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information for an overseas company

Companies House

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You may use this form to
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COMPANIES HOUSE

Part 1 Corporate company nameCorporate name of
overseas company ①

Hitachi High-Tech Europe GmbH

UK establishment
number

B R 0 0 9 6 0 0

→ **Filling in this form**
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company****A1 Legislation**

Please give the legislation under which the accounts have been prepared and
audited.

Legislation ②

Commercial Code (HGB); IFRSs

② This means the relevant rules or
legislation which regulates the
preparation of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☐ **No. Go to Section A3.**

☒ **Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.**

③ Please insert the name of the
appropriate accounting organisation
or body.

Name of organisation
or body ③

German Government / IASB

OS AA01

Statement of details of parent law and other information for an overseas company

A3

Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box.

☐ No. Go to Part 3 'Signature'.

☒ Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.

❶ Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ❶

German Govment/Institute of Public Auditors in Germany

Part 3

Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X

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Shigeto

X

This form may be signed by:
Director, Secretary, Permanent representative.

OS AA01

Statement of details of parent law and other information for an overseas company



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Sabine Schlosser Lee
Company name	Hitachi High-Tech Europe GmbH
Address	ONE St. Peter's Road
Post town	Maidenhead
County/Region	Berkshire
Postcode	S L 6 7 Q U
Country	United Kingdom
DX	
Telephone	01628 585385



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Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

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Hitachi High-Tech Europe GmbH Krefeld

**Short-form audit report
Annual financial statements and management report
31 March 2023**

Translation from the German language

**Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft**





Translation from the German language

Table of contents

Independent auditor's report

Financial reporting

Engagement Terms, Liability and Conditions of Use

General Engagement Terms

Note:

We have issued the independent auditor's report presented below in compliance with legal and professional requirements subject to the conditions described in the enclosed "Engagement Terms, Liability and Conditions of Use."

If an electronic version of this document is used for disclosure in accordance with Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code], only the files containing the financial reporting and, in the case of a statutory audit, the independent auditor's report, are intended for this purpose.



*Translation of the German independent auditor's report
concerning the audit of the annual financial statements and
management report prepared in German*

Independent auditor's report

To Hitachi High-Tech Europe GmbH

Opinions

We have audited the annual financial statements of Hitachi High-Tech Europe GmbH, Krefeld, which comprise the balance sheet as of 31 March 2023, and the income statement for the fiscal year from 1 April 2022 to 31 March 2023, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Hitachi High-Tech Europe GmbH for the fiscal year from 1 April 2022 to 31 March 2023.

In our opinion, on the basis of the knowledge obtained in the audit,

- ▶ the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2023 and of its financial performance for the fiscal year from 1 April 2022 to 31 March 2023 in compliance with German legally required accounting principles, and
- ▶ the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.



Basis for the opinions

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

Responsibilities of the executive directors for the annual financial statements and the management report

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

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



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

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

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

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



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

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



- ▶ Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- ▶ Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- ▶ Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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.

Düsseldorf, 30 June 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Michael
Wirtschaftsprüfer
[German Public Auditor]

Huppertz
Wirtschaftsprüfer
[German Public Auditor]

Translation from the German language

Hitachi High-Tech Europe GmbH, Krefeld
Balance sheet as of 31 March 2023

Assets	31 Mar 2022		Equity and liabilities	31 Mar 2022	
	EUR	EUR k		EUR	EUR k
A. Fixed assets			A. Equity		
I. Intangible assets			I. Subscribed capital	3,129,250.00	3,129
Purchased software	25,447.71	61	II. Capital reserves	4.75	0
II. Property, plant and equipment			III. Profit carryforward	66,344,517.08	60,522
1. Land and buildings	6,498,614.53	6,909	IV. Net income for the year	20,360,887.81	14,822
2. Furniture, fixtures and office equipment	1,544,823.90	707		89,834,659.64	78,473
	8,043,438.43	7,616			
	8,068,886.14	7,677	B. Provisions		
B. Current assets			1. Tax provisions	6,254,602.15	4,226
I. Inventories			2. Other provisions	8,614,458.29	14,060
1. Merchandise	28,803,207.66	30,677		14,869,060.44	18,286
2. Prepayments	0.00	2,791	C. Liabilities		
	28,803,207.66	33,468	1. Prepayments received on account of orders	6,727,333.14	7,188
II. Receivables and other assets			2. Trade payables	9,012,446.44	8,274
1. Trade receivables	53,068,273.03	48,652	3. Liabilities to affiliates	151,787,496.56	140,903
2. Receivables from affiliates	162,445,361.13	150,591	4. Other liabilities	1,260,933.88	864
3. Other assets	5,647,043.83	4,239	thereof for taxes: EUR 436,961.38 (prior year: EUR 536k)		
	221,160,677.99	203,482		168,788,210.02	157,229
III. Cash on hand and bank balances	17,127,458.06	10,445	D. Deferred income	2,285,162.81	1,487
	267,091,343.71	247,395			
C. Prepaid expenses	408,167.07	274			
D. Deferred tax assets	208,695.99	129			
	275,777,092.91	255,475		275,777,092.91	255,475

Hitachi High-Tech Europe GmbH, Krefeld
Income statement for fiscal year 2022/23

	EUR	EUR	2021/2022 EUR k
1. Revenue	883,132,838.47		676,027
2. Other operating income	29,135,578.11		15,222
thereof income from currency translation: EUR 26,087,473.58 (prior year: EUR 12,203k)			
		912,268,416.58	691,249
3. Cost of materials			
Cost of purchased merchandise	-832,805,058.13		-633,543
4. Personnel expenses			
a) Wages and salaries	-13,815,396.41		-12,761
b) Social security, pension and other benefit costs	-2,304,996.31		-2,415
thereof for old-age pensions: EUR 553,321.63 (prior year: EUR 416k)			
5. Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-757,445.72		-615
6. Other operating expenses	-33,529,912.68		-20,398
thereof expenses from currency translation: EUR 25,137,026.31 (prior year: EUR 12,383k)			
		-883,212,809.25	-669,732
7. Other interest and similar income	830,234.69		242
thereof from affiliates: EUR 811,161.15 (prior year: EUR 242k)			
8. Interest and similar expenses	-56,400.00		-2
thereof to affiliates: EUR 0.00 (prior year: EUR 2k)			
		773,834.69	240
9. Income taxes	-9,408,793.89		-6,886
10. Earnings after taxes		20,420,648.13	14,871
11. Other taxes		-59,760.32	-49
12. Net income for the year		20,360,887.81	14,822

Hitachi High-Tech Europe GmbH, Krefeld

Notes to the financial statements for fiscal year 2022/23

General

These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG ["Gesetz betreffend die Gesellschaften mit beschränkter Haftung": German Limited Liability Companies Act]. The Company is subject to the requirements for large corporations.

The income statement is classified using the nature of expense method.

In order to improve the clarity of presentation, we have indicated in these notes whether individual items are related to other balance sheet items and have explained "thereof" items where appropriate.

Registration information

The Company is entered in the commercial register of Duisburg Local Court under HRB 7877 as "Hitachi High-Tech Europe GmbH" with its registered office in Krefeld.

Accounting policies, currency translation

The following accounting policies, which (essentially) remained unchanged in comparison to the prior year, were used to prepare the annual financial statements.

Purchased **intangible assets** are recognized at acquisition cost and are amortized over their useful lives (five years for software; straight-line method) if they have a limited life.

Property, plant and equipment are recognized at acquisition or production cost and are depreciated if they have a limited life.

Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method. Furthermore, low-value assets with an acquisition cost not

exceeding EUR 800.00 were fully expensed in the year of acquisition with their immediate disposal being assumed.

With regard to **financial assets**, loans are disclosed at nominal value.

Inventories are recognized at the lower of cost or market, taking into account incidental acquisition costs (customs duties, freight).

Adequate allowances provide for all identifiable **inventory** valuation risks resulting from slow-moving stock, reduced usability and lower replacement costs. Apart from customary retention of title, no inventories have been pledged as security to third parties.

Receivables and other assets are stated at their nominal value. Appropriate specific bad debt allowances provide for foreseeable valuation risks, if necessary.

Prepaid expenses include expenses that were incurred before the reporting date and are to be allocated as expenses to the subsequent reporting period.

Deferred tax assets are recognized for temporary differences between the commercial balance sheet and the tax accounts that are expected to result in a tax relief in subsequent years.

Tax provisions and other provisions account for all uncertain liabilities. They are recognized at the settlement value deemed necessary according to prudent business judgment (i.e., including future cost and price increases). Provisions with a residual term of more than one year were discounted.

Liabilities are recorded at the settlement amount.

Payments received before the reporting date which constitute income for a certain period after this date are recognized as **deferred income**.

Foreign currency assets and liabilities were translated using the mean spot rate on the reporting date. If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied. If forward exchange contracts were used for hedging, the valuation was performed at the forward rate.

When **hedge accounting** is applied in accordance with Sec. 254 HGB, the following accounting policies apply:

Economic hedging relationships are accounted for by designating hedges. When it is possible to apply either the net method, under which offsetting changes in value attributable to the hedged risk are not accounted for, or the gross method, where offsetting changes in value attributable to the hedged risk of both the hedged item and the hedging instrument are accounted for, the net method is applied. Offsetting positive and negative changes in value are not recognized in the income statement.

Notes to the balance sheet

Fixed assets

The development of the individual fixed asset items, including amortization, depreciation and impairment for the fiscal year, is shown in the statement of changes in fixed assets.

Receivables and other assets

All receivables and other assets are due within one year and contain EUR 157,293k from the shareholder (prior year: EUR 143,534k). Except for one cash pool receivable of EUR 141,788k (prior year: EUR 133,989k), receivables from affiliates relate to trade.

Deferred tax assets

Deferred tax assets were recognized for temporary differences between the commercial balance sheet and the tax accounts; these differences mainly result from the differences in valuation and accounting of intangible assets and impairment of inventories and provisions. The amount was calculated using a tax rate of 32.3% (prior year: 32.3%).

Equity

In the current fiscal year, the Company made a profit distribution to its parent company of EUR 9,000k (prior year: EUR 50,000k).

Provisions

Other provisions break down as follows:

	31 Mar 2023 EUR k	31 Mar 2022 EUR k
Warranty obligations	4,531	3,444
Special payments to employees	1,364	1,439
Outstanding vacation	902	998
Outstanding purchase invoices	392	54
Outstanding freight and customs duties	261	7,101
Long-service awards	165	167
Renovation obligations	114	125
Other	885	732
	<u>8,614</u>	<u>14,060</u>

Provisions for outstanding freight and customs duties decreased significantly year on year due to changed delivery routes.

Liabilities

As in the prior year, all liabilities are due within a year.

Liabilities to shareholders amount to EUR 154,389k (prior year: EUR 130,768k).
Liabilities to affiliates exclusively relate to trade.

Other financial obligations and off-balance sheet transactions

There were other financial obligations amounting to EUR 2,036k (prior year: EUR 2,600k).

These obligations relate to the following items:

	EUR k
Payment obligations from office rental agreements	516
Payment obligations from lease agreements	572
Payment obligations from maintenance and other rental agreements	948

The rental, lease and maintenance agreements expire between 2022 and 2028. The purpose of the agreements is to preserve the Company's liquidity and not to tie it up long term in the purchase of buildings or other assets.

Derivative financial instruments and hedges

Derivative financial instruments in the form of forward exchange contracts are used to hedge and reduce the risks relating to fluctuations in the exchange rate of items denominated in foreign currencies. This hedging strategy takes into account a large number of hedged items for each currency, with only the remaining open risk position being hedged. The critical terms match method is used to assess hedge effectiveness.

As of the reporting date, the following liabilities resulted from forward exchange contracts:

<u>Currency</u>	Purchase in foreign currency (in thousand)	Nominal value in EUR k	Sale in foreign currency (in thousand)	Nominal value in EUR k
JPY	0	0	842,000	5,927

The corresponding foreign currency receivables and liabilities are included in the balance sheet items "Trade receivables" and "Liabilities to affiliates". The fair value of forward contracts as of 31 March 2023 amounted to EUR 95k (prior year: EUR -117k) and was determined on the basis of current reference rates on the reporting date, taking into account forward premiums and discounts.

Distribution restriction

In accordance with Sec. 268 (8) HGB, EUR 209k (prior year: EUR 129k) of profit is not distributable due to the recognition of deferred tax assets in the balance sheet.

Notes to the income statement

Revenue breaks down as follows:

By business area	2022/23 EUR k	%	2021/22 EUR k	%
Analytical & Medical Solutions Business (MSD)	800,924	90.69	606,706	89.75
Nanotechnology Solution Business (NTSB Sales)	37,334	4.23	32,648	4.83
Electronic Materials (BID)	22,919	2.60	19,666	2.91
Services	10,926	1.24	11,643	1.72
Industrial Materials (IPB)	5,530	0.63	1,850	0.27
Hitachi Procurement (SCRD)	2,650	0.30	1,404	0.21
New Business Development (NBD)	40	0.00	33	0.00
Sales turnover	880,323	99.68	673,892	99.68
Commission income	2,810	0.32	2,136	0.32
Revenue	883,133	100.00	676,028	100.00

By region

Europe	744,588	84.31	480,221	71.04
Other countries	138,545	15.69	195,807	28.96
Revenue	883,133	100.00	676,028	100.00

Other operating income and expenses

As in the prior year, no material out-of-period income or expenses were incurred.

Income taxes

Income taxes include income from the increase in deferred tax assets of EUR 80k (prior year: expenses of EUR 505k from the decrease in deferred tax assets). The item also

includes income of EUR 113k (prior year: income of EUR 56k), which is attributable to prior years.

Other notes

Management

The members of management are as follows:

- Mark Marshall, businessman, Greenford, UK
- Kazuyoshi Matsukaze, businessman, Tokyo, Japan
- Taiji Takano, businessman, Wakayama, Japan (from 1 April 2023)
- Takashiro Hirabayashi, businessman, Chiba, Japan (until 31 March 2023)

All managing directors are employed on a full-time basis.

Total management remuneration

Applying the protection clause pursuant to Sec. 286 (4) in conjunction with Sec. 285 No. 9a HGB, management remuneration for fiscal year 2022/2023 has not been disclosed.

Employees

The Company had an average of 128 employees during the fiscal year (prior year: 128); including 100 in Germany (prior year: 92) and 28 in foreign countries (prior year: 36).

Group relationships

The annual financial statements are included in the consolidated financial statements of the direct parent Hitachi High-Tech Corporation, Tokyo, Japan, which prepares the consolidated financial statements for the smallest group of companies; these can be obtained at the registered office of the parent company.

The consolidated financial statements in turn are included in the consolidated financial statements of Hitachi Ltd., Tokyo, Japan, which prepares the consolidated financial statements for the largest group of companies, which are available at the registered office of the company.

Audit and consulting fees

With regard to the total fees charged by the auditor for the fiscal year, we refer to the consolidated financial statements of Hitachi Ltd., Tokyo, Japan, which contain the corresponding information.

Proposal for the appropriation of profit

From the sum of the profit carried forward of EUR 66,344k and the net income for the year of EUR 20,361k, management proposes to distribute regular dividends of EUR 12,500k to the shareholder. The remaining balance is to be carried forward to new account.

Subsequent events

There were no significant events after the reporting date that would affect the assets, liabilities, financial position and financial performance.

Translation from the German language

Exhibit to the notes

Hitachi High-Tech Europe GmbH, Krefeld
Statement of changes in fixed assets for fiscal year 2022/23

	Acquisition and production cost				Accumulated amortization, depreciation and impairment				Net book values	
	1 Apr 2022 EUR	Additions EUR	Disposals EUR	31 Mar 2023 EUR	1 Apr 2022 EUR	Additions EUR	Disposals EUR	31 Mar 2023 EUR	31 Mar 2023 EUR	31 Mar 2022 EUR
I. Intangible assets										
Purchased software	2,177,096.24	0.00	449.17	2,176,647.07	2,115,912.60	35,286.76	0.00	2,151,199.36	25,447.71	61,183.64
II. Property, plant and equipment										
1. Land and buildings	15,611,234.32	116,095.38	0.00	15,727,329.70	8,701,861.68	526,853.49	0.00	9,228,715.17	6,498,614.53	6,909,372.64
2. Furniture, fixtures and office equipment	2,624,691.91	1,033,309.35	118,692.42	3,539,308.84	1,917,871.89	195,305.47	118,692.42	1,994,484.94	1,544,823.90	706,820.02
	18,235,926.23	1,149,404.73	118,692.42	19,266,638.54	10,619,733.57	722,158.96	118,692.42	11,223,200.11	8,043,438.43	7,616,192.66
	20,413,022.47	1,149,404.73	119,141.59	21,443,285.61	12,735,646.17	757,445.72	118,692.42	13,374,399.47	8,068,886.14	7,677,376.30

Krefeld, 23 June 2023

Hitachi High-Tech Europe GmbH

Kazuyoshi Matsukaze
Managing Director

Taiji Takano
Managing Director

Mark Marshall
Managing Director

Hitachi High-Tech Europe GmbH, Krefeld

Management report for fiscal year 2022/2023

1. Executive summary

In fiscal year 2022/2023, revenue of Hitachi High-Tech Europe GmbH (“HTE”) increased by 30.6% year on year. This increase is attributable to the normalization of operating activities up from the low level of business in the prior year brought about by restrictions imposed in connection with the COVID-19 pandemic and the improvement of the situation on the procurement market. Due to this development, demand for our Company’s products and services increased significantly in the past fiscal year. Units sold and revenue increased accordingly.

	Fiscal year 2022/2023 EUR k	Compared to the prior year %
Gross order intake	892,142	-0.7
Gross revenue	883,133	+30.6
Earnings before taxes	29,829	37.1

The percentage improvement in earnings before taxes outpaced the growth in revenue. Although the gross margin fell slightly year on year, the increase in other operating expenses (excluding foreign currency effects) was limited by the continuation of measures to boost efficiency implemented in prior years.

Headcount increased slightly year on year. In line with this, personnel expenses increased slightly compared to the prior-year level.

As in the prior year, the financial result plays a subordinate role for our Company. As a result of the positive revenue development and the persistently low costs, earnings before taxes were significantly higher than both in the prior year and in the budget for the past fiscal year, which was still subject to uncertainties regarding the development of COVID-19 and the Ukraine crisis. In light of this, the fiscal year was fully satisfactory.

2. Development of business and product areas

Analytical & Medical Solutions

Revenue increased from EUR 606,706k in fiscal year 2021/2022 to EUR 800,924k in the current fiscal year.

The reasons for this increase in fiscal year 2022/2023 were the improved procurement situation for intermediate products for production activities in Japan, the better availability of logistics capacities from Japan to Europe and the opportunity to increase sales prices during the fiscal year.

Despite ongoing shortages in the procurement of intermediate products, the situation overall has eased considerably compared to the prior year.

We continue to concentrate on growing in partnership with our existing customers, and additionally on increasing market coverage through intensified marketing activities and further product launches.

Nanotechnology Solutions

Revenue in all segments of this business area increased from EUR 46,141k in fiscal year 2021/2022 to EUR 53,790k in fiscal year 2022/2023.

As a result of the general recovery of economic activity in Europe and the expansion of semiconductor production capacities in Europe, demand for microscopes increased noticeably from EUR 32,648k in the prior year to EUR 37,334k.

The shortages of intermediate products for production stood in the way of an even stronger increase in revenue.

In the Service business area (part of Industrial Solutions in the prior year), revenue bucked the positive overall trend and decreased slightly from EUR 11,643k in the prior year to EUR 10,926k in the current fiscal year.

Due to high demand from target customers in the semiconductor and other industries, revenue in the Industrial Materials business area (also part of Industrial Solutions in the prior year) increased from EUR 1,850k to EUR 5,530k.

Supply and Value Chains (formerly Industrial Solutions)

In the Hitachi Procurement and Electronic Materials business areas, revenue increased significantly on the prior year from a total of EUR 21,070k to EUR 25,569k in the current fiscal year.

This increase is mainly driven by the recovery in the target markets of our customers in the automotive industry in line with the slight recovery of the automotive sector in Europe. Restricted availability of chips from Asia is still impacting business activities, albeit to a significantly lesser extent than in prior years.

We continue to strive for growth in the automotive business, particularly in the areas of connectivity and sensors. Preliminary discussions with several customers to analyze the areas with particular growth opportunities are already in progress.

As part of internal restructuring, the Industrial Materials and Service business areas are being reported under the Nanotechnology Solutions business area from this year onwards.

Other

Other business areas are immaterial for the day-to-day overall business of our Company. Business development in these areas was stable in the past year and did not have a significant impact on the Company's overall result.

In the area of New Business Development, new business models are being developed in the fields of environmental technology and lithium-ion batteries to generate further growth.

3. Assets, liabilities and financial position

Total assets increased on the prior year from EUR 255,475k to a total of EUR 275,777k as of 31 March 2023.

Fixed assets remained virtually unchanged. Due to the acquisition of new laptops, the residual value of fixed assets increased slightly despite ordinary depreciation.

Inventories decreased year on year due to a decline in the value of floating goods as a result of changes to delivery routes. Trade receivables and receivables from affiliates increased year on year due to revenue growth. As net income for the year far exceeded the dividend paid to the parent company, cash and cash equivalents increased to EUR 17,127k as of 31 March 2023 (prior year: EUR 10,445k).

Tax provisions increased due to the higher result. Due to the normalization of business processes and the resulting acceleration of billing as well as changes to delivery routes that led to lower provisions for freight costs, other provisions decreased from the very high level of EUR 14,060k as of the prior-year reporting date to EUR 8,614k. Trade payables increased by EUR 738k to EUR 9,012k year on year while liabilities to affiliates increased from EUR 140,903k in the prior year to EUR 151,787k. Both increases are connected to the substantial year-on-year increase in revenue.

The year-on-year change in other items of the balance sheet was not significant.

Equity increased by EUR 11,362k, as the dividends of EUR 9,000k paid out in fiscal year 2022/2023 were correspondingly lower than the net income for the year of EUR 20,361k.

The Company is mainly financed through equity, intercompany liabilities and the positive operating cash flow; there are no liabilities to banks.

4. Risks and opportunities

a) Risk management system

The aim of our risk management system is to ensure the economic success of our Company and to identify any adverse effects at an early stage.

Our risk management system comprises, first of all, detailed financial and budget planning at the beginning of the fiscal year. As part of a rolling forecast, the planning is regularly adapted to changes in business activities, developments in the industry and the development of the economic environment. Furthermore, as part of the preparation of our monthly financial statements, variations between the target and actual figures are analyzed in order to identify potential risks in the business areas at an early stage. The analysis also includes monthly reporting by our branches. Finally, meetings at the first divisional management level are held regularly. The main results of these meetings are reported to the parent company.

To minimize the risk of bad debt losses, we set up internal credit limits for our customers and take out credit insurance to cover their receivables, if economically reasonable. Monthly meetings of the management with the sales departments are held to monitor receivables that are due or overdue.

With regard to existing currency risks from trade receivables and trade payables, management's aim is to reduce these risks as far as possible. For this reason, foreign exchange contracts are entered into to hedge open positions not already covered by a corresponding offset associated with the hedged item. We refer to the comments in the notes to the financial statements for further information. Overall, exchange rate effects in other operating income and expenses more or less offset each other.

Price change risks in the sales area in connection with the economic development of the Company are monitored on a needs-only basis. On the procurement side, prices are first monitored through medium-term planning with our external suppliers and the parent company. The stability of sales prices is based on our long-term customer relationships. Significant investments must be applied for following a procedure laid down by management and subsequently approved. The approval of our parent company may also be required for special investment projects. Any liquidity risks should be identified at an early stage as part of ongoing financial planning and are minimized through appropriate financing measures.

b) Risks relating to future development

The recovery of the global economy was varied in the past year. While the lifting of restrictions imposed in connection with the COVID-19 pandemic boosted growth in most countries, the impact of the war in Ukraine and the related surge in commodity prices as well as the uncertainty associated with the war prevented an even stronger improvement. Long-lived shortages in many areas of the procurement of industrial products continued to lead to delivery and production delays as well as rising procurement prices.

In addition, the inflation rates in major industrial nations remained at the high level seen in the prior year, prompting the central banks in the US and Europe to hike interest rates further in order to bring inflation back down to target. This has dampened companies' willingness to invest.

Against the backdrop of these burdens, the World Bank lowered its forecast for global economic growth for 2023 to 2.8% and to 3.0% for the following years.

Current expectations are based on the assumption that the current crises will not worsen and that the general conditions will not deteriorate further, i.e., the war will remain confined to Ukraine, inflation rates will decline or at least remain stable, and the Chinese economy will continue to show positive growth rates.

Generally, all of the abovementioned factors are already priced into the expectations for the development of the German economy. In the first quarter of 2023, gross domestic product (GDP) in Germany was flat after declining slightly in the fourth quarter of 2022. Slight decreases in inflation rates and declining energy prices had a positive impact although the overall levels remain high.

For Germany, the International Monetary Fund forecasts a slight decrease in GDP by 0.1% in 2023 and minor growth of 1.1% in 2024.

A significant part of HTE's revenue is generated in the medical industry, which is shaped by a high degree of technical complexity, long-term customer relationships and constant growth. At present, ongoing production bottlenecks preventing customer orders from being delivered are burdening operations more than these global factors.

This has resulted in a high order backlog for the Company at the end of the fiscal year; however, the existing order backlog was reduced significantly compared to the prior year.

Currently, no further specific risk factors beyond the usual market risks (e.g., loss of important customers or weaknesses in key sectors) are discernible.

c) Opportunities relating to future development

The main revenue drivers of the Company continue to be medical devices. Due to the demographic trend in the key target markets, we still expect steady growth irrespective of the macroeconomic development.

To further improve the earnings situation and corporate management, internal projects have been executed in recent years to leverage synergies in all areas of the Company. To establish HTE as a consistently successful and globally competitive company, these projects will be continued even when the economy recovers.

In addition to the focus on medical technology, HTE also strives to grow in the Nanotechnology Solutions and Supply and Value Chains business areas by

- Expanding the existing customer base
- Strengthening the activities for canvassing of customers
- Enhancing the product base
- Tapping into new markets, and
- Offering additional services related to the product portfolio to business partners

Hitachi Ltd., Tokyo, Japan, has held all of the shares in our parent company, Hitachi High-Tech Ltd., Tokyo, Japan, since May 2020. The inclusion in Hitachi Ltd.'s central growth programs may present new market opportunities for our Company.

5. Other

Management

Mr. Kazuyoshi Matsukaze, Mr. Takashiro Hirabayashi and Mr. Mark Marshall were appointed managing directors in fiscal year 2022/2023. Mr. Takashiro Hirabayashi stepped down as managing director at the end of the fiscal year. Mr. Taiji Takano was appointed managing director with effect from 1 April 2023.

Branches

For the sale of its goods and services, the Company has branches in Krefeld, Germany; Mannheim, Germany; Velizy (Paris), France; Daresbury, UK; Rotkreuz, Switzerland, and Wolfgraben, Austria.

The branch in Solna, Sweden, was closed with effect as of 30 June 2022.

Ownership structure

Hitachi Ltd. indirectly holds all of the shares via the direct parent company of HTE, Hitachi High-Tech Ltd.

6. Outlook for the coming fiscal years

In the past fiscal year, 134% of the planned order intake and 105% of the planned revenue were generated. Actual earnings before taxes came to 139% of the original plan. The achievement of targets in all metrics is attributable to the recovery of operating activities from the low prior-year level as a consequence of the COVID-19 pandemic and the improvements on the procurement market.

Translation from the German language

We expect revenue to increase by up to 8% in the current fiscal year compared to the already strong prior year based on the current order backlog for medical devices, high demand for Nanotechnology Solutions products and services and further expected recovery of the economy in Europe. Due to rising personnel, procurement and logistics costs combined with the general inflation expectations, we nevertheless anticipate a slight decrease in earnings before taxes.

The aforementioned global risks have been factored in as far as possible.

On the basis of the current projected figures, we expect medium-term growth and anticipate further positive results.

Krefeld, 23 June 2023

Hitachi High-Tech Europe GmbH

Kazuyoshi Matsukaze
Managing Director

Taiji Takano
Managing Director

Mark Marshall
Managing Director



Translation from the German language

Engagement Terms, Liability and Conditions of Use

We, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, conducted our audit of this financial reporting on behalf of the Company. Besides satisfying the legal disclosure requirement (Sec. 325 HGB ["Handelsgesetzbuch": German Commercial Code]) for statutory audits, the auditor's report is addressed exclusively to the Company and was issued for internal purposes only. It is not intended for any other purpose or to serve as a decision-making basis for third parties. The result of voluntary audits summarized in the auditor's report is thus not intended to serve as a decision-making basis for third parties and must not be used for purposes other than those intended.

Our work is based on our engagement agreement for the audit of this financial reporting and the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the Institute of Public Auditors in Germany ["Institut der Wirtschaftsprüfer": IDW] on 1 January 2017.

To clarify, we point out that we assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the auditor's report to reflect events or circumstances arising after it was issued, unless required to do so by law.

It is the sole responsibility of anyone taking note of the summarized result of our work contained in this auditor's report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

General Engagement Terms

for

Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

1. Scope of application

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

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

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

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

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

3. The obligations of the engaging party to cooperate

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

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

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

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

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

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

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

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

7. Deficiency rectification

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

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: The German term “Textform” means in written form, but without requiring a signature] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

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

8. Confidentiality towards third parties, and data protection

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

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

9. Liability

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

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

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

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

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

10. Supplementary provisions for audit engagements

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

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

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

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

11. Supplementary provisions for assistance in tax matters

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

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

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

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

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

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

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

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

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

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

12. Electronic communication

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

13. Remuneration

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

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

14. Dispute Settlement

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

15. Applicable law

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