Translation

Translation of the long form audit report
of the
financial statements
as of 31 March 2022
and the management report for the fiscal year 2021/2022

Graphite COVA GmbH
Grünthal 1 – 6
90552 Röthenbach a. d. Pegnitz

From the original German which is duly signed

Preliminary Remarks

This translation report is based on our report "Bericht über die Prüfung des Jahresabschlusses zum 31. März 2022 und des Lageberichts für das Geschäftsjahr 2021/2022", dated 17 May 2022 which has been prepared in German language.

Should there be any doubt concerning the interpretation or the understanding of individual passages of the translation of the report or the contents of the translated exhibits (balance sheet, income statement, notes to the financial statements, management report and legal and tax background), the original version of the report drawn up by us in German is authoritative.

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Audit report

A. Audit engagement

The Managing Director of

Graphite COVA GmbH
Grünthal 1 – 6, 90552 Röthenbach a. d. Pegnitz

– referred to as "GC" or simply "the Company" –

engaged us, based on the resolution of the shareholders' meeting of 19 July 2021, to audit the annual financial statements as of 31 March 2022 and the management report for the financial year 2021/2022, including the underlying accounting records.

The engagement was accepted by us in an engagement confirmation letter dated 15 December 2021, enclosing the terms and conditions of the engagement. We received the duplicate with the client's declaration of consent on 15 December 2021.

We confirm in accordance with § 321 para.4a of the German Commercial Code that our audit has complied with the applicable independence regulations.

We report on the results of our audit in accordance with the " Principles of proper reporting in audits of financial statements" (IDW PS 450 n.F.) issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e. V.). (IDW), the following report. This audit report is addressed to the Company.

The General Engagement Terms for German Public Auditors and German Public Audit Firms in the version dated 1 January 2017 attached hereto as Exhibit shall apply to this engagement, also in relation to third parties.

B. General remarks

I. Comment on the management report by the legal representatives

Economic situation and course of business

According to our assessment based on our understanding of the performed audit, we consider the presentation and assessment of the Company as well as its expected development as stated by the Company's management in the financial statements and the management report as accurate.

In the management report (Annex 1.4), the management has assessed the economic situation of the company on the basis of the annual financial statements as of 31 March 2022 (Annexes 1.1 to 1.3) and other documents, in particular the corporate planning for the 2022/2023 business year.
In our opinion, the following key statements drawn from the management report are to be emphasized:

- The business purpose of the company is the production and sale of graphite electrodes, special graphite products and coatings for graphite electrodes. GC supplies raw materials to its sister companies Bavaria Electrodes GmbH and Bavaria Carbon Specialities GmbH in order to have them produce finished products, e.g. graphite electrodes and special graphite products.

- The last few years have been characterized by strong changes in steel and graphite production, driven by China. The year 2021 was still heavily influenced by the Corona pandemic, which caused a production standstill and a slowdown in trade around the world. However, normal day to day business resumed after the crisis. The influence of Corona in the coming fiscal year (2022/23) is expected to be negligible.

- In October 2021, the EU imposed anti-dumping duties on Chinese electrodes imported into the EU. According to management, this is expected to have a positive impact on sales figures in Europe.

- Following the Ukraine-Russia crisis, pressure on precursors was noted both in terms of availability and cost. However, the situation is expected to de-escalate during the year and prices should return to normal.

- Energy costs in Europe are at an unprecedentedly high level. They have been further burdened by the crisis between Ukraine and Russia. The EU is in the process of putting together a package for those affected, and management hopes that the losses can be bridged in this respect.

- Both production of graphite electrodes in metric tons at 9,099 MT and sales at 9,667 MT were higher than in 2020/21 (production: 5,653 MT; sales: 6,297 MT). Due to increasing demand, sales of electrodes in EUR increased by kEUR 11,183 or 52% to kEUR 32,022. Sales of special graphite products of kEUR 10,355 in 2021/22 were also 26% higher compared to 2020/21 of kEUR 8,217. Only sales from coating services decreased by 9% in 2021/22 compared to the previous year.

- Despite rising sales, the Company generated a loss after tax of kEUR 10, thousand compared to a loss after tax of kEUR 29,062 in the previous year due to uncompensated cost increases.

- The cost of materials increased due to higher production output (kEUR 50,014; prior year: kEUR 40,189). Another reason for this is the lower write-down of RHB materials and purchased blanks; in the previous year, kEUR 1,921 was written down; in 2021/22, a total of kEUR 7,316 was written up.

- The change in inventories changed from a decrease to an increase (kEUR 2,535; previous year kEUR -14,548). This is mainly due to two effects: on the one hand, the resumption of green production in the reporting year 2021/22; on the other hand, the lower write-down to the lower fair value as a result of the sustained decline or now rising selling prices (kEUR -8,001; previous year: kEUR 8,556).

- Operating expenses increased by 27% to kEUR 4,879 due to higher costs for onward invoicing and selling expenses.

- In the reporting year, the Company took out both external loans (totaling kEUR 10,000; prior year: EUR 0) and internal loans (totaling kEUR 20,000; prior year: kEUR 5,000). In addition to covering the operating business, these funds were mainly used to repay the tax liabilities from 2018/19.

- Due to the ongoing loss situation in the past three financial years, the Company's equity is negative (kEUR -8,599, previous year: kEUR +1,473). Despite the negative equity, the management assumes that the company can be continued as a going concern due to the improving market conditions. The Company is in the process of renegotiating several orders from its customers. According to management, liquidity is not at risk thanks to the support of the parent company and available credit lines from banks

- GC is integrated into the risk management system of the ultimate parent company.

- The consolidation and restructuring of the graphite electrode market continues. China is increasing its production footprint within Europe through the acquisition of the former SGL Narni plant in Italy and the construction of a new plant in Croatia. In addition, Gazprom plans to invest in a production plant in Russia. This will further increase the pressure on COVA to operate on a global scale.

- GC, in turn, counters the general market risk by developing markets outside Europe in order to reduce dependence on the European market. As a rule, supply contracts for raw materials are renewed in good time. There are also current contracts with energy supply service providers. However, due to the current crisis between Ukraine and Russia, the availability of gas may be a cause for concern, as there is frequent speculation in the media about the possibility of Russia turning off the gas tap. However, media reports also suggest that Germany has made room for replacement gas. The company expects costs to remain high, at least in the near future. Management plans to pass the higher costs on to its customers, as this is a first. Regarding freight costs, management is trying to sign more FOB (free on board) contracts.

- The company has been proactive in responding to the COVID 19 crisis from the beginning and has continued to do so. Graphite COVA initiated protective measures early on and continuously adapted to the changing situation. As a result, the impact of COVID 19 on employees, customers and operations remained at a very limited and low level. The first indications of an improvement in demand can already be seen. An improvement in demand has already been noted, and with the help of government stimulus packages around the world, the situation should ease again from fiscal 2022/23.

- The market for fiscal 2022/23 appears to be recovering and there is a clear indication of rising prices. Consequently, the company expects a sales volume of approximately EUR 50 - 60 million with a production capacity of approximately 9,900 MT. In addition to rising sales prices, however, rising purchase prices are also evident. Management does not expect to be able to fully compensate for the additional costs incurred in the coming year either; therefore, a negative pre-tax result of EUR 5 - 7 million is also expected for the 2022/23 financial year.

In our opinion, based on the results of our audit, the presentation and assessment of the position of the company and its expected development by the legal representatives in the annual financial statements and the management report are essentially correct.

II. Issues impairing development or jeopardizing the existence of the company

According to Section 321 (1) Sentence 3 of the German Commercial Code (HGB), as auditors we are required to report on any facts ascertained during the audit that could have a material adverse effect on the development of the company or jeopardize its existence.

In 2021/22, the Company generated a net loss for the year of kEUR 10,072, resulting in cumulative losses of kEUR 24,919. This is offset by share capital of kEUR 4,000 and capital reserves of kEUR 12,320. As of 31 March 2022, equity thus amounts to kEUR -8,599, resulting in an over-indebtedness on the balance sheet as of 31 March 2022.

The parent company, Graphite International B. V., Netherlands, however, issued a letter of comfort to the reporting company in the amount of kEUR 12,000 for the next 13 months at the shareholders' meeting on 13 May 2022.

According to the planning available to us, the company will also make a substantial loss in 2022/23, as substantial funds will flow into the cost increases of, above all, oil and gas prices, without these expenses already being offset by corresponding price increases in sales. In the opinion of the management, due to the letter of comfort now received, the liquidity reserves still available (liquid funds and unused credit line from Citibank in the amount of kEUR 10,000) and the current liquidity planning mean that sufficient financial resources will be available to ensure the continued existence of the company. In this respect, there is no actual over-indebtedness of the Company.

If, contrary to expectations, the business plan for 2022/23 is not met, the continued existence of the company would be at risk.

Our audit did not reveal any other facts that would impair the development of the Company or jeopardize its continued existence as a going concern within the meaning of Section 321 (1) sentence 3 of the German Commercial Code (HGB)

C. Conduct of engagement

I. Subject of the audit

The reporting company is a large-sized corporation within the meaning of § 267 Para. 3 of the German Commercial Code (HGB), which is subject to statutory auditing pursuant to §§ 316 ff. HGB.

As part of our engagement, we have audited the accounting records, the annual financial statements as of 31 March 2022 and the management report 2021/2022 for compliance with the relevant legal requirements and the supplementary provisions of the Articles of Association in accordance with section 317 of the German Commercial Code (HGB).

We have examined the management report to determine whether it is consistent with the annual financial statements and the findings of our audit and as a whole provide a suitable view of the Company's position. This also includes assessing whether the opportunities and risks of future development are appropriately presented. The audit of the management report also includes assessing whether the legal requirements for the preparation of the management report have been complied with (section 317 (2) HGB).

The authoritative accounting principles for our audit of the annual financial statements were the accounting regulations of §§ 242 to 256a and §§ 264 to 288 of the German Commercial Code (HGB), the special provisions of the German Limited Liability Companies Act (GmbH-Gesetz) and the supplementary provisions of the articles of association.

II. Nature and scope of the audit

Our audit was carried out in accordance with § 317 et seq. of the German Commercial Code and in compliance with the Generally Accepted German Standards for the Audit of Financial Statements established by the *Institut der Wirtschaftsprüfer in Deutschland e.V*. [IDW - Institute of Certified Auditors in Germany].

The audit does not extend to whether the continued existence of the audited company or the effectiveness and efficiency of the management can be assured (i.e. no review within the meaning of § 317 para. 4a HGB).

The basis of our risk- and process-oriented audit approach is the development of an audit strategy. This is based on an assessment of the economic and legal environment of the company, its objectives, strategies and business risks, which we evaluate on the basis of critical success factors. We supplement the audit of the accounting-related internal control system and its effectiveness with process analyses, which we perform with the aim of determining their influence on relevant financial statement items and thus being able to assess the risks of error as well as our audit risk.

We took into account the findings from the audit of the processes and the accounting-related internal control system in the selection of the analytical audit procedures (plausibility assessments) and the case-by-case audits with regard to the inventory evidence, the recognition, the disclosure and the valuation in the annual financial statements. In the company-specific audit programme, we defined the focal points of our audit, the nature and scope of the audit procedures, the timing of the audit and the assignment of staff. In doing so, we observed the principles of materiality and risk orientation and therefore based our audit opinion mainly on random sampling.

As part of our risk based auditing approach, we concentrated our audit on the following areas:

- Audit of the processes of preparation of annual financial statements, purchasing, sales and personnel
- Existence as well as valuation of inventories
- Existence of trade receivables and accrual of sales revenues
- Completeness and valuation of accruals
- Review of the going concern assumption (this is not a review within the meaning of Section 317 (4a) HGB)
- Other individual matters with a material impact on the presentation of the net assets, financial position and results of operations

We carried out the audit at the Company's offices and at our office during the period from 1 April 2022 to 17 May 2022, intermittently.

The starting point for our audit was the prior-year financial statements as of 31 March 2021, which were audited by Altavis GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Munich, and certified on 28 June 2021; they were adopted unchanged by the shareholders' resolution of 19 July 2021.

In order to audit the proof of the company's assets and liabilities, we obtained, for our examination, among other things, bank, tax advisor and lawyer confirmations as well as balance confirmations for receivables and payables on a sample basis. We participated in the inventory of inventories. By taking appropriate samples, we assured ourselves of the correctness of the physical inventory and the valuation.

The nature, scope and results of the individual audit procedures are documented in our work papers.

D. Findings on accounting

I. Regularity of the accounting

After drawing up the final results of our audit, we conclude that the accounting records and the other audited documents, the annual financial statements and the management report comply with the statutory provisions and the supplementary provisions of the articles of association.

1. Accounting and other audited records

The organisation of the accounting, the accounting-related internal control system, the data flow and the document system enable the complete, correct, orderly and timely recording and booking of business transactions.

The information taken from the other audited documents lead to a proper representation in the accounting, annual financial statements and/or management report. In particular, this included material contracts and planning calculations (profit and loss and financial planning).

IT-supported accounting ensures the security of data processed for accounting purposes and thus processing in accordance with the principles of proper accounting (GoB) pursuant to § 238 HGB.

The accounting-related internal control system (ICS) set up by the company provides for appropriate regulations on the organisation and control of work processes. There were no significant organisational changes in the accounting procedures during the reporting period.

The Company's accounting (financial and fixed asset accounting) is carried out on its own IT system using the SAP ECC 6.0 program from SAP SE, Walldorf. Payroll accounting is also handled internally using this program and Excel.

The accounts were opened correctly with the figures from the previous year's balance sheet and were kept properly. The supporting function has been fulfilled.

The organisation of the accounting system is appropriate to the circumstances of the company.

In our opinion, based on the findings of our audit, the accounting records comply with the legal requirements. The information taken from other audited documents has led to a proper presentation in the accounting records, the annual financial statements and/or the management report.

2. Annual financial statements

After drawing up the final result of our audit, we find that the annual financial statements comply with all legal regulations applicable to accounting, including generally accepted accounting principles and all size-dependent and legal form-dependent regulations, as well as the standards of the articles of association.

The company has the following size characteristics in accordance with § 267 HGB:

		2021/22	**2020/21**
Total assets	kEUR	54,311	24,802
Sales revenues	kEUR	44,202	30,880
Average number of employees		15	15

As of the balance sheet date, the Company was classified as being <u>a large-sized company</u> as defined by § 267 para. 3 of the German Commercial Code.

The balance sheet is structured in accordance with the provisions of § 266 HGB. The profit and loss account has been prepared in accordance with the total cost method (§ 275 para. 2 of the German Commercial Code (HGB)).

The **balance sheet and the profit and loss account** as of 31 March 2022 are - based on the figures of the previous year's balance sheet - duly derived from the accounting records and the other audited documents.

Recognition, disclosure and valuation regulations have been observed. The accounting and valuation methods applied to the previous annual financial statements have been retained.

The information provided in the **Notes** is complete and correct. The explanations and justifications comply with the legal requirements.

The protective clause stated in § 286 para. 4 of the German Commercial Code regarding the disclosure of management salaries in the notes, according to § 285 para. 9 of the German Commercial Code, has been claimed justly.

3. Managing report

The management report complies with the legal requirements. Our audit pursuant to Section 317 (2) HGB has led to the conclusion that it is consistent with the annual financial statements and the findings of our audit and as a whole provides a suitable view of the Company's position. The material opportunities and risks of future development are accurately presented.

The information provided in the management report is complete according to § 289 para.2 of the German Commercial Code and further legal requirements.

II. Overall picture of the Annual Financial Statements

In our opinion, the annual financial statements - i.e. as an overall statement of the annual financial statements resulting from the interaction of the balance sheet, the profit and loss account and the notes - give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting (§ 264 para. 2 of the German Commercial Code (HGB)).

1. Accounting and Valuation methods

The company has ensured the accounting and valuation methods applied in the annex. In our following remarks, we therefore focus in particular on those matters that are of material importance for the assessment of the net assets, financial position and results of operations, as well as in their overall effect in connection with other measures and matters.

The following significant accounting and valuation methods were used in the company's annual financial statements:

- As of the balance sheet date, the Company had negative equity of kEUR 8,599 (previous year: positive equity of kEUR 1,473). Due to the current liquidity planning (current liquid funds and unused credit lines) and the letter of comfort of the parent company Graphite International B. V., Netherlands, of kEUR 12,000 for the next 13 months, as well as the adherence to the business plan 2022/23, the financing of the Company is secured. The accounting and valuation methods are therefore based on the going concern assumption (Section 252 (1) No. 2 of the German Commercial Code (HGB)).

- Raw materials and supplies are valued at the moving average of purchase prices, taking into account the strict principle of the lower of cost or market. Work in progress and finished goods are valued at production cost. These include direct production and material costs, appropriate allocations of material and production overheads, and the cost of consumption of fixed assets to the extent that this is attributable to production. In addition, general and administrative costs, which largely consist of costs passed on by sister companies, are included in the calculation. Risks arising from reduced usability, storage periods and lower selling prices are accounted for by write-downs.

- Trade receivables (kEUR 8,229, prior year: kEUR 5,544) are recognized at nominal value. Identifiable individual risks are accounted for by valuation allowances. Trade receivables are largely covered by credit insurance.

- No deferred tax assets were recognized on loss carryforwards.

- Pension accruals are stated at the settlement amount required in accordance with prudent business judgment as of the balance sheet date. The valuation was based on actuarial principles using the projected unit credit method. In accordance with § 253 (2) sentences 1 and 2 of the German Commercial Code (HGB), an average market interest rate (of the last

10 years) of 1.81% was assumed for a remaining term of 15 years. In determining the settlement amount, the mortality and disability probabilities were taken from the "Richttafeln 2018 G" mortality tables by Dr. Klaus Heubeck and a pension dynamic of 1.5% was assumed. As of the balance sheet date, the required settlement amount was EUR 29 thousand (previous year: EUR 27 thousand). Due to the insolvency of the predecessor company in 2004, a pension security association was called in to secure the company pension plan.

The accounting and valuation methods are basically unchanged from the previous year. For further information, please refer to the explanations in the Notes (Exhibit 1.3).

2. Measures to shape the facts

We did not identify any measures that would have shaped the facts of the case.

As a summarized result of our audit, which focused on

- The propriety of the components of the financial statements and their derivation from the accounting records,
- the propriety of the disclosures made in the notes,
- the observance of the regulations on recognition, presentation and valuation,
- compliance with all legal requirements applicable to financial reporting, including generally accepted accounting principles and with all regulations specific to the size, legal form or economic sector of the Company; and
- compliance with the provisions of the Articles of Association insofar as these relate to the content of the financial reporting,

We have issued the auditor's report reproduced in section E

E. Audit opinion

We have issued the following audit opinion on the financial statements and the management report:

„Independent Auditor's Report

To Graphite COVA GmbH, Röthenbach a. d. Pegnitz

Audit opinion

We have audited the Annual Financial Statements of Graphite COVA GmbH, which comprise the balance sheet as of 31 March 2022, the profit and loss account for the fiscal year from 1 April 2021 to 31 March 2022, and the notes to the financial statements, including a description of the accounting policies. In addition, we have audited the management report of Graphite COVA GmbH for the fiscal year from 1 April 2021 to 31 March 2022.

In our opinion, based on the findings of our audit, the accompanying financial statements

- the attached annual financial statements comply in all material respects with the German commercial law provisions applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at 31 March 2022 and of its results of operations for the fiscal year from 1 April 2021 to 31 March 2022 in accordance with German principles of proper accounting. and

- the enclosed management report as a whole provides a suitable 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 accurately presents the opportunities and risks of future development.

In accordance with § 322 para. 3 sentence 1 of the German Commercial Code (HGB), we hereby declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Auditor's responsibility for the audit of the annual financial statements and the management report" of our auditor's report.

We are independent of the Company in accordance with German commercial and professional law and have fulfilled our other German professional obligations 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 financial statements and the management report.

Responsibility of the legal representatives for the Annual Financial Statements and the Management Report

The legal representatives are responsible for the preparation of the Annual Financial Statements, which in all material respects must conform to the provisions of German commercial law, and for ensuring that the Annual Financial Statements present a fair impression of the Company's net assets, financial position, and results of operations in accordance with the German principles of accepted accounting standards. Moreover, the legal representatives are responsible for the systems of internal control that they have deemed necessary for the preparation of Annual Financial Statements that are free of – intentional and unintentional – misrepresentations pursuant to the German principles of accepted accounting standards.

In preparing the Annual Financial Statements, the legal representatives are responsible for assessing the capability of the Company to continue as a going concern. Furthermore, they are responsible for disclosing relevant circumstances in connection with the continuation of the Company as a going concern. They are also responsible, based on accounting principles, for including in the balance sheet matters that pertain to the continuation of the Company as a going concern, except where factual or legal circumstances would oppose such action.

In addition, the legal representatives are responsible for ensuring that the Management Report, which provides an accurate overall picture of the Company, is consistent with the Annual Financial Statements in all material respects, conforms to the German requirements and presents the opportunities and risks of future performance. The legal representatives are responsible, furthermore, for the precautions and measures (systems) that they have deemed necessary to prepare the Management Report in agreement with the applicable provisions of German law and in order to be capable of providing adequate proof for the statements contained in the Management Report.

Responsibility of the auditor for auditing the Annual Financial Statements and the Management Report

Our objective is to obtain reasonable assurance that the Annual Financial Statements as a whole are free of – intentional or unintentional – material misrepresentations, and if the Management Report provides an accurate picture of the Company and is consistent, in all material aspects, with the Annual Financial Statements and with the findings gained during the audit, conforms to the German requirements and gives a true and accurate impression of the opportunities and risks of future performance. Our objective, furthermore, is to issue an audit opinion containing our audit assessments of the Annual Financial Statements and the Management Report.

Reasonable assurance signifies a high degree of certainty, but not a guarantee, that an audit of the Annual Financial Statements performed in accordance with Section 317 HGB and the generally accepted standards for the audit of financial statements in Germany, promulgated by the Institut der Wirtschaftsprüfer e.V. [Institute of Public Auditors in Germany, IDW] will consistently identify material misrepresentations. Material misrepresentations may result from violations or inaccuracies and are considered material if it can be expected under reasonable circumstances that they will, individually or overall, influence the commercial decisions of recipients that are made based on these Annual Financial Statements and this Management Report.

We exercise professional judgement and maintain a critical approach during the audit. Moreover,

- we identify and assess the risks of – intentional or unintentional – material misrepresentations in the Annual Financial Statements and the Management Report, plan and perform audit activities in response to these risks and obtain audit findings that are adequate and suitable to serve as the basis for our audit assessments. the risk that material misrepresentations are not identified is greater for infringements than it is for inaccuracies, as infringements may include fraudulent conspiracy, falsifications, deliberate omissions, misleading representations, or the suspension of internal control mechanisms.

- we acquire an understanding of the internal control systems that are relevant to the auditing of the Annual Financial Statements and of the precautions and measures that are relevant to the auditing of the Management Report and hence can plan audit activities that are adequate, under the given circumstances, but that are not intended to submit an audit assessment on the effectiveness of these Company systems.

- we assess the adequacy of the accounting measures applied by the legal representatives and the validity of the estimated assets and associated data provided by the legal representatives.

- we draw conclusions on the adequacy of the accounting principles applied by the legal representatives for the continuation of the Company as a going concern and, based on the audit findings obtained, determine whether there is material uncertainty in connection with the events or circumstances that give grounds to significant misgivings as to the capability of the Company to continue as a going concern. Should we conclude that there is material uncertainty, we are obliged, within the audit opinion, to draw attention to the corresponding information in the Annual Financial Statements and the Management Report or, where this information is inadequate, to modify our audit opinion. We draw our conclusions based on the audit findings obtained by us until the date of our audit opinion. Notwithstanding, future events or circumstances may render the Company unable to continue as a going concern.

- we assess the overall representation, structure, and content of the Annual Financial Statements, including the information and if the Annual Financial Statements present the underlying transactions and events such that the Annual Financial Statements present a fair impression of the Company's net assets, financial position and results of operations in accordance with the German principles of accepted accounting standards.

- we assess the consistency between the Management Report and the Annual Financial Statements, its legal compliance, and the impression it conveys of the Company's position.

- we conduct audit activities in respect of the forward-looking information contained in the Management Report, as indicated by the legal representatives. In this regard, based on adequately suitable audit findings, we seek, in particular, to understand the significant assumptions made by the legal representations based on the forward-looking information and assess if the forward-looking information has been soundly inferred from these assumptions. We do not submit a separate audit assessment on the forward-looking information or on the underlying assumptions. There is a significant and unavoidable risk that future events will deviate substantially from the forward-looking 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.

Munich, 17 May 2022

INTARIA partners GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Roller Wirtschaftsprüfer	Rettenmayr Wirtschaftsprüfer"

F. Concluding remark

We have issued the following report on our audit of the annual financial statements and the management report for the fiscal year from 1 November 2020 to 31 October 2021 of Graphite COVA GmbH, Röthenbach a. d. Pegnitz, in accordance with § 321 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e. V.), Düsseldorf (IDW PS 450 n. F.).

The audit report is signed as follows in accordance with § 321 para. 5 HGB, taking into account § 32 WPO.

Munich, 17 May 2022

INTARIA partners GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Roller Wirtschaftsprüfer	Rettenmayr Wirtschaftsprüfer

The publication or distribution of the annual financial statements [and/or the management report] with reference to our audit as well as the distribution of our audit report and/or the auditor's report requires our prior renewed opinion.

In the event of publication or dissemination of the annual financial statements in a form deviating from the certified version (including translation into other languages), our prior opinion is required, provided that our audit opinion is quoted or reference is made to our audit; reference is made to § 328 HGB.

Exhibits

1. Annual financial statements incl. management report

1.1. Balance sheet as of 31 March 2022

Exhibit 1.1

ASSETS		31 March 2022 EUR	31 March 2021 EUR
A.	**FIXED ASSETS**		
I.	**Intangible assets**		
	Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	0,00	163,00
II.	**Tangible assets**		
1.	Land, land rights and buildings, including buildings on third-party land	2.943,00	3.379,00
2.	Technical equipment and machines	3.595.170,00	4.080.109,94
3.	Other Plants, office fixtures and fittings	400.833,00	398.820,00
		3.998.946,00	4.482.308,94
		3.998.946,00	4.482.471,94
B.	**CURRENT ASSETS**		
I.	**Inventories**		
1.	Raw materials, supplies and operating materials	13.358.555,54	9.862.198,47
2.	Unfinished products, unfinished services	11.652.918,24	9.293.681,02
3.	Finished goods and merchandise	3.910.608,80	3.735.149,01
		28.922.082,58	22.891.028,50
II.	**Receivables and other assets**		
1.	Trade receivables	8.228.954,06	5.544.016,99
2.	Receivables from affiliated companies	1.548.571,81	1.411.501,97
3.	Other assets	286.338,65	1.342.207,24
		10.063.864,52	8.297.726,20
III.	**Cash, bank deposits and cheques**	2.686.659,85	7.077.607,43
		41.672.606,95	38.266.362,13
C.	**PREPAID EXPENSES**	40.311,11	53.231,28
D.	**DEFICIT NOT COVERED BY EQUITY**	8.599.358,89	0,00
		54.311.222,95	42.802.065,35

EQUITY AND LIABILITIES		31 March 2022 EUR	31 March 2021 EUR
A.	**EQUITY**		
I.	**Capital subscribed**	4.000.000,00	4.000.000,00
II.	**Capital reserves**	12.320.000,00	12.320.000,00
III.	**Profit carried forward**	-14.847.300,57	14.214.233,85
IV.	**Profit of the year/ net loss**	-10.072.058,32	-29.061.534,42
V.	**Deficit not covered by equity**	8.599.358,89	0,00
		0,00	1.472.699,43
B.	**PROVISIONS AND ACCURALS**		
1.	Provisions for pensions and similar obligations	29.295,00	26.541,00
2.	Provisions for taxes	1295738,35	21.434.793,10
3.	Other provisions	141.591,63	158.361,14
		1.466.624,98	21.619.695,24
C.	**LIABILITIES**		
1.	Liabilities due to banks	10.000.000,00	0,00
2.	Trade payables	784.980,87	311.009,62
3.	Liabilities due to affiliated companies	12.310.141,40	10.396.859,91
4.	Liabilities due to shareholders	29.642.708,72	8.918.370,06
5.	Other liabilities - thereof for taxes EUR 22,497.99 (p.y.: EUR 22,645.79)	106.766,98	83.431,09
		52.844.597,97	19.709.670,68
		54.311.222,95	42.802.065,35

1. Annual financial statements incl. Management report

1.2. Income statement for the period from 1 April 2021 to 31 March 2022

Exhibit 1.2

		2021/22 EUR	2020/21 EUR
1.	Sales	44.202.031,93	30.879.815,46
2.	Increase or decrease in the inventory of finished products and work in progress	2.534.697,01	-14.548.457,70
3.	Other operating income	260.942,91	153.326,90
	- thereof for exchange rate gains: EUR 208,372.74 (p.y.: EUR 3,839.03)		
4.	Cost of materials		
	a) Cost of raw materials, supplies, operating materials and acquired goods	-26.134.473,85	-26.208.945,49
	b) Cost of services acquired	-23.879.922,82	-13.980.038,96
		-50.014.396,67	-40.188.984,45
5.	**Gross Profit**	**-3.016.724,82**	**-23.704.299,79**
6.	Personnel expenses		
	a) Wages and salaries	-822.627,75	-725.388,70
	b) Social security and pension expense	-182.437,07	-170.719,76
	- thereof for pensions: EUR 2,173.00 (p.y.: EUR 2,069.00)		
		-1.005.064,82	-896.108,46
7.	Depreciation for intangible fixed assets and tangible fixed assets	-748.461,27	-601.573,76
8.	Other operating expenses	-4.875.111,68	-3.852.017,71
	- thereof for exchange rate losses: EUR 48.50 (p.y.: EUR 214.285,72)		
9.	**Operating Income**	**-9.645.362,59**	**-29.053.999,72**
10.	Other interest and similar income	8.312,38	8.766,33
	- thererof to affiliated companies: EUR 6,361.65 (p.y.: EUR 8,172.42)		
11.	Interest and similar expenses	-408.667,90	-10.988,37
	- thererof from compounding: EUR 581.00 (p.y.: EUR 620.00)		
	- thererof to affiliated companies: EUR 255,706.25 (p.y.: EUR 8,437.50)		
12.	**Financial Result**	**-400.355,52**	**-2.222,04**
13.	Taxes on income and profit from ordinary business operations	-20.699,81	0,00
14.	**Profit after taxes**	**-10.066.417,92**	**-29.056.221,76**
15.	Other taxes	-5.640,40	-5.312,66
16.	**Net result for the year**	**-10.072.058,32**	**-29.061.534,42**

GRAPHITE COVA GMBH, ROETHENBACH A.D. PEGNITZ
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
1 APRIL 2021 TO 31 MARCH 2022

A. General Information

Graphite Cova GmbH (“the Company”) is domiciled in Röthenbach a. d. Pegnitz and incorporated in the Register of Companies HRB 21271 maintained by the local civil Court Nuremberg.

The annual financial statements of Graphite Cova GmbH were prepared in accordance with the regulations of the German Commercial Code (HGB) and the Limited Liability Company Act (GmbHG).

For the income statement, the total cost method in accordance with § 275 para. 2 HGB was applied. The company is a large-sized company according to Sec. 267 para. 3 HGB.

B. Accounting policies

The accounting and valuation policies applied in the previous year were retained. The accounting and valuation of items in the balance sheet and income statement are based on the going concern assumption according to Sec. 252 para. 1 Nr. 2 HGB.

The fixed assets acquired in August 2004 from the insolvency administrator of the Conradty Group, Dr. Pöhlmann, are valued at acquisition costs, reduced by the regular straight-line depreciation assuming remaining life of assets to be seven years for plant and machinery and ten years for buildings.

Newly acquired intangible assets and fixed assets are valued at the acquisition costs reduced by the straight-line depreciation. Assets manufactured in-house are valued according to the production costs considering adequate parts of the required general and administrative costs. Depreciation is done according to the current official tax depreciation tables. The useful economic lives remain between 3 and 12 years.

Low-value assets with product related acquisition costs of up to EUR 250.00 are depreciated completely in the year of acquisition and shown in the asset table as a disposal. Capital assets with acquisition costs from EUR 250.00 to EUR 1,000.00 are accumulated in a pool item. Depreciation is done in the year of purchase and the following four years.

Raw materials, supplies and operating materials as well as **merchandise** are valued at their acquisition costs including incidental acquisition expenses, taking into account the lower of cost or market value.

Work-in-process and finished products are valued at lower of production cost and net realisable value. The production costs contain, apart from the product related costs, parts of the required material and production related general and administrative costs.

Accounts receivable and other assets are accounted with nominal values. Individual risks are considered by valuation allowances. Receivables from deliveries and services are for the most part covered by a credit insurance.

Cash on hand and **bank balances** were measured at nominal value.

The prepaid expenses relate to payments made before the reporting date, which represent expenses for a certain period after that date.

The accruals for pensions and similar obligations are valued using the projected-unit-credit method applying the tables 2018 G of Klaus Heubeck. An interest rate of 1.81 %, a pensions dynamic of 1.50 % are assumed. Sec. 253 para. 2 sentence 1 and para. 6 HGB were applied, using the average discount rate of the past 10 years and a remaining term of 15 years. Consequently, the total dividend payout restriction amounts to kEUR 2 and active difference amounts to kEUR 3. This difference arises from regard of the averages interest rate of the last ten 10 years respectively of the last 7 years (1.35 %).

Tax accruals and other accruals with respect to any risk and expected liabilities are accounted in an amount required for the settlement on the basis of a reasonable commercial assessment and are recognized in consideration of anticipated price and cost increase in the future. For short term accruals, the discounting option was not used.

The liabilities enter the balance sheet according to their settlement amount. All liabilities are short-term.

Foreign currency translation
The conversion of receivables and liabilities in foreign currencies is based on the principles of Sec. 256a HGB. Receivables and liabilities denominated in foreign currency are translated at the average spot exchange rate at the date of the initial account entry and are later converted at the average spot exchange rate on balance sheet date. For maturities longer than 1 year, the principles of lower acquisition costs and realization are adhered.

Deferred taxes
For discrepancies between the commercial valuation on the one hand and the tax base of assets, debts and accrued and deferred items which can expected to be settled in later financial years, according to Sec. 274 HGB, an overall tax burden resulting from these differences shall be shown in the balance sheet as deferred tax Asset. Deferred taxes are valued with a combined tax rate of 28,075 %. This tax rate comprises corporation tax, business tax and solidarity tax. An overall tax relief resulting from these differences can be shown in the balance sheet as deferred tax assets. By exercising the option to capitalize deferred taxes no deferred tax assets are shown in the balance sheet.

All assets are evaluated carefully. Namely all risks and losses are included up to the accounting date, even those which are emerged between accounting date and compilation of the financial statement.

Income statement

Profits are only taken into the account, when they are realized up to the accounting date. Expenses / income are taken into the account independently from their payment date.

C. Comments on the balance sheet

Fixed assets

The development of the fixed assets is stated in the asset table attached to these notes.

Receivables and other assets

The receivables and other assets have a residual maturity of up to one year in the business year as well as in the previous year. The other assets mainly include receivables from VAT amounting to kEUR 273 . The receivables against affiliated companies and shareholders relate to receivables from supplies and services. In the previous year, this item also included overpayments of corporate income tax (EUR 703 thousand) and trade tax (EUR 428 thousand) from previous years.

Bank balances

The bank balances contain kEUR 387 of cash in transit.

Equity

As of 31 March 2022, the equity of the Company shows a deficit not covered by equity in the amount of kEUR 8,599 due to the continuing loss situation. The financial statements are nevertheless prepared under going concern values, as the accounting over-indebtedness was eliminated by a letter of comfort dated 13 May 2022 from the parent company, Graphite International B. V., Rotterdam, Netherlands, in the amount of kEUR 12,000, limited to 13 months.

Provisions for taxes

Provisions for taxes include provisions for corporate income tax including solidarity surcharge for previous years in the amount of kEUR 1,296.

Other reserves and accrued liabilities

The accrued liabilities mainly consist of personnel accruals (kEUR 45, p.y. kEUR 46) and outstanding invoices (kEUR 50, p.y. kEUR 69).

Liabilities

There are no security interest on the liabilities. All liabilities are short term.

Liabilities to credit institutions

As of the balance sheet date, the company had taken out a working capital loan of kEUR 10,000 in 2 tranches as a short-term bridging measure The interest rate is between 1.95 and 2.10%.

Payables due to affiliated companies

Payables due to affiliated companies are related to trade account payables and are short term.

Liabilities to shareholders

Liabilities to shareholders concern liabilities in connection with patent fees respectively the Trademark (kEUR 4,379, p.y. kEUR 3,910). Furthermore, Graphite International B.V., Netherlands, has granted a loan amounting to kEUR 25,000 to Graphite COVA GmbH. The interest rate is 1.95% and is comparable to market values.

D. Comments on the income statement

Revenues divided into geographic regions:

Revenues	2021/22	2020/21
	kEUR	kEUR
Domestic	12,607	7,343
European Union	22,374	17,054
Other countries	7,595	5,431
Intercompany business	1,538	1,051
	44,114	30,880

Revenues divided into areas of operation

Revenues	2021/22	2020/21
	kEUR	kEUR
Electrodes	32,022	20,839
Special Graphite	10,355	8,217
Coating	917	1,004
Other	34	210
Intercompany lease	820	820
	41,114	30,880

Other operating income and expenses
The other operating income includes income unrelated to the accounting period in the amount of kEUR 29 (previous year kEUR 14). Other operating expenses include expenses unrelated to the accounting period in the amount of kEUR 188 (previous year kEUR 4) and result from additional contributions paid by the IHK.

E. Other disclosures

Contingencies, guarantees, other financial obligations
The company has operating lease arrangements for vehicles including operating vehicles with tenures ranging between three and six years. Operating lease rentals for the financial year 2021/22 would be kEUR 98 (py. kEUR 94) and till the tenure of the leasing another kEUR 259 (py. kEUR 260).
The lease contracts are operating leasing contracts and therefore businesses outside of the balance sheet according § 285 sec 3 HGB. The advantages are the financing as well as the calculability of the costs, disadvantages result from the longer binding to a contract partner.

There are no other contingent liabilities, guarantees or other financial commitments.

Number of employees:
The average number of employees during the year was 14 white-collar workers (blue-collar: 0).

Fees to the Auditors
The company will pay for auditing purpose an amount of kEUR 38.

Comments on the consolidated accounts
The annual accounts of the company will be included in the consolidated accounts of Graphite International B. V., Rotterdam, The Netherlands, which is a subsidiary of Graphite India Ltd., Kolkata, India. The consolidated accounts of Graphite India Ltd., Kolkata, India, the ultimate parent company, are published in India at National Stock Exchange and Bombay Stock Exchange in Mumbai.

Management board
During the financial year 2021/22, the management was carried out by:

Stefan Seibel, Rothenbach a.d. Pegnitz, Germany, Managing Director
Sanjay Wamanrao Parnerkar, Kolkata, India, Managing Director

The company did not pay any compensations to the management. The compensations were paid by Bavaria Carbon Specialities GmbH, Röthenbach a.d. Pegnitz, and Graphite India Ltd., Kolkata, India.

Proposed appropriation of results
The net loss of year in the amount of EUR 10,072,058.32 shall be carried forward onto new account.

Supplementary report

The above-mentioned letter of comfort from the parent company was signed on 4 May 2022. This applies retroactively to 31 March 2022.

In the past financial year, the Coranavirus (SARS-COV-2) again had an important impact on the internal and external areas of the company. In addition, the company is also feeling the effects of Russia's war of aggression against Ukraine, which began on 24 February 2022, particularly in the area of electricity and gas supply, where there have been and will continue to be considerable disruptions. The associated effects on the net assets, financial position and results of operations are recognised in the company's annual financial statements as of 31 March 2022. There are no other known significant events that occurred after the end of the financial year and have a material impact on the presentation of the company's situation.

Röthenbach an der Pegnitz, 12 May 2022

S. Seibel S. W. Parnerkar

Developement of fixed assets 2021/22

		ACQUISITION COSTS				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
		1. Apr. 2021 EUR	Additions EUR	Disposals EUR	31. Mar. 22 EUR	1. Apr. 2021 EUR	Additions EUR	Disposals EUR	31. Mar. 22 EUR	31. Mar. 22 EUR	31. Mar. 21 EUR
I.	**INTANGIBLE ASSETS**										
	Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	36.598,73	0,00	0,00	36.598,73	36.435,73	163,00	0,00	36.598,73	0,00	163,00
II.	**PROPERTY, PLANT AND EQUIPMENT**										
1.	Land, land rights and buildings, including buildings on third-party land	4.361,34	0,00	0,00	4.361,34	982,34	436,00	0,00	1.418,34	2.943,00	3.379,00
2.	Technical equipment and machines	14.544.513,53	170.716,64	4.596,70	14.710.633,47	10.464.403,59	653.590,58	2.530,70	11.115.463,47	3.595.170,00	4.080.109,94
3.	Other Plants, office fixtures and fittings	959.763,32	96.284,69	0,00	1.056.048,01	560.943,32	94.271,69	0,00	655.215,01	400.833,00	398.820,00
		15.508.638,19	267.001,33	4.596,70	15.771.042,82	11.026.329,25	748.298,27	2.530,70	11.772.096,82	3.998.946,00	4.482.308,94
		15.545.236,92	267.001,33	4.596,70	15.807.641,55	11.062.764,98	748.461,27	2.530,70	11.808.695,55	3.998.946,00	4.482.471,94

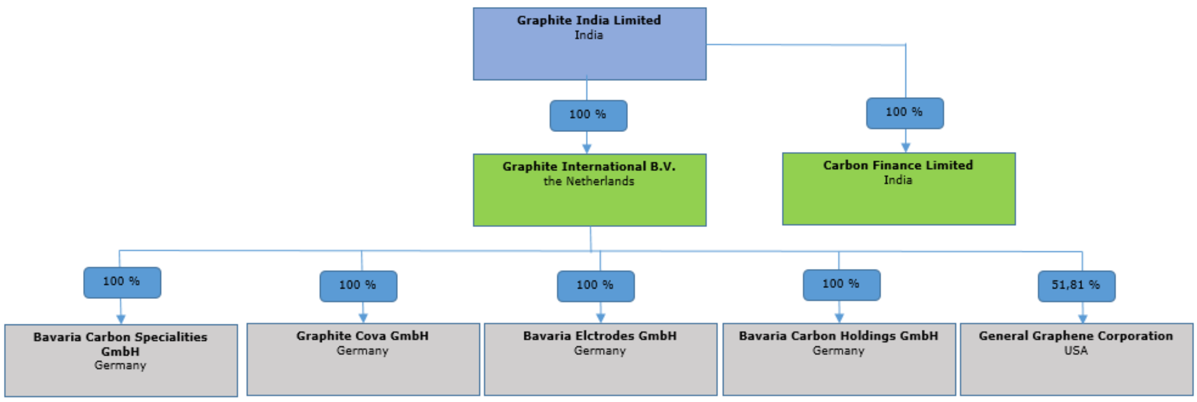
Graphite Cova GmbH
Röthenbach an der Pegnitz
Management Report for the business year
from 1 April 2021 until 31 March 2022

1. Business Model of the Company

The main business of the Company is to manufacture and market Graphite Electrodes, Speciality Products, Electrode Coating Services and other Miscellaneous Carbon and Graphite Speciality Products.

Graphite Electrode is used in electric arc furnace (EAF) based steel mills for conducting current and is a consumable item for the steel industry and play an important role in the recycling of steel. Graphite Electrodes remain the main source of revenue for the Company.

Group Structure



Graphite Cova is a wholly owned subsidiary of Graphite International BV, the Netherlands, which is a wholly owned subsidiary of Graphite India Ltd., India. Graphite Cova deals with purchases of raw materials and the sale of finished goods to customers. Graphite Cova provides raw materials to group companies Bavaria Electrodes GmbH and Bavaria Carbon Specialities GmbH, for processing of finished goods i.e. graphite electrodes, specialities products, etc.

The Company is located in Grünthal 1 - 6, D-90552 Röthenbach an der Pegnitz, Germany.

a) Business and Market Conditions

Global crude steel production in 2021 was at 1.95 billion tons and this number is forecasted to increase in 2022 in response to a further recovery from the Corona Pandemic and various stimuli acts across the globe.
By 2022, the demand for steel in emerging markets is estimated to exceed 1.5 million metric tons, with the majority of this demand from China and India. Yet, various tariff and non-tariff barriers across countries, as well as shortages in shipping vessels and containers, create frictional circumstances for the global steel trade.
Compared to CY 2020 the global crude steel production was 3.7% higher in CY 2021. The last few years have been marked by strong changes in the steel and graphite production driven by China.
However, 2021 was still heavily influenced by the Corona Pandemic, which slowed down of trade across the globe.
In addition, environmental measures to counter the climate change already show an impact in supply chains. An effect to show greater impact in the next months and years as effort to counter global warming will increase.
Nevertheless, China continues to play an influential role in the supply of crude steel and graphite electrodes on a global scale. Chinese producers are continuing their expansion efforts to other continents. China has recommissioned the former SGL's plant in Narni, Italy, under the name Sangraf International. The construction of another plant in Croatia is ongoing and expected to go on stream in 2022/2023.
Business as usual mostly has started post Corona. Although the overall numbers were still high, the effect of Corona is definitely receding and very few places across Europe witnessed lockdown in last FY. In FY 2022-23, the effect of Corona is expected to be negligible.
During the year, in October 2021 the EU imposed provisional Anti-Dumping Duty on Chinese Electrodes. This is expected to have a positive impact on sale rates across Europe.
Post the Ukraine – Russia Crisis, a pressure on inputs has been seen both in terms of availability and costs. However, the situation should de-escalate and prices should return to normality.
Energy costs in Europe are at unprecedented levels. These have been further impacted by Ukraine – Russia Crisis. EU is in the process of announcing a package for those affected and we hope losses to this account would be bridged.

b) Research and Development

Graphite India Ltd. pursues research and development activities on an on-going basis at its in-house research and development centre engaged in the innovation of improved products and processes in the field of Graphite and Carbon. R & D initiatives are in areas of raw materials, productivity, process development, reduction in carbon emissions etc. Many of the cost savings achieved were significant and in compliance with the “pollution control and clean environment norms”.

2. Overall Economic Report

a) Business Overview /Total Statement

Graphite Electrode production at 9,099 MT (metric ton) was higher as compared to 5,653 MT in 2020-21 and sales at 9,667 MT were also higher as compared to 6,297 MT in 2020 - 21. Due to increasing demand, Electrodes revenues in Euro increased by kEUR 11,183 and 52 %, respectively, up to kEUR 32,022. Specialties sales at kEUR 10,355 in 2021-22 compared to kEUR 8,217 in 2020-21 were higher by 26 %. Revenue from coating services in 2021-22 was lower by 9 % compared to previous year. Despite increasing sales revenues, the Company generated a loss after tax of kEUR 10,072 compared to a loss after tax of kEUR 29,062 in the previous year due to uncompensated cost increases.

b) Economic Overall Situation and Trade Based Market Conditions

i. Economic Overall Situation Frame Conditions*

According to the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) was 2,7% higher in 2021 than compared to 2020. The economic development was highly dependent on Covid-19 infection rates and the associated preventive measures also in 2021. Despite the continuing pandemic situation, more delivery bottlenecks and material shortages, the German economy managed to recover from the sharp fall last year although the economic performance has not yet reached its pre-crisis level again. GDP was still 2.0% lower in 2021 than in 2019, the year before the Covid-19 crisis began.

* Source: DE Statis

ii. Trade Based Frame Conditions*

Global crude steel production reached 1.951 million tonnes (Mt) for the year 2021, thus was 3,7% higher compared to 2020.

The EU produced 152.5 Mt of crude steel in 2021, an increase of 15.4% compared to 2020. Germany produced 40.1 Mt of crude steel in 2021, up 12.3% on 2020.

* Source: World Steel Association

c) Situation of the Company

i. Profit Situation

	2021-22 kEUR	2020-21 kEUR
Product wise turn-over		
Electrodes	32,022	20,839
Specialities incl. scrap	10,355	8,217
Coatings	917	1,004
Rent intercompany	820	820
Other revenues (freight)	88	0

Out of available capacity of 17,500 MT of Electrodes, the Company produced 9,099 MT (p.y. 5,653 MT).

FY 2021-22 started witnessing better demand and higher prices. Higher input costs both in terms of Coke and other supplementary materials as well as high power and gas costs, supply chain delays and implementation of Anti-Dumping Duty on Chinese Electrodes are the main reasons for increase in sale prices.

The cost of materials increased from kEUR 40,189 to kEUR 50,014. This is mainly because production in MT increased from 5,653 MT to 9,099 MT. The devaluation of raw materials and purchased blanks decreased (kEUR -7,316; p.y. kEUR 1,921). The change in inventories changed from a decrease in 2020-21 in the amount of kEUR 14,548 to an increase in inventories of finished goods and work in progress in 2021-22 in the amount of kEUR 2,535. This derives mainly due to two effects: on the one hand, restart of fresh production in FY 2021-22 as there was no new green production in the 2020-21 financial year; on the other hand, the reversal of the write-down to the lower fair value due to the now increasing selling prices (kEUR -8,001; p.y. kEUR 8,556).

The other income increased mainly on account of higher exchange gain (kEUR 208; p.y. kEUR 4).

Personnel expenses increased during the year mainly due to short work throughout the last financial year, which substantially decreased personnel expenses last year.

Operating expenses increased by 27% to kEUR 4,879. This was due to higher invoices for the use of trademarks and recharges of internal costs, which are partly linked to sales (kEUR 2,159; p.y. kEUR 1,756). In addition, general selling expenses (kEUR 2,085; p.y. kEUR 1,403) increased. Costs from currency translation compensated the effect slightly due to the unfavorable EUR-USD exchange rate in the financial year 2021-22 compared to 2020-21 (kEUR 0; p.y. kEUR 214).

Despite higher demand stimulated by economic recovery, the Company made losses after tax of kEUR -10,072 in 2021-22 (p.y. kEUR -29,062). Although not totally unexpected, the result is not satisfactory for the Management of the Company. But given the challenging circumstances and the unpredictable pandemic outcome fuelled by rising costs and supply chain delays, the Company's outlook in the future is optimistic due to increasing demand and sale prices.

ii.Financial Situation

The working capital limit from bank was kEUR 20,000 as at 31 March 2022 (p.y. kEUR 10,000). Total utilization of fund-based limits from the bank was kEUR 10,000 during the year 2021-22. The interest rate is floating for each drawdown. The credit line does not have maturity date and is granted until further notice from the Bank.

Present credit of kEUR 25,264 (incl interests) and support from the parent company is sufficient to meet the requirement of liquidity business operations. In addition, the parent company has issued a comfort letter in favor of the Company.

Even with negative equity, the Management expects the Company to operate as a going concern because of improving market conditions. The Company is re-negotiating several lower rate orders from its customers in the wake of high costs post the Ukraine – Russia Crisis. Further, with the support of the parent company and available credit limit from banks, the liquidity is not in danger. Even with negative equity, it is pertinent to note that the Company has not defaulted on any of its payables.

The Company invests surplus USD cash in fixed term deposits.

The risks arising due to foreign currency fluctuations are dealt by way of natural hedging.

iii.Financial Position

Net Fixed assets decreased slightly due to investments in technical equipment and machinery being lower than depreciation.

Inventories increased for raw materials and for work in process and finished goods due to restart of production and reversal of devaluation provisions due to increase in sale prices. Raw materials consist mainly of needle coke and blanks as well as other supplies and consumables. The impairment loss reversed in the fiscal year amounts to kEUR 7,316. Work in progress and finished goods consist mainly of graphite electrodes and special graphite products in the various processing stages. The increase in work in progress amounts to kEUR 2,359 and in finished goods to kEUR 175; thereof devaluation reversal of price reductions is included with an amount of kEUR 8,002 for the fiscal year 2021-22. Trade receivables increased due to higher sales in Q4 2021-22 as compared to Q4 2020-21.

Cash was lower during the comparable year-end amount of March 2021. On the one hand, a loss was generated again; on the other hand, loans were taken out (kEUR 10,000 with Citibank and kEUR 25,000 with the parent company), but these funds were largely used to repay the high tax liabilities from previous years.

The overall equity of the Company is negative due to consecutive losses in last 3 FYs (kEUR -8,599; p.y. kEUR +1,473). Accruals (kEUR 1,467, p.y. kEUR 21,620) have reduced mainly due to payment of Corporation and Trade Tax liability pertaining to FY 2018-19. Payables has increased mainly due to loans received from banks (kEUR 10,000, p.y. EUR 0) as well as from parent company (kEUR 25,000, p.y. kEUR 5,000). In addition, payables to shareholders as well as to affiliated companies increased, as no payments were made to them during the year. In addition, cost increases in the gas and electricity sectors are also noticeable in the trade payables as of the balance sheet date.

d) Financial and Non-financial Performance Factors

i.Financial Performance Factors

The world market for graphite electrodes is dominated by a few manufacturers. Due to the higher demand situation, Graphite COVA GmbH produced 9,099 MT (i.e. 52%) of its total production capacity of 17,500 MT in fiscal year 2021-22 compared to 5,653 MT (i.e. 32%) in the previous year 2020-21. The budget for fiscal year 2021-22 anticipated a higher volume; sales prices which started on a lower note gradually increased but average levels remained lower than budgeted. Moreover, the sales volume expected in the current year was based on reclaiming European customers, our extended market of North and South America, Russia, etc., which did not take place to the extent budgeted or were not permitted with regard to Russia. Furthermore, rising input costs and availability of material further increased the burden. As a result, instead of the budgeted sales of EUR 50-60 million, the company generated sales of kEUR 44,202 and instead of a negative result (EUR -7 million), the company generated a net loss of kEUR -10,072.

ii.Non-Financial Performance Factors

Despite the high demand for graphite electrodes, it was still possible to stabilize the quality in all aspects, including delivery and service. COVA is established in the world market and a well-recognized producer of high quality graphite electrodes compared with the leading graphite electrode producers. Customer acceptance is encouraging. Confidence on the part of customers, suppliers and authorities keeps on growing. The technology of steel making has undergone significant advancements. Hence, in tune with the improved quality requirements of customers, it is imperative to scale up and modernize the production facility and to change the product mix focusing on larger electrode sizes. Hence, the efforts to enlarge COVA's product range up to 600mm diameter electrodes are ongoing.

Due to the crisis in the European market, the Company has already started entering new markets to increase the customer base.

The Company has lease agreements with leasing companies mostly for equipment, with duration of 36 to 72 months. Future minimum lease payments are kEUR 259 till 2027.

iii. Environment

The changes in environmental regulations driven by the climate change initiative will further drive and influence Graphite COVAs commercial success and investments in this area.

iv. Employee Interest

Graphite Cova continuously engages itself in employee related interests. It ensures that the compensation packages for individuals are up to normal industry standards as well as ensures that these individuals are always up to date with respect to the skills required of them. Fire Training is constant at our facility as well as other workshops for skill upgradation. In FY 2021-22, the following trainings were held

- “Gut, dass es Euch gibt” for select people in Specialities Team
- Seminar on Energy for employees looking after Energy related matters

3. Forecast, Chance and Risk Report

A) Forecast Report

The market for FY 2022-23 seems to be improving and a clear indication on rise in prices has been seen. Nevertheless, the Company expects for the business year 2022-23, sales around EUR 65 - 75 Million with a production capacity of 9,900 MT. Besides of rising selling prices, also rising prices for needle coke and blanks are noted. The increasing costs cannot be compensated in total and as such, a negative annual result of approx. EUR 5 - 7 Million before tax is expected.

It cannot be excluded that the actual business may diverge from expectations, because of some unforeseeable developments in the economic and commercial environment of the market due to the corona virus pandemic and the Russia Ukraine Crisis in Europe.

B) Risk Report

i.Risk Management System

The company is integrated into the risk management system of the parent company. The implemented risk management system of the company uses appropriate management tools and indicators in the key areas sales and earnings development, raw material management, sales and production control as well as financing and securing of liquidity.

The integrated early detection system based on rolling budgeting is aimed at the early identification of business risks, to analyse and to classify them, to be able to handle issues which threaten the existence, in time. The management receives information on risk-relevant issues in regular reports. Depending on requirements, supplementary reports to individual circumstances can be created.

Based on the controlling reports and rolling expansions for the current business year all significant developments are presented and explained in detail by the department heads in regular meetings with the management, the current risk situation is discussed and appropriate measures to control the development of the company are defined.

The business development of the company is regularly discussed and coordinated with the parent company Graphite India.

ii.General Risks

It is undeniable that business projections have an inherent element of uncertainty of unknown elements like sudden reversal of positive trends leading to economic slowdown resulting in possible negative growth for steel, automotive and infrastructure industries slowing down which in turn may adversely impact the prospects for our industry.

It is not only the steel industry, which plays a quite decisive role, but also the development in raw material and energy prices as well as the market leaders' pricing policy influence our performance.

iii. Specials Risks

a) Market Risks

The consolidation and restructuring of the Graphite Electrode market is continuing. China is increasing its production footprint within Europe, by the takeover of former SGL Plant Narni, in Italy, and building a new facility in Croatia. Gazprom (Russia) is planning to invest in a new facility in Russia. This will further increase the pressure on COVA to operate on a global scale.

Because of the reduced total demand for electrodes in Europe and the continuously growing import of Chinese electrodes in this market in the past, the Company has started extending the market outside Europe. The increased share of sales to customers outside of Europe has shown positive results. The Company markets Graphite Electrodes under the brand name of 'COVA', which has good acceptance in the market and is considered amongst the established quality leaders.

Summarising the risk factors, the Company expects that the steel industry will improve further from the impact of Corona Pandemic and that countries around the globe will launch stimuli packages to support economic growth.

An additional positive impact might come from the Definitive Anti-Dumping Duties imposed against Chinese imports in Europe.

b) Sales Risks

The product Graphite Electrode involves various manufacturing processes and hence needs to be produced as per requirement of the customers. Production planning is based on expected market developments from the global steel industry and specific requirements of the major steel industry customers. Risks may occur when the actual demand for graphite electrodes deviates from our expectation / forecast, in particular if the situation in China is changing.

c) Risks from Raw Material Prices

The Company has ensured the supply of basic raw materials like calcined petroleum coke, binder pitch and impregnation pitch and contracts for regular supply of them are renewable before the end of the existing contracts. The main raw materials are either petroleum based or coal based. The price of crude and coal and its direct impact on its derivative materials like needle coke, pitch, furnace oil, met coke, etc. will all tend to influence the input cost in a major way.

The Company does not see any problem in getting raw materials.

d) **Risks from Energy costs**

The Company has also signed the contract for supply of utilities like gas and electricity. However, owing to the current Ukraine – Russia crisis the availability of Gas may be a matter of concern as media speculation often refers to possibility of Russia cutting off Gas. However, on the contrary media reports also suggests that Germany has made room for replacement gas. The Company expects costs to remain high at least in the near future.

e) COVID-19

The Company has continued with its proactive approach to the COVID-19 crisis. The Company has always introduced protective measures at an early stage and always adopted to the changed situation.

Thus, the impact of COVID 19 to our employees, customers and our operations as remained on a very limited and low level.

Improvement in demand have been noticed already and with the help of Government Stimulus Packages across the Globe the situation should totally vanish from FY 2022-23. The implemented Short Work Scheme within parts of production has ended fully with production restarted in Green-Shop in April 2021. However, there was a very short duration of Short Work done in some departments in FY 2021-22 which ended early in the year.

f) Risks arising from the use of financial instruments

i. Credit Risks

Majority of sale receivables are covered by credit insurance and thus the risk of non-payment is mitigated to minimum. We have not noticed any material delays due to Corona and we are not aware of any customer insolvencies, which may affect us.

ii. Currency Risks

The majority of the sales of graphite electrodes is invoiced in Euros except few customers. The main raw material, i.e. needle coke is purchased in USD. The currency fluctuations are dealt by the way of natural hedging therefore no material currency fluctuation risk arises. Surplus funds realizations in USD currency after payments in USD are invested in fixed term deposits. The exchange risk on those deposits is somewhat hedged through interest earned on them.

iii. Interest Rate Risk

The credit line will be used rather short term based on demand. Therefore, the Company does not see a major interest rate risk.

g) Ukraine – Russia Crisis

On the one hand, Ukraine – Russia crisis increased demand for Electrodes as Russia is banned from selling into the EU and most other parts of the World. On the other hand, costs have increased as EU imported a large chunk of energy requirements from Russia. On top of this, the higher freight costs are also adding up to the burden. On its part, the Management is passing on the higher costs to its customers as this is unprecedented. For freight costs, the management is trying to mainly have FOB contracts.

C) Opportunity Report

Through the involvement of society in the globally active group of Graphite India, additional market opportunities generated outside Europe and cost benefits especially Needle Coke from the globally organized production network. The Company expects significant benefits from the consolidation of the industry in the future years.

Launch of Anti-Dumping-Duties to Chinese Electrode imports to the EU might support the European market although full effects are yet to be seen.

Climate Change Initiative might seem a threat to our energy heavy industry but could also have a positive impact in many ways. Coating business is one area where there will be improvement due to its energy efficient application. Further, other initiatives as Sewage Sludge Incineration will further reduce energy requirements at COVA.

The Company has a long-standing relationship with almost all of its customer base and has build-up the trade name of COVA as the go to European supplier. The employee retention is very good and most of the employees have long served the Company.

Acknowledgement

The management takes this opportunity to place on record its appreciation of the assistance and support extended by all government authorities, consultants, banks, solicitors, customers, vendors and others. The management also expresses its appreciation for the dedicated and sincere services rendered by employees of the Company.

A special acknowledgement to the technical team and management of Graphite India for extending support from time to time during the year.

Röthenbach an der Pegnitz, 17 May 2022

S. Seibel S. W. Parnerkar

2. Other exhibits

2.1 Legal situation

Company	Graphite COVA GmbH
Address	Grünthal 1-6 Röthenbach a. d. Pegnitz
Legal form	GmbH
Partnership agreement	Valid in the version of 28 November 2006
Commercial register	Local Court Nuremberg, HRA 21271
Fiscal year	from 1 April to 31 March of the following year
Object of the company	The object of the company is the sale of and trade in raw materials and semi-finished products, the distribution and marketing of electrodes and special products of the graphite and carbon industry as well as the holding and utilization, in particular the leasing, of production equipment and machinery.
Shareholders and contributions	Graphite International B.V., Rotterdam / Netherlands (100%)
Share Capital	EUR 4,000,000.00 (fully paid in)
Management and representation	If only one managing director has been appointed, he shall represent the company alone. If several managing directors have been appointed, the Company shall be represented by two managing directors or by one managing director together with an authorized signatory. Mr. Parnerkar has sole power of representation. • Sanjay Wamanrao Parnerkar (India) • Stefan Seibel
Commercial procuration	• Helmut Renner • Rounak Poddar
Shareholder resolution	19 July 2021 - Approval of the annual financial statements of the Company as of 31 March 2021 and the management report for the fiscal year 2021 - Approval of the actions of the Executive Board for fiscal year 2020/21

- The net loss for the financial year 2020/21 and the loss carried forward shall be carried forward to new account.
- Appointment of INTARIA partners GmbH as auditors 2021/22

There were no other significant changes in the legal situation after the balance sheet date.

2.2 Tax situation

Tax office:	Nuremberg
Tax number:	241/115/52408
Tax returns/notices:	The tax returns for the 2020 assessment year have been submitted and the notices in this regard were issued in March 2022. The tax returns for the 2021 assessment year have not yet been submitted.
External/special tax audits:	Im Geschäftsjahr 2021/22 endete die Betriebsprüfung für die Jahre 2014 – 2018. Die Ergebnisse wurden vollständig berücksichtigt. In 2021/22 the tax audit for the years 2014- 2018 was finalized. The results have been fully considered.
General notes:	**Trade tax** The company is subject to trade tax on its domestic business operations. **Corporate income tax / solidarity surcharge** Due to its legal form, the Company is subject to corporate income tax and the solidarity surcharge on its taxable income. **Value added tax** There is a fiscal unity for sales tax purposes with the sister companies Bavaria Electrodes GmbH, Bavaria Carbon Specialities GmbH and Bavaria Carbon Holdings GmbH; the controlling company is the reporting company Graphite COVA GmbH. The fiscal unity is an entrepreneur within the meaning of the German Turnover Tax Act (Umsatzsteuergesetz) and generates exclusively taxable and generally taxable sales. Sales are subject to the standard tax rate of 19%. The tax group is entitled to an unrestricted input tax deduction.

2.3 Economic situation

1) Intercompany contracts

Building lease agreement with BCH (Bavaria Carbon Holdings GmbH, Röthenbach a. d. Pegnitz) dated 9 September 2004 (commencement 13 August 2004). Automatic extension has been agreed if no notice of termination is given. Decorative repairs and maintenance are at the expense of the lessee. The rent amounts to EUR 30,000 p.a.

Rental agreement for movable fixed assets (mainly production machines and tools) with BE (Bavaria Electrodes GmbH, Röthenbach a. d. Pegnitz) and BCS (Bavaria Carbon Specialities GmbH, Röthenbach a. d. Pegnitz) dated 9 September 2004. Automatic renewal is agreed if no notice of termination is given. The lessee must pay for all repairs, pay ancillary costs and insure the items. The rent amounts to 15% of the original acquisition costs of the GC per annum.

Production agreement with BCS and BE dated 9 September 2004. Automatic renewal is agreed upon if no notice of termination is given. BCS is contracted for the production of special products, BE for the production of graphite electrodes. Cost plus 4 % was agreed.

Service agreement with BCS dated 9 September 2004. Automatic renewal for one year is agreed if no notice of termination is given. BCS provides services in the areas of accounting, IT, personnel (including management services) and real estate management. Cost plus 7% has been agreed, but without third-party costs that can be charged on.

Trademark license agreement with GIBV (Graphite International B. V., Rotterdam, Netherlands) dated 9 September 2004. This is a non-exclusive trademark usage agreement without term limitation relating to the trademark "COVA". The royalty rate is 1.5% of net sales per quarter after discounts, bonuses, taxes, claims and value addition in coating process.

Know How Agreement with GIL (Graphite India Ltd, India) dated 9 September 2004, a non-exclusive know how utilization agreement with no term limitation relating to scrap reduction, machine efficiency improvement, quality improvement and production of electrodes > 24 inches. The license rate is 1.5% of net sales per quarter after discounts, bonuses, taxes, claims and value addition in coating process.

Supply agreement with GIL dated 1 April 2013 for the supply of raw materials, finished products, semi-finished products and the purchase of the same at the respective transfer price guideline.

2) Loan agreement

Framework credit agreement with Citibank, London, for an amount of EUR 20 million (previous year: EUR 10 million). Individual drawings are possible in tranches. Interest is calculated on the basis of the positive EURIBOR 1 1/360 plus 2.1% or 1.95%. Of the EUR 20 million, EUR 2 million and EUR 8 million were drawn in the fiscal year.

Corporate guarantee agreement with GIL for the aforementioned bank liability of GC up to the amount of EUR 20 million. The term of this agreement is limited until April 4, 2024. The guarantee fee amounts to 1% of the loan amount.

A loan agreement has been concluded with GIBV for EUR 5 million and for EUR 20 million. The interest rate is calculated in line with the market at 1.95%. The loan is concluded for one year (25 October 2022) with an option to extend.

3) Public law contract

Public law contract with the Free State of Bavaria dated 14 July 2004. This contract concerns specific contaminated sites on the land owned by BCH.

[Translator's notes are in square brackets]

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.