

## **Audit Report**

**Herhof-Management Company Ltd**  
35606 Solms

Annual Financial Statements  
31/12/2021

Version - No.: 4



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## List of Abbreviations

Abs.	Paragraph
a.F.	old edition
AfA	Deduction for wear and tear
AG	Stock corporation
AO	Fiscal Code
AR	Supervisory Board
Art.	Article
AV	Fixed assets
BilMoG	Accounting Law Modernization Act
BIP	Gross Domestic Product
BilRUG	Accounting Directive Implementation Act
bzw.	respectively
EGHGB	Introductory Act to the Commercial Code
EstG	Income Tax Act
e.V.	registered association
f.	following
ff.	et seq.
gem.	according to
GmbH	Limited liability companies
GmbHG	Law on Limited Liability Companies
GoB	Standards of orderly accounting
HGB	Commercial Code
HRB	Commercial Register Section B
i.d.F.	In the version
IDW	Institute of Public Auditors in Germany Inc.
IKS	internal audit system
i.S.d. / i.S.v.	in the sense of (the) / in the sense of
IT	Information technology
i.V.	during the previous year
i.V.m.	in connection with
Lgb.	Status book
n.F.	new version
NR	Number
PS	Auditing principle of the IDW
S.	Sentence
T€	thousand euro
Tz.	Text digit
z.B.	for example
Ziff.	Digit

Remark: For computational reasons, there may be rounding differences in the tables compared to the exact values (monetary units, percentages, etc.).

## **A. Audit Assignment**

The managing director of Herhof-Management Company Ltd, 35606 Solms, has commissioned us, on the basis of the resolution of the shareholders' meeting of 15.03.2021, with the audit of the annual financial statements as at 31.12.2021, including the relevant accounting records.

The assignment was accepted by us in an assignment confirmation letter dated 23.09.2021, enclosing the special and general terms and conditions of the assignment. We received the second copy with the client's letter of acceptance on 29.10.2021.

Our audit was conducted with intervals during the period from 13.01.2022 to 23.09.2022 at the Company's offices and at our offices.

In accordance with §321 para. 4a of the German Commercial Code (HGB), we confirm that we have complied with the applicable provisions on independence in our audit.

We issued the following report on the results of our audit in accordance with the "German generally accepted standards for the audit of financial statements" (IDW PS 450) promulgated by the Institute of Public Auditors in Germany (IDW), to which we attach the audited annual financial statements (annex 1 to 3).

In accordance with our assignment, we have summarized the legal circumstances of the Company in an overview in Annex 5 to this report. Furthermore, we have attached an analysis of the net assets, financial status and results of operations of the Company as Annex 6.

The General Terms and Conditions of Assignment for Auditors and Auditing Firms dated 01.01.2017, attached as Annex 9, apply to this assignment, also in relation to third parties.

In addition, we refer to the liability provisions contained in section 9 and to the exclusion of liability towards third parties as well as to the further provisions of the attached Annex 8 "Special Terms and Conditions of Assignment for Audits and Audit-Related Services" (status: 01.03.2021).

This audit report is addressed to the Company.

## **B. Reproduction of the Auditor's Report**

We issued the following auditor's report on the financial statements and management report:

### **“Independent Auditor's Report.**

To Herhof-Management Company Ltd, Solms

#### **Audit Assessment**

We audited the annual financial statements of Herhof-Management Company Ltd, Solms - consisting of the balance sheet as at 31.12.2021 and the income statement for the fiscal year from 01.01.2021 to 31.12.2021 as well as the notes to the financial statements, including the presentation of the accounting and valuation methods.

According to our assessment, based on the findings of our audit, the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at 31.12.2021 and of its results of operations for the fiscal year from 01.01.2021 to 31.12.2021 in accordance with German principles of proper accounting.

In accordance with § 322 para. 3 sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the propriety of the annual financial statements and the management report.

#### **Standards for the Audit Assessment**

We conducted our audit of the annual financial statements in accordance with § 317 of the German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility under those provisions and principles is further described in the “Auditor's Responsibility for the Audit of the Annual Financial Statements” section of our auditor's report.

We are independent of the Company in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

We consider that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit assessment on the annual financial statements.

## **Responsibility of the Legal Representatives for the Annual Financial Statements**

The legal representatives are responsible for the preparation of the annual financial statements, which comply in all material respects with the provisions of German commercial law applicable to corporations, and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the legal representatives are responsible for such internal audit as the legal representatives determine is necessary to enable the preparation of financial statements which are free from material inaccuracy, whether caused intentionally or unintentionally by fraud or error.

In preparing the financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to continuing as a going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern standard, unless factual or legal circumstances prevent this.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material inaccuracy, whether caused intentionally or unintentionally, and to issue an auditor's report which includes our opinion on the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 of the German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material inaccuracy. Inaccuracies 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 recipients taken on the basis of these financial statements.

During the audit, we exercise professional discretion and maintain a critical attitude. Furthermore

- we identify and assess the risks of material inaccuracy of the financial statements, whether caused intentionally or unintentionally, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our audit assessment. The risk of not detecting material inaccuracies is higher for noncompliance than for inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misleading representations, or instances of override of internal audit.

- we obtain an understanding of the internal audit system relevant to the audit of the financial statements in order to design audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's system.
- we evaluate the propriety of accounting policies used by the legal representatives, as well as an assessment of the reliability of reporting estimates and related disclosures made by the legal representatives.
- we conclude on the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which 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 related disclosures in the financial statements or, if such disclosures are inadequate, to modify our audit assessment. We draw our conclusions based on the audit evidence obtained up to the date of our audit assessment. However, future events or conditions may cause the Company not to be able to continue as a going concern.
- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

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

Lauchringen, 23.09.2022

Treuhand Hochrhein Revision Ltd  
Auditing Company

Certified business economist Patrick Stärk  
Auditor



## C. Fundamental Findings

### I. Statement on the Assessment of the State of Affairs by the Legal Representatives

#### 1. Business Performance and Status of the Company

The management has assessed the financial position of the Company in the annual financial statements, in particular in the notes to the financial statements.

The Company has permissibly refrained from preparing a management report. Therefore, as auditors, we cannot comment on the management's assessment of the situation as expressed in the management report in accordance with § 321 para. 1 sentence 1 of the German Commercial Code.

In accordance with § 321 para. 1 sentence 2 of the German Commercial Code, as auditors we comment in advance on the management's assessment of the situation as expressed in the annual financial statements. In particular, we address the assessment of the Company's continued existence as a going concern and the assessment of its future development as expressed in the annual financial statements.

Our opinion is based on our own assessment of the economic situation of the company, which we obtained in the course of our audit of the annual financial statements.

The following **aspects of the assessment of the status quo** should be emphasized:

According to the entry in the commercial register, the scope of Herhof-Management Company Ltd is the management and administration of the Herhof Group, in particular the provision of services of all kinds, such as management services, the assumption of financial management for all companies of the Herhof Group as well as the implementation of related transactions that promote the company's purpose.

The financial year was characterised by a reduction in licence revenues (./ € 16.0 thousand) as a result of decreased treated waste volumes of the licensee.

The annual net profit decreased slightly from € 132.4 thousand to € 129.3 thousand, taking into account lower other operating expenses (./ € 12.9 thousand) as a result of decreased patent expenses.

The increase in the balance sheet total results on the assets side of the balance sheet from an increase in receivables from affiliated companies (+ € 326.0 thousand) and a decrease in liquid funds (./ € 183.3 thousand), on the liabilities side essentially from the net profit for 2021.

The equity ratio remains unchanged at 99.3 % due to the net profit for the year and an increase in total assets of approximately the same amount.

The financial situation of the company is good and the fulfilment of financial obligations is guaranteed at all times.

We believe that the management's presentation and assessment of the company's situation and its expected development in the annual financial statements are accurate.

## **2. Facts Impairing Development or Endangering the Existence of the Company**

No facts impairing the development and/or jeopardising the existence of the company were identified in the course of our audit, which we carried out in accordance with our professional duties.

## **II. Discrepancies**

### **1. Discrepancies in Accounting**

In accordance with § 321 para. 1 sentence 3 of the German Commercial Code, we are required to report on any inaccuracies or violations of legal requirements which we identify during our audit.

In the course of our audit, we have not identified any inaccuracies or violations of statutory provisions.

### **2. Other Irregularities**

In accordance with § 321 para. 1 sentence 3 of the German Commercial Code, a report must be made on any facts ascertained during the audit which reveal serious infringements of the law or the Articles of Association by the Managing Director or employees.

In the course of our assessment, we have not identified any facts which indicate serious infringements of the law or the Articles of Association by the Managing Director or employees.

## **D. Execution of the Audit**

### **I. Subject of the Audit**

The Company under review is a micro-corporation within the meaning of § 267a para. 1 of the German Commercial Code (HGB), which pursuant to §§ 316 et seq. of the German Commercial Code, is not subject to statutory audit.

As part of the assignment given to us, we have audited the accounting records and the annual financial statements as at 31.12.2021 in accordance with § 317 of the German Commercial Code for compliance with the relevant statutory provisions and the supplementary provisions of the articles of association.

The authoritative accounting principles for our audit of the annual financial statements were the accounting provisions of §§ 242 to 256a and §§ 264 to 288 of the German Commercial Code and the special provisions of the Limited Liability Companies Act.

The assessment of the adequacy of the Company's insurance cover, in particular whether all risks are considered and adequately insured, was not the subject of our assignment to audit the annual financial statements.

### **II. Nature and Scope of the Audit**

We conducted our audit in accordance with § 317 of the German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW).

The audit does not extend to whether the continued existence of the audited Company or the effectiveness and efficiency of the Management can be assured. The scope of our assignment was neither the detection and clarification of criminal offences, such as embezzlement or other acts of breach of trust, nor of administrative offences committed outside the scope of accounting.

The basis of our risk and process-oriented audit procedure is the development of an audit strategy. This is based on an assessment of the economic and legal environment of the Company, its objectives, strategies and business risks, which we evaluate on the basis of critical success factors. The audit of the accounting-related internal audit system and its effectiveness is supplemented by process analyses, which we perform with the aim of determining its influence on relevant items in the annual financial statements and thus being able to assess the risks of error and our audit risk.

We have taken into account the findings from the audit of the processes and the accounting-related internal audit system in the selection of the analytical audit procedures (plausibility assessments) and the individual case audits with regard to the inventory records, the recognition, the presentation and the valuation in the annual financial statements. In the Company-specific audit programme, we determined the focus of our audit, the nature and scope of the audit procedures, the timing of the audit and the assignment of staff. In doing so, we complied with the principles of objectivity and risk orientation and therefore based our audit assessment predominantly on analytical audit procedures, individual case or sample audits or a combination of both.

In view of the manageable size of the Company and the clarity of its procedures, in the present case, in addition to analysing the process of preparing the annual financial statements, we have also carried out individual case audits. In doing so, we focused on the following audit areas:

- Audit of the accounting and valuation of receivables from affiliated companies and shareholders,
- Audit of the accounting and valuation of credit balances with credit institutions,
- Realisation of sales revenues.

Furthermore, we performed the following standard audit procedures, among others:

1. We have ascertained the correctness of the accounting treatment of the receivables from affiliated companies and shareholders by obtaining balance confirmations,
2. We obtained confirmations from credit institutions,

All clarifications and evidence requested by us were provided. The management confirmed in writing the completeness of this information and evidence as well as the accounting records, the annual financial statements and the management report to us.

### **III. Independence**

We conducted our independent audit in accordance with the applicable provisions on independence (§ 321 para. 4a of the German Commercial Code).

## **E. Findings on the Financial Statements**

### **I. Propriety of the Accounts**

Based on the final results of our audit, we determine that the accounting records and the other audited documents, the annual financial statements and the management report comply with the legal requirements and the supplementary provisions of the articles of association.

## **1. Previous Year's Financial Statements**

The previous year's financial statements were adopted by the shareholders' meeting on 15.03.2021. The management was discharged from liability.

The shareholders' meeting decided to carry forward the accumulated loss as at 31.12.2020 in the amount of € 974,582.16 (loss carried forward as at 01.01.2020 in the amount of € 1,107,004.64 thousand plus net loss for 2020 in the amount of € 132,422.48 thousand) to the account of the new financial year.

## **2. Reporting and Other Audited Documents**

The organisation of the bookkeeping, the accounting-related internal audit system, the data flow and the document system ensure the complete, correct, timely and orderly registration and booking of the business transactions.

The information derived from other audited documents (e.g. cost reporting documents, operating accounts, contract documents) has led to a proper presentation in the accounting records, the annual financial statements and the status report.

During our audit, we did not identify any circumstances which would indicate that the organisational and technical measures set up by the Company are not suitable for guaranteeing the security of the data processed for accounting purposes and thus processing in accordance with the Principles of Proper Accounting (GoB) pursuant to § 238 of the German Commercial Code as well as the IT systems used.

In our assessment of the accounting-related internal audit system, we did not identify any weaknesses which would require us to extend our audit procedures or to change the focus of our audit. In our opinion, the process-integrated and downstream controls in the audited areas are fundamentally suitable, both individually and in their interaction, to prevent material damage to assets and to ensure the correctness of the accounting.

The accounting-related internal audit system (IKS) set up by the Company provides for appropriate regulations on the organisation and control of work processes. There were no significant organisational changes in the accounting procedures during the reporting period.

The books were opened correctly with the figures from the previous year's balance sheet and were kept properly. The documentary function has been complied with.

The organisation of the accounting department is appropriate to the circumstances of the Company. No significant organisational changes were made to the accounting procedures in the year under review.

In our opinion, based on the findings of our audit, the accounting records comply with the legal requirements. The information taken from other audited documents has led to a proper presentation in the accounting records, the annual financial statements and the status report.

As a summarised result of our audit, which comprised

- the propriety of the components of the financial statements and their derivation from the accounting records,
- the accuracy of the information given in the notes,
- the observance of the rules of accounting, reporting and valuation,

- the observance of all statutory provisions applicable to accounting, including generally accepted accounting principles, and of all size-dependent, legal form-bound or business sector-specific regulations, and
- the observance of regulations of the articles of association insofar as these concern the content of the accounting,

we issued the audit report reproduced in section B.

### 3. Annual Financial Statement

Based on the final result of our audit, we ascertain that the annual financial statements comply with all legal regulations applicable to accounting, including the principles of proper accounting and all size-related and legal form-related regulations, as well as the principles of the articles of association.

In accordance with § 267 of the German Commercial Code, the Company has the following size-related characteristics:

		2021	2020
Balance sheet total	T€	760.5	631.0
Turnover	T€	145.2	161.3
average number of employees		0	0

The Company therefore qualifies as a micro-corporation pursuant to § 267a para. 1 of the German Commercial Code as at the closing date.

The balance sheet is structured in accordance with the provisions of § 266 of the German Commercial Code. The profit and loss account has been prepared in accordance with the total cost method (§ 275 para. 2 of the German Commercial Code).

The **balance sheet and the profit and loss account** as at 31.12.2021 are - based on the previous year's financial statements as at 31.12.2020, which were audited by us and received an unconditional audit certificate dated 16.03.2021 - properly derived from the accounting records and the other audited documents.

Reporting, disclosure and valuation regulations have been observed. The valuation methods applied to the previous annual financial statements have been retained.

The information provided in the **annex** is complete and correct. The explanations and justifications comply with the legal requirements.

The protective clause of § 286 para. 4 of the German Commercial Code regarding the disclosure of the total remuneration of the legal representatives in the notes in accordance with § 285 no. 9 of the German Commercial Code was used appropriately in the context of the preparation.

### 4. Status Report

The Company has permissibly waived the preparation of a status report (exemption for small corporations pursuant to § 264 para. 1 sentence 4 of the German Commercial Code).

## II. Overall Assessment of the Annual Financial Statements

According to our assessment, the annual financial statements - i.e. as an overall statement of the annual financial statements as they result from the interaction of the balance sheet, the profit and loss account and the notes to the financial statements - give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the principles of proper accounting (§ 264 para. 2 of the German Commercial Code).

For a better understanding of the overall statement of the annual financial statements, we dutifully describe below the main valuation principles and the influence that changes in the valuation principles have on the overall statement of the annual financial statements (§ 321 para. 2 sentence 4 of the German Commercial Code).

The Company has disclosed the accounting and valuation methods applied in the annex. In our comments below, we therefore focus in particular on those matters which are of material importance for the assessment of the net assets, financial position and results of operations and their overall effect in connection with other measures and matters (Institute of Public Auditors in Germany (IDW) PS 250 new version).

### 1. Fundamental Valuation Principles

We provide the following information on the reporting and valuation methods applied and the factors relevant to the valuation of assets and liabilities, including any effects of changes to these methods:

The **reporting and valuation methods** are based on the going concern assumption (§ 252 para. 1 no. 2 of the German Commercial Code) and are in accordance with the provisions of commercial law. They are basically unchanged from the previous year.

**Intangible assets**, where acquired against remuneration, are capitalised at acquisition cost and depreciated on a linear basis in accordance with their expected period of use.

**Receivables and other assets** are reported at nominal value or a lower value on the closing date. No individual value adjustments were made on receivables.

The **financial resources** are stated at nominal value.

The **registered capital** (= subscribed capital) shown in the commercial register is DM 100,000.00 and, as in the previous year, is shown in the balance sheet at the nominal amount of € 51,129.19 converted into euros.

For impending risks and uncertain obligations, **other provisions** are made in the amount of the settlement amount required according to reasonable commercial judgement.

### 2. Modifications in the Assessment Principles

There are no **deviations** in the **reporting and valuation methods** in comparison to the previous year.

### 3. Measures Affecting the Facts at Hand

We define **accounting policy measures** as all measures and valuation decisions which have a material effect on the presentation of the net assets, financial position and results of operations. Measures which affect the reporting and/or valuation of assets and liabilities are those which deviate from the usual presentation, which in our opinion corresponds to the expectations of the users of the financial statements, and the deviation from the usual presentation has a material effect on the overall statement of the annual financial statements.

According to the information obtained in the course of our audit, the Company has not taken any measures which would alter the presentation of the financial statements.

### 4. Summary Assessment

On completion of our audit in accordance with professional standards, we have come to the conclusion in our auditor's report that the annual financial statements as a whole give a true and fair view of the net assets, financial position and results of operations of Herhof-Management Company Ltd in accordance with German principles of proper accounting.

## **F. Conclusion**

We issued the above report on our audit of the annual financial statements of Herhof-Management Company Ltd for the financial year from 01.01.2021 to 31.12.2021 in accordance with § 321 of the German Commercial Code and the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW PS 450 new version).

The auditor's report issued by us is included in section B. under "Reproduction of the auditor's report".

The audit report is signed in accordance with § 321 para. 5 of the German Commercial Code, taking into account § 32 of the German Code of Public Accountants (WPO), as follows.

Lauchringen, 23.09.2022

Treuhand Hochrhein Revision Ltd  
Auditing Company

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(Certified business economist Patrick Stärk)  
Auditor





# **ANNEXES**

**Balance Sheet**

on 31.12.2021

of

Herhof-Management Company Ltd

35606 Solms

**Assets**

	€	€	Previous year T€
<b>Current assets</b>			
<i>I. Receivables and other current assets</i>			
1. Receivables due from shareholders	74,593.74		86,428.11
2. Receivables due from affiliated companies	661,857.41		335,857.41
3. Other current assets	<u>1,033.80</u>	737,44.95	1,490.50
<i>III. Cash on hand, credit balances with credit institutions</i>		<u>23,006.93</u>	<u>206,271.01</u>
		760,491.88	
		<u>760,491.88</u>	<u>631,047.03</u>

	€	€	<b>Liabilities</b> Previous year T€
<b>A. Equity capital</b>			
<i>I. Subscribed capital</i>	51,129.19		51,129.19
<i>II. Capital reserve</i>	1,550,000.00		1,550,000.00
<i>III. Loss carried forward</i>	-974,582.16		-1,107,004.64
<i>IV. Annual deficit</i>	<u>129,294.85</u>	755,841.88	132,422.48
<b>B. Accrued expenses</b>			
Other accrued expenses		4,650.00	4,500.00
		<u>760,491.88</u>	<u>631,047.03</u>



## Profit and Loss Account

For the period from 01.01.2021 to 31.12.2021

of

Herhof-Management Company Ltd

35606 Solms

	€	Previous year T€
1. Turnover revenue	145,164.72	161,164.88
2. Other operating expenses	-15,869.87	-28,742.40
<b>3. Result after tax</b>	<b>129,294.85</b>	<b>132,422.48</b>
<b>4. Annual deficit</b>	<b>129,294.85</b>	<b>132,422.48</b>



**Annex**

Of the annual statement on 31.12.2021

of

Herhof-Management Company Ltd

35606 Solms

## I. General Information

The annual financial statements were prepared on the basis of the statutory regulations (of the German Commercial Code, German Limited Liability Companies Act) and in compliance with the principles of proper accounting. The balance sheet is structured in accordance with the provisions of § 266 of the German Commercial Code. The profit and loss account is structured according to the total cost method in accordance with § 275 para. 2 of the German Commercial Code.

The Company is a micro-corporation pursuant to § 267 para. 1 of the German Commercial Code.

The Company is registered under the name Herhof-Management Company Ltd in the Commercial Register of the Local Court of Wetzlar under number HRB 1740. The registered office of the Company is in Solms.

## II. Accounting and Valuation Methods

The accounting and valuation methods remain unchanged from the previous year.

**Receivables and other assets** are reported at nominal value or a lower value on the closing date. Value adjustments were made to a sufficient extent under the aspect of commercial prudence.

The **financial resources** are stated at nominal value.

The **registered capital** shown in the commercial register (= subscribed capital) is shown in the balance sheet at the nominal amount of € 51,129.19, as in the previous year.

For impending risks and uncertain obligations, **other provisions** are made in the amount of the settlement amount required according to reasonable commercial judgement.

## III. Balance Sheet Information

### Assets

#### Current Assets

The **receivables from shareholders** are fully attributable to receivables from supplies and services (€ 74.5 thousand; previous year € 86.4 thousand).

The **receivables from affiliated companies** amounting to € 661.9 thousand are fully attributable to other assets (previous year: € 335.9 thousand).

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



## IV. Further Information

### Number of Employees

During the past business year, the company did not employ any employees.

### Management

In the financial year 2021, the business of the Company was conducted by:

- Mr. Konstantinos Papadimas, Commercial Director
- Mr Leonidas Bobolas, Managing Director of Helector S.A. (until 28.10.2021)
- Mr. Ioannis Margiolos, Managing Director of Helector S.A. (from 29.10.2021)
- Mr Martin Lehmann, Water Business Unit Manager Aktor S.A. (from 29.10.2021)

### Group Affiliation

The annual financial statements of the Company are included in the consolidated financial statements of the shareholder Helector S.A., Kifissia / Greece (smallest consolidated group). The consolidated financial statements are published on the website of the shareholder (<https://ellaktor.com/en/etaireies-omiloy/ilektor/oikonomika-stoicheia/>).

### Proposal for the Appropriation of Profit

The management proposes to carry forward the accumulated loss in the amount of € 974.6 thousand to the account of the new financial year.

Solms, 23.09.2022

.....  
(Ioannis Margiolos)  
- Managing director -

.....  
(Konstantinos Papadimas)  
- Managing director -

.....  
(Martin Lehmann)  
- Managing director -



**A. Signature of the Annual Financial Statements in accordance with § 245  
of the German Commercial Code**

Solms, 23.09.2022

.....  
(Ioannis Margiolos)  
- Managing director -

.....  
(Konstantinos Papadimas)  
- Managing director -

.....  
(Martin Lehmann)  
- Managing director -

## **B. Auditor's Assessment Report**

To Herhof-Management Company Ltd, Solms

### **Audit Assessment**

We conducted an audit of the annual financial statements of Herhof-Management Company Ltd, Solms, comprising the balance sheet as at 31.12.2021 and the income statement for the financial year from 01.01.2021 to 31.12.2021 as well as the annex, including the presentation of the accounting and valuation methods.

In our opinion, based on the findings of our audit, the attached annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at 31.12.2021 and of its results of operations for the financial year from 01.01.2021 to 31.12.2021 in accordance with German principles of proper accounting.

In accordance with § 322 para. 3 sentence 1 of the German Commercial Code, we declare that our audit has not led to any reservations concerning the propriety of the annual financial statements and the status report.

### **Foundation for the Audit Assessment**

We conducted our audit of the financial statements in accordance with § 317 of the German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Our responsibility under those provisions and standards is further described in the "Auditor's Responsibility for the Audit of the Annual Financial Statements" section of our auditor's report.

We are independent of the Company in accordance with German commercial law and professional regulations and have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we gathered is sufficient and appropriate to serve as a basis for our audit assessment on the annual financial statements.

### **Responsibility of the Legal Representatives for the Financial Statements**

The legal representatives are responsible for the preparation of the annual financial statements which comply in all material respects with the provisions of German commercial law applicable to corporations and for ensuring that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal audits which they have determined are necessary to enable the preparation of financial statements which are free from material misstatement, whether caused intentionally or unintentionally, in accordance with German generally accepted accounting principles.

In preparing the financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for preparing the financial statements on the basis of the going concern principle, unless this is precluded by factual or legal circumstances.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether caused intentionally or unintentionally, and to issue an audit report containing our assessment of the financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 of the German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors (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 recipients taken on the basis of these financial statements.

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

- we identify and assess the risks of material misstatement of the financial statements, whether caused intentionally or unintentionally, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our audit assessment. The risk of not detecting material misstatements is higher for noncompliance than for inaccuracy, as noncompliance may involve fraud, forgery, intentional omissions, misleading representations, or the override of internal audit.
- we obtain an understanding of internal audit system relevant to the audit of the financial statements in order to design audit procedures which are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal audit system.
- we evaluate the adequacy of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures made by the legal representatives.
- we draw conclusions about the appropriateness of the going concern basis of accounting used by the legal representatives and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances which 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 related disclosures in the financial statements or,

if such disclosures are inadequate, to modify our conclusion. We draw our conclusions based on the audit evidence obtained up to the date of our audit assessment. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- we assess the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

We confer with those charged with governance to discuss, among other matters, the planned scope and timing of the audit and significant audit assessments, including any deficiencies in internal audit system that we identified during our audit.

Lauchringen, 23.09.2022

Treuhand Hochrhein Revision Ltd  
Auditing Company

Certified business economist Patrick Stärk  
Auditor

## Legal Status

### 1. Fundamentals of Corporate Law

The Company was founded by notarial deed dated 29.10.1994 and entered in the Commercial Register of the Wetzlar Local Court under HRB 1740 on 30.12.1994.

A current extract from the commercial register dated 03.01.2022 with the last entry dated 28.12.2021 was available. According to information, there have been no transactions subject to registration since this date.

The Company name is:

#### **Herhof-Management Company Ltd**

The registered office of the Company is located in 35606 Solms, Germany.

As at the closing date 31.12.2021, the articles of association of 29.10.1994 were in force.

### Scope of the Company

According to the entry in the Commercial Register, the scope of Herhof-Management Company Ltd is the management and administration of the Herhof Group, in particular the provision of services of all kinds, such as management services, the assumption of financing management for all companies of the Herhof Group as well as the performance of related transactions promoting the purpose of the Company.

### Financial Year

The financial year is the calendar year.

### Registered Capital

The registered capital has been DM 100,000.00 (€ 51,129.19) since the company was founded. A conversion to € has not yet taken place.

The sole shareholder is Helector S.A., Nea Kifissia / Greece.

### Management and representation

If only one managing director has been appointed, he/she shall represent the Company alone. If several managing directors have been appointed, the management shall be represented by two managing directors jointly or by one managing director together with an authorised signatory. Individual power of representation may be granted.

During the reporting period and up to the time of our audit, the following persons were appointed as managing directors with sole power of representation and exempt from the restrictions of § 181 of the German Civil Code (BGB).

- Mr. Konstantinos Papadimas, Athens / Greece
- Mr. Leonidas Bobolas, Attica / Greece (until 29.10.2021)
- Mr. Ioannis Eleftherios Margiolos, Athens / Greece (as of 29.10.2021)
- Mr. Martin Friedrich Oskar Lehmann, Athens / Greece (as of 20.11.2021)

## **2. Essential Contracts**

On 16 July 2012, the company concluded a licence agreement with Herhof Ltd and Helector S.A. as licensors on the use of trademarks and patents in the field of mechanical-biological treatment of waste. The duration of the agreement is until the expiry of the longest running patent or until the settlement of all payment obligations under the agreement.

## **3. Fiscal Status**

The Company is registered with the Giessen Tax Office under the tax number 20 235 50828.

The Company's income is subject to corporate income tax (plus solidarity surcharge) as well as trade tax. For turnover tax, the standard taxation applies.

An external tax audit has been completed in 2018 for the fiscal assessment years 2015 and 2016.

The tax assessments for the years 2017 to 2020 are subject to review pursuant to § 164 of the German Fiscal Code (AO).



## Analysis of the Net Assets, Financial Status and Results of Operations

For computational reasons, there may be rounding differences in the following tables compared to the exact values (monetary units, percentages, etc.).

### I. Analysis of the revenue status

#### 1. Presentation of the revenue status

The following table shows the profit and loss accounts for the last two financial years. Some of the expenses and revenues deviate from the structure of the profit and loss account under commercial law and are structured from a business point of view.

	2021		2020		Change	
	T€	%	T€	%	T€	%
Sales revenue	145.2	100.0	161.2	100.0	-16.0	-9.9
other operating expenses	-15.9	-11.0	-28.8	-17.9	12.9	-44.8
<b>Operating result</b>	<b>129.3</b>	<b>89.0</b>	<b>132.1</b>	<b>82.1</b>	<b>-3.1</b>	<b>-2.3</b>
<b>Result after tax / annual surplus</b>	<b>129.3</b>	<b>89.0</b>	<b>132.1</b>	<b>82.1</b>	<b>-3.1</b>	<b>-2.3</b>

Insofar as the shareholder Helector S.A. uses trademarks and patents of the company which the latter owns in the field of mechanical-biological treatment of waste, the company receives corresponding licence fees for this.

Sales revenues decreased by € 16.0 thousand to € 145.2 thousand (./. 9.9 %) compared to the previous year, as the quantities of waste treated on which the licence fees are based declined compared to the previous year.

With other operating expenses decreased from € 28.8 thousand to € 15.9 thousand due to lower trademark and patent expenses, the net profit for the year decreased slightly by € 3.1 thousand or 2.3% to € 129.3 thousand compared to the previous year.

### III. Analysis of the Asset and Financial Status

#### 1. Cash flow statement for the period 01.01.2021 to 31.12.2021

The change in financial resources as well as the causal movements of funds are shown in the following cash flow statement:

	2021 T€
1. <b>Annual deficit</b>	<b>129.3</b>
2. +/- Depreciation / revaluation of accruals	0.2
3. +/- Other non-cash expenses / revenues	-0.1
4. <b>Cash Flow</b>	<b>129.4</b>
5. - / + Increase / decrease in inventories, receivables from supplies and services as well as other assets which are not to be allocated to the investment or financing activity	63.3
6. = <b>Cash flow from operating activities</b>	<b>192.7</b>
7. + Proceeds from investments within the framework of short-term financial disposition	0.0
8. - Disbursements for from investments within the framework of short-term financial disposition	-376.0
9. = <b>Cash flow from investment activities</b>	<b>376.0</b>
10. = <b>Cash flow from financing activities</b>	<b>0.0</b>
11. Changes in financial resources affecting payments (sum of lines 6, 9 and 10)	-183.3
12. +/- Exchange rate and other changes in the value of financial resources	0.0
13. + Financial resources at the beginning of the period	206.3
14. = <b>Financial resources at the end of the period</b>	<b>23.0</b>
15. <b>Breakdown of financial resources</b>	
Cash in hand and credit balances with credit institutions	23.0
Liabilities due to credit institutions	0.0
<b>Financial resources at the end of the period</b>	<b>23.0</b>

## 2. Net Assets and Capital Structure

The following overview is derived from the balance sheets of the last two financial years after summarisations and balancing, which were carried out according to business management perspectives. Receivables and liabilities due later than one year from the closing date are considered to be long-term, all other receivables and liabilities are considered to be short-term.

	31.12.2021		31.12.2020		Change	
	T€	%	T€	%	T€	%
Receivables due from shareholders	74.6	9.8	86.4	13.7	-11.8	-13.7
Receivables due from affiliated companies	661.9	87.1	335.9	53.2	326.0	97.1
Other assets	1.0	0.1	2.4	0.4	-1.4	-58.3
Cash in hand and bank balances	23.0	3.0	206.3	32.7	-183.3	>100
<b>Short-term committed assets</b>	<b>760.5</b>	<b>100.0</b>	<b>631.0</b>	<b>100.0</b>	<b>129.5</b>	<b>20.5</b>
<b>Total assets</b>	<b>760.5</b>	<b>100.0</b>	<b>631.0</b>	<b>100.0</b>	<b>129.5</b>	<b>20.5</b>

With an increase in the balance sheet total of € 129.5 thousand (= 20.5 %), the liquid funds decreased by € 183.3 thousand, mainly due to the net profit for the year and the issue of loans to a sister company. In contrast, receivables from affiliated companies increased by € 326.0 thousand to € 661.9 thousand due to the granting of loans.

	31.12.2021		31.12.2020		Change	
	T€	%	T€	%	T€	%
Subscribed capital	51.1	6.7	51.1	8.1	0.0	0.0
Capital reserve	1,550.0	203.8	1,550.0	245.6	0.0	0.0
Loss carried forward	-974.6	-128.2	-1,107.0	-175.4	132.4	-12.0
Annual deficit	129.3	17.0	132.4	21.0	-3.1	-2.3
<b>Equity capital</b>	<b>755.8</b>	<b>99.3</b>	<b>626.5</b>	<b>99.3</b>	<b>129.3</b>	<b>20.6</b>
Other liabilities	4.7	0.7	4.5	0.7	0.2	4.4
<b>Short-term external capital</b>	<b>4.7</b>	<b>0.7</b>	<b>4.5</b>	<b>0.7</b>	<b>0.2</b>	<b>4.4</b>
<b>Total equity and external capital</b>	<b>760.5</b>	<b>100.0</b>	<b>631.0</b>	<b>100.0</b>	<b>129.5</b>	<b>20.5</b>

As a result of the net profit for the year, equity increased by € 129.3 thousand compared to the previous year and amounts to € 755.8 thousand. The increase in equity by the net profit for 2021 and the increase in the balance sheet total result in a stable equity ratio of 99.3%.

## Statement of Accounts for the Balance Sheet - Assets

Account	Description	EUR	Financial Year EUR	Previous year EUR
	<b>Receivables due from Shareholders</b>			
1251	Receivables from S+S due from Shareholders		<b>74,593.74</b>	86,428.11
	<b>Receivables due from affiliated companies</b>			
1269	Clearing account Co 09	335,857.41		335,857.41
1271	Clearing account Co 11	<u>326,000.00</u>		<u>0.00</u>
			<b>661,857.41</b>	335,857.41
	<b>other assets</b>			
1421 00	VAT receivables current year	1,033.80		1,825.52
1422 00	VAT Previous year	<u>0.00</u>		<u>664.98</u>
			<b>1,033.80</b>	2,490.50
	<b>Cash on hand, Federal Bank balances, credit balances with credit institutions and cheques</b>			
1884 00	Volksbank Mittelhessen 79583022		<b>23,006.93</b>	206,271.01
	Total sum assets		<b>760,491.88</b>	631,047.03

**Statement of Accounts for the Balance Sheet – Liabilities**

Account	Description	EUR	Financial year EUR	Previous year EUR
	<b>Subscribed capital</b>			
2000	Registered capital		<b>51,129.19</b>	51,129.19
	<b>Capital reserve</b>			
2920	Capital reserve		<b>1,550,000.00</b>	1,550,000.00
	<b>Loss carried forward</b>			
2978	Loss carried forward before appropriation		<b>974,582.16-</b>	1,107,004.64-
	<b>Annual surplus</b>			
	Annual surplus		<b>129,294.85</b>	132,422.48
	<b>other accruals</b>			
3095	Accruals for financial statements & audits		<b>4,650.00</b>	4,500.00
	Total sum assets		<b>760,491.88</b>	760,491.88

**Account Statement for the Profit and Loss Account**

Account	Description	EUR	Financial year EUR	Previous year EUR
	<b>Sales revenue</b>			
4010	Revenues from licences 0% VAT		<b>145,164.72</b>	161,164.88
	<b>Insurances, contributions and levies</b>			
6420	Contributions and fees		<b>240.00-</b>	240.00-
	<b>Miscellaneous operating expenses</b>			
6815	Office costs	59.00-		50.00-
6820	Legal & consulting costs	10,291.55-		14,830.00-
6827	Other licencing/patent costs	0.00-		8,960.00-
6828	Closing & audit costs	4,642.80-		4,542.80-
6855	Incidental costs of monetary transactions	<u>636.52-</u>		<u>119.60-</u>
			<b>15,629.87-</b>	
	<b>Annual surplus</b>			
	Annual surplus		<b><u>129,294.85</u></b>	<u>132,422.48</u>

## Special Contractual Terms and Conditions for Audits and Audit-Related Services

of  
Treuhand Hochrhein Revision Ltd.  
Auditing Company

Version: 1 March 2021

### Preliminary Remarks

These Terms and Conditions of Assignment of Treuhand Hochrhein Revision Ltd Auditing Company supplement and substantiate the General Terms and Conditions of Assignment for Auditors and Auditing Firms issued by the Institute of Public Auditors e.V. [Registered Association], dated 01.01.2017 and are to be applied against these with priority. They apply subordinate to an assignment confirmation letter. The assignment confirmation letter together with all attachments constitute the "*Full Terms and Conditions of Assignment*".

### A. Auditing Standards

Treuhand Hochrhein Revision Ltd Auditing Company will conduct the audit in accordance with § 317 of the German Commercial Code and in compliance with the German generally accepted standards for the audit of financial statements ("GoA") promulgated by the Institute of Public Auditors e.V. [Registered Association] in a risk-oriented manner. Accordingly, we will plan and arrange the audit in compliance with the principles of conscientious professional practice in such a way that inaccuracies and violations that have a material effect on the subject matter of the audit according to the assignment confirmation letter are detected with sufficient certainty.

We will perform the audit procedures we consider necessary and issue a report in accordance with § 322 of the German Commercial Code. We will report on the performance of our audit to the extent customary in the profession. In order to determine the nature, time and scope of the individual audit procedures in an appropriate manner, we will, to the extent we consider it necessary, audit and assess the system of accounting-related internal audits, in particular to the extent it serves to ensure proper accounting. We will not, however, assess whether the continued existence of the audited company or the effectiveness and efficiency of its management can be assured (§ 317 IVa of the German Commercial Code). As is customary in the profession, we will perform the audit procedures on a random basis so that there is an unavoidable risk that material misstatements may remain undetected even if the audit is performed in accordance with professional standards. Therefore, embezzlement and other irregularities, for example, will not necessarily be detected by the audit. Please note that the objective of the audit is not to detect misstatements or other irregularities that do not relate to the compliance of the subject matter of the audit with the applicable financial reporting framework. However, should we assess such matters during the audit, we will bring them to the attention of the client without delay.

It is the responsibility of the legal representatives of the client to correct any material misstatements in the subject matter and to confirm to us in the statement of completeness that the effect of any uncorrected misstatements identified by us during the current assignment is immaterial to the subject matter, both individually and in the aggregate.

## **B. Contractual Relationship**

If documents of legal relevance are made available to us, we expressly state that we have no obligation to provide legal advice or review, nor does this assignment include general legal advice. The client must therefore also submit any sample formulations provided by us in connection with the execution of this assignment to his responsible legal advisor for final legal review. The client is responsible for all management decisions in connection with our services, the use of our results and the decision as to whether our services are suitable for the client's own internal purposes.

## **C. Access to Information**

It is the responsibility of the legal representatives of the client to provide us with unrestricted access to the records, documents and other information required for the assignment. The same applies to the submission of additional information published by the client together with the financial statements and, if applicable, the related status report. The client shall make this information available in due time before issuing the audit report or without delay as soon as it is available. All information provided to us by or on behalf of the client ("*client information*") must be complete

## **D. Exemption**

The client is obliged to exempt us from all claims of third parties (including affiliated companies) as well as consequential obligations, damages, costs and expenses (in particular reasonable external legal fees) resulting from the use of the work result by third parties and the disclosure having been made directly or indirectly by the client or at his instigation. This obligation does not exist to the extent that we have expressly agreed in writing that the third party may rely on the work result.

## **F. Scope of Application**

The provisions contained in the General Terms and Conditions of Assignment - including the provision on liability - shall also apply accordingly to all future other assignments placed by the client, unless separate agreements are concluded in each case or are covered by a framework agreement or unless domestic or foreign statutory or official requirements which are binding for us conflict with individual provisions in favour of the client.

The terms and conditions of all Terms and Conditions of Assignment shall apply exclusively to our services; other conditions shall not become part of the contract unless the client has expressly agreed these with us in writing. General terms and conditions of purchase referred to in the context of automated orders shall not be deemed to be included even if we have not expressly objected to them.

The exclusive place of jurisdiction for all legal disputes arising in connection with the assignment or the services rendered thereunder shall be the registered office of our law firm / professional company in Germany.