

TRIFA LAMPS GERMANY GmbH Hauenstein

Long-form audit report
Annual financial statements
31 March 2022

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Translation from the German language

Table of contents

	Page
A. Audit engagement	1
B. Reproduction of the auditor's report	2
C. Performance of the audit	5
I. Subject of the audit	5
II. Nature and scope of the audit	6
III. Independence	7
D. Findings on the financial reporting	8
I. Legal compliance of the financial reporting	8
II. Overall presentation of the annual financial statements	9
1. Valuation bases	9
2. Overall conclusion	9
E. Closing remark	10

Exhibits

- 1 Balance sheet
- 2 Income statement
- 3 Notes to the financial statements
- 4 Legal background

Engagement Terms, Liability and Conditions of Use
General Engagement Terms

Note: Due to rounding differences, figures in tables and cross-references may differ slightly from the actual figures (units of currency, percentages, etc.).



Translation from the German language

A. Audit engagement

In accordance with a resolution approved at the shareholder meeting on 25 May 2021, the management of TRIFA LAMPS GERMANY GmbH, Hauenstein ("TRIFA" or the "Company"), engaged us to audit the Company's annual financial statements as of 31 March 2022 together with the underlying books and records.

The "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2017, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed "Engagement Terms, Liability and Conditions of Use."

This long-form audit report is addressed to the Company.



Translation from the German language

B. Reproduction of the auditor's report

We issued the following auditor's report on the annual financial statements:

"Independent auditor's report

To TRIFA LAMPS GERMANY GmbH

Opinion

We have audited the annual financial statements of TRIFA LAMPS GERMANY GmbH, Hauenstein, which comprise the balance sheet as at 31 March 2022, the income statement for the fiscal year from 1 April 2021 to 31 March 2022, and notes to the financial statements, including the recognition and measurement policies presented therein.

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 31 March 2022 and of its financial performance for the fiscal year from 1 April 2021 to 31 March 2022 in compliance with German legally required accounting principles.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.



Translation from the German language

Basis for the opinion

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and 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 opinion on the annual financial statements.

Responsibilities of the executive directors for the annual financial statements

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 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.



Translation from the German language

Auditor's responsibilities for the audit of the annual financial statements

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 to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 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.

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, 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit of the annual financial statements 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 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.



Translation from the German language

- ▶ 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 or, if such disclosures are inadequate, to modify our respective 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.

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."

C. Performance of the audit

I. Subject of the audit

Under our engagement, we examined in accordance with Sec. 317 HGB whether the books and records and the annual financial statements, which comprise the balance sheet, the income statement and notes to the financial statements, comply with the relevant legal requirements.



Translation from the German language

The applicable financial reporting framework for our audit of the annual financial statements comprised the accounting requirements of Secs. 242 to 256a and Secs. 264 to 288 HGB and the special requirements of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. No additional accounting requirements result from the articles of incorporation and bylaws.

II. Nature and scope of the audit

We conducted our audit in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

The audit does not extend to providing assurance of the Company’s ability to continue as a going concern or of management efficiency and effectiveness.

The basis of our risk-based audit approach is to develop an audit strategy and an audit program aligned with that strategy to obtain sufficient appropriate audit evidence to reduce audit risk to an acceptably low level. The audit program includes the nature, timing and extent of audit procedures to be performed by audit team members.

To identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement and assertion levels, we obtain an understanding of the entity and its environment, including the entity’s internal control and, where applicable, the arrangements and measures relevant to the audit of the management report. We use data analytics to supplement these risk assessment procedures. On this basis, we perform tests of controls, if appropriate, to evaluate the operating effectiveness of relevant controls. We considered the knowledge obtained from these procedures in determining the substantive analytical procedures and tests of details designed to detect material misstatements.

We observed the concept of materiality in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and, where applicable, the management report.



Translation from the German language

Our audit program focused on the following audit areas:

- ▶ Analysis of the process related to the annual financial statement close process and the procurement and sales process
- ▶ Recognition and valuation of trade receivables
- ▶ Completeness and valuation of provisions
- ▶ Recognition of revenue on an accrual basis

We also performed the following standard audit procedures:

- ▶ For those items of the annual financial statements for which we could not rely on business processes, we performed balance reconciliation procedures as well as an analysis of movements shortly before or after the reporting date, taking into account the relevant documents, e.g., contracts, correspondence, etc.
- ▶ We obtained bank confirmations and requested and received confirmation from lawyers regarding pending litigation.
- ▶ We obtained a written report from the Company's tax advisor on pending appeals, disputed tax assessment notices and existing tax risks.
- ▶ We also applied analytical procedures to test the plausibility of changes in items of the annual financial statements.

We were provided with all information and evidence requested. In a letter of representation submitted to us, the executive directors confirmed the completeness of this information and evidence provided and of the books and records and annual financial statements.

III. Independence

We were in compliance with the applicable independence requirements during our audit.



Translation from the German language

D. Findings on the financial reporting

I. Legal compliance of the financial reporting

In our opinion, on the basis of the knowledge obtained in the audit, the books and records comply with the legal requirements. Data gathered from other audited documents are properly reflected in the books and records and the annual financial statements.

We concluded our audit, covering

- ▶ legal compliance of the components of the annual financial statements and of their derivation from the books and records;
- ▶ legal compliance of the disclosures in the notes to the financial statements;
- ▶ compliance with recognition, presentation and valuation requirements;
- ▶ compliance with all legal requirements governing financial reporting, including German legally required accounting principles and with all requirements applicable to entities of a specific size, legal form or industry; and
- ▶ compliance with requirements of the articles of incorporation and bylaws of relevance for the content of the financial reporting;

by issuing the auditor's report reproduced in section B.



Translation from the German language

II. Overall presentation of the annual financial statements

1. Valuation bases

We provide the following information on the recognition and measurement policies applied as well as the significant factors for the valuation of assets and liabilities, including any effects of changes in such methods:

- ▶ **Trade receivables** are carried at the lower of nominal value or net realizable value on the reporting date. Specific bad debt allowances provide for identifiable individual risks. In addition, a general bad debt allowance of EUR 8.1k (prior year: EUR 8.8k) or 1.5% (prior year: 1.5%) of the receivables not covered by specific bad debt allowances was recognized to allow for the general credit risk.

For further details, please refer to the information on other valuation bases in the notes to the financial statements.

2. Overall conclusion

Based on our audit, which was carried out in accordance with professional standards, we conclude, as stated in our auditor's report, that the annual financial statements as a whole give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in accordance with German legally required accounting principles.



Translation from the German language

E. Closing remark

We issue the above long-form report on our audit of the annual financial statements of TRIFA LAMPS GERMANY GmbH, Hauenstein, for the fiscal year from 1 April 2021 to 31 March 2022 in accordance with Sec. 321 HGB and in compliance with the Generally Accepted Standards for the Issuance of Long-Form Audit Reports promulgated by the IDW (IDW AuS 450 (Revised)).

Mannheim, 23 May 2022

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

G. Becker
Wirtschaftsprüfer
[German Public Auditor]

Waldner
Wirtschaftsprüfer
[German Public Auditor]

Trifa Lamps Germany GmbH, Hauenstein
Balance sheet as of 31 March 2022

Exhibit 1

Assets	31 Mar 2021		Equity and liabilities	31 Mar 2021	
	EUR	EUR		EUR	EUR
A. Fixed assets			A. Equity		
I. Intangible assets			I. Subscribed capital	30,000.00	30
Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	9.00	3	II. Capital reserves	1,584,903.60	1,585
II. Property, plant and equipment			III. Profit carryforward	1,369,902.41	1,495
Other equipment, furniture and fixtures	13,792.61	22	IV. Net income/net loss for the year	50,945.43	-125
III. Financial assets				3,035,751.44	2,985
Loans to affiliates	1,700,000.00	0	B. Provisions		
		25	1. Provisions for pensions and similar obligations	4,061.00	11
	1,713,801.61		2. Other provisions	47,184.05	83
B. Current assets				51,245.05	94
I. Inventories			C. Liabilities		
Finished goods and merchandise	72,488.05	119	1. Trade payables	37,769.09	40
II. Receivables and other assets			2. Prepayments received on account of orders	0.00	45
1. Trade receivables	527,711.45	567	3. Liabilities to affiliates	429,063.12	538
2. Receivables from affiliates	7,573.78	727	4. Other liabilities	27,628.35	39
3. Other assets	70,774.85	120	thereof for taxes: EUR 19,332.53 (prior year: EUR 22k)		
	606,060.08	1,414		494,460.56	662
III. Cash on hand, Bundesbank balances, bank balances and checks					
	1,155,990.94	2,149			
		3,682			
C. Prepaid expenses					
		34			
	3,581,457.05	3,741		3,581,457.05	3,741

Trifa Lamps Germany GmbH, Hauenstein
Income statement for fiscal year 2021/2022

Exhibit 2

	EUR	EUR	2020/2021 EUR k
1. Revenue	4,285,151.94		4,012
2. Other operating income	49,274.77		9
thereof income from currency translation: EUR 24k (prior year: EUR 1k)			
		4,334,426.71	4,021
3. Cost of materials			
Cost of raw materials, consumables and supplies and of purchased merchandise	3,501,671.31		3,319
4. Personnel expenses			
a) Wages and salaries	198,013.17		240
b) Social security, pension and other benefit costs	39,993.13		60
thereof for old-age pensions: EUR 2k (prior year: EUR 2k)			
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	11,489.77		14
6. Other operating expenses	532,808.44		510
thereof expenses from currency translation: EUR 2.5k (prior year: EUR 14k)			
7. Income from loans classified as fixed financial assets	1,227.78		0
thereof from affiliates: EUR 1k (prior year: EUR 0k)			
8. Interest and similar expenses	221.00		3
thereof expenses from discounting: EUR 0k (prior year: EUR 0.5k)			
		4,282,969.04	4,146
9. Result from ordinary activities		51,457.67	-125
10. Income taxes		0.00	0
11. Earnings after taxes		51,457.67	-125
12. Other taxes		-512.24	0
13. Net income/net loss for the year		50,945.43	-125

TRIFA LAMPS GERMANY GmbH, Hauenstein
Notes to the financial statements for fiscal year 2021/2022

1. General

The financial statements of TRIFA LAMPS GERMANY GmbH were prepared pursuant to the provisions of the HGB [“Handelsgesetzbuch”: German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG [“Gesetz betreffend die Gesellschaften mit beschränkter Haftung”: German Limited Liability Companies Act]. The Company is subject to the requirements for small corporations. The balance sheet was classified in accordance with Sec. 266 (2) and (3) HGB. The income statement was classified in accordance with Sec. 275 (2) HGB (nature of expense method).

Some of the exemptions provided by Sec. 288 HGB were used.

The fiscal year started on 1 April 2021 and ended on 31 March 2022.

Registration information

The Company, having its registered office in Hauenstein, is entered under the name of TRIFA LAMPS GERMANY GmbH in the commercial register of Zweibrücken Local Court under HRB no. 32401.

2. Accounting policies

The following accounting policies, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements. Assets and liabilities were valued in accordance with the valuation provisions of German commercial law and German principles of proper accounting. No use was made of asset recognition options.

Purchased intangible assets are stated at their acquisition cost and property, plant and equipment at their acquisition or production cost, in each case less amortization or depreciation. Amortization and depreciation are charged using the straight-line method over the useful lives of the assets. The Company opted to immediately expense movable assets with acquisition costs of up to EUR 800.00.

Inventories of merchandise are recognized at the lower of cost or net realizable value.

Adequate allowances provide for all identifiable inventory valuation risks resulting from slow-moving stock, reduced usability and lower sales prices or replacement costs.

Apart from normal retentions of title, no inventories have been pledged as security to third parties.

Receivables and other assets are generally stated at their nominal value. Doubtful receivables are recorded at their expected value. Uncollectible receivables are written off. The general credit risk is provided for by a general bad debt allowance of 1.5% of net receivables.

Cash and cash equivalents are stated at their nominal value.

Prepaid expenses are expenses that relate to the next fiscal year but were paid in the current fiscal year.

Equity was recognized at its nominal value.

Provisions account for all uncertain liabilities. They are recognized at the settlement value deemed necessary according to prudent business judgment. All recognizable risks were adequately taken into account in the calculation of provisions. Provisions with a residual term of more than one year were discounted.

Provisions for pensions and similar obligations were recognized at the settlement value deemed necessary (Sec. 253 (1) Sentence 2 in conjunction with Sec. 253 (2) HGB). They were valued according to the projected unit credit method on the basis of the 2018 G mortality tables by Dr. Klaus Heubeck, using an interest rate of 1.80% p.a. in accordance with Sec. 253 (2) HGB and assuming a salary increase of 0.0% and a pension increase of 1.8%.

The difference pursuant to Sec. 253 (6) Sentence 1 HGB was EUR 66 and is non-distributable in accordance with Sec. 253 (6) Sentence 2 HGB.

Liabilities are recorded at the settlement value.

Balances in foreign currencies were valued at the mean spot rate.

The income tax burden is determined on the basis of the result from ordinary activities.

3. **Notes to the balance sheet and income statement**

a) Fixed assets

Statement of changes in fixed assets pursuant to Sec. 268 (2) HGB

Changes in fixed assets						
	Acquisition cost as of 1 Apr 2021	Additions	Disposals	Accumulated amortization, depreciation and impairment	Net book value as of 31 Mar 2022	Amortization, depreciation and impairment in the fiscal year
	EUR	EUR	EUR	EUR	EUR	EUR
I. <u>Intangible assets</u>						
Purchased industrial and similar rights	55,999.65	0.00	0.00	55,990.65	9.00	3,115.35
	55,999.65	0.00	0.00	55,990.65	9.00	3,115.35
II. <u>Property, plant and equipment</u>						
1. Plant and machinery	12,464.14	0.00	0.00	12,464.14	0.00	0.00
2. Other equipment, Furniture, fixtures and office equipment	464,828.93	0.00	0.00	451,036.32	13,792.61	8,374.42
	477,293.07	0.00	0.00	463,500.46	13,792.61	8,374.42
III. <u>Financial assets</u>						
Loans to affiliates	0.00	1,700,000.00	0.00	0.00	1,700,000.00	0.00
	533,292.72	1,700,000.00	0.00	508,001.34	1,713,801.61	11,489.77

b) Inventories

	31 Mar 2022	31 Mar 2021
	EUR k	EUR k
Merchandise	42,711.68	60,598.05
Packaging	0.00	0.00
Goods in transit	24,105.18	49,285.04
Promotional articles	5,671.19	9,133.65
Prepayments	0.00	0.00
	<u>72,488.05</u>	<u>119,016.74</u>

c) Receivables and other assets

As in the prior year, all amounts are due in up to one year. EUR 7,573.78 of the receivables from affiliates relates to trade.

d) Liabilities

Statement of liabilities

Thereof liabilities due in	less than <u>one year</u> EUR	more than <u>five years</u> EUR	Total EUR	Secured by EUR
- Trade payables	37,769.09	0.00	37,769.09	None
- From prepayments received on account of orders	0.00	0.00	0.00	None
- To affiliates	429,063.12	0.00	429,063.12	None
- Other	<u>27,628.35</u>	0.00	<u>27,628.35</u>	None
	<u>494,460.56</u>	<u>0.00</u>	<u>494,460.56</u>	

In the prior year, all liabilities (EUR 662k) were due in up to one year.

Liabilities to affiliates of EUR 429k (prior year: EUR 538k) are attributable to trade.

4. Contingent liabilities and other financial obligations

There were no contingent liabilities as of the reporting date. Other financial obligations from rental agreements and leases amounted to EUR 117,273 (prior year: EUR 79k). Of this amount, EUR 41k is due within the next fiscal year.

5. Other notes

The general manager with sole power of representation is

Frankie Klinkert, engineering graduate, Bergem

In the fiscal year, the Company had an average of six salaried employees (prior year: seven) and no wage earners (prior year: one).

The financial statements are included in the consolidated financial statements of Suprajit Engineering Limited, India. Suprajit Engineering Limited prepares the consolidated financial statements for the largest and smallest group of companies which are published on the Company's website.

Subsequent events

No events having a significant financial impact on the Company have occurred since the reporting date.

Contrary to our expectations from the prior year, the COVID-19 pandemic led to significant drops in demand and to delays in delivery. The supply difficulties increased due to ongoing bottlenecks in transport capacities and delays in the procurement of raw materials as well as personnel shortages in production. They are comparable to the difficulties being experienced by other companies in the same industry.

Higher prices for raw materials and energy as well as higher transport costs were borne by our suppliers in fiscal year 2021/2022. In the current fiscal year, they will be passed on to us proportionately and will increase our sales prices accordingly. We do not expect any changes in our order backlog as many companies are currently having to raise their sales prices.

At the present time, the war in Ukraine is not having any direct impact on the Company. However, we presume that raw material supply shortages will increase and cause further delays in production. At present, we are unable to estimate the extent to which the market or our customers will be affected and to what extent this will impact our sales.

Hauenstein, 23 May 2022

Frankie Klinkert
General Manager

TRIFA LAMPS GERMANY GmbH, Hauenstein
Legal background

1. Legal position of the Company

TRIFA LAMPS GERMANY GmbH is entered in the Zweibrücken commercial register under HRB no. 32401. An excerpt from the commercial register dated 4 April 2022 with the latest entry dated 12 November 2020 concerning the new entry in the Zweibrücken commercial register was made available to us.

The articles of incorporation and bylaws dated 27 August 2002 and last amended on 26 October 2020 apply.

Purpose of the Company

The purpose of the Company is the production and sale of all manner of low-voltage light bulbs. Its purpose is furthermore the sale, production and development of accessories for vehicles and safety and logistics systems as well as the provision of services and the development and sale of software related to such systems.

Fiscal year

The fiscal year begins on 1 April of a given year and ends on 31 March of the following year.

Capital stock

The capital stock of EUR 30k is fully paid in. The sole shareholder as of the reporting date is Suprajit Engineering Limited, Bengaluru, India.

Management

The Company's general manager is:

Frankie Klinkert, engineering graduate, Bergem

According to the commercial register, the general manager is exempted from the restrictions prescribed in Sec. 181 BGB ["Bürgerliches Gesetzbuch": German Civil Code].

Shareholder resolutions

In the fiscal year, the shareholder meeting, by resolution dated 25 May 2021, approved the financial statements for 2020/2021, carried forward the net loss for the year of EUR 124,663.82 to new account and exonerated management. Moreover, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, was appointed as auditor for fiscal year 2021/2022.

2. Significant contracts**Loan agreement with Luxlite**

On 1 March 2022, the Company as lender and Luxlite Lamp Sàrl, Luxembourg, entered into a loan agreement for EUR 1,700k. The loan has a term of 10 years from the date of the first disbursement and is repayable in 40 equal installments. The fixed interest rate for the loan is 1% p.a. and interest is due annually as of 31 March. If it is not terminated or repaid, the loan will be automatically extended by an additional year.

Office and warehouse lease

Effective 1 December 2019, a rent agreement was entered into with Grundstücksgemeinschaft Weichhart for the office space situated in Gebrüder-Seibel-Strasse 6, 76846 Hauenstein. It cannot be terminated by ordinary notice until 30 November 2022. The monthly rent is EUR 2k. The rent is linked to the German Federal Statistical Office's consumer price index.

3. Relationships with affiliates

As a subsidiary of Suprajit Engineering Limited, India, the Company is a part of the Suprajit Engineering Limited Group, Bengaluru, India, and included in its consolidated financial statements.

4. Tax background

The tax field audit for the years 2013 to 2016 was completed in fiscal year 2018/2019 without material findings. In the fiscal year, a tax field audit for the assessments years 2017 to 2020 was announced. The results of this tax field audit were not yet available at the time we performed our audit of the annual financial statements.



Engagement terms, liability and conditions of use

In the audit report, the auditors summarize the results of their work, reporting in particular to those bodies of the Company responsible for its oversight. By documenting material audit findings, the audit report supports the bodies responsible in the process of overseeing the Company. For this reason, the report - notwithstanding any right of third parties based on special legal provisions to receive or inspect it - is addressed exclusively to the bodies of the Company for internal use.

Our work is based on our engagement letter for the audit of these financial statements, the Special Engagement Terms for Assurance and Advisory Business of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft (dated July 1, 2007) and the General Engagement Terms for "Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] as issued by the IDW ["Institut der Wirtschaftsprüfer": Institute of Public Auditors in Germany] on January 1, 2017.

This audit report is solely intended to serve as a basis for decisions of bodies of the Company and must not be used for purposes other than those intended. We therefore assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the audit report and/or audit opinion to reflect events or circumstances arising after the audit opinion was issued unless required to do so by law.

It is the sole responsibility of anyone taking note of the information contained in this audit report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

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.