

# MSSL GmbH Bruchköbel

Audited copy of the annual  
financial statements and  
management report  
December 31, 2023

EY GmbH & Co KG Auditing company





Table of contents

Independent auditor's report Accounting

Order conditions, liability and reservation of use General order

conditions

Note:

We have issued the following auditor's report in accordance with the legal and professional requirements and the conditions described in the appendix "Engagement Terms, Liability and Reservation of Use".

If the electronic version of this document is used for disclosure purposes in accordance with Section 325 HGB, only the accounting files and, in the case of a statutory audit obligation, the auditor's report or the relevant audit certificate are intended for this purpose.



## Independent auditor's report

To MSSL GmbH

### Audit assessments

We have audited the annual financial statements of MSSL GmbH, Bruchköbel, which comprise the balance sheet as at December 31, 2023, and the income statement for the financial year from January 1 to December 31, 2023, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of MSSL GmbH for the financial year from January 1 to December 31, 2023.

January 1 to December 31, 2023 were audited.

In our opinion, based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the company as at December 31, 2023 and of its financial performance for the financial year from January 1 to December 31, 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.



## Basis for the audit opinions

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

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

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) 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. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, unless there are factual or legal circumstances to the contrary.



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

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

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

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



We exercise professional judgment and maintain professional skepticism throughout the audit. In addition

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations or the override of internal controls;
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company;
- we assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimates and related disclosures made by the legal representatives;
- Conclude on the appropriateness of the legal representatives' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. Future events


However, the company may no longer be able to continue its business activities due to unforeseen events or circumstances;

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles;
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides;
- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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

Stuttgart, October 30, 2024

EY GmbH & Co KG Auditing  
company

 Marcellus  
Van Eck

Van Eck Certified  
Public Accountant

 Sanja  
Dollinger

Dollinger Certified  
Public Accountant



## Assets

	31.12.2023	31.12.2022
	EUR	EUR
<b>A. Fixed assets</b>		
I. Intangible assets Purchased software	80.637,00	107.732,00
II. Property, plant and equipment		
1. Land and buildings		
2. Technical equipment and machinery	749.027,00	11.855.010,41
3. Other equipment, operating and office equipment	3,00	3,00
4. Advance payments and assets under construction	382.509,00	207.985,00
	90.763,43	0,00
	1.222.302,43	12.062.998,41
III. Financial assets		
Shares in affiliated companies	3.525.185,84	4.882.487,99
	<b>4.828.125,27</b>	<b>17.053.218,40</b>
<b>B. Current assets</b>		
I. Inventories		
Goods	3.038.176,62	2.920.988,78
	3.038.176,62	2.920.988,78
II. Receivables and other assets		
1. Trade receivables	3.622.881,05	2.524.403,86
2. Receivables from affiliated companies	33.443.366,23	17.416.336,31
3. Other assets	2.450.481,12	1.684.695,40
	39.516.728,40	21.625.435,57
III. Cash on hand, bank balances	864.800,73	1.089.893,10
	<b>43.419.705,75</b>	<b>25.636.317,45</b>
<b>C. Prepaid expenses and deferred charges</b>	<b>428.993,75</b>	<b>259.024,88</b>
	<b>48.676.824,77</b>	<b>42.948.560,73</b>

## Liabilities

	31.12.2023	31.12.2022
	EUR	EUR
<b>A. Equity</b>		
I. Subscribed capital	250.000,00	250.000,00
II. Capital reserve	24.710.000,00	24.710.000,00
III. Loss carryforward	-12.855.165,94	-12.827.332,58
IV. Net loss for the year	-1.768.480,53	-27.833,36
	<b>10.336.353,53</b>	<b>12.104.834,06</b>
<b>B. Provisions</b>		
1. Tax provisions	53.927,15	211.085,82
2. Other provisions	1.651.112,45	2.284.996,49
	<b>1.705.039,60</b>	<b>2.496.082,31</b>
<b>C. Liabilities</b>		
1. Liabilities to banks	2.000.000,00	2.000.000,00
2. Liabilities from deliveries and services	1.486.101,56	699.360,87
3. Liabilities to affiliated companies (thereof to shareholders EUR 0 thousand; previous year: EUR 20,726 thousand)	32.826.701,28	25.430.716,20
4. Other liabilities (thereof from taxes kEUR 158; previous year kEUR 111)	235.746,05	131.532,04
	<b>36.548.548,89</b>	<b>28.261.609,11</b>
<b>D. Prepaid expenses and deferred charges</b>	<b>86.882,75</b>	<b>86.035,25</b>
	<b>48.676.824,77</b>	<b>42.948.560,73</b>



**MSSL GmbH, Bruchköbel****Income statement for the financial year from January 1  
to December 31, 2023**

	<b>2023 EUR</b>	<b>2022 EUR</b>
1. Sales revenue	45.842.471,51	37.185.742,61
2. other operating income (thereof from currency translation kEUR 49; previous year kEUR 101)	972.774,07	467.548,40
3. Cost of materials		
a) Cost of purchased goods	-26.980.431,03	-20.379.894,36
b) Expenses for purchased services	-4.763.865,32	-3.473.966,27
4. Personnel expenses		
a) Wages and salaries	-7.017.380,69	-5.841.648,95
b) Social security contributions	-1.074.693,19	-948.569,25
5. amortization of intangible assets of fixed assets and property, plant and equipment	-467.159,10	-731.650,53
6. other operating expenses (thereof from currency translation kEUR 57; previous year kEUR 59)	-6.794.573,17	-6.152.418,42
7. other interest and similar income (thereof from affiliated companies kEUR 1,215; previous year kEUR 740)	1.214.781,40	740.091,57
8. Write-downs on financial assets	-1.468.302,15	0,00
9. interest and similar expenses (thereof to affiliated companies kEUR 1,168; previous year kEUR 803)	-1.208.954,03	-847.371,07
10. taxes on income and earnings	-9.523,72	-31.462,07
<b>11. earnings after taxes</b>	<b>-1.754.855,42</b>	<b>-13.598,34</b>
12. other taxes	-13.625,11	-14.235,02
<b>13. net loss for the year</b>	<b>-1.768.480,53</b>	<b>-27.833,36</b>

**MSSL GmbH, Bruchköbel****Notes for the 2023 financial year****A. General information**

The company operates under the name MSSL GmbH. The registered office is in Bruchköbel. The company is entered in the commercial register at Hanau Local Court under HRB No. 91564.

The 2023 annual financial statements were prepared in accordance with the accounting provisions of the German Commercial Code (HGB). The supplementary provisions of the German Limited Liability Companies Act were observed. As in the previous year, the total cost method was chosen for the structure of the income statement.

The company is a medium-sized corporation within the meaning of Section 267 (2) HGB. The company makes use of the size-related exemptions under Section 288 (2) HGB.

**B. Accounting and valuation principles**

The accounting and valuation methods remained unchanged compared to the previous year.

**Intangible assets** and **property, plant and equipment** are measured at cost and amortized on a straight-line basis over their expected useful lives. They are amortized pro rata temporis in the year of acquisition. The useful lives are 3 to 33 years.

**Low-value assets** with individual acquisition costs of less than EUR 800.00 are written off in full in the year of acquisition.

The shares in affiliated companies reported under **financial assets** were recognized at cost. If necessary, they are written down to the lower fair value on the balance sheet date if the impairment is expected to be permanent

**Inventories** were measured at the lower of cost or fair value on the reporting date.

Marketability risks were taken into account by writing down 100% of merchandise (with the exception of tools) for which no inventory movement was recorded in the last six months. If there was no stock movement in the last three months, a devaluation of 50% was applied.

**Receivables and other assets** are recognized at nominal value. The default risk for trade receivables was taken into account by recognizing appropriate valuation allowances.

**Cash and cash equivalents** (cash on hand, bank balances) were valued at their nominal value. Holdings in foreign currency amounted to EUR 40 thousand as at the balance sheet date (previous year: EUR 170 thousand). Foreign currencies were valued at the mean spot exchange rate on the balance sheet date.

**Prepaid** expenses include expenses prior to the balance sheet date if they relate to a specific period after the balance sheet date.

When forming **tax provisions** and **other provisions**, appropriate account is taken of identifiable risks and contingent liabilities. In each case, they are measured at the settlement amount required to cover future payment obligations according to prudent business judgment.

**Liabilities** were recognized at their settlement amounts.

Income before the balance sheet date is reported under **deferred income** if it comprises income for a specific period after the balance sheet date.

### **Foreign currency translation**

Transactions in foreign currencies are generally recognized at the historical exchange rate at the time of initial recognition. Balance sheet items are valued as follows on the reporting date:

Short-term foreign currency receivables (residual term of one year or less) as well as cash and cash equivalents or other current assets in foreign currencies are translated at the mean spot exchange rate on the balance sheet date.

Current foreign currency liabilities (remaining term of one year or less) are translated at the mean spot exchange rate on the balance sheet date.

Non-current receivables and liabilities are measured in the annual financial statements at the closing rate. Due to the combination into a valuation unit in accordance with Section 254 HGB, the valuation of receivables and liabilities on the reporting date has no effect on the income statement.

### **Deferred taxes**

Deferred taxes are recognized on the differences between the carrying amounts in the commercial balance sheet and the tax balance sheet if these are expected to be reduced in later financial years. In addition, deferred tax assets are recognized on corporate income tax and trade tax loss carryforwards if a loss offset is expected within the next five years.

The calculation of deferred taxes is based on an effective tax rate of 29.475% (corporation tax and solidarity surcharge as well as trade tax) (previous year 29.475%), which is expected to apply at the time the differences are settled.

Deferred tax assets and liabilities are netted. In the event of a deferred tax asset surplus, no use is made of the capitalization option under Section 274 (1) sentence 2 HGB. As at the balance sheet date of 31 December 2023, after netting deferred tax assets and deferred tax liabilities (total difference analysis), there is an excess of deferred tax assets at the level of the company as the parent company and the tax group company included in the tax group, so that no deferred taxes are reported in the annual financial statements as the capitalization option is not exercised.

The differences between the commercial balance sheet and the tax balance sheet, which lead to deferred tax assets, result primarily from corporate income tax and trade tax loss carryforwards.

**C. Notes to the balance sheet**

The breakdown of fixed asset items and their development in the financial year as well as the depreciation and amortization recognized in the financial year are shown in the **statement of changes in fixed assets** attached to the notes.

**Information on shareholdings**

	Currency	Participation %	Equity 31.12.2023	Result 2023
Domestic				
Motherson Air Travel Agency GmbH, Bruchköbel <sup>1</sup>	KEUR	100	-274	-29
MSSL Germany Real Estate BV & Co KG Bruchköbel <sup>2</sup>	KEUR	89	101	1
Abroad				
MSSL Advanced Polymers s.r.o., Dolní Ředice/Czech Republic of <sup>3</sup>	TCZK	100	-111.746	-188.428
MOTHERSON TECHNO PRECISION MEXICO S.A de C.V., San Luis Potosí/Mexico <sup>4</sup>	TMXN	100	98.950	32.946

The carrying amount of the investment in **Motherson Air Travel Agency GmbH** amounted to EUR 3,414 thousand as at December 31, 2022 (previous year: EUR 3,414 thousand).

**MSSL Germany Real Estate.B.V. & Co. KG** was founded in the current financial year. The limited partnership acquired the property of MSSL GmbH in the current financial year and subsequently leased it to MSSL GmbH. MSSL GmbH holds a limited partner's share amounting to 89% of the liable capital of EUR 100 thousand. The limited partner's contribution has been paid in. The land owned by MSSL GmbH was sold to the company in the current financial year.

The carrying amount of the investment in **MSSL Advanced Polymers s.r.o.** amounted to December 31, 2023 EUR 1 (previous year: EUR 1,468 thousand).

<sup>1</sup> Local financial statements as at 31.03.2023

<sup>2</sup> Local financial statements as at 31.03.2023

<sup>3</sup> Local financial statements as at 31.03.2023

<sup>4</sup> Local financial statements as at 31.12.2023

MOTHERSON TECHNO PRECISION S.A de C.V. was founded in the 2013 financial year. **MOTHERSON TECHNO PRECISION GmbH** holds 99.998% of the shares and MSSL GmbH holds 0.002%. The carrying amount of the investment for the 0.002% stake amounts to EUR 0 thousand.

The company has also invested in two other limited partnerships as a limited partner, each with an 11% stake. The limited partner's contribution of EUR 11 thousand was paid in each case.

**Trade receivables** do not include any receivables with a remaining term of more than one year (previous year: EUR 0 thousand).

**Receivables from affiliated companies** (EUR 33,443 thousand, previous year: EUR 17,416 thousand) include loan receivables (EUR 26,768 thousand, previous year: EUR 11,740 thousand) and trade receivables (EUR 6,675 thousand, previous year: EUR 5,676 thousand). Of the loan receivables, EUR 15,316 thousand (previous year: EUR 10,275 thousand) have a remaining term of more than one year; all other items are/were due within one year.

**Other assets** include items of EUR 6 thousand (previous year: EUR 14 thousand) with a remaining term of more than one year.

**Other provisions** are made up as follows:

	31.12.2023	31.12.2022
	KEUR	KEUR
Outstanding invoices	1.150	1.670
Employee-related obligations	411	458
Annual audit, tax consultancy	85	92
Warranty, customer charges	0	60
Other provisions	5	5
	<hr/>	<hr/>
Total	1.651	2.285

The amount of the **liabilities** reported under item C. of the balance sheet is divided into the following remaining terms to maturity (**RLZ**):

Type of liability (31.12.2023)	Total year	RLZ		thereof > 5 years
		Amount< 1 year>	> 1	
	KEUR	KEUR	KEUR	KEUR
Liabilities to credit institutions	2.000	0	2.000	0
Liabilities from deliveries and services				
Liabilities to affiliated companies	1.486	1.486	0	0
Other liabilities				
	32.827	17.736	15.091	0
	236	235	0	0
	<u>36.549</u>	<u>19.458</u>	<u>17.091</u>	<u>0</u>

Type of liability (31.12.2022)	Total year	RLZ		thereof > 5 years
		Amount< 1 year>	> 1	
	KEUR	KEUR	KEUR	KEUR
Liabilities to credit institutions	2.000	0	2.000	0
Liabilities from deliveries and services				
Liabilities to affiliated companies	699	699	0	0
Other liabilities				
	25.431	5.687	19.744	0
	132	132	0	0
	<u>28.262</u>	<u>6.518</u>	<u>21.744</u>	<u>0</u>

**Liabilities to banks** (EUR 2,000 thousand, previous year EUR 2,000 thousand) are secured by first-ranking land charges.

**Liabilities to affiliated companies** (EUR 32,827 thousand, previous year: EUR 25,431 thousand) include EUR 26,466 thousand (previous year: EUR 21,218 thousand) to MSSL Mideast (FZE), Sharjah Airport International Free Zone, Emirate of Sharjah, United Arab Emirates, and include loan liabilities of EUR 25,442 thousand (previous year: EUR 20,726 thousand) as well as trade payables of EUR 1,014 thousand (previous year: EUR 492 thousand). In addition, there are trade payables to other Group companies (EUR 6,371 thousand, previous year EUR 4,213 thousand). Liabilities to the sole shareholder amounted to EUR 5,523 thousand (previous year: EUR 21,218 thousand).



**D. Notes to the income statement**

**Other operating income** breaks down as follows:

	2023	2022
	KEUR	KEUR
Remuneration in kind	283	281
Currency gains	48	101
Compensation payments	414	0
Merger gains	0	47
Gains on disposal of fixed assets	135	0
Income relating to other periods	87	37
Other	6	1
	<u>973</u>	<u>467</u>

The write-downs on financial assets result in full (EUR 1,468 thousand) from an impairment loss on the investment in MSSL Advanced Polymers s.r.o.

**E. Other information**

**Average number of employees** in the 2021 financial year:

	2023	2022
Employees	77	69
Part-time employees	14	12
Part-time employees	0	0
	91	81

The **Managing Director** with sole power of representation and exemption from the restrictions of Section 181 of the German Civil Code (BGB) in the 2022 financial year was Andreas Heuser, Bad Soden-Salmünster. The managing director did not receive any remuneration from the company in the financial year.

The **total amount of other financial obligations amounted** to EUR 955 thousand as at the balance sheet date. Of this amount, EUR 484 thousand relates to obligations to affiliated companies. These are obligations from rental and leasing expenses, which were essentially also incurred in the current financial year and therefore no additional financial burden results from these obligations.

Non-current receivables and liabilities in foreign currencies amounted to EUR 2,655 thousand as at the balance sheet date from taking out and passing on US dollar loans. The company took out a loan from an affiliated company and passed on the loan amount received to affiliated companies. Receivables in US dollars were included in the **valuation units** as at the balance sheet date.

amounting to USD 2,930 thousand and liabilities amounting to USD 2,930 thousand. The valuation units hedge the risk of currency losses for the period until 31.12.2023 with a partial amount of USD 1,050 thousand and until 31.12.2025 with a partial amount of USD 1,880 thousand, as the loan liabilities and the corresponding loan receivables were concluded with matching maturities. The changes in value and cash flow of the underlying transaction (liability in USD) and the opposing changes in value and cash flow of the hedging transaction offset each other, as the underlying and hedging transactions are exposed to the same risk (here: USD/EUR exchange rate). The hedge is therefore fully effective. As at the reporting date, the risk hedged with the valuation unit formed amounted to EUR 244 thousand because the higher valuation of the loan receivable was offset by an equally higher valuation of the loan liability.

### **Contingent liabilities**

In favor of the subsidiary MSSL Advanced Polymers s.r.o. and guarantees that the parent company will ensure the continuation of the company's activities.

In addition, MSSL GmbH has issued a payment guarantee to Lufthansa Airplus Servicekarten GmbH for the affiliated companies SMRC AUTOMOTIVE MO- DULES FRANCE SASU (maximum amount: EUR 50 thousand) and SMR Automotive Systems France SA (maximum amount: EUR 55 thousand). These contingent liabilities are not expected to be utilized based on the current payment history of the beneficiaries and knowledge up to the date of preparation of these annual financial statements.

### **Proposed appropriation of earnings**

As part of the **appropriation of earnings**, the net loss for the current financial year is to be allocated to the existing loss carryforwards.

**The sole shareholder on the balance sheet date** is Samvardhana Motherson International Limited Noida, India (previous year: MSSL Mideast (FZE), Sharjah Airport International Free Zone, Emirate of Sharjah, United Arab Emirates).

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

The consolidated financial statements are available at the following Internet address: <http://www.motherson.com/annual-reports.html> and at the above address at the company's registered office and also at the following address:

Samvardhana Motherson International Ltd, Plot No. 1, Sector-127, Noida- Greater Noida, Expressway Noida 201301, U.P., India.

Bruchköbel, October 30, 2024

---

Andreas Heuser (Managing  
Director)

**MSSL GmbH, Bruchköbel**  
**Development of fixed assets 2023**

	01.01.2023	Access	Departure	31.12.2023	01.01.2023	Access	Departure	31.12.2023	Carrying amount 12/31/2023 EUR	Carrying amount 12/31/2022 EUR
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR		
I. Intangible assets										
Purchased software	391.493,98	24.592,00	0,00	416.085,98	283.761,98	51.687,00	0,00	335.448,98	80.637,00	107.732,00
II Property, plant and equipment										
1. land and buildings	15.472.099,98	0,00	13.531.000,85	1.941.099,13	3.617.089,57	226.396,00	2.651.413,44	1.192.072,13	749.027,00	11.855.010,41
2. technical equipment and machinery	37.783,00	0,00	0,00	37.783,00	37.780,00	0,00	0,00	37.780,00	3,00	3,00
3. other equipment, operating and office equipment	1.523.605,31	363.600,10	0,00	1.887.205,41	1.315.620,31	189.076,10	0,00	1.504.696,41	382.509,00	207.985,00
4. advance payments and assets under construction	0,00	90.763,43	0,00	90.763,43	0,00	0,00	0,00	0,00	90.763,43	0,00
	17.033.488,29	454.363,53	13.531.000,85	3.956.850,97	4.970.489,88	415.472,10	2.651.413,44	2.734.548,54	1.222.302,43	12.062.998,41
III. financial assets										
Shares in affiliated companies	4.882.487,99	111.000,00	0,00	4.993.487,99	0,00	1.468.302,15	0,00	1.468.302,15	3.525.185,84	4.882.487,99
	22.307.470,26	589.955,53	13.531.000,85	9.366.424,94	5.254.251,86	1.935.461,25	2.651.413,44	4.538.299,67	4.828.125,27	17.053.218,40

# **MSSL GmbH, Bruchköbel**

## **Management report for the 2023 financial year**

### **1. Fundamentals of the company**

#### **a. Business model of the company**

The company is part of the Motherson Group. The Motherson Group is one of the 25 largest providers of complete system solutions for the global automotive industry and serves a variety of other industries such as rail, aerospace, medical, IT and logistics. With over 350 locations in 42 countries, the Group has a diversified portfolio of products and services, including electrical distribution systems, rear-view mirrors, camera systems, front-end modules, cockpits, climate control systems, lighting, commercial vehicle cabs, plastics processing, elastomer processing, plastic injection molds, IT services and development services. The Group currently employs over 190,000 people worldwide and generated sales of around USD 9.6 billion in the 2022-23 financial year.

The company essentially has two business segments.

As one of the Group's 6 Chairman's Offices worldwide, one of its tasks is to support the implementation and realization of the company's goals in Europe. The company focuses exclusively on the Europe and North Africa region. In this function, the company supports Group companies in key areas such as finance, human capital, insurance management, marketing, internal audit, legal advice, taxes as well as in the planning and implementation of construction projects. The company also provides support for acquisition projects in Europe.

The company also trades in elastomer and plastic parts for the automotive industry, which are purchased from sister companies abroad and sold on, primarily to third-party customers.

#### **b. Research and development**

The company does not carry out any research or product development.

## 2. Economic report

### a. General conditions

Due to the prevailing inflation and ongoing political tensions, the International Monetary Fund (IMF) originally assumed a growth rate of just 2.9% for 2023. According to the latest estimates, this assumption was slightly exceeded and the global economy grew by 3.1% compared to 2022. The fact that the original assumptions were exceeded is mainly due to the inflation figures, which are falling faster than expected. On average, global inflation in 2023 was around 6.3%. The decline is due to various reasons. The major central banks have maintained the high key interest rates from 2022, or in some cases raised them even further in order to reduce inflation. One exception here is China, where there was no longer any inflation and the central bank was able to lower the key interest rate in the second half of the year. Other factors that helped to calm inflation include energy costs, which fell over the course of the year, and the development of the labor market. The global situation regarding vacancies has improved due to an increased supply of labor.<sup>1</sup>

Economic output in the eurozone increased by just 0.5% in 2023 compared to the previous year, when economic growth of 3.5% was still achieved. This was largely due to the purchasing power of private households, monetary policy tightening, the partial withdrawal of fiscal policy support and falling foreign demand. The inflation rate remained unusually high at 5.4% in 2023. Although this figure is lower than the inflation rate in 2022, when it was 8.4%, this more than neutralizes the low economic growth. The main reason for the fall in inflation compared to the previous year was lower energy prices. In addition, consumer sentiment and thus economic output was weak in the second half of the year, which put additional pressure on the price of goods and services and thus dampened inflation.<sup>2</sup>

Last year, real gross domestic product in the USA grew by 2.5% compared to the previous year, when only 1.9% growth was achieved. This growth is primarily due to private consumer spending and capital investment, as well as exports. Economic growth in the USA was therefore more than one percent higher than expected.<sup>3</sup> The labor market remained relatively stable throughout the year. After an average unemployment rate of 3.5% in the previous year, the situation deteriorated minimally in 2023 and the year ended with an average

---

<sup>1</sup> [World Economic Outlook Update, January 2024: Moderating Inflation and Steady Growth Open Path to Soft Landing \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2023/01/18/world-economic-outlook-update-january-2024)

<sup>2</sup> [Winter forecast 2024 \(europa.eu\)](https://www.europa.eu/economy_finance/winter-forecast-2024)

<sup>3</sup> [Gross Domestic Product, Fourth Quarter and Year 2023 \(Second Estimate\) | U.S. Bureau of Economic Analysis \(BEA\)](https://www.bea.gov/newsroom/2023/12/14/gdp-report-2023)

Unemployment rate of 3.6 percent.<sup>4</sup> The inflation rate in the US was 3.4% in December. The Fed's target is 2.0%, which is why the key interest rate remains above 5%.<sup>5</sup>

After China fell behind the global average for the first time in 40 years in 2022 with economic growth of 3.0%, a strong increase in economic output was recorded again in 2023 and China once again emerged as the global growth driver. With growth of 5.2%, the world's second-largest economy was well above the global average. The labor market developed slightly positively, with the unemployment rate for 2023 at 5.2%, slightly lower than in the previous year.<sup>6</sup> The average inflation rate for 2023 was just 0.2%. While inflation was still low at the beginning of the year, consumer prices at the end of the year were even below the previous year's level as logistics and food prices fell.<sup>7</sup>

Most of the other regions of the world saw economic growth, albeit at different rates. The IMF estimates growth of 6.7% for India in 2023, while Brazil's economy grew by 3.1% and Mexico's by 3.4%. Russia was able to grow economically again for the first time since the start of the war against Ukraine. Although at a lower level, economic output still grew by 3.0% compared to 2022.<sup>8</sup>

Global car sales increased significantly in 2023. With an increase of almost 10 percent, around 75.6 million units were sold. This was largely due to the fact that the pent-up demand from 2022 caused by the supply chain situation was saturated. The supply chain has still not fully recovered, mainly due to new problems in the Red Sea, which are partially blocking the Suez Canal. However, the situation is now more predictable for car manufacturers and the majority of demand can be met.<sup>9</sup>

The Chinese automotive market grew by 4.5% in 2023, which was lower than the global average. However, this is mainly due to the fact that the shortage of semiconductors in 2022 did not pose a real problem for production and sales in the world's largest car market, meaning that a high sales level was also achieved in 2022. In total, sales amounted to over 22 million units, which means that almost 31% of global sales took place in China. Domestic production grew

---

<sup>4</sup> [Regional and State Unemployment - 2023 Annual Averages \(bls.gov\)](https://www.bls.gov/news.release/regst/2023/regst001.pdf)

<sup>5</sup> [United States Inflation Rate \(tradingeconomics.com\)](https://tradingeconomics.com/united-states/inflation-rate)

<sup>6</sup> [STATISTICAL COMMUNIQUÉ OF THE PEOPLE'S REPUBLIC OF CHINA ON THE 2023 NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT\[1\] \(stats.gov.cn\)](http://www.stats.gov.cn/english/press/2023/02/2023022801.htm)

<sup>7</sup> [China Inflation Rate \(tradingeconomics.com\)](https://tradingeconomics.com/china/inflation-rate)

<sup>8</sup> [World Economic Outlook Update, January 2024: Moderating Inflation and Steady Growth Open Path to Soft Landing \(imf.org\)](https://www.imf.org/en/News/Articles/2024/01/01/24-01-01-wed-2024)

<sup>9</sup> [Global market recovers slowly \(vda.de\)](https://www.vda.de/en/press-releases/2023/12/2023-12-20-01)

2023 will outpace domestic sales by 9.1%, with the number of vehicles exported from China rising steadily.

The US passenger car market recovered significantly after an extremely weak year in 2022. The relaxed semiconductor situation and lower inflation had a positive impact on both supply and demand, which is why sales figures grew by 14.4% to over 12 million vehicles. Domestic production has only grown by 8.5%, which means that imports to the US market have increased in percentage terms.

The European automotive market showed a similar picture of recovery. After relatively few cars were sold in 2022 due to high cost structures, disrupted supply chains and the ongoing war in Ukraine, sales grew by 18.6% in 2023. The growth rates in the Russian, Ukrainian and Turkish markets were particularly striking, amounting to around 60%, albeit at a very low level. A look at the relevant, large markets in Europe reveals a uniform picture, with the exception of Germany. The German market is still the largest in Europe, but was only able to grow by 7.3% in 2023, which is a high rate but well below the average. The French (+16.1%), Italian (+18.9%), Spanish (+16.7%) and UK (+17.9%) markets showed a much stronger recovery and are roughly in line with the European average. The fact that sales, despite these enormous growth rates, are still well below the level before the coronavirus pandemic once again illustrates how significantly the market collapsed as a result of the pandemic. Looking at the drive types of the cars sold, there was a change in the order of the most popular drive types. While petrol vehicles remained in first place ahead of hybrid vehicles, pure electric vehicles pushed diesel into fourth place.

Increased sales were also recorded in the other relevant automotive markets. The Japanese market recorded a strong increase in sales and grew by 15.8% in 2023; here, too, the recovery in the supply chains had an impact and demand was met. Sales in India (+8.5%), Brazil (+9.2%) and South Korea (+5.2%) all showed solid growth. The somewhat slower growth in South Korea is largely explained by the fact that the government allowed a tax relief package to expire in June of this year.<sup>10</sup>

---

<sup>10</sup> [Economic and Market Report-Full year 2023.pdf \(acea.auto\)](#)



## b. Business performance and position of the company

Sales in the trading business fell significantly in the reporting period by EUR 6,189 thousand to EUR 28,166 thousand (previous year: EUR 21,977 thousand). The planned turnover of EUR 30,723 thousand could not be achieved. The cost of materials ratio amounted to 96% (previous year: 93%). Other expenses fell compared to the previous year and amounted to EUR 824 thousand (previous year: EUR 1,325 thousand). Earnings before taxes amounted to EUR 144 thousand (previous year: EUR 127 thousand) and were therefore only slightly below the forecast result of EUR 166 thousand.

The Chairman's Office activities generated revenue of EUR 17,676 thousand in the reporting period (previous year: EUR 15,208 thousand). The revenue of EUR 15,704 thousand forecast for 2023 in the previous year was therefore exceeded by EUR 1,972 thousand. The net loss for the year amounted to EUR 1,913 thousand (previous year: EUR -155 thousand) and earnings before taxes amounted to EUR -1,903 thousand (previous year: EUR -123 thousand). The company fell short of the planned earnings target of EUR 141 thousand.

Overall, the management is satisfied with the course of business in 2023. The net loss for the year is mainly due to the write-down of financial assets.

The company held the following investments as at the balance sheet date:

- Motherson Air Travel Agency GmbH, Bruchköbel 100 % owned
- MSSL Advanced Polymers s.r.o., Dolní Ředice, Czech Republic 100% owned
- MOTHERSON TECHNO PRECISION MEXICO S.A. de C. V., San Luis Potosí, Mexico 100%
- MSSL Germany Real Estate B.V. & Co KG, Bruchköbel, limited partner's interest of 89%
- SMPD Real Estates BV & Co. KG, Bruchköbel, limited partner's interest of 11%
- SMP Automotive ExReal EstateBV & Co. KG, Bruchköbel, limited partner's interest of 11%

### Earnings situation

The company reported a **net loss of** EUR 1,768 thousand in the 2023 financial year (previous year: EUR -28 thousand). **Revenue** amounted to EUR 45,842 thousand (previous year: EUR 37,186 thousand).

**Other operating income** totaled EUR 973 thousand (previous year: EUR 468 thousand).

Due to the targets formulated in the 5-year plan and the associated increased demands on the company to support the Group, the company is creating jobs in Europe and has a need for highly qualified employees. As a result, **personnel expenses** increased by EUR 1,302 thousand and totaled EUR 8,092 thousand (previous year: EUR 6,790 thousand).

The **cost of materials** increased disproportionately to sales due to higher purchase prices.

Due to the sale of the property in Bruchköbel to MSSL Germany Real Estate B.V. & Co. KG in February 2023, **depreciation and amortization** decreased year-on-year to EUR 467 thousand (previous year: EUR 732 thousand).

**Other operating expenses** increased by EUR 643 thousand year-on-year to EUR 6,795 thousand (previous year: EUR 6,152 thousand) due to higher prices.

The **financial result** amounted to EUR 1,468 thousand (previous year: EUR 0) as at the reporting date due to write-downs on financial assets. EUR -1,462 thousand (previous year: EUR -107 thousand).

### **Financial position**

**Equity** amounted to EUR 10,336 thousand on the reporting date (previous year: EUR 12,105 thousand). The equity ratio fell by 7.0 percentage points to 21.2% (previous year: 28.2%) due to the net loss for the year and the increase in liabilities to affiliated companies, which had the effect of lengthening the balance sheet.

**Provisions** fell by EUR 791 thousand compared to the previous year to EUR 1,705 thousand (previous year: EUR 2,496 thousand).

The company generated a negative **cash flow in** the reporting period from operating activities in the amount of kEUR -354 (previous year: EUR -721 THOUSAND). Mainly due to the granting of new loans to affiliated companies, cash flow from investing activities amounted to EUR -4,602 thousand in the reporting period (previous year: EUR +955 thousand). The cash inflow from financing activities amounted to EUR +4,731 thousand (previous year: EUR -27 thousand).

The change results from the granting of borrowed capital, mainly from an affiliated company. The company

was able to meet its payment obligations at all times.

## Financial position

**Total assets** increased by EUR 5,728 thousand compared to the previous year and therefore amounted to EUR 48,677 thousand (previous year: EUR 42,949 thousand).

**Fixed assets** amounted to EUR 4,828 thousand as at the reporting date (previous year: EUR 17,053 thousand). The reduction is due to the sale of the property to MSSL Germany Real Estate B.V. & Co. KG and the write-down on financial assets. **Fixed assets** are 214% covered by equity (previous year: 71%) and account for 10% (previous year: 40%) of total assets.

**Current assets** amounted to EUR 43,420 thousand (previous year: EUR 25,636 thousand) and thus increased by EUR 17,784 thousand. The increase is mainly due to the increase in **receivables from affiliated companies** by EUR 16,027 thousand to EUR 33,443 thousand (previous year: EUR 17,416 thousand). In addition, **inventories** increased to EUR 3,038 thousand (previous year: EUR 2,921 thousand) and **trade receivables** rose by EUR 1,099 thousand to a total of EUR 3,623 thousand (previous year: EUR 2,524 thousand). **Other assets** amounted to EUR 2,450 thousand as at the reporting date (previous year: EUR 1,685 thousand). **Bank balances** amounted to EUR 865 thousand as at the reporting date (previous year: EUR 1,090 thousand).

**Prepaid expenses and deferred charges** increased to EUR 429 thousand (previous year: EUR 259 thousand).

## Financial and non-financial performance indicators

The key performance indicators applicable throughout the Motherison Group are used for the company. The main management tool is the monthly management reporting. The key performance indicators are sales, EBIT (earnings before interest and taxes), EBT and cash profit. Cash profit is calculated by adding depreciation and amortization to earnings after taxes. Another important indicator of profitability is ROCE (return on capital employed), which puts the operating result or EBIT in relation to the capital employed.

Our employees are a non-financial performance indicator that is not used to manage the company, but is of great importance for its continued successful development. The Motherson Group's vision and the goals formulated in the current 5-year plan up to 2025 can only be achieved if the company can retain competent and committed employees as an attractive and responsible employer. Compliance with ethical standards and principles also plays an important role within the corporate culture.

The performance indicators apply to the individual divisions.

### **3. Forecast, opportunity and risk report**

#### Forecast for the economy, business cycle and automotive market

In its latest publication, the International Monetary Fund (IMF) expects the global economy to grow by another 3.1% in 2024. The reason for the cautious forecast is, for example, the persistently high key interest rates. In addition, governments in many regions of the world have withdrawn subsidies, which is expected to lead to global inflation falling to 5.8% due to high debt levels. Uncertainties continue to arise from political tensions and new problems in global supply chains, particularly as a result of the disputes in the Red Sea. The most important positive influence comes from inflation falling faster than expected, which means that key interest rates can probably also be lowered faster than assumed. When looking at the major economic regions, China stands out with expected growth of 4.6%. A large part of the expected global growth is therefore expected in China. In the western regions, the expected growth is significantly lower. The figure for the eurozone is just 0.9%, while the USA is expected to grow by 2.1%. At 3.2%, the global forecast for 2025 is marginally higher than the assumption for 2024.<sup>11</sup>

The German Association of the Automotive Industry expects global car sales to grow by 2% to 77.4 million units in 2024. This would be a further approach to the pre-crisis level; 78.8 million cars were sold in 2019. Due to the persistently low level of sales in the western markets, the VDA expects slightly higher growth rates than in China, where sales also reached a very high level in the previous year. The VDA expects growth of 4 percent in the EU and 2 percent in the USA, while car sales in China are only expected to grow slightly by 1 percent. In figures, this means that China will secure its position as the world's largest market, with a forecast of 21.8 million cars, while the

---

<sup>11</sup> [World Economic Outlook Update, January 2024: Moderating Inflation and Steady Growth Open Path to Soft Landing \(imf.org\)](https://www.imf.org/en/Publications/WEO/Issues/2024/01/04/moderating-inflation-and-steady-growth-open-path-to-soft-landing)

sales of 15.7 million cars are expected in the USA and 13.3 million cars in Europe. The German market is assessed rather negatively with a decline of 1% to 2.8 million units in 2024. This assumption is driven by an expected decline of 9 percent in electric cars. Domestic production is expected to remain constant at 4.1 million cars, while exports are expected to grow slightly to 3.1 million units.<sup>12</sup>

## Outlook

With regard to the trading business, the company is forecasting earnings before taxes of EUR 224 thousand in 2024 with revenue of EUR 34,614 thousand. The expected cash profit is EUR 243 thousand.

In the Chairman's Office segment, the company is planning earnings before taxes of EUR 171 thousand on budgeted sales of EUR 19,730 thousand. The expected cash profit is EUR 586 thousand.

Due to the existing organizational structure within the Motherson Group, the company is directly economically dependent on the Group companies as an intragroup service provider and the associated cost allocation. The company's opportunities are therefore derived from the development of the Motherson Group companies for which the services are provided. The management therefore continues to expect no significant negative effects from the Ukraine conflict.

The financial instruments held by the company essentially include receivables, liabilities, bank balances and liabilities as well as liabilities to the shareholder.

Liabilities are paid within the agreed payment terms. As a rule, there are no bad debts. The company has an adequate accounts receivable management system in place to minimize default risks.

The company is mainly refinanced via loans from Group companies with fixed interest rates, meaning that there is virtually no interest rate risk.

Liquidity planning is prepared annually as part of budget planning to hedge the liquidity risk. This is updated and adjusted monthly so that a statement can be made at any time about the expected incoming payments and necessary outflows of funds.

---

<sup>12</sup> [VDA annual kick-off press conference 2024 | VDA](#)

The management does not see any risks that could jeopardize the continued existence of the company.

Bruchköbel, October 30, 2024

---

Andreas Heuser



## Order conditions, liability and reservation of use

We, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, have conducted our audit of these financial statements on behalf of the company. In addition to the statutory disclosure function (Section 325 HGB) in the case of statutory audits, the auditor's report is addressed solely to the company and was issued for its internal use, without being intended to serve any further purposes of third parties or as a basis for their decisions. The results of voluntary audits summarized in the auditor's report are therefore not intended to form the basis for decisions by third parties and are not to be used for purposes other than those for which they are intended.

Our work is based on our engagement letter for the audit of the accompanying financial statements including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften" in the version dated January 1, 2017 issued by the Institut der Wirtschaftsprüfer.

For the avoidance of doubt, we do not assume any responsibility, liability or other obligations towards third parties, unless we have concluded a written agreement to the contrary with the third party or such an exclusion of liability would be ineffective.

We expressly point out that we do not update the auditor's report with regard to events or circumstances occurring after it was issued, unless there is a legal obligation to do so.

Whoever takes note of the results of our work summarized in the above auditor's report is responsible for deciding whether and in what form he considers these results to be useful and suitable for his purposes and whether he expands, verifies or updates them through his own investigative activities.

# General terms and conditions

## for Auditors and auditing companies from January 1, 2017

DokID: 29543 TKD75Z0

All rights reserved. It is not permitted to reprint the forms in whole or in part or to reproduce and/or distribute them by photomechanical or electronic means without the permission of the publisher.  
© IDW Verlag GmbH - Tersteegenstraße 14 - 40474 Düsseldorf

### 1. Scope of application

(1) The Engagement Terms apply to contracts between German Public Auditors or audit firms (hereinafter collectively referred to as "German Public Auditors") and their clients for audits, tax advice, advice on business matters and other engagements, unless otherwise expressly agreed in writing or required by law.

(2) Third parties may only derive claims from the contract between the auditor and the client if this is expressly agreed or results from mandatory statutory provisions. With regard to such claims, these engagement terms also apply to these third parties.

### 2. Scope and execution of the order

(1) The object of the contract is the agreed service, not a specific economic outcome. The engagement is carried out in accordance with the principles of proper professional practice. The German Public Auditor does not assume any management in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to use the services of experts to carry out the engagement.

(2) The consideration of foreign law requires - except in the case of business audits - an express written agreement.

(3) If the factual or legal situation changes after the final professional statement has been issued, the German Public Auditor is not obliged to draw the client's attention to the changes or the resulting consequences.

### 3. Obligations of the client to cooperate

(1) The client must ensure that the German Public Auditor is provided in a timely manner with all documents and other information necessary for the performance of the engagement and that he is informed of all events and circumstances that may be of significance for the performance of the engagement. This also applies to documents and other information, processes and circumstances that only become known during the work of the German Public Auditor. The client shall nominate suitable informants to the auditor.

(2) At the auditor's request, the client must confirm the completeness of the documents submitted and the further information as well as the information and explanations provided in a written declaration furnished by the auditor.

### 4. Safeguarding independence

(1) The client must refrain from doing anything that jeopardizes the independence of the Wirtschaftsprüfer's employees. For the duration of the engagement, this applies in particular to offers of employment or the assumption of board functions and to offers to accept engagements for the client's own account.

(2) If the performance of the engagement impairs the independence of the German Public Auditor, his affiliated companies, his network companies or those companies associated with him to which the independence provisions apply in the same way as to the German Public Auditor in other engagements, the German Public Auditor is entitled to extraordinary termination of the engagement.

### 5. Reporting and oral information

Insofar as the German Public Auditor is required to present results in writing in the course of the engagement, this written presentation alone is authoritative. Drafts of written presentations are not binding. Unless otherwise agreed, oral statements and information provided by the German Public Auditor are only binding if they are confirmed in writing. Statements and information provided by the German Public Auditor outside the scope of the engagement are always non-binding.

### 6. Disclosure of a professional statement by the auditor

(1) The disclosure of the auditor's professional statements (work results or excerpts of work results - whether in draft or final form) or information about the auditor's activities is not permitted.

The disclosure of information by the auditor to a third party on behalf of the client requires the auditor's written consent, unless the client is obliged to disclose or provide information on the basis of a law or an official order. Order obligated.

(2) The use of the German Public Auditor's professional statements and information about the German Public Auditor's work for the client for advertising purposes by the client is not permitted.

### 7. Remedy of defects

(1) In the event of any defects, the client is entitled to subsequent performance by the Wirtschaftsprüfer. Only in the event of failure, omission or unjustified refusal, unreasonableness or impossibility of subsequent fulfillment shall the client be entitled to claim subsequent fulfillment.

If the order has not been placed by a consumer, the client may only withdraw from the contract on the grounds of a defect if the goods or services rendered are defective.

Performance is of no interest to him due to failure, omission, unreasonableness or impossibility of subsequent performance. Insofar as claims for damages exist beyond this, No. 9 shall apply.

(2) The claim for rectification of defects must be asserted by the client immediately in text form. Claims according to para. 1, which are not based on an intentional act shall become statute-barred after one year from the start of the statutory limitation period.

(3) Obvious inaccuracies, such as typographical errors, calculation errors and formal deficiencies, which are contained in a professional statement (report, expert opinion and

The auditor may correct inaccuracies contained in the auditor's professional statement at any time, also vis-à-vis third parties. Inaccuracies that are likely to misrepresent information contained in the auditor's professional

The right to question the results entitles the auditor to withdraw the statement, also vis-à-vis third parties. In the aforementioned cases, the engagement partner must be heard by the German Public Auditor in advance if possible.

### 8. Duty of confidentiality towards third parties, data protection

(1) In accordance with the law (Section 323 (1) HGB, § 43 WPO, § 203 StGB) is obliged to disclose facts and circumstances that are or become known to him in the course of his professional activity, unless the client releases him from this duty of confidentiality.

(2) When processing personal data, the auditor will comply with national and European data protection regulations.

### 9. Liability

(1) The applicable statutory limitations of liability, in particular the limitation of liability under Section 323 of the German Commercial Code (HGB), apply to legally prescribed services of the auditor, in particular audits. Para. 2 HGB.

(2) Insofar as neither a statutory limitation of liability applies nor an individual contractual limitation of liability exists, the liability of the auditor for claims for damages of any kind is excluded, with the exception of the liability of the client.

damage resulting from injury to life, limb and health, as well as damage that gives rise to a manufacturer's obligation to pay compensation pursuant to Section 1 of the German Product Liability Act (ProdHaftG), in the event of individual damage caused by negligence. case pursuant to section 54a (1) no. 2 WPO is limited to € 4 million.

(3) The auditor is also entitled to defenses and objections arising from the contractual relationship with the client vis-à-vis third parties.

(4) If several claimants derive claims from the contractual relationship with the auditor based on a negligent breach of duty, the auditor is entitled to assert these claims.

The maximum amount specified in para. 2 applies to the relevant claims of all claimants in total.

50261  
09/2016



(5) A single case of damage within the meaning of para. 2 is also deemed to exist with regard to uniform damage resulting from several breaches of duty. The individual case of damage includes all consequences of a breach of duty irrespective of whether damage occurred in one or several consecutive years. Multiple acts or omissions based on the same or similar source of error are deemed to be a single breach of duty if the matters concerned are legally or economically related to each other. In this case, the auditor can only be held liable up to an amount of € 5 million. The limit of five times the minimum insurance sum does not apply to statutory audits.

(6) A claim for damages shall lapse if no action is brought within six months of the written refusal of compensation and the client has been informed of this consequence. This shall not apply to claims for damages which are attributable to intentional conduct, or in the event of culpable injury to life, limb or health, or in the event of damage which gives rise to a manufacturer's obligation to pay compensation in accordance with Section 1 of the German Product Liability Act (ProdHaftG). The right to a s s e r t the defense of the statute of limitations remains unaffected.

#### 10. Supplementary provisions for audit engagements

(1) If the client subsequently amends the financial statements or management report audited by the auditor and provided with an auditor's report, it may not continue to use this auditor's report.

If the auditor has not issued an audit opinion, a reference to the audit carried out by the auditor in the management report or in another place intended for the public is only permissible with the w r i t t e n consent of the auditor and with the wording approved by the auditor.

(2) If the auditor revokes the audit opinion, the audit opinion may no longer be used. If the client has already used the auditor's report, it must disclose the revocation at the auditor's request.

(3) The client is entitled to five copies of the report. Additional copies will be invoiced separately.

#### 11. Supplementary provisions for assistance in tax matters

(1) The German Public Auditor is entitled, both in the case of advice on individual tax issues and in the case of ongoing advice, to take the facts stated by the client, in particular figures, as correct and complete; this also applies to accounting engagements. However, he must point out to the client any inaccuracies he discovers.

(2) The tax consulting engagement does not include the actions required to meet deadlines, unless the German Public Auditor has expressly accepted the engagement for this purpose. In this case, the c l i e n t must provide the German Public Auditor with all documents essential for meeting deadlines, in particular tax assessment notices, in good time to a l l o w the German Public Auditor a reasonable amount of time to process them.

(3) In the absence of a written agreement to the contrary, ongoing tax advice includes the following activities falling within the term of the contract:

- a) Preparation of annual tax returns for income tax, corporation tax and trade tax as well as wealth tax r e t u r n s , based on the annual financial statements to be submitted by the client and other statements and evidence required for taxation purposes
- b) Review of tax assessments for the taxes mentioned under a)
- c) Negotiations with the tax authorities in connection with the declarations and notices mentioned under a) and b)
- d) Participation in tax audits and evaluation of the results of tax audits with regard to the taxes mentioned under a)
- e) Participation in objection and appeal proceedings with regard to the taxes mentioned under a).

In performing the aforementioned tasks, the auditor takes into account the main published case law and administrative opinions.

(4) If the auditor receives a fixed fee for ongoing tax advice, the activities mentioned under para. 3 letters d) and e) are to be r e m u n e r a t e d separately unless otherwise agreed in writing.

(5) If the auditor is also a tax advisor and the Tax Advisor Remuneration Ordinance is applicable for the assessment of the remuneration, a higher or lower remuneration than the statutory remuneration can be agreed in text form.

(6) The processing of special individual questions of income tax, corporation tax, trade tax, unitary valuation and property tax as well as all questions of value added tax, wage tax, other taxes and duties is carried out on the basis of a special mandate. This also applies to

- a) the processing of one-off tax matters, e.g. in the area of inheritance tax, capital transfer tax, real estate transfer tax,
- b) Participation and representation in proceedings before the courts of f i s c a l and administrative jurisdiction as well as in criminal tax matters,
- c) providing advice and expert opinions in connection with conversions, capital increases and reductions, reorganization, entry and exit of a shareholder, sale of a business, liquidation and the like, and
- d) support in fulfilling reporting and documentation obligations.

(7) Insofar as the preparation of the annual VAT return is also undertaken as an additional activity, this does not include the review of any special accounting requirements or the question of whether all possible VAT benefits have been claimed. No guarantee is given for the complete recording of the d o c u m e n t s for the assertion of the input tax deduction.

#### 12. Electronic communication

Communication between the German Public Auditor and the client may also take place by e-mail. If the client does not wish to communicate by e-mail or has special security requirements, such as the encryption of e-mails, the client shall inform the German Public A u d i t o r accordingly in text form.

#### 13. Remuneration

(1) In addition to his fee claim, the German Public Auditor is entitled to reimbursement of his expenses; VAT is charged additionally. The German Public Auditor may demand reasonable advances on remuneration and reimbursement of expenses and make the delivery of his services dependent on the full satisfaction of his claims. Several clients shall be jointly and severally liable.

(2) If the client is not a consumer, offsetting against the Wirtschaftsprüfer's claims for remuneration and reimbursement of expenses is only permitted with undisputed or legally established claims.

#### 14. Dispute settlements

The auditor is not prepared to participate in dispute resolution proceedings before a consumer arbitration board within the meaning of Section 2 of the German Consumer Dispute Resolution Act (Verbraucherstreitbeilegungsgesetz).

#### 15. Applicable law

Only German law shall apply to the order, its execution and the resulting c l a i m s .