

## **Mitsubishi International GmbH Düsseldorf/Germany**

Management report and  
annual financial statements  
for the financial year from  
April 1, 2021 to March 31, 2022

### **TRANSLATION**

– German version prevails –

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

## **Mitsubishi International GmbH, Düsseldorf/Germany**

### **Management report for the financial year 2021/2022**

#### **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 headquarters have 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**

Prior to the outbreak of the war in Ukraine, the global economic development was robust. Although the spread of the Omikron variant of the coronavirus had led to a record number of new infections in many countries, the economic effects of the constantly recurring pandemic slowly subsided.

Pandemic-related setbacks and supply-side bottlenecks, especially for intermediate goods, dampened the recovery in the past year. Nevertheless, global GDP growth grew by 5.8% in 2021 after falling by 3.3% in 2020.

The Russian war of aggression against Ukraine is clouding the prospects for the global economy and creating great political uncertainty. The consequences are persistently high energy and raw material prices as well as the loss of food and fertilizer exports from Ukraine and Russia. Economic growth will slow down considerably, especially in the European Union. The strong dependence on Russian energy imports poses a particular risk to some member states. Supply cuts or an embargo on imports from Russia cannot be ruled out. (Source: German Council of Economic Experts on the assessment of macroeconomic development, ECONOMIC OUTLOOK for 2022 AND 2023)

Asia - After a strong start in early 2022, the coronavirus, including the Omikron wave, disrupted the normalization of Chinese growth. The economic damage caused by the Omikron wave and the continued closures in parts of China from March to May affected Chinese economic growth. (Source: World Bank, China Economic Update June 2022)

In Japan, the economic recovery resumed in the last quarter of 2021. The recovery is expected to continue in 2022. However, the effects of the Omikron event on the Japanese and overseas economies as well as the further increase in the downside risks due to the effects of supply bottlenecks and commodity prices should be fully taken into account. (Source: European Central Bank, Economic Bulletin issue 1, 2022 / Government of Japan Cabinet Office, Monthly Economic Report mar 2022)

### **Business development**

In the 2021/2022 financial year, sales revenue decreased to mEUR 179 from mEUR 247 in the previous year. This 27.2% reduction of this important financial performance indicator is mainly due to the falling market prices and special challenges in the procurement market for fossil fuels. In addition, the "Other Merchandise" business segment was discontinued, while sales revenue of mEUR 69.6 was still generated in this business segment in the previous year.

Due to the easing of the COVID-19 measures and the resulting increase in customer demand for carbon materials products, sales revenue for the financial year was 49.2% above the expected level.

An analysis of the sales revenue development on the basis of geographical aspects shows that the percentage of sales revenue in Europe including Germany increased to 79.9% (previous year: 77.7%), while the percentage of sales revenue in Asia decreased to 18.4% (previous year: 21.3%). The increase in Europe results from the increased demand for LCD displays, which rose in comparison to the demand for "wafer" products. The decline in Asia can be attributed to the slightly declining business with "wafer" products.

Despite lower sales revenue, gross profit could be maintained at the level of the previous year at mEUR 8.3, as the gross profit to revenue ratio rose from 3.4% to 4.6%.

Given a reduced headcount, personnel expenses decreased from mEUR 5.9 to mEUR 5.3 compared to the previous year. Amortization of intangible assets and depreciation on property, plant and equipment slightly declined to mEUR 0.1 in the reporting period (prior year: mEUR 0.2).

Other operating expenses went up by mEUR 1.9 to EUR 5.7 in the financial year from mEUR 3.8 in the previous year. The increase is due to the transfer of pension liabilities to the newly founded Mitsubishi Pension GmbH.

The operating result, as a further key financial performance indicator, thus, fell to kEUR -2,084 after kEUR -376 in the previous year.

The financial result improved from mEUR -0.7 in the previous year to mEUR -0.2 in the current financial year. This is also mainly due to the transfer of the pension liabilities.

The loss for the period increased by mEUR 6.8 in the financial year to mEUR -7.7 from mEUR -0.9 in the prior year. This decrease is mainly due to the reversal of deferred taxes, which are no longer recognized as a result of the partial transfer of pension liabilities.

The balance sheet total increased from mEUR 92.9 in the previous year to mEUR 104.4 in the financial year. The increase among the assets as presented in the balance sheet is mainly due to the increase in inventories and a higher volume of receivables due to the growth in sales revenue in the Energy Business Division (EBD).

In the reporting period, the equity decreased by mEUR 7.7 to mEUR 31.8 (prior year: mEUR 39.5) as a result of the incurred loss for the period. Therefore, the equity ratio went down from 42.5% in the prior year to 30.5% in the reporting period.

Current liabilities as a percentage of the balance sheet total increased from 22% to 56%. This growth is due to the establishment of Mitsubishi Pension GmbH and the related liability to affiliated companies. The liabilities to affiliated companies as a percentage of the balance sheet total increased to 49% from 9% in the previous year.

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

The inventories recognized amount to mEUR 6.3 (previous year: mEUR 2.3). The turnover rate of inventories increased from 16 days in the previous year to 41 days as the amount of fossil fuel stocks increased and also due to the container crisis.

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

### **Financial position**

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

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 compensated as part of the cash pooling with the European Treasury Center (ETC). The Company does not disclose any liabilities to other banks.

## **Staff and corporate social responsibility**

MIG had 48 employees in the annual average.

MIG's employees are highly qualified. For training purposes and improving these employees' loyalty, MIG offers several internal and external training measures, in particular the global and regional programs (e.g. "Global Management Program", "Gateway Program", Business Management workshop), where employees have the opportunity to learn numerous basic principles of decision-making and corporate culture.

However, these programs were again only web-based trainings in this financial year due to the COVID-19 pandemic. Numerous trainings and education options are also offered at the expert level on a regular basis and on demand. The corporate principles, among other things, are regularly integrated in all courses offered within the scope of the training portfolio.

MIG is active with many actions in the field of CSR (Corporate Social Responsibility). In this context, MIG usually supports the "Japan Day" in Düsseldorf/Germany, on which many employees volunteer.

The corporate principles of Mitsubishi Corporation constitute its key non-financial performance indicators:

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

These are also reflected in the Code of Conduct of MIG, which is a binding guideline for each employee and is lived every day.

Hence, all acting of the employees is directed towards sustainable growth taking into account the needs of environment and of society. MIG enables its employees to participate in the "Earthwatch" program, financed by Mitsubishi Corporation, which aims at protecting the environment and supporting research and education in the field of environmental protection and fight against poverty; however, the program could not be carried out due to the COVID-19 travel restrictions.

## **Overall statements on the economic situation**

By the beginning of 2022, the EU economy recovered faster than expected from the pandemic recession. Households responded to the improvement of the disease situation, and the gradual easing of containment measures drove the growth of private consumption in the EU. The recovery in economic activity was broadly based, with all components of domestic demand making a positive contribution. It has been supported by a revival of travel within the EU, which has benefited in particular the EU's tourist regions. (Source: European Commission, Spring 2022 Economic Forecast)

The EU as a whole has been able to make up for the gap in production levels prior to the pandemic and to move from recovery to growth. The supply side of the economy, however, is struggling to keep pace with the abrupt fluctuations in the volume and composition of global demand. Several key industries are affected, including global logistics and the production of raw materials and microprocessors. Sporadically, there are also local problems related to the pandemic. The biggest concern, however, is the impact of the situation in Ukraine. (Source: European Commission, Spring 2022 Economic Forecast)

### **Risk and opportunity report**

Apart from the general market risks, MIG is generally not facing any special risks in its individual 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 involved 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 risks 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.

Possible risks with regard to existing equity investments in MCE Bank are addressed through adequate investment controlling and portfolio strategies.

In addition, developments in the context of the COVID-19 crisis and the effects of the Ukraine war are closely monitored and measures coordinated. Moreover, MIG observes the developments in its relevant industries to anticipate potential trends.

## Outlook

Despite the weak start to the year, the prospects for the EU economy before the outbreak of the Ukraine war were geared toward a longer and robust phase of expansion, as the pandemic situation improved while it was assumed that adverse trends caused by logistics and supply bottlenecks, as well as the pressure on the prices of energy and other raw materials, would ease during the course of this year. However, the war has changed the picture by causing renewed disruptions in global supply, further increasing pressure on commodity prices, and increasing uncertainty.

The duration and intensity of geopolitical tensions, as well as the scale, distribution, labor market integration and budgetary implications of the influx of people fleeing the war in Ukraine are a cause for concern. In particular, geopolitical tensions are not expected to normalize for a while. At the same time, the impact of COVID-19 on the EU economy has eased considerably, but this is not the case in other parts of the world, so that the risk of serious cases reoccurring cannot be ruled out. The change of government in Germany in December last year and the associated political measures are a possible uncertainty factor, which can affect not only the economic development in Germany but also in the EU.

Real GDP growth in the EU is now expected to reach 2.7% in 2022 and 2.3% in 2023 ('European Economic Forecast Spring 2022' by the European Commission).

The prices of energy commodities had already risen significantly before Russia's invasion of Ukraine, after reaching a low during the pandemic. As supply was unable to keep pace with the strong, synchronous upturn in global economic activity, prices rose significantly above pre-pandemic levels. In Europe in particular, gas and electricity have been trading at record prices since the autumn of last year. Given the importance of Russia as a major exporter of fossil fuels, uncertainty over post-war supplies has put energy commodity prices under renewed upward pressure with increased volatility.

The unprecedented nature and scale of the war-related shock make the basic projections uncertain. The development of the geopolitical situation and its impact e.g. on commodities markets and trade are subject to high risks. In addition, strong inflationary pressures could lead to tighter financial conditions than the underlying forecast, which would adversely affect domestic demand and weigh on public budgets and the banking sector. An unexpectedly sharp slowdown in economic activity in the US and China would further impact growth in the EU. After all, COVID-19 remains a risk factor.

MIG's business development is dependent on the economic conditions especially those prevailing in the international procurement and sales markets. Europe, in particular, is an important market to MIG. Particularly in response to the EU's and Germany's decarbonization policy, MIG has started to include new products and services with existing and new partners to its portfolio. As a result, MIG's business is expected to grow in the medium term, both in terms of business and in terms of quantity. In this context, we expect a balanced annual result for the following financial year with a slightly higher sales revenue. However, due to the general uncertainty of the political and economic conditions and their development in Europe, a corresponding forecast is subject to increased uncertainties.

**Post-balance-sheet-date events**

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

Düsseldorf/Germany, November 9, 2022

Mitsubishi International GmbH

signed: T. Yoshino  
Managing Director



Mitsubishi International GmbH, Düsseldorf/Germany

Balance sheet as at March 31, 2022

Assets	Mar. 31, 2022	Prior year	Equity and liabilities	Mar. 31, 2022	Prior year
	EUR	EUR		EUR	EUR
<b>A. Fixed assets</b>			<b>A. Equity</b>		
<b>I. Intangible fixed assets</b>			<b>I. Subscribed capital</b>	32,000,000.00	32,000,000.00
Concessions, industrial and similar rights and assets as well as licenses in such rights and assets acquired for a consideration	18,387.58	37,139.79	<b>II. Retained profits brought forward</b>	7,470,468.25	8,336,179.23
<b>II. Property, plant and equipment</b>			<b>III. Loss for the period</b>	-7,696,504.79	-865,710.98
1. Land, land rights and buildings including buildings on third-party land	4,744,794.44	4,787,579.15		<u>31,773,963.46</u>	<u>39,470,468.25</u>
2. Other equipment, operating and office equipment	192,594.10	233,291.01	<b>B. Provisions</b>		
	<u>4,937,388.54</u>	<u>5,020,870.16</u>	1. Provisions for pensions and similar obligations	12,563,462.00	32,039,424.24
<b>III. Long-term financial assets</b>			2. Tax provisions	551,967.68	92.15
Shares in affiliated companies	7,102,846.72	7,077,845.72	3. Other provisions	1,218,426.58	1,193,798.05
	<u>12,058,622.84</u>	<u>12,135,855.67</u>		<u>14,333,856.26</u>	<u>33,233,314.44</u>
<b>B. Current assets</b>			<b>C. Liabilities</b>		
<b>I. Inventories</b>			1. Payments received on account of orders thereof with a residual term of up to one year: EUR 552,542.81 (prior year: kEUR 722)	552,542.81	721,884.87
1. Merchandise	5,853,433.25	1,843,635.32	2. Trade payables	6,816,076.48	11,197,248.78
2. Prepayments	486,405.00	498,480.40	thereof with a residual term of up to one year: EUR 6,816,076.48 (prior year: kEUR 11,197)		
	<u>6,339,838.25</u>	<u>2,342,115.72</u>	3. Liabilities to affiliated companies	50,682,994.85	8,048,853.09
<b>II. Receivables and other current assets</b>			thereof with a residual term of up to one year: EUR 50,682,994.85 (prior year: kEUR 8,049)		
1. Trade receivables	33,383,604.60	21,150,397.47	4. Liabilities to shareholders	887.72	5,384.88
2. Receivables from affiliated companies	2,488,504.36	1,740,536.08	thereof with a residual term of up to one year: EUR 887.72 (prior year: kEUR 5)		
3. Receivables from shareholders	46,904,616.56	39,774,823.75	5. Other liabilities	198,448.79	206,591.47
4. Receivables from other long-term investees and investors	543.44	2,296.74	thereof with a residual term of up to one year: EUR 198,448.79 (prior year: kEUR 207)		
5. Other assets	255,685.86	730,321.34	thereof taxes: EUR 139,593.60 (prior year: kEUR 73)		
thereof taxes: EUR 13,131.05 (prior year: kEUR 573)			thereof related to social security: EUR 55,778.14 (prior year: kEUR 131)		
	<u>83,032,954.82</u>	<u>63,398,375.38</u>		<u>58,250,950.65</u>	<u>20,179,963.09</u>
<b>III. Cash-in-hand and bank balances</b>				<u>104,358,770.37</u>	<u>92,883,745.78</u>
	2,835,515.26	10,154,834.05			
	<u>92,208,308.33</u>	<u>75,895,325.15</u>			
<b>C. Prepaid expenses</b>	91,839.20	80,611.06			
<b>D. Deferred tax assets</b>	0.00	4,771,953.90			
	<u>104,358,770.37</u>	<u>92,883,745.78</u>			

**Mitsubishi International GmbH, Düsseldorf/Germany**

**Statement of profit and loss for the period from April 1, 2021 to March 31, 2022**

	2021/2022	Prior year
	EUR	EUR
1. Revenue	179,457,822.06	246,559,893.98
2. Other operating income	832,489.35	1,180,172.24
thereof exchange gains:		
EUR 35,800.78 (prior year: kEUR 0)		
3. Cost of materials		
Cost of purchased services	171,156,954.17	238,223,246.03
4. Personnel expenses		
a) Wages and salaries	3,606,999.34	4,424,179.41
b) Social security, post-employment costs and other employee benefit costs	1,700,441.18	1,503,558.42
thereof post-employment costs:		
EUR 1,134,732.42 (prior year: kEUR 923)		
5. Amortization and write-downs of intangible fixed assets and depreciation and write-downs of property, plant and equipment	111,294.68	149,473.80
6. Other operating expenses	5,740,588.36	3,769,757.89
thereof exchange losses:		
EUR 270,296.04 (prior year: kEUR 442)		
7. Other interest and similar income	0.00	79,448.61
thereof from affiliated companies:		
EUR 0.00 (prior year: kEUR 33)		
8. Interest and similar expenses	230,789.98	789,104.80
thereof accumulation of interest:		
EUR 202,731.12 (prior year: kEUR 758)		
thereof to affiliated companies:		
EUR 28,058.86 (prior year: kEUR 31)		
9. Income taxes	5,382,041.28	-219,675.28
thereof deferred taxes:		
EUR 4,771,953.90 (prior year: kEUR 260)		
10. Earnings after taxes	-7,638,797.58	-820,130.24
11. Other taxes	57,707.21	45,580.74
12. Loss for the period	-7,696,504.79	-865,710.98

## **Mitsubishi International GmbH, Düsseldorf/Germany**

### **Notes to the financial statements for the financial year 2021/2022**

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

##### **1. Basic information**

Mitsubishi International GmbH (hereafter referred to as: "MIG" or "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 at Kennedydamm 19 in 40476 Düsseldorf/Germany and is entered in the commercial register of the Düsseldorf local court (HRB 713).

##### **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 prior-year amounts are generally stated in thousands of 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. Notes to 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
<b>Intangible fixed assets</b>	
Data processing programs, licenses and other rights	3 - 15
<b>Property, plant and equipment</b>	
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 or fair value. Expected permanent impairments are taken into account by write-downs. If the reasons for write-downs made in prior years have fully or partially expired, a reversal of the write-down is made up to a maximum of the historical acquisition costs.

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

**Receivables and other current assets** are stated 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 hedged 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 1% of the amount of accounts receivable.

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

**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 as of January 2022 in accordance with the Regulation on the Discounting of Provisions (RückAbzinsV) (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 1.8%, assuming a residual term of 15 years. Furthermore, a salary trend of 1.9% is assumed. Mitsubishi International GmbH decided to transfer the pension provisions to Mitsubishi Pension GmbH in the financial year 2021/2022. Mitsubishi Pension GmbH is a wholly-owned subsidiary of Mitsubishi International GmbH.

**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 hedged 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, 2022.

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 foreign currency receivables and liabilities outstanding 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 during 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	Shareholding %	Share capital	Equity	Result of the last financial year	Reporting date of available information
MCE Bank	Flörsheim/ Germany	10	EUR 40,903,360.00	EUR 245,377,152.80	EUR 49,135,543.96	Mar. 31, 2021

The amounts recognized in the annual financial statements under the item "Shares in affiliated companies" refer to non-controlling interests in domestic and foreign business corporations. They do not include non-controlling interests of more than 20%.

The Company discloses the following long-term equity investment with a shareholding of 100%, which is of major importance to MIG.

Company name	Location	Shareholding %	Share capital	Equity	Result of the last financial year	Reporting date of available information
Mitsubishi Pension GmbH	Düsseldorf/ Germany	100	EUR 25,001.00	EUR 25,000.00	491,821.85	Mar. 31, 2022

## 2. Inventories

The inventories can be analyzed as follows:

	Mar. 31, 2022 kEUR	Prior year kEUR	Change kEUR
Merchandise	5,211	1,672	3,539
Goods in transit	643	171	472
	5,854	1,843	4,011
Prepayments	486	499	-13
	6,340	2,342	3,998

Inventories in the context of fossil fuels went up, the inventories increased.

## 3. Receivables and other current assets

As in the prior year, all receivables and other current assets are due within one year. In individual cases, some trade receivables are collateralized by bank guarantees.

Other current assets include tax claims for municipal trade tax and corporate income tax, which add up to kEUR 591.

## 4. Deferred tax assets

This year, we do not report deferred tax assets as we reversed the previous deferred tax assets from the prior financial year. As part of the transfer of part of the pension obligations to the newly established company, Mitsubishi Pension GmbH, it was decided to reverse the deferred tax assets.

in kEUR	Mar. 31, 2021	Change	Mar. 31, 2022
Deferred tax assets	4,772	-4,772	0
Deferred tax liabilities	-	-	-

## **5. Equity**

Equity amounts to kEUR 31,774 as at the balance sheet date (prior year: kEUR 39,470). It is composed of subscribed capital of kEUR 32,000 (prior year: kEUR 32,000), retained profits brought forward of kEUR 7,471 (prior year: kEUR 8,336) and the loss for the period of kEUR -7,697 (prior year: loss for the period of kEUR -866). The reversal of deferred tax assets in the financial year and the decrease in revenue are responsible for the loss for the period of kEUR 7,697.

## **6. Pension provisions**

The pension provisions were computed under actuarial principles applying the projected unit credit method. A general market interest rate, which results from an assumed residual term of 15 years, was used for discounting the pension provisions. Moreover, the computation is based on an anticipated salary rise of 1.9% (prior year: 1.9%). The anticipated pension increase amounts to 1.8% (prior year: 1.5%). 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 on January 31, 2022 (Sec. 253 (2) HGB), using the market data available as at this date and assuming unchanged market conditions.

As part of the newly established and wholly-owned subsidiary, Mitsubishi Pension GmbH, the pension provisions of all inactive employees of MIG were transferred to the new company in the financial year.

The pension provisions of the employees transferred to IVICT Europe GmbH, which had been newly established in the financial year 2018/2019, are still accounted for at the level of Mitsubishi International GmbH.

The annual additions to pension provisions of the employees stated above are charged to the sister company as part of a pension agreement.

The amounts subject to distribution restrictions under Sec. 253 (6) HGB can be analyzed as follows:

Reducing the average interest rate from 1.51% to 1.34% in the scope of expanding the average interest rate to cover a period of seven instead of ten years results in an amount of kEUR 1,137 subject to distribution restrictions (prior year: kEUR 3,592).

## **7. Other provisions**

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

The provisions for long-service awards were computed using actuarial principles on the basis of the projected unit credit method. The computation was based on a computation interest rate of 1.34% and on a salary trend of 1.9% (prior year: 1.9%). Furthermore, the Company used the 2018 G mortality tables of Prof. Dr. Klaus Heubeck for the valuation.

As regards the provisions for early-retirement 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 a present value and must thus generally be discounted at an interest rate that corresponds to its residual term, i.e. 0.33% in the financial year. In addition, Prof. Dr. Klaus Heubeck's 2018 G Standard Tables were also applied assuming a general salary trend of 1.9%.

## 8. Liabilities

Due dates and other notes:

	Mar. 31, 2022	Prior year
	kEUR	kEUR
Payments received on account of orders	553	722
Trade payables	6,816	11,197
Liabilities to affiliated companies	50,683	8,049
Liabilities to shareholders	1	5
Other liabilities	198	207
thereof related to taxes:		
kEUR 140 (prior year: kEUR 73)		
	<u>58,251</u>	<u>20,180</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 179,458 in total in the financial year 2021/2022 (prior year: kEUR 246,560) and can be assigned to the segments as follows:

	Apr. 1, 2021-Mar. 31, 2022		Prior year	
	kEUR	%	kEUR	%
<b>Classification by segment</b>				
Chemical products	0	0.0	6	0.0
Other merchandise	0	0.0	69,614	28.2
Renewable energies	0	0.0	816	0.3
Fuels	139,541	77.8	138,720	56.3
Machinery equipment and electronic components	35,442	19.7	33,542	13.6
Incidental revenue	4,475	2.5	3,862	1.6
	<u>179,458</u>	<u>100.0</u>	<u>246,560</u>	<u>100.0</u>



The main sales market in the financial year 2021/2022 was Europe without Germany followed by Germany. The following table shows the revenue classified by regions, i.e. by the countries, in which the companies are based.

	Apr. 1, 2021-Mar. 31, 2022		Prior year	
	kEUR	%	kEUR	%
<b>Classification by region</b>				
Germany	47,023	26.2	102,828	41.7
Europe (without Germany)	96,447	53.7	88,649	36.0
Asia	32,991	18.4	52,548	21.3
Other regions	2,997	1.7	2,535	1.0
	<u>179,458</u>	<u>100.0</u>	<u>246,560</u>	<u>100.0</u>

## 2. Other operating income

The item contains income from other periods from the release of provisions of kEUR 34 (prior year: kEUR 100).

## 3. Personnel expenses

The expenses for salaries amounted to kEUR 3,607 in the financial year 2021/22 (prior year: kEUR 4,424). The Company also incurred expenses for social security of kEUR 566 (prior year: kEUR 581) and post-employment costs of kEUR 1,135 (prior year: kEUR 923). In addition to demographic developments, 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. Moreover, they include exchange losses of kEUR 270 (prior year: kEUR 442).

## 5. Net finance income/expense

	Apr. 1, 2021-	Prior year
	Mar. 31, 2022	
	kEUR	kEUR
Other interest and similar income	0	79
thereof from affiliated companies:		
kEUR 0 (prior year: kEUR 33)		
Interest and similar expenses	231	789
thereof to affiliated companies:		
kEUR 28 (prior year: kEUR 31)		
	<u>-231</u>	<u>-710</u>

The interest expenses from the accumulation of interest on provisions amounted to TEUR 203 (prior year: kEUR 767).

## 6. Income taxes

The item includes corporate income tax and trade tax of the current year, as well as an expense for the release of the deferred tax assets of kEUR 4,772 (prior year: income of kEUR 260).

## E. Other notes

### 1. Other financial commitments

As at March 31, 2022, the other financial commitments amount to kEUR 142 and relate to commitments under tenancy agreements and leases for buildings and passenger cars.

in kEUR	2021/2022	Prior year
Due within 1 year	45	24
Due between 1 and 5 years	97	5
Due after 5 years		
Total	<u>142</u>	<u>29</u>

Annual commitments under tenancy agreements and leases of kEUR 19 (prior year: kEUR 15) relate to commitments towards affiliated companies. Of these commitments, kEUR 10 fall 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 transactions 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, 2022. 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, 2022

	<u>Total amount</u>	<u>Balance sheet date rate total</u>	<u>Forward rate total</u>	<u>Total of delta EUR</u>
<b>Sales contracts</b>				
USD	<u>108,135.24</u>	<u>97,191.48</u>	<u>97,952.71</u>	<u>761.23</u>
	<u>Total amount</u>	<u>Balance sheet date rate total</u>	<u>Forward rate total</u>	<u>Total of delta EUR</u>
<b>Purchase contracts</b>				
USD	<u>646.25</u>	<u>575.37</u>	<u>589.05</u>	<u>13.68</u>

### 3. Employees

In the financial year 2021/2022, Mitsubishi International had an average of 48 employees (prior year: 57 employees) with 32 employees working in the administration and 16 employees working in the operating unit 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 68 (prior year: kEUR 78).

### 5. Members of management

Management responsibilities in the reporting period were performed by

Mr. Toru Yamaguchi, Business Administration graduate, Düsseldorf/Germany (until April 8, 2021)

Mr. Takuya Yoshino, Business Administration graduate, Düsseldorf/Germany (from April 8, 2021)

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

### 6. Post-balance-sheet-date events

No events of major significance occurred after the balance sheet date.

## **7. 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).

Düsseldorf/Germany, November 9, 2022

Mitsubishi International GmbH

T. Yoshino  
Managing Director

## Movements in fixed assets in the financial year 2021/2022

	Gross book values				Accumulated amortization, depreciation and write-downs				Net book values	
	Balance as at Apr. 1, 2021	Additions	Disposals	Balance as at Mar. 31, 2022	Balance as at Apr. 1, 2021	Additions	Disposals	Balance as at Mar. 31, 2022	Balance as at Mar. 31, 2022	Prior year
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	kEUR
<b>I. Intangible fixed assets</b>										
Concessions, industrial and similar rights and assets as well as licenses in such rights and assets acquired for a consideration	871,939.22	0.00	0.00	871,939.22	834,799.43	18,752.21	0.00	853,551.64	18,387.58	37
<b>II. Property, plant and equipment</b>										
1. Land, land rights and buildings, including buildings on third-party land	17,716,633.72	0.00	0.00	17,716,633.72	12,929,054.57	42,784.71	0.00	12,971,839.28	4,744,794.44	4,788
2. Other equipment, operating and office equipment	1,547,122.07	15,057.96	13,890.83	1,548,289.20	1,313,831.06	49,757.76	7,893.72	1,355,695.10	192,594.10	233
	19,263,755.79	15,057.96	13,890.83	19,264,922.92	14,242,885.63	92,542.47	7,893.72	14,327,534.38	4,937,388.54	5,021
<b>III. Long-term financial assets</b>										
Shares in affiliated companies	7,077,845.72	25,001.00	0.00	7,102,846.72	0.00	0.00	0.00	0.00	7,102,846.72	7,078
	27,213,540.73	40,058.96	13,890.83	27,239,708.86	15,077,685.06	111,294.68	7,893.72	15,181,086.02	12,058,622.84	12,136

## 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, 2022, and the statement of profit and loss for the financial year from April 1, 2021 to March 31, 2022, 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, 2021 to March 31, 2022.

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, 2022 and of its financial performance for the financial year from April 1, 2021 to March 31, 2022 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, November 9, 2022

**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 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.