

Report  
on the Audit  
of the Annual Financial Statements  
for the year ending March 31, 2025  
and the Management Report for the  
financial year 2023/2024

**Graphite COVA GmbH**  
**90552 Röthenbach a. d. Pegnitz**

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# Audit report

## A. Audit engagement

The Management of

Graphite COVA GmbH  
90552 Röthenbach a. d. Pegnitz,  
(hereinafter referred to as the "Company")

has engaged us to audit the annual financial statements ended March 31, 2025, including the underlying accounting records and the management report for the financial year 2024/2025, on the basis of the resolution of the shareholders' meeting of October 8, 2024.

In conducting our audit, we complied with the applicable independence requirements (Section 321 (4a) HGB).

Our General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of January 1, 2024, which are attached as an annex, apply to this engagement, also in relation to third parties. We also refer to the liability provisions contained in Section 9 and to the exclusion of liability towards third parties..

This audit report is addressed to the company. It was prepared in accordance with IDW PS 450 n.F. (10.2021).

This is a translation of the German audit report. The German version prevails.

## **B. Reproduction of the auditor's report**

We have issued the following audit opinion on the annual financial statements and the management report:

### **"Independent Auditor's Report**

To Graphite COVA GmbH, Röthenbach a. d. Pegnitz

### **Audit Opinions**

We have audited the annual financial statements of Graphite COVA GmbH, which comprise the balance sheet as at March 31, 2025 and the income statement for the financial year from April 1, 2024 to March 31, 2025, and notes to the financial statements, including the recognition and measurement policies. In addition, we have audited the management report of Graphite Cova GmbH for the financial year 2024/2025.

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 March 31, 2025 and of its financial performance for the financial year from April 1, 2024 to March 31, 2025 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 § 322 (3) sentence 1 HGB, 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 Audit Opinions**

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

## **Responsibilities of the Management for the Annual Financial Statements and the Management Report**

Management is 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, management is 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 manipulation of the accounting records or misrepresentation of assets) or error n.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. Furthermore, they are responsible 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 unless there are factual or legal circumstances to the contrary.

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

## **Auditor's responsibilities for the Audit of the Annual Financial 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 § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statements Audit 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 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 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 internal control or these arrangements and measures of the Company;
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates made by the management and related disclosures;

- Conclude on the appropriateness of management's 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 audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles;
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides;
- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit 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 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."

## C. Fundamental findings

### I. Statement on the assessment of the situation by the legal representatives

In our opinion, based on the findings of our audit, the presentation and assessment of the situation of the company and its expected development by the legal representatives in the annual financial statements and the management report are appropriate.

#### 1. Business performance and situation of the company

The management has assessed the economic situation of the company in the management report (**Annex 1.4**).

The following aspects of the situation assessment should be emphasized:

- The business purpose of the company is the production and sale of specialty products made from various carbon and graphite materials. The company also coats graphite electrodes. Graphite electrodes are used as consumables in blast furnaces to produce steel. In the 2024/2025 financial year, residual stocks of electrodes were also sold.
- Global crude steel production reached 1.88 billion tons in 2024, down slightly on the previous year.
- Following the winding up of electrode production, there were no longer any manufacturing activities in this area. Only residual stock was sold, mainly to the Indian parent company. This decline in sales in the electrodes segment was more or less offset by increases in sales in the specialty graphites segment.
- The cost of materials increased slightly from kEUR 11,244 to kEUR 11,490 due to higher prices. Due to the continued sale of electrodes held in stock, the company recorded inventory reductions of kEUR 2,444 compared to kEUR 4,224 in the previous year.
- Personnel costs fell slightly compared to the previous year. On the one hand, fewer compensation payments had to be made to employees who left the company than in the previous year. On the other hand, there were periods of short-time working ("Kurzarbeit").
- As a result, the company recorded a net loss for the year of kEUR -3,716 in the 2024/2025 financial year (previous year: kEUR -5,406). Even though the result was not unexpected for the company's management, the result is still not satisfactory. The management expects a better result for the new financial year thanks to increases in the specialty graphite segment.

- The credit line provided by the bank amounted to kEUR 12,879 as at March 31, 2025 (previous year: kEUR 15,000); kEUR 9,400 (previous year: kEUR 9,000) was drawn down in the financial year. The interest rate is variable. Furthermore, the credit line has no maturity date and is granted by the bank until further notice.
- The parent company also granted a loan. This credit line and the hard letter of comfort issued by the parent company on March 31, 2025 are sufficient to cover the liquidity requirements of the business operations.
- Despite the negative equity, the management still assumes that the company can continue as a going concern due to the improving market conditions. It should also be noted that the company is not in default on any of its liabilities despite the negative equity.
- Inventories were reduced from kEUR 16,162 to kEUR 11,659 due to a decline in the procurement of raw materials and supplies as well as the sale of unfinished electrodes.
- Trade receivables fell again by around 25%. This is partly due to the shorter due dates of receivables, particularly in the area of specialty products
- Cash and cash equivalents were higher as at March 31, 2025 than at March 31, 2024.
- Negative equity increased from kEUR -25,427 to kEUR -29,143 due to the repeated loss in the past financial year.

## **2. Expected development of the company**

The presentation of the company's expected development in the management report is based on assumptions that leave room for judgement. We consider this presentation to be plausible. In this context, the following key statements in particular should be noted:

- In view of the ongoing geopolitical (continuation of the Russia-Ukraine conflict) and macro-economic risks (tariff dispute with the USA), the outlook for steel production in 2025/2026 remains uncertain in the opinion of the management.
- As a large proportion of the electrodes still in stock were sold off in the past financial year, the company only expects to sell a small number of electrodes in the 2025/2026 financial year. Instead, Graphite COVA GmbH will increasingly focus on the production and sale of graphite specialties. The company assumes that a sales volume of around EUR 12.4 million will be achieved. Furthermore, the management assumes that the costs incurred cannot be fully absorbed; therefore, a negative pre-tax result of EUR 1.7 million is also expected in the 2025/2026 financial year.

### **3. Facts impairing development / jeopardising existence**

Pursuant to Section 321 (1) sentence 3 HGB, as auditors, we are required to report on any facts identified during the audit that could have a material adverse effect on the development of the company or jeopardize its continued existence.

The company also posted a net loss for the year in 2024/25 (kEUR 3,716; previous year: kEUR 5,406). The cumulative losses therefore amount to kEUR 45,463 (previous year: kEUR 41,747), which is offset by share capital of kEUR 4,000 and capital reserves of kEUR 12,320. As at March 31, 2025, negative equity therefore amounted to kEUR 29,143 thousand (previous year: kEUR 25,427). This means that the balance sheet is overindebted as at March 31, 2025.

The parent company, Graphite International B. V., Netherlands, issued a hard letter of comfort in favor of the company on March 31, 2025.

According to the planning available to us, the company will also generate a loss in 2025/26. In the opinion of the management, the remaining liquidity reserves (cash and cash equivalents and unused credit lines from Citibank amounting to kEUR 3,479) and the current liquidity planning mean that sufficient financial resources will be available to ensure the company's continued existence. In this respect, the company is not actually overindebted.

If, contrary to expectations, the 2025/26 business plan is missed by a substantial margin, meaning that the parent company's letter of comfort, which is limited in amount, would not be sufficient, the continued existence of the company would be jeopardized.

In the course of our audit, we did not identify any other facts that could impair the development or jeopardize the continued existence of the company within the meaning of Section 321 (1) sentence 3 Commercial Code [HGB].

## **D. Audit execution**

### **I. Subject of the audit**

In accordance with Section 317 Commercial Code [HGB], we have audited the accounting records, the annual financial statements - comprising the balance sheet, income statement and notes - and the management report for compliance with the relevant legal requirements and the supplementary provisions of the articles of association.

The relevant accounting principles for our audit of the annual financial statements were the accounting provisions of Sections 242 to 256a and Sections 264 to 288 Commercial Code [HGB], the special provisions of the German Limited Liability Companies Act (GmbH-Gesetz) and the supplementary provisions of the articles of association.

There are no supplementary accounting provisions in the articles of association.

The audit criteria for the management report were the provisions of section 289 Commercial Code [HGB].

### **II. Nature and scope of the audit**

We conducted our audit in accordance with Section 317 Commercial Code [HGB] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. [Institute of Public Auditors in Germany, Incorporated association] (IDW).

The audit does not extend to whether the continued existence of the audited company or the effectiveness and efficiency of the management can be assured.

The basis of our risk-oriented audit approach is the development of an audit strategy and an audit programme tailored to it, with the aim of obtaining sufficient suitable audit evidence to reduce the audit risk to an acceptably low level. The audit programme contains the audit procedures to be performed by the members of the audit team in terms of type, timing and scope.

In identifying and assessing the risks of material misstatement due to fraud or error at the financial statement and assertion level, we gain an understanding of the Company and its environment, including the internal control system and, where applicable, the precautions and measures relevant to the audit of the management report. Based on this, we perform tests of operating effectiveness, if necessary, to assess the effectiveness of relevant controls. We have taken into account the findings from these audit procedures in determining the substantive analytical audit procedures and the other individual audit procedure, which are designed to detect material misstatements.

In planning and performing the audit and in assessing the impact of identified misstatements on the audit and of any uncorrected misstatements on the financial statements and, where applicable, the management report, we observed the concept of materiality.

Our audit program has the following key areas:

- Analyzing the preparation process of the annual financial statements
- Existence and valuation of inventories
- Existence of trade receivables and the accrual of sales revenues
- Completeness and valuation of provisions
- Review of the going concern assumption (this is not a review within the meaning of Section 317 (4a) HGB)
- Other individual matters with a material impact on the presentation of the net assets, financial position and results of operations

To audit the existence of the company's assets and liabilities, we obtained confirmations from banks, tax advisors and lawyers as well as balance confirmations for receivables and liabilities on a sample basis. We participated in the inventory of stocks as observers.

The work of an actuary engaged by the Company was used as audit evidence for our audit of the accounting for provisions for pensions and similar obligations. Where necessary, taking into account the significance of the expert's work for the objectives of our audit, we assessed the competence, skills and objectivity of the expert, obtained an understanding of the expert's work and evaluated the agreement of the expert's work as audit evidence for the relevant assertion.

Our audit was conducted - with interruptions - in the period from April 1 2025 to July 1 2025.

All disclosures and evidence requested by us have been provided. The legal representatives have confirmed to us in writing the completeness of these disclosures and evidence as well as of the accounting, the annual financial statements and the management report in the letter of representation customary in the profession.

## E. Accounting findings

### I. Regularity of the accounting

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

As a summarised result of our audit, which is based on

- the correctness of the components of the financial statements and their derivation from the accounting records,
- the correctness of the information provided in the notes,
- compliance with the recognition, disclosure and measurement requirements,
- compliance with all statutory provisions applicable to accounting, including generally accepted accounting principles and all size-related, legal form-related or industry-specific regulations, and
- compliance with the provisions of the articles of association insofar as these relate to the content of the financial reporting,

we have issued the auditor's report reproduced in section B.

The protective clause of Section 286 (4) Commercial Code [HGB] regarding the disclosure of the total remuneration of the legal representatives in the notes in accordance with Section 285 No. 9 Commercial Code [HGB] was used.

## II. Overall statement of the annual financial statements

### 1. Valuation principles

We provide the following information on the accounting policies applied and the factors relevant to the measurement of assets and liabilities, including any effects of changes to these policies:

#### **Presentation of the key measurement principles**

The **accounting and valuation methods are based on** the going concern assumption (Section 252 (1) No. 2 Commercial Code [HGB]) and are aligned with the provisions of commercial law. They are applied consistently to the previous year.

The following significant accounting and valuation methods were used in the Company's annual financial statements:

- As of the balance sheet date, the Company had negative equity of kEUR 29,143 (previous year: negative equity of kEUR 25,427). Due to the current liquidity planning (current liquid funds and unused credit lines) and the letter of comfort of the parent Company Graphite International B. V., Netherlands, to keep on providing a loan, as well as the adherence to the business plan 2025/26, the financing of the Company is secured. The accounting and valuation methods are therefore based on the going concern assumption (Section 252 (1) No. 2 of the German Commercial Code (HGB)).
- Raw materials and supplies are valued at the moving average of purchase prices, taking into account the strict principle of the lower of cost or market. Work in progress and finished goods are valued at production cost. These include direct production and material costs, appropriate allocations of material and production overheads, and the cost of consumption of fixed assets to the extent that this is attributable to production. In addition, general and administrative costs, which largely consist of costs passed on by sister companies, are included in the calculation. Risks arising from reduced usability, storage periods and lower selling prices are accounted for by write-downs.
- Trade receivables (kEUR 1,427, prior year: kEUR 1,907) are recognized at nominal value. Identifiable individual risks are accounted for by valuation allowances. Trade receivables are largely covered by credit insurance.
- No deferred tax assets were recognized on loss carryforwards.
- Pension accruals are stated at the settlement amount required in accordance with prudent business judgment as of the balance sheet date. The valuation was based on actuarial principles using the projected unit credit method. In accordance with § 253(2) sentences 1 and 2 of the German Commercial Code (HGB), an average market interest rate (of the last 10 years) of 1.94% was assumed for a remaining term of 15 years. In determining the settlement amount, the mortality and disability probabilities were taken from the "Richttafeln 2018 G" mortality tables by Dr. Klaus Heubeck and a pension dynamic of 2.5% was assumed. As of the balance sheet date, the required settlement amount was kEUR 35 (previous year: kEUR 36). Due to the insolvency of the predecessor Company in 2004, a pension security association was called in to secure the Company pension.

For further information, please refer to the notes (Appendix 1.3).

## **2. Summarizing assessment**

Based on our audit, which we conducted in accordance with professional standards, we have come to the conclusion in our auditor's report that the annual financial statements as a whole give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting.

## F. Concluding remarks

We issue the above report on our audit of the annual financial statements and the management report of Graphite COVA GmbH, Röthenbach a. d. Pegnitz, for the financial year from April 1, 2024 to March 31, 2025 in accordance with Section 321 Commercial Code [HGB] and German generally accepted standards for the preparation of audit reports promulgated by the Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf (IDW PS 450 n. F. (10.2021)).

Munich, July, 1 2025

INTARIA AG  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

Christian Roller  
Certified Public Accountant

Oliver Trautwein  
Certified Public Accountant

*Publications or the dissemination of the annual financial statements [and/or the management report] with reference to our audit as well as the dissemination of our audit report and/or the auditor's report require our prior renewed opinion.*

*If the annual financial statements are published or forwarded in a form that differs from the audited version (including translation into other languages), we must first issue a new opinion if our audit opinion is quoted or reference is made to our audit; reference is made to Section 328 HGB.*

# Annexes

## Balance sheet as of 31 March 2025

Graphite COVA GmbH  
90552 Röthenbach a. d. Pegnitz

Assets	31.03.2025 EUR	31.03.2024 EUR	Equity and liabilities	31.03.2025 EUR	31.03.2024 EUR
A. Fixed Assets			A. Equity		
I. Intangible assets			I. Capital subscribed	4.000.000,00	4.000.000,00
Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	1.405,00	3.513,00	II. Capital reserves	12.320.000,00	12.320.000,00
II. Tangible assets			III. Loss carried forward	-41.747.052,38	-36.340.846,65
1. Land, land rights and buildings, including buildings on third-party land	1.635,00	2.071,00	IV. Net loss of the year	-3.715.874,09	-5.406.205,73
2. Technical equipment and machines	524.191,00	627.214,00	V. Deficit not covered by equity	29.142.926,47	25.427.052,38
3. Other Plants, office fixtures and fittings	142.204,00	163.642,00		0,00	0,00
4. Prepayments on tangible assets and construction in progress	53.179,52	0,00	B. Provisions and accruals		
	<u>721.209,52</u>	<u>792.927,00</u>	1. Provisions for pensions and similar obligations	35.191,00	35.697,00
	<u>722.614,52</u>	<u>796.440,00</u>	2. Provisions for taxes	0,00	0,00
B. Current assets			3. Other provisions	80.980,42	118.332,95
I. Inventories				<u>116.171,42</u>	<u>154.029,95</u>
1. Raw materials, supplies and operating materials	9.856.214,47	11.915.282,49	C. Liabilities		
2. Unfinished products, unfinished services	1.201.123,29	3.465.186,98	1. Liabilities due to banks	9.400.000,00	9.000.000,00
3. Finished goods and merchandise	601.524,15	781.353,91	2. Trade payables	99.443,25	562.190,17
	<u>11.658.861,91</u>	<u>16.161.823,38</u>	3. Liabilities due to affiliated companies	3.364.055,35	6.096.673,13
II. Receivables and other assets			4. Liabilities due to shareholders	32.431.398,12	31.107.600,88
1. Trade receivables	1.426.687,25	1.907.210,83	5. Other liabilities	39.202,10	73.116,46
2. Receivables from affiliated companies	1.911.991,98	2.071.843,45	- therefor for taxes EUR 7.423,97 (p.y. EUR 9.440,47)		
3. Other assets	17.403,90	203.395,92		<u>45.334.098,82</u>	<u>46.839.580,64</u>
	<u>3.356.083,13</u>	<u>4.182.450,20</u>			
III. Cash, bank deposits and cheques	549.566,80	404.576,46			
	<u>15.564.511,84</u>	<u>20.748.850,04</u>			
C. Prepaid expenses	20.217,41	21.268,17			
D. Deficit not covered by equity	29.142.926,47	25.427.052,38			
	<u>45.450.270,24</u>	<u>46.993.610,59</u>		<u>45.450.270,24</u>	<u>46.993.610,59</u>

Income statement for the period  
from 1 April 2024 to 31 March 2025

Graphite COVA GmbH  
90552 Röthenbach a. d. Pegnitz

	2024/25 EUR	2023/24 EUR
1. Sales	14.988.500,13	15.090.284,10
2. Increase or decrease in the inventory of finished products and work in progress	-2.443.893,45	-4.223.827,66
3. Other operating income	120.150,48	90.275,94
- therefor for exchange rate gains EUR 0,00 (p.y. EUR 7.959,71)		
4. Cost of materials		
a) Cost of raw materials, supplies, operating materials and acquired goods	-6.403.547,39	-5.917.279,49
b) Cost of services acquired	-5.085.991,51	-5.326.393,10
	<u>-11.489.538,90</u>	<u>-11.243.672,59</u>
5. Personnel expenses		
a) Wages and salaries	-607.861,00	-669.798,08
b) Social security and pension expense	-133.396,72	-135.779,23
- therefor for pensions EUR -1.159,00 (p.y. EUR -346,00)		
	<u>-741.257,72</u>	<u>-805.577,31</u>
6. Depreciation for intangible fixed assets and tangible fixed assets	-117.430,40	-302.114,00
7. Other operating expenses	-2.231.514,95	-2.209.512,43
- therefor for exchange rate losses EUR 176,72 (p.y. EUR 3.231,81)		
8. Other interest and similar income	38.141,54	71.010,61
- therefor to affiliated companies EUR 31.715,76 (p.y. EUR 60.307,00)		
9. Interest and similar expenses	-1.838.104,82	-1.872.360,39
- therefor to affiliated companies EUR 1.310.718,75 (p.y. EUR 1.375.224,99)		
- therefor from compounding EUR 653,00 (p.y. EUR 628,00)		
10. Taxes on income and profit from ordinary business operations	<u>0,00</u>	<u>0,00</u>
<b>11. Profit after taxes</b>	<b>-3.714.948,09</b>	<b>-5.405.493,73</b>
12. Other taxes	<u>-926,00</u>	<u>-712,00</u>
<b>13. Net loss for the year</b>	<b><u>-3.715.874,09</u></b>	<b><u>-5.406.205,73</u></b>

**GRAPHITE COVA GMBH, RÖTHENBACH A. D. PEGNITZ**

**ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR**

**1 APRIL 2024 TO 31 MARCH 2025**

**NOTES**

**A) General information**

Graphite COVA GmbH ("the Company") is domicile in Röthenbach a. d. Pegnitz and incorporated in the Register of Companies HRB 21271 maintained by the local civil Court Nuremberg.

The annual financial statements of Graphite COVA GmbH were prepared in accordance with the regulations of the German Commercial Code (HGB) and the Limited Liability Company Act (GmbHG).

For the income statement, the total cost method in accordance with Section 275 (2) HGB was applied. The company is a medium-sized company according to Section 267 (3) HGB.

**Risks threatening the company's going concern**

The company's continued existence depends on the achievement of its business plan. If, contrary to expectations, the 2025/26 business plan is not achieved to a substantial extent, such that the limited letter of comfort from the parent company would not be sufficient, the company's continued existence would be at risk. Further information on this can be found in the management report under section B iii.

**B) Accounting policies**

The accounting and valuation policies applied in the previous year were retained. The accounting and valuation of items in the balance sheet and income statement are based on the going concern assumption according to Section 252 (1) no. 2 HGB.

**Newly acquired intangible assets and fixed assets** are valued at the acquisition costs reduced by the straight-line depreciation. Assets manufactured in-house are valued according to the production costs considering adequate parts of the required general and administrative costs. Depreciation is done according to the current official tax depreciation tables. The useful economic lives remain between 3 and 12 years.

**Low-value assets** with product related acquisition costs up to EUR 250.00 are depreciated completely in the year of acquisition and shown in the asset table as disposal. Capital assets with acquisition costs from EUR 250.00 to EUR 1,000.00 are accumulated in a pool item. Depreciation is done in the year of purchase and the following for years.

**Raw materials, supplies and operating materials** as well as **merchandise** are valued at their acquisition costs including incidental acquisition expenses, taking into account the lower cost or market value.

Work-in-process and finished products are valued at lower of production cost and net realisable value. The production costs contain, apart from the product related costs, parts of the required material and production related general and administrative costs.

**Accounts receivable and other assets** are accounted with nominal values. Individual risks are considered by valuation allowances. Receivables from deliveries and services are for the most part covered by a credit insurance.

**Cash on hand and bank balances** were measured at nominal value.

The **prepaid expenses** relate to payments made before the reporting date, which represent expenses for a certain period after that date.

**The accruals for pensions and similar obligations** are valued using the projected-unit-credit method applying the tables "Richttafeln 2018 G" of Klaus Heubeck. An interest rate of 1.94 %, a pensions dynamic of 2.50 % are assumed. Section 253 (2) in conjunction with (6) of the HGB were applied, using the average discount rate of the past 10 years and a remaining term of 15 years. Consequently, the total dividend pay-out restriction amounts to kEUR 4 and active difference amounts to kEUR 4. This is calculated by taking into account the average interest rate over the past 10 years respectively of the past 7 years (2.01 %).

**Tax accruals and other accruals** with respect of any risk and expected liabilities are accounted in an amount required for the settlement on the basis of a reasonable commercial assessment and are recognized in consideration of anticipated price and cost increase in the future. For short term accruals, the discounting option was not used.

**The liabilities** enter the balance sheet according to their settlement amount. All liabilities are short-term.

### **Foreign currency translation**

The conversion of receivables and liabilities in foreign currencies is based on the principles of Section 256a HGB. Receivables and liabilities denominated in foreign currency are translated at the average spot exchange rate at the date of initial account entry and are later converted at the average spot exchange rate on balance sheet date. For maturities longer than 1 year, the principles of lower acquisition costs and realization are adhered.

### **Deferred taxes**

For discrepancies between the commercial valuation on the one hand and the tax base of assets, debts and accrued and deferred items which can expected to be settled in later financial years, according to Section 274 HGB, an overall tax burden resulting from these differences shall be shown in the balance sheet as deferred tax asset. Deferred taxes are

valued with a combined tax rate of 28.075 %. This tax rate comprises corporation tax, business tax and solidarity tax. An overall tax relief resulting from these differences can be shown in the balance sheet as deferred tax assets. By exercising the option to capitalize deferred taxes no deferred taxes are shown in the balance sheet.

All assets evaluated carefully. Namely all risks and losses are included up to the accounting date, even those which are emerged between accounting date and compilation of the financial statement.

### **Income statement**

Profits are taken into the account when they are realized up to the accounting date. Expenses/ income are taken into the account independently from their payment date.

### **C) Comments on the balance sheet**

#### **Fixed assets**

The development on the fixed assets is stated in the asset table attached to these notes.

#### **Receivables and other assets**

The receivables and other assets have a residual maturity of up to one year in the business year as well as in the previous year. The receivables against affiliated Companies and shareholders relate to receivables from supplies and services.

#### **Equity**

As of 31 March 2025, the equity of the Company shows a deficit not covered by equity in the amount of kEUR 29,143, due to the continuing loss situation. The financial statements have nevertheless been prepared on a going concern basis, as the accounting over-indebtedness has been eliminated by a firm letter of comfort dated 31 March 2025 from the parent company, Graphite International B.V., Rotterdam, Netherlands, in the amount of kEUR 25,000 for a limited period of 16 months.

#### **Other reserves and accrued liabilities**

The accrued liabilities mainly comprise provisions for personnel-related obligations amounting to kEUR 27 (p. y. kEUR 48) and provisions for financial statement preparation costs amounting to kEUR 32 (p. y. kEUR 37).

#### **Liabilities**

There is no security interest on the liabilities. All liabilities are short term.

#### **Trade payables**

Trade payables amounting to kEUR 99 (p. y. kEUR 562) have a remaining term of less than one year.

**Liabilities to credit institutions**

As of balance sheet date, the company had taken out a working capital loan of kEUR 9,400 in 4 tranches as short-term bridging measure. Due to the recent fall in interest rates, the interest rate ranged between 5.812 % and 4.476 %. The loan is short-term in nature and can be extended monthly.

**Payables due to affiliated companies**

Liabilities to affiliated companies amounting to kEUR 3,364 (p. y. kEUR 6,097) relate to trade payables and have a remaining term of up to one year.

**Liabilities to shareholders**

Liabilities to shareholders concern liabilities in connection with patent fees respectively the Trademark (kEUR 4,823, p.y. kEUR 4,810). Furthermore, Graphite International B.V., The Netherlands, has granted a loan amounting to kEUR 25,000 to Graphite COVA GmbH. The interest rate is calculated monthly on the basis of Euribor plus a surcharge of 1.95% and is comparable to market values. The working capital loan amounted to kEUR 27,608 as of the reporting date (p. y. kEUR 26,297).

**D) Comments on the income statement**

Revenues divided into geographic regions:

<b>Revenues</b>	2024/25	2023/24
	kEUR	kEUR
Domestic	5.400	5.184
European Union	3.565	6.100
Other countries	2.353	1.850
Intercompany business	3.670	1.956
	<u>14.989</u>	<u>15.090</u>

Revenues divided into areas of operation:

<b>Revenues</b>	2024/25	2023/24
	TEUR	TEUR
Electrodes	4.634	5.143
Special Graphite	9.540	9.046
Coating	550	642
Other	9	5
Intercompany lease	254	254
	<u>14.989</u>	<u>15.090</u>

## **E) Other disclosures**

### **Contingencies, guarantees, other financial obligations**

The company has operating lease arrangements for vehicles including vehicles with tenures ranging between three and six years. For the financial year 2024-25, lease payments amount to kEUR 33 (p. y. kEUR 33) and a further kEUR 62 (p. y. kEUR 95) until the end of the terms. The lease contracts are operating leasing contracts and therefore businesses outside of the balance sheet according to Section 285 no. 3 HGB. The advantages are the financing as well as the calculability of costs, disadvantages result from the longer binding to a contract partner.

There are no other contingent liabilities, guarantees or other financial commitments.

### **Number of employees**

The average number of employees during the year was 9 white-collar workers (blue collar: 0).

### **Comments on the consolidated accounts**

The company's annual financial statements are included in the consolidated financial statements of Graphite International B.V., Rotterdam, Netherlands, which in turn is a subsidiary of Graphite India Ltd., Kolkata, India. The consolidated financial statements of the smallest group are published in the Netherlands – in the Government Gazette. The consolidated financial statements of the parent company, Graphite India Ltd., Kolkata, India, are published in India on the National Stock Exchange and Bombay Stock Exchange in Mumbai.

### **Management board**

During the financial year 2023/24, the Management was carried out by:  
Mahendra Kumar Chhajer, Kolkata, India, Managing Director  
Rounak Poddar, Röthenbach a.d. Pegnitz, Managing Director

The company did not pay any compensations to the Management. The compensations were paid by Bavaria Carbon Specialities, Röthenbach a.d. Pegnitz and Graphite India Ltd., Kolkata, India.

**Proposed appropriation of results**

The net loss of the year of EUR 3,715,874.09 as well as the loss forward shall be carried forward onto new account.

**Supplementary report**

There are no other significant events that occurred after the end of the financial year and have material impact on the presentation of the company's situation.

Röthenbach an der Pegnitz, 30 June 2025

R. Poddar

M.K.. Chhajer

## Development of fixed assets 2024/25

Graphite COVA GmbH  
90552 Röthenbach a. d. Pegnitz

	Acquisition costs				Accumulated depreciation				Net book value		
	01.04.2024 EUR	Additions EUR	Disposals EUR	Transfers EUR	31.03.2025 EUR	01.04.2024 EUR	Additions EUR	Disposals EUR	31.03.2025 EUR	31.03.2025 EUR	31.03.2024 EUR
<b>I. Intangible assets</b>											
Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	42.923,73	0,00	0,00	0,00	42.923,73	39.410,73	2.108,00	0,00	41.518,73	1.405,00	3.513,00
	<u>42.923,73</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>42.923,73</u>	<u>39.410,73</u>	<u>2.108,00</u>	<u>0,00</u>	<u>41.518,73</u>	<u>1.405,00</u>	<u>3.513,00</u>
<b>II. Property, plant and equipment</b>											
1. Land, land rights and buildings, including buildings on third-party land	4.361,34	0,00	0,00	0,00	4.361,34	2.290,34	436,00	0,00	2.726,34	1.635,00	2.071,00
2. Technical equipment and machines	14.854.706,14	0,00	137.510,40	0,00	14.717.195,74	14.270.141,14	49.612,00	126.748,40	14.193.004,74	524.191,00	584.565,00
3. Other Plants, office fixtures and fittings	1.094.664,84	1.187,40	0,00	0,00	1.095.852,24	888.373,84	65.274,40	0,00	953.648,24	142.204,00	206.291,00
4. Prepayments on tangible assets and construction in progress	0,00	53.179,52	0,00	0,00	53.179,52	0,00	0,00	0,00	0,00	53.179,52	0,00
	<u>4.361,34</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>4.361,34</u>	<u>2.290,34</u>	<u>436,00</u>	<u>0,00</u>	<u>2.726,34</u>	<u>721.209,52</u>	<u>792.927,00</u>
	<u>47.285,07</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>47.285,07</u>	<u>41.701,07</u>	<u>2.544,00</u>	<u>0,00</u>	<u>44.245,07</u>	<u>722.614,52</u>	<u>796.440,00</u>

**Graphite COVA GmbH**  
**Röthenbach an der Pegnitz**

**Management Report for the Financial Year**

**1. April 2024 to 31. März 2025**

**1. Fundamentals of the company**

The company is primarily engaged in the manufacture and marketing of specialised products made from various carbon and graphite materials. In addition, the company coats graphite electrodes. Graphite electrodes are used as consumables in blast furnaces to produce steel. In the past financial year, remaining stocks of electrodes were also sold.

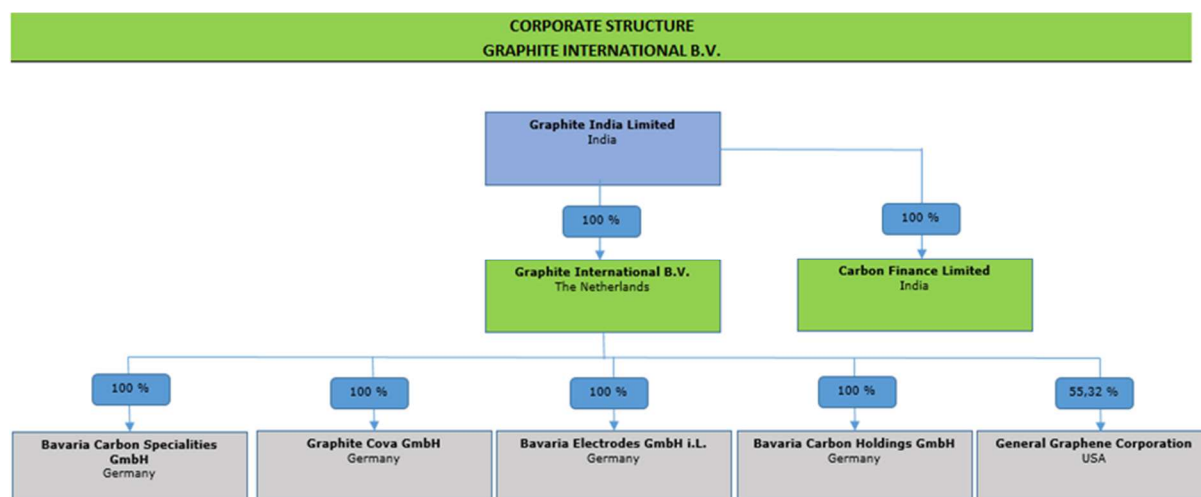
Graphite COVA GmbH is a wholly owned subsidiary of Graphite International B.V. (Netherlands), which in turn is a wholly owned subsidiary of Graphite India Ltd (India). Graphite COVA GmbH is engaged in the purchase of raw materials and the sale of finished goods to customers. Since the liquidation of the Group company Bavaria Electrodes GmbH i.L., Graphite COVA GmbH has supplied Bavaria Carbon Specialities with raw materials for further processing into finished goods, i.e. a wide variety of carbon and graphite products.

Climate change initiatives will also continue to influence the economic success of Graph-ite COVA GmbH and will also affect investments in this area.

Graphite COVA GmbH is committed to its employees. The company ensures that the total remuneration of its employees is in line with normal industry standards. It also ensures that the requirements placed on individuals are commensurate with their abilities.

The company is based in Grünthal 1-6, D-90552 Röthenbach an der Pegnitz.

## Organizational chart



### a) Business and Market Conditions

Global crude steel production amounted to approximately 1.88 billion tonnes in the calendar year 2024. Compared to 2023 (1.89 billion tonnes), crude steel production declined slightly. Noteworthy here is the 1.7% drop in output in China.

Overall, growth in steel production in India (+6.3%) and the EU (+2.6%) helped to almost offset the declines, particularly in China.

### b) Research and Development

Graphite India Ltd. pursues the improvement of products and processes in the fields of graphite and carbon through ongoing research and development activities, which are concentrated in its own research and development centre. Research and development initiatives cover the areas of raw materials, productivity, process development, reduction of carbon emissions and much more. Many of the cost savings achieved have been significant and are also in line with the standards for “environmental protection and a clean environment”.

## 2. Economic Report

### a) Overall Statement

Sales of special graphite products worth kEUR 9,540 increased by 5% compared to 2023/24. Sales from coating services, on the other hand, fell by 14% compared to the previous year. In addition, finished and unfinished electrodes worth kEUR 4,634 (p. y. kEUR 5,143 thousand) were sold. Due to the discontinuation of graphite electrode production, no electrodes were manufactured in the past financial year. Remaining stock and un-finished electrodes that had already been started were sold in the financial year 2024/25; these were mainly sold to the parent company in India. Costs were also reduced slightly overall in the past financial year, resulting in a loss after taxes of kEUR 3,716 compared to the previous year's loss of kEUR 5,406.

**b) Macroeconomic and sector-specific framework conditions\***

**i. General Economic Conditions**

According to the Federal Statistical Office (Destatis), price-adjusted gross domestic product (GDP) fell by 0.2% in 2024 compared with the previous year. This marks the second consecutive year of economic decline. Economic and structural factors pre-vented better economic development. In addition to persistently high energy costs, this was due to private households' reluctance to spend, despite rising incomes, due to un-certainty about the future economic outlook.

- Source Destatis

**ii. Sector-specific Framework Conditions\***

Global crude steel production reached 1.88 billion tonnes in 2024, remaining at a similar level to the previous year.

However, the European Union once again recorded an increase of 2.6% to 129.5 million tonnes (previous year: 126.2 million tonnes). Germany, the world's seventh-largest producer, produced 37.2 million tonnes, representing an increase of 5.2% compared with 2023.

- Source World Steel Association

## Financial Position of the Company

<b>i. Earnings Position</b>	2024/2025 kEUR	2023/2024 kEUR
Sales by Product		
Electrodes	4.634	5.143
Speciality Graphite	9.540	9.046
Coating	550	642
Rental Income	254	254
Others	9	5

The 2024/25 financial year was marked by the winding down of electrode production, ongoing geopolitical risks and unfavourable financing conditions, in particular high interest rates.

Revenue from the sale of electrodes amounting to kEUR 4,634 is attributable, among other things, to the fact that electrodes that had already been partially processed were sold to the parent company in India. The company also succeeded in selling more special graphite. However, revenue from coatings declined slightly again in the past financial year.

Material costs increased from kEUR 11,244 to kEUR 11,490, mainly due to higher prices. As a result of the further sale of finished and unfinished electrodes in stock, the company recorded a reduction in inventories of kEUR 2,444 compared to kEUR 4,224 in the previous year.

Personnel costs fell slightly compared with the previous year. This is attributable to the fact that no severance payments were made to employees who left the company in the past financial year. Another relevant factor was the introduction of short-time working from January 2025 due to an unexpectedly sharp decline in orders accompanied by a sharp drop in revenue from October 2024.

Other income increased mainly due to the fact that fixed assets that had already been written off were sold at a book profit. A total of kEUR 120 (p. y. kEUR 90) was generated.

Other operating expenses increased from kEUR 2,210 to kEUR 2,232 in the past financial year, mainly due to price increases.

As a result, the company posted a net loss of kEUR -3,716 (p. y. kEUR 5,406) for the 2024/25 financial year. Although the result was not unexpected by the company's

management, it is nevertheless unsatisfactory. Among other things, the result is also attributable to the unexpected sharp deterioration in the order volume, particularly in the second half of the financial year.

## **ii. Financial Position**

The credit line provided by the bank amounted to kEUR 12,879 as of 31 March 2025 (p. y. kEUR 15,000); of this amount, kEUR 9,400 (p. y. kEUR 9,000) was used in the financial year. The interest rate is variable. Furthermore, the credit line has no maturity date and will be granted by the bank until further notice.

In addition, the parent company granted a loan. This amounted to kEUR 27,608 including interest as of the balance sheet date. This credit line and the hard letter of comfort issued by the parent company on 31 March 2024 are sufficient to cover the liquidity requirements of business operations. The letter of comfort was extended on 31 March 2025.

Despite the negative equity, management continues to believe that the company can be continued despite the difficult market conditions. It should also be noted that, despite its negative equity, the company is not in arrears with any of its liabilities.

The company invests surplus USD/EUR cash in fixed-term deposits.

The risks arising from exchange rate fluctuations are minimised by natural hedging.

## **iii. Assets Position**

Inventories were reduced from kEUR 16,162 to kEUR 11,659 in the past financial year. This is the result of lower purchases of raw materials and consumables and, on the other hand, the sale of a large portion of the unfinished electrodes still in stock.

Trade receivables decreased again by around 25 %. This is partly due to shorter payment terms for receivables, particularly in the special products segment.

Cash and cash equivalents increased as of 31 March 2025 compared to 31 March 2024.

Negative equity increased from kEUR -25,427 to kEUR -29,143 due to the renewed loss in the past financial year.

Provisions (kEUR 116, p. y. kEUR 154) decreased mainly due to the decline in business activity. Liabilities decreased significantly in the past financial year (kEUR 99, p. y. kEUR 562). Liabilities to affiliated companies decreased significantly due to lower orders at Graphite India Ltd. (kEUR 3,364; p. y. kEUR 6,096).

### **c) Financial performance factors**

The company uses key figures derived from the financial statements of the consolidated financial report for its internal corporate management. The positive development of key figures is being driven forward in all areas. Particular focus is placed on sales revenue, taking into account the breakdown by business activity, and net income. In future, Graphite COVA GmbH will focus primarily on the manufacture and sale of graphite and carbon products. The company will develop fewer mass products and instead concentrate on individual products tailored to specific customer requirements. The company hopes this will enable it to achieve better volumes and prices, while possibly handling its energy costs better, which should lead to an overall improvement in earnings.

## **2. Forecast, opportunity and risk report**

### **A) Forecast report**

As almost all finished and unfinished electrodes in stock were sold in the past financial year, the company expects only low sales of electrodes in the 2025/2026 financial year. Instead, Graphite COVA GmbH will focus more on the manufacture and sale of speciality graphites. Here, an average annual growth rate of 5 % is expected in this area until 2030 (source: Mordor Intelligence: Special Graphite Market Size & Share Analysis). The company will also focus on coating electrodes provided by customers. The company expects to achieve a sales volume of around EUR 12.4 million. The increase is to be achieved through more intensive customer contact with existing accounts and through the acquisition of new customers both in Germany and abroad. Furthermore, management assumes that the costs incurred cannot be fully offset, so a negative result of EUR 1.7 million before taxes is also expected in the 2025/2026 financial year.

It cannot be ruled out that the actual course of business will deviate from expectations, as some unforeseeable developments in the economic environment of the market may occur.

In view of the ongoing geopolitical risks (continuation of the Russia-Ukraine conflict) and macroeconomic risks (tariff dispute with the USA), the outlook for steel production in 2025 remains uncertain.

### **B) Risk report**

#### **i. Risk management system**

The company is integrated into the risk management system of its parent company. The risk management system implemented by the company uses appropriate control instruments and key figures in the key areas of sales and earnings

development, materials management, sales and production control, financing and liquidity management.

The integrated early warning system based on rolling forecasts is designed to identify, analyse and classify business risks at an early stage so that risks that could jeopardise the company's existence can be countered in good time. The management receives regular reports on risk-related issues. Additional reports on individual issues are prepared as required.

On the basis of the controlling reports and rolling projections for the current financial year, all key issues are presented and explained in detail by the division managers in regular meetings with the management, the current risk situation is discussed and appropriate measures to manage the company's development are determined.

The company's business development is regularly discussed and coordinated with the parent company Graphite India Ltd.

## **ii. General risks**

It is undisputed that business forecasts involve uncertainties due to unknown variables. For example, the reversal of positive trends can lead to an economic downturn, which normally has a negative impact on the growth in demand for our products.

## **iii. Risks to the Company's Going Concern**

The company has once again generated a net loss for the year. As of 31 March 2025, negative equity amounted to kEUR 29,143 (p. y. kEUR 25,427). The parent company, Graphite International B.V., Netherlands, issued a hard letter of comfort in favour of the company on 31 March 2025. According to the plans implemented, the company will also incur a loss in 2025/26. Due to the remaining liquidity reserves (cash and cash equivalents and unused credit lines) and the current liquidity planning, sufficient financial resources are available to ensure the continued existence of the company. If, contrary to expectations, the business plan for 2025/26 is not achieved to a substantial extent, so that the limited letter of comfort from the parent company would not be sufficient, the continued existence of the company would be at risk.

## **a) Market risks**

The market for graphite specialities is fairly stable and the company sees opportunities to generate higher sales and thus better earnings by intensifying its customer relations. As the company is no longer active in the electrode business, there is no longer any market risk in this regard.

**b) Risks through raw material prices**

The company does not anticipate any problems in sourcing raw materials, as the majority of the raw materials required are sourced from Graphite India Ltd. However, there could of course be a risk if the parent company also had to respond to price changes.

**c) Risks due to energy costs**

Unlike graphite electrodes, which have been the main product to date, the speciality graphite business requires less energy. Nevertheless, energy costs continue to play an important role and are being monitored closely.

**d) Further risks**

Due to the fact that a large portion of trade receivables is covered by trade credit insurance, the default risk is minimised.

Currency risks are further minimised by the fact that the majority of incoming and outgoing invoices are denominated in euros.

Although the credit line has been in use for some time, the terms of the loans are only short-term, so that the company considers the interest rate risk to be manageable.

### **C) Opportunities report**

Integration into the globally active Graphite India Ltd. Group opens up additional market opportunities outside Europe and offers cost advantages. The company expects significant benefits from the consolidation of the industry in the coming years.

One area in which improvements are expected due to its energy-efficient application is the coating business, as lower costs are also anticipated in this business.

The company has long-standing partnerships with most of its customers and has established itself as a European supplier under the COVA brand name. Employee loyalty is very high and most employees have been with the company for a long time.

### **Acknowledgements**

The management would like to take this opportunity to express its gratitude for the excellent cooperation with authorities, consultants, banks, lawyers, customers, suppliers and all other parties. The company management would also like to thank all employees for their dedicated work.

Special thanks also go to the technical team and management of Graphite India Ltd. for their active support throughout the year.

Röthenbach an der Pegnitz, 30 June 2025

R. Poddar

M.K. Chhajer

## Other information

### Legal circumstances

Company:	Graphite COVA GmbH
Address:	Grünthal 1 – 6 Röthenbach a. d. Pegnitz
Commercial register:	Local Court Nuremberg, HRB 21271
Partnership agreement:	Valid in the version of November 28, 2006
Fiscal Year:	from April 1 to March 31 of the following year
Object of the Company:	The object of the Company is the sale of and trade in raw materials and semi-finished products, the distribution and marketing of electrodes and special products of the graphite and carbon industry as well as the holding and utilization, in particular the leasing, of production equipment and machinery.
Share capital:	EUR 4,000,000.00 (fully paid in)
Shareholders and contributions:	Graphite International B.V., Rotterdam / Netherlands (100%)
Management and representation:	<p>If only one managing director has been appointed, he shall represent the Company alone. If several managing directors have been appointed, the Company shall be represented by two managing directors or by one managing director together with an authorized signatory. Mr. Parnerkar has sole power of representation.</p> <ul style="list-style-type: none"><li>• Mahendra Kumar Chhajjer, Kolkata, India, Managing director</li><li>• Rounak Poddar, Röthenbach a. d. Pegnitz, Managing director</li></ul>
Commercial procuration:	<ul style="list-style-type: none"><li>• Helmut Renner</li><li>• Sivaprasad Pusala</li></ul>

Shareholder resolution: 8. October 2024

Approval of the company's annual financial statements as of 31 March 2024 and the management report for the 2023/2024 financial year

Discharge of the management for the 2023/2024 financial year

The net loss for the 2023/24 financial year and the loss carryforward will be carried forward to new account.

Appointment of INTARIA AG as auditor for 2024/25

There were no other significant changes in the legal situation after the balance sheet date.

## Tax Situation

Tax office:	Nuremberg
Tax number:	241/115/52408
Tax returns/notices:	<p>The tax returns for the 2022 assessment year have been submitted and the notices in this regard were issued.</p> <p>The tax returns for the 2023 assessment year have not yet been submitted.</p>
External/special tax audits:	In 2021/22 the tax audit for the years 2014-2018 was finalized. The results have been fully considered.
General notes:	<p><b>Trade tax</b> The Company is subject to trade tax on its domestic business operations.</p> <p><b>Corporate income tax / solidarity surcharge</b> Due to its legal form, the Company is subject to corporate income tax and the solidarity surcharge on its taxable income.</p> <p><b>Value added tax</b> There is a fiscal unity for sales tax purposes with the sister companies Bavaria Electrodes GmbH i.L., Bavaria Carbon Specialities GmbH and Bavaria Carbon Holdings GmbH; the controlling Company is the reporting Company Graphite COVA GmbH.</p> <p>The fiscal unity is an entrepreneur within the meaning of the German Turnover Tax Act (Umsatzsteuergesetz) and generates exclusively taxable and generally taxable sales. Sales are subject to the standard tax rate of 19 %. The tax group is entitled to an unrestricted input tax deduction.</p>

## Economic situation

### 1) Intercompany contracts

Building lease agreement with BCH (Bavaria Carbon Holdings GmbH, Röthenbach a. d. Pegnitz) dated September 9, 2004 (commencement August 13, 2004). Automatic extension has been agreed if no notice of termination is given. Decorative repairs and maintenance are at the expense of the lessee. The rent amounts to EUR 30,000 p.a.

Production agreement with BCS and BE dated September 9, 2004. Automatic renewal is agreed upon if no notice of termination is given. BCS is contracted for the production of special products, BE for the production of graphite electrodes. Cost plus 4 % was agreed.

Service agreement with BCS dated September 9, 2004. Automatic renewal for one year is agreed if no notice of termination is given. BCS provides services in the areas of accounting, IT, personnel (including management services) and real estate management. Cost plus 7 % has been agreed, but without third-party costs that can be charged on.

Trademark license agreement with GIBV (Graphite International B. V., Rotterdam, Netherlands) dated September 9, 2004. This is a non-exclusive trademark usage agreement without term limitation relating to the trademark "COVA". The royalty rate is 1.5 % of net sales per quarter after discounts, bonuses, taxes, claims and value addition in coating process.

Know How Agreement with GIL (Graphite India Ltd, India) dated September 9, 2004, a non-exclusive know how utilization agreement with no term limitation relating to scrap reduction, machine efficiency improvement, quality improvement and production of electrodes > 24 inches. The license rate is 1.5% of net sales per quarter after discounts, bonuses, taxes, claims and value addition in coating process.

Supply agreement with GIL dated April 1, 2013 for the supply of raw materials, finished products, semi-finished products and the purchase of the same at the respective transfer price guideline.

Hard letter of comfort with GIBV dated March 31, 2025 for any future deterioration in the economic deterioration of GC in the future up to an amount of EUR 3 million and with the earliest notice period to June 30, 2026.

## **2) Loan agreement**

Framework credit agreement with Citibank, London, for an amount of EUR 12,9 million (p. y. EUR 15 million). Individual drawings are possible in tranches. Interest is calculated on the basis of the positive EURIBOR 1 1/360 plus 1.95 %. Of the EUR 15 million, EUR 9.4 million were drawn in the fiscal year (p. y. EUR 9 million).

Corporate guarantee agreement with GIL for the aforementioned bank liability of GC up to the amount of EUR 15 million. The term of this agreement is limited until April 4, 2027. The guarantee fee amounts to 1 % of the loan amount.

A loan agreement has been concluded with GIBV for EUR 5 million and for EUR 20 million. The interest rate is calculated in line with the market at 1.95 %. The loan is concluded for one year (October 25, 2022) with an option to extend, which was exercised during the financial year.

## **3) Public law contract**

Public law contract with the Free State of Bavaria dated July 14, 2004. This contract concerns specific contaminated sites on the land owned by BCH.

# General Engagement Terms

for

## Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]

as of January 1, 2024

### 1. Scope of application

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

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

### 2. Scope and execution of the engagement

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

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

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

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

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

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

### 4. Ensuring independence

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

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

### 5. Reporting and oral information

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

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

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

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

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

### 7. Deficiency rectification

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

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

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

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

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

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

### 9. Liability

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

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

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

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

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

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

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

#### 10. Supplementary provisions for audit engagements

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

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

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

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

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

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

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

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

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

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

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

(5) Insofar the German Public Auditor is also a German Tax Advisor 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 and valuation assessments for property units as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

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

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

#### 12. Electronic communication

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

#### 13. Remuneration

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

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

#### 14. Dispute Settlement

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

#### 15. Applicable law

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