

**Mitsubishi International GmbH
Düsseldorf/Germany**

Management report and
annual financial statements
for the financial year from
April 1, 2019 to March 31, 2020

TRANSLATION

– German version prevails –

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Mitsubishi International GmbH, Düsseldorf/Germany

Management report for the financial year 2019/2020

Basic information on the Company

Mitsubishi International GmbH (hereafter called "MIG") was founded in 1955. The purpose of business of the Company is primarily the import and export trade. In addition to transactions on own account, it is engaged in agency and brokerage business of all kinds as well as in related financing transactions.

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

MIG maintains a head office in Düsseldorf/Germany.

The corporate headquarter has been housed in a company-owned building since June 30, 1988.

As MIG is included via Mitsubishi International Europe Plc, London/Great Britain, in the consolidated financial statements of Mitsubishi Corporation, Tokyo/Japan, its financial year corresponds to the financial year of Mitsubishi Corporation, which runs from April 1 of a year to March 31 of the following year.

Economic report

Overall economic environment

In 2019, GDP growth slowed to 0.6% in Germany, mainly as a result of weaker export growth and the continuing downturn in manufacturing. Resilient domestic demand supported growth. Private consumption increased robustly amid record employment rates and strong wage growth. Public consumption expenditure also rose markedly. Investment in construction gained further momentum. By contrast, equipment investment was almost stagnant, reflecting the protracted weakness in industrial production and depressed export expectations. Downside risks relate to a prolonged impact of the coronavirus on foreign trade and supply chains to which the German industry is particularly exposed. They also relate to subdued business sentiment and continued investment restraint. Over the course of March 2020, the COVID-19 pandemic reached Germany and the imposition of confinement measures paralyzed numerous activities, particularly in the services sector. In addition, manufacturing increasingly felt the disruption of value chains and a demand slump in key markets [Source: European Economic Forecast Winter 2020 (interim) P.13-14].

The European economy continued to weather external headwinds in the second half of 2019 thanks to the strength of domestic drivers, but the EU's and surrounding countries' economy shrank rapidly in 2020 onwards due to the corona pandemic. Countries that rely on the export industry such as Germany will be affected by the development of the global economy. Although the EU and its member states have launched various funding plans in order to recover from this pandemic situation, the pandemic effects on the European economy are expected to continue to some extent in 2020 [Source: European Economic Forecast Winter 2020 (interim) P.1].

Risks are tilted to the downside and relate to a possibly more protracted international fallout and depressed export demand. Given the strong export orientation of Germany, this would take a larger toll on industrial activity and may slow down the recovery. Domestically, consumer demand could take longer to recover if sanitary concerns linger, income uncertainty persists and the effects of the consumption stimuli prove weaker [Source: European Economic Forecast Winter 2020 (interim) P.13].

Refer to European Economic Forecast 2020 (Summer/Winter)

Business development

In the 2019/2020 financial year, sales revenue decreased to mEUR 420 compared to the previous year (previous year: kEUR 1,317,340). This decline is mainly the result of the spin-off of the Chemicals division to IVICT Europe GmbH as from October 2018, falling market prices for fossil fuels, and the termination of the Russian tire business and the paper business.

Due to the termination of the paper business and the tire business in Russia, together with the lower market prices for fossil fuels within the financial year, the planned target was, however, almost achieved, being only 1.5% below budget.

An analysis of the sales development from a geographical point of view shows that the share of sales in Europe including Germany increased to 91.3% (previous year: 87.1%), while the share of sales in Asia fell slightly to 8.3% (previous year: 11.6%). The decline in Asia results from the sanction imposed by the USA against China (HUAWEI) regarding the product wafer. As a key financial performance indicator, sales revenue decreased by 68.1% compared to the previous financial year. The gross profit amounts to mEUR 12.5 after mEUR 45.8 in the previous year, the gross profit ratio thus fell to 3.0% (previous year: 3.5%).

Personnel expenses fell to mEUR 8.6 compared to the previous year (previous year: mEUR 11.8), which is due to the transfer of employees of the former Chemicals division to IVICT Europe GmbH. Amortization of intangible fixed assets and property, plant and equipment remained unchanged in the reporting period at mEUR 0.2 (previous year: mEUR 0.2).

In the current financial year, other operating expenses fell by mEUR 21.4 to mEUR 4.7 when compared to the prior year (mEUR 26.1). The decrease is mainly due to the lower storage costs due to the spin-off of the Chemicals division and the discontinuation of the Paper division.

The operating result, as further key financial performance indicator, fell to kEUR -48 after kEUR 16,968 in the previous year.

The financial result increased from mEUR -1.5 in the previous year to mEUR -1.1 in the current financial year. This results mainly from lower interest expenses accrued on liabilities to affiliated companies.

After an annual surplus of mEUR 9.1 had been achieved in the comparative reporting period, this financial year ended with an annual loss of mEUR 1.1. Due to the spin-off of the Chemicals division, it is not possible to derive development trends compared to the previous year.

The balance sheet total decreased by mEUR 126.0 to mEUR 112.4 in the fiscal year. The assets side decrease results mainly from the reduction in inventories and the decrease in receivables due to the realignment of the Company and the declining demand caused by COVID-19 in the 4th quarter.

Equity decreased by mEUR 5.6 to mEUR 50.2 in the reporting year (previous year: mEUR 55.8). In connection with the reduction in total assets in the current financial year, the equity ratio rose from 23.4% in the previous year to 44.6%.

The debt ratio of the short-term liabilities fell from 64.6% to 27.5%. The ratio of liabilities to affiliated companies in relation to total assets fell to 17.5% (previous year: 53.0%).

Property, plant and equipment and long-term financial assets are fully covered by equity.

The inventories are shown at mEUR 28.0 (previous year: mEUR 30.9). The inventory turnover rate decreased from 28 days in the previous year to 14 days. The decrease is due to the exit from the paper business and in the last quarter of the financial year 2019/2020 also the COVID-19 pandemic.

As of the balance sheet date, there were no pending legal proceedings or other pending legal disputes that could materially affect the Company's economic situation.

Financial position

The Company participates in the group-wide cash pooling of Mitsubishi Corporation International (Europe) Plc, London/Great Britain, via the European Treasury Center (ETC) in London.

On the one hand, the financial management of the Company includes the monitoring of incoming payments in due time and, on the other hand, the daily liquidity monitoring.

The current liquidity need of the Company is covered with the cash flow from current business activities. If this leads to surplus or underfunding, such differences will be balanced within the scope of the cash pooling with the ETC. The Company does not disclose any liabilities to other banks.

Staff and corporate social responsibility

The number of persons employed at MIG in the annual average is 66 persons.

The employees of MIG have an excellent qualification. For further education and for the purpose of increasing the corporate loyalty of these employees, MIG offers a number of internal and external training options.

Mentionable here are in particular the global and regional programs (e.g. "Global Management Program", "Gateway Program", Business Management workshop), where the numerous basics of decision finding and corporate culture are communicated. Also on expert level, numerous trainings and education options are offered on a regular basis as well as on particular occasions. Mentionable here are also a first time offered workshop on the topic "Serenity and Stress Management during VUCA-World". This workshop was offered twice during this fiscal year in order to ensure that as much employees as possible are able to join. For all courses offered within the training portfolio, the corporate principles are used repeatedly among other things.

For promoting an identification of the employees with the Company, joint events are offered.

MIG is active with many actions in the field of CSR (Corporate Social Responsibility). As an example, we only mention the "Japan Day" in Düsseldorf, Germany, where many employees engage voluntarily.

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 MIG being a binding guideline for each employee that is lived on a daily basis.

Hence, all acting of the employees is directed to a sustainable growth under taking into account the needs of environment and of society. Thus, MIG for example offered to its employees the participation in the Earthwatch program, financed by Mitsubishi Corporation, aiming at protecting the environment as well as supporting the research and education concerning environmental protection and fighting against poverty.

Overall statements on the economic situation

Global economic growth in 2020 is expected to be negative. Major countries such as EU countries and the United States have suffered a large economic downturn due to the COVID-19 pandemic, while on the other hand the Chinese economy is beginning to recover relatively quickly. It is still unclear when the economies of each country will recover back to pre-corona levels; in addition, differences in speed of recovery are becoming apparent in the individual countries.

Risk and opportunity report

Apart from the general market risks, MIG is generally not facing any special risks in its separate business divisions. These market risks in particular comprise price fluctuations of commodities, currency risks and – to a low extent – storage risks. MIG has implemented a balanced risk management system for minimizing these risks.

The risk management system aims to identify the risks early and completely, to communicate these promptly to the decision takers as well as to monitor and control these consistently. It includes classic controlling instruments, such as, for example, short-term and long-term planning, their monthly or quarterly comparison with the current results and those of the prior year.

Each identified risk is adequately described and assessed as regards the probability of occurrence and the possible amount of damage. The management team is included in the risk analysis and the assessment and is in charge of the different areas.

The short ways and the flat hierarchies within the Company assure 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 storage, i.e. 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 keeping is required, the acceptance conditions are agreed in advance with the end customer (stock business).

With respect to existing currency risks arising from trade receivables and payables, management aims at reducing these as far as possible. Hence, open currency positions that are not covered by appropriate offsetting items are hedged by means of forward exchange contracts (micro hedges). In this respect, we refer to our explanations in the notes.

In addition, the developments in the context of the COVID-19 crisis are closely monitored and measures are coordinated to minimize the risk of infection of employees in day-to-day business operations. Moreover, MIG observes the developments in its relevant industries to anticipate potential trends.

Outlook

As regards the global economy, a simultaneous occurrence of several risk factors may clearly affect the positive dynamics and thus initiate a downturn. In addition to geopolitical crises, these risk factors comprise the lasting political uncertainty, the economic instability of some emerging countries and upheavals on the international financial markets, in particular a worsening of the international trade conflicts. It is assumed that the already realized and impending customs increases will negatively affect the global economic development [Source: European Economic Forecast Summer 2020 (interim) P2].

The COVID-19 pandemic and the confinement measures taken to limit its spread have caused a sharp slump in the global economy. The progressive spread of the virus earlier this year prompted authorities around the world to implement restrictions on mobility and public health measures in a bid to flatten the curve of infections and prevent healthcare systems from being overloaded. As a result, real global output is predicted to severely slow down.

The business development of MIG especially depends on the economic developments on the international procurement and sales markets. Here, in particular the core markets Europe and Asia are significant. In this context, respective risks can be derived for MIG.

Initially, the Company had expected the same or a more profitable position before experiencing the challenging economic situation of COVID-19 in the coming business year. In order not to fall into a net loss position throughout the next business year, MIG is taking necessary measures including cost reduction.

MIG is closely monitoring its performance on a monthly basis and takes necessary actions promptly in order to tackle the movement of economic environment.

Possible risks with regard to the existing equity investment in MCE Bank are addressed with an adequate investment controlling and respective portfolio strategies.

Under these external environments and market conditions, MIG cannot precisely predict those impacts on the Company's own revenue and costs, but the Company is taking appropriate measures to manage the challenging economic situation due to COVID-19 in order to limit reduction in revenue and sales in FY 2020/2021 as far as possible. A decline in sales revenue shall therefore be limited as far as possible and the annual result shall be kept at the most positive level possible.

Post-balance-sheet-date events

In this respect, reference is made to the disclosures within the notes to the financial statements.

Düsseldorf/Germany, October 30, 2020

Mitsubishi International GmbH

Signed: T. Yamaguchi
Managing Director

Mitsubishi International GmbH, Düsseldorf/Germany

Balance sheet as at March 31, 2020

Assets	Mar. 31, 2020 EUR	Prior year kEUR
A. Fixed assets		
I. Intangible fixed assets		
Concessions, industrial and similar rights and assets as well as licenses in such rights and assets acquired for a consideration	<u>55,892.00</u>	<u>76</u>
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	4,830,436.40	4,874
2. Other equipment, operating and office equipment	<u>248,592.52</u>	<u>381</u>
	<u>5,079,028.92</u>	<u>5,255</u>
III. Long-term financial assets		
Shares in affiliated companies	<u>7,077,845.72</u>	<u>7,078</u>
	<u>12,212,766.64</u>	<u>12,409</u>
B. Current assets		
I. Inventories		
1. Merchandise	27,757,693.43	30,423
2. Prepayments	<u>270,225.00</u>	<u>467</u>
	<u>28,027,918.43</u>	<u>30,890</u>
II. Receivables and other current assets		
1. Trade receivables	52,452,237.52	147,715
2. Receivables from affiliated companies	1,734,172.19	11,134
3. Receivables from shareholders	0.00	18
3. Receivables from other long-term investees and investors	429.90	43
4. Other assets	3,573,108.03	13,571
thereof with a residual term of more than one year: EUR 155,072.65 (prior year: kEUR 131) thereof taxes: EUR 3,062,078.80 (prior year: kEUR 12,495)		
	<u>57,759,947.64</u>	<u>172,481</u>
III. Cash-in-hand and bank balances	<u>9,818,217.17</u>	<u>18,438</u>
	<u>95,606,083.24</u>	<u>221,809</u>
C. Prepaid expenses	<u>99,049.23</u>	<u>120</u>
D. Deferred tax assets	<u>4,512,126.56</u>	<u>4,053</u>
	<u>112,430,025.67</u>	<u>238,391</u>

Equity and liabilities	Mar. 31, 2020 EUR	Prior year kEUR
A. Equity		
I. Subscribed capital	32,000,000.00	32,000
II. Retained profits brought forward	19,314,189.40	14,715
III. Profit/loss for the period	<u>-1,143,010.17</u>	<u>9,132</u>
	<u>50,171,179.23</u>	<u>55,847</u>
B. Provisions		
1. Provisions for pensions and similar obligations	31,312,358.00	28,585
2. Tax provisions	1,578,655.28	2,088
3. Other provisions	<u>1,352,851.70</u>	<u>1,770</u>
	<u>34,243,864.98</u>	<u>32,443</u>
C. Liabilities		
1. Payments received on account of orders	816,390.40	2,535
2. Trade payables	7,233,244.40	20,110
3. Liabilities to shareholders	17,797,330.79	25,478
4. Liabilities to affiliated companies	1,930,071.26	100,928
5. Other liabilities	237,944.61	1,050
thereof taxes: EUR 233,706.42 (prior year: kEUR 1,025) thereof within the scope of social security: EUR 90,691.84 (prior year: kEUR 139)		
	<u>28,014,981.46</u>	<u>150,101</u>
	<u>112,430,025.67</u>	<u>238,391</u>

Mitsubishi International GmbH, Düsseldorf/Germany

Statement of profit and loss for the period from April 1, 2019 to March 31, 2020

	2019/2020 EUR	Prior year kEUR
1. Revenue	419,992,114.11	1,317,340
2. Other operating income	1,188,187.49	9,920
thereof exchange gains:		
EUR 38,455.62 (prior year: kEUR 0)		
3. Cost of materials		
Cost of purchased services	407,542,280.13	1,271,554
4. Personnel expenses		
a) Wages and salaries	5,569,937.02	8,451
b) Social security, post-employment and		
other employee benefit costs	2,985,316.32	3,378
thereof post-employment costs:		
EUR 2,530,863.00 (prior year: kEUR 1,529)		
5. Amortization and write-downs of intangible fixed assets and		
depreciation and write-downs of property, plant and equipment	216,784.57	223
6. Other operating expenses	4,742,065.42	26,119
thereof exchange losses:		
EUR 502.24 (prior year: kEUR 970)		
7. Other interest and similar income	141,352.03	142
thereof from affiliated companies:		
EUR 55,030.51 (prior year: kEUR 0)		
8. Interest and similar expenses	1,215,563.34	3,658
thereof related to accumulation of interest on provisions:		
EUR 841,541.00 (prior year: kEUR 922)		
thereof to affiliated companies:		
EUR 185,635.42 (prior year: kEUR 480)		
9. Income taxes	20,928.99	4,320
thereof deferred taxes:		
EUR 458,705.43 (prior year: kEUR 848)		
10. Earnings after taxes	-971,222.16	9,699
11. Other taxes	171,788.01	567
12. Profit/loss for the period	-1,143,010.17	9,132

Mitsubishi International GmbH, Düsseldorf/Germany

Notes to the financial statements for the financial year 2019/2020

A. General information

1. General bases

Mitsubishi International GmbH (hereinafter referred to as: "MIG" or "the Company") is a large firm organized in a corporate form within the meaning of Sec. 267 (3) German Commercial Code (HGB). The Company is based in Kennedydamm 19 in 40476 Düsseldorf/Germany and is entered in the commercial register of the Düsseldorf local court (HRB 713).

Due to the spin-off of the Chemicals business, the comparability of the balance sheet and the statement of profit and loss to the prior year is limited.

2. Classification principles

The annual financial statements of Mitsubishi International 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 items 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 have been prepared in euro. All amounts are given in thousand euro (kEUR) unless specifically indicated otherwise. Amounts below kEUR 0.5 are rounded down. In order to allow for a more accessible presentation, decimal places are not shown in tables. Accordingly, differences from the use of rounded figures might arise.

B. Information on accounting and valuation principles

1. Accounting and valuation principles

Intangible fixed assets and **property, plant and equipment** are measured at the lower of acquisition cost less straight-line amortization and depreciation, respectively, and fair value as at the balance sheet date. Buildings are depreciated on a straight-line basis at the amounts allowable for tax purposes. The other property, plant and equipment and intangible fixed assets are depreciated and amortized, respectively, on a straight-line basis over the estimated useful life.

Assets with acquisition cost of up to EUR 250.00 are recognized immediately as an expense. Assets with acquisition cost from EUR 250.01 to EUR 800.00 are fully depreciated in the year of acquisition. In the case of an expected permanent impairment, the asset 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
Intangible fixed assets	
Data processing programs, licenses and other rights	3 - 15
Property, plant and equipment	
Buildings	25 - 50
Fittings and fixtures and other equipment	4 - 15
Other operating and office equipment	2 - 10
Vehicles	5

Long-term financial assets are stated at the lower of acquisition cost and fair value. Expected permanent impairments are taken into account by write-downs. If the reasons for write-downs made in prior years do fully or partially lapse, a reversal of write-down is made up to a maximum of the historical acquisition costs.

Inventories are recognized at the lower of acquisition cost and current value as at the balance sheet date.

Receivables and other current assets are stated at nominal value. The receivables and other current assets are measured at nominal value. Receivables denominated in foreign currency with a term of up to one year are measured at the middle spot exchange rate as at the balance sheet date. Where foreign-currency receivables are hedged, hedging relationships between the hedge and the underlying transaction are recognized. The hedging relationships are accounted for using the fair value method. The market values of the derivative financial instruments are recognized for the effective portion of the relevant asset or provision. Identifiable risks are taken into account by making specific allowances and the general credit risk is taken into account by making a general allowance of 2% of the amount of accounts receivable.

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

Deferred taxes are determined for temporary differences between assets, liabilities, deferral and accrual items recognized in the annual financial statements under German commercial law and their corresponding tax bases. 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 calculated according to actuarial principles using the projected unit credit method. Provisions are measured based on Prof. Dr. Klaus Heubeck's 2018 G Standard Tables. Based on the interest rate information that was determined and published by the German central bank in accordance with the Regulation on the Discounting of Provisions (RückAbzinsV) as of January 2020 (Sec. 253 (2) HGB), the computation interest rate was extrapolated to the balance sheet date with the market data available as of the balance sheet date assuming unchanged market conditions. This resulted in an average market interest rate of 2.6%, assuming a residual term of 15 years. Furthermore, a 2.5% rate of income increase is assumed.

Other provisions are stated at settlement amount deemed necessary based on sound business judgment. Future price and cost increases were taken into account to the extent that there is sufficient objective evidence that these will occur. Provisions with a residual term of more than one year are discounted at the average market interest rate of the past seven financial years as issued by the German central bank at matching maturities.

Liabilities are recognized at settlement amount. Liabilities denominated in foreign currency with a term of up to one year are measured at the middle spot exchange rate as at the balance sheet date. Where foreign-currency liabilities are hedged, hedging relationships between the hedge and the underlying transaction are recognized. The hedging relationships are accounted for using the fair value method. The market values of the derivative financial instruments are recognized for the effective portion of the relevant asset or provision.

2. Principles of currency translation

Balance sheet items denominated in foreign currency are translated into euro at the rate prevailing on the balance sheet date on March 31, 2020.

A hedging relationship is recognized between the hedged items 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.

The exchange gains and exchange losses result from the measurement of the outstanding currency receivables and liabilities as at the balance sheet date.

C. Notes to the balance sheet

1. Fixed assets

In accordance with Sec. 284 (3) 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.

The following equity investment of less than 20% is disclosed, which is, however, of material significance for the Company:

Company name	Location	Share-holding %	Share capital EUR	Equity EUR	Result of the last financial year EUR	Reporting date of available information
MCE Bank	Flörsheim/ Germany	10	40,903,360.00	198,255,495.96	15,249,118.23	Mar. 31, 2019

2. Inventories

The inventories can be analyzed as follows:

	Mar. 31, 2020 kEUR	Prior year kEUR	Change kEUR
Merchandise	25,710	26,167	-457
Goods in transit	2,048	4,256	-2,208
	27,758	30,423	-2,665
Prepayments	270	467	-197
	28,028	30,890	-2,862

The decline in inventories is due to the exit from the tire business in Russia and from the paper business.

3. Receivables and other current assets

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

The receivables and other current assets from affiliated companies do not include receivables from shareholders (prior year: kEUR 18).

4. Deferred tax assets

The deferred tax assets of kEUR 4,512 notably result from temporary differences as regards the pension provisions and property, plant and equipment.

The combined income tax rate of 30% was used for measuring the deferred taxes.

in kEUR	Mar. 31, 2019	Change	Mar. 31, 2020
Deferred tax assets	4,053	459	4,512
Deferred tax liabilities	-	-	-

5. Equity

Equity amounts to kEUR 50,171 as at the balance sheet date (prior year: kEUR 55,847). It comprises the subscribed capital of kEUR 32,000 (prior year: kEUR 32,000), the retained profits brought forward of kEUR 19,314 (prior year: kEUR 14,715) and the loss for the period of kEUR -1,143 (prior year: profit for the period of kEUR 9,132). An amount of kEUR 4,599 from the prior year's profit for the period was allocated to revenue reserves and an amount of kEUR 4,533 was distributed to the shareholder.

6. Tax provisions

These relate to provisions for corporate income tax, trade tax and solidarity surcharge of kEUR 1,579.

7. Pension provisions

The pension provisions were computed under actuarial principles applying the projected unit credit method. For discounting the pension provisions, the Company used a general market interest rate arising when assuming a residual term of 15 years. Moreover, the computation is based on an anticipated salary rise of 2.5% (prior year: 2.5%). The anticipated pension increase again amounts to 1.8%. In addition, the Company used the 2018 G Standard Tables of Prof. Dr. Klaus Heubeck.

The computation interest rates were extrapolated to the balance sheet date on the basis of the interest rate information determined and published by the German central bank in accordance with the RückAbzinsV as at the reporting date January 31, 2020 (Sec. 253 (2) HGB) using the market data available as at this date and assuming unchanged market conditions.

The pension provisions of the employees transferred to IVICT Europe GmbH, which had been newly established in the financial year 2018, are still accounted for at the level of Mitsubishi International GmbH.

The annual additions to pension provisions of these employees are charged on to the newly established sister company under a pension agreement.

Amounts blocked for distribution in accordance with Sec. 253 (6) HGB can be analyzed as follows:

Raising the average interest rate from 1.88% to 2.60% in the scope of expanding the average interest to cover a period of seven instead of ten years results in an amount blocked for distribution of kEUR 3,824 (prior year: kEUR 3,198).

8. Other provisions

The item includes still outstanding charges from long-service awards and vacation commitments towards employees as well as other outstanding administrative costs.

The provisions for long-service awards were computed under actuarial principles applying the projected unit credit method. The computation was based on a computation interest rate of 1.88% and on a salary trend of 2.5%. Furthermore, the Company used the 2018 G mortality tables of Prof. Dr. Klaus Heubeck for the valuation.

As regards the provisions for early-retirement part-time obligations, the necessary settlement amount corresponds to the expected value of the services recorded on an accruals basis on the basis of the information available on the balance sheet date. The resulting uncertain liability was determined in the form of the relevant present value and is therefore principally discounted at an interest rate corresponding to its remaining term, i.e. 0.58% in the financial year. In addition, Prof. Dr. Klaus Heubeck's 2018 G Standard Tables were again applied assuming income dynamics of 2.5%.

9. Liabilities

Due dates and other notes:

	Mar. 31, 2020	Prior year
	kEUR	kEUR
Payments received on account of orders	817	2,535
Trade payables	7,233	20,110
Liabilities to affiliated companies	17,797	100,928
Liabilities to shareholders	1,930	25,478
Other liabilities	238	1,050
thereof from taxes:		
kEUR 234 (prior year: kEUR 1,025)		
thereof wage and church tax:		
kEUR 91 (prior year: kEUR 139)		
	<u>28,015</u>	<u>150,101</u>

Like in the prior year, all liabilities are due within one year and are not collateralized.

D. Notes to the statement of profit and loss

1. Revenue

Revenue amounted to kEUR 419,992 in total in the financial year 2019/2020 (prior year: kEUR 1,317,340) and can be assigned to the segments as follows:

	Apr. 1, 2019 to Mar. 31, 2020		Prior year	
	kEUR	%	kEUR	%
Classification by segment				
Chemical products	1,222	0.3	713,663	54.2
Other merchandise	152,528	36.3	233,468	17.7
Renewable energies	1,215	0.3	218	0.0
Fuels	230,602	54.9	333,759	25.3
Machinery equipment and electronic equipment	26,626	6.3	32,493	2.5
Incidental revenue	7,799	1.9	3,739	0.3
	<u>419,992</u>	<u>100.0</u>	<u>1,317,340</u>	<u>100.0</u>

The main sales market in the financial year 2019/2020 was Germany followed by Europe (without Germany). The table below presents the revenue by region, i.e. the countries in which the entities are domiciled.

Classification by region				
Germany	229,985	54.8	365,304	27.7
Europe (without Germany)	153,172	36.5	782,994	59.4
Asia	33,079	7.8	151,373	11.6
Other regions	3,756	0.9	17,669	1.3
	<u>419,992</u>	<u>100</u>	<u>1,317,340</u>	<u>100</u>

2. Other operating income

The item also contains income from other periods from the release of provisions of kEUR 122 (prior year: kEUR 949). It includes income from currency translation totaling kEUR 38 (prior year: kEUR 0).

3. Personnel expenses

The expenses for salaries amounted to kEUR 5,570 (prior year: kEUR 8,451) in the financial year 2019/2020. The Company also incurred expenses for social security of kEUR 454 (prior year: kEUR 1,849) and post-employment costs of kEUR 2,531 (prior year: kEUR 1,529). The post-employment costs relate to payments actually paid out to pensioners.

4. Other operating expenses

The other operating expenses notably include selling expenses as well as general business expenses.

5. Net finance income/expense

	Apr. 1, 2019 to Mar. 31, 2020	Prior year
	kEUR	kEUR
Other interest and similar income thereof from affiliated companies: kEUR 55 (prior year: kEUR 0)	141	142
Other interest and similar expenses thereof to affiliated companies: kEUR 186 (prior year: kEUR 480)	1,215	3,658
	<u>-1,074</u>	<u>-3,516</u>

The interest income from the discounting of provisions and the interest expenses from the accumulation of interest on provisions amounted to kEUR 842 (prior year: kEUR 962) in the financial year.

6. Income taxes

The item includes corporate income tax and trade tax of the current year, as well as an income from the addition of deferred tax assets of kEUR 459 (prior year: income of kEUR 848).

E. Other disclosures

1. Other financial commitments

As of March 31, 2020, the other financial commitments amount to kEUR 100 and relate to commitments under tenancy agreements and leases for buildings and passenger cars.

in kEUR	2019/2020	Prior year
Due within 1 year	63	70
Due between 1 and 5 years	<u>37</u>	<u>69</u>
Total	<u>100</u>	<u>139</u>

Annual commitments under tenancy agreements and leases of kEUR 26 (prior year: kEUR 6) relate to commitments towards affiliated companies. Those are due within one year.

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 managing exchange risks exclusively consists of closing forward exchange dealings to assure the economic value of the cash flows in foreign currencies. We therefore do not take any risks that have a material impact on our operating result.

The following table shows our derivative financial instruments as at March 31, 2020. Their fair value is calculated based on the difference between the forward rate and the rate prevailing as at the balance sheet date. For reasons of materiality, this calculation does not take into account interest and any other possible valuation parameters.

Forward exchange transactions March 31, 2020

	Total amount	Balance sheet date rate total	Forward rate total	Delta total EUR
Purchase contracts				
RUB	6,324,021.08	-73,768.09	-90,227.10	-16,459.01
DKK	240,064.93	-32,172.36	-32,143.40	28.96
SEK	13,116,819.23	-1,188,664.60	-1,215,328.26	-26,663.66
NOK	1,438,365.54	-124,839.73	-140,726.92	-15,887.19
JPY	693,000.00	-5,850.66	-5,820.64	30.02
		<u>-1,425,295.44</u>	<u>-1,484,246.32</u>	<u>-58,950.88</u>
Sales contracts				
RUB	6,442,042.00	75,144.78	91,997.24	16,852.46
DKK	4,944,728.56	662,669.00	662,122.68	-546.32
SEK	19,499,117.00	1,793,726.81	1,845,038.60	51,311.79
NOK	10,197,926.80	885,106.30	1,001,913.60	116,807.30
USD	57,758.26	52,641.51	51,918.00	-723.51
		<u>3,469,288.40</u>	<u>3,652,990.12</u>	<u>183,701.72</u>

3. Employees

On average, Mitsubishi International had 66 employees (prior year: 105 employees) in the financial year 2019/2020, of whom 40 employees worked in administration and 26 employees in the operation as well as one employee as managing director.

4. Fees paid to the annual auditor

The cost relating to the audit of the annual financial statements recognized in the statement of profit and loss amounts to kEUR 93 (prior year: kEUR 98). The cost for other consulting services totals kEUR 15 (prior year: kEUR 44).

5. Members of management

Management responsibilities in the reporting period were performed by the following person:

Mr. Toru Yamaguchi, business economist

The total remuneration paid to management has not been disclosed in accordance with Sec. 286 (4) HGB.

6. Group affiliation

Mitsubishi International GmbH, Düsseldorf/Germany, belongs to 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 published at the Japanese commercial register ("Ministry of Finance, Local Finance Bureaus in Tokyo, Japan").

7. Major post-balance-sheet-date events

Emergency plans were drawn up in order to cushion the impact of the COVID-19 pandemic as much as possible. These enable the staff to carry out their tasks outside the office building. Technical and sanitary facilities have been improved and shift work systems have been implemented, which guarantee that the minimum distance of 1.5 m is maintained. As a result of these measures, no infections have so far been recorded at the Company, and operations could be maintained.

Given the challenging situation in the procurement and sales markets brought on by the pandemic, the revenue growth that had been budgeted along with a moderate increase in the profit for the period might not be realized.

Düsseldorf/Germany, October 30, 2020

Mitsubishi International GmbH

T. Yamaguchi
Managing Director

Movements in fixed assets in the financial year 2019/2020

	Acquisition or production cost				Accumulated amortization, depreciation and write-downs				Residual carrying amounts	
	Apr. 1, 2019 EUR	Additions EUR	Disposals EUR	Mar. 31, 2020 EUR	Apr. 1, 2019 EUR	Additions EUR	Disposals EUR	Mar. 31, 2020 EUR	Mar. 31, 2020 EUR	Prior year kEUR
I. Intangible fixed assets										
Concessions, industrial and similar rights and assets as well as licenses in such rights and assets acquired for a consideration	886,461.22	3,844.00	18,366.00	871,939.22	810,773.21	23,640.01	18,366.00	816,047.22	55,892.00	76
II. Property, plant and equipment										
1. Land, land rights and buildings including buildings on third party land	17,716,633.72	0.00	0.00	17,716,633.72	12,842,969.67	43,227.65	0.00	12,886,197.32	4,830,436.40	4,874
2. Other equipment, operating and office equipment	1,751,590.07	31,987.04	285,164.74	1,498,412.37	1,370,335.50	149,916.91	270,432.56	1,249,819.85	248,592.52	381
	19,468,223.79	31,987.04	-285,164.74	19,215,046.09	14,213,305.17	193,144.56	270,432.56	14,136,017.17	5,079,028.92	5,255
III. Long-term financial assets										
Shares in affiliated companies	7,077,845.72	0.00	0.00	7,077,845.72	0.00	0.00	0.00	0.00	7,077,845.72	7,078
	27,432,530.73	35,831.04	303,530.74	27,164,831.03	15,024,078.38	216,784.57	288,798.56	14,952,064.39	12,212,766.64	12,409

INDEPENDENT AUDITOR'S REPORT

To Mitsubishi International GmbH, Düsseldorf/Germany

Audit Opinions

We have audited the annual financial statements of Mitsubishi International GmbH, Düsseldorf/Germany, which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss for the financial year from April 1, 2019 to March 31, 2020, 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 Mitsubishi International GmbH, Düsseldorf/Germany, for the financial year from April 1, 2019 to March 31, 2020.

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, 2020 and of its financial performance for the financial year from April 1, 2019 to March 31, 2020 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 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 for one 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, October 30, 2020

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: Prof. Dr. Holger Reichmann

Wirtschaftsprüfer

(German Public Auditor)

Signed: Sven Leber

Wirtschaftsprüfer

(German Public Auditor)

Remark: This PDF file represents a legally non-binding specimen copy. Legally binding is only the printed and bound report.

General Engagement Terms

for

Wirtschaftsprüfer und 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.