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PKC SEGU Systemelektrik GmbH

Barchfeld-Immelborn

Audit report

Annual financial statements and management report

31.12.2019

Ernst & Young GmbH

Auditing company





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Terms and Conditions, liability and reservation of use
General Terms and Conditions of Assignment



A. Audit assignment

The management board of

PKC SEGU Systemelektrik GmbH

Barchfeld-Immelborn

(hereinafter the “company” or “PKC”) has engaged us on the basis of the resolution of the general meeting of shareholders held on 25 November 2019 to audit the annual financial statements as at 31 December 2019, including the company’s underlying accounting practices and the management report.

Our General Terms and Conditions of Assignment for Auditors and Auditing Companies as at 1 January 2017, which are enclosed as an annex, apply to this assignment, including vis-a-vis third parties. In addition, we refer to the liability provisions contained therein in Section 9 and to the exclusion of liability vis-a-vis third parties, as well as to the further provisions of the attached Annex “Terms and Conditions of Assignment, Liability and Reservation of Use”.

The present audit report is addressed to the company.

B. Reproduction of the auditors' report

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

“Independent auditor's report

To PKC SEGU Systemelektrik GmbH

Audit opinions

We have audited the annual financial statements of PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn, comprising the balance sheet as at 31 December 2019 and the profit and loss statement for the financial year from 1 January to 31 December 2019 and the notes to the financial statements, including the presentation of the accounting policies. In addition, we have audited the management report of PKC SEGU Systemelektrik GmbH for the financial year from 1 January to 31 December 2019.

In our opinion, based on the findings of our audit

- the accompanying annual financial statements comply in all material respects with German commercial law and offer a true and fair view of the net assets and financial position of the company as at 31 December 2019 as well as its results of operations for the financial year from 1 January to 31 December 2019 in accordance with the German principles of proper accounting and,
- on balance, the attached management report provides a suitable understanding of the company's position. In all material respects, this management report is consistent with the annual financial statements, it complies with German legal requirements and suitably presents the opportunities and risks of future development.

In accordance with Section 322 (3) Sentence 1 German Commercial Code (HGB) we 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 Section 317 German Commercial Code (HGB) and the German generally accepted standards for the auditing of financial statements promulgated by the German Institute of Auditors (IDW). Our responsibility as per these rules and principles is described in more detail in the section entitled "Responsibility of the auditor for the audit of the annual financial statements and the management report" in our audit opinion. We are independent of the company in accordance with German commercial law and the applicable professional standards, and have fulfilled our other German professional duties 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 opinion on the annual financial statements and the management report.

Significant uncertainties relating to the continuation of the company

We refer to the information in Section "C.1. Risks to the continued existence of the company as a going concern" of the management report and Section "VIII. Risks threatening the existence of the company" in the Notes, in which the legal representatives describe that the company is in a tight liquidity situation due to the negative results and negative cash flows from operating activities spanning previous financial years. Liquidity is provided to the company through a cash pool agreement with PKC Group PLC and a credit facility from the parent company PKC Wiring Systems Oy. In addition, on 20 March 2020, the parent company issued a general liquidity commitment in favour of PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn, and a general equity guarantee (letter of comfort) up to a maximum amount of EUR 14,000,000.00 for a period ending on 31 December 2022. The maintenance of solvency and, thus, the continuation of the



company's business activities is dependent on the maintenance of this cash pool agreement with PKC Group PLC and the financial support of the parent company, which has granted the above-mentioned credit facilities and issued a letter of comfort, until sustainable positive operating cash flows are generated. This refers to the existence of a material uncertainty, which may cast significant doubt on the company's ability to continue as a going concern and which constitutes a risk threatening the company's existence as a going concern within the meaning of Section 322 (2) Sentence 3 German Commercial Code (HGB).

Our audit opinions have not been modified with regard to this matter.

Management's responsibility for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with German commercial law in all material respects, and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German generally accepted accounting principles, in order to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing, where relevant, information about the Group's ability to continue as a going concern. Furthermore, they are responsible for preparing the financial statements in accordance with the going concern principle, except where this conflicts with actual or legal requirements.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks in its future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations and to provide both sufficient and suitable evidence for the statements made in the management report.

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

Our objective is to obtain reasonable assurance as to whether the annual financial statements, as a whole, are free from material misstatement, whether due to fraud or error, whether the management report, as a whole, provides a suitable understanding of the company's position and suitably presents the opportunities and risks in its future development in all material

respects in accordance with the annual financial statements and the findings of our audit, and to express an audit opinion which includes our audit opinion on the annual financial statements and the management report.

A reasonable assurance is a high degree of certainty (but no guarantee) that an audit conducted in accordance with section 317 German Commercial Code (HGB) and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Auditors (IDW) will always reveal material misstatement. Misstatements can result from violations or inaccuracies and are considered material if it could reasonably be expected that, either individually or collectively, they could influence the economic decisions of addressees made on the basis of these annual financial statements and the management report.

During the audit, we exercised due discretion and maintained a fundamentally critical position. Furthermore,

- we identify and assess the risks of material misstatement in the annual financial statements and the management report, whether due to fraud or error, we plan and perform the audit procedures in response to these risks and obtain audit evidence sufficient and appropriate to provide a basis for our audit opinion. The risk that material misstatements will not be detected is greater in instances of non-compliance than for inaccuracies, given that non-compliance may involve fraudulent interactions, falsification, intentional omissions, misrepresentations, or the disabling of internal controls.
- we obtain an understanding of the internal control system relevant to the audit of the annual financial statements and the procedures and measures relevant to the audit of the management report, in order to plan audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- we evaluate the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the company's legal representatives, as well as the reasonableness of the related disclosures.
- we conclude on the appropriateness of the accounting policies adopted by the company's legal representatives and, based on the audit evidence obtained, whether there is any material uncertainty concerning events or conditions that may cast significant doubt upon the company's ability to continue as a going concern. If we reach the conclusion that a material uncertainty exists, we are obligated to make reference in our audit opinion to the related disclosures in the annual financial statements and the management report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit



opinion. However, future events or circumstances may result in the company being unable to continue its operations.

- we assess 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 such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the German principles of proper accounting.
- we assess the consistency of the management report with the annual financial statements, its legal compliance and the picture of the company's situation conveyed by it.
- we perform audit procedures on the future-oriented statements contained in the management report presented by the legal representatives. On the basis of both sufficient and suitable audit evidence, we verify in particular the significant assumptions underpinning the forward-looking statements made by the company's legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not express an independent audit opinion on the forward-looking statements or the assumptions on which they are based. There is a significant unavoidable risk that future events could differ materially from such forward-looking statements.

Among other things, we discuss – with those individuals responsible for monitoring – the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system, which we identify during our audit.

C. Basic findings

Statement on the assessment of the company's situation by the legal representatives

In our opinion, and based on the findings of our audit, we believe that the presentation and assessment of the company's situation and anticipated development by the legal representatives in the annual financial statements and the management report are correct.

Business development and situation of the company

The following aspects are particularly noteworthy:

- Revenues in the 2019 financial year amounted to kEUR 33,169, an increase of around 30% compared with the previous year (kEUR 25,445). The increase is mainly due to the increase in external product sales in the area of injection-moulded components.
- The cost of materials ratio (cost of materials in relation to total operating performance) deteriorated by 5.8 percentage points year-on-year to 58.5% and is attributable to an amended product portfolio.
- The annual surplus for the financial year 2019 amounted to kEUR 489 and has thus improved by kEUR 1,755 compared to the previous year. This was due in particular to the increase in sales, without any significant increase in fixed costs.
- As in previous years, the company's financial resources in 2019 were provided through internal measures within the group. The company received the liquidity it needed by participating in the group-wide cash pooling system. There were no additional shareholder loans or a capital increase.
- The balance sheet total decreased by kEUR 5,098 to kEUR 13,365 compared to the previous year. On the assets side, this is due to the decrease in current assets (kEUR 3,769), mainly due to the reduction in inventories (kEUR 3,178) and receivables vis-a-vis affiliated companies (kEUR 370). On the liabilities side, the decrease in the balance sheet total is mainly due to the lower liabilities to affiliated companies (kEUR 3,097), mainly due to the reduction in cash pool liabilities. As at the balance sheet date, the company reported a cash pool liability to PKC Group PLC, Helsinki/Finland, of kEUR 6,686.
- The deficit not covered by equity capital amounts to kEUR -2,902 (previous year kEUR -3,391) on the balance sheet date, the equity ratio is -21.7 % (previous year -18.4 %). The reduction in the net loss is due to the annual surplus for the year (kEUR 489).

Expected development of the company

The presentation of the company's expected development in the management report is based on assumptions for which there is scope for assessment. We consider this presentation to be plausible. In this context, the following key statements should be noted in particular:

- PKC SEGU Systemelektrik GmbH expects a significant decline in sales revenues in the second quarter of the financial year 2020. At the same time, management anticipates sales revenues of approx. 85% from the month of July 2020 compared to the same month of the previous year. The company's main objective is, therefore, to adjust the cost structure to these new sales revenues.
- In line with the current order situation, the company, therefore, only expects sales revenues of EUR 22 million and a positive annual result of just over kEUR 200 for the 2020 financial year. From the current perspective, the product portfolio will not change further in the coming year. In the following financial year, in line with the current order situation, a significant increase in sales is expected compared to 2020.
- In the 2018 financial year, it was decided to further expand the production of plastic parts at the site, with production starting in 2019. In the following year 2020, the full annual volume will amount to approximately EUR 10 million.
- In the electronics and plastic parts segment, further projects are currently in the acquisition and planning phase which, according to management estimates, should enable the company to generate sales of at least mEUR 25 to mEUR 30 in the medium term.
- In the opinion of management, the integration of PKC Group PLC into Samvardhana Motherson Group will result in synergy effects in the areas of HR, Purchasing, Sales, Research and Development and Finance, which will also benefit the company.

Facts threatening the existence of the company

In compliance with our reporting obligation within the meaning of Section 321 (1) Sentence 3 German Commercial Code (HGB) concerning facts that endanger the existence of the company, we draw particular attention to the information provided by management in Section "C.1. Risks to the continued existence of the company as a going concern" of the management report and Section "VIII. Risks threatening the existence of the company" in the Notes, in which the legal representatives describe that the company is in a tight liquidity situation due to the negative results and negative cash flows from operating activities spanning previous financial years. Liquidity is provided to the company through a cash pool agreement with PKC Group PLC and a credit facility from the parent company PKC Wiring Systems Oy. In addition, on 20 March 2020, the parent company issued a general liquidity commitment in favour of PKC SEGU Systemelektrik

GmbH, Barchfeld-Immelborn, and a general equity guarantee (letter of comfort) up to a maximum amount of EUR 14,000,000.00 for a period ending on 31 December 2022. The maintenance of solvency and, thus, the continuation of the company's business activities is dependent on the maintenance of this cash pool agreement with PKC Group PLC and the financial support of the parent company, which has granted the above-mentioned credit facilities and issued a letter of comfort, until sustainable positive operating cash flows are generated.

As at the balance sheet date, the company reported a "Deficit not covered by equity capital" in the amount of kEUR 2,902 and is, therefore, in a state of over-indebtedness on the balance sheet. In the opinion of management, the company is nevertheless not over-indebted within the meaning of Section 19 German Insolvency Act (InsO) because the continuation of the company is considered to be highly likely under the given circumstances.

D. Performance of the audit

I. Subject of the audit

In accordance with Section 317 German Commercial Code (HGB), we have audited the accounting practices, the annual financial statements – consisting of the balance sheet, the profit and loss statement and the notes – and the management report for compliance with the relevant statutory provisions.

The decisive accounting principles for our audit of the annual financial statements were the accounting regulations of Sections 242 to 256a and Sections 264 to 288 German Commercial Code (HGB) as well as the special regulations of the German Limited Liability Companies Act (GmbHG). There are no additional accounting provisions from the articles of association. The audit criteria for the management report were the provisions of Section 289 German Commercial Code (HGB).

II. Type and scope of the audit

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 German Commercial Code (HGB) and the German generally accepted standards for the auditing of financial statements promulgated by the German Institute of Auditors (IDW).

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.



The basis of our risk and process-oriented audit procedure is the development of an audit strategy. This is based on the assessment of the economic and legal environment of the company, its goals, strategies and business risks. We supplement the audit of the accounting-related internal control system and its effectiveness with process and data analyses, which we perform with the aim of identifying the risks of error contained in the relevant elements of the annual financial statements and, if applicable, the management report, and to ascertain our audit risk.

We have taken into account the findings of our data analyses, the audit of the processes and the accounting-related internal control system in the selection of the analytical audit procedures (plausibility assessments) and the individual sample audits with regard to points of inventory evidence, recognition, disclosure and measurement in the annual financial statements. In the individual company audit programme, we have defined the focal points of our audit, the nature and scope of the audit procedures, the timing of the audit and the deployment of employees. In doing so, we have observed the principles of materiality and risk orientation and have, therefore, based our audit opinion primarily on random samples.

Our audit programme has the following main focuses:

- Analysis of the process of preparing the annual financial statements
- Within the scope of our audit, we have paid particular attention to whether the legal representatives have adequately applied the accounting principle of the continuation of the company's business activities. In our assessment of the ability of the company to continue its operations, we have given due consideration to the increased cash pool agreement with PKC Group PLC, the funds provided by the parent company PKC Wiring Systems Oy and the letter of comfort issued by the parent company for a maximum amount of EUR 14,000,000.00 for the period ending on 31 December 2022.
- Existence, completeness and valuation of inventories
- Existence and valuation of trade receivables
- Date of revenue recognition;
- Completeness and valuation of provisions
- Completeness of trade payables
- Accounting for factoring contracts

- Examination of the information contained in the management report, in particular, the prognostic information.

We have also performed the following standard audit procedures:

- Taking part in the physical counting of inventories on an observational basis.
- We were able to satisfactorily determine that the trade receivable were correctly accounted for by obtaining balance confirmations at our due discretion on a random basis.
- We were able to satisfactorily determine that the trade payables were correctly accounted for by obtaining balance confirmations at our due discretion on a random basis.
- We have obtained bank confirmations from banks. We have requested and received confirmations from lawyers regarding pending legal disputes.
- Reconciliation of receivables and liabilities of affiliated companies.
- Verification of the completeness and correctness of the information in the Notes.
- In addition, we have examined the plausibility of changes in the items of the annual financial statements by means of analytical procedures.
- The work of an actuary employed by the company was used as evidence in our audit of the accounting treatment of provisions for pensions and similar obligations. Where necessary, and taking into account the significance of the expert's activities for the objectives of our audit, we assessed the expert's competence, skills and objectivity, gained an understanding of the expert's activities and assessed the suitability of the expert's activities as audit evidence for the relevant statement.

All clarifications and evidence requested by us have been provided. The legal representatives have confirmed to us in writing the completeness of these explanations and evidence as well as the accounting, the annual financial statements and the management report.

III. Independence

In our audit, we observed the applicable regulations governing the principle of independence.

E. Notes to the accounting

I. Regularity of the accounts



In our opinion, and 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 practices, the annual financial statements and the management report.

In summary, following the results of our audit, which focused on

- the regularity of the elements of the financial statements and their derivation from the accounting records,
- the regularity of the information provided in the Notes,
- compliance with recognition, disclosure and measurement regulations,
- compliance with all legal regulations applicable to accounting, including the principles of proper accounting and all size-dependent, legal form-based or industry-specific regulations, and
- the observance of provisions from the articles of association, insofar as these relate to the content of the financial statements,

we have issued the audit opinion reproduced in Section B.

The legal representatives have, in accordance with Section 285 No. 9a and b German Commercial Code (HGB) and with reference to Section 286 (4) German Commercial Code (HGB), justifiably limited the reporting on the remuneration of the company's executive bodies in the notes to the financial statements as per our dutiful assessment of the knowledge gained during the audit.

II. General statement of the annual financial statements

1 Valuation bases

We provide the following information on the accounting policies applied and the factors relevant to the measurement of assets and liabilities, including any effects of changes in these policies:

Inventories

Raw materials and supplies are valued at acquisition cost on the basis of the moving average method. Any necessary write-downs to the lower fair value have been made. Work in progress and finished goods are valued at production cost. In addition to direct material and production costs, production costs also include the production-related depreciation of fixed assets.

Appropriate portions of material and production overheads were included for the first time in accordance with the requirements of Section 255 (2) German Commercial Code (HGB).

All inventory risks linked to inventory assets resulting from the storage period or reduced usability were taken into account by means of appropriate value reductions.

Development of inventories:

| | 2019 kEUR | 2018 kEUR |
|---|--------------|--------------|
| Raw materials and supplies, gross | 2,469 | 5,356 |
| <i>Value adjustment: raw materials and supplies</i> | -197 | -273 |
| <i>Value adjustment rate</i> | 8% | 5% |
| Work in progress, gross | 258 | 364 |
| <i>Value adjustment: work in progress</i> | -10 | -44 |
| <i>Value adjustment rate</i> | 4% | 12% |
| Finished goods, gross | 811 | 1,099 |
| <i>Value adjustment: finished goods</i> | -43 | -36 |
| <i>Value adjustment rate</i> | 5% | 3% |
| Total inventories | <u>3,288</u> | <u>6,466</u> |
| Receivables and other assets | | |

Receivables and other assets are carried at their nominal value. All risk-prone items are accounted for by the formation of appropriate and individual value adjustments; the general credit risk is taken into account by means of lump-sum deductions.

| | 2019 kEUR | 2018 kEUR |
|---|--------------|--------------|
| Trade receivables | | |
| Receivables, gross | 2.969 | 2.671 |
| Real factoring | -1,072 | -841 |
| Measurement basis for value adjustments | 1.897 | 1.830 |
| <i>Individual value adjustment</i> | 0 | 0 |
| <i>Value adjustment rate</i> | 0.0% | 0.0% |
| <i>General value adjustment</i> | -21 | -28 |
| <i>Value adjustment rate</i> | 1.1% | 1.5% |
| | <u>1.876</u> | <u>1.802</u> |

The receivables from individual customers specified in the factoring agreement dated 19 September 2018 are purchased by the factor up to a certain financing limit, assuming the del credere risk.

Provisions for pensions

The provisions for pensions and similar obligations are calculated using the actuarial method of the projected unit credit method and the “2018 G Mortality Tables” of Prof. Dr. Klaus Heubeck. The average market interest rate of 2.71 % for a remaining term of 15 years was used for discounting. Expected pension increases were taken into account at 1.5 %. Salary increases and fluctuation were not taken into account, due to the fact that all those entitled to a pension have retired or left the company. The discount rate corresponds to the average market interest rate of the past ten years. The difference in accordance with Section 253 (6) German Commercial Code (HGB) amounts to kEUR 232.

In addition, we refer to the explanations in the Notes regarding the further valuation principles.

2. Factual measures

PKC Group Ltd, Helsinki/Finland entered into a factoring agreement with BNP Paribas S.A., Dublin/Ireland as at 27 March 2018. With effect from 19 September 2018, PKC SEGU Systemelektrik GmbH joined the existing contract (silent in-house factoring) – we hereby refer to our explanations in Annex 5 Legal relationships/material contracts. Under this agreement, receivables with a nominal value of kEUR 1,072 were sold as at 31 December 2019.

3 Summarised assessment

Following our audit, which we conducted in accordance with professional standards, we have come to the conclusion in our audit opinion that the annual financial statements as a whole offer 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.

F. Schlussbemerkung

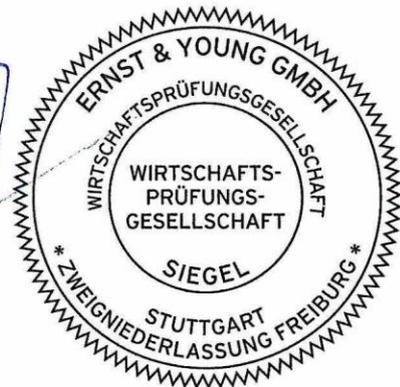
Den vorstehenden Bericht über unsere Prüfung des Jahresabschlusses und des Lageberichts für das Geschäftsjahr vom 1. Januar bis zum 31. Dezember 2019 der PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn, erstatten wir in Übereinstimmung mit § 321 HGB unter Beachtung der Grundsätze ordnungsmäßiger Erstellung von Prüfungsberichten des Instituts der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf (IDW PS 450 n.F.).

Freiburg i. Br., 3. Juli 2020

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft


Dr. Wetzel
Wirtschaftsprüfer


Schmidt
Wirtschaftsprüfer



PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn
Balance sheet as at 31 December 2019

| Assets | EUR | EUR | EUR | 31.12.2018 TEUR | Liabilities | EUR | EUR | 31.12.2018 TEUR |
|---|--------------|--------------|---------------|--------------------|--|----------------|---------------|--------------------|
| A. Non-current assets | | | | | A. Equity | | | |
| I. Intangible assets | | | | | I. Subscribed capital | 25.580,00 | | 26 |
| 1. Concessions, industrial property rights and similar rights and assets acquired against payment as well as licenses to such rights and assets | 20.561,00 | | | 29 | II. Capital reserve | 9.500.000,00 | | 9.500 |
| 2. Goodwill | 0,50 | | | 0 | III. Loss carryforward | -12.917.221,70 | | -11.651 |
| | | 20.561,50 | | 29 | IV. Annual surplus for the year (previous year annual deficit) | 489.443,06 | | -1.266 |
| II. Property, plant and equipment | | | | | V. Deficit not covered by equity | 2.902.198,64 | | 3.391 |
| 1. Land, land rights and buildings, including buildings on third-party land | 1.447.916,99 | | | 1.563 | | | 0,00 | 0 |
| 2. Technical equipment and machinery | 1.774.134,00 | | | 1.982 | B. Provisions | | | |
| 3. Other equipment, operating and office equipment | 375.678,50 | | | 471 | 1. Provisions for pensions and similar obligations | 1.019.314,17 | | 925 |
| 4. Payments on account and assets under construction | 30.743,82 | | | 454 | 2. Other provisions | 554.905,46 | | 722 |
| | | 3.628.473,31 | | 4.470 | | | 1.574.219,63 | 1.647 |
| | | | 3.649.034,81 | 4.499 | C. Liabilities | | | |
| B. Current assets | | | | | 1. Advance payments received on orders | 217.845,00 | | 0 |
| I. Inventories | | | | | 2. Trade accounts payable | 1.672.306,06 | | 3.765 |
| 1. Raw materials and supplies | 2.272.245,60 | | | 5.083 | 3. Liabilities vis-a-vis affiliated companies | 9.493.401,83 | | 12.590 |
| 2. Unfinished goods, work in progress | 248.487,65 | | | 320 | 4. Other liabilities | 406.843,03 | | 461 |
| 3. Finished goods and merchandise | 767.539,02 | | | 1.063 | | | 11.790.395,92 | 16.816 |
| | | 3.288.272,27 | | 6.466 | | | 13.364.615,55 | 18.463 |
| II. Receivables and other assets | | | | | | | | |
| 1. Trade receivables | 1.876.212,09 | | | 1.802 | | | | |
| 2. Receivables from group companies | | | | | | | | |
| | 765.378,52 | | | 1.135 | | | | |
| 3. Other assets | 86.968,24 | | | 352 | | | | |
| | | 2.728.558,85 | | 3.289 | | | | |
| III. Cash on hand, bank balances credit institutions and cheques | | 327.250,15 | | 357 | | | | |
| | | | 6.344.081,27 | 10.112 | | | | |
| C. Prepaid expenses | | | 44.408,33 | 45 | | | | |
| D. Deferred tax assets | | | 424.892,50 | 416 | | | | |
| E. Deficit not covered by equity | | | | | | | | |
| | | | 2.902.198,64 | 3.391 | | | | |
| | | | 13.364.615,55 | 18.463 | | | 13.364.615,55 | 18.463 |

PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn
Profit and loss statement for 2019

| | EUR | EUR | EUR | 2018 kEUR |
|--|---------------|---------------|-------------------|---------------|
| 1. Sales revenue | | 33.168.720,99 | | 25.445 |
| 2. Decrease (previous year increase) in inventories and work in progress | | -366.729,45 | | 608 |
| 3. Other operating income | | 191.505,63 | | 481 |
| | | | 32.993.497,17 | 26.534 |
| 4. Cost of materials | | | | |
| a) Cost of raw materials, consumables and supplies and for purchased goods | 19.322.484,90 | | | 16.336 |
| b) Expenses for purchased services | 19.887,22 | | | 35 |
| | | 19.342.372,12 | | 16.371 |
| 5. Personnel expenses | | | | |
| a) Wages and salaries | 5.816.691,37 | | | 5.053 |
| b) Social security and pension costs and for support | 1.189.588,76 | | | 1.111 |
| thereof for pensions: EUR 135.174,00 (previous year kEUR 153) | | | | |
| | | 7.006.280,13 | | 6.164 |
| 6. Depreciation on intangible assets Assets held under fixed assets and tangible assets | | 962.247,63 | | 811 |
| 7. Other operating expenses | | 4.714.755,38 | | 4.090 |
| | | | 32.025.655,26 | 27.436 |
| | | | 967.841,91 | -902 |
| 8. Other interest and similar income | | 0,00 | | 0 |
| thereof income from discounting: EUR 0,00 (previous year kEUR 0) | | | | |
| 9. Interest expenses and similar expenses | | 476.939,88 | | 391 |
| thereof to affiliated companies: EUR 447.187,90 (previous year kEUR 357) | | | | |
| | | | -476.939,88 | -391 |
| 10. Taxes on income and earnings thereof income from the change in deferred taxes: EUR 9,205.21 (prior year: kEUR 35) | | | -9.205,21 | -37 |
| 11. Result after taxes | | | 500.107,24 | -1.256 |
| 12. Other taxes | | | 10.664,18 | 10 |
| 13. Annual surplus (previous year annual deficit) | | | <u>489.443,06</u> | <u>-1.266</u> |

PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn
Notes to the annual financial statements as at 31 December 2019

I. General information on the annual financial statements

The annual financial statements as at 31 December 2019 were prepared in accordance with the generally applicable and special provisions of commercial law for medium-sized companies and the supplementary provisions of the German Limited Liability Companies Act (GmbHG). The company trades under the name PKC SEGU Systemelektrik GmbH and has its registered office in Barchfeld-Immelborn. The company is entered in the Commercial Register of District Court of Jena under HRB 302198.

For the profit and loss statement, we have adopted the total cost method.

II. Accounting and valuation methods

The following accounting and valuation methods, which are essentially unchanged from the previous year, were used to prepare the annual financial statements.

The annual financial statements were prepared on the assumption that the company will continue as a going concern in accordance with Section 252 (1) No. 2 German Commercial Code (HGB). With regard to facts threatening the existence of the company, we refer to Section VIII.

Intangible fixed assets acquired for a consideration are stated at acquisition cost less scheduled amortization in accordance with their expected useful lives. Depreciation is carried out according to the straight-line method pro rata temporis over a period of 3 to 5 years.

Fixed assets are carried at the cost of procurement or manufacturing. Scheduled depreciation is calculated using the straight-line method and in accordance with the expected useful life of 3 to 25 years. In addition to direct costs, production costs include appropriate portions of material and production overheads and the depreciation of fixed assets, to the extent that this is caused by production.

Low-value assets with acquisition costs of up to EUR 800.00 are fully written off in the year of acquisition.

Raw materials, consumables and supplies are valued at average acquisition cost. Necessary depreciation based on the lower of cost or market principle has been made.

Inventories of **work in progress and finished goods** are valued at production cost in accordance with Section 255 (2) German Commercial Code (HGB). In addition to direct material and production costs, these include appropriate portions of material and production overheads in the form of a flat rate, prudently calculated premium, as well as the production-related depreciation of fixed assets. Interest on borrowings was not included in the cost of production. Necessary depreciation based on the lower of cost or market principle has been made.

All inventory risks linked to inventory assets resulting from the storage period or reduced usability were taken into account by means of appropriate value reductions.

Receivables and other assets are carried at their nominal value. Where risk-carrying items exist, the respective risk is taken into account by making appropriate individual value adjustments. The general default risk is taken into account by a general bad-debt provision in accordance with Group guidelines.

Cash and cash equivalents are stated at nominal value.

Deferred taxes have been set up in accordance with Section 274 (1) German Commercial Code (HGB) for differences between the commercial-law valuation of assets, liabilities and prepaid expenses and their tax valuation, which will probably be reversed in subsequent financial years. Deferred taxes are calculated at a tax rate of 28.3% and relate to goodwill, pension provisions and provisions for anticipated losses. Insofar as an overall tax relief (asset surplus) exists, the capitalisation option pursuant to Section 274 (1) Sentence 2 German Commercial Code (HGB) has been exercised.

Provisions for **pensions** are calculated using actuarial principles according to the projected unit credit method and taking biometric probabilities into account. The "Richttafeln 2018 G" (Mortality Tables 2018 G) by Prof. Dr. Klaus Heubeck were used as the basis for calculation, with an assumed interest rate of 2.71% p. a. (PY: 3.21 %) and a pension trend of 1.5 % p. a. (PY: 1.5 %). Wage and salary increases are not to be taken into account given that the beneficiaries are pensioners and persons who have left the company. The discount rate used corresponds to the average market interest rate of the last ten years with an assumed remaining term of 15 years in accordance with the Deutsche Bundesbank.

The assets used exclusively to meet pension obligations and withdrawn from access for all other creditors (cover assets within the meaning of Section 246 (2) Sentence 2 German Commercial Code [HGB]) were measured at fair value and offset against the corresponding provisions. In view of the fact that there is no active market on the basis of which the market price can be determined, the amortized cost was used to determine the fair value of the offset assets.

Other provisions take into account all identifiable risks and uncertain obligations and are valued at the settlement amount required in accordance with sound business judgement. If provisions have a remaining term of more than one year, they are discounted in line with the remaining term using the average market interest rate of the past seven years.

Liabilities are carried at their settlement amount.

Liabilities in foreign currencies are converted into euros at the mean spot exchange rate on the date of their initial posting. At the balance sheet date, they are valued at the mean spot exchange rate if the remaining term of the liabilities does not exceed one year. All other foreign currency liabilities are valued at the higher of the exchange rate on the date of invoice or the mean spot exchange rate on the balance sheet date.

III. Notes to the balance sheet

The breakdown of the asset items summarised under non-current assets in the balance sheet and their development in 2019 are shown in the annex (schedule of fixed assets) to the Notes.

As in the previous year, all receivables have a remaining term of up to one year.

Receivables vis-a-vis affiliated companies include trade receivables of kEUR 765 (PY: kEUR 1,135).

The capitalisation of deferred taxes results in a blocked disbursement amount of kEUR 425 (PY: kEUR 416) as per Section 268 (8) German Commercial Code (HGB). In addition, there is the difference amount blocked from disbursement between the settlement amount of the provision for pensions based on the average market interest rate of the past ten financial years (2.71%) and the amount of the provision for pensions based on the corresponding average market interest rate of the past seven financial years (1.97%). This difference amounts to kEUR 232 (PY: kEUR 271).

Annex 3

The subscribed capital of the company remains unchanged at EUR 25,580.00 and is held in full by PKC Wiring Systems Oy, Kempele/Finland.

The fair value (equal to the acquisition cost) of the existing reinsurance policy of kEUR 1,373 was offset against the settlement amount of the provisions for pensions of kEUR 2,393 at the balance sheet date in accordance with Section 246 (2) Sentence 2 German Commercial Code (HGB). Income from the cover assets to be offset in the amount of kEUR 44 was offset against expenses from the compounding of interest on provisions for pensions in the amount of kEUR 71.

The other provisions primarily include personnel-related provisions (kEUR 276; PY: kEUR 361), provisions for warranties (kEUR 75; PY: kEUR 58), costs of preparing the annual financial statements (kEUR 51; PY: kEUR 55), contributions to employers' liability insurance associations (kEUR 33; PY: kEUR 36), provisions for the storage of old files (kEUR 17; PY: kEUR 17) and provisions for energy costs (kEUR 52; PY: kEUR 31).

The liabilities are composed as follows:

| | Total | up to 1 year | over 1 to 5 years | more than 5 years |
|--|------------------------|------------------------|----------------------|----------------------|
| | kEUR | kEUR | kEUR | kEUR |
| Advance payments received on orders | 218 | 218 | - | - |
| <i>Previous Year (0)</i> | <i>(0)</i> | <i>(-)</i> | <i>(-)</i> | <i>(-)</i> |
| Trade payables | 1672 | 1672 | - | - |
| <i>Previous Year</i> | <i>(3.765)</i> | <i>(3.765)</i> | <i>(-)</i> | <i>(-)</i> |
| Liabilities vis-a-vis affiliated companies | 9493 | 7193 | 2000 | - |
| <i>Previous Year</i> | <i>(12.590)</i> | <i>(12.590)</i> | <i>(-)</i> | <i>(-)</i> |
| Other liabilities | 407 | 407 | - | - |
| <i>Previous Year</i> | <i>(461)</i> | <i>(461)</i> | <i>(-)</i> | <i>(-)</i> |
| | 11.790 | 9.790 | 2.000 | 0 |
| | <i>(16.816)</i> | <i>(16.816)</i> | <i>(-)</i> | <i>(-)</i> |

For the liabilities, with the exception of retention of title provisions on the part of suppliers, no special securities have been granted for the liabilities.

Liabilities vis-a-vis affiliated companies include trade payables in the amount of kEUR 807 (previous year: kEUR 957) and loan liabilities in the amount of kEUR 2,000 (PY: kEUR 2,000). Cash pool liabilities in the amount of kEUR 6,686 (PY: kEUR 9,633) are due to the Group parent company PKC Group PLC, Helsinki/Finland.

Other liabilities include tax liabilities in the amount of kEUR 61 (PY: kEUR 51) and social security liabilities in the amount of kEUR 11 (PY: kEUR 5).

IV. Notes to the profit and loss statement

Other operating income primarily includes income unrelated to the accounting period from the reversal of provisions of kEUR 69 (previous year kEUR 225), book profits from asset disposals of kEUR 23 (previous year kEUR 216) and income from written-off receivables of kEUR 14 (previous year kEUR 0). Income from foreign currency conversions in the amount of kEUR 0 (PY: kEUR 4) is also included.

Other operating expenses include expenses for temporary workers of kEUR 1,547 (PY: kEUR 1,161) and expenses for services rendered by other Group companies of PKC Group PLC of kEUR 1,067 (PY: kEUR 1,160). Expenses unrelated to the accounting period mainly relate to losses of receivables in the amount of kEUR 5 (previous year kEUR 0). Expenses from currency translation are included in the amount of kEUR 5 (PY: kEUR 4).

The company participates in the cash pooling system of PKC Group PLC. **Interest and similar expenses** increased by kEUR 86 compared to the previous year and totalled kEUR 477. Interest and similar expenses include expenses from the compounding of interest on pension provisions in the amount of kEUR 71 (PY: kEUR 76).

Taxes on income include kEUR 9 (previous year kEUR 35) in income from the change in deferred taxes.

V. Contingent liabilities and other financial obligations

There are other financial obligations from rental and lease agreements amounting to kEUR 153, kEUR 70 of which are due in the next financial year.

VI. Information on transactions not included in the balance sheet

In order to optimise the company's working capital, a factoring agreement with a total financing limit of kEUR 1,400 was concluded in 2018. As at the balance sheet date, the company sold receivables totalling kEUR 1,072 based on this agreement. As a result, PKC had received funds in this amount from the factoring bank as at the balance sheet date and the credit risk of the sold receivables was transferred to the buyers in this amount. The risk arising from the variable interest rate of the financing until the time of payment by the customers is not considered to be significant given the current conditions characterising interest/capital markets.

VII. Other disclosures

During the past financial year, the management function was performed by:

- Mr Christian Storandt, Managing Director Technology & Sales
- Mr. Andreas Heuser, Managing Director for Activities in Europe and America of the Samvardhana Motherson Group

With regard to the disclosures in accordance with Section 285 No. 9 Letters a and b German Commercial Code (HGB), the protection clause in accordance with Section 286 (4) German Commercial Code (HGB) was invoked.

On average, 123.75 industrial workers and 57.25 salaried employees were employed in the financial year.

The company is a wholly-owned subsidiary of PKC Wiring Systems Oy, based in Kempele, Finland. Both companies are consolidated in the consolidated financial statements of PKC Group PLC based in Helsinki/Finland (smallest group of companies). The consolidated financial statements are available at the company's registered office. PKC SEGU Systemelektrik GmbH is included at the highest level in the consolidated financial statements of Motherson Sumi Systems Limited (MSSL), Noida/India (largest group of companies). The consolidated financial statements of MSSL are available on the company's homepage at www.motherson.com.

VIII. Risks threatening the existence of the company

There are risks to the company's continued existence, the presentation of which we refer to in the management report in Section "C.1. Risks to the company as a going concern".

IX. Supplementary report

On 20 March 2020, the parent company issued a general liquidity commitment and a general equity capital guarantee in favour of PKC SEGU Systemelektrik GmbH, Barchfeld, up to a maximum amount of EUR 14,000,000.00 for a period ending on 31 December 2022. This letter of comfort replaces the previous letter of comfort dated 12 April 2019.

On 30 January 2020, the World Health Organization (WHO) declared an international health emergency due to the outbreak of Coronavirus. Since 11 March 2020, the WHO now classifies the spread of the Coronavirus as a pandemic (COVID-19 pandemic). As a result of the pandemic, the Ifo Institute predicts costs of up to EUR 730 bn with a contraction of the German economy of 7.2 to 20.6 percentage points.

The spread of the Coronavirus is expected to have a negative impact on deliveries as well as on the net assets, financial position and results of operations in the financial year 2020. The “shutdown” in April 2020 and the continuing low ramp-up curve among automotive manufacturers also led to revenue losses in May and June 2020, but it is expected that from July 2020 onwards it will be possible to return to approximately 85 % of the production level before the outbreak of the Coronavirus pandemic.

Die sich aus der COVID-19-Pandemie ergebende Krise kann bedeutende, in Tiefe und Dauer schwer abschätzbare Auswirkungen auf die Zukunftsaussichten der Gesellschaft haben. Wir versuchen der Situation jedoch bestmöglich entgegenzuwirken und befinden uns seit Ende März in Kurzarbeit. Weitere Ausführungen finden sich in den Kapiteln „Chancen und Risiken der künftigen Entwicklung“ und „Prognosebericht“ des Lageberichts. Weitere Vorgänge von besonderer Bedeutung, die nach dem Schluss des Geschäftsjahres eingetreten und weder in der Gewinn- und Verlustrechnung noch in der Bilanz berücksichtigt sind, liegen nicht vor.

Barchfeld, den 30. Juni 2020

PKC SEGU Systemelektrik GmbH

Geschäftsführung



Christian Storandt



Andreas Heuser

PKC SEGU Systemelektrik GmbH, Barchfeld-Immelbom
Development of fixed assets 2019

| | 01.01.2019 EUR | Acquisition or production costs | | | 00.01.1900 EUR | 01.01.2019 EUR | Accumulated depreciation | | | 00.01.1900 EUR | Book values | |
|--|-------------------|---------------------------------|------------------|------------------|-------------------|-------------------|--------------------------|------------------|------------------|-------------------|-------------------|--------------------|
| | | Additions EUR | Disposals EUR | Transfers EUR | | | Additions EUR | Disposals EUR | Transfers EUR | | 00.01.1900 EUR | 31.12.2018 KEUR |
| I. Intangible assets | | | | | | | | | | | | |
| 1. Concessions acquired for consideration, industrial property rights and similar rights and assets and licenses to such rights and assets | 741.416,49 | 4.883,70 | 0,00 | 0,00 | 746.280,19 | 712.879,99 | 12.839,20 | 0,00 | 0,00 | 725.719,19 | 20.561,00 | 29 |
| 2. Goodwill | 1.001.000,00 | 0,00 | 0,00 | 0,00 | 1.001.000,00 | 1.000.999,50 | 0,00 | 0,00 | 0,00 | 1.000.999,50 | 0,50 | 0 |
| | 1.742.416,49 | 4.883,70 | 0,00 | 0,00 | 1.747.280,19 | 1.713.879,49 | 12.839,20 | 0,00 | 0,00 | 1.726.718,69 | 20.561,50 | 29 |
| II. Property, plant and equipment | | | | | | | | | | | | |
| 1. Land, land rights and buildings, including buildings on third-party land | 4.738.959,18 | 0,00 | 0,00 | 0,00 | 4.738.959,18 | 3.175.578,19 | 115.464,00 | 0,00 | 0,00 | 3.291.042,19 | 1.447.916,99 | 1.563 |
| 2. Technical equipment and machinery | 13.160.236,93 | 15.847,20 | 48.238,16 | 460.147,00 | 13.587.992,97 | 11.178.829,43 | 682.490,20 | 47.460,66 | 0,00 | 11.813.858,97 | 1.774.134,00 | 1.982 |
| 3. Other equipment operating and office equipment | 4.357.778,52 | 45.182,73 | 45.934,00 | 11.070,00 | 4.368.097,25 | 3.886.889,02 | 151.454,23 | 45.924,50 | 0,00 | 3.992.418,75 | 375.678,50 | 471 |
| 4. Payments on account and assets under construction | 454.340,90 | 87.875,33 | 40.255,41 | -471.217,00 | 30.743,82 | 0,00 | 0,00 | 0,00 | 0,00 | 0,00 | 30.743,82 | 454 |
| | 22.711.315,53 | 148.905,26 | 134.427,57 | 0,00 | 22.725.793,22 | 18.241.296,64 | 949.408,43 | 93.385,16 | 0,00 | 19.097.319,91 | 3.628.473,31 | 4.470 |
| | 24.453.732,02 | 153.768,96 | 134.427,57 | 0,00 | 24.473.073,41 | 19.955.176,13 | 962.247,83 | 93.385,16 | 0,00 | 20.824.038,60 | 3.649.034,81 | 4.499 |

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PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn
Management report on the annual financial statements as of 31
December 2019

A. Business activities and macroeconomic conditions

1 Basis of the company

PKC SEGU Systemelektrik GmbH is a long-standing partner in the automotive supply industry in the areas of ABS cables and assembled cables. Leading manufacturers of commercial vehicles have also been reliably supplied with proprietary electronic modules and plastic components over many years.

The parent company of the Group is PKC Group PLC with headquarters in Helsinki/Finland. On 24 March 2017, Motherson Sumi Systems Ltd, (MSSL), Noida/India, acquired 93.75% of the shares and stock options via its wholly-owned subsidiary MSSL Estonia WH ÖU, Tallinn/Estonia. PKC Group PLC subsequently applied for permanent de-listing from the Helsinki Stock Exchange, Finland, on 16 August 2017. On 7 September 2017, the acquisition of the remaining minority shares by MSSL Estonia WH ÖU was approved by the Court of Arbitration at the Finnish Chamber of Commerce.

2. Development of the industry

Strong cost pressure exerted by car manufacturers on the supply industry worldwide continues unabated. Some suppliers have, therefore, established or further expanded wage-intensive production facilities in low-wage countries in addition to their locations in Germany. Large groups with a passenger car and commercial vehicle division are in the process of generating volume bundling by reducing their suppliers, which will further lower prices. In addition, the electrical/electronic equipment found in vehicles is increasing: once again, optional components are becoming standards and new options, driven by CO₂ reduction, GPS, safety components and Ethernet modules are being added.

This forces the supplier industry to adapt to these shifts in requirements by way of

- Increase of competences in the field of development
- Increase of logistics competence
- Compliance with high-quality standards
- Progressive specification of products

- Increase of the vertical range of manufacture/value creation in our own company
- Increased flexibility

3. Customer development

Business with key accounts has been (and continues to be) the focus of attention. Through the global presence of PKC Group PLC, we aim to support and supply our customers in Europe, Asia and North and South America. The required competence in development is to be constantly increased and expanded. With our affiliation to the Samvardhana Motherison Group we see a steadily growing customer portfolio in the area of leading car manufacturers going forward.

4. Supplier development

In the year under review, we continued our activities to develop our suppliers, partly with the participation of our customers. Our “regular suppliers” are still active on the market and are the quality guarantors for our preliminary products.

In the financial year 2019, requirements were bundled in close cooperation with Global Sourcing and supplier development was continued in coordination with Central Purchasing. This applies to both direct and indirect material.

5. Investments

The investments made in the financial year 2019 amounted to kEUR 154 and mainly relate to technical equipment in the electronics and injection moulding divisions. The investment volume was thus kEUR 2,009 lower than in the previous year.

6. Our strategy for the future

The strategy for the future is significantly influenced by the affiliation to PKC Group PLC and also by the Samvardhana Motherison Group (SMG).

The most important elements of our strategy remain

- The expansion of plastic component production through new projects in the passenger car sector and increasing the vertical range of manufacture in the commercial vehicle sector,
- The shoring up the vehicle electronics division by expanding the degree of automation and introducing new customer projects,
- Expansion of the company location in Germany to a competence centre in the
area of electrical distribution systems and components in vehicles,

- The expansion of development services in R&D, both for customers and other PKC and SMG locations.

B. Economic situation of facing the company

1a.) Earnings position

The company is managed in accordance with Group guidelines within the framework of internal accounting. For management, the main financial performance indicators used are sales revenues and annual result. Revenues in the 2019 financial year amounted to kEUR 33,169, an increase of around 30% compared with the previous year (kEUR 25,445). Sales revenues of EUR 33 million forecast in the previous year were thus achieved. The increase over the previous year is mainly due to the increase in external product sales in the area of injection-moulded components.

The cost of materials ratio (cost of materials in relation to total operating performance) deteriorated by 6.0 percentage points year-on-year to 58.3% and is attributable to an amended product portfolio.

The gross profit improved by kEUR 3,488 to kEUR 13,651. The increase can be explained by two opposing effects: on the one hand, the increase in sales revenues and other operating income by kEUR 7,435 and, on the other hand, the increase in the cost of materials by kEUR 2,971.

Personnel costs increased by kEUR 842 in the reporting period, mainly driven by wage and salary increases.

Depreciation and amortisation increased by kEUR 151 year-on-year to kEUR 962, primarily due to higher investments of the previous year. Other operating expenses increased by kEUR 625 from kEUR 4,090 to kEUR 4,715.

The company participates in the cash pooling system of PKC Group PLC. Overall, interest expenses (kEUR 477) increased by kEUR 86 compared to the previous year, mainly due to the higher intra-year cash pool liabilities.

The annual surplus for the financial year 2019 amounted to kEUR 489 and has thus been further improved by kEUR 1,755 compared to the previous year. Due to the improved earnings situation, the previous year's forecast was to all intents and purposes met. This was due, in particular, to the increase in sales, without any significant increase in fixed costs.

2.b.) Financial position

As in previous years, the company's financial resources in 2019 were provided through internal measures within the group. The company received the liquidity it needed by participating in the group-wide cash pooling system. There were no additional shareholder loans or a capital increase.

The cash flow from operating activities of kEUR 3,452 and a cash outflow from investing activities of kEUR -57 were offset by a cash outflow from financing activities of kEUR -477. Liabilities from the Group's internal cash pool – which were included in cash and cash equivalents – decreased from kEUR 9,633 to kEUR 6,686 in the year under review. Cash and cash equivalents decreased accordingly by kEUR 30 to kEUR 327.

The deficit not covered by equity capital amounts to kEUR -2,902 (previous year kEUR -3,391) on the balance sheet date, the equity ratio is -21.7 % (previous year -18.4 %). The reduction of this deficit is due to the annual surplus for the year (kEUR 489).

3. Asset position

The balance sheet total decreased by kEUR 5,098 to kEUR 13,365 compared to the previous year. On the assets side, this is mainly due to the decrease in current assets (kEUR 3,769), the reduction in inventories (kEUR 3,178) and receivables vis-a-vis affiliated companies (kEUR 370). On the liabilities side, the decrease in the balance sheet total is mainly due to the lower liabilities vis-a-vis affiliated companies (kEUR 3,097). The decrease in liabilities vis-a-vis affiliated companies is mainly due to the reduction of the cash pool liabilities (kEUR 2,947). As at the balance sheet date, the company reported a cash pool liability to PKC Group PLC, Helsinki/Finland, of kEUR 6,686.

The book value of the fixed assets accounts for approx. 27 % (PY: approx. 24 %) of the balance sheet total.

Reinsurance claims amounting to kEUR 1,373 were offset against pension provisions (kEUR 2,393) in accordance with Section 246 (2) Sentence 2 German Commercial Code (HGB).

4. Non-financial indicators

In order to be able to react appropriately and flexibly to changes in demand, the company's employee base consists primarily of permanent employees, but also of employees on temporary contracts and temporary workers.

The idea of quality is firmly anchored in the company in all areas. The company's quality performance (including the rate of complaint, delivery reliability, OEE [Overall Equipment Effectiveness], sickness rate, staff turnover) is measured, analysed and evaluated in accordance with the manual within the framework of the process indicators. By way of monitoring and re-certification audits, the following certificates were confirmed in the year under review:

- Quality Management System according to DIN EN ISO 9001:2015 No. 1445732013-AQ-FIN-FINAS for product and process development, production and distribution of wire harnesses, cable assemblies and electronic modules and plastic components.
- Quality Management System according to IATF 16949:2016 No. 146420-2013AQ-FIN-IATF for the development and production of wire harnesses and cable assemblies, electrical and electronic vehicle assemblies and injection-moulded components.

Increased environmental awareness is reflected in the introduction of an Environmental Management System according to DIN EN ISO 14001. The performance of the Environmental Management System is monitored in accordance with the environmental management manual on the basis of environmental indicators (e.g. energy consumption, water consumption, use of service water, waste generation; copper scrap, etc.). The effectiveness was confirmed by the Environmental Management System Certificate according to DIN EN ISO 14001:2015 No. 144574-2013-AE-FIN-FINAS.

5. Research and Development

In 2019, the company continued to work closely with renowned German institutes, development partners and the University of Cooperative Education in Eisenach (Berufsakademie Eisenach), as well as with the Group and its international customers in the field of application-related technology development. There were 14 employees working in the R&D area.

6. Existing branch offices

The company does not maintain any branch offices.

7. General statement on business development

Taking into account previous years, management assesses the course of business in the year under review as satisfactory. Revenues for the 2019 financial year amount to kEUR 33,169, an increase of kEUR 7,724 over the previous year. Due to the realignment of the company, the previous year's forecast was achieved. The company generated a positive annual surplus of kEUR 489, an improvement of EUR 1.8 million over the previous year. Furthermore, the company's cost structure was improved accordingly, mainly due to the strategic realignment (investments in electronics and component production, expansion of the R&D and EDS divisions).

C. Opportunities and risks of future development

1 Risk to the continued existence of the company

From today's perspective, risks that threaten the existence of the company or significantly impair its net assets, financial position and results of operations are discernible, as the company finds itself in a tight liquidity situation due to the negative results and negative cash flows from operating activities in recent financial years. Liquidity is provided to the company through a cash pool agreement with PKC Group PLC and a credit facility from the parent company PKC Wiring Systems Oy. In addition, on 20 March 2020, the parent company issued a general liquidity commitment in favour of PKC SEGU Systemelektrik GmbH, Barchfeld-Immelnborn, and a general equity guarantee (letter of comfort) up to a maximum amount of EUR 14,000,000.00 for a period ending on 31 December 2022. The maintenance of solvency and, thus, the continuation of the company's business activities is dependent on the maintenance of this cash pool agreement with PKC Group PLC and the financial support of the parent company, which has granted the above-mentioned credit facilities and issued a letter of comfort, until sustainable positive operating cash flows are generated.

2. Coronavirus pandemic

The recent weeks until the completion of our report preparation work were marked by uncertainty as to how the further course of the Coronavirus pandemic will affect the future development of the global economy and, in particular, the automotive industry.

It is currently being observed that individual plants of major automotive manufacturers are returning to production with reduced volumes after temporary closure, while other manufacturers are still hesitant to take this step. It is currently

impossible to estimate when production will return to normal among individual manufacturers. However, it is considered certain that the production and sales figures of the previous years will not be reached in 2020.

As a long-standing partner in the automotive supply industry, we will not be able to escape this negative production and sales trend. However, a positive effect could come from the fact that our products in the areas of ABS cables, assembled cables and self-developed electronics modules are supplied to the automotive electronics product segment. Since the share of electronic components per vehicle will continue to increase, we expect to be affected by the decline in registration numbers only to a disproportionately low degree.

We counter the risk that our supply could be impaired or interrupted due to limited supply capacity or the inability to deliver on the part of upstream suppliers by means of a multiple supplier principle, international sourcing and a forward-looking stockpiling policy.

We try to minimise interruptions in the logistics chain, both in the procurement and in the sales area – e.g. as a result of drivers being absent from the forwarding companies due to illness, or obstacles experienced during border and customs clearance – by using efficient forwarding agents.

By observing all hygiene measures, in particular by ensuring a sufficient safety distance between the employees in the production area without impairing the workflow, we try to avoid a reduction or the loss of production due to illness.

One additional risk is the disruption of payment flows due to liquidity bottlenecks at our customers, which could lead to increased liquidity utilisation or even to increased losses attributable to bad debt. In view of the fact that our customers are major automotive suppliers or manufacturers, they are subject to permanent credit monitoring throughout the Group, so that we can exclude default risks to a large extent by means of a preventive credit assessment policy.

Our further measures to reduce individual risks are described in the following chapters contained in the opportunities and risks report.

3.Raw materials market

In the area of raw materials procurement, and in addition to the risks from the Coronavirus pandemic described above, there are indications of a continuing trend towards a shortage of resources and the associated increase in prices. This trend can be seen throughout the automotive industry. In order to ensure that demand is met and prices are in line with the market, the company acts as part

of the large Samvardhana Moterson Group and thus attempts to minimise the risks associated with key suppliers.

4.Shortage of skilled workers

In terms of retaining skilled employees, the company will continue to focus on the PKC-wide performance and talent management programme and the related training and development opportunities in the following year. As indicators of employee satisfaction, process indicators such as sick leave, staff turnover and quality performance are monitored on a monthly basis.

In the area of employee recruitment, the company is relying on an increased regional presence at local trade fairs and in local media.

We assume that the Coronavirus pandemic and the associated economic uncertainties will minimise employee turnover and will also be more likely to provide opportunities in recruiting employees if other companies have to reduce their workforce as a result of the crisis.

5. Customer volume

Aside from the Coronavirus-related volume reductions previously described, fluctuating customer requirements of +/- 20% in the near-term are omnipresent in the automotive industry. The necessary flexibility is ensured by using semi-skilled temporary workers.

To reduce dependence on individual customers, both internal and external sales activities are managed.

6.Price pressure and competition

Management expects competition to continue its intensification in the coming financial year, and in further years to come. In addition, constant cost pressure from the automotive industry is expected. As a result, further measures to reduce costs – both in the production area and in indirect processes – are planned. In line with this, since 2018 the focus has been on the significant expansion of plastic component production, the optimisation of electronics production and increasing the in-house vertical range of manufacture. Noticeable positive effects from these measures have already been felt since the 2018 financial year.

Due to the ongoing alignment of operating conditions to the risks arising in the market, our company will also be able to maintain its market position in the coming years.

Forecast report

Expansion of electronics and plastic parts production in the wiring systems segment

In the 2018 financial year, it was decided to further expand the production of plastic parts at the site, with production starting in 2019. In the following year 2020, the full annual volume will amount to around EUR 10 million.

In addition, further projects are currently in the acquisition and planning phase in the electronics and plastic parts segment, which should enable PKC SEGU Systemelektrik GmbH to achieve sales of at least mEUR 25 to mEUR 30 million in the medium term.

Business development

The increase in sales revenues includes, on the one hand, an expanded customer structure and volume increases and/or shifts in the existing product mix.

Revenues are expected to be significantly lower than in the previous year, as the lockdown triggered by COVID-19 will lead to significant revenue losses in the second quarter of the financial year 2020. We expect production and sales levels of 85% from July 2020 onwards compared to the same month of the previous year. The focus is, therefore, on the further optimisation of our processes. The main objective is to adjust the company's cost structure to these new sales revenues, in particular through reduced working hours.

Für das Geschäftsjahr 2020 erwartet die Gesellschaft daher entsprechend der aktuellen Auftragslage nur noch Umsatzerlöse in Höhe von EUR 22 Mio. sowie ein positives Jahresergebnis in Höhe von leicht über TEUR 200. Das Produktportfolio wird sich aus aktueller Sicht im kommenden Jahr nicht weiter verändern. Im darauffolgenden Geschäftsjahr wird entsprechend der aktuellen Auftragslage ein im Vergleich zu 2020 wieder deutlich steigendes Umsatzniveau erwartet.

Durch die Eingliederung der PKC Group PLC in die Samvardhana Motherson Group ergeben sich Synergieeffekte im Bereich HR, Einkauf, Vertrieb, Forschung und Entwicklung und Finanzen, welche auch unserer Gesellschaft zu Nutzen kommen.

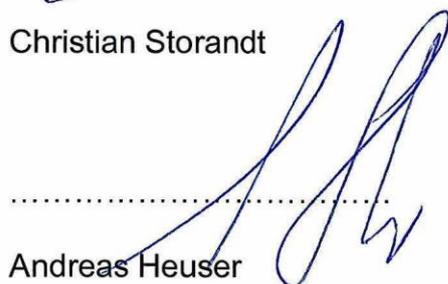
Barchfeld, den 30. Juni 2020

PKC SEGU Systemelektrik GmbH

Geschäftsführung



Christian Storandt



Andreas Heuser

PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn Legal conditions

1 Fundamentals under corporate law

PKC SEGU Systemelektrik GmbH is registered in the Commercial Register of Jena under HRB No. 302198. We have received an extract from the Commercial Register dated 17 January 2020 with the last entry dated 30 November 2018. According to information provided, there have been no changes in the meantime.

The articles of association in the version of 29 September 2011 apply.

The object of the company is the development, production and sale of electro-technical systems.

The financial year is the calendar year.

Nominal capital

The share capital of EUR 25,580.00 is fully paid up. The sole shareholder is PKC Wiring Systems Oy in Kempele/Finland.

Management and representation

The following individuals have been appointed as Managing Directors

Herr Christian Storandt, Schwallungen

Mr. Andreas Heuser, Bad Soden-Salmünster

If only one Managing Director has been appointed, he or she represents the company alone. If several managing directors have been appointed, the company is represented by two managing directors jointly. Mr. Michael Schulz, Moorgrund, has been granted joint power of procuration together with one Managing Director. According to the Commercial Register, the Managing Directors are exempt from the restrictions of Section 181 German Civil Code (BGB).



Shareholders' resolutions

At the Shareholders' Meeting dated 25 November 2019, the following resolution was passed:

- Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft GmbH, Freiburg i. Br., is appointed as auditor for the 2019 financial year.

The following resolutions were passed at the Shareholders' Meeting dated 10 February 2020:

- The financial statements for the 2018 financial year, which were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Freiburg, are hereby adopted;
- the Managing Directors, Mr Storandt and Mr. Heuser, have been granted discharge for the 2018 financial year.

2. Significant contracts

Service agreement: PKC Wiring Systems Oy

A service agreement between PKC Wiring Systems Oy, Kempele, Finland, and the company has been in place since 1 May 2011, under which PKC Wiring Systems Oy renders services in the areas of risk management, planning and budgeting, research and development and information technology. Remuneration occurs on a cost-plus basis.

Service Agreement PKC Eesti AS

An agreement with PKC Eesti AS, Keila/Estonia, for the rendering of certain sales and management services to certain key accounts has been in place since 15 August 2012. Remuneration also occurs on a cost-plus basis.

Cash pooling

The company participates in the cash pooling system of the Group parent company PKC Group PLC, Helsinki/Finland.

Credit framework agreement: PKC Wiring Systems Oy

Under an agreement dated 2 September 2013, PKC Wiring Systems Oy has granted the company a credit facility of EUR 7,000,000.00, up to which the company can draw down loan amounts. The credit term is a maximum of five years and bears interest at the 3-month Euribor rate plus 3.5%. Repayment of the loan was due upon the expiration of 1 September 2018, but was tacitly extended. By way of an amendment to the contract dated 1 October 2019, the due date for repayment was set at 27 December 2021, with all other conditions remaining unchanged. The loan is valued at EUR 2,000,000.00 as at the reporting date.

Factoring agreement BNP Paribas S.A.

PKC Group Ltd, Helsinki/Finland entered into a factoring agreement with BNP Paribas S.A., Dublin/Ireland as at 27 March 2018. With effect from 19 September 2018, PKC SEGU Systemelektrik GmbH was added to the existing agreement. The total financing limit attributable to PKC amounts to EUR 1,700,000.00. The default risk of the receivables sold is assumed by the buyer, while the inventory risk remains with the seller. The purchase price is the respective nominal amount of the receivables less a factoring fee based on the 1-month Euribor + 0.95 % points. As at the balance sheet date, PKC SEGU Systemelektrik GmbH sold EUR 1,071,993.10 to BNP Paribas S.A. under this agreement.

3. Letter of comfort

On 15 March 2018, PKC Wiring Systems Oy, Kempele/Finland (patron) declared to PKC SEGU Systemelektrik GmbH, Barchfeld-Immelnborn, Germany, that it has the obligation to manage (and ensure the financial provisioning of) the company in such a way that it will always be in a position to meet its present and future liabilities vis-a-vis creditors on time and will not become insolvent within the meaning of Section 17 German Insolvency Act (InsO). The patron declares to always provide the company with financial resources by injecting equity capital or subordinated loans in such a way that a state of over-indebtedness within the meaning of Section 19 German Insolvency Act (InsO) does not occur. The letter of comfort is time-limited until 31 March 2020 and is limited to a maximum amount of EUR 5,000,000.00. German law applies. The place of jurisdiction is either Jena or the registered office of the defendant, at the plaintiff's discretion.

With effect from 12 April 2019, PKC Wiring Systems Oy, Kempele/Finland, (patron) declared to PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn, Germany, that it has the obligation to manage (and ensure the financial provisioning of) the company in such a way that it will always be in a position to meet its present and future liabilities vis-a-vis creditors on time and will not become insolvent within the meaning of Section 17 German Insolvency Act (InsO). The patron declares to always provide the company with financial resources by injecting equity capital or subordinated loans in such a way that a state of over-indebtedness within the meaning of Section 19 German Insolvency Act (InsO) does not occur. The letter of comfort is time-limited until 31 August 2021 and is limited to a maximum amount of EUR 5,000,000.00. German law applies. The place of jurisdiction is either Jena or the registered office of the defendant, at the plaintiff's discretion. This letter of comfort replaces the letter of comfort issued on 15 March 2018.

With effect from 20 March 2020, PKC Wiring Systems Oy, Kempele/Finland, (patron) declared to PKC SEGU Systemelektrik GmbH, Barchfeld-Immelborn, Germany, that it has the obligation to manage (and ensure the financial provisioning of) the company in such a way that it will always be in a position to meet its present and future liabilities vis-a-vis creditors on time and will not become insolvent within the meaning of Section 17 German Insolvency Act (InsO). The patron declares to always provide the company with financial resources by injecting equity capital or subordinated loans in such a way that a state of over-indebtedness within the meaning of Section 19 German Insolvency Act (InsO) does not occur. The letter of comfort is time-limited until 31 December 2020 and is limited to a maximum amount of EUR 14,000,000.00. German law applies. The place of jurisdiction is either Jena or the registered office of the defendant, at the plaintiff's discretion.

This letter of comfort replaces the letter of comfort issued on 12 April 2019.

4 Tax circumstances

The company is registered for tax purposes with the Mühlhausen tax office.

The last tax audit covered the assessment periods up to and including 2013.

The tax returns up until 2017 have been assessed. These assessments are subject to review.

Terms and Conditions, liability and reservation of use

In the audit report, the auditor has summarised the results of his work, in particular for those corporate bodies of the company that are responsible for monitoring the audit. The audit report



has the task of supporting the monitoring of the company by the responsible body by documenting significant audit findings. It is, therefore, directed exclusively at company bodies for internal use, without prejudice to any third party rights of receipt or inspection as established by special legal provisions.

Our activities are based on our letter of engagement for the audit of the present financial statements, including the “General Terms and Conditions of Assignment for Auditors and Auditing Companies” as issued by the Institute of Auditors in Germany in the version of 1 January 2007

This audit report is intended solely to serve as the basis for decisions by the company's governing bodies and is not to be used for any purpose other than that for which it is intended, meaning that we do not assume any responsibility, liability or other sense of duty vis-a-vis third parties, unless we have entered into a written agreement to the contrary with the third party, or if such an exclusion of liability would be invalid.

We expressly point out that we do not update the audit report and/or audit opinion with regard to events or circumstances occurring after the audit opinion was issued, unless we are required to do so by law.

Whoever takes note of the information contained in this audit report is solely responsible for deciding whether (and in what form) they consider this information to be useful and suitable for their purposes and for extending, verifying or updating it by way of their own investigative actions.

Allgemeine Auftragsbedingungen

für

Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

vom 1. Januar 2017

1. Geltungsbereich

(1) Die Auftragsbedingungen gelten für Verträge zwischen Wirtschaftsprüfern oder Wirtschaftsprüfungsgesellschaften (im Nachstehenden zusammenfassend „Wirtschaftsprüfer“ genannt) und ihren Auftraggebern über Prüfungen, Steuerberatung, Beratungen in wirtschaftlichen Angelegenheiten und sonstige Aufträge, soweit nicht etwas anderes ausdrücklich schriftlich vereinbart oder gesetzlich zwingend vorgeschrieben ist.

(2) Dritte können nur dann Ansprüche aus dem Vertrag zwischen Wirtschaftsprüfer und Auftraggeber herleiten, wenn dies ausdrücklich vereinbart ist oder sich aus zwingenden gesetzlichen Regelungen ergibt. Im Hinblick auf solche Ansprüche gelten diese Auftragsbedingungen auch diesen Dritten gegenüber.

2. Umfang und Ausführung des Auftrags

(1) Gegenstand des Auftrags ist die vereinbarte Leistung, nicht ein bestimmter wirtschaftlicher Erfolg. Der Auftrag wird nach den Grundsätzen ordnungsmäßiger Berufsausübung ausgeführt. Der Wirtschaftsprüfer übernimmt im Zusammenhang mit seinen Leistungen keine Aufgaben der Geschäftsführung. Der Wirtschaftsprüfer ist für die Nutzung oder Umsetzung der Ergebnisse seiner Leistungen nicht verantwortlich. Der Wirtschaftsprüfer ist berechtigt, sich zur Durchführung des Auftrags sachverständiger Personen zu bedienen.

(2) Die Berücksichtigung ausländischen Rechts bedarf – außer bei betriebswirtschaftlichen Prüfungen – der ausdrücklichen schriftlichen Vereinbarung.

(3) Ändert sich die Sach- oder Rechtslage nach Abgabe der abschließenden beruflichen Äußerung, so ist der Wirtschaftsprüfer nicht verpflichtet, den Auftraggeber auf Änderungen oder sich daraus ergebende Folgerungen hinzuweisen.

3. Mitwirkungspflichten des Auftraggebers

(1) Der Auftraggeber hat dafür zu sorgen, dass dem Wirtschaftsprüfer alle für die Ausführung des Auftrags notwendigen Unterlagen und weiteren Informationen rechtzeitig übermittelt werden und ihm von allen Vorgängen und Umständen Kenntnis gegeben wird, die für die Ausführung des Auftrags von Bedeutung sein können. Dies gilt auch für die Unterlagen und weiteren Informationen, Vorgänge und Umstände, die erst während der Tätigkeit des Wirtschaftsprüfers bekannt werden. Der Auftraggeber wird dem Wirtschaftsprüfer geeignete Auskunftspersonen benennen.

(2) Auf Verlangen des Wirtschaftsprüfers hat der Auftraggeber die Vollständigkeit der vorgelegten Unterlagen und der weiteren Informationen sowie der gegebenen Auskünfte und Erklärungen in einer vom Wirtschaftsprüfer formulierten schriftlichen Erklärung zu bestätigen.

4. Sicherung der Unabhängigkeit

(1) Der Auftraggeber hat alles zu unterlassen, was die Unabhängigkeit der Mitarbeiter des Wirtschaftsprüfers gefährdet. Dies gilt für die Dauer des Auftragsverhältnisses insbesondere für Angebote auf Anstellung oder Übernahme von Organfunktionen und für Angebote, Aufträge auf eigene Rechnung zu übernehmen.

(2) Sollte die Durchführung des Auftrags die Unabhängigkeit des Wirtschaftsprüfers, die der mit ihm verbundenen Unternehmen, seiner Netzwerkunternehmen oder solcher mit ihm assoziierten Unternehmen, auf die die Unabhängigkeitsvorschriften in gleicher Weise Anwendung finden wie auf den Wirtschaftsprüfer, in anderen Auftragsverhältnissen beeinträchtigen, ist der Wirtschaftsprüfer zur außerordentlichen Kündigung des Auftrags berechtigt.

5. Berichterstattung und mündliche Auskünfte

Soweit der Wirtschaftsprüfer Ergebnisse im Rahmen der Bearbeitung des Auftrags schriftlich darzustellen hat, ist alleine diese schriftliche Darstellung maßgebend. Entwürfe schriftlicher Darstellungen sind unverbindlich. Sofern nicht anders vereinbart, sind mündliche Erklärungen und Auskünfte des Wirtschaftsprüfers nur dann verbindlich, wenn sie schriftlich bestätigt werden. Erklärungen und Auskünfte des Wirtschaftsprüfers außerhalb des erteilten Auftrags sind stets unverbindlich.

6. Weitergabe einer beruflichen Äußerung des Wirtschaftsprüfers

(1) Die Weitergabe beruflicher Äußerungen des Wirtschaftsprüfers (Arbeitsergebnisse oder Auszüge von Arbeitsergebnissen – sei es im Entwurf oder in der Endfassung) oder die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber an einen Dritten bedarf der schriftlichen Zustimmung des Wirtschaftsprüfers, es sei denn, der Auftraggeber ist zur Weitergabe oder Information aufgrund eines Gesetzes oder einer behördlichen Anordnung verpflichtet.

(2) Die Verwendung beruflicher Äußerungen des Wirtschaftsprüfers und die Information über das Tätigwerden des Wirtschaftsprüfers für den Auftraggeber zu Werbezwecken durch den Auftraggeber sind unzulässig.

7. Mängelbeseitigung

(1) Bei etwaigen Mängeln hat der Auftraggeber Anspruch auf Nacherfüllung durch den Wirtschaftsprüfer. Nur bei Fehlschlagen, Unterlassen bzw. unberechtigter Verweigerung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung kann er die Vergütung mindern oder vom Vertrag zurücktreten; ist der Auftrag nicht von einem Verbraucher erteilt worden, so kann der Auftraggeber wegen eines Mangels nur dann vom Vertrag zurücktreten, wenn die erbrachte Leistung wegen Fehlschlagens, Unterlassung, Unzumutbarkeit oder Unmöglichkeit der Nacherfüllung für ihn ohne Interesse ist. Soweit darüber hinaus Schadensersatzansprüche bestehen, gilt Nr. 9.

(2) Der Anspruch auf Beseitigung von Mängeln muss vom Auftraggeber unverzüglich in Textform geltend gemacht werden. Ansprüche nach Abs. 1, die nicht auf einer vorsätzlichen Handlung beruhen, verjähren nach Ablauf eines Jahres ab dem gesetzlichen Verjährungsbeginn.

(3) Offenbare Unrichtigkeiten, wie z.B. Schreibfehler, Rechenfehler und formelle Mängel, die in einer beruflichen Äußerung (Bericht, Gutachten und dgl.) des Wirtschaftsprüfers enthalten sind, können jederzeit vom Wirtschaftsprüfer auch Dritten gegenüber berichtigt werden. Unrichtigkeiten, die geeignet sind, in der beruflichen Äußerung des Wirtschaftsprüfers enthaltene Ergebnisse infrage zu stellen, berechtigen diesen, die Äußerung auch Dritten gegenüber zurückzunehmen. In den vorgenannten Fällen ist der Auftraggeber vom Wirtschaftsprüfer tunlichst vorher zu hören.

8. Schweigepflicht gegenüber Dritten, Datenschutz

(1) Der Wirtschaftsprüfer ist nach Maßgabe der Gesetze (§ 323 Abs. 1 HGB, § 43 WPO, § 203 StGB) verpflichtet, über Tatsachen und Umstände, die ihm bei seiner Berufstätigkeit anvertraut oder bekannt werden, Stillschweigen zu bewahren, es sei denn, dass der Auftraggeber ihn von dieser Schweigepflicht entbindet.

(2) Der Wirtschaftsprüfer wird bei der Verarbeitung von personenbezogenen Daten die nationalen und europarechtlichen Regelungen zum Datenschutz beachten.

9. Haftung

(1) Für gesetzlich vorgeschriebene Leistungen des Wirtschaftsprüfers, insbesondere Prüfungen, gelten die jeweils anzuwendenden gesetzlichen Haftungsbeschränkungen, insbesondere die Haftungsbeschränkung des § 323 Abs. 2 HGB.

(2) Sofern weder eine gesetzliche Haftungsbeschränkung Anwendung findet noch eine einzelvertragliche Haftungsbeschränkung besteht, ist die Haftung des Wirtschaftsprüfers für Schadensersatzansprüche jeder Art, mit Ausnahme von Schäden aus der Verletzung von Leben, Körper und Gesundheit, sowie von Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen, bei einem fahrlässig verursachten einzelnen Schadensfall gemäß § 54a Abs. 1 Nr. 2 WPO auf 4 Mio. € beschränkt.

(3) Einreden und Einwendungen aus dem Vertragsverhältnis mit dem Auftraggeber stehen dem Wirtschaftsprüfer auch gegenüber Dritten zu.

(4) Leiten mehrere Anspruchsteller aus dem mit dem Wirtschaftsprüfer bestehenden Vertragsverhältnis Ansprüche aus einer fahrlässigen Pflichtverletzung des Wirtschaftsprüfers her, gilt der in Abs. 2 genannte Höchstbetrag für die betreffenden Ansprüche aller Anspruchsteller insgesamt.

(5) Ein einzelner Schadensfall im Sinne von Abs. 2 ist auch bezüglich eines aus mehreren Pflichtverletzungen stammenden einheitlichen Schadens gegeben. Der einzelne Schadensfall umfasst sämtliche Folgen einer Pflichtverletzung ohne Rücksicht darauf, ob Schäden in einem oder in mehreren aufeinanderfolgenden Jahren entstanden sind. Dabei gilt mehrfaches auf gleicher oder gleichartiger Fehlerquelle beruhendes Tun oder Unterlassen als einheitliche Pflichtverletzung, wenn die betreffenden Angelegenheiten miteinander in rechtlichem oder wirtschaftlichem Zusammenhang stehen. In diesem Fall kann der Wirtschaftsprüfer nur bis zur Höhe von 5 Mio. € in Anspruch genommen werden. Die Begrenzung auf das Fünffache der Mindestversicherungssumme gilt nicht bei gesetzlich vorgeschriebenen Prüfungen.

(6) Ein Schadensersatzanspruch erlischt, wenn nicht innerhalb von sechs Monaten nach der schriftlichen Ablehnung der Ersatzleistung Klage erhoben wird und der Auftraggeber auf diese Folge hingewiesen wurde. Dies gilt nicht für Schadensersatzansprüche, die auf vorsätzliches Verhalten zurückzuführen sind, sowie bei einer schuldhaften Verletzung von Leben, Körper oder Gesundheit sowie bei Schäden, die eine Ersatzpflicht des Herstellers nach § 1 ProdHaftG begründen. Das Recht, die Einrede der Verjährung geltend zu machen, bleibt unberührt.

10. Ergänzende Bestimmungen für Prüfungsaufträge

(1) Ändert der Auftraggeber nachträglich den durch den Wirtschaftsprüfer geprüften und mit einem Bestätigungsvermerk versehenen Abschluss oder Lagebericht, darf er diesen Bestätigungsvermerk nicht weiterverwenden.

Hat der Wirtschaftsprüfer einen Bestätigungsvermerk nicht erteilt, so ist ein Hinweis auf die durch den Wirtschaftsprüfer durchgeführte Prüfung im Lagebericht oder an anderer für die Öffentlichkeit bestimmter Stelle nur mit schriftlicher Einwilligung des Wirtschaftsprüfers und mit dem von ihm genehmigten Wortlaut zulässig.

(2) Widerruft der Wirtschaftsprüfer den Bestätigungsvermerk, so darf der Bestätigungsvermerk nicht weiterverwendet werden. Hat der Auftraggeber den Bestätigungsvermerk bereits verwendet, so hat er auf Verlangen des Wirtschaftsprüfers den Widerruf bekanntzugeben.

(3) Der Auftraggeber hat Anspruch auf fünf Berichtsausfertigungen. Weitere Ausfertigungen werden besonders in Rechnung gestellt.

11. Ergänzende Bestimmungen für Hilfeleistung in Steuersachen

(1) Der Wirtschaftsprüfer ist berechtigt, sowohl bei der Beratung in steuerlichen Einzelfragen als auch im Falle der Dauerberatung die vom Auftraggeber genannten Tatsachen, insbesondere Zahlenangaben, als richtig und vollständig zugrunde zu legen; dies gilt auch für Buchführungsaufträge. Er hat jedoch den Auftraggeber auf von ihm festgestellte Unrichtigkeiten hinzuweisen.

(2) Der Steuerberatungsauftrag umfasst nicht die zur Wahrung von Fristen erforderlichen Handlungen, es sei denn, dass der Wirtschaftsprüfer hierzu ausdrücklich den Auftrag übernommen hat. In diesem Fall hat der Auftraggeber dem Wirtschaftsprüfer alle für die Wahrung von Fristen wesentlichen Unterlagen, insbesondere Steuerbescheide, so rechtzeitig vorzulegen, dass dem Wirtschaftsprüfer eine angemessene Bearbeitungszeit zur Verfügung steht.

(3) Mangels einer anderweitigen schriftlichen Vereinbarung umfasst die laufende Steuerberatung folgende, in die Vertragsdauer fallenden Tätigkeiten:

- a) Ausarbeitung der Jahressteuererklärungen für die Einkommensteuer, Körperschaftsteuer und Gewerbesteuer sowie der Vermögensteuererklärungen, und zwar auf Grund der vom Auftraggeber vorzulegenden Jahresabschlüsse und sonstiger für die Besteuerung erforderlicher Aufstellungen und Nachweise
- b) Nachprüfung von Steuerbescheiden zu den unter a) genannten Steuern
- c) Verhandlungen mit den Finanzbehörden im Zusammenhang mit den unter a) und b) genannten Erklärungen und Bescheiden
- d) Mitwirkung bei Betriebsprüfungen und Auswertung der Ergebnisse von Betriebsprüfungen hinsichtlich der unter a) genannten Steuern
- e) Mitwirkung in Einspruchs- und Beschwerdeverfahren hinsichtlich der unter a) genannten Steuern.

Der Wirtschaftsprüfer berücksichtigt bei den vorgenannten Aufgaben die wesentliche veröffentlichte Rechtsprechung und Verwaltungsauffassung.

(4) Erhält der Wirtschaftsprüfer für die laufende Steuerberatung ein Pauschalhonorar, so sind mangels anderweitiger schriftlicher Vereinbarungen die unter Abs. 3 Buchst. d) und e) genannten Tätigkeiten gesondert zu honorieren.

(5) Sofern der Wirtschaftsprüfer auch Steuerberater ist und die Steuerberatervergütungsverordnung für die Bemessung der Vergütung anzuwenden ist, kann eine höhere oder niedrigere als die gesetzliche Vergütung in Textform vereinbart werden.

(6) Die Bearbeitung besonderer Einzelfragen der Einkommensteuer, Körperschaftsteuer, Gewerbesteuer, Einheitsbewertung und Vermögensteuer sowie aller Fragen der Umsatzsteuer, Lohnsteuer, sonstigen Steuern und Abgaben erfolgt auf Grund eines besonderen Auftrags. Dies gilt auch für

- a) die Bearbeitung einmalig anfallender Steuerangelegenheiten, z.B. auf dem Gebiet der Erbschaftsteuer, Kapitalverkehrssteuer, Grunderwerbsteuer,
- b) die Mitwirkung und Vertretung in Verfahren vor den Gerichten der Finanz- und der Verwaltungsgerichtsbarkeit sowie in Steuerstrafsachen,
- c) die beratende und gutachtliche Tätigkeit im Zusammenhang mit Umwandlungen, Kapitalerhöhung und -herabsetzung, Sanierung, Eintritt und Ausscheiden eines Gesellschafters, Betriebsveräußerung, Liquidation und dergleichen und
- d) die Unterstützung bei der Erfüllung von Anzeige- und Dokumentationspflichten.

(7) Soweit auch die Ausarbeitung der Umsatzsteuerjahreserklärung als zusätzliche Tätigkeit übernommen wird, gehört dazu nicht die Überprüfung etwaiger besonderer buchmäßiger Voraussetzungen sowie die Frage, ob alle in Betracht kommenden umsatzsteuerrechtlichen Vergünstigungen wahrgenommen worden sind. Eine Gewähr für die vollständige Erfassung der Unterlagen zur Geltendmachung des Vorsteuerabzugs wird nicht übernommen.

12. Elektronische Kommunikation

Die Kommunikation zwischen dem Wirtschaftsprüfer und dem Auftraggeber kann auch per E-Mail erfolgen. Soweit der Auftraggeber eine Kommunikation per E-Mail nicht wünscht oder besondere Sicherheitsanforderungen stellt, wie etwa die Verschlüsselung von E-Mails, wird der Auftraggeber den Wirtschaftsprüfer entsprechend in Textform informieren.

13. Vergütung

(1) Der Wirtschaftsprüfer hat neben seiner Gebühren- oder Honorarforderung Anspruch auf Erstattung seiner Auslagen; die Umsatzsteuer wird zusätzlich berechnet. Er kann angemessene Vorschüsse auf Vergütung und Auslagenersatz verlangen und die Auslieferung seiner Leistung von der vollen Befriedigung seiner Ansprüche abhängig machen. Mehrere Auftraggeber haften als Gesamtschuldner.

(2) Ist der Auftraggeber kein Verbraucher, so ist eine Aufrechnung gegen Forderungen des Wirtschaftsprüfers auf Vergütung und Auslagenersatz nur mit unbestrittenen oder rechtskräftig festgestellten Forderungen zulässig.

14. Streitschlichtungen

Der Wirtschaftsprüfer ist nicht bereit, an Streitbeilegungsverfahren vor einer Verbraucherschlichtungsstelle im Sinne des § 2 des Verbraucherstreitbeilegungsgesetzes teilzunehmen.

15. Anzuwendendes Recht

Für den Auftrag, seine Durchführung und die sich hieraus ergebenden Ansprüche gilt nur deutsches Recht.