

Translation of the long form audit report
of the
financial statements
as of 31 March 2023
and the management report for the fiscal year 2022/2023

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

From the original German which is duly signed

INTARIA AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Rechtsanwälte
Lindwurmstraße 114, 80337 München

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as amended on 1 January 2017

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 20 June 2022, to audit the annual financial statements as of 31 March 2023 and the management report for the financial year 2022/2023, including the underlying accounting records.

The engagement was accepted by us in an engagement confirmation letter dated 31 March 2023, enclosing the terms and conditions of the engagement. We received the duplicate with the client's declaration of consent on 5 May 2023.

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, attached with the audited annual financial statements (Annexes 1.1 – 1.3) and the management report (Annex 1.4).

In accordance with our engagement, an overview of the legal, tax and economic circumstances of the company has been attached to this report (Annex 3).

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.

This audit report is addressed to the Company.

B. General remarks

I. Comment on the management report by the legal representatives

Economic situation and course of business

In the management report (Annex 1.4), the management has assessed the economic situation of the company.

In accordance with § 321 (1) sentence 2 HGB, as auditors we comment in advance on the management's assessment of the situation. In particular, we address the going concern assumption and the assessment of the future development of the company as expressed in the annual financial statements and the management report.

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 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. The production of graphite electrodes was discontinued in fiscal year 2022/23, stocks of electrodes will continue to be sold.
- The last few years have been characterized by strong changes in steel and graphite production, driven by China. The year 2022 was still heavily influenced by the Corona pandemic, which caused a production standstill and a slowdown in trade around the world.
- 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.
- Compared with calendar year 2021, global crude steel production in 2022 decreased by 4.3%.
- Both production of graphite electrodes in metric tons at 4,398 MT and sales at 4,731 MT were lower than in 2021/22 (production: 9,066 MT; sales: 9,667 MT). Sales of electrodes dropped in EUR by kEUR 6,109 or 19% to kEUR 25,931. Sales of special graphite products of kEUR 11,052 in 2022/23 were also 7% higher compared to 2021/22 of kEUR 8,217. Sales from coating services decreased by 2% in 2022/23 compared to the previous year.
- Due to declining revenues, the company generated an after-tax loss of kEUR 11,421 compared to the previous year (kEUR 10,072).

- In the reporting year, the Company took out both external loans (totalling kEUR 10,000; prior year: EUR 0) and internal loans (totalling kEUR 25,000 nominal amount). These funds were mainly used to compensate for operating losses.
- Due to the ongoing loss situation in the past three financial years, the Company's equity is negative (kEUR -20,021, previous year: kEUR -8,599). Despite the negative equity, the management assumes that the company can be continued as a going concern in the remaining specialities and coating businesses, due to the improving market conditions. According to management, liquidity is not at risk thanks to the support of the parent company and available credit lines from banks.
- The market for fiscal year 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 25 million, mainly due to the sale of electrodes held in stock. 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 0.5 million is also expected for the 2022/23 financial year.
- GC is integrated into the risk management system of the ultimate parent company. Due to the discontinuation of electrode production, the Company no longer sees any significant specific risks with the exception of credit, currency and interest rate risks. Opportunities are seen in the integration into the group of the ultimate parent company and in the consolidation of the industry.

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 2022/23, the Company generated a net loss (kEUR 11,421; previous year: kEUR 10,072), resulting in cumulative losses of kEUR 36,341. This is offset by share capital of kEUR 4,000 and capital reserves of kEUR 12,320. As of 31 March 2023, equity thus amounts to kEUR 20,021, resulting in an over-indebtedness on the balance sheet as of 31 March 2023.

The parent company, Graphite International B. V., Netherlands, however, issued an agreement to keep on providing the loan in favour of the company at the shareholders meeting on 17 May 2023.

According to the planning available to us, the company will also make a substantial loss in 2023/24. In the opinion of the management, the liquidity reserves (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 2023/24 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 §§ 238 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:

- 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 2023 to 17 May 2023, intermittently.

The starting point for our audit was the prior-year financial statements as of 31 March 2022, which were audited by INTARIA partners GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Munich, they were adopted unchanged by the shareholders' resolution of 20 June 2022.

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.

III. Independence

We conducted our audit in accordance with the applicable provisions on independence (Section 321 4a HGB).

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

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

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:

		2022/23	2021/22
Total assets	kEUR	44,939	54,311
Sales revenues	kEUR	38,739	44,202
Average number of employees		13	15

As of the balance sheet date, the Company was classified as being a large-sized company 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 2023 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. Management 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)).

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.

1. Accounting and Valuation methods

The following disclosures are made on the accounting policies applied and the factors relevant to the measurement of assets and liabilities, including any effects of changes in these policies:

The **accounting and valuation** methods are based on the assumption that the company will continue as a going concern (Section 252 (1) No. 2 HGB) and are in line with the provisions of German commercial law. They are generally applied unchanged from the previous year.

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 20,021 (previous year: negative equity of kEUR 8,599). 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, to keep on providing a loan, as well as the adherence to the business plan 2023/24, 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 4,584, prior year: kEUR 8,229) 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 1.79% 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 2.5% was assumed. As of the balance sheet date, the required settlement amount was EUR 35 thousand (previous year: EUR 29 thousand). Due to the insolvency of the predecessor company in 2004, a pension security association was called in to secure the company pension plan.

For further information, please refer to the explanations in the Notes (Exhibit 1.3).

2. Summary assessment

Based on our audit, which we performed in accordance with German principles of proper accounting (§ 264 para. 2 of the German Commercial Code (HGB)), we have come to the conclusion that the annual financial statements as a whole 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.

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 2023, the profit and loss account for the fiscal year from 1 April 2022 to 31 March 2023, 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 2022 to 31 March 2023.

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 2023 and of its results of operations for the fiscal year from 1 April 2022 to 31 March 2023 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.

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 2023

INTARIA AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Rechtsanwälte



Christian Roller
Wirtschaftsprüfer



Kristin Gura
Wirtschaftsprüferin

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

1.1. Balance sheet as of 31 March 2023

GRAPHITE COVA GmbH
90552 Röthenbach

ASSETS	31 March 2023 EUR	31 March 2022 EUR	EQUITY AND LIABILITIES	31 March 2023 EUR	31 March 2022 EUR
A. FIXED ASSETS			A. EQUITY		
I. Intangible assets			I. Capital subscribed	4.000.000,00	4.000.000,00
Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	5.622,00	0,00	II. Capital reserves	12.320.000,00	12.320.000,00
II. Tangible assets			III. Loss carried forward	-24.919.358,89	-14.847.300,57
1. Land, land rights and buildings, including buildings on third-party land	2.507,00	2.943,00	IV. Net loss of the year	-11.421.487,76	-10.072.058,32
2. Technical equipment and machines	899.031,00	3.595.170,00	V. Deficit not covered by equity	20.020.846,65	8.599.358,89
3. Other Plants, office fixtures and fittings	185.145,00	400.833,00		0,00	0,00
	1.086.683,00	3.998.946,00	B. PROVISIONS AND ACCURALS		
	1.092.305,00	3.998.946,00	1. Provisions for pensions and similar obligations	34.723,00	29.295,00
B. CURRENT ASSETS			2. Provisions for taxes	0	1295738,35
I. Inventories			3. Other provisions	210.103,90	141.591,63
1. Raw materials, supplies and operating materials	7.523.349,03	13.358.555,54		244.826,90	1.466.624,98
2. Unfinished products, unfinished services	5.337.585,65	11.652.918,24	C. LIABILITIES		
3. Finished goods and merchandise	3.132.782,90	3.910.608,80	1. Liabilities due to banks	10.000.058,03	10.000.000,00
	15.993.717,58	28.922.082,58	2. Trade payables	491.868,00	784.980,87
II. Receivables and other assets			3. Liabilities due to affiliated companies	3.876.305,36	12.310.141,40
1. Trade receivables	4.584.269,64	8.228.954,06	4. Liabilities due to shareholders	30.169.812,29	29.642.708,72
2. Receivables from affiliated companies	1.514.273,54	1.548.571,81	5. Other liabilities	155.894,50	106.766,98
3. Other assets	35.742,91	286.338,65	- thereof for taxes EUR 13,305.83 (p.y.: EUR 22,497.99)		
	6.134.286,09	10.063.864,52		44.693.938,18	52.844.597,97
III. Cash, bank deposits and cheques	1.681.045,34	2.686.659,85			
	23.809.049,01	41.672.606,95			
C. PREPAID EXPENSES	16.564,42	40.311,11			
D. DEFICIT NOT COVERED BY EQUITY	20.020.846,65	8.599.358,89			
	44.938.765,08	54.311.222,95		44.938.765,08	54.311.222,95

1.2. Income statement for the period from 1 April 2022 to 31 March 2023

GRAPHITE COVA GmbH
90552 Röthenbach

	2022/23 EUR	2021/22 EUR
1. Sales	38.739.391,38	44.202.031,93
2. Increase or decrease in the inventory of finished products and work in progress	-7.093.158,49	2.534.697,01
3. Other operating income - thereof for exchange rate gains: EUR 176,518.10 (p.y.: EUR 208,372.74)	381.941,58	260.942,91
4. Cost of materials a) Cost of raw materials, supplies, operating materials and acquired goods b) Cost of services acquired	-14.853.328,40 -18.993.119,24	-26.134.473,85 -23.879.922,82
	-33.846.447,64	-50.014.396,67
5. Gross Profit	-1.818.273,17	-3.016.724,82
6. Personnel expenses a) Wages and salaries b) Social security and pension expense - thereof for pensions: EUR 4,898.00 (p.y.: EUR 2,173.00)	-896.503,68 -185.158,82	-822.627,75 -182.437,07
	-1.081.662,50	-1.005.064,82
7. Depreciation for intangible fixed assets and tangible fixed assets	-3.176.739,15	-748.461,27
8. Other operating expenses - thereof for exchange rate losses: EUR 3,231.81 (p.y.: EUR 48.50)	-4.293.491,38	-4.875.111,68
9. Operating Income	-10.370.166,20	-9.645.362,59
10. Other interest and similar income - thereof to affiliated companies: EUR 6,361.65 (p.y.: EUR 8,172.42)	29.171,54	8.312,38
11. Interest and similar expenses - thereof from compounding: EUR 530.00 (p.y.: EUR 581.00) - thereof to affiliated companies: EUR 686,965.29 (p.y.: EUR 255,706.25)	-1.078.992,10	-408.667,90
12. Financial Result	-1.049.820,56	-400.355,52
13. Taxes on income and profit from ordinary business operations	0,00	-20.699,81
14. Profit after taxes	-11.419.986,76	-10.066.417,92
15. Other taxes	-1.501,00	-5.640,40
16. Net loss for the year	-11.421.487,76	-10.072.058,32

GRAPHITE COVA GMBH, ROETHENBACH A.D. PEGNITZ
NOTES TO ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
1 APRIL 2022 TO 31 MARCH 2023

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 Conradt 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 1.79 %, a pensions dynamic of 2.50 % 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 2. This difference arises from regard of the averages interest rate of the last ten 10 years respectively of the last 7 years (1.50 %).

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. In the past fiscal year, the Company had to recognize depreciation and amortization of kEUR 3,176 (previous year: kEUR 748), of which kEUR 2,696 was attributable to impairment losses due to the dissolution of the electrodes business.

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 receivables against affiliated companies and shareholders relate to receivables from supplies and services.

Equity

As of 31 March 2023, the equity of the Company shows a deficit not covered by equity in the amount of kEUR 20.021 due to the continuing loss situation. The financial statements are nevertheless prepared under going concern assumptions, as the accounting over-indebtedness was eliminated by a positive liquidity planning ("positive Fortbestehensprognose").

Other reserves and accrued liabilities

The accrued liabilities mainly consist of personnel accruals (kEUR 37, p.y. kEUR 45) and restructuring accruals (kEUR 99).

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 3 tranches as a short-term bridging measure. The interest rate is between 4,452 % and 4,852%. This loan is also short-term in nature and can be renewed on a monthly basis.

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 4,760, p.y. kEUR 4,379). 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	2022/23	2021/22
	kEUR	kEUR
Ireland	9,053	12,695
European Union	17,692	22,374
Other countries	10,662	7,595
Intercompany business	1,332	1,538
	38,739	44,202

Revenues divided into areas of operation

Revenues	2022/23	2021/22
	kEUR	kEUR
Electrodes	25,913	32,022
Special Graphite	11,052	10,315
Coating	903	917
Other	51	122
Intercompany lease	820	820
	38,739	44,202

Other operating income and expenses

The other operating income includes income unrelated to the accounting period in the amount of kEUR 62 (previous year kEUR 29). Other operating expenses include expenses unrelated to the accounting period in the amount of kEUR 80 (previous year kEUR 188) 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 2022/23 would be kEUR 98 (py. kEUR 98) and till the tenure of the leasing another kEUR 109 (py. kEUR 259). The reduction is to be explained by the early lease end of various vehicles due to the liquidation of a part of the business. The vehicles were redeemed and resold.

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 2022/2023 was 13 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 financial statements of the smallest group are published in the Netherlands - in its Federal Gazette. 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 2022/23, the management was carried out by:

Stefan Seibel, Rothenbach a.d. Pegnitz, Germany, Managing Director till 31.03.2023
Sanjay Wamanrao Parnerkar, Kolkata, India, Managing Director till 16.08.2022
Mahendra Kumar Chhajjer, Kolkata, India, Managing Director since 16.08.2022
Rounak Poddar, Röthenbach a.d. Pegnitz, Managing Director since 01.04.2023

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 11,421,487.76 shall be carried forward onto new account.

Supplementary report

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 2023

R. Poddar

M.K. Chhajjer

Development of fixed assets 2022/23

	ACQUISITION COSTS				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	1. Apr. 2022 EUR	Additions EUR	Disposals EUR	31. Mar. 23 EUR	1. Apr. 2022 EUR	Additions EUR	Disposals EUR	31. Mar. 23 EUR	31. Mar. 23 EUR	31. Mar. 22 EUR
I. INTANGIBLE ASSETS										
Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	36.598,73	6.325,00	0,00	42.923,73	36.598,73	703,00	0,00	37.301,73	5.622,00	
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	1.418,34	436,00	0,00	1.854,34	2.507,00	2.943,00
2. Technical equipment and machines	14.710.633,47	271.943,64	4.596,70	14.854.706,14	11.115.463,47	2.968.082,64	85.221,97	13.998.324,14	856.382,00	3.595.170,00
3. Other Plants, office fixtures and fittings	1.056.048,01	34.478,51	0,00	1.090.526,52	655.215,01	207.517,51	0,00	862.732,52	227.794,00	400.833,00
	15.771.042,82	306.422,15	4.596,70	15.949.594,00	11.772.096,82	3.176.036,15	85.221,97	14.862.911,00	1.086.683,00	3.998.946,00
	15.807.641,55	312.747,15	4.596,70	15.992.517,73	11.808.695,55	3.176.739,15	85.221,97	14.900.212,73	1.092.305,00	3.998.946,00

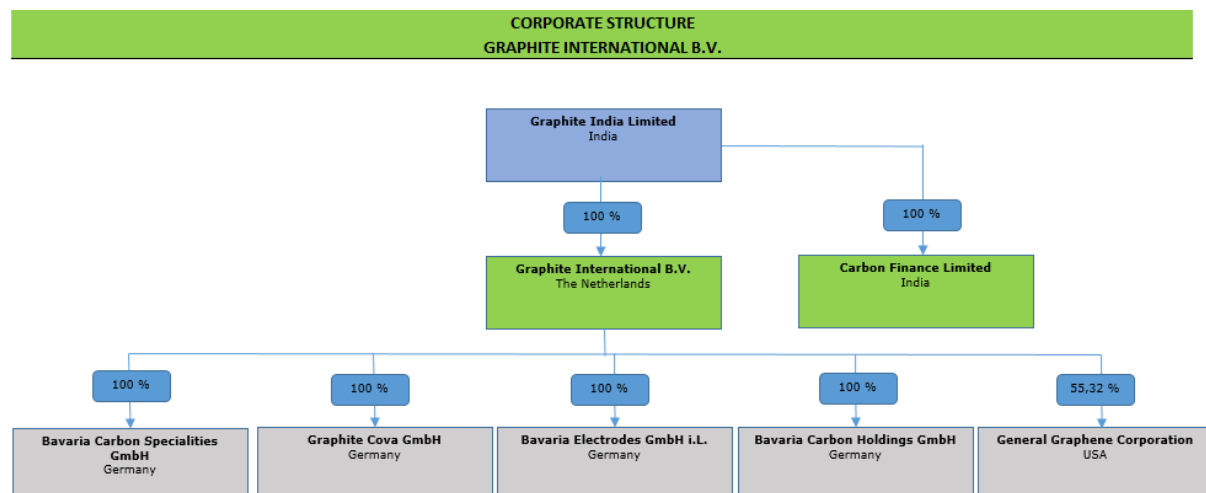
Graphite Cova GmbH
Röthenbach an der Pegnitz
Management Report for the business year
from 1 April 2022 until 31 March 2023

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. However, during the year, production stopped and due to liquidation of Bavaria Electrodes GmbH, the Company no longer manufactures Graphite Electrodes. Only selling of Stock of Electrodes is being done.

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 i.L. and Bavaria Carbon Specialities GmbH, for processing of finished goods i.e. graphite electrodes, specialties 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 2022 was at 1.83 billion tons and this number is forecasted to increase in 2023 in response to a further recovery from 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 2021 the global crude steel production was 4.3% lower in CY 2022. The last few years have been marked by strong changes in the steel and graphite production driven by China.

However, 2022 was still somewhat 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.

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 were further impacted by Ukraine – Russia Crisis. However, off late, the rates are back to pre-war level.

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 4,398 MT (metric ton) was lower as compared to 9,099 MT in 2021-

22 and sales at 4,731 MT were also lower as compared to 9,667 MT in 2021 - 22. Due to production shut-down, Electrodes revenues in Euro decreased to kEUR 25,913 from kEUR 32,022 in FY 2021-22. Specialties sales at kEUR 11,052 in 2022-23 compared to kEUR 10,355 in 2021-22 were higher by 7 %. Revenue from coating services in 2022-23 was lower by 2 % compared to previous year. Owing to decreasing sales revenues, the Company generated a loss after tax of kEUR 11,421 compared to a loss after tax of kEUR 10,072 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 1,9% higher in 2022 than compared to 2021. Despite the recessionary fears, delivery bottlenecks and material shortages, the German economy managed to recover from the sharp fall in 2020.

* Source: DE Statist

ii.Trade Based Frame Conditions*

Global crude steel production reached 1.832 million tonnes (Mt) for the year 2022, thus was 4,3% lower compared to 2021.

The EU produced 136.7 Mt of crude steel in 2022, a decrease of 10.5% compared to 2021. Germany produced 36.8 Mt of crude steel in 2022, down 8.4% on 2021.

* Source: World Steel Association

c) Situation of the Company

i. Profit Situation

	2022-23 kEUR	2021-22 kEUR
Product wise turn-over		
Electrodes	25,913	32,022
Specialties incl. scrap	11,052	10,355

Coatings	903	917
Rent intercompany	820	820
Other revenues (freight)	51	88

Out of available capacity of 17,500 MT of Electrodes, the Company produced 4,398 MT (p.y. 9,099 MT).

FY 2022-23 started witnessing very high inputs due to Russia – Ukraine Crisis and power and gas prices rose to unprecedented levels.

The cost of materials decreased from kEUR 50,014 to kEUR 33,846. This is mainly because production in MT decreased from 9,099 MT to 4,398 MT. The raw materials consumption decreased from kEUR 13,359 to kEUR 7,523 owing mainly due to production closure at BE. The change in inventories changed from an increase in 2021-22 in the amount of kEUR 2,535 to a decrease in inventories of finished goods and work in progress in 2022-23 in the amount of kEUR 7,093. This is again mainly due production closure at BE and no new stock being generated since September 2022. Only activity pertaining to Electrodes since September 2022 was stock liquidation.

No major change was observed in other income (kEUR 382; p.y. kEUR 208).

Personnel expenses increased during the year mainly due to payment of compensation to laid off employees kEUR 3,669.

Operating expenses decreased by 12% to kEUR 4,293. This was again mainly due to lower activity related to production and sales due to closure of BE.

As a result, the Company made losses after tax of kEUR -11,421 in 2022-23 (p.y. kEUR -10,072). Although not totally unexpected, the result is not satisfactory for the Management of the Company. But given the challenging circumstances and the unpredictable rising energy costs and supply chain delays, the Company's outlook in the future is optimistic about the remaining businesses.

ii. Financial Situation

The working capital limit from bank was kEUR 20,000 as at 31 March 2023 (p.y. kEUR 20,000). Total utilization of fund-based limits from the bank was kEUR 10,000 at the end of the year 2022-23. 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 25,409 (incl. interests) and support from the parent company is sufficient to meet the requirement of liquidity business operations.

Even with negative equity, the Management expects the Company to operate as a going concern because of improving market conditions. 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 / EUR 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 due to write off of all assets pertaining to Electrodes Division.

Inventories decreased from kEUR 28,922 to kEUR 15,994 again mainly due to fact that no new inventory was created due to production closure but only stock liquidation took place.

Trade receivables decreased due to lower sales and mostly collections from customers.

Cash was lower during the comparable year-end amount of March 2022.

The overall equity of the Company is negative due to consecutive losses in last few FYs (kEUR -20,020; p.y. kEUR -8,599). Accruals (kEUR 245, p.y. kEUR 1,467) have reduced mainly due to payment of Corporation and Trade Tax liability pertaining to FY 2018-19. Payables have decreased mainly due to lower production and business activity. Similarly, payables to shareholders as well as to affiliated companies decreased. In addition, cost increases in the gas and electricity sectors are also noticeable but were offset by decreased consumption.

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 lower demand situation, Graphite COVA GmbH produced 4,398 MT (i.e. 25%) of its total production capacity of 17,500 MT in fiscal year 2022-23 compared to 9,099 MT (i.e. 52%) in the previous year 2021-22. The Company was expecting better volumes and prices. However, the unprecedented rise in Energy costs led to Electrodes business becoming unsustainable and hence had to be closed down.

ii.Non-Financial Performance Factors

Non-Financial factors such as COVID in 2020 & 2021 and later Russia Ukraine Crisis in 2022 led to unprecedented surge in input costs mainly Power and Gas. As a result, the Company decided to close Electrodes Business.

The Company has lease agreements with leasing companies mostly for equipment, with duration of 36 to 72 months. Future minimum lease payments are kEUR 77 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.

Forecast, Chance and Risk Report

A) Forecast Report

The market for FY 2023-24 seems to be improving and a clear indication on rise in prices has been seen. Nevertheless, the Company expects for the business year 2023-24, sales around EUR 25 Million mainly due to Stock sale of Electrodes. The increasing costs cannot be compensated in total and as such, a negative annual result of approx. EUR 0,5 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.

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 & Sales Risks

Since the Company is no longer engaged in Electrodes business, there is no market risk. The market for Graphite Specialities is rather stable and we do not see any major areas for concern.

b) Risks from Raw Material Prices

The Company does not see any problem in getting raw materials as a majority of raw materials for Graphite Specialities business comes from Graphite India Limited.

c) Risks from Energy costs

Specialities business requires very less energy consumption. As such, there are no major risks here.

d) COVID-19

The threat of COVID is practically over and we do not see it having any impact on business over next few years.

e) 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 specialities is invoiced in Euros except few customers. The main raw material will also be purchased from GIL in Euros. 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.

f) Ukraine – Russia Crisis

On the remaining business of Specialities and Coating, we do not see a major impact of the Russia – Ukraine Crisis.

C) Opportunity Report

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

Coating business is one area where there will be improvement due to its energy efficient application.

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, 25 May 2023

R. Poddar

M. K. Chhajer

Audit opinion of the 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 2023, the profit and loss account for the fiscal year from 1 April 2022 to 31 March 2023, 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 2022 to 31 March 2023.

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 2023 and of its results of operations for the fiscal year from 1 April 2022 to 31 March 2023 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 2023

INTARIA AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Rechtsanwälte



Christian Roller
Wirtschaftsprüfer



Kristin Gura
Wirtschaftsprüferin



3. Other exhibits

3.1 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	<p>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.</p> <ul style="list-style-type: none">• Stefan Seibel, Röthenbach a.d. Pegnitz, Managing director (till 31.03.2023)• Sanjay Wamanrao Parnerkar, Kolkata, India, Managing director (till 16.08.2022)• Mahendra Kumar Chhajer, Kolkata, India, Managing director (since 16.08.2022)• Rounak Poddar, Röthenbach a.d. Pegnitz, Managing director (since 01.04.2023)
Commercial procurement	<ul style="list-style-type: none">• Helmut Renner• Rounak Poddar (till 01.04.2023)• Sivaprasad Pusala (since 26.04.2023)

Shareholder resolution

20 June 2022

- Approval of the annual financial statements of the Company as of 31 March 2022 and the management report for the fiscal year 2021/22
- Discharge of the Executive Board for the fiscal year 2021/22
- The net loss for the financial year 2021/22 and the loss carried forward shall be carried forward to new account.
- Appointment of INTARIA AG as auditors 2022/23

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

3.2 Tax situation

Tax office: Nuremberg

Tax number: 241/115/52408

Tax returns/notices: The tax returns for the 2021 assessment year have been submitted and the notices in this regard were issued.

The tax returns for the 2022 assessment year have not yet been submitted.

External/special tax audits: 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 i.L., 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.

3.3 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 i.L., 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.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

DokID:

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.