

TRIFA LAMPS GERMANY GmbH i.L. Hauenstein

Short-form audit report
Annual financial statements
for the abbreviated financial year from
1 April 2022 to 31 January 2023

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft





Translation from the German language

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General Engagement Terms

Note:

We have issued the independent auditor's report presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use."

If an electronic version of this document is used for disclosure in accordance with Sec. 325 HGB, only the files containing the financial reporting and, in the case of a statutory audit, the independent auditor's report, are intended for this purpose.



Translation from the German language

Independent auditor's report

To TRIFA LAMPS GERMANY GmbH i.L.

Opinion

We have audited the annual financial statements of TRIFA LAMPS GERMANY GmbH, Hauenstein, which comprise the balance sheet as at 31 January 2023, the income statement for the abbreviated fiscal year from 1 April 2022 to 31 January 2023, 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 January 2023 and of its financial performance for the abbreviated fiscal year from 1 April 2022 to 31 January 2023 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.

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 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.



Emphasis of matter

Please see the information provided by the liquidator in the “General” section of the notes, which describe the resolution dated 14 November 2022 to liquidate the Company and the ensuing use of liquidation values following the decision to no longer apply the going concern basis of accounting. Our opinion on the annual financial statements is not modified in this respect.

Responsibilities of the liquidator for the annual financial statements

The liquidator is 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 liquidator is 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 liquidator is responsible for assessing the Company’s ability to liquidate its operations in an orderly manner. They also have the responsibility for disclosing, as applicable, matters related to orderly liquidation of operations. In addition, they are responsible for financial reporting based on a non-going concern basis of accounting, provided actual or legal circumstances conflict with the continuation as a going concern.

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 opinion. 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 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 liquidator and the reasonableness of estimates made by the liquidator and related disclosures.
- ▶ Conclude on the appropriateness of the liquidator's use of the non-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 liquidate its operations in an orderly manner. 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 opinion. 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 the orderly liquidation of its operations.



Translation from the German language

- ▶ 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.

Mannheim, 23 May 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

G. Becker
Wirtschaftsprüfer
[German Public Auditor]

Schmitt
Wirtschaftsprüferin
[German Public Auditor]

Trifa Lamps Germany GmbH i.L., Hauenstein
Balance sheet as of 31 January 2023

Assets	31 Mar 2022		Equity and liabilities	31 Mar 2022	
	EUR	EUR		EUR	EUR
		EUR k			EUR k
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		II. Capital reserves	1,584,903.60	1,585
II. Property, plant and equipment			III. Profit carryforward	1,420,847.84	1,370
Other equipment, furniture and fixtures	7,671.06	14	IV. Net loss/net income for the year	<u>-300,316.12</u>	<u>51</u>
III. Financial assets				2,735,435.32	<u>3,036</u>
Loans to affiliates	<u>1,572,500.00</u>	<u>1,700</u>	B. Provisions		
		<u>1,714</u>	1. Provisions for pensions and similar obligations	3,785.00	4
		1,580,180.06	2. Other provisions	<u>307,838.29</u>	<u>47</u>
B. Current assets				311,623.29	<u>51</u>
I. Inventories			C. Liabilities		
Finished goods and merchandise	<u>36,470.05</u>	72	1. Trade payables	39,183.92	38
II. Receivables and other assets			2. Prepayments received on account of orders	5,202.10	0
1. Trade receivables	586,061.45	528	3. Liabilities to affiliates	372,418.26	429
2. Receivables from affiliates	109,145.53	8	4. Other liabilities	31,629.05	28
3. Other assets	<u>24,841.51</u>	<u>71</u>	thereof from taxes: EUR 11,247.53 (prior year: EUR 19k)		
	<u>720,048.49</u>	607		448,433.33	<u>495</u>
III. Cash on hand, Bundesbank balances, bank balances and checks	<u>1,144,401.17</u>	1,156			
		1,900,919.71			
C. Prepaid expenses					
		14,392.17			
	<u>3,495,491.94</u>	<u>3,582</u>		<u>3,495,491.94</u>	<u>3,582</u>

Trifa Lamps Germany GmbH, Hauenstein
Income statement for the abbreviated fiscal year 2022/2023

	EUR	EUR	2021/2022 EUR k
1. Revenue	3,020,088.93		4,285
2. Other operating income	37,060.83		50
thereof income from currency translation: EUR 12k (prior year: EUR 24k)			
		3,057,149.76	4,335
3. Cost of materials			
Cost of raw materials, consumables and supplies and of purchased merchandise	2,453,797.71		3,501
4. Personnel expenses			
a) Wages and salaries	248,397.95		198
b) Social security, pension and other benefit costs	37,438.90		40
thereof for old-age pensions: EUR 1k (prior year: EUR 2k)			
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	6,121.55		11
6. Other operating expenses	625,271.81		533
thereof expenses from currency translation: EUR 2k (prior year: EUR 3k)			
7. Income from loans classified as fixed financial assets thereof from affiliates: EUR 14k (prior year: EUR 1k)	13,635.04		1
8. Interest and similar expenses	73.00		
thereof expenses from discounting: EUR 0k (prior year: EUR 0k)			0
		3,357,465.88	4,284
9. Result from ordinary activities	-300,316.12		51
10. Income taxes	0.00		0
11. Earnings after taxes	-300,316.12		51
12. Other taxes	0.00		
13. Net loss/net income for the year	-300,316.12		51

TRIFA LAMPS GERMANY GmbH, Hauenstein
Notes to the financial statements for fiscal year 2022/2023

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 Company has been in liquidation since 1 February 2023. The dissolution of the Company as of 31 January 2023 was resolved by the shareholder meeting on 14 November 2022. Operations were discontinued on 30 April 2023. For this reason, a non-going concern basis of accounting was applied in the preparation of the financial statements. There was a permissible breach of the principle of consistent recognition and valuation (consistency principle).

The abbreviated fiscal year started on 1 April 2022 and ended on 31 January 2023.

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 were primarily used to prepare the financial statements. Assets and liabilities were valued in accordance with the valuation provisions of German commercial law and German legally required accounting principles, applying a non-going concern basis of accounting. No use was made of asset recognition options. In accordance with IDW AcP HFA 17, fixed assets are valued as current assets if their sale is intended within a foreseeable period or if these assets no longer serve the Company’s operations. The valuation of assets is thus mainly determined by the conditions on the sales market. In line with the principle of prudent business judgment, the fair values of assets calculated from a liquidation perspective were taken into consideration only if they do not exceed acquisition or production costs. In determining the fair values of assets, the anticipated duration of the liquidation process was taken into account.

Translation from the German language

Purchased intangible assets have to date been 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 were charged using the straight-line method over the useful lives of the assets taking into account the liquidation period. The Company opted to immediately expense movable assets with acquisition costs of up to EUR 800.00 (up to EUR 1,000.00 as of 1 January 2023). There were no lower liquidation values that had to be taken into consideration.

Loans to affiliates were recognized at acquisition cost and there were no lower liquidation values.

Inventories of merchandise are recognized at the lower of cost or fair value. There were no lower liquidation values that had to be taken into consideration.

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 all 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. The intended discontinuation of operating activities was taken into account in the valuation.

Equity was recognized at its nominal value.

Provisions account for all uncertain liabilities. Despite the abandonment of the going concern assumption, 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 for expenses resulting from the discontinuation of the Company's activities were taken into account. Income expected from the discontinuation of Company operations was not taken into account due to the prohibition of offset set out in Sec. 246 (2) Sentence 1 HGB.

Provisions with a residual term of more than one year were discounted.

Translation from the German language

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 1.78% p.a. in accordance with Sec. 253 (2) HGB and assuming a salary increase of 0.0% and a pension increase of 1.8%. In calculating the necessary settlement value, the discontinuation of the Company's operations was taken into consideration.

The difference pursuant to Sec. 253 (6) Sentence 1 HGB was EUR 73 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 and there were no lower liquidation values.

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

Translation from the German language

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				Net book value as of 31 Jan 2023 EUR	Amortization, depreciation and impairment in the fiscal year EUR
	Acquisition cost as of 1 Apr 2022 EUR	Additions EUR	Disposals EUR	Accumulated amortization, depreciation and impairment EUR		
I. <u>Intangible assets</u>						
Purchased industrial and similar rights	55,999.65			55,990.65	9.00	0.00
	<hr style="border-top: 1px dashed black;"/>					
II. <u>Property, plant and equipment</u>						
1. Plant and machinery						
2. Other equipment, furniture and fixtures	464,828.93			457,157.87	7,671.06	6,121.55
	464,828.93			457,157.87	7,671.06	6,121.55
	<hr style="border-top: 1px dashed black;"/>					
III. <u>Financial assets</u>						
Loans to affiliates	1,700,000.00		127,500.00	<hr style="border-top: 1px dashed black;"/>		
	2,220,828.58		127,500.00	513,148.52	1,580,180.06	6,121.55
	<hr style="border-top: 3px double black;"/>					

b) Inventories

	31 Jan 2023 EUR	31 Mar 2022 EUR k
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
Merchandise	30,464.38	42,711.68
Packaging	0.00	0.00
Goods in transit	0.00	24,105.18
Promotional articles	6,005.71	5,671.19
Prepayments	0.00	0.00
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
	36,470.05	72,488.05

Translation from the German language

c) Receivables and other assets

As in the prior year, all amounts are due in up to one year. EUR 109,145.53 of the receivables from affiliates relates to trade.

d) Liabilities

Statement of liabilities

Thereof liabilities due in	less than one year EUR	more than five years EUR	Total EUR	Secured by EUR
- from trade	39,183.92	0.00	39,183.92	None
- from prepayments received on account of orders	5,202.10	0.00	5,202.10	None
- to affiliates	372,418.26	0.00	372,418.26	None
- Other	<u>31,629.05</u>	0.00	<u>31,629.05</u>	None
	<u>448,433.33</u>	<u>0.00</u>	<u>448,433.33</u>	

In the prior year, all liabilities (EUR 494k) were due in up to one year.

Liabilities to affiliates (EUR 372k; prior year: EUR 429k) comprise liabilities to shareholders and are attributable to trade.

Revenue

Revenue in the fiscal year came to EUR 3,020k (prior year: EUR 4,285k).

Revenues declined compared to the prior year due to the liquidation and the corresponding planned discontinuation of operations. Furthermore, comparability is limited due to the abbreviated fiscal year.

Extraordinary effects due to the discontinuation of operations

The discontinuation of operations led to expenses of extraordinary significance amounting to EUR 270k. This mainly includes severance payments for the remaining salaried employees and wage earners as well as legal counsel.

4. Contingent liabilities and other financial obligations

There were no contingent liabilities as of the reporting date. Other financial obligations from lease agreements were recognized under other provisions due to the application of a non-going concern basis of accounting.

5. Other notes

Liquidator with sole power of representation

Frankie Klinkert, engineering graduate, Bergem

In the abbreviated fiscal year, the Company had an average of four salaried employees (prior year: six) and one wage earner (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

Operations were discontinued on 30 April 2023. Current transactions will be settled within the planned liquidation period of 12 months.

Hauenstein, 23 May 2023

Frankie Klinkert Liquidator



Translation from the German language

Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB [“Handelsgesetzbuch”: German Commercial Code]) for statutory audits, the audit opinion is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the audit opinion is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement letter for the audit of these financial statements including the “General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]” as issued by the Institute of Public Auditors in Germany [“Institut der Wirtschaftsprüfer”: IDW] on 1 January 2017.

To clarify, we point out that we 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 will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion 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.