

**GMM International S.à r.l.**  
**Société à responsabilité limitée**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2022 AND FOR THE YEAR THEN ENDED**  
**WITH THE REPORT OF THE REVISEUR D'ENTREPRISES**  
**AGREE**

2, rue Edward Steichen  
L-2540 Luxembourg  
R.C.S. Luxembourg: B 246.485  
Share Capital: USD 547,568



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GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended March 31, 2022

## **MANAGEMENT REPORT**

### **Information on Company and Markets**

#### **General Information**

Established in 1884, Pfaudler is a world-leading process solutions group, providing Technologies, Systems, Services and Innovations to meet the specific requirements of its customers mainly in the chemical, pharmaceutical, beverage and other process industries.

**GMM International S.à r.l.** (the “Company”) was incorporated in the Grand-Duchy of Luxembourg on August 19<sup>th</sup>, 2020 as a limited liability Company (Société à responsabilité limitée) within the definition of the Luxembourg Law of August 10<sup>th</sup>, 1915. The Company has been formed for an unlimited period. The Company’s registered office is 2, rue Edward Steichen, 2540 Luxembourg under the commercial number B 191.423.

The objective of the Company is the acquisition, holding and disposal of interests in Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests.

#### **Company Formation**

The Company was formed on August 19<sup>th</sup>, 2020, for the purpose of acquiring the international Pfaudler businesses from Pfaudler UK Ltd., a subsidiary of Pfaudler International S.à r.l. On February 16<sup>th</sup>, 2021, the Company acquired the international Pfaudler business for a total consideration of approximately USD 90.4 million.

#### **GMM International Group Overview**

The Group is a world-leading provider of Technologies, Systems, Services and Innovations to the process industries. We design, manufacture, install and service corrosion resistant equipment and complete process systems to the precise requirements of our customers.

With ten manufacturing facilities on four continents uniting the Pfaudler, Edlon, interseal, and Normag brands and employing approx. 1,000 people, we are a truly global operation. Our technology is installed across six continents. We offer the largest field service teams in our industry and we are trusted by the vast majority of the world’s top 20 ICIS chemical companies. We have a diversified customer base in the chemical and pharmaceutical sector as well as in the food and beverage industry and other process related industries.

We built our leading position through our expertise in process solutions sales, design and manufacturing, and through our field service strength. We believe that our decades-long record of accomplishment has led to a recognized brand associated with high quality and reliability on a global scale. From the start with our invention of Glasteel® in 1884 through our continuous new technologies developed over the years, we define the standard. For that reason, the world’s most innovative chemical and pharmaceutical companies employ Pfaudler as their partner of choice.

We offer a comprehensive array of products and services, including glass steel components and products, engineered systems, as well as polymer and fluoropolymer materials.

GMM International S.à r.l.  
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### **Trends in the Chemical and Pharmaceutical Industry and Our Business**

The global economy as well as the Chemical and Pharmaceutical industry are still impacted due to the onset of the Covid-19 pandemic. Since February 2022, it is further impacted from the war in Ukraine. Both impacts cause or support the challenges and inflationary developments with regard to raw material and energy shortages and costs, interest and price developments as well as supply chain restrictions in most of the global economies.

However, in response to the Covid-19 pandemic, we recognize beneficial trends as the (Specialty) Chemical as well as Pharmaceutical Industry shift more new capital investment back into industrialized European countries as well as North America. The pandemic illustrated the high exposure of global supply chains especially on China and partly India, so that additional capacity in the traditional markets is set-up to balance risk. We intend to maximize our opportunities out of this trend by using our strong local sales as well as operational presences to introduce a wider range of Technologies, Systems and Services. We have seen already growth and expect taking part in the additional market uplift. Therefore, going forward, we expect the market conditions to remain positive and expect Pfaudler to grow at least in line with the (Specialty) Chemicals and Pharmaceutical industries.

We believe Pfaudler's offerings and capabilities are well placed to expand in the future and that the positive market development of the last financial year also continues.

As our business with customers in Russia and Ukraine is limited, the impact on the business due to the war in Ukraine has as of now a moderate impact on us (mainly due to the related energy cost developments) but will not be existence threatening. This assumes that the war will not lead to a further geographical expansion and thus escalation.

### **Revenue and Expenses**

#### ***Net Revenue***

We sell products and services mainly directly to customers in the Chemical and Pharmaceutical sectors. Revenue from product and equipment sales is recognized when products and equipment are shipped and the customer takes ownership and assumes risk of loss, collection of relevant receivables is probable, persuasive evidence of an arrangement exists, and the sales price is fixed and determinable. For equipment, sales requiring customer validation upon initial set-up, revenue is recorded when customer acceptance is received. Non-product services revenue includes service-related fees, and other services fees. Service revenue is primarily driven by spare parts sales as well as maintenance and repairs services. Services revenue is recognized when performance obligations are completed. For larger, longer-running projects, the percentage-of-completion valuation method is used to recognize revenue over time of the production time frame.

Our overall net revenue is generally impacted by the following factors:

- fluctuations in overall economic activity within the geographic markets in which we operate;
- sales trends for our customers' products, the level of competition they experience, and the impact of regulation and the timing of their product launches;
- mix of different products or services that we sell and our ability to provide offerings that meet our customers' requirements;
- new intellectual property we develop;
- changes in prices of our products and services;
- fluctuations in exchange rates between foreign currencies, in which a substantial portion of our revenues and expenses are denominated, and the US Dollar, and
- completion of milestones or progress of project work.

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***Costs and Expenses***

Cost of products sold consists of direct costs incurred to manufacture and package product and includes labor costs for employees involved in the production process and the cost of raw materials and components used in the process or product. Cost of products sold also includes labor costs of employees supporting the production process, such as production management, quality, engineering and other support services. Other costs in this category include the depreciation of fixed assets, utility and other facility costs, freight costs and other general manufacturing expenses. Cost of services consist of costs incurred to perform the services including labor costs for employees involved in the development process.

Marketing, selling and distribution expenses as well as general and administration expenses consist of all expenditures incurred in connection with the selling and marketing of our products, as well as administrative expenses to support our businesses. These categories include salaries and related benefit costs of employees selling products and supporting sales and marketing, finance, human resources and information technology as well as costs related to executive management. Other costs include warehousing and logistics costs, professional services, marketing activities and other expenses to support the selling and administrative areas.

Research & Development (R&D) costs not eligible for capitalization are expensed as incurred. These expenses include the costs of proprietary R&D efforts, as well as costs incurred in connection with third-party collaboration efforts for internal purposes and Purchase Price Allocations in the context of acquisitions. We have third-party R&D arrangements that result in the recognition of service revenue with associated costs reported in cost of sales.

Our costs and expenses are generally impacted by the following factors:

- the cost of raw materials, such as steel;
- production volumes: as volumes change, the level of resources employed also fluctuate, including raw materials, component costs, employment costs and other related expenses, and our utilization rate may also be affected;
- the mix of different products or services that we sell;
- the utilization rate of our facilities: as our utilization rate increases, we achieve greater economies of scale as fixed manufacturing costs are spread over a larger number of units produced;
- implementation of cost control measures and our ability to affect cost savings;
- the timing of bringing new facilities under construction, production lines and equipment through their start-up phase and into commercial production; and
- fluctuation in currency exchange rates between foreign currencies and the US Dollar.

**Major Events during the Financial Year**

***Mergers & Acquisitions Activities***

GMM International S.à r.l. closed on February 16<sup>th</sup>, 2021 the transaction to acquire the global business of the Pfaudler Group from the private equity firm Deutsche Beteiligungs AG Fund VI (“DBAG”).

The purchase price allocation has been finalized in this financial year ending March 31<sup>st</sup>, 2022.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended March 31, 2022**

***Manufacturing Relocations and Improvements***

In the course of the financial year, GMM International S.à r.l. with its subsidiaries further optimized its manufacturing set-up in order to support the strategic business development of Pfaudler Group based on the expected market developments in the future.

The Group also focuses on further operational improvement activities with a focus on lean manufacturing activities, 5S initiatives and learning from best practices going-forward.

**Results of Operations**

***Period ended March 31<sup>st</sup>, 2022***

The financial year ending March 31<sup>st</sup>, 2022 covers the period April 1<sup>st</sup>, 2021 and March 31<sup>st</sup>, 2022.

Revenues of USD 229.5 million and Cost of Sales of USD 175.8 million were presented in the consolidated financial statements as of March 31<sup>st</sup>, 2022.

Our sales to Customers and the associated cost of sales are reflected in the consolidated statement of income as Revenues and Cost of sales.

***Revenues***

The Company shows revenues of USD 229.5 million for the year ended March 31<sup>st</sup>, 2022. The split of revenues (based on legal entities) is as follows:

*Europe (UK, Germany, Italy and Netherlands)*: On a reported basis, revenues were USD 107.3 million for the year ended March 31<sup>st</sup>, 2022.

*Americas (USA, Brazil and Mexico)*: On a reported basis, revenues in the Americas for the year ended March 31<sup>st</sup>, 2022 were USD 100.3 million.

*Asia (China)*: On a reported basis, revenues in Asia for the year ended March 31<sup>st</sup>, 2022 were USD 22.0 million.

***Cost of Sales***

Cost of Sales amounted to USD 175.8 million for the year ended March 31<sup>st</sup>, 2022 representing 76.6% of revenues. Included in the current period figures, Cost of Sales, were USD 6.3 million of non-cash utilization of acquisition step-up in inventory.

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***Marketing, Selling and Distribution Expenses***

Marketing, Selling and Distribution expenses for the financial year ended March 31<sup>st</sup>, 2022 amounted to USD 23.3 million. As a percent of revenues, Marketing, Selling and Distribution expenses represented 10.1%. The Marketing and Selling expenses contain USD 5.1 million of non-cash amortization of acquisition step-up in intangible assets.

***Research & Development and Engineering Expenses***

Research & Development expenses together with Engineering expenses for the financial year ended March 31<sup>st</sup>, 2022 amounted to a total of USD 6.5 million (thereof USD 1.3 million amortization of acquisition step-up in intangible assets). As a percent of revenues, Research & Development and Engineering expenses were on a level of 2.8% of Revenues. In this fiscal year and in the following years we continue to innovate our products according to market requirements.

***General and Administrative Expenses***

General and Administrative expenses for the financial year ended March 31<sup>st</sup>, 2022 are at USD 21.5 million (including USD 1.4 million M&A related transactional costs). As a percent of revenues, General and Administrative expense represented 9.4%.

***Amortization of intangibles***

Amortization of intangibles amounted to USD 15.2 million for the year ended March 31<sup>st</sup>, 2022 and comprises of USD 6.2 million utilization of acquisition step-up in inventory, USD 6.4 million of amortization relating to step-up in intangible assets and USD 2.4 million of amortization of capitalized lease use rights according to IFRS 16.

***Interest Expense and financial result***

Interest expenses net of interest income for the financial year ended March 31<sup>st</sup>, 2022 of USD 1.3 million include interest expenses of USD 5.6 million on the Senior Credit Facilities, pension liabilities, lease liabilities and foreign exchange effects. Financial income of USD 4.3 million mainly consists of foreign exchange gains and pension related interest income.

***Other (Income)/Deductions—Net***

Other (Income)/Deductions net amounted to USD 0.01 million of income for the year ended March 31<sup>st</sup>, 2022.

***Taxes***

The tax expenses net of tax income for the financial year ended March 31<sup>st</sup>, 2022 amounted to USD 3.9 million. The major portion of the positive tax results needs to be seen in connection with corrections in the US tax calculations after the Purchase Price Allocation was finalised.

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***Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)***

The presentation of EBITDA, which is not a financial measure presented under IFRS, does not comply with IFRS because it is adjusted to exclude certain cash and non-cash expenses.

We present an Adjusted EBITDA because we believe this will be an important supplemental measure relating to our financial condition because it is used in certain financial covenants in the indenture that governs the Senior Credit Facilities. Adjusted EBITDA is included under the indenture governing the Senior Credit Facilities as EBITDA, further adjusted to exclude certain non-cash, non-recurring and other adjustment items permitted in calculating ratios to determine the permissibility of certain transactions under the indenture governing the Senior Credit Facilities. We believe the presentation of Adjusted EBITDA provides a useful approximation to investors regarding the financial covenants that are applicable to us. We draw attention to the fact that amounts shown below, as Adjusted EBITDA may not be comparable to similar measures used by other companies, because not all companies and analysts present Adjusted EBITDA in the same manner.

EBITDA and Adjusted EBITDA are not measurements of our financial performance under IFRS and should not be considered as alternatives to net income or other performance measures derived in accordance with IFRS, or as alternatives to cash flow from operating activities as measures of our liquidity. EBITDA has limitations as analytical tool, and one should not consider such measures either in isolation or as substitutes for analyzing our results as reported under IFRS.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered as discretionary cash available to us to reinvest in the growth of our business or as a measure of cash that will be available to us to meet our obligations. We have prepared a calculation of Adjusted EBITDA for the year ended March 31<sup>st</sup>, 2022. The following table shows the reconciliation of Adjusted EBITDA from the most directly comparable IFRS measure, Operating Income before Interest and Tax (EBIT) attributable to GMM International S.à r.l.

	<b>Financial Year ended March 31<sup>st</sup>, 2022</b>
	<b>USD million</b>
Earnings before Interest and Tax (EBIT)	2.5
Depreciation & Amortization	13.0
Amortization of step-up in inventory	6.3
<b>Earnings before Interest, Tax, Depreciation, Amortization (EBITDA)</b>	<b>21.7</b>
Extraordinary items / Transactional Items*	3.0
<b>Adj. Earnings before Interest, Tax, Depreciation, Amortization (EBITDA)</b>	<b>24.8</b>

\* Extraordinary items / Transactional Items mainly include transaction costs for M&A and refinancing activities as well as restructuring costs.

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## **Liquidity and Capital Resources**

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations and borrowings under our senior secured credit facilities (the “Senior Credit Facilities”) which was transferred from Pfaudler International S.à r.l. to GMM International S.à r.l. with the amendment agreement dated January 29<sup>th</sup>, 2021 and the amendment letter dated February 12<sup>th</sup>, 2021. Our principal uses of cash are to provide working capital, meet debt service requirements, fund capital expenditures and finance our strategic plans, including possible acquisitions. We may also seek to finance our capital expenditures under capital leases or other debt arrangements that provide liquidity or favorable borrowing terms, provided the Senior Credit Facilities Agreement permits this. Based on our current level of operations and available cash, we believe our cash flow from operations, together with availability under our Senior Credit Facilities, will provide sufficient liquidity to fund our current obligations, projected working capital requirements, debt service requirements and capital spending requirements for the foreseeable future. However, we cannot give assurances that our business will generate sufficient cash flows from operations or future borrowings will be available to us under our Senior Credit Facilities in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. Our ability to do so depends on, among other factors, prevailing economic conditions, many of which are beyond our control. In addition, upon the occurrence of certain events, we could be required to repay or refinance our indebtedness. We may not be able to refinance any of our indebtedness, including our Senior Credit Facilities, on commercially reasonable terms or at all.

Any future acquisitions, joint ventures or other similar transactions may require additional capital and there can be no assurance that any such capital will be available to us on acceptable terms or at all. As of March 31<sup>st</sup>, 2022, we have outstanding total bank debt of USD 45.5 million (net of USD 2.4 million debt-issuance costs) plus an additional borrowing capacity available under our current Senior Credit Facilities. Our liquidity requirements are primarily due to capital expenditures for optimization activities and debt service requirements.

### ***Senior Credit Facilities***

Effective August 20<sup>th</sup>, 2019 the Pfaudler International S.à r.l. and certain of its subsidiaries signed an agreement on a EUR 32.9 million and USD 45 million Multicurrency Term and Revolving Senior Facilities Agreement including a Bonding Facility (the “Senior Credit Facilities”). The Senior Facilities Agreement was transferred to GMM International S.à r.l. with the amendment agreement dated January 29<sup>th</sup>, 2021 and the amendment letter dates February 12<sup>th</sup>, 2021.

The original Senior Credit Facilities comprise an EUR-denominated A1 term loan in the aggregate principal amount of USD 1.5 million, an USD-denominated A2 term loan in the aggregate principal amount of USD 9.7 million, an EUR-denominated B1 term loan in the aggregate principal amount of USD 4.9 million, an USD-denominated B2 term loan in the aggregate principal amount of USD 31.5 million, a multi-currency Bonding Facility of EUR 15 million, and a multi-currency revolving credit facility in the aggregate principal amount of EUR 11.6 million. The final repayment date of term loan facilities A1 and A2 is May 31<sup>st</sup>, 2025. Term loan facilities B1 and B2 mature on August 20<sup>th</sup>, 2026 and the Bonding Facility and the Revolver are available until August 20<sup>th</sup>, 2025. The Senior Credit Facilities Agreement is governed by Financial Covenants, which are a) a Cash Flow Cover Ratio and b) a Leverage Ratio. The Company complied with the financing agreements in the financial year 2021/2022 and met at each testing date the agreed financial covenants.

The obligations under the Senior Credit Facilities Agreement are secured by various pledge and charge agreements in favor of the lenders. Also, certain assets, shares, account receivables, bank accounts and intellectual property rights have been granted as security.

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The Senior Credit Facilities Agreement contains provisions that limit our ability to, among other things, incur additional debt, create liens, engage in mergers or consolidations, dispose of assets, pay dividends, hold certain restricted investments and make certain restricted payments. All these provisions are common for this kind of financing. The Senior Credit Facilities Agreement also contains customary affirmative covenants and events constituting default, including with respect to a change-in-control.

***Off-Balance Sheet Arrangements***

Other than operating leases falling under the practical expedient rules of IFRS 16 and securities granted in the context of the Senior Credit, both explained in the Notes to the Consolidated Financial Statements, we did not have any off-balance sheet arrangements as of March 31<sup>st</sup>, 2022.

***Own shares held by the Company***

The Company did not hold any own shares as of March 31<sup>st</sup>, 2022.

**Quantitative and Qualitative Disclosures about Market Risk**

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to business risks through the management of its core business activities. In addition, the Company faces certain financial risks.

***Interest Rate Risk***

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. However, the Company is exposed to interest rate risk relating to its debt financing. The Company monitors debt and interest markets and can use derivative financial instrument to protect itself from increases in certain interest rates applicable to its financing agreements.

In the context of the Senior Credit Facilities, an obligation to address interest rate risks exists. If at any time after the Senior Credit Facilities Closing Date but prior to the date falling three years after the Closing Date, the EURIBOR or LIBOR exceed certain levels, the Company or certain of its subsidiaries shall enter into hedging agreements providing for certain interest rate hedges of the aggregate amount of the facility loans then outstanding.

***Foreign Currency Risk***

The Company transacts business in various foreign jurisdictions and is therefore exposed to market risk from changes in foreign currency exchange rates that could impact its consolidated results of operations, financial position or cash flows. The Company manages its exposure to these market risks through its regular operating and financing activities, the usage of natural hedges, and, if deemed appropriate, may consider using derivative financial instruments. The Company does not use derivative financial instruments for trading purposes.

As per March 31<sup>st</sup>, 2022, the Company and its subsidiaries are not using foreign exchange related derivative instruments to manage foreign currency risk exposure.

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***Commodity Price Risk***

Commodity price risk is primarily driven by raw material purchases, particularly steel. Partially, the Company has agreed to longer-term contracts with suppliers to secure commodity prices in advance.

***Covid-19 pandemic***

The global Chemical and Pharmaceutical industries are like many other industries still impacted by the onset of the Covid-19 pandemic. The Company therefore faces additional commercial and operational challenges, like travel restrictions, additional hygiene requirements or more difficult / inefficient supply chains. The Company is following this development closely and implemented measures to deal with or react to upcoming developments. Per March 31<sup>st</sup>, 2022 it cannot be foreseen if the Covid-19 pandemic will materially impact the Company's ability to deliver its business plan, but the business model has proven to be very resilient in the pandemic so far.

***War in Ukraine***

Even though there is currently no explicit embargo on most of our products, there are already enough restrictions in delivery and payment transactions with Russia and Ukraine to have a business impact and stop all business with Russia as of now. However, the related revenue impact is not significant.

Instead of negative impacts on revenues, we experience more challenges due to the price increases of energy costs and raw materials as well as some supply chain restrictions. These challenges are manageable as of now, but the price development and the potential of material supply bottlenecks are difficult to predict.

In summary, this crisis has as of now a moderate impact on us but will not be existence threatening. This assumes that the war will not lead to a further geographical expansion and thus escalation.

***Risk Management***

Businesses that execute large, long-term engineering projects are naturally exposed to certain risks and uncertainties. At the same time, sales and profit opportunities need to be identified and exploited.

To be able to anticipate and identify risks and opportunities, to mitigate risk and exploit opportunities, we have implemented risk management procedures that are an integral part of our management system. Key elements of our risk management procedures are project controlling, regular reporting within the Pfaudler Group, as well as monitoring of relevant industrial sectors, geographical markets, as well as macroeconomic and geo-political trends and indicators.

In our management meetings, we regularly discuss and evaluate opportunities and risks, to define suitable actions where appropriate.

Our internal reporting ensures ongoing risk and opportunity communication to local and functional management, as well as to our shareholders and our Board of Managers.

For all risks identified in the past financial year that might have a material effect on the financial situation of the Pfaudler Group, appropriate countermeasures have been defined, and sufficient accruals have been made in the consolidated statement of financial position, if required. As a matter of principle, we also maintain an appropriate insurance cover for our business.

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***Changes relating to company statutes and composition of boards***

There were no changes to the statutes of the Company in the financial year ended March 31<sup>st</sup>, 2022.

The members of the Board of Managers of the company per March 31<sup>st</sup>, 2022 were Mr. Thomas Kehl, Mr. Alexander Pömpner, Mr. Tarak Patel, Mr. Dr. Wolfgang Zettel, Mr. Stefan Lambert, Mr. Nakul Toshnival and Mr. Thomas Probst.

***Subsequent events to the balance sheet date***

On August 1<sup>st</sup>, 2022, GMM Pfaudler US Inc, USA, entered into a joint venture agreement with JDS Manufacturing (JDS), USA. Both entities will incorporate a new company and combine their knowledge and skills in the field of glass-lined components, acid-alkali-proof enameled valves, re-glassing services, etc. for the use in the chemical and pharmaceutical industries. JDS will hold a 49% LLC interest in the joint venture company and GMM Pfaudler US Inc. a 51% LLC interest.

Effective August 3<sup>rd</sup>, 2022, the Group has completed the acquisition of Hydro Air Research Italia from Ainvest Private Equity S.r.l. Hydro Air Research Italia is based in Merlino, Italy, and specialized in process and wastewater applications, and in particular, membrane separation technologies.

On August 4<sup>th</sup>, 2022, GMM Pfaudler Ltd., India, has announced that it will increase its stake in GMM International S.à r.l. to 100% by acquiring the balance 46% stake, i.e. 26% held by Millars Concrete Technologies Pvt. Ltd. (Patel family) and 20% held by Pfaudler International S.à. r.l. (which is controlled by funds managed by Deutsche Beteiligungs AG under DBAG Fund VI). With this transaction GMM International S.à. r.l. will become a wholly owned subsidiary of GMM Pfaudler Ltd.

The proposed acquisition will be subject to the approval of the Secretary of State for Business, Energy and Industrial Strategy, United Kingdom and the public shareholders of GMM Pfaudler Ltd.

**Outlook Financial Year 2022/23**

We expect that the Pfaudler business offering and the continued customer trust will enable us to realize our sales and EBITDA targets going forward, overachieving last year's performance.

While the global economy is at the moment still impacted by the Covid-19 pandemic, we expect the next financial year to be challenging. However, our business model proved so far to be resilient in this crisis and we expect to benefit from the operational improvements, positive commercial developments as well as industry trends highlighted in prior paragraphs in the coming months.

Since February 2022, at least the European economy is also heavily impacted by the war in Ukraine. Although this war and the related effects have as of now just a moderate impact on us but a further geographical expansion and thus escalation could of course result in further challenges for us.

Nevertheless, there are also other uncertainties relating to the global economic situation and the impact of political and trade conflicts on economic growth and international trade. The future developments relating to these aspects can, positively or negatively, impact the future development of the Company and Pfaudler Group.

To the Shareholders of  
GMM International S.à r.l.  
2, rue Edward Steichen  
L-2540 Luxembourg

## REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of GMM International S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in stockholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at March 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "*Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Consolidated Financial Statements*" section of our report.

We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Other information**

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated management report, but does not include the consolidated financial statements and our report of the "*réviseur d'entreprises agréé*" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

## **Responsibilities of the Board of Managers for the Consolidated Financial Statements**

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Responsibilities of the “réviseur d’entreprises agréé” for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements , including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

## **Report on Other Legal and Regulatory Requirements**

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Jan van Delden, *Réviseur d'entreprises agréé*  
Partner

August 24, 2022

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as of March 31, 2022

(expressed in USD)

ASSETS	Note	March 31, 2022	March 31, 2021 (restated)
<b>Current assets</b>			
Cash and cash equivalents	CF-S	33,234,178	29,009,990
Account Receivables, net	6	31,900,441	25,914,330
Inventories, net	6	61,331,300	64,472,204
Prepaid and other current assets	6	13,715,861	9,277,841
Current income tax assets	12	2,657,384	1,919,743
Assets held for sale	3	17,816,965	0
<b>Total current assets</b>		<b>160,656,130</b>	<b>130,594,109</b>
<b>Non-currents assets</b>			
Property, plant and equipment, net	6	45,866,459	50,857,678
Goodwill	4	14,698,722	16,685,516
Intangibles, net	4	48,719,236	58,127,355
Investments	9	11,090	11,713
Other assets	6	89,813	38,029
Deferred income tax assets	12	506,485	5,035,536
<b>Total non-current assets</b>		<b>109,891,805</b>	<b>130,755,827</b>
<b>Total assets</b>		<b>270,547,934</b>	<b>261,349,936</b>
<b>LIABILITIES AND EQUITY</b>			
	Note	March 31, 2022	March 31, 2021 (restated)
<b>Current liabilities</b>			
Current portion of long-term debt and short-term borrowings	5	2,752,395	2,461,589
Short term lease liabilities	6	1,924,904	1,903,352
Short term pension obligations	8	1,881,829	1,974,617
Accounts payable	6	33,543,440	23,931,981
Other short-term provisions	6	21,145,822	21,043,755
Other short-term liabilities	6	1,814,445	1,734,940
Advance payments received	6	35,530,090	25,316,497
Short-term Income tax provisions and liabilities	12	2,799,282	3,645,567
Liabilities held for sale	3	4,633,763	0
<b>Total current liabilities</b>		<b>106,025,970</b>	<b>82,012,298</b>
<b>Non-current liabilities</b>			
Long term debt	5	42,722,824	45,729,617
Long term lease liabilities	6	13,695,993	15,010,515
Long term pension obligations	8	46,275,050	59,667,185
Other long-term provisions	6	874,538	961,080
Other long-term liabilities	6	98,273	810,359
Deferred income tax liabilities	12	5,678,744	6,119,867
<b>Total non-current liabilities</b>		<b>109,345,422</b>	<b>128,298,623</b>
<b>Equity</b>			
Common stock	EQ-S	547,568	547,568
Additional paid in capital	EQ-S	50,292,000	50,292,000
Accumulated other comprehensive income	EQ-S	10,090,915	3,142,736
Net Loss of the period	EQ-S	-5,753,941	-2,943,289
<b>Total equity</b>	EQ-S	<b>55,176,543</b>	<b>51,039,015</b>
<b>Total liabilities and equities</b>		<b>270,547,934</b>	<b>261,349,936</b>

The accompanying notes are an integral part of these special purpose consolidated financial statements.



**CONSOLIDATED STATEMENT OF INCOME AND CONSOLIDATED STATEMENT OF  
(COMPREHENSIVE) INCOME**

for the period from April 01, 2021 to March 31, 2022

(expressed in USD)

Consolidated statement of income	Note	April 01, 2021 to March 31, 2022	August 19, 2020 to March 31, 2021 (restated)
Net sales		229,544,038	35,043,542
Cost of sales		-175,753,296	-31,480,300
<b>Gross profit</b>		<b>53,790,742</b>	<b>3,563,242</b>
Selling, general and administrative		-51,340,860	-11,737,109
<b>Operating profit</b>		<b>2,449,882</b>	<b>-8,173,867</b>
Interest and financial costs	5	-5,268,027	-867,307
Interest expenses for leases		-374,173	-62,150
Interest income	5	4,294,583	2,159,984
Other income (expense), net		14,372	116,019
<b>Income (loss) before income taxes</b>		<b>1,116,638</b>	<b>-6,827,321</b>
Income tax income/(expense)	12	-3,927,289	3,884,032
<b>Net income/(loss) attributable to the Group</b>		<b>-2,810,652</b>	<b>-2,943,289</b>
<b>EBIT Reconciliation</b>			
Operating Profit		2,449,882	-8,173,867
Other income (expense), net		14,372	116,019
<b>EBIT</b>		<b>2,464,254</b>	<b>-8,057,848</b>

Consolidated statement of comprehensive income	Note	April 01, 2021 to March 31, 2022	August 19, 2020 to March 31, 2021 (restated)
<b>Net income</b>		<b>-2,810,652</b>	<b>-2,943,289</b>
Other comprehensive income (loss) (net of tax):			
a.) items that will not be reclassified to profit or loss			
Change in defined benefit plans	EQ-S	7,355,044	4,711,572
b.) items that may be reclassified to profit or loss			
Currency translation adjustments	EQ-S	-406,865	-1,568,836
<b>Other comprehensive income</b>	EQ-S	<b>6,948,179</b>	<b>3,142,736</b>
<b>Total comprehensive income attributable to the Group</b>	EQ-S	<b>4,137,528</b>	<b>199,447</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the period from April 01, 2021 to March 31, 2022 (expressed in USD)

Consolidated statement of Cash Flows	April 01, 2021 to March 31, 2022	August 19, 2020 to March 31, 2021 (restated)
<b>EBIT</b>	<b>2,464,254</b>	<b>-8,057,848</b>
Amortization	15,193,219	8,267,214
<b>EBITA</b>	<b>17,657,473</b>	<b>209,366</b>
Depreciation	4,085,338	663,535
<b>EBITDA</b>	<b>21,742,811</b>	<b>872,901</b>
Change in Working Capital	2,387,630	5,524,581
<i>Change in Inventories</i>	-6,917,787	1,274,189
<i>Change in Trade Receivables</i>	-8,094,944	-3,544,088
<i>Change in Other Current Assets</i>	-4,572,404	1,418,120
<i>Change in Current Provisions (non-Tax)</i>	803,913	2,778,541
<i>Change in Trade Payables</i>	21,080,237	3,884,325
<i>Change in Other Current Liabilities</i>	88,614	-286,506
Change in Other (Non-) Current Assets	-51,784	733,509
Change in Other (Non-) Current Liabilities	-4,964,554	-3,018,516
Changes in Other Items	932,914	2,475,407
<i>Change in Fixed and Intangible Assets</i>	937,626	2,472,733
<i>Change in Operational Financial Instruments</i>	623	411
<i>Other Items</i>	-5,335	2,264
<b>Cash Flow from Operations</b>	<b>20,047,017</b>	<b>6,587,882</b>
Income Tax Paid	-4,701,044	850,900
Change in Other Tax Items	240,888	-1,679,716
<b>Net Cash Flow from Operations</b>	<b>15,586,861</b>	<b>5,759,066</b>
Net Proceeds from Asset Sales	75,606	12,401
Capital Expenditures	-4,632,837	-977,056
Other (Investments) / Divestments	0	-14,773,360
<b>Net cash flow from investments</b>	<b>-4,557,231</b>	<b>-15,738,015</b>
Net Interest	372,324	1,499,081
Changes in Leases	-1,238,730	-510,086
Borrowings against lines of credit and other debt	0	0
Payments against lines of credit and other debt	-3,239,744	-1,148,297
Changes in Equity*	-406,865	-1,531,327
Capital Increases by Shareholders	0	40,679,568
Dividends to Shareholders	0	0
Net Dividends to Minority Shareholders	0	0
Others incl. Debt Issuance Costs	0	0
<b>Net cash flow from financing activities</b>	<b>-4,513,015</b>	<b>38,988,939</b>
<b>Change in cash and cash equivalents</b>	<b>6,516,615</b>	<b>29,009,990</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>29,009,990</b>	<b>0</b>
Change in cash and cash equivalents	6,516,615	29,009,990
<b>Cash and cash equivalents, end of period</b>	<b>35,526,605</b>	<b>29,009,990</b>
Cash and cash equivalents reclassified to Assets held for Sale	-2,292,427	0
<b>Cash and cash equivalents, end of period (after reclassification)</b>	<b>33,234,178</b>	<b>29,009,990</b>

\* *Changes in Equity contain foreign exchange gains and losses, recorded in equity as well as other equity movements (e.g. other comprehensive income). Foreign exchange gains and losses referring to cash and cash equivalents are included in the line item "Change in cash and cash equivalents".*

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

for the period from April 01, 2021 to March 31, 2022 (expressed in USD)

<b>Consolidated Statements of Stockholder's Equity</b>	<b>Number of Shares Outstanding</b>	<b>Common Stock</b>	<b>Capital Reserve</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>Balance at the date of incorporation</b>	<b>14,568</b>	<b>14,568</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14,568</b>
Reduction of common stock	0	0	0			0
Capital Increase	533,000	533,000	50,292,000			50,825,000
Net Income					-2,943,289	-2,943,289
Other comprehensive income, net				3,142,736		3,142,736
Dividends to Shareholder and non- controlling interests	0	0	0			0
Reclassification	0	0	0			0
<b>Balance as at March 31, 2021 (restated)</b>	<b>547,568</b>	<b>547,568</b>	<b>50,292,000</b>	<b>3,142,736</b>	<b>-2,943,289</b>	<b>51,039,015</b>
Reduction of common stock	0	0	0			0
Capital Increase	0	0	0			0
Net Income					-2,810,652	-2,810,652
Other comprehensive income, net				6,948,178		6,948,178
Dividends to Shareholder and non- controlling interests	0	0	0			0
Reclassification	0	0	0			0
<b>Balance as at March 31, 2022</b>	<b>547,568</b>	<b>547,568</b>	<b>50,292,000</b>	<b>10,090,915</b>	<b>-5,753,941</b>	<b>55,176,543</b>

*For details please refer to Note 10.*

GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 - GENERAL INFORMATION**

GMM International S.à r.l. (the “Company”) was incorporated in the Grand-Duchy of Luxembourg on August 19, 2020 with an initial subscribed capital of EUR 12,000 (equaling to 12,000 shares with a nominal capital of EUR 1 each) as a limited liability Company (*Société à responsabilité limitée*) within the definition of the Luxembourg Law of August 10, 1915. The Company has been formed for an unlimited period. On December 16, 2020, the Company changed the currency of the subscribed capital from EUR to USD and converted the existing share capital of EUR 12,000 into USD 14,568, represented by 14,568 shares having a nominal value of USD 1 each. Also, in December 2020, the Company issued 25,000 shares for a nominal amount of USD 25,000. In February 2021, the Company issued 508,000 shares with a nominal value of USD 508,000 for a subscription price of USD 50,800,000, consequently allocating USD 50,292,000 to the share premium reserve. The subscription for these shares was paid by both a contribution in kind amounting to USD 10,160,000 and a conversion of USD 46,640,000 convertible bonds issued by the Company, having a value of USD 1 each.

The Company’s registered office is established in 2, rue Edward Steichen, L-2540 Luxembourg under the commercial number B 246.485. GMM International S.à r.l. is the sole shareholder of the below listed entities, which were acquired as per February 16, 2021.

The Company’s financial year begins on April 01 and ends on March 31 of the following year. Exceptionally, the first financial year started on August 19, 2020 and ended on March 31, 2021.

On February 16, 2021 (the “Acquisition Date”), the Company and its direct subsidiary GMM Pfaudler US Inc. acquired from Pfaudler International S.à r.l. and its direct and indirect subsidiaries certain of its affiliated companies of the Pfaudler Process Solutions business (hereinafter together with Company - “Pfaudler Group” or “the Group”) for a consideration of approximately USD 90.4 million (the “Acquisition”). The Acquisition included all operating businesses of Pfaudler consisting of a number of legal entities in different jurisdictions around the globe. The first-time consolidation was conducted as of February 01, 2021 based on professional assessment by management of transfer of control. For further reference see Note 3.

The Company and its subsidiaries are referred to as “the Group” or “Pfaudler Group”.

As a consequence, the Pfaudler Group is composed of the following companies:

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ID	Subsidiary	% held by the Group	Consolidation method	Country
PFG02LU	GMM International S.à r.l.	Parent Company	full	Luxembourg
PFG01DE	Pfaunder GmbH	100.00%	full	Germany
PFG03DE	Pfaunder Normag Systems GmbH	100.00%	full	Germany
PFG04DE	Pfaunder interseal GmbH	100.00%	full	Germany
PFG01FR	Pfaunder France S.à r.l.	100.00%	full	France
PFG01NL	Pfaunder Services Benelux B.V.	100.00%	full	Netherlands
PFG01IT	Pfaunder S.r.l.	100.00%	full	Italy
PFG02GB	Pfaunder Limited	100.00%	full	United Kingdom
PFG01CN	Pfaunder (Chang Zhou) Process Equipment Company Limited	100.00%	full	China
PFG01MX	Pfaunder S.A. de C.V.	100.00%	full	Mexico
PFG04US	Edlon Inc.	100.00%	full	United States
PFG05US	GMM Pfaunder US Inc.	100.00%	full	United States
PFG06US	Glass Steel Parts and Services Inc.	100.00%	full	United States
PFG01BR	Pfaunder Ltda.	100.00%	full	Brazil
PFG01SG	Pfaunder Private Limited	100.00%	full	Singapore

All entities acquired are owned directly or indirectly at 100% by the Company.

With the exception of three companies in China, Mexico and Brazil whose year-end dates fall on December 31 due to statutory requirements, the year-end dates of the separate financial statements of the consolidated companies correspond to the reporting date (March 31) of the parent, GMM International S.à r.l.

Established in 1884, Pfaunder is a world-leading process solutions group, providing Technologies, Systems, Services and Innovations to meet the specific requirements of its customers in the chemical, pharmaceutical and other process industries.

Pfaunder Group designs, manufactures, installs and services corrosion resistant equipment and complete process systems to the precise requirements of its customers.

With nine manufacturing facilities on four continents uniting the Pfaunder, Edlon, Normag and Interseal brands and employing approximately 1,000 people, Pfaunder Group is a global operation. Pfaunder's technology is installed across six continents. Pfaunder Group offers the largest field service teams in the industry and is trusted by the vast majority of the world's top 20 ICIS chemical companies. The Group has a diversified customer base in the chemical and pharmaceutical sector as well as in the food and beverage industry and other process related industries.

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Pfudler Group built its leading position through its expertise in process solutions sales, design and manufacturing, and through its field service strength. Pfudler Group believes that the decades-long track record has led to a recognizable brand associated with high-quality and reliability on a global scale. From the start with the invention of Glasteel® in Pfudler's year of establishment, 1884, through its continuous new technologies developed over the years, Pfudler Group set standards in the industry. For that reason, the world's most innovative chemical and pharmaceutical companies employ Pfudler Group as their partner of choice.



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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Unless stated otherwise, accounting policies described herein have been applied consistently in preparing the accompanying consolidated financial statements for the financial year.

2.1 Basis of preparation

The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standard Board (IASB) as well as the related interpretations of the International Financial Reporting Standard Interpretation Committee (IFRS IC) as endorsed in the European Union.

Pursuant to IAS 1, the consolidated statement of financial position is structured by maturity. The items of the consolidated statement of financial position are therefore broken down into non-current and current assets and liabilities. Assets and liabilities are generally classified as current if they have a residual term of less than one year. Accordingly, assets and liabilities are classified as non-current if the residual term is more than one year.

The valuation of all assets and liabilities considers a going concern assumption of business activities.

For the consolidated statement of income, the cost of sales structure is applied.

GMM International S.à r.l. prepares consolidated financial statements in accordance with article 1711-1 of the Luxembourg Law of August 10, 1915, as amended. The consolidated financial statements are available at the registered office at 2, rue Edward Steichen, L-2540 Luxembourg and the Luxembourgish commercial register.

The management approved the consolidated financial statements for publication on August 24, 2022.

2.2 Principles of Consolidation

The consolidated financial statements include the results of the Company and all of its subsidiaries.

All material domestic and foreign companies in which GMM International S.à r.l. exercises control as defined in IFRS 10 are included in the consolidated financial

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statements. These companies are included in the consolidated financial statements from the time at which GMM International S.à r.l. acquires the possibility to exercise control. If this possibility expires, the companies are excluded from the group of consolidated entities.

The separate financial statements of the consolidated subsidiaries are prepared in accordance with IFRSs on the basis of uniform accounting policies.

The financial statements of the parent company and its subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. All intra-group balances, intra-group transactions and unrealized profits or losses in intra-group balances are fully eliminated.

Acquired companies are initially accounted for in accordance with IFRS 3 by applying the acquisition method. Acquisition accounting is carried out by offsetting the costs of purchases against the fair values of the assets and liabilities acquired as at the acquisition date. The identified acquired assets, liabilities and contingent liabilities are recognized at fair value as at the acquisition date. A difference between the costs and the proportionate equity measured at fair value is allocated as goodwill to one or more cash generating units (CGUs).

The CGUs, including the goodwill, are tested at least once annually for impairment, and impairment losses are generally recognized in the event of impairment.

### 2.3 Use of estimates

The preparation of consolidated financial statements is in conformity with the recognition and measurement principles of IFRS which requires management to make critical judgments, estimates and assumptions that affect the reporting of assets, liabilities, income and expenditure.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to the estimates are recognized in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of the consolidated financial statements, which may cause material adjustment to the carrying amount of assets and liabilities within the next financial year, is in respect of:

GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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- Useful lives of property, plant and equipment (see Note 6)
- Allowances for old and obsolete inventory (see Note 6)
- Provision for warranty expense (see Note 6)
- Employee benefits (see Note 8)
- Expense provisions & contingent liabilities (see Note 14)
- Provision for doubtful trade receivables (see Note 6)
- Valuation of deferred tax assets (see Note 12)
- Impairment of goodwill (see Note 4)
- Leases (see Note 6)

Estimates have been made based on the most recent and best information available up to the date of issue of this report. Actual results could differ from those estimates.

2.4 US-Dollar Amounts

All amounts presented in the tables within the notes to our consolidated financial statements are stated in US Dollars, unless otherwise noted.

2.5 Foreign Currency

The functional currency concept under IAS 21 is applied for translating the financial statements of consolidated companies that are prepared in foreign currencies. The functional currency of the consolidated companies corresponds to the relevant local currency or the currency of a third country, because these companies carry out their business activities independently from a financial, economic and organisational point of view. Assets and liabilities, as well as contingent liabilities and other financial commitments, are translated at the closing rate as at the reporting date, and equity at the historical exchange rate. Goodwill and any identified hidden reserves from business acquisitions are reported in the respective functional currency and translated at the closing rate as at the reporting date. Items in the income statement are translated at the average rate for the period. The resulting differences are recognized directly in equity.

Transactions in foreign currencies reported in the financial statements of the consolidated companies prepared in the respective local currency are translated into the corresponding functional currency of the individual companies as at the transaction date. Subsequent currency translation gains or losses are generally recognized through profit or loss. In the reporting period, net exchange rate gains of USD 1.6 million (prior year: USD 1.8 million) were recognized through profit or loss.

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The following exchange rates were primarily applied for foreign currency translations:

Foreign Currency Translation	Currency Code	Closing rate	Average rate	Closing rate	Average rate*
		March 31, 2022	April 1, 2021 to March 31, 2022	March 31, 2021	February 1, 2021 to March 31, 2021
USD 1 to					
Brazilian real	BRL	4.7752	5.3359	5.7492	5.5301
Swiss Francs	CHF	0.9249	0.9187	0.9441	0.9137
Chinese yuan renminbi	CNY	6.342	6.4171	6.5511	6.4844
Euro	EUR	0.9008	0.8608	0.8529	0.8335
British pound sterling	GBP	0.7621	0.7318	0.7267	0.7216
Indian Rupee	INR	75.7896	74.509	73.1881	72.8136
Mexican peso	MXN	19.8994	20.3154	20.5122	20.5466
Singapore dollar	SGD	1.3538	1.3484	1.3448	1.335

\* *As the acquisition of the Pfaudler Group took place during fiscal year 2020/2021, the average fx rates accordingly cover the period from February 1, 2021 (IFRS date for first-time consolidation) to March 31, 2021*

The Company's functional and reporting currency is the US-Dollar ("USD") for all periods presented. However, some of the subsidiaries of the Company have a functional currency other than USD, which is mostly the currency of the respective company's domicile.

## 2.6 Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those products or services.

The Group exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, acceptance of delivery by the customer, etc.

In respect of fixed-price contracts, revenue is recognised using the revenue over time recognition as per IFRS 15 based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods

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or services promised under the contract. The said measurement is carried considering the surveys of performance completed to date and appraisals of results achieved.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, price concessions and performance penalty, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Unbilled Revenues are recognised when there is excess of revenue earned over billings on contracts.

**2.7** Cost of Sales

Cost of sales comprises the cost of the products and services sold. In addition, it comprises costs that are attributable to the revenue from contract work under the “revenue over time method” in accordance with IFRS 15. In addition to the direct material and production costs, it also includes indirect overheads, including depreciation of the production plant and write-offs of inventories. Cost of sales also includes additions to the contract provisions (including individual warranty provisions and general follow-up costs).

**2.8** Research and development costs

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product’s technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. property, plant and equipment utilised for research and development are capitalised and depreciated in accordance with the policies stated for property, plant and equipment.

**2.9** Warranty Costs

Provision is made in the consolidated financial statements for the estimated liability on account of costs that may be incurred on products sold under warranty. The estimates for the costs to be incurred for providing free service under warranty are determined based on historical information, past experience, average cost of warranty claims that are provided for in the year of sale.

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2.10 Shipping and Handling costs

Shipping and handling costs are accounted for in accordance with the regulations of IFRS 15. Amounts billed to customers in sale transactions related to shipping and handling costs are recorded as revenue. Shipping and handling costs incurred are included in cost of sales in the accompanying consolidated statement of income.

2.11 Selling, General and Administrative Expenses

Selling, general and administrative expenses are primarily comprised of indirect labor and related benefits, legal and professional fees, indirect utilities, office rent, bad debt expense, travel and related expenses.

2.12 Advertising Costs

Advertising costs are accounted for in accordance with IAS 38.69 - Advertising Costs. Generally, advertising costs are immaterial and are expensed as incurred and included in selling, general and administrative expenses.

2.13 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, short demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Short term means investments with original maturities / holding period of three months or less from the date of investments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of the consolidated statement of cash flow.

2.14 Accounts Receivable, net

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are initially recognized at its transaction price which is considered to be its fair value (including an expected credit loss assessment) and are classified as current assets as it is expected to be received within the normal operating cycle of the business.

2.15 Assets and liabilities from contracts with customers

In accordance with IFRS 15 "Revenue from Contracts with Customers", any unconditional rights to consideration must be reported separately from contract assets as a receivable. Accordingly, in accordance with IFRS 15, contract assets and contract liabilities are reported as separate items – contract balances – in the consolidated statement of financial position.

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Individual customer construction contracts are accounted for using the method of revenue recognition over time. In accordance with IFRS 15, revenue generated and costs incurred under a construction contract, for which the result can be reliably estimated, are recognized as income or expenses in line with the actual progress of work. An expected loss is recognized through profit or loss as an impairment loss. The work performed or the percentage of completion (determining the recognition of revenue for customer contracts falling in scope of “revenue over time” recognition) is calculated based on the contract costs incurred and the estimated total costs as at the relevant reporting date (cost to cost method). If the earnings of a construction contract cannot be reliably determined, revenue is recognized only in the amount of the incurred costs (zero profit method).

The contracts are recognized under contract assets or contract liabilities, respectively. The payments received on account of orders are deducted from the proportionate profit or loss of the construction contract. If the cumulated performance (contract costs incurred and profits recognized) exceeds the individual payments received on account, the construction contracts are reported under contract assets. If a negative balance remains after deducting the payments received on account, the construction contracts are reported under contract liabilities. In addition, partial settlements that exceed the cost of conversion plus the proportionate profit or loss of the construction contract are likewise reported as contract liabilities.

2.16 Inventories

Inventories are stated at lower of cost and net realizable value. Cost is determined on the weighted average method and is net of tax credits and after providing for obsolescence and other losses. Cost includes all charges in bringing the goods to their existing location and conditions, including various tax levies (other than those subsequently recoverable from the tax authorities), transit insurance and receiving charges. Cost of work-in-progress and finished goods include cost of direct materials consumed, labour cost and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realizable value is the contracted selling value less the estimated costs of completion and the estimated costs necessary to make the sales.

2.17 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all expenses related to the

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acquisition and installation of Property, Plant and Equipment which comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses.

Machinery spares which can be used only in connection with an item of Property, Plant and Equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant class of assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

**Capital Work in Progress:**

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost comprises direct cost, related incidental expenses and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit & loss. Useful lives for property, plant and equipment by major asset class were as follows:

<u>Asset Class</u>	<u>Useful Life</u>
Machinery and equipment	1 to 16 years
Buildings	5 to 50 years

Useful lives are re-evaluated as in prior years at least each fiscal year end.

**2.18 Asset Impairment**

The Group assesses at each reporting date using external and internal sources, whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from



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the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above.

2.19 Leases

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment whether it will exercise an extension or a termination option.

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2.20 Goodwill

Goodwill is not amortized but reviewed for impairment. Impairment write-offs are charged to results of operations in the period in which the impairment is determined.

In accordance with IAS 36 the Group performs an assessment of goodwill on an annual basis, or whenever impairment indicators exist. In the absence of any impairment indicators, goodwill is assessed on February 28 of each financial year. Judgments regarding the existence of impairment indicators are based on market conditions and operational performance of the business.

Impairment tests on goodwill are performed at the level of the CGUs. The recoverable amount of a CGU is determined by calculating the value in use using a net present value method. This uses capital market parameters (WACC) to discount future cash flows to their present value as at the measurement date.

The valuation methods used in the quantitative fair value assessment, discounted cash flow method, require the Group's management to make certain assumptions and estimates regarding certain industry trends and future profitability of the Group's CGUs. If the carrying amount of a reporting unit exceeds its fair value, the Group would compare the implied fair value of the CGU's goodwill to its carrying value. To compute the implied fair value, the Group would assign the fair value of CGU to all assets and liabilities of that unit (including any unrecognized intangible assets) as if the CGU had been acquired in a business combination. The excess of the fair value of a CGU over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. If the carrying value of the CGU goodwill exceeded the implied fair value of the reporting unit goodwill, the Group would record an impairment loss to write off such goodwill to its implied fair value. The valuation of goodwill is affected by, among other things, the Group's business plan for the future and estimated results of future operations. Future events could cause the Group to conclude that impairment indicators exist, and, therefore, that goodwill may be impaired.

There were no impairment charges related to goodwill for the year ended March 31, 2022. See note 4 for information relating to the Group's annual impairment analysis performed as of February 28.

2.21 Intangible assets

Acquired customer-relationship intangible assets, patents and trademarks (which include the Pfaudler, Normag, interseal and Edlon brand) were initially measured at

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fair value applying the relief-from-royalty method under the income approach and are being amortized over their expected useful life of 20 years. If necessary, they are written down to the recoverable amount that reflects the value in use. The expected useful life for such assets is evaluated on an annual basis.

Development costs are capitalized if the requirements under IAS 38.57 are met. To this end, the following must be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The Company's intention to complete and to use or sell the intangible asset.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Company's ability to reliably determine the costs of developing the intangible asset.

Cost comprises all the costs directly attributable to the development process and appropriate portions of the overheads relating to development. Borrowing costs were not incurred in the reporting period. Amortization of the developed assets is recorded starting on the date on which they become usable; they are amortized on a straight-line basis over their expected useful life, which is presented in the table below.

Considering the date from which the intangible assets are economically available for use within the Group, the finite-lived intangible assets have the following useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Patents, software, product certificates and other industrial property rights and similar rights	1 to 15 years
Customer relationships	20 years
Technologies	20 years
Capitalised development costs	2 to 15 years
Trademarks	20 years
Other intangible assets identified in course of the PPA	8 to 17 months

Useful lives are re-evaluated as in prior years at least each fiscal year end.

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2.22 Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability is not recognized but its existence is disclosed in the consolidated financial statements. Contingent assets are not recognised and disclosed unless an inflow of economic benefits is virtually certain in the consolidated financial statements.

2.23 Employee Benefits

Employee benefits include provident fund, superannuation fund, family pension fund, medical plan, gratuity fund, compensated absences, Partial or Early Retirement, Seniority plans and Incentives.

*Defined contribution plans*

The Group's contribution to provident fund, family pension fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

*Defined benefit plans*

For defined benefit plans in the form of gratuity fund, pension fund, Seniority plan and Medical plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in

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retained earnings and is not reclassified to the consolidated statement of income. Past service cost is recognised in the consolidated statement of income in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents service costs in personnel expenses and net interest expenses or income in the financial result. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## 2.24 Financial Instruments

### *Investments*

Investments in mutual funds are primarily held for the Group's temporary cash requirements and can be readily convertible in cash. These investments are initially recorded at fair value and classified as fair value through profit or loss.

The Group has not made any irrevocable election to present subsequent changes in the fair value of equity investments, not held for trading, in other comprehensive income as the same are classified as fair value through profit or loss.

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*Trade Receivables*

Trade receivables are amounts due from customers for sale of goods or services performed in the ordinary course of business. Trade receivables are initially recognized at its transaction price which is considered to be its fair value and are classified as current assets as it is expected to be received within the normal operating cycle of the business.

*Cash & Cash Equivalents*

Cash and cash equivalents consists of cash on hand, short demand deposits and highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Short term means investments with original maturities / holding period of three months or less from the date of investments. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of statement of cash flow.

*Trade Payables*

Trade payables are amounts due to vendors for purchase of goods or services acquired in the ordinary course of business and are classified as current liabilities to the extent it is expected to be paid within the normal operating cycle of the business.

*Loan & Borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the consolidated statement of income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

*Other financial assets and liabilities*

Other non-derivative financial instruments are initially recognized at fair value and subsequently measured at amortized costs using the effective interest method.

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*De-recognition of financial assets and liabilities*

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction which substantially all the risk and rewards of ownership of the financial asset are transferred. If the Group retains substantially all the risk and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired; the difference between the carrying amount of derecognized financial liability and the consideration paid is recognized as profit or loss.

*Impairment of financial assets*

At each balance sheet date, the Group assesses whether a financial asset is to be impaired. The Group measures the loss allowance for financial assets at an amount equal to lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the group measures the loss allowance for financial assets at an amount equal to 12-month expected credit losses.

The Group uses both forward-looking and historical information to determine whether a significant increase in credit risk has occurred.

2.25 Taxation

*Current Income Taxes and Deferred Income Taxes*

Tax expense comprise of current and deferred tax. Current income tax comprises taxes on income from operations. Tax expense is determined in accordance with tax laws applicable in jurisdictions where such operations are domiciled.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the

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temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealized intercompany profit or loss on inventories held by the Group in different tax jurisdictions is recognised using the tax rate of jurisdiction in which such inventories are held.

Current and deferred tax are recognised in the consolidated statement of income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Dividend distribution tax arising out of payment of dividends to shareholders are recognized in the consolidated statement of changes in equity as part of associated dividend payment.

Advance taxes and provisions for current income taxes are presented in the consolidated statement of financial position after off-setting advance taxes paid and income tax provisions arising in the same tax jurisdiction and the Group intends to settle the asset and liability on a net basis. The Group offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

*Uncertain Tax Positions*

The Group takes income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws applied to complex transactions. The Group

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periodically reassess its tax positions. Changes to the consolidated financial statement recognition, measurement and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information and the history of resolving income tax uncertainties, the Group believes that the ultimate resolution of such matters will not have a material effect on the Group's consolidated financial position.

2.26 Fair value Measurements

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value or value in use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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2.27 IFRS adoption

The enclosed financial statements have been prepared in accordance with IFRS in force as of March 31, 2022 including adoption into EU-law. During the Financial Year the following IFRS Standards has been released or updated.

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 3 Business Combinations
- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- IAS 16 Property, Plant and Equipment
- IAS 37 Provisions Contingent Liabilities and Contingent Assets

These updated standards have not any impact to the financial statements of the Group.

Following standards will come effective by January 01, 2023.

- IAS 1 Presentation of Financial Statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 12 Income Taxes
- IFRS 17 Insurance Contracts

The group is assuming no effects from these changes for the financial statements.

An early application is not scheduled.



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**NOTE 3 – ACQUISITIONS & DIVESTMENTS**

**Acquisition of Pfaudler Group by GMM Pfaudler Limited and acquisition of Pfaudler Group subsidiaries by GMM International S.à r.l.**

GMM Pfaudler Limited, India, announced on August 20, 2020 the signing of definitive agreements to acquire a majority stake in the global business of its parent, the Pfaudler Group, with its global parent Pfaudler International S.à r.l., from the private equity firm Deutsche Beteiligungs AG Fund VI (“DBAG”).

As per the agreements, GMM Pfaudler Limited (directly and through its subsidiary Mavag AG) and the Patel family acquired, a 54% and 26% equity stake respectively in the global Pfaudler Group outside India and Switzerland. DBAG continues to retain a 20% stake. As of February 16, 2021 the transaction was closed.

GMM International S.à r.l. acquired the international Pfaudler business for a total consideration of USD 90.4 million. The total amount of USD 90.4 million contains the following considerations:

**Consideration transferred**

**in USD**

Cash	41,386,846
Non-cash consideration (acquired Vendor Loan)	10,160,000
Non-cash consideration (acquired Intercompany Loans)	38,895,177
<b>Total consideration transferred</b>	<b>90,442,023</b>

Included in this amount is also the acquisition of Edlon Inc., United States, from Pfaudler US Inc., United States by GMM Pfaudler US Inc, a fully owned subsidiary of GMM International S.à r.l. as well as the acquisition of all operating assets and liabilities of Pfaudler Inc., United States by GMM Pfaudler US Inc. All these transactions were closed as of February 16, 2021. The first-time consolidation at the level of GMM International S.à r.l. was conducted as of February 01, 2021.

If these business combinations had been effective on April 1, 2020, the revenue of the Group from continuing operations would have been USD 188.7 million and EBITDA USD 14.9 million.

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The managers consider these ‘pro-forma’ numbers to represent an approximate measure of the performance of the Group on an annualized basis and to provide a reference point for comparison.

The consolidated financial statements for the period ended March 31, 2021 considered a preliminary assessment of the recognized amounts of assets and liabilities acquired at the date of acquisition as per the regulations of IFRS 3.45.

After this initial and provisional accounting and during the measurement period of one year (see: IFRS 3.45), the Group adjusted these provisional amounts recognized at the acquisition date to reflect new information obtained subsequent to the filing of the consolidated financial statements as per March 31, 2021.

The following table summarizes the final allocation of recognized amounts of assets acquired and liabilities assumed at the date of acquisition. All contained prior year values that are due to an adjustment as consequence of the reassessment of the purchase price allocation are marked as “restated”, additionally a table below summarizes impacts on the consolidated financial statements due to the revision of the purchase price allocation

Legal names for the following entity’s abbreviations can be found in Note 1:

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all amounts in USD (restated)	PFG01DE*	PFG03DE	PFG04DE	PFG01NL	PFG01IT	PFG02GB	PFG01CN	PFG01MX	PFG04US	PFG05US	PFG01BR	PFG01SG	Total
<b>Current Assets</b>	<b>57,749,496</b>	<b>8,096,129</b>	<b>5,207,665</b>	<b>2,771,746</b>	<b>13,285,040</b>	<b>24,306,817</b>	<b>16,024,688</b>	<b>1,573,553</b>	<b>8,368,642</b>	<b>33,175,414</b>	<b>6,861,008</b>	<b>51,536</b>	<b>177,471,735</b>
Cash on hand	3,300,333	1,064,234	625,556	1,394,953	2,327,154	4,384,548	2,861,710	978,340	2,801,727	5,800,000	1,069,055	6,031	26,613,640
Inventories	15,075,356	6,006,873	3,254,981	473,972	5,458,296	6,613,190	8,367,120	207,665	4,562,332	19,539,517	2,916,480	0	72,475,780
Trade receivables	5,376,555	918,334	1,217,811	803,263	5,017,516	1,987,140	1,139,333	303,140	896,454	6,547,935	2,396,905	0	26,604,385
Current financial assets	31,476,936	0	0	0	0	10,334,256	0	0	0	706,652	0	0	42,517,843
Other current assets	2,520,318	106,688	109,318	99,558	482,074	987,684	3,656,525	84,408	108,129	581,310	478,568	45,506	9,260,087
<b>Non-Current Assets</b>	<b>35,991,331</b>	<b>8,242,086</b>	<b>3,878,323</b>	<b>1,414,482</b>	<b>12,313,587</b>	<b>7,184,832</b>	<b>15,004,915</b>	<b>596,907</b>	<b>6,913,245</b>	<b>37,366,959</b>	<b>3,613,954</b>	<b>0</b>	<b>132,520,622</b>
Intangible assets	9,020,842	5,752,067	2,498,552	1,247,112	4,917,340	3,968,294	4,733,837	319,387	2,686,776	22,389,987	3,175,673	0	60,709,867
<i>thereof: Trademark Rights</i>	<i>1,113,792</i>	<i>1,079,898</i>	<i>356,880</i>	<i>303,484</i>	<i>1,039,621</i>	<i>873,649</i>	<i>647,140</i>	<i>116,086</i>	<i>941,568</i>	<i>5,477,866</i>	<i>1,037,528</i>	<i>0</i>	<i>12,987,513</i>
<i>thereof: Customer Relationship</i>	<i>1,280,438</i>	<i>1,344,447</i>	<i>923,144</i>	<i>348,891</i>	<i>1,195,167</i>	<i>1,004,364</i>	<i>743,965</i>	<i>133,455</i>	<i>1,588,819</i>	<i>6,297,462</i>	<i>1,192,762</i>	<i>0</i>	<i>16,052,915</i>
<i>thereof: Technology</i>	<i>6,132,825</i>	<i>2,571,187</i>	<i>1,056,121</i>	<i>560,394</i>	<i>2,524,877</i>	<i>1,991,421</i>	<i>3,269,503</i>	<i>56,710</i>	<i>0</i>	<i>7,310,791</i>	<i>816,568</i>	<i>0</i>	<i>26,290,399</i>
<i>thereof: Other PPA step-ups</i>	<i>126,035</i>	<i>747,502</i>	<i>90,867</i>	<i>34,342</i>	<i>117,642</i>	<i>98,860</i>	<i>73,229</i>	<i>13,136</i>	<i>156,389</i>	<i>3,303,868</i>	<i>117,405</i>	<i>0</i>	<i>4,879,76</i>
<i>thereof: Other intangible assets</i>	<i>367,751</i>	<i>9,033</i>	<i>71,540</i>	<i>0</i>	<i>40,032</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>11,410</i>	<i>0</i>	<i>499,765</i>
Property, plant and equipment	9,289,329	2,234,370	192,183	10,624	6,499,617	1,773,485	5,425,507	0	2,172,760	7,042,237	211,520	0	34,851,633
Non-current financial assets	12,124	0	0	0	0	0	1,002,085	0	0	0	0	0	1,014,209
Right of use asset (leases)	11,770,425	172,939	1,187,587	144,610	453,074	367,438	2,629,295	194,412	21,785	276,687	22,893	0	17,241,147
Non-current tax assets	5,898,612	82,710	0	12,136	443,557	1,075,615	480,272	64,671	2,031,924	7,654,839	187,893	0	17,932,229
Other non-current assets	0	0	0	0	0	0	733,918	18,437	0	3,209	15,974	0	771,538
<b>Current Liabilities</b>	<b>16,007,815</b>	<b>5,901,538</b>	<b>2,769,254</b>	<b>1,205,608</b>	<b>11,373,271</b>	<b>6,021,416</b>	<b>14,282,211</b>	<b>574,994</b>	<b>2,882,380</b>	<b>20,211,560</b>	<b>2,744,429</b>	<b>4,776</b>	<b>83,979,252</b>
Trade payables	7,296,358	2,472,755	421,458	669,699	6,119,272	3,369,372	11,658,694	313,125	323,993	15,516,622	1,950,506	0	50,111,854
Current financial liabilities	309,266	2,095,056	1,823,044	0	0	0	0	0	1,524,247	2,255,922	0	0	8,007,534
Lease liabilities	1,032,305	59,028	220,915	61,501	107,335	111,574	12,838	49,108	6,367	167,252	12,371	0	1,840,594
Provisions	6,607,619	1,217,436	239,504	208,028	4,634,305	1,509,618	2,093,391	85,547	770,237	2,271,764	597,607	4,776	20,239,831
Current tax liabilities	762,267	57,263	64,334	229,147	512,359	728,270	11,829	127,214	257,536	0	183,945	0	2,934,164
Other liabilities	1	0	0	37,233	0	302,582	505,459	0	0	0	0	0	845,275
<b>Non-Current Liabilities</b>	<b>80,305,913</b>	<b>2,673,002</b>	<b>1,861,869</b>	<b>463,135</b>	<b>3,230,735</b>	<b>6,217,812</b>	<b>4,679,371</b>	<b>274,261</b>	<b>1,162,356</b>	<b>50,298,905</b>	<b>1,403,678</b>	<b>0</b>	<b>152,571,037</b>
Non-current financial liabilities	6,634,842	181,653	0	0	0	0	0	0	0	39,056,516	0	0	45,873,011
Non-current lease liabilities	10,738,120	113,913	966,672	83,109	345,739	255,864	2,616,457	145,304	15,418	109,435	10,522	0	15,400,553
Non-current Provisions	59,818,177	53,431	0	0	460,999	4,789,893	0	0	0	3,955,109	0	0	69,077,609
Non-current tax liabilities	2,997,700	2,324,006	895,197	380,025	1,693,601	1,168,248	1,328,995	128,957	1,146,938	7,177,845	1,393,156	0	20,634,668
Other non-current liabilities	117,073	0	0	0	730,397	3,808	733,918	0	0	0	0	0	1,585,196
<b>Net Assets</b>	<b>-2,572,900</b>	<b>7,763,674</b>	<b>4,454,865</b>	<b>2,517,486</b>	<b>10,994,622</b>	<b>19,252,422</b>	<b>12,068,021</b>	<b>1,321,205</b>	<b>11,237,151</b>	<b>31,908</b>	<b>6,326,855</b>	<b>46,760</b>	<b>73,442,068</b>
Total Consideration transferred													90,442,023
Fair value of identifiable net assets													73,442,068
<b>Goodwill</b>													<b>16,999,955</b>

\* PFG01FR and PFG06US are included in PFG01DE and PFG05US respectively.

GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended March 31, 2022**

Impacts on the consolidated financial statements as per March 31, 2021 due to the revision of the purchase price allocation within the measurement period:

ASSETS	March 31, 2021 (reported)	March 31, 2021 (restated)	Restatement
<b>Current assets</b>			
Cash and cash equivalents	29,009,990	29,009,990	0
Account Receivables, net	25,914,330	25,914,330	0
Inventories, net	65,625,386	64,472,204	-1,153,182
Prepaid and other current assets	9,277,841	9,277,841	0
Current income tax assets	1,919,743	1,919,743	0
<b>Total current assets</b>	<b>131,747,291</b>	<b>130,594,109</b>	<b>-1,153,182</b>
<b>Non-currents assets</b>			
Property, plant and equipment, net	50,857,678	50,857,678	0
Goodwill	14,615,868	16,685,516	2,069,648
Intangibles, net	58,292,295	58,127,355	-164,940
Investments	11,713	11,713	0
Other assets	38,029	38,029	0
Deferred income tax assets	4,822,887	5,035,536	212,649
<b>Total non-current assets</b>	<b>128,638,470</b>	<b>130,755,827</b>	<b>2,117,357</b>
<b>Total assets</b>	<b>260,385,761</b>	<b>261,349,936</b>	<b>964,175</b>
<b>LIABILITIES AND EQUITY</b>			
	March 31, 2022 (reported)	March 31, 2021 (restated)	Restatement
<b>Current liabilities</b>			
Current portion of long-term debt and short-term borrowings	1,962,185	2,461,589	499,404
Short term lease liabilities	1,903,352	1,903,352	0
Short term pension obligations	1,974,617	1,974,617	0
Accounts payable	23,715,908	23,931,981	216,073
Other short-term provisions	20,359,910	21,043,755	683,845
Other short-term liabilities	1,734,940	1,734,940	0
Advance payments received	25,316,497	25,316,497	0
Short-term Income tax provisions and liabilities	3,645,567	3,645,567	0
<b>Total current liabilities</b>	<b>80,612,977</b>	<b>82,012,298</b>	<b>1,399,322</b>
<b>Non-current liabilities</b>			
Long term debt	45,729,617	45,729,617	0
Long term lease liabilities	15,010,515	15,010,515	0
Long term pension obligations	59,667,185	59,667,185	0
Other long-term provisions	961,080	961,080	0
Other long-term liabilities	810,359	810,359	0
Deferred income tax liabilities	6,328,425	6,119,867	-208,558
<b>Total non-current liabilities</b>	<b>128,507,181</b>	<b>128,298,623</b>	<b>-208,558</b>
<b>Equity</b>			
Common stock	547,568	547,568	0
Additional paid in capital	50,292,000	50,292,000	0
Accumulated other comprehensive income	3,389,765	3,142,736	-247,029
Net Loss of the period	-2,963,729	-2,943,289	20,440
<b>Total equity</b>	<b>51,265,603</b>	<b>51,039,015</b>	<b>-226,588</b>
<b>Total liabilities and equities</b>	<b>260,385,761</b>	<b>261,349,936</b>	<b>964,175</b>

GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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Consolidated statement of income	August 19, 2020 to March 31, 2021 (reported)	August 19, 2020 to March 31, 2021 (restated)	Restatement
Net sales	35,043,542	35,043,542	0
Cost of sales	-31,497,561	-31,480,300	17,261
<b>Gross profit</b>	<b>3,545,980</b>	<b>3,563,242</b>	<b>17,261</b>
Selling, general and administrative	-11,747,325	-11,737,109	10,216
<b>Operating profit</b>	<b>-8,201,345</b>	<b>-8,173,867</b>	<b>27,478</b>
Interest and financial costs	-867,307	-867,307	0
Interest expenses for leases	-62,150	-62,150	0
Interest income	2,159,984	2,159,984	0
Other income (expense), net	116,019	116,019	0
<b>Income (loss) before income taxes</b>	<b>-6,854,799</b>	<b>-6,827,321</b>	<b>27,478</b>
Income tax income/(expense)	3,891,070	3,884,032	-7,038
<b>Net income/(loss) attributable to the Group</b>	<b>-2,963,729</b>	<b>-2,943,289</b>	<b>20,440</b>
<b>EBIT Reconciliation</b>			
Operating Profit	-8,201,345	-8,173,867	27,478
Other income (expense), net	116,019	116,019	0
<b>EBIT</b>	<b>-8,085,326</b>	<b>-8,057,848</b>	<b>27,478</b>

Consolidated statement of comprehensive income	August 19, 2020 to March 31, 2021 (reported)	August 19, 2020 to March 31, 2021 (restated)	Restatement
<b>Net income</b>	<b>-2,963,729</b>	<b>-2,943,289</b>	<b>20,440</b>
Other comprehensive income (loss) (net of tax):			
a.) items hat will not be reclassified to profit or loss			
Change in defined benefit plans	4,711,572	4,711,572	0
b.) items hat may be reclassified to profit or loss			
Currency translation adjustments	-1,321,807	-1,568,836	-247,029
<b>Other comprehensive income</b>	<b>3,389,765</b>	<b>3,142,736</b>	<b>-247,029</b>
<b>Total comprehensive income attributable to the Group</b>	<b>426,035</b>	<b>199,447</b>	<b>-226,588</b>

GMM International S.à r.l.  
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**Potential sale and disclosure of the business activities of Edlon, Inc. as “assets held for sale”**

The Board of Managers of GMM International S.à r.l. (“GMM International”), indirect shareholder of Edlon, Inc. (“Edlon”) is currently evaluating the option to sell the participation in Edlon, Inc. to a third party. The Board of Managers of GMM International approved in a board meeting (dated: May 20, 2021) the process for the potential sale of Edlon.

Several potential buyers are interested to acquire Edlon, Inc., conducted their due diligences and submitted offers, which indicate that a completion of the sale within the next fiscal year 2022/23 is probable.

Edlon, Inc. should be sold in its present condition as an entity in a share deal and is available for an immediate sale.

As the conditions under IFRS 5 are met which define that a non-current asset, or a disposal group, should be classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather through continuing use (IFRS 5.6), all related assets and liabilities connected to Edlon are disclosed separately in the consolidated financial statements as “Assets held for sale” and “Liabilities held for sale” respectively, related reclassifications from the original balance sheet accounts to both aforementioned accounts are reflected in the consolidated statement of financial position.

The expected sales price exceeds the carrying amount of the net bookvalues, thus an impairment is not recognized.

The related values compose as follows:

**Assets held for sale**  
**in USD**

**Current assets**

Cash and cash equivalents	2,292,427
Account Receivables, net	2,108,834
Inventories, net	3,891,394
Prepaid and other current assets	69,996
Current income tax assets	1,733,128

**Non-current assets**

Property, plant and equipment, net	2,113,513
Goodwill	2,134,817
Intangibles, net	2,382,785
Deferred income tax assets	1,090,071

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<b>Total</b>	<b>17,816,965</b>
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GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended March 31, 2022

**Liabilities held for sale**  
**in USD**

**Current liabilities**

Short term lease liabilities	46,694
Accounts payable	622,716
Other short term provisions	794,634
Other short term liabilities	9,109
Advance payments	632,469
Short-term Income tax provisions and liabilities	1,558,898

**Non-current liabilities**

Long term lease liabilities	118,357
Deferred income tax liabilities	850,886

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<b>Total</b>	<b>4,633,763</b>
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GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended March 31, 2022**

**NOTE 4 - GOODWILL AND OTHER INTANGIBLE ASSETS**

Goodwill represents the future economic benefits arising from other assets acquired as part of the Acquisition that are not individually identified or separately recorded. The acquisitions of fiscal year 2020/21 initially gave rise to the recognition of USD 17.0 million of goodwill (see line “acquisition through business combination”).

The CGUs are defined as legal entities as this reflects the management process of the Chief operating decision maker.

The CGUs to which goodwill was allocated were tested for impairment as of February 28. Impairment testing at the level of each CGU in financial year 2021/22 did not reveal any indications that goodwill was to be impaired as of March 31, 2022. Applied discount rates (WACC) for goodwill impairment testing purposes were in a range from 7.16% to 14.06%.

The following table summarizes the final estimates of value assigned to intangible assets as of the years stated below by major asset class, as well as the associated accumulated amortization (if applicable) at balance sheet date:



GMM International S.à r.l.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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in USD	Patents & Trademarks	Customer Relationship	Other intangibles	Goodwill	Total
<b>Acquisition Costs</b>					
Balance at the date of incorporation	0	0	0	0	0
Acquisitions through business combination	39,277,911	16,052,915	5,379,041	16,999,956	77,709,823
Additions	0	0	66,481	0	66,481
Reclassification	0	0	0	0	0
Disposals	0	0	-19,287	0	-19,287
Effect of movements in exchange rates	-720,665	-240,766	-61,615	-314,440	-1,337,486
<b>Balance at March 31, 2021 (restated)</b>	<b>38,557,247</b>	<b>15,812,149</b>	<b>5,364,620</b>	<b>16,685,516</b>	<b>76,419,531</b>
<b>Accumulated amortization</b>					
Balance at the date of incorporation	0	0	0	0	0
Acquisitions through business combination	0	0	0	0	0
Amortization	-325,527	-149,492	-1,163,526	0	-1,638,545
Impairment loss	0	0	0	0	0
Reclassification	0	0	0	0	0
Disposals	0	0	19,736	0	19,736
Effect of movements in exchange rates	4,217	1,820	6,112	0	12,149
<b>Balance at March 31, 2021 (restated)</b>	<b>-321,310</b>	<b>-147,672</b>	<b>-1,137,678</b>	<b>0</b>	<b>-1,606,660</b>
<b>Acquisition Costs</b>					
Balance at the beginning of the period	38,557,247	15,812,149	5,364,620	16,685,516	76,419,531
Acquisitions through business combination	0	0	0	0	0
Additions	0	0	77,612	0	77,612
Reclassification	0	0	0	0	0
Disposals	0	0	-10,435	0	-10,435
Effect of movements in exchange rates	-500,470	-48,099	-61,715	148,023	-462,261
<b>Balance at March 31, 2022</b>	<b>38,056,776</b>	<b>15,764,050</b>	<b>5,370,082</b>	<b>16,833,539</b>	<b>76,024,447</b>
<b>Accumulated amortization</b>					
Balance at the beginning of the period	-321,310	-147,672	-1,137,678	0	-1,606,660
Acquisitions through business combination	0	0	0	0	0
Amortization	-1,930,388	-887,784	-3,752,753	0	-6,570,924
Impairment loss	0	0	0	0	0
Reclassification	0	0	0	0	0
Disposals	0	0	10,920	0	10,920
Effect of movements in exchange rates	31,720	10,476	35,581	0	77,777
<b>Balance at March 31, 2022</b>	<b>-2,219,977</b>	<b>-1,024,980</b>	<b>-4,843,930</b>	<b>0</b>	<b>-8,088,888</b>
<b>Carrying amounts</b>					
<b>Net book value period end prior year (restated)</b>	<b>38,235,936</b>	<b>15,664,477</b>	<b>4,226,942</b>	<b>16,685,516</b>	<b>74,812,871</b>
<b>Net book value period end current year</b>	<b>35,836,799</b>	<b>14,739,070</b>	<b>526,152</b>	<b>16,833,539</b>	<b>67,935,560</b>
Reclassification to Other Current Assets held for Sale period end current year	-886,646	-1,496,139	0	-2,134,817	-4,517,602
<b>Net book value period end current year without assets held for sale</b>	<b>34,950,153</b>	<b>13,342,931</b>	<b>526,152</b>	<b>14,698,722</b>	<b>63,417,958</b>

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The trade name intangible assets are associated primarily with the recognized brand names in the industry, including the Pfaudler® trademark. Patents, trademarks and customer relationships are amortized over their useful lives. Management reevaluates the useful life on an annual basis. For the period ended March 31, 2022, management considered the useful lives being 20 years.

The amortization of patents, trademarks and customer relationships for each of the following 5 years is considered to be USD 3.3 million per year. These amortizations are included in line item “Selling, general and administrative” of the consolidated statement of income.



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**NOTE 5 - LONG-TERM DEBT**

On August 20, 2019, Pfaudler International S.à r.l. and certain of its subsidiaries entered into a Senior Facilities Agreement (“SFA”) amounting to USD 45,000,000 and EUR 32,857,142 consisting of a loan facility A1 commitment providing for EUR 1,875,000, a loan facility A2 commitment providing for USD 13,500,000, a loan facility B1 commitment providing for EUR 4,375,000, a loan facility B2 commitment providing for USD 31,500,000, a Bonding Facility Commitment (“BFC”) in the amount of EUR 15,000,000 and a Revolving Facility Commitment (“RFC”) in the amount of EUR 11,607,143. In connection with the amendment agreement dated January 29, 2021 and the amendment letter dated February 12, 2021 the SFA was transferred to GMM International S.à r.l. In 2021, the ICE Benchmark Administration Limited (“IBA”), the authorized administrator of LIBOR, decided to cease the publication of LIBOR interest reference rates depending on the tenor from December 31, 2021 and June 30, 2023, respectively, accordingly as per amendment letter dated October 27, 2021 the SFA reference rate was transferred to EURIBOR.

For details on the securities provided in the context of the SFA please refer to Note 14.

The BFC represents guarantees (contingent liabilities; refer to note 14) which were drawn at closing date for an amount of USD 11,023,486.

The value of the RFC line above covers both a credit line that can be paid out upon request and an Ancillary Line that can be drawn for guarantees and loans. Both together, any loan drawn and paid out of the RFC line plus the value of the drawn Ancillary Line, may not exceed the above-mentioned value. As of March 31, 2022, out of the RFC line, no loan was drawn, but the Ancillary Line was used in the amount of EUR 385,068 and USD 769,515 for guarantees.

Long term debt can be summarized as follows:

<b>Total principal amount of debt (incl. current portion)</b>	<b>March 31, 2022</b>	<b>March 31, 2021 (restated)</b>
<b>in USD</b>		
Secured bank loans	47,686,976	50,451,799
Debt issuance costs	-2,351,722	-2,955,936
Other	139,965	695,344
<b>Total</b>	<b>45,475,219</b>	<b>48,191,207</b>

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<b>Current portion of long-term debt and short-term borrowings</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b> <b>(restated)</b>
<b>in USD</b>		
Secured bank loans	3,197,398	2,355,050
Debt issuance costs	-584,969	-588,805
Other	139,965	695,344
<b>Total</b>	<b>2,752,395</b>	<b>2,461,589</b>

Secured bank loans have the following specifications:

	<b>March 31, 2022</b>	<b>March 31, 2021</b> <b>(restated)</b>
<b>in USD</b>		
Facility A1 Agreement	1,498,113	1,912,299
Facility B1 Agreement	4,856,794	5,129,558
Facility A2 Agreement	9,720,000	11,745,000
Facility B2 Agreement	31,500,000	31,500,000
Secured bank loans	112,069	164,942
Debt issuance costs	-2,351,722	-2,955,936
Other Loans	0	538,152
Accrued interests	139,965	157,192
<b>Total</b>	<b>45,475,219</b>	<b>48,191,207</b>

Maturities stated for Facility B1 and B2 presented in the disclosure above are final dates of the payment schedule. Details of payment schedules are presented as follows:

*Principal Payments and Maturity*

Referring to the SFA, the aggregate Facility A1 Loan shall be repaid in instalments by repaying on each Facility A1 Repayment Date an amount which reduces the Base Currency Amount (EUR) of the outstanding aggregate Facility A1 Loans by the amount set out opposite that Facility A1 Repayment Date below:

<b>Facility A1 Repayment Date</b>	<b>Repayment Instalment</b>
<b>in EUR</b>	
Due within one year	385,000
Due in more than one but less than five years	964,500
Due in more than five years	0
<b>Total</b>	<b>1,349,500</b>

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The Group shall repay the aggregate Facility A2 Loan in instalments by repaying on each Facility A2 Repayment Date an amount which reduces the Base Currency Amount (USD) of the outstanding aggregate Facility A2 Loans by the amount set out opposite that Facility A2 Repayment Date below:

<b>Facility A2 Repayment Date</b>	<b>Repayment Instalment</b>
<b>in USD</b>	
Due within one year	2,770,000
Due in more than one but less than five years	6,950,000
Due in more than five years	0
<b>Total</b>	<b>9,720,000</b>

The Facility B1 and B2 Loans have to be repaid in total on August 20, 2026. The Group holds the right to cancel the whole or any part of the Senior Credit Facilities. Any cancellation will reduce the commitment of the lenders under the Facility.

*Interest Rate*

Borrowings under the SFA bear interest, based on the applicable margin and EURIBOR. They are currently payable quarterly.

The following summarizes relevant factors to determining the interest-rate margin applicable to EURIBOR-based borrowings under each of the credit facilities in effect. In case that EURIBOR is lower than zero per cent, the interest calculation is based on zero per cent (floor), and as outlined in the interest grid below, an applicable margin is added:

- Facility A1 Loan EURIBOR + applicable margin;
- Facility A2 Loan EURIBOR + applicable margin;
- Facility B1 Loan EURIBOR + applicable margin;
- Facility B2 Loan EURIBOR + applicable margin;
- Revolving Facility Loan EURIBOR + applicable margin

The applicable margin depends on leverage ratio levels and may vary from 0.75% to 4.00%. Leverage is defined as a ratio of net debt and EBITDA adjusted according to the definitions included in SFA.

The following table summarizes interest expenses and other financial costs incurred in USD:

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<b>in USD</b>	<b>April 01, 2021 to March 31, 2022</b>	<b>August 19, 2020 to March 31, 2021</b>
Interest expense on long term and current debt	-1,675,263	-281,872
Interest expense on pensions	-2,184,998	-299,185
Amortization of debt issuance cost	-588,144	-98,415
Other interest expense & financial cost	-819,622	-187,835
<b>Total</b>	<b>-5,268,027</b>	<b>-867,307</b>

Other interest expense & financial cost mainly consists of foreign exchange effects that refer to financial assets and liabilities, these amount to USD 802,430.

*Deferred Financing Costs/Debt Issuance Costs*

In connection with obtaining credit commitments provided for in the SFA, the Group initially incurred debt issuance costs of USD 3,067,186 (USD 2,351,722 as of March 31, 2022 and USD 2,955,936 as of March 31, 2021 considering subsequent amortizations). Debt issuance costs have been deducted from borrowings and are being amortized to interest expense over the term of the associated credit facilities using the effective interest rate method.

*Covenants*

The terms of the SFA provide for customary representations and warranties, conditions precedent, affirmative and negative covenants, and events of default.

The Company complied with the financing agreements in the year ended March 31, 2022 and met at each testing date the agreed financial covenants.

*Interest Income and Other Financial Income*

The following table summarizes interest income and other financial income realized in USD:

<b>in USD</b>	<b>April 01, 2021 to March 31, 2022</b>	<b>August 19, 2020 to March 31, 2021</b>
Interest income on long term and current receivables	84,844	51,196
Pension related interest income	1,427,374	191,195
Other interest income & financial income	2,782,365	1,917,593
<b>Total</b>	<b>4,294,583</b>	<b>2,159,984</b>

In the current year Other interest income & financial income consisted of foreign exchange effects that refer to financial assets and liabilities.

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**NOTE 6 - CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA**

**Accounts Receivables**

Accounts receivable recognized in current assets comprise the following:

<b>Receivables and Contract Assets, net in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Trade receivables	31,820,321	25,596,342
Allowance for Doubtful Accounts	-1,000,317	-1,086,432
Cost plus profit for contract work	8,015,564	4,923,903
Payments received for contract work	-4,826,293	-3,519,482
<b>Total</b>	<b>34,009,275</b>	<b>25,914,330</b>
Reclassification to Other Current Assets held for Sale	-2,108,834	0
<b>Total (after reclassification)</b>	<b>31,900,441</b>	<b>25,914,330</b>

Accounts receivable are non-interest-bearing. Credit terms offered to customers vary based upon the country of operation.

The contract assets/gross amount due from customers for contract work include customer-specific construction work for which the costs incurred plus proportionate profits realised exceed the payments received.

The management of the Group considers the concentration risk in terms of trade accounts receivable and revenue as low because it has a large client basis and none of the Group's customers represents a significant portion of total revenue/receivables.

The carrying amount of trade account receivables includes an allowance for estimated uncollectible accounts, reflecting estimated credit losses. The following table shows the change in the balance of the allowance for doubtful accounts for each of the reporting periods presented:

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<b>Allowance for Doubtful Accounts</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>in USD</b>		
Balance, at the date of incorporation /	-1,086,432	0
Balance, at the beginning of the period		
Acquired through business combination	0	-1,364,471
Movement for uncollectible accounts and expected credit losses	69,737	260,454
Foreign exchange rate impacts	16,378	17,585
<b>Balance, end of the period</b>	<b>-1,000,317</b>	<b>-1,086,432</b>
Reclassification to Other Current Assets held for Sale	35,246	0
<b>Balance, end of the period (after reclassification)</b>	<b>-965,071</b>	<b>-1,086,432</b>

### **Inventories**

Major categories of inventories include the following:

<b>Inventories, net</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>in USD</b>		
Raw materials	23,399,683	22,494,959
Work in process	16,483,126	14,600,159
Semi-Finished goods and Components	7,488,654	7,707,171
Finished goods	16,969,179	17,035,006
Advance payments made on inventory and other inventory items	6,676,190	8,437,451
Slow moving and obsolete inventory reserve	-5,794,137	-5,802,542
<b>Total</b>	<b>65,222,694</b>	<b>64,472,204</b>
Reclassification to Other Current Assets held for Sale	-3,891,394	0
<b>Total (after reclassification)</b>	<b>61,331,300</b>	<b>64,472,204</b>

Work in process represents the Group's partially finished goods waiting for completion and to be shipped subsequently to the customer. Semi-finished goods and components may be used for work in process but can be sold separately as well.

Other inventory mainly includes prepayments made on inventory.

The Company performs periodic assessments to determine the existence of obsolete, slow-moving and damaged inventory and records necessary valuation reserves for such inventory.

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### Property, Plant and Equipment

The following table presents the historical cost and accumulated reserve for depreciation and impairment by major class of property, plant and equipment:

in USD	Land & buildings	Land & buildings (RoU)	Machinery & equipment	Machinery & equipment (RoU)	Construction in progress *	Total
<b>Acquisition Costs</b>						
Balance at date of incorporation	0	0	0	0	0	0
Acquisitions through business combination	17,445,193	15,794,604	17,042,168	1,567,199	244,613	52,093,177
Additions	13,239	21,898	296,626	351,538	346,932	1,030,233
Reclassification	0	0	318,741	0	-318,741	0
Disposals	0	0	-60,193	-8,825	0	-69,019
Effect of movements in exchange rates	-338,026	-483,661	-382,436	-32,770	-442	-1,237,335
<b>Balance at March 31, 2021</b>	<b>17,120,407</b>	<b>15,332,842</b>	<b>17,214,905</b>	<b>1,877,141</b>	<b>272,362</b>	<b>51,817,657</b>
<b>Accumulated amortization</b>						
Balance at date of incorporation	0	0	0	0	0	0
Acquisitions through business combination	0	0	0	0	0	0
Amortization	-156,614	-267,332	-506,921	-107,149	0	-1,038,016
Impairment loss	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Disposals	0	0	61,558	1,665	0	62,223
Effect of movements in exchange rates	2,150	5,040	5,817	1,807	0	14,813
<b>Balance at March 31, 2021</b>	<b>-154,465</b>	<b>-262,292</b>	<b>-439,545</b>	<b>-103,676</b>	<b>0</b>	<b>-959,979</b>
<b>Acquisition Costs</b>						
Balance at the beginning of the period	17,120,407	15,332,842	17,214,905	1,877,141	272,362	51,817,657
Acquisitions through business combination	0	0	0	0	0	0
Additions	56,284	552,349	1,251,763	928,319	2,209,724	4,998,441
Reclassification	321,658	0	1,090,523	0	-1,412,181	0
Disposals	-2,674	-64,894	-602,860	-48,774	-785	-719,987
Effect of movements in exchange rates	-478,962	-567,971	-337,796	-77,093	-1,347	1,463,169
<b>Balance at March 31, 2022</b>	<b>17,016,713</b>	<b>15,252,326</b>	<b>18,616,534</b>	<b>2,679,593</b>	<b>1,067,774</b>	<b>54,632,941</b>
<b>Accumulated amortization</b>						
Balance at the beginning of the period	-154,465	-262,292	-439,545	-103,676	0	-959,979
Acquisitions through business combination	0	0	0	0	0	0
Amortization	-917,924	-1,672,845	-3,167,414	-742,793	0	-6,500,977
Impairment loss	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Disposals	2,228	13,548	596,978	25,837	0	638,591
Effect of movements in exchange rates	24,307	60,117	55,618	29,353	0	169,395
<b>Balance at March 31, 2022</b>	<b>-1,045,854</b>	<b>-1,861,472</b>	<b>-2,954,364</b>	<b>-791,280</b>	<b>0</b>	<b>-6,652,969</b>
<b>Carrying amounts</b>						
<b>Net book value period end prior year</b>	<b>16,965,942</b>	<b>15,070,550</b>	<b>16,775,359</b>	<b>1,773,465</b>	<b>272,362</b>	<b>50,857,678</b>
<b>Net book value period end current year</b>	<b>15,970,860</b>	<b>13,390,854</b>	<b>15,662,171</b>	<b>1,888,313</b>	<b>1,067,774</b>	<b>47,979,972</b>
Reclassification to Other Current Assets held for Sale period end current year	-1,270,539	0	-652,923	-163,991	-26,060	-2,113,513
<b>Net book value period end current year without assets held for sale</b>	<b>14,700,321</b>	<b>13,390,854</b>	<b>15,009,248</b>	<b>1,724,322</b>	<b>1,041,714</b>	<b>45,866,459</b>

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The Group leases mainly land, buildings, cars and office equipment. As per IFRS 16, contracts and related assets that fulfill the definition of a lease are recognized on balance and shown separately as respective RoUs (“Right of Use”). Such assets are valued by the present value of the discounted lease payments less accumulated amortizations over the lease period. The leases typically run for a period of 3 to 10 years, partially with an option to renew the lease after the ending date. Some leases for additional rent payments are based on changes in local price indices.

For certain leases, the Group is restricted from entering into any sub-lease arrangements. Further, some leases contain extension options (to be exercised by the lessee). Another covenant that can be imposed by the leasing agreement are the security interests in the leased assets which are held by the lessor.

The land and building leases were entered into as combined leases.

The Group leases IT equipment with contract terms of one to three years. These leases are mainly short- term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. Lease payments for these leases are expensed over the lease term.

Depreciation expenses as detailed above are mainly accounted for in cost of sales, selling and administrative expenses.

**Prepaid and other current assets**

The following table presents the composition of other current assets:

<b>Prepaid and other current assets in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Current financial receivables	1,445,307	1,509,695
Non-income tax assets	2,870,287	2,180,263
Firm commitments	524,297	673,405
Prepaid expenses	2,537,155	1,834,896
Securities and deposits	5,013,924	2,015,922
Other current assets	1,394,887	1,063,661
<b>Total</b>	<b>13,785,857</b>	<b>9,277,841</b>
Reclassification to Other Current Assets held for Sale	-69,996	0
<b>Total (after reclassification)</b>	<b>13,715,861</b>	<b>9,277,841</b>

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During the period ended March 31, 2022 and like in the prior year, Other current assets included mainly claims with insurance companies and employees.

Current financial receivables mainly contain short-term receivables that refer to the former shareholding US entities as well as royalty receivables.

Non-income tax assets mainly refer to VAT receivables.

**Other Non-current Assets**

The following table presents the composition of other non-current assets:

<b>Other non-current assets in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Long term securities and deposits	86,604	32,950
Other non-current assets	3,209	5,079
<b>Total</b>	<b>89,813</b>	<b>38,029</b>
Reclassification to Other Current Assets held for Sale	0	0
<b>Total (after reclassification)</b>	<b>89,813</b>	<b>38,029</b>

**Lease liabilities**

<b>Lease liabilities in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Current lease liabilities	1,971,598	1,903,352
Non-current lease liabilities	13,814,350	15,010,515
<b>Total</b>	<b>15,785,948</b>	<b>16,913,867</b>
Reclassification to Other Current Liabilities held for Sale	-165,051	0
<b>Total (after reclassification)</b>	<b>15,620,897</b>	<b>16,913,867</b>

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<b>Movement in Lease Liabilities in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Balance, at the date of incorporation / Balance, at the beginning of the period	16,913,867	0
Acquired through business combination	0	17,361,804
Additions	1,480,669	373,437
Discontinuation of lease	-75,705	-7,221
Finance costs accrued	374,173	62,150
Payment of lease liability	-2,269,390	-358,717
Foreign Exchange Effects	-637,667	-517,586
<b>Ending balance</b>	<b>15,785,947</b>	<b>16,913,867</b>
Reclassification to Other Current Liabilities held for Sale	-165,051	0
<b>Total (after reclassification)</b>	<b>15,620,897</b>	<b>16,913,867</b>

Amounts recognized in the consolidated statement of income in connection with lease contracts:

<b>in USD</b>	<b>April 01, 2021 to March 31, 2022</b>	<b>August 19, 2020 to March 31, 2021</b>
Interest on lease liabilities*	-374,173	-62,150
Expenses relating to short-term leases	-56,674	-33,399
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-56,912	-24,853
<b>Total</b>	<b>-487,759</b>	<b>-120,402</b>

\* *Interest expenses for lease liabilities are reported in financial result.*

Amounts recognised in the consolidated statement of cash flows:

<b>in USD</b>	<b>April 01, 2021 to March 31, 2022</b>	<b>August 19, 2020 to March 31, 2021</b>
Cashflow from leases	-1,238,730	-510,086

Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

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For leases of land and buildings and equipment, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

As of March 31, 2022, the Group was committed under leases which expire at various dates before 2027 and later on. The minimum lease payments under non-cancellable leases are detailed in the table hereafter; all values disclosed are the undiscounted future payment amounts.

<b>Lease Payments</b>	<b>in USD</b>
2022-2023	2,283,346
2023-2024	2,503,519
2024-2025	2,189,305
2025-2026	1,935,852
2026-2027 and thereafter	8,454,228
<b>Total</b>	<b>17,366,250</b>

### Accounts payable

Accounts payable consist of trade payables only.

<b>Accounts payable</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b> <b>(restated)</b>
<b>in USD</b>		
Trade payables	34,166,156	23,931,981
<b>Total</b>	<b>34,166,156</b>	<b>23,931,981</b>
Reclassification to Other Current Liabilities held for Sale	-622,716	0
<b>Total (after reclassification)</b>	<b>33,543,440</b>	<b>23,931,981</b>

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**Current provisions**

Major components of current provisions were as follows:

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Current provisions	Balance at date of incorporation	Acquired through business combination	Foreign Exchange Effects	Addition / Increase	Release	Usage / Consumption	Reclassifications	Re-valuations (OCI)	Balance at March 31, 2021
									(restated)
<b>in USD</b>									
Personnel provisions	0	5,468,774	-129,897	2,720,028	-300,941	-508,731	0	0	7,249,233
Warranty provisions	0	1,480,662	-33,376	262,104	-160,909	-89,698	0	0	1,458,783
Other contract related provisions	0	930,364	-17,711	467,137	-4,618	-156,675	0	0	1,218,497
Selling provisions	0	892,029	-25,860	386,236	-26	-416,373	0	0	836,007
Provisions for litigation and legal fees	0	272,492	-10,453	56,323	-8,831	-6,063	0	0	303,468
Provisions for outstanding invoices	0	3,783,849	-58,085	3,041,160	-79,591	-1,897,240	0	0	4,790,093
Provisions for restructuring	0	1,156,388	-22,724	0	0	-245,700	0	0	887,964
Other provisions	0	4,197,079	-133,862	248,734	-2,697	-9,546	0	0	4,299,709
<b>Total</b>	<b>0</b>	<b>18,181,638</b>	<b>-431,968</b>	<b>7,181,722</b>	<b>-557,613</b>	<b>-3,330,025</b>	<b>0</b>	<b>0</b>	<b>21,043,755</b>

Current provisions	Balance at beginning of the period	Acquired through business combination	Foreign Exchange Effects	Addition / Increase	Release	Usage / Consumption	Reclassifications	Re-valuations (OCI)	Balance at March 31, 2022	Reclassification to Other Current Liabilities held for Sale	Balance at March 31, 2022 (after re-classification)
<b>in USD</b>											
Personnel provisions	7,249,233	0	-221,361	19,770,633	-1,756,572	-14,695,413	0	0	10,346,520	-425,465	9,921,055
Warranty provisions	1,458,783	0	1,525	1,732,840	-578,452	-1,144,327	0	0	1,470,369	-22,695	1,447,674
Other contract related provisions	1,218,497	0	-23,524	2,227,585	-141,362	-1,841,109	-47,513	0	1,392,572	-11,511	1,381,061
Selling provisions	836,007	0	-21,992	2,136,570	-61,753	-1,982,577	0	0	906,254	-36,774	869,480
Provisions for litigation and legal fees	303,468	0	14,899	118,321	-5,118	-158,461	0	0	273,110	0	273,110
Provisions for outstanding invoices	4,790,093	0	-79,134	13,196,141	-843,977	-13,124,242	52,487	0	3,991,368	-289,189	3,693,179
Provisions for restructuring	887,964	0	38,289	42,441	0	-346,834	0	0	621,860	0	621,860
Other provisions	4,299,709	0	-196,509	1,490,725	-1,303,304	-1,347,244	-4,973	0	2,938,402	0	2,938,402
<b>Total</b>	<b>21,043,755</b>	<b>0</b>	<b>-487,808</b>	<b>40,715,254</b>	<b>-4,690,539</b>	<b>-34,640,207</b>	<b>0</b>	<b>0</b>	<b>21,940,456</b>	<b>-794,634</b>	<b>21,145,822</b>

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Provisions for outstanding invoices mainly relate to operational invoices for goods and services rendered to the Group during the financial year, but not yet invoiced.

Personnel provisions mainly refer to bonus provisions.

Other provisions mainly include provisions in connection with an escrow liability in course of the acquisition.

**Other current liabilities**

Other current liabilities consist of the following subitems:

<b>Other current liabilities in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Liabilities to employees	344,755	295,830
Liabilities to social security	192,796	205,095
Other current liabilities	1,286,004	1,234,016
<b>Total</b>	<b>1,823,555</b>	<b>1,734,940</b>
Reclassification to Other Current Liabilities held for Sale	-9,109	0
<b>Total (after reclassification)</b>	<b>1,814,445</b>	<b>1,734,940</b>

During the period ended March 31, 2022, Other current liabilities mainly refer to non-income tax liabilities.

**Advance payments**

Advance payments represent payments received from the clients prior to transfer of title, risks and rewards of the goods/services.

<b>Advance payments in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Advance payments	36,162,559	25,316,497
<b>Total</b>	<b>36,162,559</b>	<b>25,316,497</b>
Reclassification to Other Current Liabilities held for Sale	-632,469	0
<b>Total (after reclassification)</b>	<b>35,530,090</b>	<b>25,316,497</b>

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**Other non-current provisions**

Other non-current provisions contain the following items:

<b>Other non-current provisions in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Personnel provisions	874,538	961,080
Other contract related provisions	0	0
<b>Total</b>	<b>874,538</b>	<b>961,080</b>
Reclassification to Other Current Liabilities held for Sale	0	0
<b>Total (after reclassification)</b>	<b>874,538</b>	<b>961,080</b>

**Other non-current liabilities**

<b>Other long-term liabilities in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Other long-term liabilities	98,273	810,359
<b>Total</b>	<b>98,273</b>	<b>810,359</b>
Reclassification to Other Current Liabilities held for Sale	0	0
<b>Total (after reclassification)</b>	<b>98,273</b>	<b>810,359</b>

**Net Sales**

<b>Net Sales in USD</b>	<b>April 01, 2021 to March 31, 2022</b>	<b>August 19, 2020 to March 31, 2021</b>
Net Sales realized at a point in time	187,872,694	29,076,003
Net Sales realized over time	37,172,386	4,996,009
Net Sales with Related Parties	1,895,564	618,338
Freight billed	2,602,633	353,192
Other	761	0
<b>Total</b>	<b>229,544,038</b>	<b>35,043,542</b>



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Net Sales by locations (invoicing country)	April 01, 2021 to March 31, 2022	August 19, 2020 to March 31, 2021
<b>in USD</b>		
Americas	100,259,675	15,902,880
Europe	107,316,392	17,666,544
Asia	21,967,972	1,474,118
<b>Total</b>	<b>229,544,038</b>	<b>35,043,542</b>

**Personnel expenses**

Personnel expenses	April 01, 2021 to March 31, 2022	August 19, 2020 to March 31, 2021
<b>in USD</b>		
Wages and salaries	-54,368,202	-9,250,157
Social welfare expenses	-18,063,488	-2,766,009
Other personnel costs	-5,187,686	-1,441,059
<b>Total</b>	<b>-77,619,376</b>	<b>-13,457,225</b>

Average Employees	April 01, 2021 to March 31, 2022	August 19, 2020 to March 31, 2021
<b>in FTE</b>		
Management	3.0	3.0
White Collar	470.5	472.0
Blue Collar	510.0	508.5
<b>Total</b>	<b>983.6</b>	<b>983.5</b>

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**NOTE 7 - LEGAL OBLIGATIONS**

The Company, through its subsidiaries, is subject to other litigation from time to time in connection with certain former and current operations. This includes provisions in the amount of USD 273,110 for specific litigations. (Note 14). Management does not expect these pending legal matters to have a material impact on the Group's results of operations or cash flows.



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## **NOTE 8 - RETIREMENT PLANS**

The Group sponsors a variety of defined benefit plans as discussed below.

### *Defined Benefit Plans*

The Group sponsors a number of defined benefit pension plans covering eligible current and former employees. The Group's funded and unfunded pension plans, all of which are closed to new entrants, include:

- The Pension Plan of Pfadler GmbH (unfunded);
- The Retirement Plan of GMM Pfadler US, Inc. for steelworkers (funded);
- The Retiree Medical Plan of GMM Pfadler US, Inc. for steelworkers (unfunded);
- The Pension Plan of Pfadler Limited (funded);
- The Pension Plan of Pfadler S.A. (Mexico) (funded);
- The Pension Plan of Pfadler Normag Systems GmbH (funded).

### *Plan Assets*

Plan assets are managed in the long-term interests of the plan participants and beneficiaries. The Group seeks to generate a return on invested plan assets which is based on levels of liquidity and investment risk that are prudent and reasonable, given prevailing market conditions. Strategic and tactical asset allocation targets reflect the desired balance between investment return and risk, as well as the expected asset performance by major asset class over the investment horizon. Investment strategy is implemented with the assistance of independent diversified professional investment management organizations.

The target allocation of plan assets for The Pension Plan of United Steelworkers of America is 14% in equity securities, 84% in debt securities and 2% in cash and cash equivalents. Given the portfolio's Liability Driven Investing ("LDI") strategy, these target allocations are dynamic and will change depending on the Plan's funded status. In executing its investment policy, the Group may use a variety of investment products to gain exposure to a particular asset class, including direct investment in securities of a particular asset class (such as a direct investment in listed equity securities) or by investing in common/collective trust funds or mutual funds that themselves invest in securities of a particular asset class. Securities held directly are valued using unadjusted quoted market prices and are categorized as Level 1 in the fair-value hierarchy. As of March 31, 2022, approximately 16% of the American plan assets were categorized as Level 1 in the fair-value hierarchy as these assets were invested in open-end equity mutual funds. Approximately 84% of American plan assets were categorized in Level 2 as these assets were invested in fixed income commingled funds.

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The UK plan does not have a target allocation of assets. The plan assets are split between three funds – the Baillie Gifford Managed Pension Fund (around 14% of total), the Baillie Gifford Multi Asset Income Fund (around 60% of total) and the Baillie Gifford Diversified Growth Pension Fund (around 26% of total). Each fund has a target objective for returns:

- Managed fund to outperform the CPAS median Balanced Pooled Funds by 1-1.5% per annum gross over rolling 3 year periods;
- Diversified Growth – to outperform the UK base rate by at least 3.5% per annum (net of fees) over rolling five year periods with an annualized volatility of less than 10%;
- Multi Asset Income Fund has the objective to produce monthly income whilst seeking to maintain the value of income and capital in line with inflation (UK CPI) over five years.

The fair value of the Group’s pension plan assets by asset class and input level within the fair-value hierarchy were as follows:

<b>Plan assets (Level 1) in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Equity securities	19,927,026	24,271,806
Bonds	28,286,069	26,901,811
Diversified Growth Fund	6,412,544	6,740,058
Cash & cash equivalents	585,814	845,566
<b>Total</b>	<b>55,211,453</b>	<b>58,759,240</b>

No plan assets have been classified as level 3.

*Funding Policy and Cash Flows*

The Group monitors the funded status of its funded pension plans to ensure that plan funds are sufficient to continue paying benefits. The Group’s/Company’s funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws, plus any additional amounts management determines to be appropriate. Contributions to funded plans increase plan assets, while contributions to unfunded plans are used to fund current benefit payments.

Estimated pension benefits expected to be paid to participants are as follows:

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<b>Estimated future benefit payments in USD</b>	<b>March 31, 2022</b>
2022-2023	3,756,891
2023-2024	3,833,781
2024-2025	3,854,193
2025-2026	3,859,356
2026-2027	3,886,399
Five years and thereafter in total	19,425,631

*Funded Status and Pension Cost*

The following sets forth changes in the projected benefit obligations and fair value of plan assets for the Group's pension plans for each period presented:



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	March 31, 2022	March 31, 2021
<b>all amounts in USD</b>		
<b>Benefit obligation as of incorporation date / Benefit obligation as of beginning of the period</b>	<b>120,401,042</b>	<b>0</b>
Acquired through business combination	0	129,873,414
Service Cost (recorded in p&l)	1,196,657	213,029
Interest Cost (recorded in p&l)	2,184,998	299,185
Losses/(gains) on Curtailments (recorded in p&l)	0	0
Actuarial loss (gain) (recorded in OCI) - gross amount before taxes*	-11,174,229	-7,147,808
Benefits paid	-4,612,513	-772,580
Company contributions	-188,000	-35,500
Participants contributions	0	0
Exchange rate loss (gain)	-4,439,622	-2,028,699
<b>Benefit obligation at the end of the period</b>	<b>103,368,333</b>	<b>120,401,042</b>
<b>Fair value of plan assets as of incorporation date / Fair value of plan assets as of beginning of the period</b>	<b>58,759,240</b>	<b>0</b>
Acquired through business combination	0	59,782,894
Actual return	1,427,374	191,195
Actuarial (loss) gain (recorded in OCI)*	-1,195,732	-819,919
(Losses)/gains on Curtailments (recorded in p&l)	0	0
Net (loss)/gain amortized during the period (in p&l)	0	0
Benefits paid	-3,017,680	-482,310
Company contributions	428,490	41,992
Participants contributions	64,000	0
Exchange rate gain (loss)	-1,254,239	45,389
<b>Fair value of plan assets at the end of the period</b>	<b>55,211,453</b>	<b>58,759,240</b>
<b>Accumulated pension provision at the end of the period</b>	<b>48,156,880</b>	<b>61,641,801</b>
<i>thereof current</i>	<i>1,881,829</i>	<i>1,974,617</i>
<i>thereof non-current</i>	<i>46,275,050</i>	<i>59,667,185</i>
* Revaluations in OCI Pensions (gross)	9,978,497	6,327,889
** Recorded in OCI net of taxes; related deferred taxes amounting to Revaluations	-2,623,453	-1,616,313
*** Recorded first consolidation or de-deconsolidation effects in OCI for Actuarial Gains/Losses	0	0
<b>Total OCI effect</b>	<b>7,355,044</b>	<b>4,711,576</b>

The following table presents the components of net periodic pension cost for the Group's retirement and medical plans:

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<b>Net periodic pension costs in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Service Cost	1,196,657	213,029
Interest Cost	2,184,998	299,185
Return on plan assets	-1,427,374	-191,195
Losses/(gains) on Curtailments	0	0
<b>Net periodic pension cost</b>	<b>1,954,280</b>	<b>321,019</b>

*Actuarial Assumptions*

The following summarizes the weighted-average discount-rate assumptions used by the Group in determining the pension benefit obligations. The assumed long-term rate of return on plan assets reflects capital-market projections by asset class and actual and long-term target asset allocation, taking into account historical return trends and current market conditions.

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>US pension plans</b>		
Discount rate	3.38%	2.83%
Long term return on assets	3.75%	3.75%
<b>UK plans</b>		
Discount rate	2.70%	2.10%
Long term return on assets	5.25%	5.00%
<b>German plans</b>		
Discount rate	1.54% to 1.78%	0.83% to 1.25%
Long term return on assets	n/a	n/a
<b>US medical plans</b>		
Discount rate	3.36%	2.81%
Long term return on assets	n/a	n/a
<b>Pension plans Mexico</b>		
Discount rate	8.27%	7.17%
Long term return on assets	8.27%	7.17%



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**NOTE 9 - FINANCIAL INSTRUMENTS AND DERIVATIVES**

*Financial instruments*

The Group's financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable and debt. The fair value of cash and cash equivalents, accounts receivable and accounts payable approximated their carrying amounts as of March 31, 2022. Additionally, the carrying amounts of the Group's term-loan borrowings of USD 45.5 million discussed in Note 5 approximated their fair values as of March 31, 2022 as the borrowings bear a variable interest rate.

*Derivative instruments*

As of March 31, 2022, no interest rate derivatives or exchange rate derivatives were used. In the context of the SFA, an obligation to address interest rate risks exists. If at any time after the SFA Closing Date (August 13, 2019), but prior to the date falling three years after the Closing Date, the EURIBOR exceed certain levels, the Company or certain of its subsidiaries shall enter into hedging agreements providing for certain interest rate hedges of the aggregate amount of the facility loans then outstanding.

*Fair Value Measurements*

The fair value of financial instruments is included in cash equivalents in the consolidated statement of financial position of the Group.

The fair value of the financial instruments compared to its cost base is as follows:



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**Financial Instruments**

**in USD**

**Marcht 31, 2021  
(restated)**

**Measurement category in  
accordance with IFRS 9**

**Carrying  
amount**

**Fair value**

**Financial assets**

Cash and cash equivalents	Amortised cost	29,009,990	29,009,990
Account Receivables	Amortised cost	25,914,330	25,914,330
Current financial receivables	Amortised cost	1,509,695	1,509,695
Securities and deposits	Amortised cost	2,015,922	2,015,922
Other current assets	Amortised cost	337,053	337,053
Investments	Amortised cost	11,713	11,713
Long term financial receivables	Amortised cost	0	0
Long term securities and deposits	Amortised cost	32,950	32,950
Other non-current assets	Amortised cost	5,079	5,079
<b>Total financial assets</b>		<b>58,836,733</b>	<b>58,836,733</b>

**Financial liabilities**

Current portion of long-term debt and short-term borrowings	Amortised cost	2,461,589	2,461,589
Current lease liabilities	Amortised cost	1,903,352	1,903,352
Accounts payable	Amortised cost	23,931,981	23,931,981
Long term debt	Amortised cost	45,729,617	45,729,617
Long term lease liabilities	Amortised cost	15,010,515	15,010,515
Other long-term liabilities	Amortised cost	810,359	810,359
<b>Total financial liabilities</b>		<b>89,847,414</b>	<b>89,847,414</b>

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**Financial Instruments**

**in USD**

<b>March 31, 2022</b>	<b>Measurement category in accordance with IFRS 9</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>			
Cash and cash equivalents	Amortised cost	33,234,178	33,234,178
Account Receivables	Amortised cost	31,900,441	31,900,441
Current financial receivables	Amortised cost	1,445,307	1,445,307
Securities and deposits	Amortised cost	5,013,924	5,013,924
Other current assets	Amortised cost	786,228	786,228
Other current assets held for sale	Amortised cost	17,816,965	17,816,965
Investments	Amortised cost	11,090	11,090
Long term financial receivables	Amortised cost	0	0
Long term securities and deposits	Amortised cost	86,604	86,604
Other non-current assets	Amortised cost	3,209	3,209
<b>Total financial assets</b>		<b>90,297,947</b>	<b>90,297,947</b>
<b>Financial liabilities</b>			
Current portion of long-term debt and short-term borrowings	Amortised cost	2,752,395	2,752,395
Current lease liabilities	Amortised cost	1,924,904	1,924,904
Accounts payable	Amortised cost	33,543,440	33,543,440
Other current liabilities held for sale	Amortised cost	4,633,763	4,633,763
Long term debt	Amortised cost	42,722,824	42,722,824
Long term lease liabilities	Amortised cost	13,695,993	13,695,993
Other long-term liabilities	Amortised cost	98,273	98,273
<b>Total financial liabilities</b>		<b>99,371,591</b>	<b>99,371,591</b>

Given the banking structure of the Group we do not consider any expected credit losses for cash and cash equivalents and deposits.

**Management of financial risks**

The Pfaudler Group is exposed to various financial risks arising from its business activities. In particular, changes in interest rates and exchange rates can have a significant effect on the net assets, financial position and results of operations of the Group. In addition, the Group is

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exposed to credit risks, which result mainly from trade receivables and gross amounts due from customers for contract work. Liquidity risks also exist as a result of fluctuations in cash flows.

The Pfaudler Group has established internal risk controlling procedures, which include a clear segregation of duties with regard to the operative financing activities, their settlement and accounting, and the controlling of the financial instruments. The Group's risk management processes are designed to identify and analyse the risks throughout the Group for example by monthly business reviews, continuous liquidity analysis, etc. They are furthermore designed to limit and control the risks appropriately, and to monitor them.

### **Credit risks**

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables.

All trade receivables are subject to credit risk exposure. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the group grants credit terms in the normal course of business.

The group does not have significant concentration of credit risk related to trade receivables and there are no customers which contribute to more than 5% of total outstanding accounts receivable as at any reporting period end.

### **Liquidity risks**

Liquidity risk is defined as the risk that arises when a company may be unable to fulfill its financial obligations. Pfaudler Group counters this risk with a liquidity forecast for the entire Group based on a fixed planning horizon. The Group manages its liquidity by having sufficient liquid funds and bank credit lines available in addition to maintaining its cash flows from operating activities, primarily cash inflows from trade receivables.



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The following tables detail the group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

<b>Liquidity risk as of March 31, 2021</b>	<b>Up to 1 year</b>	<b>1 year to 5 years</b>	<b>5 years and above</b>	<b>Total</b>
<b>(restated)</b>				
<b>in USD</b>				
Accounts payable	23,931,981	0	0	23,931,981
Other financial liabilities	695,344	164,942	0	860,286
Borrowings	2,355,050	11,302,249	36,629,558	50,286,857
Lease Liabilities	1,903,352	7,078,886	7,931,629	16,913,867
<b>Total</b>	<b>28,885,727</b>	<b>18,546,077</b>	<b>44,561,187</b>	<b>91,992,991</b>

<b>Liquidity risk as of March 31, 2022</b>	<b>Up to 1 year</b>	<b>1 year to 5 years</b>	<b>5 years and above</b>	<b>Total</b>
<b>in USD</b>				
Accounts payable	33,543,440	0	0	33,543,440
Other financial liabilities	139,965	112,069	0	252,035
Borrowings	3,197,398	44,377,509	0	47,574,907
Lease Liabilities	1,924,904	7,393,179	6,302,813	15,620,897
<b>Total</b>	<b>38,805,707</b>	<b>51,882,758</b>	<b>6,302,813</b>	<b>96,992,991</b>

Regarding the short-term and long-term credit lines and guaranteed lines of the Group as of March 31, 2022, see also Note 5.

### **Market risk**

#### *Market risks related to the war in Ukraine*

Even though there is currently no explicit embargo on most of our products, there are already enough restrictions in delivery and payment transactions with Russia and Ukraine to have a business impact and stop all business with Russia as of now. However, the related revenue impact is not significant.

Instead of negative impacts on revenues, we experience more challenges due to the price increases of energy costs and raw materials as well as some supply chain restrictions. These challenges are manageable as of now, but the price development and the potential of material supply bottlenecks are difficult to predict.

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In summary, this crisis has as of now a moderate impact on us but will not be existence threatening. This assumes that the war will not lead to a further geographical expansion and thus escalation.

*Interest rate risks*

Interest rate risks exist on account of potential changes in the market rate of interest and can, result in a change in the fair values of fixed-interest instruments and in fluctuations in the interest payments in relation to financial instruments at variable rates. The existing financial structure is partially exposed to interest payment risks as a fixed rate of interest has been negotiated but the applicable interest rate is also depending on the development of EURIBOR and certain covenant ratios agreed in the SFA loan. An increase of the applicable SFA interest rate by 1% would impact interest expenses by USD -584,458.

*Foreign currency risks*

The Group operates worldwide and is therefore exposed to foreign exchange risks that result primarily from changes in the exchange rates of the Euro, the British pound Sterling, the Chinese yuan renminbi and Brazilian real.

The US Dollar is the reporting currency. Accordingly, the change in exchange rates between the US Dollar and the local currencies, in which the financial statements of the non-USD foreign subsidiaries are prepared, influences the net profit or loss of the year and the equity reported in the consolidated financial statements.

Furthermore, risks arise when business transactions are not settled in the subsidiary's respective functional currency ("transaction risks").

*Significance of currency risk and sensitivity analysis*

A potential 5% appreciation (depreciation) of US Dollar against other currencies as at March 31, 2022 would have resulted in the following exchange rates:

Country	Currency	Closing Rate as at March 31, 2022	Sensitivity	
			+5%	-5%
Eurozone	EUR	0.9008	0.9458	0.8558
Great Britain	GBP	0.7621	0.8002	0.7240
China	CNY	6.342	6.6591	6.0249
Mexico	MXN	19.8994	20.8944	18.9044
Brazil	BRL	4.7752	5.0140	4.5364
Singapore	SGD	1.3538	1.4215	1.2861



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These potential appreciation (depreciation) of US Dollar against the other currencies as at March 31, 2022 would have influenced the measurement of financial instruments denominated in foreign currencies and would have affected equity or profit or loss by the amounts presented below. This analysis is based on the assumption that all other factors, in particular the interest rates, remain constant.

Currency	Balance in Foreign Currency	Actual Balance in USD	+5% Balance in USD	-5% Balance in USD	+5% Effect on Equity in USD	-5% Effect on Equity in USD
EUR	-7,147,538	-7,934,656	-7,556,815	-8,352,269	377,841	-417,613
GBP	2,911,356	3,820,176	3,638,263	4,021,238	-181,913	201,062
CNY	48,395,577	7,630,965	7,267,585	8,032,594	-363,379	401,630
MXN	5,295,915	266,134	253,461	280,141	-12,673	14,007
BRL	13,075,953	2,738,305	2,607,909	2,882,426	-130,395	144,121
SGD	91,084	67,280	64,076	70,821	-3,204	3,541

The reference values were determined as follows:

Financial Instruments line items	Amount in EUR	Amount in GBP	Amount in CNY	Amount in MXN	Amount in SGD	Amount in BRL
Cash and Cash Equivalents	8,850,150	2,319,771	39,541,317	4,740,826	605	7,878,290
Trade Receivables - Third Party	9,867,747	1,651,081	9,635,466	3,956,953	90,479	10,348,736
Trade Receivables - IC with GMM Mavag AG/GMM Pfaudler India	225,181	337,305	4,916	0	0	0
Trade Receivables - IC with Pfaudler, Inc./Pfaudler International S.a.r.l.	0	0	0	0	0	0
POC Receivables - Third Party	2,225,324	0	0	0	0	0
Granted Loans <= 1 Y - Third Party	0	0	0	0	0	0
Other Financial Receivables - Third Party	0	0	1,770,442	0	0	0
Securities and deposits ST	53,942	0	31,418,533	0	0	0
Granted Loans > 1 Y - Third Party	0	0	0	0	0	0
Securities and deposits LT	0	0	0	363,267	0	87,619
Liabilities to Financial Institutions <= 1 Y	-323,464	0	0	0	0	0
Other Current Financial Liabilities-Third Party	-1,429,033	-147,768	-190,202	0	0	-46,252
Trade Payables - Third Party	-9,605,953	-844,129	-16,288,005	-1,369,774	0	-4,393,015
Trade Payables - IC with GMM Mavag AG/GMM Pfaudler India	-272,095	-14,889	-308,693	0	0	-799,425
POC Liabilities - Third Party	-2,322,814	0	0	0	0	0
Liabilities to Financial Institutions > 1 Y	-5,254,854	0	0	0	0	0
Other Non-Current Financial Liabilities - Third Party	-9,161,669	-390,015	-17,188,197	-2,395,357	0	0
<b>Balance</b>	<b>-7,147,538</b>	<b>2,911,356</b>	<b>48,395,577</b>	<b>5,295,915</b>	<b>91,084</b>	<b>13,075,953</b>

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**Capital Management**

One of the Group's objectives is to sustainably increase the Company's enterprise value.

The value-oriented ratios primarily assist management in strategic decisions regarding the optimisation of the regions and the allocation of resources for acquisitions and capital expenditures. At operating level, value drivers focus on growth (revenue and order intake), cost efficiency (EBITDA) and capital efficiency (working capital, capital expenditures), since these directly influence the value creation process.

The future equity situation presented in the consolidated financial statements of the Company is influenced primarily by the results of operations of the Group, which is affected by the annual interest to be paid on the financial liabilities, as well as the amortization of step-up amounts from purchase price allocations. The equity ratio amounts to 20.4%.

The instruments used to manage the Group's capital structure comprise ongoing monitoring and optimisation of the cash flow of the existing Group companies, the possibility to raise further debt and additional shareholder contributions.

Due to the wide range of products for various industries and the Group's global presence, management expects that the Group will be able to continue servicing the available borrowings on time using the cash flows that will be generated in subsequent years.



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**NOTE 10 - SHAREHOLDERS' EQUITY**

*Issuance of common stock*

As at March 31, 2022, the fully paid up subscribed capital amounts to USD 547,568 represented by 54,756,800 shares of a nominal value of USD 0.01 per share.

The Company was incorporated with a fully paid up subscribed capital amounting to EUR 12,000 represented by 12,000 shares of a nominal value of EUR 1 per share.

On 16 December 2020, the Company changed the currency of the subscribed capital from EUR to USD and converted the existing share capital of EUR 12,000 into USD 14,568, represented by 14,568 shares having a nominal value of USD 1 each. Also, in December 2020, the Company issued 25,000 shares for a nominal amount of USD 25,000

In February 2021, the Company issued 508,000 shares with a nominal value of USD 508,000 for a subscription price of USD 50,800,000, consequently allocating USD 50,292,000 to the share premium reserve. The subscription for these shares was paid by both a contribution in kind amounting to USD 10,160,000 and a conversion of USD 46,640,000 convertible bonds issued by the Company, having a value of USD 1 each.

The Company did not acquire any of its own shares during the period ended March 31, 2022.

*Reserves*

In accordance with Luxembourg Law, the Company must appropriate to the legal reserve a minimum of 5% of the net profit until such reserve equals 10% of the share capital. The legal reserve is not available for distribution to shareholders except upon dissolution of the Company.



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**NOTE 11 - OTHER COMPREHENSIVE INCOME / (LOSS)**

Accumulated other comprehensive income (loss) balance (net of tax) and components of other comprehensive income (loss) were as follows:

all amounts in USD	Currency translation adjustments	Available for sale financial instruments net of tax	Defined benefit plans (net of Deferred Taxes)	Other	Total
<b>Balance at date of incorporation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Accumulated other comprehensive income (loss) before reclassifications	-1,568,836	0	4,711,572	0	3,142,736
Amounts reclassified from accumulated other comprehensive income (loss) to profit and loss	0	0	0	0	0
<b>Balance at the end of the period 2021 (restated)</b>	<b>-1,568,836</b>	<b>0</b>	<b>4,711,572</b>	<b>0</b>	<b>3,142,736</b>
Accumulated other comprehensive income (loss) before reclassifications	-406,865	0	7,355,044	0	6,948,179
Amounts reclassified from accumulated other comprehensive income (loss) to profit and loss	0	0	0	0	0
<b>Balance at the end of the period 2022</b>	<b>-1,975,700</b>		<b>12,066,616</b>	<b>0</b>	<b>10,090,915</b>

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**NOTE 12 - INCOME TAX**

The components of pre-tax income (loss) excluding intra-group dividend income are as follows:

<b>Pre-tax income excluding dividends in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Americas	11,224,015	3,338,278
Europe	-838,573	-588,535
Asia	1,062,949	-149,509
<b>Total</b>	<b>11,447,691</b>	<b>2,600,233</b>

The current and deferred income taxes recorded do not agree with the theoretical tax rates for a number of reasons such as consolidation adjustments with respect to the purchase price allocation adjustments made mainly for property, plant and equipment and intangible assets, non-taxable income, non-tax-deductible expenses and others.

The (expense)/benefit for income taxes by taxing jurisdiction consisted of the following:

<b>Current Income tax in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Americas	-1,954,419	1,007,261
Europe	-610,355	-203,667
Asia	-272,680	-61,099
<b>Total</b>	<b>-2,837,454</b>	<b>742,496</b>

<b>Deferred Income tax in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021 (restated)</b>
Americas	-2,249,761	1,398,853
Europe	1,121,497	1,485,470
Asia	38,428	257,214
<b>Total</b>	<b>-1,089,836</b>	<b>3,141,536</b>

<b>Total tax income (+) / expense (-)</b>	<b>-3,927,289</b>	<b>3,884,032</b>
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Numerical reconciliation between average effective tax rate and applicable tax rate:

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Reconciliation	March 31, 2022	March 31, 2021 (restated)
<b>in USD</b>		
<b>Profit Before tax from Continuing Operations (expense - / income +)</b>	<b>1,116,638</b>	<b>-6,789,813</b>
<b>Income Tax using the Company's domestic Tax rate of 24,94% (expense - / income +)</b>	<b>-274,489</b>	<b>1,693,379</b>
Adjustments on taxable basis	1,949,909	469,467
• Non deductible Expenses (+)	2,031,658	769,969
• Tax - Exempt income (-)	-81,749	-300,502
<b>Income Tax using the Company's domestic Tax rate of 24,94% considering adjustments above (expense - / income +)</b>	<b>-764,497</b>	<b>1,576,294</b>
Explanations on taxable difference		
• Deduction on account of Expenses allowable in Tax but not claimed in book	54,467	26,589
• Effect of changes in statutory tax rates	24,883	0
• Changes in recognized deductible temporary differences	-676,289	468,871
• Tax impact on notional income / expense	-3,701	0
Difference between Luxembourg Tax Rate and Foreign Tax Rate	76,657	16,913
Prior-year taxes recognized in current year	-2,331,398	1,781,861
Miscellaneous other tax effects	-307,112	13,501
<b>Income Tax recognised in Statement of Profit &amp; Loss from Continuing Operations (Effective Tax Rate)</b>	<b>-3,927,290</b>	<b>3,884,030</b>

*Provision for Uncertain Tax Positions*

The Pfaudler Group files income tax returns in various jurisdictions worldwide. There are a few tax audits in progress within different jurisdictions from time to time. GMM International S.à r.l. is indemnified for tax controversies for the period prior to the acquisition by prior owners.

*Deferred tax assets*

The Group has unrecognized tax losses carried forward in Luxembourg amounting to USD 2.8 million for corporate taxes with an expiration date exceeding five years. In addition corporate and trade tax losses carried forward from the German tax group amounting to USD 1.1 million have not been recognized due to the loss history and despite of a positive

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future earnings forecast. There is no expiration date for these tax losses carried forward in Germany.



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*Deferred Taxes*

The following summarizes tax effects of temporary differences that give rise to significant components of deferred tax assets/liabilities as of March 31, 2021:

Deferred tax liabilities	Current Assets (Sum)	Net Accounts Receivable	Net Inventories	Other remaining current assets	Non-Current Assets (Sum)	Intangible Assets	Tangible Assets (PPE)	Other remaining non-current assets	Current Liabilities (Sum)	Accounts Payable	Current Provisions & Accruals	Other remaining current liabilities	Non-Current Liabilities (Sum)	Pension Provisions	Other non-current provisions	Other remaining non-current liabilities	Consolidation adjustments	Other	Total	Netting of deferred tax assets and liabilities within the same entity	Grand Total
<b>Balance at the date of incorporation</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquired in business combination	3,523,225	42,518	3,480,707	0	17,067,842	15,590,756	1,475,270	1,815	18,325	0	17,636	689	25,277	3,607	14,928	6,742	0	0	20,634,669	-13,669,337	6,965,332
Charged/(credited) to income statement	-1,281,896	148,277	-1,573,941	143,768	-293,905	-381,529	84,021	3,603	15,765	0	17,899	-2,134	-49,870	0	-49,441	-430	0	0	-1,609,906	0	-1,591,601
Charged/(credited) to statement of comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	28	28	0	0	0	0	28	0	28
Other movements	0	0	0	0	18,902	0	18,902	0	0	0	0	0	0	0	0	0	0	0	18,902	1,095,875	1,114,777
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exchange differences	-49,623	-4,813	-44,810	0	-300,039	-288,848	-11,172	-20	-980	0	-1,005	25	278	-122	619	-219	0	0	-350,364	0	-368,669
<b>Year end (March 31, 2021, restated)</b>	<b>2,191,706</b>	<b>185,982</b>	<b>1,861,956</b>	<b>143,768</b>	<b>16,492,800</b>	<b>14,920,379</b>	<b>1,567,021</b>	<b>5,399</b>	<b>33,111</b>	<b>0</b>	<b>34,530</b>	<b>-1,420</b>	<b>-24,288</b>	<b>3,513</b>	<b>-33,894</b>	<b>6,093</b>	<b>0</b>	<b>0</b>	<b>18,693,329</b>	<b>-12,573,462</b>	<b>6,119,867</b>

Deferred tax assets	Current Assets (Sum)	Net Accounts Receivable	Net Inventories	Other remaining current assets	Non-current assets (Sum incl. Cons)	Intangible Assets	Tangible Assets (PPE)	Other remaining non-current assets	Current Liabilities (Sum)	Accounts Payable	Current Provisions & Accruals	Other remaining current liabilities	Non-Current Liabilities (Sum)	Pension Provisions	Other non-current provisions	Other remaining non-current liabilities	Consolidation adjustments	Tax Loss Carry Forward (Sum)	Total	Netting of deferred tax assets and liabilities within the same entity	Grand Total
<b>Balance at the date of incorporation</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquired in business combination	1,950,643	-32,634	1,840,290	142,986	7,439,792	6,523,869	915,923	0	949,451	187,496	684,259	77,696	7,546,818	7,436,080	110,738	0	0	45,525	17,932,229	-13,669,337	4,262,892
(Charged)/credited to income statement	782,314	12,816	32,352	737,146	-976,798	-182,943	-793,855	0	287,811	164,753	127,367	-4,309	1,289,135	951,767	332,393	4,975	0	149,169	1,531,631	0	1,531,631
(Charged)/credited to statement of comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	-1,616,285	-1,616,285	0	0	0	0	-1,616,285	0	-1,616,285
Other movements	0	0	0	0	18,902	0	18,902	0	0	0	0	0	0	0	0	0	0	0	18,902	1,095,875	1,114,777
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exchange differences	-14,602	1,127	-8,473	-7,255	-3,242	-2,721	-521	0	-26,644	-9,491	-16,373	-780	-210,670	-208,209	-2,461	0	0	-2,320	-257,478	0	-257,478
<b>Year end (March 31, 2021, restated)</b>	<b>2,718,353</b>	<b>-18,691</b>	<b>1,864,168</b>	<b>872,876</b>	<b>6,478,654</b>	<b>6,338,205</b>	<b>140,449</b>	<b>0</b>	<b>1,210,617</b>	<b>342,758</b>	<b>795,253</b>	<b>72,606</b>	<b>7,008,998</b>	<b>6,563,353</b>	<b>440,670</b>	<b>4,975</b>	<b>0</b>	<b>192,373</b>	<b>17,608,999</b>	<b>-12,573,462</b>	<b>5,035,537</b>

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The following summarizes tax effects of temporary differences that give rise to significant components of deferred tax assets/liabilities as of March 31, 2022:

Deferred tax liabilities	Current Assets (Sum)	Net Accounts Receivable	Net Inventories	Other remaining current assets	Non-Current Assets (Sum)	Intangible Assets	Tangible Assets (PPE)	Other remaining non-current assets	Current Liabilities (Sum)	Accounts Payable	Current Provisions & Accruals	Other remaining current liabilities	Non-Current Liabilities (Sum)	Pension Provisions	Other non-current provisions	Other remaining non-current liabilities	Consolidation adjustments	Other	Total	Netting of deferred tax assets and liabilities within the same entity	Grand Total	
<b>Balance at the beginning of the period</b>	<b>2,191,706</b>	<b>185,982</b>	<b>1,861,956</b>	<b>143,768</b>	<b>16,492,800</b>	<b>14,920,379</b>	<b>1,567,021</b>	<b>5,399</b>	<b>33,111</b>	<b>0</b>	<b>34,530</b>	<b>-1,420</b>	<b>-24,288</b>	<b>3,513</b>	<b>-33,894</b>	<b>6,093</b>	<b>0</b>	<b>0</b>	<b>18,693,329</b>	<b>-12,573,462</b>	<b>6,119,867</b>	
Acquired in business combination	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Charged/(credited) to income statement	-928,530	585,457	-1,497,664	-16,323	-1,568,691	-1,580,492	12,454	-652	80,329	0	73,512	6,817	-10,546	-3,480	-4,567	-2,499	0	0	-2,427,439	0	-2,427,439	
Charged/(credited) to statement of comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	5,323	5,323	0	0	0	0	5,323	0	5,323	
Other movements	4,897	0	-2	4,899	-4,899	0	0	-4,899	0	0	0	0	0	0	0	0	0	0	-2	3,020,371	3,020,369	
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Exchange differences	-46,954	-35,887	-11,068	0	-137,968	-105,525	-32,595	153	-5,328	0	-5,100	-227	1,760	-32	2,005	-213	0	0	-188,490	0	-188,490	
<b>Year end (March 31, 2022)</b>	<b>1,221,118</b>	<b>735,552</b>	<b>353,223</b>	<b>132,344</b>	<b>14,781,242</b>	<b>13,234,361</b>	<b>1,546,880</b>	<b>0</b>	<b>108,112</b>	<b>0</b>	<b>102,942</b>	<b>5,170</b>	<b>-27,751</b>	<b>5,323</b>	<b>-36,455</b>	<b>3,381</b>	<b>0</b>	<b>0</b>	<b>16,082,721</b>	<b>-9,553,091</b>	<b>6,529,630</b>	
Reclassification to Other Current Liabilities held for Sale																					-850,886	
<b>Year end (March 31, 2022, after reclassification)</b>																						<b>5,678,744</b>

Deferred tax assets	Current Assets (Sum)	Net Accounts Receivable	Net Inventories	Other remaining current assets	Non-current assets (Sum incl. Cons)	Intangible Assets	Tangible Assets (PPE)	Other remaining non-current assets	Current Liabilities (Sum)	Accounts Payable	Current Provisions & Accruals	Other remaining current liabilities	Non-Current Liabilities (Sum)	Pension Provisions	Other non-current provisions	Other remaining non-current liabilities	Consolidation adjustments	Tax Loss Carry Forward (Sum)	Total	Netting of deferred tax assets and liabilities within the same entity	Grand Total	
<b>Balance at the beginning of the period</b>	<b>2,718,353</b>	<b>-18,691</b>	<b>1,864,168</b>	<b>872,876</b>	<b>6,478,654</b>	<b>6,338,205</b>	<b>140,449</b>	<b>0</b>	<b>1,210,617</b>	<b>342,758</b>	<b>795,253</b>	<b>72,606</b>	<b>7,008,998</b>	<b>6,563,353</b>	<b>440,670</b>	<b>4,975</b>	<b>0</b>	<b>192,373</b>	<b>17,608,999</b>	<b>-12,573,462</b>	<b>5,035,537</b>	
Acquired in business combination	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(Charged)/credited to income statement	-1,064,749	203,220	-1,168,603	-99,367	-3,490,388	-3,446,355	-44,034	0	602,943	39,929	573,737	-10,723	359,009	205,218	119,396	34,395	0	75,911	-3,517,274	0	-3,517,274	
(Charged)/credited to statement of comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0	-2,618,131	-2,618,131	0	0	0	0	-2,618,131	0	-2,618,131	
Other movements	-127,570	14,831	112,052	-254,452	2	2	0	0	122,347	0	182,865	-60,518	5,219	5,219	0	0	0	0	-1	3,020,371	3,020,370	
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Exchange differences	38,228	-438	14	38,653	-4,935	-2,776	-2,159	0	-29,198	-19,963	-11,247	2,012	-324,626	-322,628	-1,998	0	0	-3,413	-323,944	0	-323,944	
<b>Year end (March 31, 2022)</b>	<b>1,564,264</b>	<b>198,923</b>	<b>807,630</b>	<b>557,710</b>	<b>2,983,332</b>	<b>2,889,075</b>	<b>94,257</b>	<b>0</b>	<b>1,906,711</b>	<b>362,724</b>	<b>1,540,609</b>	<b>3,378</b>	<b>4,430,468</b>	<b>3,833,031</b>	<b>558,068</b>	<b>39,370</b>	<b>0</b>	<b>264,871</b>	<b>11,149,647</b>	<b>-9,553,091</b>	<b>1,596,556</b>	
Reclassification to Other Current Assets held for Sale																					-1,090,071	
<b>Year end (March 31, 2022, after reclassification)</b>																						<b>506,485</b>

Deferred tax liabilities have been mainly recorded in the context of the acquisition of the Pfaudler Group as of February 01, 2021 as part of the purchase price allocation. Deferred tax liabilities have been allocated especially to non-current assets (revaluation of intangible and tangible fixed assets). Deferred tax assets mainly relate to non-current liabilities (revaluation of pension obligations).

Deferred tax liabilities are credited to profit and loss in line with depreciations over the lifetime of the respective assets.

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**NOTE 13 - RELATED PARTY TRANSACTIONS**

**Transactions with management**

The Board of Managers of the Company has received a remuneration of USD 1,665,941, thereof USD 692,000 accrued for the year ended March 31, 2022 (prior year: USD 309,639 thereof: USD 156,900 accrued).

**Transactions with shareholders**

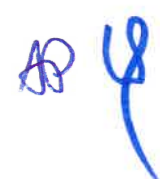
Apart from the transactions mentioned in Note 10 and the business transactions in course of the acquisition as described in Note 3, the following items of the consolidated statement of financial position and impacts on the consolidated statement of income with shareholders are included in the consolidated financial statements as of March 31, 2022.

*Relationships on behalf of GMM International S.à r.l. and its subsidiaries with GMM Pfaudler Limited, India and Mavag AG, Switzerland*

<b>Consolidated Statement of Financial Position in USD</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Advance payments made on inventories	4,431,013	1,648,209
Trade receivables	697,066	504,691
Current financial receivables	1,025,527	815,759
Accounts payable	2,764,002	995,530
<b>Net Balance</b>	<b>3,389,604</b>	<b>1,973,129</b>

<b>Consolidated Statement of Income in USD</b>	<b>April 01, 2021 to March 31, 2022</b>	<b>August 19, 2020 to March 31, 2021</b>
Revenues	1,895,564	618,338
Cost of Sales	-5,615,804	-765,554
Royalty Income	613,123	102,540
Charges included in Selling, general and administrative result	-5,332	0
<b>Total</b>	<b>-3,112,449</b>	<b>-44,676</b>

*Relationships on behalf of GMM International S.à r.l. and its subsidiaries with Pfaudler International S.à r.l. and its subsidiaries*



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<b>Consolidated Statement of Financial Position</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b> (restated)
<b>in USD</b>		
Trade receivables	0	82
Current financial receivables	140,619	693,936
Current financial liabilities	0	538,152
<b>Net Balance</b>	<b>140,619</b>	<b>155,866</b>

<b>Consolidated Statement of Income</b>	<b>April 01, 2021</b> <b>to March 31, 2022</b>	<b>August 19, 2020</b> <b>to March 31, 2021</b>
<b>in USD</b>		
Charges included in Selling, general and administrative result	0	198,713
<b>Total</b>	<b>0</b>	<b>198,713</b>

**Transactions with companies being related parties to some of the members of the management**

Avega S.à r.l. and Avega Tax Advisors S.à r.l. (together “Avega”) are entitled to obtain USD 56,218 for the financial year ended March 31, 2022 mainly for subleasing of office spaces, tax advice and payroll/accounting services. An amount of USD 8,750 has been accrued as of March 31, 2022.

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**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

*Commitments and Contingencies*

In addition to the matters described above and in Note 7 from time to time, the Company is subject to disputes, administrative proceedings and other claims arising from the normal conduct of its business. These matters generally relate to disputes arising from the use or installation of its products, product liability litigation, personal injury claims, commercial and contract disputes and employment-related matters. On the basis of information currently available to it, management does not believe that existing proceedings and claims which have not been provided for as liabilities or accruals as described in Note 7 will have a material impact on the Company's financial condition, results of operations or cash flows. However, litigation is unpredictable, and the Company could incur judgments or enter into settlements for current or future claims that could result in currently unanticipated adverse effects.

The Group is involved in the following type of litigations as of March 31, 2022:

<b>Litigations</b>	<b>in USD</b>
Warranty provisions and related items including taxes	0
Labor claims	109,506
Legal and arbitration	0
<b>Total</b>	<b>109,506</b>
<i>Thereof provided for</i>	<i>109,506</i>

*Guarantees and pledges*

The Pfaudler group is financed by way of a senior facilities agreement.

Under the senior facilities agreement, several group entities act as joint and several guarantors for the overall indebtedness incurred by any of the borrowers thereunder and provide security in relation thereto. Where this is required in any local jurisdictions and in line with market practice in the relevant markets, the guarantees and security granted in relation to the senior facilities agreement and/or their enforcement are subject to certain limitations.

In more detail, the Pfaudler Group entities have already provided or will have to provide the following securities in relation to the indebtedness incurred from time to time under or pursuant to the senior facilities agreement:

- **UK:** Pfaudler Limited has entered into a share pledge agreement in relation to certain shares held by it, pledged its rights of intercompany loans and bank accounts. In addition, Pfaudler Ltd. entered into an all-asset-security agreement;

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- **US:** GMM Pfaudler US, Inc. and Edlon, Inc. have each entered into an all-asset-security agreement and entered into deposit account control agreements; in addition, GMM Pfaudler US, Inc. have pledged certain shares held by them;
  
- **Luxembourg:** GMM International S.à r.l has pledged the shares held by it, as well as its bank accounts;
  
- **Germany:** Pfaudler GmbH has entered into a share pledge agreement in relation to certain shares held by it. Pfaudler GmbH and Pfaudler interseal GmbH pledged their bank accounts and intercompany loans, transferred their IP rights and assets and assigned their receivables for security purposes;
  
- **Brazil:** Pfaudler Ltda. has entered into a pledge over bank accounts;
  
- **Italy:** Pfaudler S.r.l. has entered into a pledge over intercompany loans and bank accounts.

Furthermore, the Group has given bank guarantees to some of its clients or suppliers in the overall amount of USD 12.4 million as March 31, 2022 in the course of its ordinary business, e.g. for received advanced payment or payment periods.



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**NOTE 15 - SUBSEQUENT EVENTS**

On August 01, 2022, GMM Pfaudler US Inc, USA, entered into a joint venture agreement with JDS Manufacturing (JDS), USA. Both entities will incorporate a new company and combine their knowledge and skills in the field of glass-lined components, acid-alkali-proof enameled valves, re-glassing services, etc. for the use in the chemical and pharmaceutical industries. JDS will hold a 49% LLC interest in the joint venture company and GMM Pfaudler US Inc. a 51% LLC interest.

Effective August 03, 2022, the Group has completed the acquisition of Hydro Air Research Italia from Ainvest Private Equity S.r.l. Hydro Air Research Italia based in Merlino, Italy, and is specialized in process and wastewater applications, and in particular, membrane separation technologies. The purchase price on a cash-and-debt-free basis added up to EUR 4.5 million.

On August 04, 2022, GMM Pfaudler Ltd., India, has announced that it will increase its stake in GMM International S.à r.l. to 100% by acquiring the balance 46% stake, i.e. 26% held by Millars Concrete Technologies Pvt. Ltd. (Patel family) and 20% held by Pfaudler International S.à. r.l. (which is controlled by funds managed by Deutsche Beteiligungs AG under DBAG Fund VI). With this transaction GMM International S.à. r.l. will become a wholly owned subsidiary of GMM Pfaudler Ltd.

The proposed acquisition will be subject to the approval of the Secretary of State for Business, Energy and Industrial Strategy, United Kingdom and the public shareholders of GMM Pfaudler Ltd.



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**NOTE 16 – AUDITORS FEES**

For their audit, tax consulting and other services the auditor of the Group, Deloitte Audit S.à.r.l. (Luxembourg) and the Deloitte member firms involved in the Group Audit received the following compensation:

<b>Total Expenses Group Auditor</b>	<b>April 01, 2021 to March 31, 2022</b>	<b>August 19, 2020 to March 31, 2021</b>
<b>in USD</b>		
Audit Services	-671,084	-617,003
Audit-related Services	-505,567	-56,600
Tax Consulting Services	-432,709	-425,174
Other Services	0	0
<b>Total</b>	<b>-1,609,359</b>	<b>-1,098,677</b>

