

**IVICT Europe GmbH  
Düsseldorf/Germany**

**Testatsexemplar**

i.e. audited management report and  
annual financial statements  
for the financial year  
from April 1, 2022 to March 31, 2023  
plus corresponding independent auditor's report

**TRANSLATION**

– German version prevails –

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General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften  
(German Public Auditors and Public Audit Firms)

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## **IVICT Europe GmbH, Düsseldorf/Germany**

### **Management report for the financial year 2022/2023**

#### **Basics of the Company**

IVICT Europe GmbH (hereafter called “IVICT”) was founded in 2018 based on the corporate strategy of Mitsubishi Corporation (MC) Group of focusing on the entire business chain in the Chemicals division and looking for further trading and investment opportunities.

The purpose of business of the Company is primarily the import and export trade of chemical products of all kind as well as all corresponding businesses and services.

The main selling and buying markets are Germany, further European countries as well as Japan and other Asian countries.

IVICT maintains a head office in rented premises located in Düsseldorf/Germany, and an office in Namur close to Brussels/Belgium.

Since IVICT is a wholly owned subsidiary of Mitsubishi Corporation, Tokyo/Japan, it is included in the consolidated financial statements of Mitsubishi Corporation. The financial year of IVICT thus corresponds to the financial year of Mitsubishi Corporation, i.e. from April 1, 2022, to March 31, 2023.

#### **Economic report**

##### **Macroeconomic environment**

Survey data indicates a weakening of the global economic activity at the turn of the year after growth had still remained robust in the third quarter of 2022.

On a global scale, the persistent inflationary pressure undermines disposable income. Bottlenecks in global supply chains kept normalizing further, but disruptions in the economic activity in China could trigger new supply chain bottlenecks with a global effect.

The dynamics of global trade further weakened in November, while early indicators and current forecasts indicated a decline in the fourth quarter of 2022. The price pressure on a global scale remains as high as ever. However, it may have reached its peak as the total inflation for the OECD continued to weaken in November.

According to Eurostat's preliminary flash estimate, the economy in the euro area grew by 0.1% in the fourth quarter of 2022. This result may lie above the projections prepared by euro system experts in December 2022, however this shows that the economic activity has slowed down considerably since mid-2022 and the ECB Council expects that it will remain weak in the near future. The subdued global economy and the high degree of political uncertainty, particularly due to the Russian war against Ukraine and its population, keep giving strong headwind for growth in the euro area.

This headwind in concert with the high inflation and the restrictive financing conditions weaken expenditure and production, particularly in the manufacturing sector.

However, supply bottlenecks are gradually being resolved. Gas supply has become more secure, companies are still processing large order backlogs and confidence is rising. Moreover, production is being maintained in the services sector, which is supported by sustained re-opening effects and higher demand for leisure activities.

Increasing salaries and the recent decline in the energy price inflation will also help to mitigate the loss of purchasing power that many people have suffered as a result of high inflation. This, in turn, will support consumption. Overall, the economy proved more resilient than anticipated and should recover in the coming quarters.

(Source: <https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202301.en.html>)

### **Business development**

In the financial year 2022/2023, the Company's revenue decreased by approx. 5% and amounted to mEUR 917 (prior year: mEUR 1,055, with budgeted revenue amounting to about mEUR 966).

The reason particularly being the segments Petrochemicals and Plastics, while the segments Methanol & Ethanol and Special Chemicals exceeded their expected budget as regards revenue. As in prior years, the Methanol & Ethanol segment generated the most revenue, with revenue realized in that segment accounting for 34.7% of total revenue, followed by Petrochemicals (incl. Aromatics) accounting for 24.2%, Chlor-Alkali accounting for 18.7%, and the Plastics segment accounting for 11.7%. The other business segments like Biological Fine Chemicals, Specialty Chemicals and others had a share of 10.7% of total revenue.

An analysis of the revenue development according to geographical aspects showed that a share in revenue of about 87% was achieved in Europe – including Germany – while the share in revenue generated in Asia was 13% of total revenue. Revenue in regions other than the ones mentioned above currently merely accounts for a small proportion of less than 0.02% of total revenue.

Gross profit in the financial year 2022/2023 amounts to mEUR 38 (prior year: mEUR 45).

When looking at gross profit, the strongest segment in the financial year 2022/2023 was the Plastics segment with 21.6%, followed by the Bio-Fine, Petrochemicals (incl. Aromatics), Chlor-Alkali and finally the Methanol & Ethanol segments with 21.3%, 20.3%, 16.4%, 12.6% and 7.7%, respectively.

Personnel expenses were maintained at prior year's level of mEUR 6.2. Amortization of intangible fixed assets and depreciation of property, plant and equipment amounted to mEUR 1.7 and remained nigh on unchanged on the prior year as well. These also include the amortization of goodwill for the chemical business acquired by Mitsubishi International GmbH of mEUR 1.7. When compared to the prior year, other operating expenses increased by mEUR 1.8 to mEUR 24.6, which was particularly due to increased incidental material costs, such as warehousing and logistics costs as well as to increased currency losses due to volatile exchange rate developments of the currencies USD and JPY. Furthermore, for the first time since the Covid-19 situation began, trade fairs and increased travel activities picked up again in the financial year 2022/2023.

The interest level, that has considerably risen since July 2022 leads to an increase in interest expense to kEUR 739 (prior year: kEUR 86) and thus leads to a negative financial result of kEUR 733 (prior year: positive 44).

The global economic and political situation since the outbreak of the war in Ukraine was mainly responsible for the decline in the profit for the period to mEUR 3.9 (prior year: mEUR 10.0). Particularly the Methanol & Ethanol segment which had generated high revenues so far suffered from the changing economic environment with increased fluctuations of market prices, high inflation as well as the war between Russia and Ukraine. Mainly due to these three factors the profit of the Methanol & Ethanol department remained significantly behind the previous year's result.

Further reasons for the decline in the profit for the period were increased warehousing and logistics expenses in almost all business segments as well as the risen financing expenses due to the changed interest rate policy of the European Central Bank.

Despite adverse economic conditions, the majority of the other segments was able to reach and even partially exceed their planned gross profits. Here, market opportunities related to market price developments could be seized. Despite global inflation, personnel expenses and other operating expenses could be maintained at an appropriate level.

Compared to the prior year, the balance sheet total decreased from mEUR 257.4 to mEUR 164.0 in the financial year. The effects of lessened business activities were discernible on both sides of the balance sheet. This was reflected in decreases in trade receivables (mEUR -67) and trade payables (mEUR -59) as well as in liabilities to affiliated companies (mEUR -17) and in liabilities to shareholders (mEUR -9).

Equity decreased by mEUR 5.8 to mEUR 21.1. Given the equally decreased balance sheet total, the equity ratio increased from 10.5% by 2.4% to 12.9% in the reporting year.

The debt ratio of short-term liabilities declined to 80.5% from 84.8% in the financial year 2021/2022.

Fixed assets are covered entirely by equity.

As at the balance sheet date, neither lawsuits nor other litigations were pending that could materially affect the Company's economic situation.

### **Financial position**

Mitsubishi Corporation Finance Plc ("MCF"), London/Great Britain, offers group financing to IVICT. Also, IVICT participates in the cash pool system of MCF (dollar and euro).

IVICT has a Risk Management Department, which appropriately identifies and manages the status of the credit portfolio (e.g. status of credit concentration in a specific business or a specific company) and regularly reports to IVICT management.

Incoming payments and daily liquidity are closely monitored. Any surplus or underfunding is settled within the cash pool system.

Liabilities to banks did not exist as at the balance sheet date.

No capital investments were made in the financial year 2022/2023.

### **Staff and Corporate Social Responsibility**

IVICT employed 63 members of staff on average during the financial year.

IVICT's employees are trained outstandingly. In order to keep educating and to bind these employees to the Company, the Company offers a multitude of in-house and external further education opportunities.

The global and regional programs (e.g. "Global Management Program", "Gateway Program", "Business Management Seminar") which convey manifold bases for reaching decisions and the Company culture are particularly worth mentioning in this sense. Since these programs could only be conducted on the web during the past two years due to Covid-19, these were performed live again for the first time in the financial year 2022/2023.

Also on expert level, numerous external and internal trainings and education options are offered on a regular basis as well as situation-related. Amongst others, the Company principles are frequently referred to in the entire training portfolio.

IVICT is active with many actions in the field of CSR (Corporate Social Responsibility). For example, IVICT supports the event "Japan Day" in Düsseldorf/Germany, where numerous employees volunteer.

The corporate principles of Mitsubishi Corporation apply as material non-financial performance indicators:

- Corporate Social Responsibility
- Fairness & Integrity
- International understanding through trade

These are also reflected in the Code of Conduct of IVICT being a binding guideline for each employee that is lived on a daily basis.

In order to take account of the advancing digitalization, new online training courses and an obligatory review of the level of knowledge for each employee on the subject “information security and awareness for cyber risks” was introduced in the financial year 2022/2023. Furthermore, additional obligatory training courses and reviews of the level of knowledge regarding the topics “competition act”, “whistleblowing” as well as “bystander intervention for sexual harassment” were conducted to prepare the employees for daily risks.

All of the employees’ acting is geared to sustainable growth taking into account the needs of environment and of society. IVICT generally enables the participation in “Earthwatch”, a program financed by Mitsubishi Corporation aiming for the preservation of the environment as well as offering research and training regarding environmental protection and combating poverty. However, this could also not be carried out due to travel restrictions in course of the coronavirus pandemic in the financial year. The “Earthwatch” program will probably be relaunched in the financial year 2023/2024 as part of the global lifting of the Covid-19 related travel restrictions.

## **Outlook**

The global outlook is being slowed down due to lessening demand. The global combined purchasing managers index (PMI) for production in December confirmed the momentum of the global economy slowing down toward the end of the year, whereas the index remained under the neutral threshold (48.7).

In addition, the ECB’s Global Activity Tracker, which is based on high-frequency data, shows signs of a further slowdown in economic activity in the fourth quarter of 2022. The weakening economic momentum of the global economy in the fourth quarter followed strong growth in the third quarter, where the global GDP had risen by 1.7% compared to the prior quarter, which was due to the recovery in the United States and China.

However, in December the Tracker showed signs of a certain improvement due to better labor market and financial market data, which allude to a potential gradual recovery at the beginning of 2023, which could be further supported by the revival of the Chinese economy.

(Source: <https://www.ecb.europa.eu/pub/economic-bulletin/html/eb202301.en.html>)

The rapid downswing of the German chemical industry regressed in the first quarter of the year. Nevertheless, a powerful recovery is not in sight. Production in Germany's third-largest industrial sector declined slightly. Revenue also declined in almost all segments. Persistently high production costs strained the business.

The look ahead remains concerning. Electricity and gas are still significantly more expensive than before the crisis and are not competitive in an international comparison. Even though supply bottlenecks in the industry are slowly being resolved, meaning that full order books can be processed, new business is hesitant and demand for chemical products remains weak.

VCI President Markus Steilemann commented on the economic situation:

“The full extent of the energy crisis is becoming increasingly visible. Even though the energy and raw materials bills for many chemical and pharmaceutical companies were lower in Q1 than three months earlier, the costs are still twice as high as in the previous years. Germany as an industry location is becoming less and less competitive internationally. For the energy-intensive chemical industry, there is a great danger of ever more investments and jobs being moved abroad. It is positive that meanwhile the politicians have recognised the seriousness of the situation too. But now action must follow – and this must happen fast, without much bureaucracy and in a targeted manner, for example, through an industrial electricity price as a bridge to the future and to secure Germany as an industry location.”

### **Forecast**

In view of the persistently difficult situation for the industry, the VCI continues to assume a drop in production by 5% for 2023 as a whole. For chemical production (excluding pharmaceuticals), the association expects a decline by 8%.

(Source: VCI Quarterly Report 1, 2023)

Despite the global economy continuing to develop modestly at the turn of the year, the short-term outlook has brightened in light of the revival of the Chinese economy and the continuously robust labor market situation in the industrialized countries. The diminishing supply bottlenecks still support global trade, now as ever. At the same time, the underlying price pressure remains high despite the decline of the overall inflation. In light of this, ECB's experts revised the global growth prospects for the better for the years 2023 and 2024 in their macroeconomic projections for the euro area dated March 2023 compared to the projections for the euro systems dated December 2022. The restart of the Chinese economy will admittedly have a positive impact on global growth during the current year, however economic activity remains relatively subdued, while the growth rates expected for the entire projection period from 2023 to 2025 should remain below the historical average. The projections for world trade were also revised for the better in order to account for the recovery of the Chinese economy and the further reduction of the global supply chain disruptions. Moreover, the signs for inflation measured against the CPI having already reached its peak in 2022 intensify, even though the price pressure in the global economy remains high. The disinflation process is supported by the supply bottlenecks diminishing globally, the decreasing energy prices and the synchronized tightening of monetary policy. The robust labor markets and the strong salary growth, particularly in the large, industrialized countries however indicate that the underlying inflationary pressure in the global economy remains high and the disinflation process will only progress slowly. The economic development in the euro area stagnated in the fourth quarter of 2022. Hence, the previously expected contraction did not subside. However, domestic private demand plummeted. High inflation, existing uncertainty and restrictive financing conditions reduced private consumption and



investments, which declined by 0.9% and 3.6%, respectively. According to the baseline scenario, the economy should recover in the coming quarters. Confidence continued to grow as the supply conditions continuously improved and as the companies process their large order backlogs, industrial production is expected to pick up again. Increasing salaries and decreasing energy prices will partially offset the loss of purchasing power that many households suffer. This, in turn, will support consumer spending. Furthermore, the labor market remains robust despite the economic slowdown. In the fourth quarter 2022, employment increased by 0.3% and the unemployment rate was at an historic low of 6.6% in January 2023. In light of the increasing certainty as regards energy supplies, energy prices have fallen considerably, confidence has increased and the economy is expected to pick up slightly in the short-term. In the meantime, lower energy prices have led to a certain cost relief, particularly in the energy-intensive industries, and supply bottlenecks have largely subsided. According to expectations, the adjustment in the energy market toward a balanced level will continue and real income will rise. As far as the current tensions on the financial markets ease, production volume is expected to grow again from mid-2023 as foreign demand is also increasing. This circumstance is supported by a robust labor market. At the same time, the ongoing normalization of the ECB's monetary policy and the further interest rate increases expected by the markets will have an increasing impact on the real economy. The recently restrictive credit offer conditions will result in additional dampening effects.

(Source: ECB Economic Report 2/2023)

However, we still face many challenges as the chemical sector in the EU27 is to undergo a double transition in order to achieve the goals of the European Green deal. These include climate neutrality, circular economy and digitalization, while the reform of the EU regulatory for chemicals, which was announced in the chemical strategy for sustainability, is being pre-empted.

(Source: <https://cefic.org/a-pillar-of-the-european-economy/facts-and-figures-of-the-european-chemical-industry/growth-and-competitiveness>)

IVICT monitors its performance precisely on a monthly basis in order to implement necessary measures to handle the movements in the economic environment in due time.

In light of these external environmental and market conditions, IVICT anticipated lower revenue (mainly on account of the lower price level) but also higher profits (mainly owed to lower costs) in all segments for the financial year 2023/2024.

## **Risk and opportunity report**

Apart from the general market risks, IVICT does generally not face any special risks. These market risks chiefly comprise the price fluctuation risk for chemical raw materials, currency risks, and – to a limited extent – storage risks.

IVICT has established a risk management system to minimize these risks. The risk management system aims at identifying risks as early and comprehensively as possible, communicating this information in a timely manner to the decision-makers, as well as consistently controlling and monitoring these risks. It includes classic controlling instruments such as short-term and long-term planning, monthly or quarterly comparisons with the current results and those of the prior year.

Each determined risk is appropriately described and assessed as regards the probability of occurrence and the expected amount of damage. The management team is fully included in every aspect of risk analysis and assessment. The annual budget including the credit limit for the customer is regularly adjusted taking into account the current business development.

The short ways and the flat hierarchies within the Company provide for a fast and efficient risk management. Together with the controlling instruments, it is assured that the impacts of the identified risks on the result and the liquidity are monitored on an ongoing basis.

For hedging the existing risks, transactions are performed, as far as possible, without warehousing, i.e. when a sales contract has already been closed with the end customer as at the date of purchase of the goods (back-to-back business).

In all cases where stock is required, the acceptance conditions are agreed in advance with the end customer (stock business).

In the case of transactions where the Company needs to take price and storage risks (speculative transaction), management sets the cap and floor of the transaction volume for the particular transaction and monitors the position closely.

As regards the existing currency risks arising from the timing difference of the settlement of trade receivables and payables, management aims to reduce these as far as possible. Hence, open currency positions that are not covered by appropriate offsetting items are hedged by means of borrowing foreign currencies in which we have certain positions such as US dollars. In this respect, we refer to our disclosures in the notes to the financial statements.

Opportunities arise for IVICT from the access to cost-effective methanol produced in facilities of IVICT's parent company, and by expanding our portfolio of products from environmentally friendly sources (methanol, plastics and others). Further opportunities are expected to arise from the additional digitalization efforts.

Düsseldorf/Germany, September 4, 2023

IVICT Europe GmbH

Taro Satori  
Executive Director

IVICT Europe GmbH, Düsseldorf/Germany

Balance sheet as at March 31, 2023

Assets

	Mar. 31, 2023 EUR	Prior year kEUR
<b>A. Fixed assets</b>		
<b>I. Intangible fixed assets</b>		
1. Concessions, industrial and similar rights and assets as well as licenses in such rights and assets acquired for a consideration	941,445.38	25
2. Goodwill	1,239,600.00	2,892
	<u>2,181,045.38</u>	<u>2,917</u>
<b>II. Property, plant and equipment</b>		
Other equipment, operating and office equipment	26,612.83	46
	<u>2,207,658.21</u>	<u>2,963</u>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Merchandise	57,586,200.57	72,787
2. Prepayments	7,606.13	13
	<u>57,593,806.70</u>	<u>72,800</u>
<b>II. Receivables and other current assets</b>		
1. Trade receivables	92,495,552.77	159,469
2. Receivables from affiliated companies	163,320.97	287
3. Other current assets	5,843,195.00	13,869
thereof tax assets: EUR 5,720,923.08 (prior year: kEUR 13,659)		
	<u>98,502,068.74</u>	<u>173,625</u>
<b>III. Cash-in-hand and bank balances</b>	4,080,862.10	6,364
	<u>160,176,737.54</u>	<u>252,789</u>
<b>C. Prepaid expenses</b>	142,107.58	368
<b>D. Deferred tax assets</b>	1,478,584.14	1,259
	<u>164,005,087.47</u>	<u>257,379</u>

Equity and liabilities

	Mar. 31, 2023 EUR	Prior year kEUR
<b>A. Equity</b>		
<b>I. Subscribed capital</b>	25,000.00	25
<b>II. Capital reserves</b>	15,975,000.00	15,975
<b>III. Retained profits brought forward</b>	1,259,382.90	910
<b>IV. Profit for the period</b>	3,880,366.00	10,046
	<u>21,139,748.90</u>	<u>26,956</u>
<b>B. Provisions</b>		
1. Provisions for pensions and similar obligations	230,052.00	351
2. Tax provisions	6,879,923.00	6,830
3. Other provisions	3,567,592.83	5,118
	<u>10,677,567.83</u>	<u>12,299</u>
<b>C. Liabilities</b>		
1. Payments received on account of orders	611,789.96	421
2. Trade payables	26,020,829.18	85,482
3. Liabilities to shareholders	53,555,715.65	62,205
4. Liabilities to affiliated companies	43,957,578.17	60,691
5. Other liabilities	7,944,636.22	9,325
thereof taxes: EUR 7,843,205.29 (prior year: kEUR 9,217) thereof relating to social security: EUR 84,222.64 (prior year: kEUR 88)		
	<u>132,090,549.18</u>	<u>218,124</u>
<b>D. Deferred income</b>	97,221.56	0
	<u>164,005,087.47</u>	<u>257,379</u>

**IVICT Europe GmbH, Düsseldorf/Germany**

**Statement of profit and loss for the financial year from April 1, 2022 to March 31, 2023**

	2022/2023	Prior year
	EUR	kEUR
1. Revenue	917,327,626.44	1,054,810
2. Other operating income	558,470.37	320
thereof exchange losses:		
EUR 54,590.62 (prior year: kEUR 85)		
3. Cost of materials		
Cost of purchased services	878,864,459.99	1,009,785
4. Personnel expenses		
a) Wages and salaries	5,058,498.07	5,103
b) Social security, post-employment		
and other employee benefit cost	1,187,345.08	1,103
thereof post-employment cost:		
EUR 411,237.22 (prior year: kEUR 353)		
5. Amortization and write-downs of intangible fixed assets		
and depreciation and write-downs of property, plant and equipment	1,709,537.67	1,720
6. Other operating expenses	24,645,313.62	22,809
thereof exchange losses:		
EUR 578,076.97 (prior year: kEUR 270)		
7. Other interest and similar income	6,124.90	130
8. Interest and similar expenses	738,695.72	86
thereof to affiliated companies:		
EUR 710,343.25 (prior year: kEUR 73)		
9. Income taxes	1,808,037.27	4,607
thereof deferred taxes:		
EUR -219,201.24 (prior year: kEUR -349)		
10. Earnings after taxes	3,880,334.29	10,047
11. Other taxes	-31.71	1
12. Profit for the period	<u>3,880,366.00</u>	<u>10,046</u>

## **IVICT Europe GmbH, Düsseldorf/Germany**

### **Notes to the financial statements for the financial year 2022/2023**

#### **A. General information**

##### **1. General bases**

IVICT Europe GmbH (hereafter also referred to as “IVICT” or “the Company”) is a large corporation within the meaning of Sec. 267 (3) German Commercial Code (HGB). The Company has its registered office at Kennedydamm 19, 40476 Düsseldorf/Germany, and is filed in the Commercial Register with the Düsseldorf local court in Germany (HRB 83816).

##### **2. Classification principles**

The annual financial statements of IVICT Europe GmbH have been prepared in compliance with the regulations of the HGB and the German Limited Liability Companies Act (GmbHG) in their currently valid versions. In the interest of a more transparent presentation, single items within the balance sheet and the statement of profit and loss are summarized. A separate disclosure is made in the respective item of the notes to the financial statements. The statement of profit and loss was prepared according to the nature of expense method.

The annual financial statements were prepared in euro. All amounts are given in thousand euro (kEUR) unless specifically indicated otherwise. Amounts of less than kEUR 0.5 are rounded. Within the tables, decimals were generally not indicated for providing a better overview. Thus, rounding differences could arise.

#### **B. Notes on recognition and measurement policies**

##### **1. Recognition and measurement policies**

**Intangible fixed assets** and **property, plant and equipment** are recognized at acquisition cost, less straight-line depreciation or amortization, respectively, or at their lower fair values as at the balance sheet date. Buildings are depreciated on a straight-line basis with the amounts required under tax law. Sundry property, plant and equipment and intangible fixed assets are depreciated or amortized on a straight-line basis over their estimated useful lives.

Low-value items with acquisition cost of up to EUR 250.00 are expensed as incurred, low-value items with acquisition cost between EUR 250.01 and EUR 800.00 are fully depreciated in the year of acquisition. In case of a presumably permanent impairment in value, the low-value item is written down and recognized at the lower fair value.

The estimated useful lives of the individual fixed assets are shown in the following table:

	Useful life Years
<b>Intangible fixed assets</b>	
Data-processing programs, licenses and other rights	3 - 15
Goodwill	5
<b>Property, plant and equipment</b>	
Other operating and office equipment	2 - 10

**Inventories** are recognized at acquisition cost or the effective values as at the balance sheet date, where these are lower.

**Receivables and other current assets** are recognized at nominal values. Receivables denominated in foreign currency with a term of up to one year are measured at the middle spot exchange rate in effect at the balance sheet date. If hedges are closed for receivables denominated in foreign currencies, hedge accounting is applied between hedges and underlying transactions. The hedging relationships are accounted for using the fair value method. Identifiable individual risks are taken into account by making specific allowances and the general credit risk by making a general allowance of 2% of the receivables.

**Cash and cash equivalents** and **equity** are recognized at nominal value.

**Deferred taxes** are set up for temporary differences between the values of assets and liabilities as well as of prepaid expenses and deferred income recognized under commercial law and their tax base. In accordance with the option conferred by Sec. 274 (1) sentence 3 HGB, deferred taxes are reported on a net basis.

**Provisions for pensions and similar obligations** are determined according to actuarial principles applying the projected unit credit method. For measuring provisions, Prof. Dr. Klaus Heubeck's 2018 G Standard Tables are applied. The discount factor was extrapolated to the balance sheet date based on the interest rate information as determined and announced by the German central bank (Bundesbank) in accordance with the Regulation on the Discounting of Provisions (RückAbzinsV) as of December 31, 2022 (Section 253 (2) HGB) assuming unchanged market conditions. This resulted in an average market interest rate of 1.79%, assuming a residual term of 15 years. Furthermore, an income dynamic of 2.6% is assumed.

**Other provisions** are stated at settlement amount based on sound business judgment. Future price and cost rises are considered if sufficient objective evidence for their occurrence is on hand. Provisions with a residual term of more than one year are discounted with the average market interest rate of the past seven financial years that corresponds to their residual term and is published by the German Central Bank.

**Liabilities** are stated at settlement amount. Liabilities denominated in foreign currencies with a residual term of up to one year are translated at the middle spot exchange rate in effect at the balance sheet date. If hedges are closed for liabilities denominated in foreign currencies, hedge accounting is applied between hedges and underlying transactions. The hedging relationships are accounted for using the fair value method.

## 2. Foreign currency translation

Balance sheet items denominated in foreign currency are translated in euro at the rate prevailing at the balance sheet date on March 31, 2023. Hedge accounting is applied between the hedged assets or liabilities denominated in foreign currency and the underlying transaction, and the hedges are reported in the balance sheet at the hedged rate. The items of the statement of profit and loss denominated in foreign currencies are translated at the rate in effect on the date of transaction. Exchange gains and exchange losses result from the valuation of outstanding receivables and liabilities in foreign currency on the balance sheet date.

## C. Notes to the balance sheet

### 1. Fixed assets

In accordance with Section 284 (3) German Commercial Code (HGB), the development of the individual fixed assets items is presented in the statement of movements in fixed assets (appendix to the notes), which takes into account amortization, depreciation and write-downs of the financial year.

### 2. Inventories

The inventories can be analyzed as follows:

	Mar. 31, 2023	Prior year	Change
	kEUR	kEUR	kEUR
Merchandise	39,433	39,366	67
Goods in transfer	18,153	33,421	-15,268
	57,586	72,787	-15,201
Prepayments	8	13	-5
	<u>57,594</u>	<u>72,800</u>	<u>-15,206</u>

### 3. Receivables and other current assets

All receivables and other current assets are due within one year. In individual cases, trade receivables are collateralized by bank guarantees.

As in the prior year, receivables and other current assets from affiliated companies do not include any receivables from shareholders.

Other assets as at the balance sheet date notably comprise VAT tax assets of kEUR 5,721 (prior year: kEUR 13,659).



#### 4. Deferred tax assets

The deferred tax assets of kEUR 1,479 (prior year: kEUR 1,259) mainly result from temporary differences relating to the provision for obligations similar to pensions, to amortization of goodwill as well as to property, plant and equipment and to foreign currency receivables and liabilities. A combined income tax rate of 31.23% was applied in calculating the deferred taxes.

	Mar. 31, 2023	Change	Mar. 31, 2022
	kEUR	kEUR	kEUR
Deferred tax assets	1,479	220	1,259
Deferred tax liabilities	-	-	-

#### 5. Equity

Equity amounts to kEUR 21,140 as at the balance sheet date (prior year: kEUR 26,956). It is composed of the subscribed capital totaling kEUR 25 (prior year: kEUR 25), capital reserves of kEUR 15,975 (prior year: kEUR 15,975), the profit carry-forward of kEUR 1,260 (prior year: kEUR 910) and the profit for the period of kEUR 3,880 (prior year: kEUR 10,046).

#### 6. Tax provisions

These provisions relate to corporate income tax, municipal trade tax and solidarity surcharge of kEUR 6,880 (prior year: kEUR 6,830).

#### 7. Provisions for pensions and similar obligations

The Company's employees were taken over from Mitsubishi International GmbH as at October 1, 2018, as part of the transfer of business. The pension provisions in relation to the employees transferred to the Company continue to be accounted for at Mitsubishi International GmbH under an agreement setting out the assumption of the liability and of performance obligation. Based on the revaluated expert opinion issued by AON Hewitt GmbH, the annual difference is invoiced to the Company by Mitsubishi International GmbH.

The provisions for pensions and similar obligations accounted for at IVICT exclusively relate to early-retirement part-time provisions.

As regards the early-retirement part-time provisions, the necessary settlement amount represents the expected value of the services recorded on an accrual basis based on the information available at the balance sheet date. The resulting uncertain liability was determined in form of a present value and must thus principally be discounted with a computation rate that corresponds to its residual term, namely 0.55% in the financial year. In addition, Prof. Dr. Klaus Heubeck's 2018 G Standard Tables were applied assuming income dynamics of 2.6%.

## 8. Other provisions

The item comprises outstanding expenses arising from transactions in the Company's own name and the agency business, personnel-related commitments to employees and other outstanding administrative expenses.

Provisions for long-service awards were computed under actuarial aspects applying the projected unit credit method. The computation was based on a computation interest rate of 1.50% and on a salary trend of 2.60%. Furthermore, the Company used Prof. Dr. Klaus Heubeck's 2018 G Standard Tables for the valuation.

## 9. Liabilities

Terms and other notes:

	Mar. 31, 2023	Prior year
	kEUR	kEUR
Payments received on account of orders	612	421
Trade payables	26,021	85,482
Liabilities to affiliated companies	43,958	60,691
Liabilities to shareholders	53,556	62,205
Other liabilities	7,943	9,325
of which taxes:		
kEUR 7,843 (prior year: kEUR 9,217)		
thereof wage and church tax:		
kEUR 84 (prior year: kEUR 88)		
	<u>132,090</u>	<u>218,124</u>

All liabilities are not collateralized and are due within one year. All liabilities to affiliated companies relate to trade. Liabilities to shareholders are disclosed separately.

## D. Notes to the statement of profit and loss

### 1. Revenue

Revenue for the reporting period 2022/2023 amounts to kEUR 917,328 (prior year: kEUR 1,054,810) in the aggregate and can be analyzed by the segments below as follows:

	2022/2023		Prior year	
	kEUR	%	kEUR	%
<b>Classification by segments</b>				
Methanol & Ethanol	318,666	34.7	366,687	34.8
Basic Petrochemical	219,791	23.9	228,970	21.7
Chlorine-Alkali	171,269	18.7	222,462	21.1
Plastics	106,862	11.7	131,663	12.5
Bio-Fine Chemicals	66,626	7.3	58,775	5.6
Specialty Chemicals	30,999	3.4	30,240	2.9
Aromatic Chemicals	3,013	0.3	15,757	1.4
Other	102	0.0	256	0.0
	<u>917,328</u>	<u>100.0</u>	<u>1,054,810</u>	<u>100.0</u>

The major sales market in the financial year 2022/2023 was Europe, followed by Asia. The table below presents the revenue by region, i.e. the countries in which the companies are domiciled.

	2022/2023		Prior year	
	kEUR	%	kEUR	%
<b>Classification by regions</b>				
Europe (without Germany)	703,906	76.7	822,234	78.0
Asia	116,297	12.7	126,552	12.0
Germany	96,972	10.6	105,639	10.0
Other regions	153	0.0	385	0.0
	<u>917,328</u>	<u>100.0</u>	<u>1,054,810</u>	<u>100.0</u>

### 2. Other operating income

The item includes income from the release of provisions of kEUR 471 (prior year: kEUR 222) relating to other periods, of which kEUR 208 (prior year: kEUR 0) could relate to the decrease of the general allowance.

### 3. Personnel expenses

The expenses for salaries amounted to kEUR 5,058 (prior year: kEUR 5,103) in the financial year 2022/2023. The Company also incurred expenses for social security of kEUR 776 (prior year: kEUR 750) and post-employment costs of kEUR 411 (prior year: kEUR 353). Post-employment costs comprise the actual amounts paid out to pensioners.

#### 4. Other operating expenses

Other operating expenses include the following items:

	FY 2022	FY 2021
	kEUR	kEUR
Distribution costs	13,375	11,171
Storage costs	5,054	5,571
Other general operating expenses	1,825	2,849
Legal and consultancy fees	1,175	1,223
Office-machinery lease and IT costs	489	332
Impairment losses or loss from disposal of current assets	0	217
Travel expenses	510	102
Commissions	185	246
Rent and occupancy costs	424	408
Bank fees	388	186
Other personnel expenses	134	63
Journals and professional literature	82	44
Representation costs	295	1
Cost of repair	20	35
Vehicle costs	77	63
Telephone, telex, postage	34	28
Losses on disposal of assets	0	0
Exchange losses	578	270
TOTAL	24,645	22,809

Exchange losses total kEUR 578 (prior year: kEUR 270) and relate to losses from currency translation realized in the financial year.

#### 5. Net finance income/expense

Interest and similar expenses total kEUR 739 (prior year: kEUR 86). The increase is due to the higher interest rate currencies EUR and USD.

#### 6. Income taxes

The item includes corporate income tax and municipal trade tax for the current year as well as deferred tax assets of kEUR 219 (prior year: kEUR 349).

## E. Other disclosures

### 1. Other financial commitments

As at March 31, 2023, other financial commitments amount to kEUR 321 (prior year: kEUR 312) and relate to commitments under tenancy and lease agreements for buildings and vehicles.

	2022/2023 kEUR	Prior year kEUR
due within 1 year	2,165	252
due in 1 to 5 years	<u>3,711</u>	<u>60</u>
	<u>5,876</u>	<u>312</u>

The commitments under tenancy and lease agreements include commitments to affiliated companies of kEUR 224 (prior year: kEUR 224), all of which are due within one year.

They also include multi-year storage agreements of kEUR 5,555 (prior year: kEUR 0).

### 2. Derivative financial instruments

We use derivative financial instruments to hedge and reduce risks from fluctuations in foreign currency items. Our strategy for dealing with exchange risks exclusively consists in closing forward exchange dealings to assure the economic value of the cash flows in foreign currencies. We therefore do not take any risks that might have a serious impact on our operating result.

The following table shows our derivative financial instruments as at March 31, 2023. Their fair value is calculated based on the difference between the forward rate and the rate prevailing as at the balance sheet date. Due to materiality reasons, interest and other possible parameters have been ignored when determining the values.

#### Forward exchange contracts as at March 31, 2023

	Total amount kEUR	Total of balance sheet date rate kEUR	Forward rate total kEUR	Delta total EUR kEUR
<b>Purchase contracts</b>				
USD	5,737,967.26	-5,281,634.08	-5,321,302.33	-39,668.26
JPY	1,750,000.00	-12,103.27	-12,193.42	-90.15
GBP	6,050.00	-6,885.33	-6,881.26	4.07
		<u>-5,300,622.68</u>	<u>-5,340,377.01</u>	<u>-39,754.34</u>
<b>Sale contracts</b>				
JPY	26,937,163	186,301.63	187,589.36	1,287.72
		<u>186,301.63</u>	<u>187,589.36</u>	<u>1,287.72</u>

### **3. Employees**

On average, IVICT Europe GmbH employed 63 members of staff in the financial year 2022/2023, of whom 18 worked in Administration, 45 worked in Operations and one was a managing director.

### **4. Auditor's fee**

The costs relating to the audit of the annual financial statements recognized in the statement of profit and loss amount to kEUR 92 (prior year: kEUR 98). The cost for other consulting services totals kEUR 15 (prior year: kEUR 15).

### **5. Members of management**

Managing director in the reporting period was:

Mr. Takeshi Hamada, business administration graduate

With respect to the remuneration paid to management, the Company takes advantage of the protective clause conferred by Sec. 286 (4) HGB.

### **6. Group affiliation**

IVICT Europe GmbH, Düsseldorf/Germany, is affiliated with the Group controlled by Mitsubishi Corporation, Tokyo/Japan. It is included in the consolidated financial statements prepared by Mitsubishi Corporation for the smallest and largest group of consolidated entities. The consolidated financial statements of Mitsubishi Corporation are available at the registered office of the Company. The consolidated financial statements are filed with the Japanese Commercial Register ("Ministry of Finance, Local Finance Bureaus in Tokyo/Japan") under number 0100-01-008771.

### **7. Major post-balance-sheet-date events**

Since April 1, 2023, management responsibilities have been performed by Mr. Taro Satori, business administration graduate, Düsseldorf/Germany.

Düsseldorf/Germany, September 4, 2023

IVICT Europe GmbH

Taro Satori  
Executive Director

IVICT Europe GmbH, Düsseldorf/Germany

## Movements in fixed assets in the financial year 2022/2023

	Gross book values			Balance as at Mar. 31, 2023 EUR	Accumulated amortization/depreciation/write-downs			Balance as at Mar. 31, 2023 EUR	Net book values		
	Balance as at Apr. 1, 2022 EUR	Additions EUR	Disposals EUR		Balance as at Apr. 1, 2022 EUR	Additions EUR	Disposals EUR		Balance as at Mar. 31, 2023 EUR	Balance as at Mar. 31, 2023 EUR	Prior year kEUR
<b>I. Intangible fixed assets</b>											
1. Concessions, industrial and similar rights and assets as well as licenses in such rights and assets acquired for a consideration	73,164.71	931,252.10	0.00	1,004,416.81	48,338.49	14,632.94	0.00	62,971.43	941,445.38	25	
2. Goodwill	8,264,000.00	0.00	0.00	8,264,000.00	5,371,600.00	1,652,800.00	0.00	7,024,400.00	1,239,600.00	2,892	
	<u>8,337,164.71</u>	<u>931,252.10</u>	<u>0.00</u>	<u>9,268,416.81</u>	<u>5,419,938.49</u>	<u>1,667,432.94</u>	<u>0.00</u>	<u>7,087,371.43</u>	<u>2,181,045.38</u>	<u>2,917</u>	
<b>II. Property, plant and equipment</b>											
Other equipment, operating and office equipment	300,063.13	23,302.80	0.00	323,365.93	254,648.37	42,104.73	0.00	296,753.10	26,612.83	46	
	<u>8,637,227.84</u>	<u>954,554.90</u>	<u>0.00</u>	<u>9,591,782.74</u>	<u>5,674,586.86</u>	<u>1,709,537.67</u>	<u>0.00</u>	<u>7,384,124.53</u>	<u>2,207,658.21</u>	<u>2,963</u>	

**INDEPENDENT AUDITOR'S REPORT**

To IVICT Europe GmbH, Düsseldorf/Germany

**Audit Opinions**

We have audited the annual financial statements of IVICT Europe GmbH, Düsseldorf/Germany, which comprise the balance sheet as at March 31, 2023, and the statement of profit and loss for the financial year from April 1, 2022, to March 31, 2023, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of IVICT Europe GmbH, Düsseldorf/Germany, for the financial year from April 1, 2022, to March 31, 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at March 31, 2023, and of its financial performance for the financial year from April 1, 2022, to March 31, 2023, in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate 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 appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

**Basis for the Audit Opinions**

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities 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 on the management report.



**Responsibilities of the Executive Directors for the Annual Financial Statements and the Management Report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate 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. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

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

Our objectives are 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 an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits 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 annual financial statements and this management report.

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

- identify and assess the risks of material misstatement of the annual financial statements and of the 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures 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 audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting 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 the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able 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 give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Düsseldorf/Germany, September 4, 2023

**Deloitte GmbH**  
Wirtschaftsprüfungsgesellschaft

Signed:  
Prof. Dr. Holger Reichmann  
Wirtschaftsprüfer  
(German Public Auditor)

Signed:  
Sven Leber  
Wirtschaftsprüfer  
(German Public Auditor)

# General Engagement Terms

## for

### Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

#### [German Public Auditors and Public Audit Firms]

#### as of January 1, 2017

DokID:

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#### 1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

#### 2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

#### 3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

#### 4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

#### 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

#### 6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

#### 7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

#### 8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

#### 9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

## 10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

## 11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

## 12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

## 13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

## 14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

## 15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.