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Eisenwerk Erla GmbH, Schwarzenberg, Erzgebirge

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Annual accounts and management report for the financial year from 1 April 2025 to 31 March 2026, together with the auditor's report from the independent auditor

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Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb.

Management Report for the financial year from 1 April 2025 to 31 March 2026

A. Basis of the company's

1. The company's business model,

The company operates in the field of the production and machining of iron castings and develops its own production processes, methods and tools for the manufacture of castings and mechanical machining.

A wide variety of series-produced products are manufactured for around 100 customers both at home and abroad. At present, automotive customers in the car and truck sectors remain among the largest clients and dominate the range of production. In particular, with regard to castings for the entire powertrain, the company plays a key role in the European supply industry and impresses its diverse customer base with high quality, strong development capabilities and reliability. The targeted transformation towards other sectors, initiated several years ago, is becoming increasingly evident. The company is increasingly serving customers in the fields of agriculture, construction machinery, marine engines, electrical infrastructure and mechanical engineering.

The company is distinguished by its ability to manufacture highly complex and intricate components. In the field of high-temperature-resistant and wear-resistant materials, the company succeeded last year in convincing customers of the advantages of a German production site for small and medium-sized production runs. In the case of ductile iron alloys, it was possible to attract new customers and inspire them with the site's manufacturing capabilities.

At its Erla site, the company plans to establish a further business division for the manufacture of components for aerospace applications, alongside its existing product range. Here, it benefits from the unique market position of its shareholder, the Dynamatic Technologies Group in India.

2. Objectives and strategies

Eisenwerk Erla GmbH, based in Schwarzenberg in the Ore Mountains, has taken the next and most important step by establishing an in-house automated mechanical machining facility for castings. With the scheduled phase-out of these production runs from the initial investment made several years ago, the product portfolio in mechanical machining is being broadened and the machinery fleet diversified. Significant investments were made in 2025 to this end.

Together with automation and process optimisations in the production area, the company is rising to the new challenges in the market. Customers have responded positively to this new development and expect further initiatives to expand this expertise, so that ready-to-install products can be supplied from a single source. This will enable cost savings and the strengthening of the company's market position and competitiveness.

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The transition or transformation phase is not yet complete for Eisenwerk Erla GmbH. In light of current market conditions, the company is exploring entry into the defence sector in order to benefit from the order prospects over the coming years and to diversify its business portfolio.

B. Economic Report

For the reports on the state of the global economy, Europe and Germany, we draw on data from Eurostat, IfW Kiel, ifo Munich, DIW, DIHK, the Federal Statistical Office (Stat. BA), the Federal Ministry for Economic Affairs and Energy (BMWE), DB Research and the Joint Economic Forecast, as well as the statements of the German Council of Economic Experts. The sector reports are also based on the assessments of the respective industry associations – VDA, VDMA, HDB, WV-Stahl, World Steel, the Federal Statistical Office and, of course, the BDG.

1. Macroeconomic and sector-specific conditions

Global production lost only slightly in momentum last year, despite the strain of trade conflicts and the resulting increased uncertainty. Global trade actually rose sharply. The boom in AI technology provided impetus for trade and investment. At the same time, fiscal policy provided broadly expansionary impetus, not least because defence spending is being significantly increased in many countries in light of the changed geopolitical landscape. However, the dampening effects of US tariff policy are likely to become more apparent only gradually, particularly as it is becoming clear that US tariffs will remain high in the long term. Against this backdrop, a further slight slowdown in global economic expansion is expected.

Whilst output in the industrialised economies was still expanding slightly at the end of 2025, it slowed somewhat in the emerging economies. For the turn of the year 2025/26, leading indicators point to a slight slowdown in the pace of global economic expansion: SCP Global's Purchasing Managers' Index (PMI) for the global economy fell again in December, from 52.7 to 52.0 points. It thus remains above the growth threshold of 50 points and indicates positive, albeit somewhat slowing, momentum compared with the previous month. Sentiment deteriorated slightly in both the services sector and industry. According to preliminary figures, global GDP is estimated to have risen by 3.2 per cent in 2025, whilst growth of 3.1 per cent is forecast for 2026.

The euro area economy stabilised noticeably in 2025. Seasonally adjusted gross domestic product rose by around 1.4 per cent for the year as a whole, and by 1.5 per cent in the European Union. Growth was driven primarily by private consumption, which recovered thanks to falling inflation and rising real incomes.

Industrial production in the euro area rose by around 1.5 per cent on average over the year, but lost momentum towards the end of the year. Structural headwinds – in particular high energy prices by international standards, increasing competitive pressure from Asia and uncertainties in global trade – continue to limit industrial growth potential.

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Within Europe, the picture is mixed: whilst southern and eastern European economies benefited from infrastructure programmes and a more robust domestic economy, growth in the major industrialised nations remains subdued. The labour market remains stable overall, although the first signs of a slowdown are emerging.

Inflation stood at around 2.2% in 2025, close to the European Central Bank's target, and is expected to remain in the region of 2% in 2026 as well.

The German economy stabilised in 2025 following two weak previous years, without, however, gaining any noticeable upward momentum. Price-, seasonally- and calendar-adjusted gross domestic product rose by 0.2 per cent.

Growth was driven primarily by private and public consumption. Investment activity, by contrast, remained subdued. In the manufacturing sector in particular, persistent uncertainties regarding the future economic policy framework and weak export demand prevented a sustained recovery.

Foreign trade remains under structural pressure. Export prospects are being hampered by geopolitical tensions, increased protectionism and weaker demand in key export markets. The persistently high US tariffs and increasing competitive pressure from China are further exacerbating the situation.

At 2.2 per cent, the inflation rate in 2025 was close to the target. The labour market remained robust overall, although industrial employment declined.

German vehicle manufacturing saw subdued growth overall in 2025, but showed some signs of stabilisation towards the end of the year. According to the VDA, domestic passenger car production in 2025 stood at 4.15 million units, 2 per cent higher than the previous year; at the same time, it remained well below pre-crisis levels (production in 2025 was around 11 per cent lower than in 2019).

The structural shift towards electromobility continued to have a significant impact on the production structure. For 2025 as a whole, the VDA reports 1.67 million electric passenger cars produced (+23 per cent compared with 2024); four out of ten passenger cars manufactured in Germany (around 40 per cent) were electrically powered.

For casting-related applications, the situation remains mixed: whilst unit production, which remains stable at a low overall level, supports basic capacity utilisation, at the same time the ongoing electrification is shifting value creation and, in the long term, dampening demand for casting-intensive components in conventional powertrains. At the same time, foreign trade remains characterised by uncertainty: the VDA estimates passenger car exports in 2025 at 3.17 million units (nearly the same as the previous year), though still significantly below pre-crisis levels.

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Iron and steel foundries recorded a 2.9 per cent decline in production to 2.494 million tonnes in 2025. Non-ferrous metal foundries recorded a 4.8 per cent decline in 2025, with a tonnage of 0.763 million tonnes.

In 2025, the foundry industry generated turnover of around €6.3 billion in the ferrous metal sector and €5.1 billion in the non-ferrous metal casting sector. Overall, foundries recorded a 6.8 per cent decline in turnover.

Iron and steel foundries produced a total of approximately 2,494,000 tonnes in 2025. This represented a 2.9 per cent fall in production compared with the same period the previous year. This decline can be attributed to lower production for the automotive sector (-3.0 per cent) and higher production for the mechanical engineering sector (+4.0 per cent). Production of other cast components was also below the 2024 level (-12.9%). It should be noted that reporting ambiguities between mechanical engineering and 'other cast components' are highly likely.

Order intake at iron foundries producing lamellar graphite cast iron stood at approximately 1,384,000 tonnes in 2025, around 4.1 per cent below the figure for the same period the previous year. Manufacturers of ductile iron components recorded orders totalling 738,000 tonnes, which was 3.9 per cent above the previous year's level. For steel foundries, order intake of around 112,000 tonnes was 4.3 per cent higher than in the same period of the previous year. Orders from the road vehicle manufacturing sector, at around 1,306,000 tonnes, were 2.3 per cent below the previous year's figure. Demand from the mechanical engineering sector reached 577,000 tonnes, a volume 9.0 per cent higher than in the previous year. Orders for 'other cast iron and steel components' fell by 351,000 tonnes, or 10.9 per cent.

In 2025, exports totalled around 1,098,000 tonnes. Exports were thus 2.7 per cent lower than in the same period of the previous year. Exports to the vehicle manufacturing sector fell by 2.3 per cent to 697,000 tonnes. Exports to the foreign mechanical engineering sector were 6.5 per cent higher year-on-year at around 245,000 tonnes. Exports of other cast components reached a volume of 156,000 tonnes over the same period, a decrease of 15.4 per cent. The order backlog stood at 1,045,000 tonnes at the end of December.

Non-ferrous metal foundries produced a total of 763,000 tonnes in 2025. This represents a 4.8 per cent decrease on the previous year's level. Production in aluminium foundries fell by 3.9 per cent to 596,000 tonnes. During the same period, the casting of magnesium alloys, at 7,050 tonnes, was 13.5 per cent below the previous year's level. The production of components made from copper and copper alloys, at around
70,200 tonnes. The casting of components made from zinc alloys fell by 33.7 per cent to approximately 15,700 tonnes compared with the previous year.

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In 2025, order intake at non-ferrous metal foundries was 2.4 per cent below the previous year's level. Orders at aluminium foundries fell by 643,000 tonnes (a 2.6 per cent decrease compared with the previous year). Magnesium foundries reported an order volume of 7,100 tonnes, representing a 7.9% decline in orders. Foundries processing copper alloys recorded an increase in orders of 7.2%, totalling around 69,000 tonnes. Orders at zinc foundries totalled around 15,500 tonnes, down by 25.6 per cent compared with the same period last year. The reported export volume in 2025, at 82,800 tonnes, was around 14.3 per cent below the previous year's level. At the end of Dec , the order backlog for 2025 stood at around 165,700 tonnes on a calculated basis. The order backlog thus rose by 5.1 per cent year-on-year.[1]

2. Business Performance

The most significant financial performance indicators for the management of the company are revenue, EBITDA and profit after tax. Turnover for the period from April 2025 to March 2026, amounting to TEUR 35,038, was TEUR 1,084 or 3.0% below the previous year's figure and TEUR 11,762 or 25.1% below the original forecast, but in line with our current and revised expectations. The changed geopolitical conditions, as well as the still unclear details of the implementation of the announced defence budgets in Germany and the EU, delayed the company's planned entry into the defence sector and led to adjustments to the plan during the year, as the timing and scope of the resulting orders and revenue could only be estimated to a limited extent. Operating profit (EBITDA), excluding one-off items, amounted to TEUR 785 and, for the financial year from
1 April 2025 to 31 March 2026, it was TEUR 7 below the previous year's figure and in line with the adjusted plans.

During the financial year, all key material prices exhibited normal volatility. Energy prices also trended slightly downwards, without, however, returning to the levels seen prior to the crisis. With the onset of the US-Israel-Iran conflict, price fluctuations for energy and certain materials rose sharply. The market for high-temperature-resistant materials for the turbocharger industry and the automotive sector (Car) in general, accounting for around 24 per cent of turnover, remained at a declining yet planned level relative to the trend in total turnover (previous year: 31 per cent). In the sectors of automotive trucks, agricultural machinery, marine engines, electrical infrastructure, construction machinery and mechanical engineering, both nominal and relative growth was achieved, thereby gradually advancing the company's strategic realignment towards a broader sales base.

Cumulative order intake for the financial year from April 2025 to March 2026, amounting to TEUR 33,008, is TEUR 381 below the previous year's figures and also below the planned figures. The order book as at 31 March 2026, amounting to TEUR 22,457, is TEUR 2,030 below the previous year's figure. The reductions are primarily attributable to declining revenue shares in the high-alloy and thus price-sensitive product segment. Business performance was rather subdued and at a low level towards the end of the financial year.

[1] Annual Economic Report 2025, Federal Ministry for Economic Affairs and Climate Protection; DESTATIS, BDG Activity Report 2024/2025 (https://bdg-taetigkeitsbericht.ctkomm.de/, login details: BDG, password: Bericht2026#), BDG Casting Reports

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3. Restructuring

Provisions totalling TEUR 155 have been made for remaining expected costs such as legal fees and claims for defective work. Following the fulfilment of all obligations under the insolvency plan, the company's credit rating has been further improved, e.g. by Creditreform.

4. Financial Position

a. Profit and Loss

Revenue for the financial year fell to TEUR 35,038 (previous year: TEUR 36,122).

Revenue is broken down by regional market as follows:

	1 April 2025 – 31 March 2026 TEUR	1 April 2024 – 31 March 2025 TEUR
Domestic	21,279	21,521
EU countries	11,052	10,521
Third countries	2,707	4,080
	35,038	36,122

Total operating revenue, comprising sales revenue, changes in inventories and other operating income, amounted to TEUR 36,164, compared with TEUR 37,073 in the previous year. Other operating income includes, in particular, income from the granting of a subsidy for indirect CO_2 costs (electricity price compensation) amounting to TEUR 477, as well as from an insurance payout following hail damage (TEUR 280).

The cost of materials as a percentage of total revenue increased by 0.9 percentage points in the financial year from 1 April 2025 to 31 March 2026 and stood at 61.7 per cent. In absolute terms, the cost of materials fell marginally to TEUR 22,329 in the financial year from 1 April 2025 to 31 March 2026 compared with the previous year (TEUR 22,366).

Depreciation and amortisation rose to 2.6 per cent of total operating revenue (previous year: 1.8 per cent) or to TEUR 929 (previous year: TEUR 665). New capital expenditure and the related depreciation and amortisation largely account for this figure.

Staff costs fell to TEUR 10,101 compared with the previous year (TEUR 10,216). The ratio of staff costs to total revenue rose slightly from 27.8% in the previous year to 27.9% in the financial year ending 31 March 2026.

Other operating expenses fell from TEUR 3,411 to TEUR 2,950, which is primarily attributable to the reduction in lease expenses compared with the previous period.

Interest and similar expenses rose by TEUR 30 from TEUR 693 to TEUR 723.

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The result after tax (before other taxes) achieved in the financial year, amounting to a loss of TEUR 655, is TEUR 486 lower than the result for the previous year (TEUR -169). This decline is largely attributable to increased start-up costs for a project and general cost pressures.

b. Financial Position

The cash flow statement shows a reduction in cash and cash equivalents for the financial year from 1 April 2025 to 31 March 2026. The performance of the sub-segments is as follows:

	1 April 2025 – 31 March 2026 TEUR	1 April 2024 – 31 March 2025 TEUR
Cash flow from operating activities	1,484	1,242
Cash flow from investing activities	-1,456	-2,461
Cash flow from financing activities	-278	-562
Change in cash and cash equivalents	-250	-1,781
Cash and cash equivalents at the start of the period	3,051	4,832
Cash and cash equivalents at the end of the period	2,801	3,051

As at the balance sheet date, the company has no undrawn credit facilities, but holds a cash position of TEUR 2,801. Financing is secured through long-term intra-group loans.

The reduction in cash and cash equivalents is primarily attributable to payments from investing activities amounting to TEUR 1,456, which were, however, partially offset by hire purchase agreements.

c. Financial Position and Capital Structure

Overall, the balance sheet total as at 31 March 2026 increased by TEUR 374 to TEUR 22,580 compared with the balance sheet date of 31 March 2025.

The relative proportion of non-current assets to total assets stood at 47.2% as at the balance sheet date (31 March 2025: 45.7%), whilst the proportion of current assets to total assets was 52.8% (31 March 2025: 54.3%).

During the financial year, TEUR 1,456 was invested in fixed assets. A significant proportion of this, amounting to TEUR 1,113, was allocated to plant, tools and fixtures for the manufacturing process.

Inventories, amounting to TEUR 6,925, have fallen slightly compared with the previous year (31 March 2025: TEUR 7,074). Within inventories, stocks of raw materials, consumables and supplies fell by TEUR 253.

Trade receivables stood at TEUR 637 as at 31 March 2026, which is TEUR 90 below the balance sheet figure as at 31 March 2025. The balance depends primarily on the volume of receivables sold as at the balance sheet date.

Equity stands at TEUR 10,350, i.e. TEUR 687 lower than at 31 March 2025, due to the net loss for the financial year.

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As at the balance sheet date of 31 March 2026, the equity ratio relative to the balance sheet total under commercial law has fallen by 3.9 percentage points to 45.8 per cent, primarily due to the net loss and increased liabilities.

Provisions have increased by TEUR 15 to TEUR 2,057. Significant provisions have been set aside for model and fixture costs amounting to TEUR 577, for warranty claims amounting to TEUR 541 and for staff costs amounting to TEUR 293.

5. Financial and non-financial performance indicators

Eisenwerk Erla GmbH uses a wide range of financial and non-financial performance indicators, which are reported to management on an ongoing basis and serve to monitor and manage production and the company.

The most significant financial performance indicators are turnover, operating profit (EBITDA) and profit after tax. Non-financial performance indicators are of secondary importance.

Quality metrics are among the non-financial performance indicators. These were at a higher level in the past financial year compared with the same period of the previous year due to significant start-up costs for a project. Owing to highly complex geometric casting structures, demanding material variations and subsequent processing steps, this collectively represents a significant and growing challenge.

In addition to quality, other indicators are used to make existing process flows measurable and to provide monitoring and control options. These include, for example, man-hour comparisons to assess the efficiency of individual production processes; energy consumption indicators for controlling the melting operation or other key plant areas; and material consumption indicators. This covers all key cost and performance parameters of the foundry.

In order to meet our customers' high standards for project and quality management, Eisenwerk Erla GmbH is committed to process-oriented certification to ISO TS 16949:2009, aerospace certification to AS9100, environmental certification to ISO 14001 and energy certification to ISO 50001. Here, a high level of methodological rigour in day-to-day operations is achieved through a series of key performance indicators.

The non-financial performance indicators described above are of secondary importance for understanding the company's business performance and financial position.

As at 31 March 2026, 215 employees were employed by the company under employment contracts, three of whom were apprentices. The proportion of apprentices relative to the total workforce is therefore 1.4 per cent. The average sickness absence rate for the financial year from 1 April 2025 to 31 March 2026 was 5.7 per cent.

In addition, 24 agency workers were employed at the end of the financial year.

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C. Forecast, Opportunities and Risks Report

1. Forecast Report

The German foundry industry is expected to continue facing a challenging environment in 2026. Although production has currently stabilised at a low level, there are as yet no signs of a sustained recovery. The current sideways trend continues against a backdrop of structural underutilisation.

With average capacity utilisation well below the long-term average, the sector has now been in a state of economic strain for an extended period. Even though the decline in production has slowed compared with previous years, stabilisation at a low level does not mean any economic relief for companies. Rather, the pressure to adapt continues.

Since 2018, production volumes in the German foundry industry have fallen by around a third. This structural shift is placing a particular strain on sites dominated by small and medium-sized enterprises, as fixed costs, investment requirements and transformation tasks remain, whilst capacity utilisation remains below average. Against this backdrop, it is likely that the consolidation process within the sector will continue and that job cuts will not come to a complete halt.

Additional competitive pressure is arising as a result of increasing imports from regions with significant overcapacity, particularly from Asia. Trade diversion effects are reinforcing this trend and increasing price pressure within the European single market. At the same time, there has so far been a noticeable lack of demand stimulus from the key customer sectors.

Overall, there are currently many indications that the sideways trend will continue in 2026. A substantial upturn in production would require a marked improvement in the industrial environment as well as a sustained recovery in demand in the core customer sectors. Neither of these is yet apparent at present.

Eisenwerk Erla GmbH expects a transitional year with a slight decline in turnover due to intense competition and a challenging business environment. The prospects of entering the defence sector are expected to lead to a significant rise in revenue forecasts for the 2027/2028 financial year. Economic stimulus measures by the new federal government may, where appropriate, support and improve the economic outlook.

Eisenwerk Erla GmbH’s financial and earnings position remains sound despite the challenging market environment.

Since 2017, Eisenwerk Erla GmbH has been operating on the market as a full-service provider of ready-to-install iron castings, utilising its own automated machining processes and having diversified these in recent years; the company will continue to expand this area in the future to broaden the value chain and improve competitiveness. Further investment measures are currently being implemented to this end.

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Forecasts for the financial years April 2026 to March 2027 and April 2027 to March 2028:

- Revenue at a level of around EUR 33 million and around EUR 44 million
- An operating profit (EBITDA) of around EUR 700,000 and around EUR 2,300,000
- Continuation of investment measures to ensure production stability and further automation in foundry peripheral processes
- Continued expansion of the machining facility to accommodate newly acquired products
- Profit after tax for the 2026/2027 financial year of around -810 TEUR and for the 2027/2028 financial year of around 240 TEUR
- Restructuring of the company's financing.

2. Opportunities Report

Significant opportunities lie in operational planning. Should the economic environment prove more favourable than forecast by institutional analysts, turnover in segments with high contribution margins could be higher. This would result in a positive impact on the profit and loss account due to high variable cost ratios.

In addition to the further development of its automotive casting (truck) division, Eisenwerk Erla GmbH is also increasingly focusing on sectors such as mechanical engineering, construction and agricultural machinery, marine engines, recreational vehicles and electrical infrastructure, as well as the development of manufacturing processes for components used in aircraft applications. Following delays, deliveries to the defence sector are scheduled to commence in the 2026/27 financial year. We anticipate disproportionately high growth due to changing investment constraints in such sectors, driven by the political environment.

The intensified consolidation process in the foundry industry, resulting from prevailing market conditions, could lead to increased migration towards more stable companies within the sector.

3. Risk Report

In our view, the risks set out below may, given their probability of occurrence and potential extent of loss, have a significant impact on the Company's financial position, net assets and results of operations; they are presented in descending order of their significance to the Company. The company's risk management system, based on key performance indicators, is designed to identify risks at an early stage and to initiate measures to diversify, mitigate or
-prevention.

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Risks are primarily those arising from economic fluctuations, socio-political events and changes to the legal and tax framework. The current economic outlook and intense competitive pressure could influence results in the coming financial years.

Despite the insolvency proceedings having been successfully concluded on 1 August 2023, potential risks lie primarily in the behaviour of the various stakeholders. For risk-related reasons, customers might seek out alternative sources of supply and, due to price levels agreed for the time being during the ongoing proceedings, might also switch to cheaper competitors. Key suppliers may forego future business opportunities with the company due to outstanding receivables that have been written off and, where applicable, a loss of trust. As a result of the successful insolvency proceedings, preceded by a protective shield procedure, the company has been restructured. Now that some time has passed, this risk can be regarded as somewhat minimised.

The German economy, and thus Eisenwerk Erla GmbH as well, will continue to face the effects of the war in Ukraine, the new Middle East conflict between the USA, Israel and Iran, and a complex geopolitical environment. The comparatively high energy prices and inflation could lead to German companies losing competitiveness. The economic outlook remains subject to an exceptional degree of uncertainty, as the aforementioned conflicts persist and the potential for further economic disruptions is far from exhausted. In addition to gas supplies, the economy remains directly and indirectly exposed to further shocks in other commodity markets arising from geopolitical tensions. Prolonged inflation and possible disorderly adjustments by global financial markets to the new high-interest-rate environment also remain significant risk factors.

We are currently unable to fully assess the impact on our operating results for the 2026/2027 financial year; however, initial steps have already been taken to minimise the risk of any short-term production losses.

The German economy is affected by geopolitical upheavals worldwide. International tensions, trade conflicts and political uncertainties can have an impact on exports, investment and globally interconnected supply chains. Companies, including Eisenwerk Erla GmbH, must prepare for potential trade barriers, currency fluctuations and geopolitical risks. A prudent assessment of these factors is crucial to developing appropriate risk-mitigation strategies and ensuring long-term stability.

Market risks relate primarily to developments in the use of high-temperature-resistant materials in turbocharging technology. Such developments are monitored through close collaboration, including with the OEMs' (Original Equipment Manufacturers) pre-development teams; necessary responses are initiated at an early stage. The accelerated shift towards electric vehicles could reduce demand for internal combustion engines, which could lead to a decline in orders for foundries. However, given the reorientation of Eisenwerk Erla GmbH, the risk here is likely to be lower, as the company's role as a supplier to the automotive sector (Car) is steadily declining as a result of Eisenwerk Erla GmbH's transformation process, and other markets and sectors are now the focus of its operational activities.

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Procurement market risks may arise from price increases, potential supplier failures and quality issues. We endeavour to identify potential procurement market risks in good time by monitoring the markets and participating, amongst other things, in the Advisory Board of the Federal Association of the German Foundry Industry East and the Ductile Cast Iron Advisory Board of the Federal Association of the German Foundry Industry. Furthermore, through appropriate contract terms, we endeavour to pass on increases in raw material prices – such as for scrap or alloy metals like nickel – to our customers in a timely manner. The extension of cost-of-living surcharges due to the market situation has been negotiated with customers and implemented.

There are monopoly suppliers in the energy sector and oligopolistic structures for a few chemicals. In some cases, supply bottlenecks are evident despite rising prices; however, these do not affect our production. Supplier assessments are carried out and evaluated regularly in accordance with the company's certifications; where necessary, appropriate action is taken.

The so-called energy transition and the resulting government taxes on electricity have led to considerable burdens. There is significant planning uncertainty due to potential legislative changes. Changes to cost reimbursements could significantly impair competitiveness.

Liquidity risks arise from the possibility of financial resources being exhausted, from a significant deterioration in economic conditions, or from other factors affecting the company's cash flow. Based on the company's planning, this risk can be assessed as manageable. The intra-group financing received acts as a stabilising factor for liquidity and can cushion any liquidity risks that may arise.

In view of the impact of armed conflicts and the economic crisis, there are risks relating to future restrictions on business operations, which may affect the company's earnings and liquidity position. In this regard, tried-and-tested measures (e.g. short-time working, liquidity management, safeguarding supply chains) help to mitigate the damage to the company.

Potential IT risks arise from the daily use of our IT systems and networks, as well as from external access to our systems. Thanks to our daily work with these systems, regular maintenance of our hardware and software, and a careful backup strategy, we believe we have these IT risks under control. The company has implemented an information management system and is consistently developing it further.

Qualified, satisfied and reliable staff and managers are essential for the company's expertise and economic development. For this reason, as part of our efforts to recruit young talent, we are committed both to training specialist foundry personnel and to collaborating with the West Saxon University of Applied Sciences in Zwickau and the Technical University Bergakademie Freiberg. We promote and safeguard in-house expertise through active professional development. Nevertheless, it may prove increasingly difficult in future to find suitable staff for certain roles within the company.

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Interest rate risks are minimal due to the structure of the loans taken out. Preparations are being made to enable the use of hedging options should the need arise. Interest rate swaps, for example, are effective instruments for ruling out negative effects in the event of corresponding interest rate rises.

An overall assessment of the risks shows that, in addition to the concluded insolvency proceedings, the impact of geopolitical factors and the economic slowdown, the company is primarily affected by market risks. These include, in particular, trends in commodity and energy prices, as well as developments in demand patterns within the mobility sector that are difficult to forecast in terms of sales. The service delivery processes are certified and therefore carry less risk. Future revenue and profit forecasts have been adjusted to reflect market conditions and are now below the levels set out in the court-approved restructuring plan.

4. Opportunity-Risk Assessment

Growth and production in the German foundry industry declined in 2025. Fragile international supply chains and raw material availability continue to act as limiting factors. Castings customers' order backlogs have been reduced in recent months. Demand is stabilising at a low level for the time being. Skyrocketing energy costs are falling, without returning to the price levels seen before the outbreak of the conflicts in Ukraine and Iran.

Pandemic-driven, widespread industrial lockdowns are no longer expected. Nevertheless, a return to pre-crisis levels can realistically only be expected in the course of 2027 or even later. This scenario currently has the highest probability of occurring and is underpinned by all sentiment indicators.

Should a recovery in the sectors set in earlier than expected, there is potential for a more dynamic recovery. This scenario has a lower probability of occurring.

Risks to the foundry industry stem from several factors. Global supply chains may be disrupted due to unrest and the resulting longer transport routes for raw materials and input materials. These circumstances would dampen the international economic recovery and thus limit the level of capital expenditure. This would have a direct impact on order intake at foundries. Furthermore, the foundry industry is undergoing multiple structural changes driven by the energy and mobility transitions. Politically, the targets set for the decarbonisation of the transport sector are repeatedly under discussion; in our view, this could have an impact on the automotive sector.

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Finally, the ongoing Russia-Ukraine crisis and the flaring up of the Middle East conflict, with its destabilising factors, also hang over the global economy as a source of uncertainty. The consequences of a further escalation can hardly be reliably calculated. Any forecasts would have to be discarded, particularly in the event of a renewed open military conflict.

Schwarzenberg, 9 July 2026

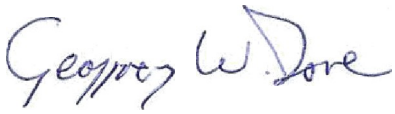
Eisenwerk Erla GmbH

- The Managing Directors -

Enrico Fischer

Pierre Antoine de Bausset

Udayant '\alhoutra



Geoffrey William Dore

Docusign Envelope ID: 34E031D7-4062-888C-807F-39E9BBCA469A

Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb.

Balance sheet as at 31 March 2026

Assets

		31 March 2026 EUR	31 March 2025 TEUR
A.	**Fixed assets**		
I.	**Intangible assets**		
	Software acquired for consideration	18,606.00	3
II.	**Property, plant and equipment**		
1.	Land, rights equivalent to land and buildings	5,307,927.03	5,504
2.	Plant and machinery	3,606,180.00	2,365
3.	Other fixed assets, plant and equipment	1,267,541.95	1,058
4.	Advance payments and assets under construction	475,174.67	1,221
		10,656,823.65	10,148
		10,675,429.65	10,151
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials, consumables and supplies	2,487,186.30	2,740
2.	Work in progress	3,715,000.00	3,665
3.	Finished goods	365,000.00	265
4.	Models, tools and jigs	64,000.00	165
5.	Prepayments	294,200.00	239
		6,925,386.30	7,074
II.	**Receivables and other assets**		
1.	Trade receivables	637,485.50	727
2.	Other assets	1,065,478.78	1,024
		1,702,964.28	1,751
III.	**Cash on hand and balances with banks**	2,800,625.78	3,051
		11,428,976.36	11,877
C.	**Prepaid expenses and deferred charges**	155,673.42	161
D.	**Deferred tax assets**	320,285.84	18
		22,580,365.27	22,207

Liabilitie

s

		31 March 2026 EUR	31 March 2025 TEUR
A.	**Equity**		
I.	**Subscribed capital**	1,600,000.00	1,600
II.	**Capital reserve**	6,208,939.27	6,209
III.	**Retained earnings**		
	Other retained earnings	3,721,537.54	3,722
IV.	**Loss carried forward**	-493,962.14	-301
V.	**Net loss for the year**	-686,561.37	-193
		10,349,953.30	11,037
B.	**Special items relating to investment grants**	36,646.32	38
C.	**Provisions**		
	Other provisions	2,057,000.00	2,042
D.	**Liabilities**		
1.	Liabilities to banks	0.00	3
2.	Trade payables	1,089,525.70	926
3.	Liabilities to associated companies	7,117,437.08	6,670
4.	Other liabilities	1,584,677.78	1,037
	of which from tax: EUR 231,604.64		
	(previous year: TEUR 206)		
	of which in respect of social security: EUR 0.00		
	(previous year: TEUR 1)		
		9,791,640.56	8,636
E.	**Prepaid expenses and deferred charges**	345,125.09	454
		22,580,365.27	22,207

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Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb.

Profit and Loss Account for the financial year from 1 April 2025 to 31 March 2026

	2025/2026 EUR	2024/2025 TEUR
1. Revenue	35,037,788.05	36,122
2. Increase or decrease (-) in inventories of finished and work-in-progress products, models, tools and fixtures	49,000.00	-136
3. Other operating income	1,077,361.50	1,088
4. Cost of materials		
a) Expenditure on raw materials, consumables and supplies	-14,286,438.90	-15,458
b) Expenditure on purchased services	-8,042,622.76	-6,908
	-22,329,061.66	-22,366
5. Staff costs		
a) Wages and salaries	-8,182,426.27	-8,381
b) Social security contributions and expenditure on pensions and welfare	-1,918,285.58	-1,834
of which for pensions: EUR 1,056.00 (previous year: TEUR 1)		
	-10,100,711.85	-10,216
6. Depreciation and amortisation		
a) on intangible fixed assets and property, plant and equipment	-931,175.03	-667
b) Income from the reversal of the special item for investment grants	1,686.50	2
	-929,488.53	-665
7. Other operating expenses	-2,949,753.84	-3,411
	-144,866.33	415
8. Other interest and similar income	0.00	1
9. Interest and similar expenses	-722,732.46	-693
	-722,732.46	-692
10. Income tax and other taxes on profits	212,402.95	108
of which deferred tax: EUR 302,402.95 (previous year: TEUR 18)		
11. Profit after tax	-655,195.84	-168
12. Other taxes	-31,365.53	-24
13. Net loss for the year	-686,561.37	-193

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Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb. (Chemnitz Local Court: HRB 681)

Notes to the financial statements for the financial year from 1 April 2025 to 31 March 2026.

A. General information

The annual financial statements of Eisenwerk Erla GmbH, Schwarzenberg, were prepared in accordance with the accounting provisions of the German Commercial Code (HGB) applicable to limited companies. In addition to these provisions, the regulations of the German Limited Liability Companies Act (GmbH-Gesetz) were to be observed.

The company is a medium-sized corporation within the meaning of Section 267(3) of the German Commercial Code (HGB). Models, tools and fixtures are shown in the balance sheet as a separate item within the 'B.I. Inventories' heading.

The profit and loss account was prepared using the full-cost method within the meaning of Section 275(2) of the German Commercial Code (HGB).

B. Accounting and Valuation Principles

Accounting and valuation are carried out in accordance with the provisions of commercial law, applying the German Commercial Code (HGB) (Sections 242 et seq. and 264 et seq. HGB) and, where applicable, supplementary provisions of the Limited Liability Companies Act (GmbH-Gesetz).

The annual financial statements have been prepared on the assumption of the going concern (§ 252(1) No. 2 HGB). The management assumes that the company's operations will continue successfully.

The balance sheet and the profit and loss account (P&L) are structured in accordance with Section 266 of the HGB and
Section 275(2) of the HGB. The provisions for medium-sized companies under Section 267(3) of the HGB apply.

Intangible assets have been recognised at cost less scheduled straight-line depreciation.

Property, plant and **equipment** are carried at cost and, where subject to wear and tear, reduced by scheduled straight-line depreciation. The use of fixed assets in two-shift and, in some cases, three-shift operations has been taken into account by applying a shift factor of 1.25 or 1.50, respectively, which is equivalent to a reduction in the useful life of 20 per cent or 33 per cent, respectively. In the case of major investments in property, plant and equipment comprising significant components with different normal useful lives, the components are accounted for separately. The significant components are capitalised separately and depreciated on a straight-line basis in accordance with their respective useful lives.

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Investment allowances for fixed assets were recognised in a separate account for investment incentives. The recognition and presentation of this separate account were carried out in accordance with Statement HFA 1/1984 of the Institute of Public Auditors in Germany (IDW).

Depreciation is calculated in accordance with the current general depreciation tables published by the tax authorities. The specified useful lives are applied as the maximum permissible values in each case. In the year of acquisition, depreciation is calculated on a pro rata temporis basis.

Low-value assets with acquisition or production costs of up to EUR 800.00 are written off immediately in the year of acquisition and shown as disposals.

Raw materials, consumables and supplies are generally valued at average acquisition cost, in accordance with the strict lower-of-cost-or-market principle. Nickel-containing materials are valued using the FIFO method in accordance with section 256, sentence 1 of the German Commercial Code (HGB). Write-downs are made to the lower fair value. This is determined on the basis of the current replacement costs, taking the procurement market into account. Flat-rate write-downs due to inventory risks are generally not necessary given the nature of production.

Work-in-progress and finished goods were valued in accordance with Section 255(2) of the German Commercial Code (HGB) at production cost, which was determined on the basis of material and labour costs and other attributable overheads (material overheads, manufacturing overheads, depreciation of fixed assets). The cost rates applied take into account direct material and manufacturing costs as well as overheads to an appropriate extent. The principles of loss-free valuation were observed. To this end, the carrying amount is compared with the lower fair value – net realisable value less any production and disposal costs still to be incurred.

Models, tools and jigs are valued at acquisition cost (acquisition costs determined on an item-by-item basis) in accordance with the strict lower-of-cost-or-market principle. To this end, the carrying amount is compared with the lower of the fair value – net realisable value less any production and disposal costs still to be incurred.

Inventory risks are taken into account through appropriate obsolescence allowances.

Advance payments are recognised at their nominal value.

Receivables and other assets are generally recognised at their nominal value. Credit risks are taken into account through valuation allowances determined on an individual and collective basis. Current receivables and assets denominated in foreign currencies are valued at the current exchange rate at the time of origination and converted at the mid-market spot exchange rate on the balance sheet date.

Cash on hand and **balances with banks** are stated at their nominal value.

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In accordance with Section 250(1) of the German Commercial Code (HGB), **prepaid** expenses relate to **expenditure incurred** prior to the balance sheet date, insofar as it represents an expense for a specific period after that date.

The company's **share capital** is capitalised at its nominal value of TEUR 1,600 in accordance with Section 42(1) of the German Limited Liability Companies Act (GmbHG) and corresponds to the entry in the Commercial Register.

Investment grants received for eligible items of property, plant and equipment are recognised under **the special item for investment grants** and allocated to profit or loss over their useful lives.

Other provisions are recognised at the settlement amount deemed necessary in accordance with sound commercial judgement. In assessing the settlement amount of the other provisions, an increase in costs was taken into account, which is not material overall. Other provisions with a term of more than one year are discounted using term-appropriate interest rates published by the Deutsche Bundesbank. As at 31 March 2026, the interest rates used for discounting provisions range from 1.98% to 2.16%, depending on the remaining term.

Liabilities are recognised at their settlement value. Current liabilities denominated in foreign currencies are valued at the current exchange rate at the time they arise and converted at the mid-market spot exchange rate on the balance sheet date.

In accordance with Section 274 of the German Commercial Code (HGB), a net **deferred** tax liability is recognised for expected future tax charges and tax relief arising from differences in accounting and valuation under commercial and tax law, as well as any tax loss carry-forwards. A restriction on distribution and payment applies to the amount of any resulting **deferred tax assets**.

C. Notes to the Balance Sheet

1. Fixed assets

The movement in non-current assets for the financial year from 1 April 2025 to 31 March 2026 is presented in the statement of changes in non-current assets in the notes to the financial statements.

2. Trade receivables

To raise liquidity for the repayment of trade payables, receivables are sold via factoring arrangements in line with liquidity requirements. As part of this silent factoring arrangement, receivables amounting to TEUR 2,798 (previous year: TEUR 2,229) had been sold as at the balance sheet date. Risks arising from the del credere risk assumed by the factor are limited to the amount of value added tax and, in the event of receivables sold that do not comply with the contractual provisions. Benefits arise from optimal liquidity management and a reduced balance sheet total in the event of the settlement of trade payables.

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3. Other receivables

All receivables and other assets have remaining maturities of up to one year.

4. Prepaid expenses and deferred income

This item comprises deferred expenses which, in accordance with Section 250(1) of the German Commercial Code (HGB), represent expenses arising after the balance sheet date.

5. Deferred tax assets

Deferred tax assets arise from usable tax loss carry-forwards and have been calculated using the combined income tax rate (corporation tax, solidarity surcharge and trade tax) of currently 29.83% up to 2027. Due to the gradual reduction in the corporation tax rate from 2028 up to and including 2032, the combined tax rate will fall to as low as 24.55% in 2032.

6. Capital reserve

The capital reserve remains unchanged from the previous year.

	EUR
As at 31 March 2026	6,208,939.27
(previous year)	(6,208,939.27)

7. Retained earnings

Retained earnings remain unchanged in the reporting year:

	EUR
Balance as at 31 March 2026	3,721,537.54
(previous year)	(3,721,537.54)

8. Special item for investment grants

This special item relates to investment grants for the years 2005 to 2013 totalling EUR 837,742.86. The special item is written off according to schedule in such a way that the depreciation on the subsidised investment volume is offset by the write-off. The write-off of the special item in the financial year from 1 April 2025 to 31 March 2026, amounting to EUR 1,686.50 (previous year: EUR 1,686.40), is disclosed separately in the profit and loss account as a deduction from depreciation.

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G. Provisions

Other provisions mainly comprise provisions for outstanding costs for models/core boxes (TEUR 577), for warranty claims (TEUR 541), provisions for outstanding settlements (TEUR 303), provisions for employees' holiday and bonus entitlements (TEUR 293), for anticipated losses (TEUR 227) and provisions for legal and consultancy costs (TEUR 84).

10. Liabilities

The maturities of the liabilities reported as at 31 March 2026 are distributed across the following periods:

	Maturities			Total
	Up to 1 year TEUR	Over 1 year TEUR	Over 5 years TEUR	TEUR
1. Liabilities to banks	0	0	0	0
(previous year)	(3)	(0)	(0)	(3)
2. Trade payables	1,090	0	0	1,090
(previous year)	(926)	(0)	(0)	(926)
3. Liabilities to associated companies	0	7,117	0	7,117
(previous year)	(1,150)	(5,520)	(0)	(6,670)
4. Other liabilities	1,077	508	0	1,585
(previous year)	(1,037)	(0)	(0)	(1,037)
Total	2,167	7,625	0	9,792
(previous year)	(3,116)	(5,520)	(0)	(8,636)

Trade payables are subject to retention of title in line with industry practice. Liabilities to associated companies arise entirely from loans and accrued interest.

Other liabilities include liabilities arising from the insolvency plan amounting to TEUR 155.

D. Other disclosures

1. Details of the company's registered office

Eisenwerk Erla GmbH has its registered office at Gießereistraße 1, 08340 Schwarzenberg/Erzgeb. The company is registered at Chemnitz Local Court under HRB 681.

2. Disclosure pursuant to Section 285(30a) of the German Commercial Code (HGB)

The Minimum Tax Act has no impact. The company generates and pays tax on its taxable income exclusively in Germany.

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3. Other financial obligations

Other financial obligations in accordance with Section 285(3) of the German Commercial Code (HGB) amount to TEUR 86 and consist of lease obligations intended to optimise the liquidity position by spreading the timing of payments for investments; these have remaining terms of

- up to 1 year 52 TEUR
- Over 1 year 34 TEUR.

As at the balance sheet date, there are no investment commitments (purchase commitments). Purchase commitments arising from energy procurement amount to TEUR 2,350 for the year 2026.

4. Management and Representation

The following persons have been appointed as directors of the company:

- Mr Enrico Fischer
- Mr Geoffrey William Dore (CFO, Dynamatic-Oldland Aerospace Ltd., UK)
- Mr Pierre Antoine de Bausset (Supervisory Board member, Dynamatic Technologies Ltd.)
- Mr Udayant Malhoutra (Managing Director, Dynamatic Technologies Ltd.).

Disclosures regarding remuneration are omitted in accordance with Section 285(9a) of the German Commercial Code (HGB) in conjunction with Section 286(4) HGB, as only one managing director received remuneration from Eisenwerk Erla GmbH and this information would allow the remuneration of a member of the management to be determined.

5. Parent company

The company is included in the consolidated financial statements of Dynamatic Technologies Limited, Bangalore (India). These consolidated financial statements (prepared as at 31 March in each case) apply to both the narrowest and the broadest scope of companies. The consolidated financial statements are available on the Group's website and are filed with the local Indian register.

6. Staff

The average number of employees in the reporting year, broken down in accordance with Section 285(7) of the German Commercial Code (HGB), is as follows:

	1 April 2025 – 31 March 2026	1 April 2024 – 31 March 2025
Salaried employees	60	60
Wage earners	154	160
	214	222
Trainees	5	7
	219	227

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7. Proposed appropriation of profits

The management proposes that the net loss for the year, together with the loss carried forward, be carried forward to the new financial year.

8. Events after the balance sheet date

No business transactions or events occurred after the end of the financial year that have a material impact on the company's net assets, financial position or results of operations as at the balance sheet date of 31 March 2026.

Schwarzenberg, 9 July 2026

Eisenwerk Erla GmbH

– The Managing Directors -

Enrico Fischer

Pierre Antoine de Bausset

Udayant Malhoutra

Geoffrey William Dore

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Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb. **Appendix to the Annex**

Movements in fixed assets for the financial year from 1 April 2025 to 31 March 2026

		Gross carrying amounts					Accumulated depreciation				Net book values	
		As at 1 April 2025 EUR	Additions EUR	Reclassifications EUR	Disposals EUR	As at 31 March 2026 EUR	As at 1 April 2025 EUR	Additions EUR	Disposals EUR	As at 31 March 2026 EUR	As at 31 March 2026 EUR	As at 1 April 2025 TEUR
I.	**Intangible assets**											
	Software acquired for consideration	786,786.87	5,818.75	11,517.50	0.00	804,123.12	784,093.87	1,423.25	0.00	785,517.12	18,606.00	3
II.	**Property, plant and equipment**											
1.	Land, rights equivalent to land and buildings	14,085,927.59	0.00	0.00	0.00	14,085,927.59	8,581,932.56	196,068.00	0.00	8,778,000.56	5,307,927.03	5,504
2.	Plant and machinery	30,671,583.60	887,780.18	947,520.02	0.00	32,506,883.80	28,306,699.60	594,004.20	0.00	28,900,703.80	3,606,180.00	2,365
3.	Other plant, equipment and office equipment	5,689,648.73	172,832.27	176,515.31	2,470.13	6,036,526.18	4,631,774.78	139,679.58	2,470.13	4,768,984.23	1,267,541.95	1,058
4.	Advance payments and assets under construction	1,220,897.36	389,830.14	-1,135,552.83	0.00	475,174.67	0.00	0.00	0.00	0.00	475,174.67	1,221
		51,668,057.28	1,450,442.59	-11,517.50	2,470.13	53,104,512.24	41,520,406.94	929,751.78	2,470.13	42,447,688.59	10,656,823.65	10,148
		52,454,844.15	1,456,261.34	0.00	2,470.13	53,908,635.36	42,304,500.81	931,175.03	2,470.13	43,233,205.71	10,675,429.65	10,151

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Deloitte.

Deloitte GmbH
Audit firm

INDEPENDENT AUDITOR'S REPORT

To Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb.

Audit Opinions

We have audited the annual financial statements of Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb. – comprising the balance sheet as at 31 March 2026 and the profit and loss account for the financial year from 1 April 2025 to 31 March 2026, together with the notes to the financial statements, including a description of the accounting policies and valuation methods. In addition, we have audited the management report of Eisenwerk Erla GmbH, Schwarzenberg/Erzgeb., for the financial year from 1 April 2025 to 31 March 2026.

In our opinion, based on the findings of our audit

- , the accompanying annual financial statements comply in all material respects with German commercialand, in accordance with German principles of proper accounting, give a true and fair view of the company's assets and financial position as at 31 March 2026, as well as its profit or loss for the financial year from 1 April 2025 to 31 March 2026; and
- the accompanying management report, taken as a whole, gives a true and fair view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German statutory requirements and accurately presents the opportunities and risks associated with future development.

In accordance with section 322(3), first sentence, of the German Commercial Code (HGB), we declare that our audit has not given rise to any objections as to the correctness of the annual financial statements and the management report.

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Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), having regard to the German standards on the due conduct of audits established by the Institute of Public Auditors in Germany (IDW). Our responsibilities under these regulations and standards are described in further detail in the section 'The auditor's responsibility for the audit of the annual financial statements and the management report' of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to serve as a basis for our audit opinions on the annual financial statements and the management report.

Responsibility of the legal representatives for the annual financial statements and the management report

The statutory representatives are responsible for the preparation of the annual financial statements, which comply in all material respects with German commercial law, and for ensuring that the annual financial statements present a true and fair view of the company's assets, financial position and results of operations in accordance with German principles of proper accounting. Furthermore, the statutory representatives are responsible for the internal controls which they have determined, in accordance with German generally accepted accounting principles, to be necessary to enable the preparation of annual financial statements that are free from material misstatements arising from fraudulent acts (i.e. accounting manipulation and financial losses) or errors.

When preparing the annual financial statements, the authorised representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible for disclosing, where relevant, matters relating to the company's ability to continue as a going concern. In addition, they are responsible for preparing the financial statements on a going concern basis, provided that no factual or legal circumstances preclude this.

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Furthermore, the authorised representatives are responsible for preparing the management report, which as a whole provides a true and fair view of the company's position, is consistent in all material respects with the annual financial statements, complies with German statutory requirements and accurately presents the opportunities and risks associated with future development. Furthermore, the authorised representatives are responsible for the arrangements and measures (systems) which they have deemed necessary to enable the preparation of a management report in accordance with the applicable German statutory provisions and to be able to provide sufficient and appropriate evidence for the statements made in the management report.

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

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the management report, taken as a whole, gives a true and fair view of the company's position, is consistent in all material respects with the annual financial statements and with the findings of our audit, complies with the relevant German statutory provisions, and accurately presents the opportunities and risks associated with future development, and to issue an auditor's report containing our audit opinions on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but no guarantee, that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB), in compliance with the German Standards on Auditing established by the Institute of Public Auditors in Germany (IDW), will always detect a material misstatement. Misstatements may result from fraudulent acts or errors and are considered material if it could reasonably be expected that, individually or in the aggregate, they would influence the economic decisions taken by users on the basis of these annual financial statements and the management report.

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During the audit, we exercise professional judgement and maintain a critical mindset. Furthermore,

- we identify and assess the risks of material misstatements in the annual financial statements and the management report arising from fraud or error, plan and perform audit procedures in response to these risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our audit opinions. The risk that a material misstatement resulting from fraudulent acts will not be detected is higher than the risk that a material misstatement resulting from errors will not be detected, as fraudulent acts may involve collusion, forgery, intentional omissions, misleading representations or the circumvention of internal controls.
- We obtain an understanding of the internal controls relevant to the audit of the annual financial statements and the arrangements and measures relevant to the audit of the management report, in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of expressing an audit opinion on the effectiveness of the company's internal controls or of these arrangements and measures.
- We assess the appropriateness of the accounting policies applied by the legal representatives, as well as the reasonableness of the estimated values and related disclosures presented by the legal representatives.
- we draw conclusions on the appropriateness of the going concern accounting policy applied by the legal representatives and, on the basis of the audit evidence obtained, as to whether there is any material uncertainty relating to events or circumstances 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 our auditor's report to the relevant disclosures in the annual financial statements and the management report or, if these disclosures are inadequate, to modify our audit opinion accordingly. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit report. However, future events or circumstances may result in the company being unable to continue as a going concern.
- We assess the presentation, structure and content of the annual financial statements as a whole, including the disclosures, and whether the annual financial statements present the underlying business transactions and events in such a way that, in accordance with German generally accepted accounting principles, they give a true and fair view of the company's assets, financial position and results of operations.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it conveys of the Company's position.

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- we carry out audit procedures in relation to the forward-looking statements presented by the legal representatives in the management report. On the basis of sufficient and appropriate audit evidence, we in particular verify the significant assumptions underlying the forward-looking statements made by the legal representatives and assess whether the forward-looking statements have been appropriately derived from these assumptions. We do not express a separate audit opinion on the forward-looking statements or on the underlying assumptions. There is a significant and unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those responsible for oversight, amongst other things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Leipzig, 9 July 2026

Deloitte GmbH
Audit firm

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Andreas Otter
Auditor

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General Terms and Conditions of Engagement

for
auditors and audit firms

from 1 January 2024

1. Scope

(1) These Terms and Conditions apply to contracts between auditors or audit firms (hereinafter collectively referred to as 'auditors') and their clients concerning audits, tax advice, advice on business matters and other engagements, unless otherwise expressly agreed in writing or required by mandatory statutory provisions.

(2) Third parties may only derive claims from the contract between the auditor and the client if this has been agreed or arises from mandatory statutory provisions. With regard to such claims, these Terms of Engagement shall also apply vis-à-vis such third parties. The auditor shall be entitled to raise defences and objections arising from the contractual relationship with the client even against third parties.

2 Scope and Performance of the Engagement

(1) The subject matter of the engagement is the agreed service, not a specific economic outcome. The engagement shall be carried out in accordance with the principles of proper professional practice. The auditor shall not assume any management responsibilities in connection with his services. The auditor shall not be responsible for the use or implementation of the results of his services. The auditor is entitled to engage experts to carry out the engagement.

(2) The application of foreign law requires – except in the case of business audits – an express agreement in writing.

(3) If the factual or legal situation changes after the final professional opinion has been issued, the auditor is not obliged to inform the client of any changes or the resulting consequences.

3 The client's duty to cooperate

(1) The client must ensure that the auditor is provided in good time with all documents and further information necessary for the performance of the engagement and is informed of all events and circumstances that may be relevant to the performance of the engagement. This also applies to documents and further information, events and circumstances that only come to light during the course of the auditor's work. The client shall designate suitable persons to provide information to the auditor.

(2) At the auditor's request, the client must confirm the completeness of the documents and further information provided, as well as the information and explanations given, in a statement drawn up by the auditor in the statutory written form or in any other form specified by the auditor.

4 Safeguarding independence

(1) The client must refrain from any action that jeopardises the independence of the auditor's staff. This applies for the duration of the engagement, in particular to offers of employment or the assumption of executive functions, and to offers to undertake engagements on the auditor's own account.

(2) Should the performance of the engagement compromise the independence of the auditor, or that of its affiliated firms, its network firms or any associated firms to which the independence rules apply in the same way as they do to the auditor, in other engagement relationships, the auditor shall be entitled to terminate the engagement without notice.

5 Reporting and oral information

Where the auditor is required to present findings in the course of carrying out the engagement in the statutory written form or in text form, only such presentation shall be authoritative. Drafts of such presentations are non-binding. Unless otherwise provided for by law or agreed contractually, oral statements and information provided by the auditor are only binding if they are confirmed in text form. Statements and information provided by the auditor outside the scope of the engagement are always non-binding.

6 Disclosure of a professional statement by the auditor

(1) The disclosure of professional statements by the auditor (work results or extracts from work results – whether in draft
draft or final version) or the disclosure of information regarding the auditor's
the auditor to a third party requires the auditor's consent given in writing, unless the client is obliged to disclose such information or provide such details pursuant to a law or an official order.

(2) The use by the client, for advertising purposes, of the auditor's professional statements and information regarding the auditor's work for the client is prohibited.

7. Rectification of defects

(1) In the event of any defects, the client is entitled to subsequent performance by the auditor. Only in the event of failure, omission or unjustified refusal, unreasonableness or impossibility of subsequent performance may the client reduce the remuneration or withdraw from the contract; if the engagement has not been placed by a consumer, the client may withdraw from the contract on the grounds of a defect only if the service provided is of no interest to them due to failure, omission, unreasonableness or impossibility of subsequent performance. Insofar as claims for damages exist in addition to this, clause 9 shall apply.

(2) A claim for subsequent performance under paragraph 1 must be asserted by the client without delay in writing. Claims for subsequent performance under paragraph 1 which are not based on an intentional act shall become time-barred one year after the statutory limitation period begins.

(3) Obvious inaccuracies, such as typing errors, calculation errors and formal defects, contained in a professional statement (report, expert opinion and the like) by the auditor may be corrected by the auditor at any time, including vis-à-vis third parties. Inaccuracies which are such as to call into question the findings contained in the auditor's professional statement entitle the auditor to withdraw the statement, including vis-à-vis third parties. In the aforementioned cases, the client must, as far as possible, be consulted by the auditor beforehand.

8 Confidentiality towards third parties, data protection

(1) In accordance with the law (Section 323(1) of the German Commercial Code (HGB), Section 43 of the Austrian Public Accountants Act (WPO), Section 203 of the German Criminal Code (StGB)), the auditor is obliged to maintain confidentiality regarding facts and circumstances entrusted to him or of which he becomes aware in the course of his professional activities, unless the client releases him from this duty of confidentiality.

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

9 Liability

(1) For services provided by the auditor as required by law, in particular audits, the applicable statutory limitations on liability shall apply, in particular the limitation on liability set out in
Section 323(2) of the German Commercial Code (HGB).

(2) Where neither a statutory limitation of liability applies nor a limitation of liability exists under an individual contract, the client's claim arising from the contractual relationship between the client and the auditor for compensation for damage caused by negligence, with the exception of damage resulting from injury to life, bodily injury and damage to health, as well as damage giving rise to a manufacturer's liability to pay compensation under Section 1 of the Product Liability Act (ProdHaftG), is limited to €4 million in accordance with Section 54a(1)(2) of the German Statute on the Public Accountancy Profession (WPO). The same applies to claims asserted by third parties against the auditor arising from or in connection with the contractual relationship.

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(3) Where several claimants derive claims from the contractual relationship with the auditor arising from a negligent breach of duty by the auditor, the maximum amount specified in paragraph 2 shall apply to the relevant claims of all claimants taken together.

(4) The maximum amount under paragraph 2 relates to a single claim. A single claim also applies in respect of a single loss arising from several breaches of duty. A single claim encompasses all the consequences of a breach of duty, regardless of whether the losses arose in one or in several consecutive years. In this context, multiple acts or omissions arising from the same or a similar source of error shall be deemed a single breach of duty if the matters in question are legally or economically interrelated. In this case, the auditor may only be held liable up to a maximum of €5 million.

(5) A claim for damages lapses if legal proceedings are not brought within six months of the written refusal to pay compensation and the client has been made aware of this consequence. This does not apply to claims for damages arising from intentional conduct, or in the event of a culpable injury to life, limb or health, or in the case of damage giving rise to a manufacturer's liability for compensation under Section 1 of the Product Liability Act (ProdHaftG). The right to raise the defence of limitation remains unaffected.

(6) Section 323 of the German Commercial Code (HGB) remains unaffected by the provisions in paragraphs 2 to 5.

10. Supplementary provisions for audit engagements

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

If the auditor has not issued an audit opinion, any reference to the audit carried out by the auditor in the management report or in any other place intended for public disclosure is only permitted with the auditor's consent given in the statutory written form and using the wording approved by the auditor.

(2) If the auditor revokes the audit opinion, the audit opinion may not be reused. If the client has already used the audit opinion, the client must, at the auditor's request, publicise the revocation.

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

11. Supplementary provisions for assistance in tax matters

(1) The auditor is entitled, both when advising on specific tax matters and in the case of ongoing advisory services, to treat the facts provided by the client – in particular figures – as correct and complete; this also applies to bookkeeping engagements. However, the auditor must draw the client's attention to any material inaccuracies he has identified.

(2) The tax consultancy engagement does not include the actions necessary to meet deadlines, unless the auditor has expressly undertaken such an engagement. In this case, the client must provide the auditor with all documents essential for meeting deadlines, in particular tax assessment notices, in good time so that the auditor has a reasonable amount of time to process them.

(3) Unless otherwise agreed in writing, ongoing tax consultancy comprises the following activities falling within the term of the contract:

a) Preparation and electronic submission of annual tax returns, including e-balance sheets, for income tax, corporation tax and trade tax, based on the annual accounts to be provided by the client and other statements and supporting documents required for tax purposes
b) Review of tax assessment notices relating to the taxes mentioned under (a)
c) Negotiations with the tax authorities in connection with the returns and assessment notices referred to in (a) and (b)
d) Assistance with tax audits and analysis of the results of such audits in respect of the taxes referred to in (a)
e) Assistance in objection and appeal proceedings relating to the taxes referred to in (a).

In carrying out the aforementioned tasks, the auditor shall take into account the
relevant published case law and administrative interpretations.

(4) If the auditor receives a flat-rate fee for ongoing tax consultancy, the activities referred to in paragraph 3(d) and (e) shall be remunerated separately in the absence of any other written agreements.

(5) Where the auditor is also a tax adviser and the Tax Advisers' Remuneration Regulations apply to the calculation of remuneration, a rate higher or lower than the statutory remuneration may be agreed in writing.

(6) The handling of specific individual matters relating to income tax, corporation tax, trade tax and standardised valuation, as well as all matters relating to value added tax, payroll tax, other taxes and duties, shall be carried out on the basis of a specific engagement. This also applies to

a) the handling of one-off tax matters, e.g. in the field of inheritance tax and land transfer tax,
b) representation and assistance in proceedings before the tax and administrative courts, as well as in criminal tax matters,
c) advisory and expert services in connection with company reorganisations, capital increases and reductions, restructuring, the entry and withdrawal of shareholders, the sale of business assets,
winding-up and similar matters, and
d) assistance with the fulfilment of reporting and documentation obligations.

(7) Insofar as the preparation of the annual VAT return is also undertaken as an additional service, this does not include the verification of any specific accounting requirements or the question of whether all applicable VAT reliefs have been claimed. No guarantee is given as to the completeness of the documentation required to claim input tax deduction.

12. Electronic communication

Communication between the auditor and the client may also take place by email. Where the client does not wish to communicate by email or imposes specific security requirements, such as the encryption of emails, the client shall inform the auditor accordingly in writing.

13. Remuneration

(1) In addition to his claim for fees or remuneration, the auditor is entitled to reimbursement of his out-of-pocket expenses; VAT shall be charged in addition. He may demand reasonable advances against remuneration and reimbursement of out-of-pocket expenses and may make the provision of his services conditional upon the full satisfaction of his claims. Where there are several clients, they shall be jointly and severally liable.

(2) If the client is not a consumer, set-off against the auditor's claims for remuneration and reimbursement of expenses is only permitted in respect of claims that are undisputed or have been established by a final and binding judgement.

14. Dispute resolution

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

15. Applicable law

German law shall apply exclusively to the engagement, its performance and any claims arising therefrom.

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