The production and sales level in the German foundry industry should remain stable. In the automotive industry, which is still an important market for us, we expect stable to declining volume demand in the coming years. We consider further general growth potential to be limited. Eisenwerk Erla GmbH expects an upward trend in sales due to intensive market acquisition for its business in other sectors. Due to the prevailing intensity of competition, results are expected to remain at a low level.

The financial and earnings situation of Eisenwerk Erla GmbH is at a low but stable level compared to previous years.

Eisenwerk Erla GmbH has been on the market since 2017 with its own automated processing as a full-range supplier for ready-to-install iron casting and will continue to expand this area in the future to expand the value chain and improve competitiveness. Further investment steps are planned for this purpose.

Expectations for the 2022/2023 financial year:

- Stabilisation of turnover at EUR 54 million
- Continuation of the investment measures in the amount of around EUR 1.0 million to secure product stability and further adjustments in the foundry periphery
- Continuation of the expansion of the production facility for mechanical processing after the acquisition of further products in the area of
- EBITDA and earnings after taxes above the level of the 2021/2022 business year, earnings after taxes expected to be in the positive range of EUR 1.1 million
- Securing funding within the existing consortium.

2. Opportunities Report

Significant opportunities lie in the conservative planning. If the economic environment proves to be more favourable than forecast by the institutional side, sales in high-contribution segments could be higher. This would have a positive effect on earnings due to high variable components.

In addition to the further development of the automotive castings business, Eisenwerk Erla GmbH is also increasingly concentrating on sectors such as mechanical engineering, construction and agricultural machinery, as well as electrical infrastructure. We see disproportionate growth due to changing investment constraints in such areas, driven by the political environment. We see a realistic dynamisation of electromobility on a later timeline after 2025, which should preserve opportunities for the company in automotive construction.

The intensified consolidation process in the foundry industry due to the resulting market conditions could result in increased relocation processes to more stable companies in the industry.

3. Risk report

In our opinion, the risks described below may have a significant impact on the financial position, net assets and results of operations of the company in view of their probability of occurrence and potential amount of damage and are presented in descending order of importance for the company. The company's risk management is designed on the basis of key figures to identify risks at an early stage and to initiate measures to spread, reduce or avoid risks.

Risks are essentially those based on economic fluctuations, socio-political events and changes in the legal and tax framework. The current economic outlook and the increasing competitive pressure could influence the results of the coming financial years.

The COVID 19 pandemic will continue to have a strong impact on 2022, especially due to the shortage of semiconductors. In addition, the Ukraine war will be a further factor of uncertainty. So now, in addition to the pandemic and the shortage of semiconductors, the war will also severely restrict the entire automotive industry and other sectors. Already in the first quarter of 2022, there were shutdowns in various production facilities of the car manufacturers with direct repercussions for the suppliers. An improvement is currently not foreseeable and bottlenecks are likely to occur for the rest of the year as well. Short notice periods will make it very difficult for all suppliers to react.

We are currently not in a position to fully assess the impact on our business result for the 2022 financial year, but the first steps were already taken in the first quarter to minimise risk for any short-term production outages.

In addition to the general economic development in the industry, the anticipated development of the company will be characterised above all by the economic consequences of the Corona crisis and the effects of the Ukraine conflict. The supply of semiconductors from China to OEMs is often interrupted, which leads to postponements in our customers' production programmes and even to the complete cancellation of production days. These production stops can also lead to considerable distortions in our capacity utilisation and even to production stoppages in our company.

Based on the official requirements and assessment of its own conditions, the company has drawn up and implemented a concept to ensure the health of employees and business partners in the work process. The situation is continuously assessed in order to make appropriate adjustments if necessary.

Sales market risks essentially consist of the development of the use of high-temperature resistant materials in charging technology. Such developments are monitored through close cooperation with OEM (Original Equipment Manufacturer) predevelopers; necessary reactions are initiated at an early stage. Nevertheless, sales risks may arise in the future as a result of the German government's intensifying subsidy policy for so-called e-mobility. If the increased activities of the OEMs in the area of electrification take hold sooner, this can have significant effects on the supplier industry. However, due to the existing trade credit insurance of all significant customers, no increased risk related to the default of receivables is to be expected.

Procurement market risks can result from price increases, possible supplier failures and quality problems. We try to identify possible procurement market risks in good time by monitoring the markets and participating in the advisory board of the Federal Association of the German Foundry Industry East and the Ductile Cast Iron Advisory Board of the Federal Association of the German Foundry Industry. We also try to pass on increases in raw material prices, e.g. in the area of scrap or alloying metals such as nickel, to our customers in a timely manner by drawing up appropriate contracts. The expansion of inflation surcharges due to the market situation is in the implementation phase with customers.

There are monopoly suppliers in the energy sector and oligopoly structures for a few chemicals. In some cases, there are shortages despite rising prices, but these have no influence on our production. Supplier assessments are regularly carried out and evaluated in accordance with the company's certifications; consequences are drawn if necessary.

The so-called energy turnaround and the resulting state taxes on electrical energy have led to considerable burdens. There is considerable planning uncertainty due to possible changes in the law. Changes in cost reimbursements can have a significant impact on competitiveness.

Liquidity risks exist due to the possibility of depleting financial resources, due to a significant deterioration in economic conditions or other influencing factors with an effect on the company's cash flow. Based on the company's planning, the risk can be assessed as manageable. There are termination options for bindingly committed credit lines in the event of non-compliance with various financial and non-financial covenants. Due to the contractual changes to the syndicated financing in December 2021, parts of the financial covenants for the financial years 2022/23 and 2023/24 are suspended.

In view of the effects of the Corona pandemic and the war in Ukraine, there are risks with regard to future restrictions on business operations, which could have an impact on the company's earnings and liquidity situation. The instruments already tested (e.g. short-time work, liquidity management, securing the supply chains) help to mitigate the damage to the company.

Possible IT risks exist through the daily use of our IT systems and networks as well as through external access to our IT systems. Due to the daily work with the systems and the regular maintenance of our hardware and software, as well as through a careful back-up strategy, we believe that we can control the IT risks. The company has implemented an information management system and is consistently developing it further.

Qualified, satisfied and reliable employees and managers are the prerequisite for the competence and economic development of the company. For this reason, we are committed to recruiting young talent both in the training of foundry specialists and in cooperation with the West Saxon University of Zwickau and the Technical University Bergakademie Freiberg. We promote and secure in-house know-how through active further training. Nevertheless, it could be more difficult to find suitable personnel for certain functions in the company in the future.

Interest rate risks exist due to the structure of the loans taken out from the syndicated financing. Preparations are made to be able to use hedging options if necessary. Interest rate swaps, for example, are effective instruments to exclude negative effects in the event of interest rate increases.

An overall assessment of the risks shows that the company is mainly affected by market risks in addition to the influence of the pandemic and the Russian-Ukrainian environment. These include, in particular, price developments in raw materials and energy prices as well as developments in demand structures in the mobility sector, which are difficult to forecast in terms of sales. The processes of service provision are certified and therefore less risky. The continued existence of Eisenwerk Erla GmbH was not at risk at any time in terms of substance and liquidity. The overall risk position is therefore considered manageable.

4. Risk-reward assessment

The growth for the turnover of the German foundry industry amounted to 16.4 % in 2021. During the upswing, the fragile international supply chains and the availability of raw materials continue to be limiting factors. As a result, foundry customers' order backlogs have been pushed into 2022 and now form a good order cushion for foundries. Exploding energy costs represent a major risk in the first months of 2022, as they did in the last quarter of 2021.

Pandemic-driven industrial lockdowns are no longer to be expected. Nevertheless, it can realistically be hoped that the pre-crisis level will not be reached until the second half of 2022. This presupposes an easing of the semiconductor supply situation in the middle of the year. An increase in turnover in the industry of plus 10 % would then be within the realm of possibility. This scenario currently has the highest probability of occurrence and is underlined by all sentiment indicators.

If an earlier-than-expected recovery in vehicle manufacturing sets in, there is the potential for a more dynamic recovery. This scenario has a lower probability of occurrence. The current signals, especially in the build-up of new production capacities for semiconductors, speak against an early easing.

Risks exist for the foundry industry on several fronts! The sword of Damocles of corona outbreaks hangs unchanged over the global supply chains with tough containment measures at key locations such as container transshipment points and in factories for primary materials. This would dampen the international economic recovery and thus limit the level of fixed capital formation. The consequence would be a direct interaction with incoming orders at the foundries. In addition, the foundry industry is undergoing multiple structural changes due to the energy and mobility transition. Politically tighter targets for the decarbonisation of the transport sector could have an effect on vehicle construction as early as 2022.

Finally, the Russia-Ukraine crisis hangs over the global economy as an imponderable. The consequences of an escalation can hardly be calculated seriously. Any forecasts would have to be discarded, especially in the case of an open military conflict.

Schwarzenberg, 10 June 2022 Eisenwerk

Erla GmbH

- The managing directors -

Enrico Fischer Pierre Antoine de Bausset

Udayant Malhoutra Geoffrey William Dore

Eisenwerk Erla GmbH, Schwarzenberg

Balance sheet as at 31 March 2022

	Assets		Liabilities	
	31.03.2022 EUR	31.03.2021 TEUR	31.03.2022 EUR	31.03.2021 TEUR
A. Fixed assets				
I. Intangible assets				
Software acquired against payment	2.939,00	23		
II. Property, plant and equipment				
1. Land, land rights and buildings	6.109.433,03	6.323		
2. Technical equipment and machinery	1.392.998,00	1.525		
3. Other equipment, operating and office equipment	1.028.763,95	1.225		
4. Payments on account and assets under construction	93.874,44	3		
	<u>8.625.069,42</u>	<u>9.076</u>		
III. Financial assets				
1. Shares in affiliated companies	0,00	0		
2. Loans to affiliated companies	4.000.000,00	4.000		
	<u>4.000.000,00</u>	<u>4.000</u>		
	<u>12.628.008,42</u>	<u>13.099</u>		
B. Current assets				
I. Inventories				
1. Raw materials and supplies	2.825.929,68	2.149		
2. Work in progress	5.366.000,00	5.496		
3. Finished products	1.135.000,00	716		
4. Models, tools and devices	232.000,00	351		
5. Prepayments made	317.000,00	2.592		
	<u>9.875.929,68</u>	<u>11.304</u>		
II. Receivables and other assets				
1. Receivables from deliveries and services	996.604,06	721		
2. Receivables from affiliated companies thereof from shareholders: EUR 6,685,542.66 (previous year: TEUR 6,603)	6.685.542,66	6.603		
3. Other assets	957.083,40	731		
	<u>8.639.230,12</u>	<u>8.055</u>		
III. Cash on hand, bank balances	<u>212.779,78</u>	<u>1.526</u>		
	<u>18.727.939,58</u>	<u>20.885</u>		
C. Prepaid expenses	<u>165.417,12</u>	<u>161</u>		
	<u>31.521.365,12</u>	<u>34.145</u>		
A. Equity				
I. Subscribed capital	1.600.000,00	1.600		
II. Capital reserve	6.208.939,27	6.209		
III. Retained earnings				
Other revenue reserves	3.721.537,54	3.722		
IV. Profit carried forward	<u>4.341.384,04</u>	<u>4.341</u>		
	<u>15.871.860,85</u>	<u>15.872</u>		
B. Special item for investment allowance	<u>43.392,22</u>	<u>45</u>		
C. Provisions				
1. Provisions for pensions and similar obligations	46.092,00	48		
2. Other provisions	4.589.606,31	3.884		
	<u>4.635.698,31</u>	<u>3.932</u>		
D. Liabilities				
1. Liabilities to credit institutions	4.190.346,01	5.563		
2. Liabilities from deliveries and services	6.109.974,01	7.275		
3. Amounts owed to affiliated companies	0,00	605		
4. Other liabilities	670.093,72	853		
thereof from taxes: EUR 239,667.27 (previous year: TEUR 393) of which in the context of social security: EUR 12,419.86 (previous year: TEUR 5)				
	<u>10.970.413,74</u>	<u>14.296</u>		
	<u>31.521.365,12</u>	<u>34.145</u>		

Eisenwerk Erla GmbH, Schwarzenberg

Profit and Loss Account for the Financial Year from 1 April 2021 to 31 March 2022

	2021/2022	2020/2021
	EUR	TEUR
1. sales revenues	53.752.316,40	51.287
2. increase or decrease (-) in the inventory of finished and Unfinished products, models, tools and devices	170.000,00	-80
3. other operating income	232.908,02	129
4. cost of materials		
a) Expenses for raw materials and supplies	-24.214.083,29	-21.611
b) Expenses for purchased services	-13.126.230,40	-14.504
	<u>-37.340.313,69</u>	<u>-36.115</u>
5. personnel expenses		
a) Wages and salaries	-8.693.222,24	-8.057
b) Social security contributions and expenses for pensions and other benefits for support thereof for retirement benefits: EUR 5,209.80 (previous year: TEUR 5)	-1.821.076,12	-1.705
	<u>-10.514.298,36</u>	<u>-9.762</u>
6. depreciation		
a) on intangible assets of fixed assets and property, plant and equipment	-793.823,92	-1.022
b) Income from the release of the special item for investment allowances	1.686,49	2
	<u>-792.137,43</u>	<u>-1.020</u>
7. other operating expenses	-4.660.333,42	-4.382
	<u>848.141,52</u>	<u>57</u>
8. income from loans of financial assets thereof from affiliated companies: EUR 202,777.78 (previous year: TEUR 202)	202.777,78	202
9. other interest and similar income thereof from affiliated companies: EUR 382,300.09 (previous year: TEUR 255)	382.300,09	255
10. write-downs on financial assets	0,00	-1.925
11. interest and similar expenses of which from the compounding of provisions: EUR 970.00 (previous year: TEUR 2)	-369.224,94	-561
	<u>215.852,93</u>	<u>-2.029</u>
12. result after taxes	1.063.994,45	-1.972
13. other taxes	-24.601,14	-20
14. income from loss transfer	0,00	1.992
15. profits transferred under a profit and loss transfer agreement	-1.039.393,31	0
16. annual result	<u>0,00</u>	<u>0</u>

Eisenwerk Erla GmbH, Schwarzenberg (Chemnitz Local Court: HRB 681) Notes

for the financial year from 1 April 2021 to 31 March 2022

A. General information

The annual financial statements of Eisenwerk Erla GmbH, Schwarzenberg, were prepared on the basis of the accounting regulations of the German Commercial Code for corporations. In addition to these regulations, the provisions of the GmbH Act had to be observed.

The company is a large corporation within the meaning of Section 267 (3) HGB. Models, tools and devices are shown in the balance sheet in a separate item within the item B.I. Inventories.

The profit and loss account was prepared in accordance with the total cost method as defined in § 275 (2) HGB.

The company was confronted with the restrictions of the Corona virus pandemic and the Russia-Ukraine conflict in the 2021/2022 business year. Based on our business planning and the binding credit commitments of the financing banks, the continuation of the company is not at risk.

B. Accounting and valuation principles

Intangible assets were recognised at acquisition cost less scheduled straight-line amortisation.

Property, plant and equipment are recognised at acquisition or production cost and, if depreciable, reduced by scheduled straight-line depreciation. The two-shift and in some cases three-shift use of the fixed assets was taken into account by applying a shift factor of 1.25 and 1.50 respectively, which is equivalent to a reduction of the useful life by 20 % and 33 % respectively.

Investment subsidies for fixed assets were transferred to a special item for investment subsidies. The formation and reporting of the special item was carried out in accordance with the statement HFA 1/1984 of the Institute of Public Auditors in Germany (IDW).

Scheduled **depreciation is based on the** current general depreciation tables published by the tax authorities. The specified useful lives are applied as the maximum permissible values. In the year of acquisition, depreciation is carried out pro rata temporis.

Low-value assets with acquisition or production costs of up to EUR 800.00 are written off immediately in the year of acquisition and shown as disposals.

Financial assets are valued at acquisition cost. They are tested annually for permanent impairment; if necessary, they are written down to fair value.

Raw materials and supplies are generally valued at average acquisition cost, taking into account the strict principle of the lower of cost or market. The valuation of recycled materials is based on the FiFo method in accordance with § 256 sentence 1 HGB. Depreciation is made on the lower fair value. This is determined on the basis of the current replacement costs in line with the procurement market. Lump-sum write-downs due to storage risks are generally not necessary due to the production orientation.

Work in progress and finished goods were valued in accordance with § 255 (2) HGB at production cost, which was determined on the basis of the material/wage costs and other attributable overhead components (material costs, production overheads, consumption of fixed assets). The cost rates applied take into account the direct material and production costs as well as overheads to an appropriate extent. The principles of loss-free valuation were observed. For this purpose, the book value is compared with the lower fair value - net sales price less production and sales costs still to be incurred.

Models, tools and equipment are valued at acquisition cost (individual determination of acquisition costs) in compliance with the strict lower of cost or market principle. For this purpose, the book value is compared with the lower fair value - net selling price less production and selling costs still to be incurred.

Prepayments made are recognised at the nominal amount.

Receivables and other assets are generally recognised at nominal value. Risks of default are taken into account by means of individual and lump-sum valuation discounts.

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

Pursuant to § 250 (1) HGB, **prepaid** expenses relate to expenditures prior to the balance sheet date if they represent expenses for a certain period after that date.

The **share capital of** the company is endowed in the amount of the nominal value according to § 42 para. 1 GmbHG of TEUR 1,600 and corresponds to the entry in the commercial register.

Investment subsidies received for subsidised tangible assets are recognised in the **special item for investment** subsidies and distributed over the useful life with an effect on income.

The valuation of the **pension provisions** was carried out in accordance with the provisions of the German Commercial Code (HGB). The valuation was carried out according to the recognised principles of actuarial mathematics using the so-called projected unit credit method (PUC method). The 2018 G mortality tables by Prof. Dr. Klaus Heubeck were used as the biometric basis for calculation. The valuation is based on the following additional assumptions: actuarial interest rate p. a. 1.8%, salary trend p. a. 0.00% and pension trend p. a. 0.00%. The average interest rate of the Deutsche Bundesbank was used as the actuarial interest rate, which is derived from the past ten financial years in accordance with § 253 para. 2 sentence 1 of the German Commercial Code (HGB). Pursuant to § 253 para. 2 sentence 2 HGB, a flat-rate residual term of 15 years was assumed for the provisions.

Valuation at the market interest rate from the past seven financial years of 1.35% compared to the valuation at the corresponding average market interest rate from the past ten years results in a difference of TEUR 1.0, which is subject to a distribution ban in accordance with section 253 (6) HGB.

Other provisions are recognised at the settlement amount that is necessary according to reasonable commercial judgement. The valuation of the settlement amount takes into account a cost increase that is not material overall. Other provisions with a term of more than one year are discounted at interest rates appropriate to the term as published by the Deutsche Bundesbank. The interest rates for discounting the provisions as at 31 March 2022 are 0.28% to 1.05%, depending on the remaining term.

Liabilities are recognised at their settlement amount.

The financial statements do not contain any balance sheet items denominated in foreign currency.

C. Notes to the balance sheet

1. Fixed assets

The development of fixed assets in the financial year from 1 April 2021 to 31 March 2022 is shown in the statement of changes in fixed assets in the appendix to the notes.

2. Shares in affiliated companies

Eisenwerk Erla GmbH acquired 100% of the shares in JKM Ferrotech Ltd, Chennai (India) - formerly Sanmar Ferrotech Ltd - in financial year 2009/2010. The acquisition costs amounted to TEUR 6,025.

Due to capital increases by Indian Group companies, the shares currently held correspond to 24.6%.

Due to the completed sale of the assets of JKM Ferrotech Ltd. to third parties, this financial asset was completely written off in the previous year's financial statements. The book value as at 31 March 2022 is therefore TEUR 0.

	<u>EUR</u>
Shares in affiliated companies	0,00
(previous year)	(0,00)

3. Loans to affiliated companies

	<u>EUR</u>
Thereof	
Loans to shareholders (previous year)	4.000.000,00 (4.000.000,00)

4. Receivables from deliveries and services

To procure liquidity for the repayment of trade payables, receivables are sold by means of factoring procedures in accordance with liquidity requirements. Within the framework of this silent factoring ring, receivables in the amount of TEUR 4,532 (previous year: TEUR 7,587) were sold as at the balance sheet date of 31 March 2022. Due to the del credere risk assumed by the forfaiter, risks exist only in the amount of the sales tax and in the case of receivables sold that do not comply with the contractual regulations. Advantages result from optimal liquidity management and a reduced balance sheet total in the case of the repayment of trade payables.

5. Receivables from affiliated companies

As at the balance sheet date of 31 March 2022, this item included current receivables from the shareholder of EUR 6,686,000 (previous year: EUR 6,603,000) resulting from other receivables of EUR 7,725,000 (previous year: EUR 4,611,000) and those from the profit and loss transfer agreement (liabilities of EUR -1,039,000) (previous year: EUR 1,992,000).

6. Prepaid expenses and deferred charges

This item contains accrued expenses, which represent expenses after the balance sheet date in accordance with section 250 (1) HGB.

7. Capital reserve

The capital reserve remains unchanged from the previous year.

	<u>EUR</u>
Status as at	6.208.939,27
31.03.2022 (previous year)	(6.208.939,27)

8. Retained earnings

Retained earnings remained unchanged in the reporting year:

	<u>EUR</u>
Balance as at 01.04.2021/31.03.2022	<u>3.721.537,54</u>

These will be carried forward to 2022/23.

9. Special item for investment allowance

The special item relates to investment grants for the years 2005 to 2013 in the total amount of EUR 837,742.86. The scheduled release of the special item takes place in such a way that the depreciation on the subsidised investment volume is compensated by the release. The release of the special item in the financial year from 1 April 2021 to 31 March 2022 in the amount of EUR 1,686.60 (previous year: EUR 1,686.60) is disclosed in the income statement as a deduction from depreciation.

10. Provisions

Other provisions mainly include provisions for outstanding costs for models/core boxes (EUR 2,418,000), provisions for outstanding settlements (EUR 742,000), provisions for employee holiday and bonus entitlements (EUR 591,000), for warranty claims and credits/bonuses still to be issued (EUR 396,000), provisions for legal and consulting costs (EUR 100,000) and provisions for pension obligations (EUR 46,000).

11. Liabilities

The maturities of the liabilities shown as at 31 March 2022 are spread over the following periods:

	Maturities			Total
	up to 1 year	over 1 year	over 5 years	
	TEUR	TEUR	TEUR	TEUR
1. liabilities to credit institutions	1.437	2.428	325	4.190
(previous year)	(1.383)	(4.180)	(0)	(5.563)
2. liabilities from deliveries and services	6.110	0	0	6.110
(previous year)	(7.275)	(0)	(0)	(7.275)
3. liabilities to affiliated companies				
Company	0	0	0	0
(previous year)	(605)	(0)	(0)	(605)
4. other liabilities	670	0	0	670
(previous year)	(853)	(0)	(0)	(853)
Total	8.217	2.428	325	10.970
(previous year)	(10.116)	(4.180)	(0)	(14.296)

In the case of liabilities to banks, loans and credits totalling TEUR 4,190 (previous year: TEUR 5,563) are secured by registered land charges and assignments as security.

Furthermore, the company is liable for liabilities of the shareholder (affiliated company) in the amount of TEUR 762 (previous year: TEUR 1,067) within the scope of the joint syndicated financing.

The company assumes that no claims will be made under the joint syndicated financing, as Eisenwerk Erla GmbH and its shareholder will fulfil their obligations underlying the collateral and it is unlikely that agreements will not be honoured.

The trade payables are subject to retention of title as is customary in the industry.

D. Notes to the profit and loss account

1. Revenues

Turnover is broken down by geographical markets as follows:

	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
	TEUR	TEUR
Domestic	37.200	35.901
EU countries	12.818	15.012
Third country	3.734	374
	<u>53.752</u>	<u>51.287</u>

In the past financial year, sales revenues increased by EUR 71,000 due to the utilisation of provisions for warranty claims and decreased by EUR 258,000 due to credit notes yet to be issued, totalling EUR 53,752,000.

Sales revenues for castings and patterns break down by activity as follows:

	01.04.2021 - 31.03.2022	01.04.2020 - 31.03.2021
	TEUR	TEUR
Internal combustion engines passenger cars & commercial vehicles	36.000	41.085
Mechanical Engineering	5.784	3.420
Construction machinery	5.311	3.206
Agricultural machinery	4.320	2.996
Other	2.337	580
	<u>53.752</u>	<u>51.287</u>

2. Other operating income

Other operating income mainly includes income from canteen management and the release of provisions (EUR 233,000).

3. Other operating expenses

Other operating expenses (EUR 4,660,000; previous year: EUR 4,382,000) include expenses for our auditor's fee for the audit of the financial statements.

- Auditing services amounting to TEUR 69 (previous year: TEUR 61),
- Other certification services of TEUR 8 (previous year: TEUR 13)
- Tax advisory services amounting to TEUR 10 (previous year:

TEUR 6).

Expenses from currency translation were not incurred in the current financial year.

4. Interest and similar expenses

In the current financial year, there was a total amount of interest expenses of KEUR 369 (previous year: KEUR 561). The compounding of pension provisions resulted in KEUR 1 (previous year: KEUR 2).

5. Taxes on income and earnings

A profit and loss transfer agreement was concluded on 4 March 2009 and amended on 17 December 2009. According to this agreement, Eisenwerk Erla GmbH, Schwarzenberg, as the controlled company, transfers its entire annual profit for the 2021/2022 financial year (EUR 1,039,000) to the controlling company, JKM Erla Holdings GmbH. For this reason, Eisenwerk Erla GmbH reports neither taxes on income nor deferred taxes with effect from the profit and loss transfer agreement.

E. Other information

1. Information on the registered office of the company

Eisenwerk Erla GmbH has its registered office at Gießereistraße 1, 08340 Schwarzenberg/Erzgebirge. The company is registered with the Chemnitz Local Court under HRB 681.

2. Other financial obligations

Other financial obligations in accordance with § 285 No. 3 HGB consist of leasing obligations in the amount of TEUR 2,000 for the optimisation of the liquidity situation through the temporal distribution of payments for investments and have residual terms of TEUR 2,000.

up to 1 year TEUR 1,018

over 1 year TEUR 982.

As of the balance sheet date, there are investment obligations (purchase commitments) of EUR 32,000 and purchase obligations due to energy procurements of EUR 2,297,000.

3. Management and representation

The Managing Directors of the Company are appointed as follows:

- Mr Enrico Fischer
- Mr Geoffrey William Dore (CFO, Dynamatic-Oldland Aerospace Ltd. UK)
- Mr Pierre Antoine de Bausset (Supervisory Board, Dynamatic Technologies Ltd.)
- Mr Udayant Malhoutra (Managing Director, Dynamatic Technologies Ltd.)

Information on remuneration is omitted in accordance with § 285 no. 9a HGB in conjunction with § 286 para. 4 HGB because only one managing director receives remuneration from Eisenwerk Erla GmbH and the remuneration of a member of the management can be determined on the basis of this information.

Provisions for pensions for a former managing director amount to TEUR 46.

4. Supervisory Board

The Company does not maintain a Supervisory Board.

5. Parent company

The Company is included in the consolidated financial statements of Dynamatic Technologies Limited, Bangalore (India). These consolidated financial statements apply to both the smallest and the largest group of companies. The consolidated financial statements are available on the Group's website.

The parent company, JKM Erla Holdings GmbH, Schwarzenberg, does not prepare consolidated financial statements and alternatively uses the provisions of the exempting consolidated financial statements pursuant to Sections 291/292 HGB. The consolidated financial statements of Dynamatic Technologies Limited, Bangalore (India), are filed with the Federal Gazette of the parent company (Chemnitz Local Court, HR B 26799).

6. Staff

The average number of employees breaks down as follows in accordance with § 285 No. 7 HGB in the reporting year:

	<u>2021/2022</u>	<u>2020/2021</u>
Salaried employees	64	68
Wage earners	<u>199</u>	<u>203</u>
	263	268
Trainee	<u>5</u>	<u>3</u>
	<u>268</u>	<u>274</u>

7. Events after the balance sheet date

No business transactions or events occurred after the end of the financial year that have a significant impact on the net assets, financial position or results of operations of the company on the annual financial statements as at 31 March 2022. Regarding possible further effects of the COVID 19 pandemic and the war in Ukraine that broke out on 24 February 2022, we refer to our explanations in the management report.

Schwarzenberg, 10 June 2022 Eisenwerk

Erla GmbH

- The managing directors -

Enrico Fischer
Pierre Antoine de Bausset

Udayant Malhoutra
Geoffrey William Dore

Development of fixed assets in the 2021/2022 business year

	Gross book values				accumulated amortizations				Net book values	
	Booth on	Booth on	Booth on	Booth on	Booth on	Access	Disposals	Booth on	31.03.2022	Previous year
	01.04.2021	Access	Disposals	31.03.2022	01.04.2021	Access	Disposals	31.03.2022	EUR	TEUR
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR		
I. Intangible assets										
Software acquired against payment	778.607,87	0,00	0,00	778.607,87	755.901,87	19.767,00	0,00	775.668,87	2.939,00	23
II. Property, plant and equipment										
1. Land, land rights and buildings	14.076.512,59	0,00	0,00	14.076.512,59	7.753.234,56	213.845,00	0,00	7.967.079,56	6.109.433,03	6.323
2. Technical equipment and machinery	29.158.601,28	194.704,27	664.687,01	28.688.618,54	27.634.223,28	326.084,27	664.687,01	27.295.620,54	1.392.998,00	1.525
3. Other equipment, operating and Business equipment	5.185.556,00	37.585,66	3.670,39	5.219.471,27	3.960.250,06	234.127,65	3.670,39	4.190.707,32	1.028.763,95	1.225
4. Payments on account and assets under construction	3.196,00	90.678,44	0,00	93.874,44	0,00	0,00	0,00	0,00	93.874,44	3
	48.423.865,87	322.968,37	668.357,40	48.078.476,84	39.347.707,90	774.056,92	668.357,40	39.453.407,42	8.625.069,42	9.076
III. Financial assets										
1. Shares in affiliated companies	6.025.035,80	0,00	0,00	6.025.035,80	6.025.035,80	0,00	0,00	6.025.035,80	0,00	0
2. Loans to affiliated companies	4.000.000,00	0,00	0,00	4.000.000,00	0,00	0,00	0,00	0,00	4.000.000,00	4.000
	10.025.035,80	0,00	0,00	10.025.035,80	6.025.035,80	0,00	0,00	6.025.035,80	4.000.000,00	4.000
	59.227.509,54	322.968,37	668.357,40	58.882.120,54	46.128.645,57	793.823,92	668.357,40	46.254.112,09	12.628.069,42	13.099

INDEPENDENT AUDITOR'S REPORT

To Eisenwerk Erla GmbH, Schwarzenberg

Audit Opinions

We have audited the annual financial statements of Eisenwerk Erla GmbH, Schwarzenberg, - comprising the balance sheet as at

31 March 2022 and the income statement for the business year from 1 April 2021 to 31 March 2022 as well as the notes, including the presentation of the accounting and valuation methods. In addition, we have audited the management report of Eisenwerk Erla GmbH, Schwarzenberg, for the financial year from 1 April 2021 until 31 March 2022.

In our opinion, based on the findings of our audit, the consolidated financial statements are

- the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at 31 March 2022 and of its results of operations for the fiscal year from 1 January to 31 March 2022 in accordance with German principles of proper accounting.
1. April 2021 until 31 March 2022 and
- the enclosed management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

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

Basis for the audit judgements

We conducted our audit of the annual financial statements and the management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility according to these regulations and principles is described in more detail in the section "Auditor's responsibility for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the Company in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and the management report.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with German principles of proper accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

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

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

Our objective is to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides a suitable view of the Company's position and is consistent, in all material respects, with the annual financial statements and the audit findings, complies with German legal requirements and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and management report, whether due to fraud or error, design 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. The risk of not detecting a material misstatement is higher in the case of non-compliance than in the case of misstatement, as non-compliance may involve fraud, forgery, intentional omissions, misleading representations or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the financial statements and of the arrangements and policies relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the management report or, if such disclosures are inadequate, to modify our opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or conditions may result in the Company being unable to continue as a going concern.
- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the understanding of the Company's position given by it.

- We performed audit procedures on the forward-looking statements made by the legal representatives in the management report. On the basis of sufficient suitable audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent audit opinion on the forward-looking statements or the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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

Leipzig, 10 June 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(An(fer)
Wirtschaftsprüfer


(Stefan Gneuß)
Wirtschaftsprüfer



General terms and conditions

fi.ir

Auditors and auditing companies from 1 January 2017

1. Scope

(1) The Terms and Conditions of Engagement shall apply to contracts between accountants or audit firms (hereinafter collectively referred to as "accountants") and their clients for audits, tax advice, advice on business matters and other engagements, unless otherwise expressly agreed in writing or required by law.

(2) Third parties may only derive claims from the contract between the Wirtschaftsprüfer and the Client if this is expressly agreed or results from mandatory statutory provisions. With regard to such claims, these Conditions of Contract shall also apply to such third parties.

2. Scope and execution of the contract

(1) The object of the contract is the agreed service, not a specific economic result. The engagement shall be carried out in accordance with the principles of proper professional practice. The Wirtschaftsprüfer does not assume any business management tasks in connection with his services. The auditor is not responsible for the use or implementation of the results of his services. The chartered accountant is entitled to make use of competent persons to carry out the assignment.

(2) The consideration of foreign law requires an explicit written agreement, except in the case of commercial privileges.

(3) If the factual or legal situation changes after the submission of the final professional opinion, the Wirtschaftsprüfer shall not be obliged to inform the client of any changes or of any consequences resulting therefrom.

3. Cooperation obligations of the client

(1) The client shall ensure that the chartered accountant is provided in due time with all documents and other information necessary for the performance of the engagement and is informed of all events and circumstances which may be of importance for the performance of the engagement. This shall also apply to any submissions and other information, events and circumstances which only become known during the auditor's activity. The client shall name suitable persons to provide information to the chartered accountant.

(2) At the request of the Wirtschaftsprüfer, the client shall confirm the completeness of the documents submitted and the further information as well as the information and declarations given in a written declaration signed by the Wirtschaftsprüfer.

4. Securing independence

(1) The Client shall refrain from anything which jeopardises the independence of the employees of the Wirtschaftsprüfer. This shall apply for the duration of the contract, in particular to offers of employment or of assumption of functions in governing bodies and to offers to undertake contracts on his own account.

(2) If the performance of the contract should affect the independence of the Wirtschaftsprüfers, its affiliated companies, its network companies or its associated companies to which the independence rules apply in the same way as to the Wirtschaftsprüfers in other contractual relationships, the Wirtschaftsprüfer shall be entitled to terminate the contract extraordinarily.

5. Reporting and oral information

Insofar as the Wirtschaftsprüfer has to present results in writing within the framework of the processing of the order, this written presentation alone shall be authoritative. Drafts of written presentations are not binding. Unless otherwise agreed, oral declarations and information of the Auditor shall only be binding if confirmed in writing. Declarations and information provided by the Wirtschaftsprüfer outside the scope of the order placed are always non-binding.

6. Passing on a professional qualification of the auditor

(1) The disclosure to a third party of the Economist's professional findings (work results or extracts of work results, whether in draft or final form) or information about the activities of the Economist for the Client shall require the written consent of the Economist, unless the Client is obliged to disclose or provide information pursuant to a law or an official order.

(2) The use by the client of the professional qualifications of the economic adviser and the provision of information about the activities of the economic adviser for advertising purposes are not permitted.

7. Myel removal

(1) In the event of any defects, the client shall be entitled to subsequent fulfilment by the economic operator. Only in the event of failure, omission or unjustified refusal, unreasonableness or impossibility of subsequent performance may he reduce the performance or withdraw from the contract; if the order has not been placed by a consumer, the client may only withdraw from the contract on account of a defect if the performance rendered is of no interest to him on account of failure, omission, unreasonableness or impossibility of subsequent performance. Insofar as claims for compensation for damages also exist, No. 9 shall apply.

(2) The claim for the rectification of defects must be asserted by the client in text form without delay. Claims pursuant to para. 1 that are not based on an intentional act shall become statute-barred after the expiry of one year from the statutory commencement of the statute of limitations.

(3) Obvious inaccuracies, such as typing errors, arithmetical errors and other deficiencies, contained in a professional opinion (report, expert opinion, etc.) of the auditor may be corrected by the auditor at any time, also with respect to third parties. Inaccuracies which are capable of calling into question the results contained in the auditor's professional opinion entitle the auditor to withdraw the opinion, also from third parties. In the aforementioned cases, the client must be heard by the auditor as far as possible in advance.

8. Confidentiality towards third parties, data protection

(1) The Wirtschaftsprüfer is liable in accordance with the law (§ 323 para. 1 HGB,

The auditor is obliged by § 43 WPO, § 203 SIBG) to maintain absolute secrecy about facts and circumstances which are entrusted to him or become known to him in the course of his professional activity, unless the client releases him from this duty of secrecy.

(2) The Wirtschaftsprüfer will observe the national and European data protection regulations when processing personal data.

9. Liability

(1) For legally prescribed services of the auditor, in particular audits, the respective applicable legal liability provisions shall apply, in particular the liability provision of § 323 para. 2 HGB.

(2) Insofar as neither a statutory liability provision applies nor an individual contractual liability provision exists, the liability of the Wirtschaftsprüfer is limited to claims for damages of any kind, with the exception of damages arising from injury to life, body and health, as well as damages which justify the manufacturer's obligation to pay compensation pursuant to section 1 of the German Product Liability Act (ProdHaftG) shall be limited to € 4 million in the event of a single case of damage caused by negligence pursuant to section 54a para. 1 no. 2 of the German Code of Professional Conduct (WPO).

(3) Defences and objections arising from the contractual relationship with the principal shall also be available to the principal against third parties.

(4) If several claimants derive claims from the contractual relationship with the Wirtschaftsprüfer from a negligent breach of duty on the part of the Wirtschaftsprüfer, the maximum amount specified in para. 2 shall apply to the relevant claims of all claimants in total.

(5) A single case of damage within the meaning of para. 2 shall also be deemed to exist in respect of a uniform damage arising from several breaches of duty. The individual case of damage includes all consequences of a breach of duty without regard to whether damage occurred in one or in several consecutive years. Multiple acts or omissions based on the same or similar source of error shall be deemed to be a single breach of duty if the matters concerned are legally or economically related to each other. In this case, the economic liability can only be claimed up to the amount of € 5 million. The limitation to five times the minimum insurance sum does not apply to statutory audits.

(6) A claim for damages expires if no action is brought within six months after the written rejection of the compensation and the client was informed of this consequence. This shall not apply to claims for damages which are attributable to intentional conduct, or in the event of culpable injury to life, limb or health, or in the event of damage which gives rise to the manufacturer's obligation to pay compensation pursuant to § 1 of the German Product Liability Act (ProdHaftG). The right to assert the defence of lapse of time shall remain unaffected.

10. Additional Provisions for Priifcation Orders

(1) If the client subsequently changes the financial statements or management report audited by the auditor and provided with an audit opinion, he may not continue to use this audit opinion.

If the auditor has not issued an audit opinion, a reference to the audit carried out by the auditor in the management report or in another place intended for the public is only permissible with the written consent of the auditor and in the wording approved by him.

(2) If the auditor revokes the endorsement, the endorsement may no longer be used. If the client has already used the endorsement, he must disclose the revocation at the request of the auditor.

(3) The client is entitled to five copies of the report. Further copies will be invoiced separately.

11. Supplementary provisions for assistance in tax matters

(1) The Chartered Accountant is entitled, both in the case of advice on individual tax issues and in the case of ongoing advice, to take as a basis the facts stated by the client, in particular figures, as correct and complete; this also applies to accounting orders. However, he shall point out to the client any inaccuracies he has discovered.

(2) The tax advisory mandate does not include the actions required to meet deadlines, unless the Wirtschaftsprüfer has expressly accepted the mandate for this purpose. In this case, the client shall submit to the chartered accountant all documents essential for the observance of deadlines, in particular tax assessment notices, in good time so that the chartered accountant has a reasonable processing time available.

(3) In the absence of a written agreement to the contrary, the ongoing tax advice shall include the following talents falling within the term of the contract:

- a) Preparation of the annual tax returns for income tax, corporate income tax and trade tax as well as of the tax returns on the basis of the annual financial statements to be submitted by the client and other statements and evidence required for taxation purposes
- b) Re-examination of tax assessments for the taxes mentioned under a)
- c) Negotiations with the tax authorities in connection with the declarations and notices referred to in a) and b) above.
- d) Participation in audits and evaluation of the results of audits with regard to the taxes mentioned under a).
- e) Participation in opposition and appeal proceedings with regard to the taxes mentioned under a).

In carrying out the above tasks, the auditor shall take into account the main published case law and administrative opinions.

(4) If the Wirtschaftsprüfer receives a fixed fee for ongoing tax advice, the activities referred to in paragraph 3 letters d) and e) shall be honoured separately unless otherwise agreed in writing.

(5) If the auditor is also a tax adviser and the Ordinance on the Remuneration of Tax Advisers (Steuerbera tervergotungsverordnung) applies to the assessment of the remuneration, a higher or lower remuneration than the statutory remuneration may be agreed in text form.

(6) The processing of special individual questions of income tax, corporate tax, trade tax, standard valuation and property tax as well as all questions of turnover tax, wage tax, other taxes and duties shall be carried out on the basis of a special mandate. This also applies to

- a) the processing of one-off tax matters, e.g. in the field of inheritance tax, capital transfer tax, real estate transfer tax,
- b) participation in and representation in proceedings before the courts of fiscal and administrative jurisdiction as well as in criminal tax cases,
- c) the provision of advice and expert opinions in connection with conversions, capital increases and decreases, reorganisations, the entry and withdrawal of a shareholder, the winding up of a business, liquidation and the like, and
- d) support in the fulfilment of reporting and documentation obligations.

(7) Insofar as the preparation of the annual VAT return is also assumed as an additional activity, this does not include the review of any special accounting requirements and the question of whether all possible VAT-related benefits have been exercised. A guarantee for the complete recording of the documents for the assertion of the input tax deduction is not assumed.

12. Electronic communication

Communication between the Wirtschaftsprüfer and the client may also take place by e-mail. If the client does not wish to communicate by e-mail or has special security requirements, such as the encryption of e-mails, the client shall inform the Wirtschaftsprüfer accordingly in text form.

13. Compensation

(1) The Wirtschaftsprüfer is entitled to reimbursement of his expenses in addition to his fees or remuneration; value added tax shall be charged in addition. He may demand reasonable advances on remuneration and reimbursement of expenses and make the delivery of his services conditional on full satisfaction of his claims. Several clients shall be liable as joint and several debtors.

(2) If the client is not a consumer, a set-off against the auditor's claims for remuneration and reimbursement of expenses shall only be permissible if the claims are undisputed or have been legally established.

14. StreitSchlichtungen

The Wirtschaftsprüfer is not willing to participate in dispute resolution proceedings before a consumer arbitration board within the meaning of § 2 of the Consumer Dispute Resolution Act.

15. Applicable law

Only German law shall apply to the order, its execution and the claims arising therefrom.