MSSL GmbH
Bruchköbel

Short-form audit report
Annual financial statements and management report
31 December 2022

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Building a better
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Table of contents

Note:

We have issued the audit opinion presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use".

Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

Independent auditor's report

To MSSL GmbH

Opinions

We have audited the annual financial statements of MSSL GmbH, Bruchköbel, which comprise the balance sheet as at 31 December 2022, and the income statement for the fiscal year from 1 January to 31 December 2022 and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of MSSL GmbH for the fiscal year from 1 January to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 December 2022 and of its financial performance for the fiscal year from 1 January to 31 December 2022 in compliance with German legally required accounting principles, and

- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error, infringements or inaccuracies and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stuttgart, 19 July 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Göhner	Dollinger
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

MSSL GmbH, Bruchköbel **Exhibit 1**

Balance sheet as of 31 December 2022

Assets

	31 Dec 2022	31 Dec 2021
	EUR	**EUR**
A. Fixed assets		
I. Intangible assets		
Purchased software	107,732.00	15,863.00
II. Property, plant and equipment		
1. Land and buildings	11,855,010.41	12,441,839.41
2. Plant and machinery	3.00	3.00
3. Other equipment, furniture and fixtures	207,985.00	236,641.00
	12,062,998.41	12,678,483.41
III. Financial assets		
Shares in affiliates	4,882,487.99	6,045,488.99
	17,053,218.40	**18,739,835.40**
B. Current assets		
I. Inventories		
Merchandise	2,920,988.78	1,952,097.91
	2,920,988.78	1,952,097.91
II. Receivables and other assets		
1. Trade receivables	2,524,403.86	2,270,234.15
2. Receivables from affiliates	17,416,336.31	37,521,530.02
3. Other assets	1,684,695.40	758,324.35
	21,625,435.57	40,550,088.52
III. Cash on hand, bank balances	1,089,893.10	883,291.22
	25,636,317.45	**43,385,477.65**
C. Prepaid expenses	**259,024.88**	**345,771.15**
	42,948,560.73	**62,471,084.20**

Equity and liabilities

	31 Dec 2022	31 Dec 2021
	EUR	**EUR**
A. Equity		
I. Subscribed capital	250,000.00	250,000.00
II. Capital reserves	24,710,000.00	24,710,000.00
III. Loss carryforward	-12,827,332.58	-11,744,023.03
IV. Net loss for the year	-27,833.36	-1,083,309.55
	12,104,834.06	**12,132,667.42**
B. Provisions		
1. Tax provisions	211,085.82	282,290.00
2. Other provisions	2,284,996.49	1,892,804.85
	2,496,082.31	**2,175,094.85**
C. Liabilities		
1. Liabilities to banks	2,000,000.00	2,000,000.00
2. Trade payables	699,360.87	643,338.45
3. Liabilities to affiliates	25,430,716.20	45,330,923.79
thereof to shareholders: EUR 20,726 k (prior year: EUR 41,589 k)		
4. Other liabilities	131,532.04	124,455.44
(thereof from taxes: EUR 111 k; prior year: EUR 104 k)		
	28,261,609.11	**48,098,717.68**
D. Deferred income	**86,035.25**	**64,604.25**
	42,948,560.73	**62,471,084.20**

MSSL GmbH, Bruchköbel

Income statement for the fiscal year from 1 January to 31 December 2022

		2022 EUR	2021 EUR
1.	Revenue	37,185,742.61	27,657,629.83
2.	Other operating income	467,548.40	408,166.99
	(thereof from currency translation: EUR 101 k; prior year: EUR 66 k)		
3.	Cost of materials		
	a) Cost of purchased merchandise	-20,379,894.36	-13,144,919.40
	b) Cost of purchased services	-3,473,966.27	-2,938,132.80
4.	Personnel expenses		
	a) Wages and salaries	-5,841,648.95	-5,274,755.90
	b) Social security contributions	-948,569.25	-863,284.16
5.	Amortization of intangible assets and depreciation of property, plant and equipment	-731,650.53	-750,110.43
6.	Other operating expenses	-6,152,418.42	-5,266,520.93
	(thereof from currency translation: EUR 59 k; prior year: EUR 41 k)		
7.	Income from profit and loss transfer agreements	0.00	330,976.29
8.	Other interest and similar income	740,091.57	698,600.98
	(thereof from affiliates: EUR 740 k; prior year: EUR 696 k)		
9.	Impairment of financial assets	0.00	-978,000.00
10.	Interest and similar expenses	-847,371.07	-708,964.63
	(thereof to affiliates: EUR 803 k; prior year: EUR 663 k)		
11.	Income taxes	-31,462.07	-231,692.50
12.	**Earnings after taxes**	**-13,598.34**	**-1,061,006.66**
13.	Other taxes	-14,235.02	-22,302.89
14.	**Net loss for the year**	**-27,833.36**	**-1,083,309.55**

MSSL GmbH, Bruchköbel

Notes to the financial statements for fiscal year 2022

A. General

The Company operates under the name MSSL GmbH. Its registered offices are in Bruchköbel. The Company is entered in the commercial register of Hanau Local Court under HRB no. 91564.

The annual financial statements for 2022 were prepared in accordance with the accounting provisions of the HGB ["Handelsgesetzbuch": German Commercial Code]. The supplementary provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act] were also observed. The income statement was classified using the nature of expense method, as in the prior year.

The Company is subject to the requirements for medium-sized corporations as defined by Sec. 267 (2) HGB and makes use of the size-related exemptions of Sec. 288 (2) HGB.

B. Accounting policies

The accounting policies remained unchanged on the prior year.

Intangible assets and **property, plant and equipment** were recognized at acquisition cost and amortized/depreciated over their estimated useful life using the straight-line method. Amortization and depreciation are recorded proportionately in the year of acquisition. The remaining useful lives range between 3 and 33 years.

Low-value assets with an individual acquisition cost of up to EUR 800.00 are fully expensed in the year of acquisition.

The shares in affiliates recorded under **financial assets** were valued at acquisition cost. Where necessary, assets are written down to their lower net realizable value on the reporting date if impairment is expected to be permanent.

Raw materials, consumables and supplies were recorded at the lower of cost (moving average cost of the last 12 months) or net realizable value on the reporting date.

Inventories of goods were valued at the lower of acquisition cost or net realizable value as of the reporting date.

Risks of slow-moving inventories were accounted for by writing down raw materials, consumables and supplies as well as merchandise (excluding tools), for which no stock movement had been recorded for the last six months, in full. If no stock movement had been recorded for the last three months, these items were written down by 50%.

Receivables and other assets are stated at their nominal value. Appropriate bad debt allowances provide for default risks attached to trade receivables.

Cash and cash equivalents (cash on hand, bank balances) were valued at nominal value. Amounts denominated in foreign currency came to EUR 170k as of the reporting date (prior year: EUR 131k). Foreign currency was valued using the mean spot rate on the reporting date.

Expenses recorded before the reporting date, which relate to a certain period after this date, are posted as **prepaid expenses**.

Other provisions take appropriate account of the recognizable risks and liabilities of uncertain timing and amount. Provisions are recognized at the settlement value that is considered necessary according to prudent business judgment.

Liabilities are recorded at their settlement amount.

Income received before the reporting date, which relates to a certain period after this date, is posted as **deferred income**.

Foreign currency translation
Foreign currency transactions are generally translated at the historical rate applicable at the time at which the transaction was initially recognized. As of the reporting date, balance sheet items are valued as follows:

Short-term receivables denominated in foreign currency (remaining term of one year or less) as well as cash and cash equivalents and other short-term assets denominated in foreign currency are translated using the mean spot rate as of the reporting date.

Short-term foreign currency liabilities (remaining term of one year or less) are translated using the mean spot rate as of the reporting date.

As of the reporting date, long-term receivables and liabilities denominated in foreign currency came to EUR 2,738k and related to loans denominated in USD that were taken out and passed on. The Company took out loans from the majority shareholder and extended the proceeds from these loans to affiliates. **Hedges** included receivables of USD 2,930k and liabilities of USD 2,930k as of the reporting date. Hedges reduce the risk of exchange rate losses by an amount of USD 1,050k for the period ending 31 December 2023 and by an amount of USD 1,880k for the period ending 31 December 2025, as the loan liabilities and the corresponding loan receivables were entered into with congruent terms. Changes in the value and cash flows of underlying transactions (liability in USD) as well as the contrasting valuation effects and changes in cash flows of underlying transactions offset each other, as hedged items and hedging instruments are exposed to the same risk (in this case: USD/EUR exchange rate). The hedge is thus fully effective. As of the reporting date, the hedged risk came to EUR 327k, as the higher valuation of the loan receivable was compensated for by a likewise higher valuation of the loan liability.

These claims and liabilities were valued in accordance with the regulations for hedges pursuant to Sec. 254 HGB. Receivables and liabilities were valued at the year-end closing rate in the annual financial statements. Due to being combined in a designated hedge, the valuation of receivables and liabilities as of the reporting date had no effect on the income statement. A receivable of USD 70k was not hedged; this was valued at the closing rate. The receivable is due within one year.

Deferred taxes

Deferred taxes are recognized on differences between the carrying amounts in the commercial balance sheet and tax accounts that are likely to reverse in subsequent fiscal years. In addition, deferred tax assets are recognized on corporate income tax and trade tax loss carryforwards that are expected to be offset against taxable income within the next five years.

Calculation of the deferred taxes is based on an effective tax rate of 29.475% (corporate income tax, solidarity surcharge and trade tax) (prior year: 29.475%), which is expected to apply at the time the differences reverse.

Deferred tax assets and liabilities are reported on a net basis. The option to recognize net deferred tax assets in accordance with Sec. 274 (1) Sentence 2 HGB was not exercised. As of the reporting date of the prior year, offsetting deferred tax assets against deferred tax liabilities (net presentation) resulted in net deferred tax assets at the level of the Company as tax group parent and the tax group subsidiary of the tax group as of the reporting date 31 December 2022. As a result, no deferred taxes are recognized in the annual financial statements, as the option to recognize net deferred tax assets is not exercised.

Differences between the commercial balance sheet and tax accounts resulting in deferred tax assets mainly pertain to corporate income tax and trade tax loss carryforwards.

C. Notes to the balance sheet

The classification of fixed assets items and their development in the fiscal year as well as the amortization, depreciation and impairment recorded in the fiscal year are presented as an attachment to the notes in the **statement of changes in fixed assets**.

Information on shareholdings

	Currency	Share in capital	Equity	Net income/net loss
		%	31 Dec 2022	2022
Germany				
Motherson Air Travel Agency GmbH (formerly: MOTHERSON TECHNO PRECISION GmbH), Bruchköbel[1]	EUR k	100	+189	-88
Other countries				
MSSL Advanced Polymers s.r.o., Dolní Ředice, Czech Republic[2]	CZK k	100	91,021	-54,534
MOTHERSON TECHNO PRECISION MEXICO S.A de C.V., San Luis Potosí, Mexico[3]	MXN k	100	66,004	48,233

SAMVARDHANA MOTHERSON INVEST DEUTSCHLAND GMBH was merged into MSSL GmbH in the current fiscal year. This resulted in a gain on merger of EUR 47k.

The equity investment in **Motherson Air Travel Agency GmbH** (formerly: MOTHERSON TECHNO PRECISION GmbH) had a carrying amount of EUR 3,414k as of 31 December 2022 (prior year: EUR 3,414k). In the current fiscal year, Motherson Air Travel Agency GmbH was merged into MOTHERSON TECHNO PRECISION GmbH and the company name was then changed.

As in the prior year, the equity investment in **MSSL Advanced Polymers s.r.o.** had a carrying amount of EUR 1,468k as of 31 December 2022.

[1] Local financial statements as of 31 March 2022
[2] Local financial statements as of 31 March 2022
[3] Local financial statements as of 31 December 2022

MOTHERSON TECHNO PRECISION S.A de C.V was founded in fiscal year 2013. 99.998% of the shares are held by **Motherson Air Travel Agency GmbH** (formerly **MOTHERSON TECHNO PRECISION GmbH**) and 0.002% are held by MSSL GmbH. The carrying amount of the 0.002% share comes to EUR 0k.

MSSL MANUFACTURING HUNGARY Kft. was founded in fiscal year 2016. The equity investment was sold in the current fiscal year, which did not give rise to a gain or loss. The carrying amount of the equity investment stood at EUR 378k as of 31 December 2021.

Raw materials, consumables and supplies are recorded under **inventories**.

No receivables recorded under **trade receivables** are due in more than one year (prior year: EUR 0k).

Receivables from affiliates (EUR 17,416k; prior year: EUR 37,522k) include loan receivables (EUR 11,740k; prior year: EUR 31,645k), receivables from the ongoing clearing of trade transactions (EUR 5,676k, prior year: EUR 5,545k) and receivables from SAMVARDHANA MOTHERSON INVEST DEUTSCHLAND GmbH (EUR 0k, prior year: EUR 331k) from the profit and loss transfer agreement. An amount of EUR 10,275k (prior year: EUR 28,937k) of the loan receivables is due within more than one year; all other items are/were due within one year.

Other assets contain items of EUR 14k (prior year: EUR 21k) due in more than one year (deposits and installments for settlement).

Other provisions break down as follows:

	31 Dec 2022 EUR k	31 Dec 2021 EUR k
Outstanding invoices	1,670	1,288
Employee-related obligations	458	423
Audit of the annual financial statements, tax advisory	92	134
Warranties, customer debts	60	43
Other provisions	5	5
Total	2,285	1,893

The **liabilities** recognized under item C. of the balance sheet breaks down into the following residual terms:

Type of liability (31 Dec 2022)	Total amount	Due in less than one year	Due in more than one year	thereof more than five years
	EUR k	EUR k	EUR k	EUR k
Liabilities to banks	2,000	0	2,000	0
Trade payables	699	699	0	0
Liabilities to affiliates	25,431	5,687	19,744	0
Other liabilities	132	132	0	0
	28,262	6,518	21,744	0

Type of liability (31 Dec 2021)	Total amount	Due in less than one year	Due in more than one year	thereof more than five years
	EUR k	EUR k	EUR k	EUR k
Liabilities to banks	2,000	0	2,000	0
Trade payables	643	643	0	0
Liabilities to affiliates	45,331	4,428	40,903	0
Other liabilities	125	125	0	0
	48,099	5,196	42,903	0

Liabilities to banks (EUR 2,000k; prior year: EUR 2,000k) are secured by first ranking land charges.

Liabilities to affiliates (EUR 25,431k; prior year: EUR 45,331k) contain liabilities to the shareholder MSSL Mideast (FZE), Sharjah Airport International Free Zone, Sharjah Emirate, United Arab Emirates, of EUR 21,218k (prior year: EUR 41,589k), which include loan liabilities of EUR 20,726k (prior year: EUR 41,150k) as well as liabilities from the day-to-day clearing of trade transactions of EUR 492k (prior year: EUR 439k). They also contain liabilities to other group companies from the ongoing clearing of trade transactions (EUR 4,213k; prior year: EUR 2,642k).

D. Notes to the income statement

Other operating income break down as follows:

	2022 EUR k	2021 EUR k
Non-cash benefits	281	186
Exchange rate gains	101	66
Vehicle sales from leases	0	29
Gain on merger	47	0
Gains from the disposal of fixed assets	0	53
Income relating to other periods	37	38
Other	1	36
	467	408

Impairment losses on financial assets in the prior year stem entirely from an impairment of the equity investment in MSSL Manufacturing Hungary Kft.

E. Other notes

Average headcount in fiscal year 2022:

	2022	**2021**
Salaried employees	69	67
Part-time employees	12	11
Casual staff	0	0
	81	**78**

Mr. Andreas Heuser, attorney, Bad Soden-Salmünster, was the **general manager** holding sole powers of representation in fiscal year 2022 and exempted from the restrictions of Sec. 181 BGB [“Bürgerliches Gesetzbuch”: German Civil Code]. The general manager did not receive any remuneration from the Company in the fiscal year.

Contingent liabilities

The Company has issued a letter of comfort in favor of the subsidiary MSSL Advanced Polymers s.r.o., and as the parent company it undertakes in those letters to ensure its ability to continue as a going concern for a period of 12 months.

Additionally, MSSL GmbH issued a payment guarantee to Lufthansa Airplus Servicekarten GmbH on behalf of the affiliates SMRC AUTOMOTIVE MODULES FRANCE SASU (maximum amount: EUR 50k) and SMR Automotive Systems France SA (maximum amount: EUR 55k). Based on the current payment history of the beneficiaries and the information available by the time these financial statements were prepared, it is unlikely that these contingent liabilities will be claimed.

Proposal for the appropriation of profit

The net loss for the current fiscal year is to be added to existing loss carryforwards as part of the **appropriation of profit**.

The **sole shareholder** is MSSL Mideast (FZE), Sharjah Airport International Free Zone, Sharjah Emirate, United Arab Emirates.

The **consolidated financial statements for the largest and smallest group of companies**, including the Company, are prepared by Samvardhana Motherson International Ltd., Plot No. 1, Sector-127, Noida-Greater Noida, Expressway Noida, 201301 U.P., India.

The consolidated financial statements are available on the website http://www.motherson.com/annual-reports.html as well as at the above address of the Company's registered offices and from the following address: Samvardhana Motherson International Ltd., Plot No. 1, Sector-127, Noida-Greater Noida, Expressway Noida 201301, U.P., India.

Report on subsequent events in the notes to the financial statements

On 1 March 2023, the Company sold land and buildings in Bruchköbel to MSSL Germany Real Estate B.V. & Co. KG, in which the Company holds 89% of shares. MSSL Germany Real Estate B.V. & Co. KG will manage the property and lease it to MSSL GmbH.

Bruchköbel, 19 July 2023

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Andreas Heuser
(General manager)

Exhibit 3

MSSL GmbH, Bruchköbel
Development of the individual fixed asset items

	Historical acquisition costs				Accumulated amortization, depreciation and impairment					
	As of 1 Jan 2022	Additions	Disposals	As of 31 Dec 2022	As of 1 Jan 2022	Additions	Disposal	As of 31 Dec 2022	Book value 31 Dec 2022	Book value 31 Dec 2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets										
Purchased software	262,395.73	129,098.25	0.00	391,493.98	246,532.73	37,229.25	0.00	283,761.98	107,732.00	14,712.00
II. Property, plant and equipment										
1. Land and buildings	15,472,099.98	0.00	0.00	15,472,099.98	3,030,260.57	586,829.00	0.00	3,617,089.57	11,855,010.41	13,995,130.89
2. Plant and machinery	37,783.00	0.00	0.00	37,783.00	37,780.00	0.00	0.00	37,780.00	3.00	3.00
3. Other equipment, furniture and fixtures	1,444,669.03	78,936.28	0.00	1,523,605.31	1,208,028.03	107,592.28	0.00	1,315,620.31	207,985.00	350,980.00
	16,954,552.01	78,936.28	0.00	17,033,488.29	4,276,068.60	694,421.28	0.00	4,970,489.88	12,062,998.41	12,678,483.41
III. Financial assets										
Shares in affiliates	8,379,488.99	0.00	3,497,001.00	4,882,487.99	2,334,000.00	0.00	2,334,000.00	0.00	4,882,487.99	6,045,488.99
	25,596,436.73	208,034.53	3,497,001.00	22,307,470.26	6,856,601.33	731,650.53	2,334,000.00	5,254,251.86	17,053,218.40	18,739,835.40

MSSL GmbH, Bruchköbel
Management report for fiscal year 2022

1. Background of the Company

a. Business model of the Company

The Company belongs to the Motherson Group. The Motherson Group is one of the 25 largest suppliers of complete system solutions for the global automotive industry and also serves a range of other industries such as railways, aerospace, medicine, IT and logistics. The Group is represented at more than 300 locations in 41 countries and boasts a diversified portfolio of products and services including electrical distribution systems, rear-view mirrors, camera systems, front-end modules, cockpits, air conditioning systems, lights, cabs for commercial vehicles, plastics processing, elastomer processing, plastic injection molding molds, IT services and development services. The Group currently has over 170,000 employees worldwide and generated revenue of around USD 10.5b in fiscal year 2021/22.

The Company has two main divisions.

As one of the Group's six global "Chairman's Offices", its duties include supporting the implementation and realization of the Company's goals in Europe. The Company primarily focuses on the Europe and North Africa region. In this capacity, the Company supports group companies in central areas such as finance, human capital, insurance management, marketing, internal audit, legal counsel, tax as well as in planning and implementing construction projects. The Company also assists with acquisition projects in Europe.

The Company also trades in elastomer and plastic parts for the automotive industry, which are purchased from foreign affiliates and mainly resold to third-party customers.

b. Research and development

The Company's activities do not include research and development.

2. Economic report

a. General conditions

After a long period of pandemic-related recession, the economy was expected to recover significantly in 2022. The International Monetary Fund (IMF) anticipated global economic growth of 4.4%. Following 6.0% in 2021, this would have continued the significant economic recovery. However, the Russian invasion of Ukraine on 24 February 2022 started a still ongoing conflict that also negatively impacts economic development. IMF's latest estimates put final growth at just 3.2%. In addition to the ongoing global supply constraints, particularly affecting semiconductors, rising costs as a result of the war present the largest obstacle to growth. This especially affects energy prices, as Russia stopped gas exports to many countries, in turn affecting prices for other energy sources. As a result, extremely high inflation was reported throughout the year. Global inflation is estimated at 9.5% in 2022. In order to counter these developments, central banks responded by raising base interest rates in the course of the year. While this counteracts rising inflation rates, it also dampens the willingness to invest as it also increases interest rates for funding.

The economic output in the eurozone increased by 3.5% in 2022 compared to the prior year. The EU labor market saw very positive development in the course of the year, resulting in a historically low unemployment rate of 6.1% at the end of the year. Despite this, consumers and companies faced tough conditions for the most part, especially the extremely high energy costs. Inflation rates soared to historic highs. In 2022, the eurozone average was 8.4%, peaking at 10.7%.

Real gross domestic product (GDP) in the US grew by 2.1% in the past year. While the prior-year growth rate was slightly higher than in the eurozone at 5.9%, economic recovery over both years is still significantly lower. Growth primarily related to consumer goods, exports and private investments, with investments in the automotive industries declining by contrast. The labor market also continued to recover in the course of the year. After 2021 closed at 3.9% unemployment rate on a par with the pre-crisis level, this figure had dropped to 3.5% by the end of 2022. However, US consumers also felt the sharply rising price pressure. The inflation rate peaked at 9.1% in the course of the year, mainly due to rising energy costs.

In China, economic output increased by 3.0% in 2022, below the global average for the first time in 40 years. This moderate growth rate is put into perspective by the regional lockdowns still in place in the first half of the year and the very high prior-year growth of 8.1%. Growth rates fluctuated sharply over the course of the year due to the various coronavirus-related lockdowns. Compared to the eurozone or the US, consumers faced better conditions. At 2.0%, inflation in 2022 is lower than the target set by the central banks.

There was economic growth in most other regions of the world, albeit at a varied pace. For India, the IMF estimated growth of 6.8% for the 2022 fiscal year. In Brazil as well as Mexico, the economy grew by 3.1%. Of the major economies, only Russia recorded an economic downturn, with the country's economic output declining by 2.2% as a result of the war against Ukraine.

In 2021, the demand for automotives could not be fully met due to the semiconductor shortage. Global sales rose by 4%, but demand should have led to even more growth. Since the semiconductor supply situation is easing gradually, further growth was anticipated for 2022. However, the loss of sales in the war zones and rising costs in Western countries counteracted this positive trend and the year closed without growth at the level of 2021 (down 0.01%). Automotive sales thus remained substantially lower than the pre-crisis level in 2019.

China was able to further strengthen its position as the largest passenger car market in the world. As many semiconductors are produced locally, availability no longer poses a problem for local production. Thus, the market was able to generate strong growth of 7.6% in 2022, despite the roughly 7% growth seen in the prior year. More than 23.5 million passenger cars were sold, significantly exceeding the pre-coronavirus pandemic level.

The US passenger car market reported weak performance in 2022, despite the lower unemployment rate and the tapering off of inflation at the end of the year. Sales fell by 8.0% to 13.9 million new registrations after slight growth in the prior year. A combination of rising costs and the continuing semiconductor shortage took sales to a historic low, with 2011 as the last year with lower sales of passenger vehicles.

The passenger car market in Europe painted a similar picture. Growth was not realized from the pent-up demand caused by the semiconductor shortage. On the contrary, passenger car sales in Europe (including Russia and Ukraine) fell by 10.4% in 2022. Even considering only Western Europe, the market declined by 4.1% despite a strong fourth quarter. Of the individual markets, Germany was the only one able to generate slight growth in 2022 compared to the weak prior year. Sales in the largest European market increased slightly by 1.1%. However, this is partially due to the fact that some sales incentives for alternative drives will expire in 2023, which is why some registrations were completed in the last quarter. Other major markets reported significantly worse performance. Unit sales dropped, in some cases significantly, in France (down 7.8%), Italy (down 9.7%), Spain (down 5.4%) and the UK (down 2.0%). Soaring inflation and rising interest rates shattered demand, while the Russian and Ukrainian markets saw a near complete collapse (down 60.2% and 64.7% respectively) after the outbreak of war at the end of February.

Other major markets across the globe painted a very mixed picture. In Asia, sales in the Japanese and South Korean markets fell by 4.7% and 2.2% respectively. By contrast, India reported growth of almost 16% following 27% in the prior year. In North America, sales fell significantly by 7.2% in Mexico, while the 9.4% downturn in the Canadian market was greater than in the US market. In South America, Brazil declined by 2.2% year on year, while the considerably smaller Argentinian market grew by 15.2%.

b. Position of the Company and development of its business

Revenue from the trading business increased by EUR 7,959k to EUR 21,977k in the reporting period (prior year: EUR 14,018k). The revenue target of EUR 23,433k was not achieved. The ratio of cost of materials to total operating performance stood at 93% (prior year: 94%). Other expenses increased compared to the prior year and amounted to EUR 1,325k (prior year: EUR 569k). Earnings before taxes came to EUR 127k (prior year: EUR 240k) and were therefore EUR 247k below the forecast earnings of EUR 374k.

With regard to the activities of the Chairman’s Office, the Company generated revenue of EUR 15,208k in the reporting period (prior year: EUR 13,640k). Consequently, the Company exceeded the revenue forecast made in the prior year for 2022 of EUR 13,847k by EUR 1,361k. The net loss for the year came to EUR 155k (prior year: net loss of EUR 1,323k) and earnings before taxes to EUR -123k (prior year: EUR -1,069k). Thus, the Company missed the earnings target set in its budget (EUR 777k) by EUR 932k.

The Company held the following equity investments (direct and indirect) as of the reporting date:

- 100% in Motherson Air Travel Agency GmbH, Bruchköbel
- 100% in MSSL Advanced Polymers s.r.o., Dolní Ředice, Czech Republic
- 100% in MOTHERSON TECHNO PRECISION MEXIKO S.A. de C. V., San Luis Potosí, Mexico

Financial performance

The Company disclosed a **net loss** of EUR 28k for fiscal year 2022 (prior year: net loss of EUR 1,083k). **Revenue** amounted to EUR 37,186k (prior year: EUR 27,658k).

Other operating income came to EUR 468k (prior year: EUR 408k).

On account of the targets set in the 5 year plan and the higher requirements placed on the Company to support the Group in Europe, the Company is increasing the workforce and requires highly qualified employees. As a result, **personnel expenses** increased by EUR 652k and totaled EUR 6,790k (prior year: EUR 6,138k).

Amortization, depreciation and impairment decreased slightly year on year to EUR 732k (prior year: EUR 750k).

Other operating expenses increased year on year by EUR 886k to EUR 6,152k (prior year: EUR 5,267k).

The **financial result** as of the reporting date came to EUR -107k (prior year: EUR -657k). As a result of the merger of MSSL GmbH with SAMVARDHANA MOTHERSON INVEST DEUTSCHLAND GmbH, there were no profit and loss transfer agreements at the end of the fiscal year. In the prior year, EUR 331k from the profit and loss transfer agreement had a positive impact on the financial result while the impairment of financial assets of EUR 978k had a negative impact.

Financial position

Equity as of the reporting date amounted to EUR 12,105k (prior year: EUR 12,133k). The equity ratio rose by 8.8 percentage points to 28.2% (prior year: 19.4%) due to the repayment of liabilities to affiliates, which had the effect of reducing total assets.

Compared to the prior year, **provisions** increased by EUR 321k to EUR 2,496k (prior year: EUR 2,175k).

In the reporting period, the Company generated negative **cash flow** from operating activities of EUR -721k (prior year: EUR +1,734k). Cash flow from investing activities came to EUR 955k in the reporting period (prior year: EUR 969k), mainly due to the disposal of property, plant and equipment. Cash outflow from financing activities stood at EUR -27k (prior year: EUR -3,211k). The change results from the repayment of borrowings, largely from an affiliate. The Company was in a position to settle due payments at all times.

Assets and liabilities

T**otal** assets decreased by EUR 19,523k compared to the prior year and thus amounts to EUR 42,949k (prior year: EUR 62,471k).

As of the reporting date, **fixed assets** came to EUR 17,053k (prior year: EUR 18,740k). The decrease is attributable to the merger with SAMVARDHANA MOTHERSON INVEST DEUTSCHLAND GmbH (financial assets in the prior year: EUR 785k). **Fixed assets** were covered by equity to 71% (prior year: 65%) and accounted for 40% (prior year: 30%) of total assets.

Current assets amount to EUR 25,636k (prior year: EUR 43,385k) and thus decreased by EUR 17,749k. The decrease is mainly attributable to the decrease in **receivables from affiliates** by EUR 20,105k to EUR 17,416k (prior year: EUR 37,522k). By contrast, **inventories** increased by EUR 2,921k (prior year: EUR 1,952k) and **trade receivables** increased by EUR 254k to a total of EUR 2,524k (prior year: EUR 2,270k). **Other assets** amounted to EUR 1,685k as of the reporting date (prior year: EUR 758k). As of the reporting date, **bank balances** amounted to EUR 1,090k (prior year: EUR 883k).
Prepaid expenses fell to EUR 259k (prior year: EUR 346k).

Financial and non-financial performance indicators

The performance indicators used across the entire Motherson Group are also applicable to the Company. The main controlling instrument consists of monthly management reporting. Key performance indicators include revenue, EBIT (earnings before interest and taxes) and cash profit. Cash profit is calculated by adding back amortization, depreciation and impairment to earnings after taxes. Another important measure of profitability is ROCE (Return on Capital Employed), which shows the relationship between operating profit/EBIT and capital employed.

A non-financial performance indicator which does not serve the purpose of managing the Company, but is crucial for a continued successful development, are our employees. The Vision and the Motherson Group's targets formulated in the current 5 year plan until 2025 can only be achieved if the Company manages to retain competent and committed employees over the long term as an attractive and responsible employer. Compliance with ethical standards and principles is also a high priority within the Company's culture.

3. Forecast, opportunities and risks

In its latest publication, the IMF projected a growth rate of 2.9% for 2023 for the global economy. While this is higher than in the previous publication, it is still significantly lower than the historical average of 3.8% (2000 to 2019). Positive factors that were considered are primarily the pent-up demand in many economic sectors and decreasing inflation. Negative factors include the uncertainty in the Chinese market, the ongoing war in Ukraine and the higher cost of financing due to the raised base interest rates. Among the major economic regions, China stands out with expected growth of 5.2%. Therefore, most of the expected growth at the global level relates to China. Expected growth for Western countries is significantly lower, amounting to just 0.7% for the eurozone and 1.4% for the US. The forecast for 2024 is currently somewhat more positive, anticipating 3.1% global economic growth.

The German Association of the Automotive Industry [VDA] expects global passenger car sales to increase by 4% in 2023 to 74 million units. This would be a significant recovery, however still 6.5 million vehicles or 8% short of the 2019 level. Due to the low prior-year level, the VDA anticipates higher growth for Western markets than China, which already reported a significant increase in sales in 2022. It assumes that passenger car sales in Europe will increase by 5%, while the US market will grow by 4% in line with the global average. At 3%, growth in China is expected to fall short of the average. Growth in Germany is expected to amount to 2% with sales of 2.7 million passenger cars.

The Company expects to generate revenue of EUR 30,723k and earnings before taxes of EUR 166k from its trading business in 2023. EBIT is expected to come to EUR 175k and cash profit to EUR 214k.

In the Chairman's Office, the Company plans to generate revenue of EUR 15,704k and earnings before taxes of EUR 141k. The Company budgets EBIT of EUR 460k and forecasts cash profit of EUR 990k.

As an intercompany service provider and due to the associated cost allocation, the Company economically depends directly on the group companies as a result of the organizational structure within the Motherson Group. The Company's opportunities are thus based on the development of the Motherson group companies for which services are rendered. Therefore, management does not expect any notable negative effects from the Ukraine conflict.

The financial instruments used by the Company mainly include receivables, liabilities, bank deposits and liabilities to banks as well as liabilities to the shareholder.

Liabilities are paid within the agreed payment terms. There are usually no bad debts. The Company's receivables management is suitable to minimize credit risks.

The Company is mainly refinanced via loans from group companies at fixed interest rates; thus, an interest rate risk can be virtually ruled out.

To hedge against liquidity risk, yearly liquidity planning is prepared as part of the budget planning. This is updated and adjusted monthly, enabling the Company to make a statement about the anticipated incoming payments and necessary cash outflows.

Bruchköbel, 19 July 2023

Andreas Heuser

Translation from the German language

Engagement Terms, Liability and Conditions of Use

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

Our work is based on our engagement agreement for the audit of these financial statements including the General Engagement Terms for "Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" [German Public Auditors and Public Audit Firms] as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2002.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the audit opinion to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this audit opinion to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax**;**

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.