

**CG Drives & Automation Germany GmbH,  
Wernigerode**

Financial Statements and  
Independent Auditor's Report  
as of and for the year ended March 31, 2024



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**A. APPOINTMENT OF AUDITORS**

- 1 The management of the

**CG Drives & Automation Germany GmbH**

- hereinafter referred to as "CG D&A" or the "Company", appointed us to audit the Company's financial statements as of March 31, 2024, together with the underlying books and records.

The audit report was issued in accordance with the principles of the German auditing standard IDW PS 450 (revised).

Management is responsible for the financial statements and representations made to us. The purpose of the audit is, based on our audit procedures, to express an opinion on the financial statements.

We confirm that we are in compliance with all independence requirements in accordance with Article 321(4a) HGB.

The terms governing this engagement are set out in the General Engagements Terms for German Public Auditors and Public Audit Firms (Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version of January 1, 2024, which also govern our relations with third parties in the context of this engagement.

**B. OPINION ON THE ASSESSMENT OF THE SITUATION OF THE COMPANY BY THE MANAGING DIRECTOR**

- 2 Our opinion is based on management's evaluation of the company's situation as presented in the financial statements as of March 31, 2024. Furthermore, to evaluate the company's situation, we reviewed, among other things, the accounting system and the budget. A management report was permissibly not prepared.

Management has prepared the annual financial statements under the premise of continuing the business activities. Management's assessment is based on the budget for the financial year 2024/2025.

- 3 The net profit for the financial year 2023/2024 fell from k€ 1,042.4 in the previous year to k€ 393.0.

Equity in the amount of k€ 3,312.3 decreased slightly compared to the previous year. Due to the lower balance sheet total, the equity ratio rose from 38.7 % to 39.0 %.

The company was solvent in the reporting year and up to the time of the audit. On the balance sheet date, the company had cash and cash equivalents of k€ 2,933.4 (previous year: k€ 2,578.9).

- 4 Our assessment based on the findings of the audit to assess the situation of the company is consistent with that of management.

## **C. PURPOSE, NATURE AND EXTENT OF THE AUDIT**

### **I. PURPOSE OF THE AUDIT**

The subject of the audit is compliance with the provisions of German commercial law governing the annual financial statements, the management report (and the supplementary provisions of the articles of association) and with generally accepted accounting principles.

Assessment criteria for our audit of the financial statements were the accounting provisions of § 242 to 256a and § 264 to § 288 HGB and the special provisions of the GmbHG ("Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act). No additional accounting requirements result from the articles of incorporation and bylaws.

Management of CG Drives & Automation Germany GmbH is responsible for the books and records and the preparation of the financial statements in accordance with German commercial law as well as the explanations and documents provided to us. Our responsibility is to express an opinion on the financial statements based on our audit, including the books and records and the information and evidence provided to us.

### **II. NATURE AND SCOPE OF THE AUDIT**

- 5 The audit procedures were carried out in the period of April 2024.

We conducted our audit of the financial statements and management report in accordance with Article 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW - "Institute of Public Auditors in Germany").

Those standards require that the auditors, while exercising due diligence, plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements are detected with reasonable assurance. Therefore, a full audit is not required.

Our audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

Our audit strategy is based on a risk-oriented audit approach. It requires a preliminary assessment of the business environment and the system of internal controls, information obtained from management regarding significant goals, strategies, and business risks, as well as analytical audit procedures to assess our audit risk.

As a result of our assessment, we identified the audit objectives and areas of focus, developed the audit strategy, as well as the nature and extent of our audit procedures.

Key audit matters are defined in accordance with the risk assessment as part of the audit strategy. As part of our audit planning, we have set the following key audit matters:

- Analysis of the revenue recognition process
- Analysis of the accounting process
- Analysis of the process of preparing the annual financial statements.

We obtained confirmations from the company's tax advisor and lawyers as part of our case-by-case audit.

The starting point for our audit was the prior-year financial statements as at March 31, 2024 audited by us.

We have audited the management report in accordance with IDW Auditing Standard 350 as amended (10.2021) to determine whether it complies with the principles of completeness, accuracy, clarity and transparency. In addition, we have examined whether the presentation of the company's position, including the significant opportunities and risks of future development, is plausible and consistent with our knowledge obtained in the course of the audit. We examined the presentation of the future development for plausibility, consistency and completeness. Among other things, we based our audit on the company's planning calculations.

We draw attention to the fact that the legal representatives are responsible for the accounting, the controls established for this purpose and the disclosures made to us. Our responsibility is to express an opinion on these documents, together with the bookkeeping system and the disclosures made, based on our audit.

All requested clarifications and evidence were provided. A declaration of completeness customary in the profession was submitted to us. The legal representatives of the company have assured us in writing in their declaration of completeness that the information and evidence provided is complete. They have also declared that all business transactions have been recorded and are reflected in the annual financial statements and management report.

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**D. CONCLUSIONS UND EXPLANATIONS RELATING TO FINANCIAL REPORTING****I. CORRECTNESS OF FINANCIAL REPORTING****1. Bookkeeping and other audited records**

- 6 Our audit did not reveal any indications that the security of the accounting-relevant data and IT systems is not given.

According to our findings, the bookkeeping and the other audited documents comply with the statutory provisions. Based on our audit conclusion, all required transactions were recorded in a continuous, complete, and timely manner.

All requested explanations, as well as proof of assets through inventory records of assets and accounts payable (asset schedule, contracts, inventory records, bank statements, list of account balances) and other suitable records were provided.

Records management is organized in an orderly manner.

Data obtained from other audited documents are properly reflected in the books and records and the financial statements.

**2. Financial Statements**

- 7 The company is considered a medium-sized company according to § 267 of the German Commercial Code (HGB). The balance sheet as of March 31, 2024 and the income statements for the financial year ended March 31, 2024 are properly generated from the company's books and records and, as well as the notes to the financial statements and the management report, are in accordance with German generally accepted accounting principles applicable to Limited Liability Companies, while taking into account the principles of generally accepted accounting practices.

To be comfortable with the opening balances of the balance sheet, we agreed these to the audited prior year financial statements.

The approach, the disclosure and the valuation of the line items included in the financial statements, as well as the notes to the financial statements, are consistent with the applicable regulatory requirements.

The notes contain all information and explanations required by law.

**3. Management report**

- 8 The management report complies in all material respects with the legal requirements and the findings of the audit. On the whole, it provides a suitable understanding of the company's position. The material opportunities and risks of future development are appropriately presented. The reporting on the expected development of the company is accurate and complete.

**II. OVERALL FINANCIAL STATEMENT PRESENTATION**

- 9 In our opinion, the financial statements present fairly, in all material respects, the net assets and the financial position of the Company as of March 31, 2023, and the results of its operations, for the year then ended, in accordance with the accounting policies mentioned above and in accordance with accounting principles generally accepted in Germany.

Significant accounting policies used in preparing the financial statements are included in Annex I. They are in line with the significant accounting policies used to prepare the prior year financial statements. Personnel expenses included in the cost of materials in the previous year were reclassified to personnel expenses and other operating expenses.

**E. AUDITOR'S REPORT**

- 10 Based upon our audit procedures, we issued the following unqualified opinion on April 22, 2024.

**INDEPENDENT AUDITOR'S REPORT**

To the CG Drives & Automation Germany GmbH, Wernigerode

**Audit Opinions**

We have audited the annual financial statements of CG Drives & Automation Germany GmbH which comprise the balance sheet as at March 31, 2024, and the statement of profit and loss for the financial year from April 1, 2023 to March 31, 2024, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of CG Drives & Automation Germany GmbH for the financial year from April 1, 2023 to March 31, 2024.

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 March 31, 2024 and of its financial performance for the financial year from April 1, 2023 to March 31, 2024 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 [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

**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 in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management

Report” section of our auditor’s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and management report.

**Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and Management Report**

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

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

Furthermore, 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 Statement and 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 as well as to issue an auditor’s report that includes our audit opinions on the annual financial statements. An additional objective is 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error 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 statement.

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

- identify and assess the risks of material misstatement of the annual financial statement and 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 [audit] opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements, management report and of arrangements and measures (systems) in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an [audit] 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 executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statement and management report, if such disclosures are inadequate, to modify our respective [audit] opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the 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 a separate 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.

Berlin, April 22 2024

DOMUS Steuerberatungs-AG  
Wirtschaftsprüfungsgesellschaft



# **Appendices**

CG Drives & Automation Germany GmbH, Wernigerode

Balance Sheet March 31 2024

Assets	Equity and liabilities	
	31.03.2024	31.03.2023
<b>A. Fixed assets</b> I. Intangible assets 1. Concessions, industrial and similar rights and assets and licenses in such rights and assets  II. Tangible assets 1. Land, land rights and building including buildings on third party land 2. Other equipment, factory and office equipment and machines 3. Prepayments on tangible assets and construction in progress  III. Financial assets 1. Other loans  <b>Sum of assets</b> <b>B. Current assets</b> I. Inventories 1. Raw materials and equipment 2. Work in progress, finished goods and merchandise 3. Prepayments on inventories  II. Receivables and other assets 1. Trade receivables 2. Receivables from affiliated companies 3. Other assets  III. Cash  <b>Sum of current assets</b> <b>C. Prepaid expenses</b>	<b>A. Equity</b> I. Subscribed capital 25.564,59 II. Capital reserve 225.354,89 III. Retained profits 2.668.387,84 IV. Net income for the year 392.987,76 <b>3.312.295,08</b>  <b>B. Accruals</b> 1. Tax accruals 647.533,62 2. Other accruals 860.190,61 <b>1.507.724,23</b>  <b>C. Liabilities</b> 1. Liabilities to banks 0,00 2. Payments received on account of orders 181.995,99 3. Trade payables 584.711,87 4. Payable to affiliated companies 2.568.719,64 5. Other liabilities 339.353,17 (of which EUR 250.479,14 previous year EUR 241.768,67 tax relating) (of which EUR 9.626,11; previous year EUR 1.788,46 are relating to social security)  <b>3.674.780,67</b>  <b>3.964.057,72</b>	<b>A. Equity</b> I. Subscribed capital 25.564,59 II. Capital reserve 225.354,89 III. Retained profits 2.026.039,08 IV. Net income for the year 1.042.348,76 <b>3.319.307,32</b>  <b>B. Accruals</b> 1. Tax accruals 546.386,84 2. Other accruals 741.746,10 <b>1.288.132,94</b>  <b>C. Liabilities</b> 1. Liabilities to banks 0,00 2. Payments received on account of orders 237.326,80 3. Trade payables 789.490,99 4. Payable to affiliated companies 2.426.395,67 5. Other liabilities 510.844,26 (of which EUR 250.479,14 previous year EUR 241.768,67 tax relating) (of which EUR 9.626,11; previous year EUR 1.788,46 are relating to social security)  <b>3.964.057,72</b>
	12.633,94	19.171,26
	<b>12.633,94</b>	<b>19.171,26</b>
	105.199,75	115.852,84
	283.128,57	273.189,37
	29.415,61	8.642,47
	<b>417.743,93</b>	<b>397.684,68</b>
	<b>20.567,52</b>	<b>25.938,02</b>
	<b>450.945,39</b>	<b>442.793,96</b>
	901.549,86	318.333,65
	1.075.337,08	1.304.894,25
	261.349,53	89.200,39
	<b>2.238.236,47</b>	<b>1.712.428,29</b>
	2.369.186,64	3.356.110,55
	151.551,55	249.134,47
	216.828,51	148.108,56
	<b>2.737.566,70</b>	<b>3.753.353,58</b>
	<b>2.933.425,90</b>	<b>2.578.856,32</b>
	<b>7.909.229,07</b>	<b>8.044.638,19</b>
	<b>134.625,52</b>	<b>84.065,83</b>
	<b>8.494.799,98</b>	<b>8.571.497,98</b>

**CG Drives & Automation Germany GmbH, Wernigerode**

**Profit and Loss Account  
from April 1. 2023 until March 31. 2024**

	<b>2023/2024</b>	<b>2022/2023</b>
	<b>€</b>	<b>€</b>
1. Sales	21.189.130,39	21.964.785,93
2. Increase of finished goods inventories and work in process	353.659,04	466.766,33
3. Own work capitalized	3.294,64	4.034,55
<b>4. Overall performance</b>	<b>21.546.084,07</b>	<b>22.435.586,81</b>
3. Other operating income	179.843,38	290.455,13
5. Cost of Materials		
a) Cost of raw materials, consumables and supplies and of purchased merchandise	13.912.084,97	14.438.634,59
b) Cost of purchased service	360.085,20	782.010,17
	<b>14.272.170,17</b>	<b>15.220.644,76</b>
7. Personnel expenses		
a) Wages and salaries	4.183.420,78	3.726.975,19
b) Social security and pensions expenses thereof EUR 13.946,74 ,previous year EUR 9.704,37 pension expenses)	713.658,30	598.661,09
	<b>4.897.079,08</b>	<b>4.325.636,28</b>
8. Depreciations and amortization on intangible fixed assets and tangible assets as well on capitalized start-up and business expansion expenses	119.772,15	108.563,31
9. Other operating expenses	1.830.525,31	1.543.763,03
10. Other interest and similar income	630,10	953,63
11. Interest and similar expenses	0,00	331,80
12. Taxes on income	205.983,20	476.754,32
<b>13 Income after tax</b>	<b>401.027,64</b>	<b>1.051.302,07</b>
14. Other taxes	8.039,88	8.953,31
<b>15. Net income for the year</b>	<b>392.987,76</b>	<b>1.042.348,76</b>

## Management report for the 2023/2024 financial year

CG Drives & Automation Germany GmbH  
Gießergeweg 3, 38855 Wernigerode

### A. Fundamentals of the company

CG Drives & Automation Germany GmbH (CG D&A for short) has been part of the Power & Industrial Solutions Group, an Indian company of the Murugappa Group, since 2011.

The company has been active in Germany since 1997. CG D&A develops and manufactures products for the comprehensive control, monitoring and protection of machines and processes driven by electric motors. The aim of every product development from CG D&A is to significantly increase the efficiency and reliability of process and machine control systems. Product development is based on comprehensive knowledge of power electronics, motor design and control as well as the necessary simulation processes. Added to this are many years of experience with a wide range of applications in electronic drive technology.

With our products, we ensure reliable, cost-effective and user-friendly operation of pumps, fans, compressors, ventilators, cranes, elevators, shredders, grinders and mixers.

Our product range includes frequency inverters, soft starters and load sensors as well as a variety of user-specific drives and power electronics. CG D&A focuses on special applications and offers its customers comprehensive expertise, optimized and tailor-made solutions for cranes, control cabinets, compact drives and drive systems.

CG D&A offers accompanying services such as consulting and engineering, training, technical support, on-site service including commissioning and maintenance for every phase of the product life cycle.

An example of the company's innovative strength:

CG D&A Germany not only provides technical solutions, but actively promotes energy efficiency on a broad level. Environmental protection and energy savings through higher efficiency in existing processes by using proven and verified technology is the declared goal.

CG D&A is established on the market as an innovative company.

The company is divided into the following three segments:

- Distribution of electronic and electrotechnical devices
- Service (maintenance and repair) of electronic and electrotechnical devices and equipment in the field of drive technology
- Projects or project engineering in conjunction with in-house switch cabinet construction for the implementation of customer-specific orders

## A. Economic report

### 1. Macroeconomic and sector-specific framework conditions

#### Macroeconomic framework conditions

The Federal Statistical Office stated that German gross domestic product (GDP) fell by 0.3% (price-adjusted) in 2023. This development is explained by the persistently high prices, which are dampening the economy, rising interest rates and lower demand from Germany and abroad.

#### Sector-specific framework conditions

Turnover in the German electrical and digital industry continued to develop positively in calendar year 2023. It rose by EUR 13 billion to EUR 238 billion (Faktenblatt-Maerz-2024 by ZVEI), while production remained at the same level as in 2022. Incoming orders fell by 1.9% in the calendar year 2023 (domestic +3.0% / foreign -5.9%) (ZVEI-Konjunkturbarometer-Maerz-2024).

In contrast, incoming orders in the electrical and digital industry in January and February 2024 are 10.5% lower than in the same period in 2023. Adjusted for price effects, production is 5.9% lower and sales are 5.1% lower compared to January and February 2023 (ZVEI-Konjunkturbarometer-April-2024). 22% of German electrical companies expect business to expand by August 2024, 22% expect it to decline and 56% expect it to stagnate (ZVEI-Konjunkturbarometer- April-2024).

### 2. Business performance

The 2023/2024 financial year saw a slight stagnation in sales and incoming orders across all divisions in line with the industry trend. Incoming orders decreased by 1.8% (EUR 411 thousand) compared to 2022/2023, while revenue fell by 3.5% (EUR 775 thousand).

We expect very positive development for the 2024/2025 financial year. We are planning a 20% increase in sales for CG D&A. Thanks to our three business areas of sales, service and our project department, we are broadly positioned and can therefore counteract a weakening economy well. We have a large base of long-standing regular customers that we can satisfy with our diverse, customized products and services. We are also constantly expanding our customer base with new customers.

In spring 2024, we will be launching more powerful new products. Since 2021, we have been increasingly marketing ourselves and our products in the green energy sector. Over the past two years, we have been able to establish very good partnerships with providers of wind energy and electrolyzers for hydrogen, for example. We expect this to result in strong growth in the new financial year. Another building block for our growth is our hybrid drive systems, which we are successfully marketing in the marine sector.

Although the market trend in our core area of sales remains stable, we are feeling the effects of the current business climate and the resulting cautious or wait-and-see approach of companies (reduction in inventories, investment backlog in the energy sector (power plants, etc.), restructuring, etc.). The Russia embargo, the war in Ukraine, the automotive industry's switch to electric drives and stagnation in the construction industry are also having an impact on our development. Incoming orders from key customers in the Sales division fell by 22.0% (EUR 3,409 thousand) compared to the previous year. We expect business to recover by the fall of 2024. Communication with our customers paints a very positive picture. Our largest customer has successfully developed new markets, other customers have completed the portfolio reduction and restructuring in the organizations has been completed.

The Service and Projects divisions developed very positively. We recorded an increase in incoming orders of 29.9% (EUR 489 thousand) in the service area and 41.6% (EUR 2,509 thousand) in the project area.

The positive development in service will be strengthened by the additional location in Neuffen. The location in southern Germany significantly improves our position in this segment.

Our project engineering in conjunction with our switch cabinet production contributes to the strong increase in sales through its high-quality work, know-how and expertise. In the meantime, we have made a name for ourselves as a reliable supplier of customer-specific solutions in switch cabinet construction. A high number of long-standing regular customers and various new customers in the project business lead to a constantly growing order volume. In the 2023/2024 financial year, we were able to implement major orders relating to wind turbines, hydrogen plants, fuel cell applications, hybrid drives for boats /ships, etc. We are currently developing new projects in the field of gas storage, which should generate a large proportion of our sales growth.

The long-term forecast for CG D&A is positive. This is supported by the forecast that the business climate will recover.

### 3. Personnel and social area

On average, the company had 58 employees in the financial year (previous year: 52) and 9 temporary employees (previous year: 7).

As at the reporting date of March 31, 2024, the company had 61 (previous year: 54) salaried employees and 11 (previous year: 8) temporary employees. Nine of the ten additional employees were hired in the area of switch cabinet construction and service.

### 4. Other important events of the financial year

On October 23, 2023, CG International B. V., based in Bladel, Netherlands, sold its shares in CG Drives & Automation Germany GmbH in the amount of DM 50,000.00 to CG Drives & Automation Sweden AB, based in Helsingborg, Sweden.

On April 1, 2023, we opened the Service Center South in Neuffen. This additional CG D&A location serves as a second service center for repairs and maintenance. The aim is to bridge the geographical distance to our customers in southern Germany.

### 5. Situation

#### 5.1 Earnings situation

Turnover fell by 3.5% (EUR 775 thousand) in the 2023/2024 financial year. In terms of the segments, there was only a decline in sales in the sales area. This amounted to 8.7% (EUR 1,274 thousand). The service area recorded an increase of 30.8% (EUR 464 thousand) and the project area an increase of 1% (EUR 35 thousand).

The breakdown of sales by segment is as follows: Sales 62.9% (previous year 66.5%), Service 9.3% (previous year 6.9%) and Projects 27.8% (previous year 26.6%).

The cost of materials fell in line with sales by 5.6% (EUR 826 thousand).

Personnel costs increased by 13.2% (EUR 571 thousand). This is due to the additional employees, salary increases and additional benefits as part of employee satisfaction.

Depreciation and amortization increased by 10.3% (EUR 11 thousand) due to investments.

The increase in other operating expenses by 18.6% (EUR 287 thousand) can be explained as follows: increased rents and ancillary costs for the location in Wernigerode and additional rental expenses for the new location in Neuffen, additional costs for trade fairs that were not used in previous years due to the Covid 19 pandemic, higher costs for cars (additional cars, higher insurance, higher maintenance costs, etc.), higher freight costs, higher travel costs, etc.).

Taxes on income and earnings developed in line with the net profit for the year and fell by 56.8% (EUR 271 thousand).

## 5.2 Financial situation

### Equity structure

Our equity structure is stable and comprises 39.0% equity (previous year: 38.7%) and 61.0% debt (previous year: 61.3%). Borrowed equity is made up of trade payables, other liabilities and provisions. There are no loan liabilities to banks or within the Group.

### Investments

EUR 146 thousand (previous year: EUR 137 thousand) was invested in fixed assets in the financial year. EUR 21 thousand was invested in the Service Center South, EUR 23 thousand in the replacement of leased assets, EUR 6 thousand in a time recording system, EUR 10 thousand in the reorganization of the warehouse, EUR 25 thousand in the expansion and modernization of the recreation rooms and offices and EUR 17 thousand in the expansion of our solar power system.

As at March 31, 2024, 30 cars, 1 forklift truck, 6 job bikes and 13 other items of operating and office equipment and machinery were financed through leases. The resulting liabilities not recognized in the balance sheet amounted to EUR 452 thousand as at the reporting date.

### Liquidity

Our bank balances increased by EUR 354 thousand to EUR 2,932 thousand in the 2023/2024 financial year (previous year: EUR 2,578 thousand).

97% (EUR 5,030 thousand) of borrowed capital is current. Of this amount, EUR 1,865 thousand is owed to the holding company and EUR 704 thousand to other members of the Group. This is offset by current receivables and other assets amounting to EUR 2,738 thousand and bank balances of EUR 2,932 thousand.

Our liquidity management is geared towards always settling liabilities within the discount payment period and collecting receivables within the payment terms.

## 5.3 Asset situation

The asset situation remains good. The equity ratio is 39.0%. Equity has decreased by EUR 7 thousand. This development is the result of a distribution to the holding company of EUR 400 thousand for the 2022/2023 financial year and the result for the current financial year of EUR 393 thousand.

## B. Forecast report

We expect sales to rise sharply in the 2024/2025 financial year, with costs also increasing.

## C. Opportunity & risk report

### 1. Risk report

The main risks we face are as follows:

- A slowdown in the economy and the associated fall in demand and sales:
  - Thanks to our diverse range of goods and services, we are generally very well positioned to be relatively well protected from economic downturns. Nevertheless, we are monitoring developments and responding with various measures to increase our sales. Examples include: increased sales activities, trade fair appearances to attract new customers, product innovations, etc.
- Increased cost of materials on the procurement market, high logistics costs and persistently long delivery times and supply bottlenecks for critical materials; this also results in a decline in demand or falling profits and problems meeting delivery deadlines:
  - In principle, we try to bundle our purchasing and negotiation capacities with our parent company in order to achieve greater synergy effects in terms of purchasing prices and order prioritization.
  - Furthermore, we purchase a large proportion of our sales products via our parent company in Sweden and our sister company in India (both production sites) in order to be able to deliver reliably and cost-effectively.
  - We are in constant negotiations with our suppliers and customers regarding delivery conditions.
  - And we monitor the market to develop alternative suppliers.
- Shortage of skilled workers and, as a result, difficulties in filling vacancies:
  - We work with national and international partners who support us in the short-term (temporary employment) and long-term (permanent employment) of employees.
- Liquidity risks:
  - No risks are currently seen here due to the bank balance, current receivables and trade credit insurance.

### 2. Opportunities report

Our opportunities lie in generating additional market share by expanding our sales territories and cooperating with customers. We are also focusing on marketing our new products, which will increase our competitiveness. We use our expertise and customer-specific offers to retain customers in the long term and acquire new customers.

### 3. Overall statement

The main risks are a possible stagnation of the economy, the price development of suppliers and, in some cases, their inability to deliver.

However, this is offset by our ability to win customers and develop new areas of application for our products and services.

Our customers are solvent and bad debt losses are a low risk, as we check our customers' liquidity, work with advance payment where necessary and take out trade credit insurance. At the end of the financial year, 86.5% of our trade receivables were not due and the remaining 13.5% were between one and thirty days overdue.

There are currently no identifiable risks that could jeopardize the continued existence of the company.

#### D. Significant events after the end of the financial year

In April 2024, Mr. Ramesh Kumar Narasinghbhan will be appointed as an additional Managing Director. Accordingly, the Management Board consists of the following members with immediate effect:

- Mr. Ramesh Kumar Narasinghbhan
- Mr. Dipl. Ing. Rainer Gessing
- Mr. Claes Bjareholt
- Mr. Kapil Agrawal

Furthermore, the duties of the managing directors are defined as follows:

- Mr. Narasinghbhan: Chairman of the Management Board and overall coordination
- Mr. Rainer Gessing: Operational management of the company's business operations, in particular in the areas of sales, internal sales, service and human resources, as well as Deputy Chairman of the Management Board
- Mr. Agrawal: Head of Finance
- Mr. Bjareholt: Head of Strategic Planning and Marketing

Wernigerode, 11.04.2024

Managing Directors: Rainer Gessing, Claes Bjareholt, Kapil Agrawal



## **Regulatory Matters**

**Company:** CG Drives & Automation Germany GmbH

**Registered Office:** Wernigerode

**Company Foundation:** 2011

**Entry in the commercial register:** Local court Stendal HRB 111447

### **Articles of Incorporation:**

The articles of incorporation and bylaws dated September 30, 2011, and last amended on October 9, 2014, apply.

### **Objective of the Company:**

The objective of the Company is the manufacture, sale, maintenance and repair of electronic devices and facilities in the area of drive technology as well as conducting any business that is closely or otherwise related.

### **Fiscal Year:**

The Company's fiscal year begins on April 1 of a given year and ends on March 31 of the following year.

### **Shareholders:**

CG International BV, Amsterdam, Netherlands, is the sole shareholder of CG Drives & Automation Germany GmbH.

### **Executive bodies of the Company:**

Management and Shareholders

**Management:**

Herr Rainer Gessing, Wernigerode (Germany)

Herr Claes Bjärholt, Schweden

Herr Kapil Agrarwal, Sweden

If only one general manager is appointed, he represents the Company alone. If more than one general manager is appointed, the Company is either represented by two general managers or by one general manager together with an authorized signatory.

Mr. Rainer Gessing holds sole power of representation.

**Shareholder Meetings:**

The following resolutions were adopted at the shareholder meeting:

- Approval of the financial statements as of March 31, 2023
- Exoneration of management for the fiscal year from April 1, 2022 to March 31, 2023
- Decision to carry forward the net profit for the year in the amount of € 1.042.348,76 to new account
- The appointment of DOMUS AG as company auditors for the 2023/2024 financial year

**Taxation Matters**

The Company is subject to unlimited tax liability for corporate income tax, trade tax and VAT.

The assessment was conducted up to and including the 2022 (calendar year) assessment period and is subject to verification.

# General Engagement Terms

for

## Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2024

### 1. Scope of application

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

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. A German Public Auditor is also entitled to invoke objections (Einwendungen) and defences (Einreden) arising from the contractual relationship with the engaging party to third parties.

### 2. Scope and execution of the engagement

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

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

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

### 3. The obligations of the engaging party to cooperate

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

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information submitted as well as the explanations and statements provided in statement as drafted by the German Public Auditor or in a legally accepted written form (gesetzliche Schriftform) or any other form determined by the German Public Auditor.

### 4. Ensuring independence

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

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

### 5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in a legally accepted written form (gesetzliche Schriftform) or in writing (Textform) as part of the work in executing the engagement, only that

presentation is authoritative. Draft of such presentations are non-binding. Except as otherwise provided for by law or contractually agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing (Textform). Statements and information of the German Public Auditor outside of the engagement are always non-binding.

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

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

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

### 7. Deficiency rectification

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

(2) The engaging party must assert a claim for subsequent performance (Nacherfüllung) in writing (Textform) without delay. Claims for subsequent performance pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

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

### 8. Confidentiality towards third parties, and data protection

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

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

### 9. Liability

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

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, claims for damages due to negligence arising out of the contractual relationship between the

engaging party and the German Public Auditor, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: Produkthaftungsgesetz], are limited to € 4 million pursuant to § 54 a Abs. 1 Number 2 WPO. This applies equally to claims against the German Public Auditor made by third parties arising from, or in connection with, the contractual relationship.

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

(4) The maximum amount under paragraph 2 relates to an individual case of damages. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million.

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

(6) § 323 HGB remains unaffected by the rules in paragraphs 2 to 5.

### 10. Supplementary provisions for audit engagements

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

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

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

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

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

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

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

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

- a) preparation and electronic transmission of annual tax returns, including financial statements for tax purposes in electronic format, for income tax, corporate tax and business tax, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

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

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

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

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

- a) work on non-recurring tax matters, e.g. in the field of estate tax and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

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

### 12. Electronic communication

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

### 13. Remuneration

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

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

### 14. Dispute Settlement

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

### 15. Applicable law

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