

Hönigsberg & Düvel Datentechnik GmbH

Wolfsburg

Report on the audit
of the financial statements
as at 31 December 2019 and the
management report
for the 2019 financial year

D R A F T

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Hönigsberg & Düvel Datentechnik GmbH

Wolfsburg

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1. Audit engagement

The Management of

Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg,
(hereinafter also referred to as “company” or “HuD”)

appointed us on Oktober 28, 2019 in our capacity as auditors elected at its Annual General Meeting on September 17, 2019 pursuant to sec. 318 (1) first sentence of the German Commercial Code (HGB, Handelsgesetzbuch) to audit the company’s annual financial statements as at December 31, 2019 (financial year from January 1, 2019 to December 31, 2019), including the bookkeeping system pursuant to sec. 316 et seq. HGB.

This report is addressed to the company audited.

Pursuant to sec. 321 (4a) HGB, we hereby confirm that we have complied with the rules for independency applicable to our audit.

The General Terms and Conditions for the Engagement of Auditors and Auditing Companies as of January 1, 2017 by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) (IDW), Düsseldorf, which are attached to this report, as well as our Special Terms of Engagement of PKF Fasselt Schlage Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte dated January 1, 2018 are applicable to the performance of this engagement and our responsibility, including in relation to third parties.

Our audit was conducted in compliance with the General Principles for the Conduct of Audits of Financial Statements as set out in the relevant Auditing Standards issued by the Institut der Wirtschaftsprüfer in Deutschland e. V. (Institute of Public Auditors in Germany). This long-form audit report was prepared in accordance with the Generally Accepted Standards for the Issuance of Long-form Audit Reports (IDW AuS 450 revised).

2. Excerpt from the Auditor's Report

According to the final result of our audit, we have issued the following unqualified auditor's report to Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg, for the financial statements as at 31 December 2019 attached hereto as **Annexes 1 to 3** and the management report attached hereto as **Annex 4**:

“INDEPENDENT AUDITOR'S REPORT

To the Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg

Audit Opinions

We have audited the annual financial statements of Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg, which comprise the balance sheet as at 31 December 2019, and the profit and loss account for the financial year from 1 January to 31 December 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Hönigsberg & Düvel Datentechnik GmbH, Wolfsburg for the financial year from 1 January to 31 December 2019. In accordance with German legal requirements we have not audited the content of those parts of the group management report that are named in section “Other information”.

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 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019 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. Our audit opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to sec. 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.

Other Information

The legal representatives are responsible for the other information. The other information comprises the statement on corporate governance pursuant to sec. 289f (4) HGB (disclosures on the quota for women on executive boards).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the legal representatives for the Annual Financial Statements and the Management Report

The legal representatives 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 legal representatives 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 or error.

In preparing the annual financial statements, the legal representatives 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 legal representatives 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 legal representatives 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 audit 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 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- conclude on the appropriateness of the legal representatives' 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. 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 legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives 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 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.”

3. Fundamental findings

3.1. Economic fundamentals

In fiscal year 2019, HuD continued to operate as an international IT and engineering service provider, with administration being carried out at the Gifhorn site. In addition, IT projects are implemented as general contractor, outsourcing projects are run on behalf of customers and software and applications are developed on behalf of customers. Other business areas are Industry 4.0/IT Shop Floor and IT Consulting. The company acquires the projects on the market and passes on the qualified processing of the projects to the subsidiaries and sub-subsidiaries via agency agreements.

3.1.1. Opinion on the managements' assessment of the position

The assessment of the company's position by its managers can be summarised as follows:

- The company holds all contracts for projects acquired on the market. Projects are passed on to subsidiaries for qualified processing via agency agreements. In this respect, the company acts as a holding company that generates its results from income or losses from profit and loss transfer agreements.
- The sales of EUR 61.0 million forecast in the previous year were undershot by EUR 2.5 million in the 2019 financial year, with the sale of a business unit making a significant contribution to the deviation from the budgeted sales. At EUR 58.5 million (PY EUR 62.9 million), sales revenues remained below the previous year's level and below the forecast. Almost 80 % of these revenues were generated by a main customer in the automotive sector and 20 % by other customers, primarily banks, insurance companies and upper medium-sized companies with close links to production.
- Other operating income rose to EUR 15.8 million, mainly due to income of EUR 2.25 million from the sale of a business unit.
- The cost of materials mainly relates to the cost of purchased services from subsidiaries commissioned to process orders received. As a result of the decline in sales and the lower proportion of work in progress, these costs rose by EUR 3.8 million to EUR 58.5 million. (EUR 62.3 million).
- As a result of the control agreements with profit and loss transfer agreements (SAB) concluded with the subsidiaries, income from profit and loss transfer agreements rose by EUR 0.4 million to EUR 1.5 million.

- In contrast to the negative annual result of - 2.0 million, the company reports a net loss for 2019 of - EUR 1.8 million.
- In addition to equity, the company has access to liquid funds provided by its shareholder, HCL Technologies Germany GmbH.
- Compared to the previous year, the equity ratio decreased by 3.1 percentage points to 42.3 (previous year 45.4) %. The net loss for 2019 will be fully absorbed by equity.
- The management still considers the equity base to be good.
- The overall situation of HuD in the 2019 financial year is still considered good by the management, although the declining sales figures of the main customer in China, the ongoing discussions about US duties on car exports and the sale of a part of the company in the second half of 2019 have had an impact on the development of earnings.

The assessment of the company's future development and its significant risks and opportunities by the managers is based on the following assumptions:

- The high share of sales with only one service customer represents a cluster risk for the company. A default of this customer could lead to massive default risks within HuD. However, the management of HuD does not currently expect this main customer to default.
- Management sees a further risk, the economic impact of which cannot be quantified at present, in the global outbreak of the coronavirus epidemic. Due to the global supply chains, it must currently be assumed that these will be interrupted at least temporarily and come to a standstill, with consequences for the development of the global economy.
- Taking into account the comments on the financial situation, management does not currently see any liquidity or default risks. Liquidity is ensured by the parent company HCL and monitored by HuD. In the opinion of management, any delays in payment by customers can be bridged without restriction.

- Management assesses the overall risk situation as manageable. At present, it is assumed that the risks are controllable and that they will not endanger the continued existence of the company in the long term, even through integration into the HCL Group. The Management Board assumes that the company will continue to operate successfully on the market in the future and assumes that the company will continue as a going concern.
- The management sees opportunities above all in the possibility of using the processes and tools of HCL and making them available to HuD's customers through full integration into its structures.
- The management expects a slight decline in sales for 2019 to EUR 54.0 (PY 58.5) million. Taking into account the risks influencing automobile sales, such as the effects of the coronavirus epidemic, the economic downturn in China and Germany, which are likely to lead to further cost pressure, including for HuD's main customer, the management expects a continued negative result of EUR 3.0 million for the 2019 financial year, which will be offset by the high level of equity.

The managers of the company are of the opinion that there is no risk for the going concern of the business and its future development. Please refer to the management report (**Annex 4**).

Based on the documents audited by us as well as the analyses performed by us during the course of our audit, we do not raise any objections to the assessment by the managers concerning the company's economic position, its existence as a going concern and its future development.

3.1.2. Irregularities in the accounting

During the course of the audit of the financial statements, we established the following uncorrected errors or violations of accounting principles relating to the preparation of the management report as set out in sec. 317 (1) second sentence HGB which are subject to reporting requirements pursuant to sec. 321 (1) third sentence HGB.

Violations of regulations governing the preparation of the management report:

The legal representatives have not yet fulfilled their obligation to grant employees certain co-determination rights in accordance with sec. 1 (1) No. 3 of the German One-Third Participation Act [Drittelbeteiligungsgesetz] by creating a Supervisory Board. Accordingly, the shareholders' meeting has also not fulfilled its obligation under § 52 Paragraph 2 GmbHG to set targets for the proportion of women on the supervisory board and among the managing directors. The management report (**Annex 4**) contains a negative declaration and is therefore complete.

4. Audit

4.1. Subject of the audit

Pursuant to sec. 317 HGB, the company's accounting for the financial year from 1 January to 31 December 2019, the financial statements as at 31 December 2019 and the management report for the 2019 financial year are audited. The annual financial statements and the management report were prepared in accordance with the relevant German legal requirements and the additional provisions of company agreement.

The audit of the disclosures pursuant to sec. 289f (2) and (5) HGB of the declaration of corporate governance included pursuant to sec. 289f HGB in the management report providing the declaration of corporate governance is restricted pursuant to section 317 (2) sixth sentence HGB to the question as to whether these disclosures were made.

The audit was performed in accordance with the relevant laws, in particular, sec. 316 et seqq. HGB and in accordance with the German generally accepted standards for the audit of financial statements promulgated by the IDW. Audit procedures not described in detail in this long-form audit report are recorded in our working papers, including details of their nature, scope and result.

Pursuant to sec. 317 (4a) HGB, the scope of the audit did not include whether the audited company as a going concern or the effectiveness and economic efficiency of management can be confirmed.

4.2. Nature and scope of the audit

We exercise professional judgement and maintain professional scepticism throughout the audit. Further details are contained in the excerpt from the auditor's report in section 2.

For the year under review we determined the following areas of emphasis:

- Trade accounts receivables/revenues
- Provisions
- management reporting.

Balance confirmations for customers and suppliers were obtained on the basis of random checks performed on the reporting date according to the positive method.

Furthermore, confirmations of the balances, signature authorisations and conditions as at the reporting date as well as other information were obtained from all credit institutions with which the company had a business relationship in the 2019 financial year.

To assess the status of tax assessments and possible tax risks we obtained a tax consultant confirmation.

Attorney confirmations were obtained in order to assess the risks from legal disputes.

The act of obtaining confirmation of balances took place under our control.

The previous year's financial statements as at 31 December 2018 and the management report for the 2018 financial year were also audited by us and an unqualified auditor's report was issued on 11 March 2019. The figures as at 31 December 2018 were correctly carried forward to the 2019 financial year.

The legal representatives fully and willingly provided the information and evidence (sec. 320 HGB) required for our audit. The letter of representation as commonly used in audits was obtained.

5. Audit findings on accounting

5.1. Bookkeeping and other audited records

The bookkeeping and other audited documents comply with the statutory provisions and supplementary provisions of the company agreement of the company.

The bookkeeping system complied with the principles of proper accounting throughout the entire 2019 financial year; the information obtained from the other documents audited is properly reflected in the bookkeeping system, the financial statements and the management report.

Financial accounting, including the subsidiary ledgers (asset accounting and payroll accounting), is carried out using the software SAP ECC 6.0.

We did not find any facts during the course of the audit that indicate that the organisational and technical measures taken by the company are not suitable for ensuring the security of the accounting-relevant data and the IT systems used for this purpose.

5.2. Financial statements

In the financial statements as at 31 December 2019, all legal requirements applicable to the accounting as well as the principles of proper accounting and all requirements related to size, legal form or specific industry and the provisions of the company agreement of the company were observed in all material respects.

The balance sheet and statement of profit and loss have been properly derived from the bookkeeping and other audited documents; the relevant recognition, disclosure and measurement regulations have been observed in all material respects.

The notes are clear and clearly structured and contain all required disclosures. The accounting and measurement methods and other mandatory disclosures, especially pursuant to sec. 284 et seqq. HGB, applied to the items of the balance sheet and profit and loss account were explained in an adequate and appropriate manner.

5.3. Management report

The management report complies in all material respects with the legal requirements.

6. Assertion of the financial statements

The financial statements as at 31 December 2019 of Hönigsberg & Düvel Datentechnik GmbH as a whole provide a true and fair view of the net assets, financial position and results of operations in accordance with the principles of proper accounting (sec. 321 (2) third sentence HGB).

The following valuation principles have a significant influence on the net assets, financial position and results of operations of Hönigsberg & Düvel Datentechnik GmbH:

Please refer to the Notes (**Appendix 3**) for information on the recognition and depreciation methods applied to the valuation of intangible assets and property, plant and equipment.

Financial assets are carried at cost.

Inventories (work in progress) are valued at production cost, including direct costs and overheads in accordance with § 255 (2) HGB.

Receivables and other assets are valued at nominal value.

Other provisions are stated at the most probable value of the expected claim with the required settlement amount.

Liabilities are carried at the required settlement amount.

Compared to previous year's financial statements as at 31 December 2019, the company made no changes to the valuation principles and no grooming transactions with a material influence on the assertion of the financial statements, i.e. the view of the net assets, financial position and results of operations presented in the financial statements.

7. Concluding remarks

Contrary to the previous year, the auditor's report is contained in section 2.

We have prepared the above long-form audit report on the financial statements as at 31 December 2019 (balance sheet total EUR 26,422,058.63; loss for the year EUR 1,772,568.84) and the management report for the 2019 financial year of Hönigsberg & Düvel Datentechnik GmbH in compliance with the legal provisions and the required Generally Accepted Standards for the Issuance of Long-form Audit Reports (IDW AuS 450 (revised)).

Brunswick, 17 March 2020

PKF Fasselt Schlage
Partnerschaft mbB
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Rechtsanwälte

(Villwock)
Wirtschaftsprüfer
(Certified Public Accountant)

(Süß)
Wirtschaftsprüferin
(Certified Public Accountant)

Annexes

Hönigsberg & Düvel Datentechnik GmbH
 Wolfsburg

Profit and Loss Account
for the financial year from 1 January to 31 December 2019

	EUR	EUR	Previous Year kEUR
1. Revenues		58,464,997.71	62,888
2. Changes in inventories		-1,035,324.73	914
		57,429,672.98	63,802
3. Other operating income		15,823,463.06	13,922
		73,253,136.04	77,724
4. Cost of materials			
a) cost of purchased services		58,456,005.75	62,267
		14,797,130.29	15,457
5. Personnel expenses			
a) Wages and salaries	2,169,561.04		1,312
b) Social security and retirement benefits	74,421.70		67
	2,243,982.74		1,379
6. Amortisation/Depreciation of intangible and tangible non-current assets	192,493.71		423
7. Other operating expenses	12,912,519.58		14,681
		15,348,996.03	16,483
		-551,865.74	-1,026
8. Income from participating interests	0.00		90
9. Income under profit transfer agreements	1,518,427.15		1,054
10. Other interest and similar income	55,011.15		105
11. Write-downs of financial assets	0.00		183
12. Expenses from takeover of losses	2,377,075.63		2,778
13. Interest and similar expenses	393,503.46		961
		-1,197,140.79	-2,673
14. Loss after taxes		-1,749,006.53	-3,699
15. Other taxes		23,562.31	42
16. Loss for the year		-1,772,568.84	-3,741

Hönigsberg & Düvel Datentechnik GmbH

Wolfsburg

Notes to the annual financial statements for the 2019 financial year

I. General

The company having its registered office in Wolfsburg is registered in the commercial register kept by the local court in Brunswick under the number HRB 100376.

The annual financial statements for the 2019 financial year were prepared in compliance with the accounting provisions of the German Commercial Code [Handelsgesetzbuch - HGB] taking into account the provisions applicable to corporations and the supplementary provisions of the Limited Liability Company Law [Gesetz betreffend die Gesellschaften mit beschränkter Haftung - GmbHG].

The principle of consistent accounting and valuation was observed.

In order to enhance clarity information legally required to be provided with regard to the items of the balance sheet and the profit and loss account is almost completely provided in the notes to the financial statements.

The profit and loss account was prepared using the nature of expense method.

The company complies with the general valuation provisions set out in sec. 252 to 256a HGB and the special recognition and valuation provisions applicable to corporations under sec. 270 to 274a and 277 HGB taking into account the going-concern principle.

Receivables in foreign currency were translated at the mean spot exchange rate on the balance sheet date.

II. Comments on the balance sheet

Intangible and tangible fixed assets are stated at acquisition or production cost and - insofar as subject to wear and tear - reduced by scheduled depreciation, partly linear, partly declining-balance, in accordance with the normal useful life.

Wearable moveable assets with acquisition costs of more than € 250.00 to € 1,00.00 were placed in a collective item until 2018 and, in accordance with the tax regulations (§ 6 Para. 2a EStG), were combined in a pool and taxed at 20%. p. a. written off.

Movable, depreciable and independently usable assets in excess of € 250.00 and up to € 800.00 were immediately written off in the year under review in accordance with the tax regulations (§ 6 (2) EStG).

Long-term financial investments are carried at cost. Long-term financial investments comprise the following shareholdings in affiliated companies:

	Registered office	Share 31.12.2019	Equity 31.12.2019	Annual result 31.12.2019
Domestic		%	T€	T€
H&D Business Services GmbH	Wolfsburg	100,0	25	0
H & D IT Automotive Services GmbH	Wolfsburg	100,0	25	0
H&D ITAS Client Services GmbH	Wolfsburg	100,0	25	0
H&D ITAS Application Services GmbH	Wolfsburg	100,0	25	0
H&D ITAS Infrastructure Services GmbH	Wolfsburg	100,0	25	0
H&D ITAS South GmbH	Ingolstadt	100,0	25	0
H&D IT Solutions GmbH	Wolfsburg	100,0	25	0
H&D Services for Engineering GmbH	Wolfsburg	100,0	25	0
CATIS Ltd	Wolfsburg	100,0	25	0
CA Management Services GmbH	Wolfsburg	100,0	25	0
H & D Training and Consulting GmbH	Wolfsburg	100,0	8	0
qmo-it GmbH	Gifhorn	100,0	863	32
H & D IT Professional Services GmbH	Wolfsburg	100,0	25	0
H&D International GmbH	Wolfsburg	100,0	386	154
Abroad				
Hönigsberg & Düvel Corporation	Chattanooga/USA	100,0	-14	-4
Hönigsberg & Düvel Data Technology Czech s.r.o	Mladá Boleslav/ Czech Republic	100,0	4.067	1.768

The annual results of €0 result from the existing profit and loss transfer agreements with the parent company.

The development of fixed assets is shown in the following table:

DESIGN

Non-current Assets Movement Schedule

	At cost			Amortisation/Depreciation				Carrying amounts		
	At 01/01/2019	Additions in the reporting period	Disposal	At 31/12/2019	At 01/01/2019	for the reporting period	Disposal	At 01/01/2019	At 01/01/2019	At 31/12/2019
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets										
1. purchased concessions, industrial property rights and similar rights and assets, licences in such rights and assets	838,558.54	0.00	0.00	838,558.54	328,278.57	145,879.37	0.00	474,157.94	510,279.97	364,400.60
II. Tangible assets										
1. Fixture, fittings and equipment	940,968.36	3,515.57	156,254.50	788,229.43	730,661.40	46,614.34	115,286.82	661,988.92	210,306.96	126,240.51
III. Long-term investments										
1. Shares in affiliated companies	5,374,748.85			5,374,748.85	0.00			0.00	5,374,748.85	5,374,748.85
2. Participating interests	4,500.00			4,500.00	0.00			0.00	4,500.00	4,500.00
	5,379,248.85	0.00	0.00	5,379,248.85	0.00	0.00	0.00	0.00	5,379,248.85	5,379,248.85
Total I. to III.	7,158,775.75	3,515.57	156,254.50	7,006,036.82	1,058,939.97	192,493.71	115,286.82	1,136,146.86	6,099,835.78	5,869,889.96

The work in progress reported under **inventories** is valued at production cost, including direct and overhead costs in accordance with § 255 (2) HGB. Goods are valued at acquisition cost. Reductions in value are taken into account accordingly.

Receivables and other assets are carried at their nominal value. Of the other assets, €738 thousand (previous year: €581 thousand) have a remaining term of more than one year. The remaining receivables and other assets of €13,852 thousand (PY: €11,030 thousand) all have a remaining term of up to one year.

Deferred tax assets weren't recognized using the netting option pursuant to § 274 (1) Sentence 2 HGB. They are calculated from deferred tax liabilities for the valuation of a short-term foreign currency loan (k€ - 74) and were offset against deferred tax assets on tax loss carryforwards (k€702), resulting in a surplus of deferred tax assets (k€628). The underlying tax rate is 34.5 %.

The **share capital** is stated at nominal value and fully paid up.

The management proposes to carry forward the net loss for the year to new account.

The **provisions** cover identifiable risks and uncertain obligations and were allocated at the required settlement amount. They relate in particular to personnel expenses of k€ 454 (PY: k€ 225).

The **liabilities** measured at settlement value are broken down by residual term as follows:

	EUR	of which due		
		within 1 year EUR	after more than 1 year EUR	after more than 5 years EUR
Trade accounts payable	217,031.77 <i>(408,609.80)</i>	217,031.77 <i>(408,609.80)</i>		
Amounts owed to affiliated companies	9,198,092.06 <i>(4,999,947.03)</i>	9,198,092.06 <i>(4,999,947.03)</i>		
Amounts owed to shareholders	4,238,822.16 <i>(6,081,318.31)</i>	4,238,822.16 <i>(6,081,318.31)</i>		
Other liabilities	1,023,504.18 <i>(1,078,740.31)</i>	1,023,504.18 <i>(1,078,740.31)</i>		
	14,677,450.17 <i>(12,568,615.45)</i>	14,677,450.17 <i>(12,568,615.45)</i>	0.00 <i>(0.00)</i>	0.00 <i>(0.00)</i>

The figures in brackets in italics refer to the previous year.

As in the previous year, all other liabilities are unsecured, apart from the usual reservations of title.

III. Notes to the profit and loss account

Revenues were generated in Germany (k€ 58,465; PY k€ 62,888).

Other operating income includes k€172 (PY: k€ 22) from the reversal of provisions, gains on the disposal of assets of k€ 33 (PY: k€0), k€ 8 (PY: k€ 20) from currency translation, income relating to other periods (k€ 54; PY: k€ 32) and € 2.25 million (PY: € 0 million) from the sale of a business unit.

Of the **other expenses for social security contributions and pensions**, k€ 5 (PY: k€ 5) are attributable to expenses for pensions.

Other operating expenses include back payments for previous years of k€ 24 (PY: k€ 18), as well as currency translation expenses of k€ 1 (PY: k€ 0) and losses on the disposal of fixed assets of k€ 1 (PY: k€ 1,449). Also included are write-downs on receivables 0 (PY 264) k€ and donations 10 (PY 26) k€.

Interest income includes k€ 52 (PY k€ 65) in interest from affiliated companies.

Interest expenses include k€ 177 (PY k€ 94) in interest to affiliated companies and k€ 104 (PY k€ 11) to shareholders.

IV. Other information

The following have been appointed as **managing directors**:

- Dipl.-Ing. Bernhard Hönigsberg, Spokesman of the Management Board (until 30.09.2019)
- Mrs Anita Hönigsberg, Managing Director of the H&D Group Administration Division (until 30.09.2019)
- Dipl. Oec. Andreas Lehmann, Managing Director of the H&D Group Finance Division
- Mrs. Dipl.-Verw. Wiss. Claudia Raabe, operative managing director (until 31.12.2019)
- Mr. Alok Roy, Spokesman of the Management Board (since 17.04.2019)
- Mr. Shiv Kumar Walia, operative managing director (since 17.04.2019)

For 2019, expenses of € 2.0 million were incurred for the managing directors.

Advisory board:

Dieter Bornemann, Head of the IT Department,
Andreas Kiefer, Head of the IT Department,
Uwe Schulte, Head of IT.

The Advisory Board receives no remuneration and was not active in the 2019 financial year.

In 2019, an average of two (previous year two) employees (white-collar) were **employed**.

There are significant **financial obligations** pursuant to § 285 No. 3 HGB due to:

- Property leasing agreement: Term up to one year: € 996 thousand
 Term of up to five years: € 3,958 thousand
 Term over five years (fixed payments until the end of the
 1st rental period 31.12.2029) € 5.1 million
- At the end of the first rental period, there is the option of purchasing the property or continuing the lease agreement, whereby the leasing instalments to be paid at that time are not yet fixed.
- vehicle leasing contracts: There is a total commitment of €953 thousand.

The purpose of the leasing agreements is for economic (securing liquidity) and balance sheet policy (reducing the balance sheet total) reasons.

The vehicle leasing contracts are secured by assignment of the respective leased item as security.

Significant other financial obligations in accordance with section 285 no. 3a HGB exist for rents (annual expense k€ 1,367).

The total fee for the auditor for all German companies amounts to €56 thousand for financial statement services and €2 thousand for other services.

No events that could have a special significance for the earnings, financial and/or asset situation of Hönigsberg & Düvel Datentechnik GmbH occurred after the end of the financial year. Reference is made to Section 3 of the Management Report.

These annual financial statements are included in the consolidated financial statements of HCL Technologies Germany GmbH, Eschborn, which prepares the consolidated financial statements for the smallest group of companies. The consolidated financial statements are published in the electronic Federal Gazette. The consolidated financial statements of HCL Technologies Germany GmbH are included in the consolidated financial statements of HCL Technologies India Ltd, Noida, India, which prepares the consolidated financial statements for the largest group of companies. The financial statements are available at the Company's headquarters.

Gifhorn, 28 February 2020

Hönigsberg & Düvel Data Technology

Andreas Lehmann

Alok Roy

Shiv Kumar Walia

Management

Hönigsberg & Düvel Datentechnik GmbH

Wolfsburg

Management report for the 2019 financial year

1. Fundamentals of the company

Hönigsberg & Düvel Datentechnik GmbH (hereinafter referred to as H&D) is basically active worldwide as an IT and engineering service provider. Nevertheless, projects are mainly carried out in Germany, especially in Wolfsburg, Braunschweig, Salzgitter, Gifhorn, Hannover, Berlin, Osnabrück, Ingolstadt and Sindelfingen. To a lesser extent, projects are also carried out in other European and non-European countries.

Mr. Hönigsberg is Chairman of the Management Board and Chief Executive Officer (CEO) until 30.09.2019. Other managing directors of the company are Mrs. Hönigsberg until 30.09.2019, Mr. Lehmann as Chief Financial Officer (CFO) and Mrs. Raabe as Chief Operating Officer (COO) until 31.12.2019. By resolution of April 17, 2019, the parent company, HCL Technologies Germany GmbH, appointed Mr. Alok Roy and Mr. Shiv Kumar Walia as further managing directors of the company. Following the resignation of Mr. Hönigsberg, Mr. Roy took over the function of CEO.

Hönigsberg & Düvel Datentechnik GmbH holds all contracts for projects acquired on the market. Projects are passed on to subsidiaries for qualified processing via agency agreements. In this respect, the company performs the function of a holding company which generates its results from income from profit transfer agreements and investment income from subsidiaries without profit transfer agreements. Please refer to the individual financial statements of the subsidiaries for information on their respective development.

Administrative activities such as financial management, personnel recruitment and support, and other important administrative activities are outsourced to H&D Business Services GmbH (HDBS), a wholly owned subsidiary of Hönigsberg & Düvel Datentechnik GmbH. Risk management is also outsourced to HDBS.

H&D's main business areas continue to be the provision of IT and engineering services. As a general contractor, projects are realized at a fixed price, outsourcing projects are run on behalf of customers and software and applications (apps) are developed on behalf of customers. Other key business areas are Industry 4.0/IT Shopfloor and IT Consulting.

In the 2019 financial year, the company had an average of two employees.

2. Economic Report

2.1. General economic and industry-related conditions

The German Council of Economic Experts and leading economic institutes have forecast overall economic growth of 0.8% for 2019 (source: <https://www.sachverstaendigenrat-wirtschaft.de>). The Federal Statistical Office calculated a growth in gross domestic product (GDP) for the Federal Republic of Germany of only 0.6% in 2019 (source: <https://.destatis.de/DE/Themen/Wirtschaft/Volkswirtschaft-GolksrechnungsInnlandsprodukt/Tabellen/bip-bubbles.html>). In particular, the trade war between the USA and China and the resulting economic slowdown in China - China is a main sales market for our main customer - as well as the unchanged discussions about possible US duties on cars imported into the USA had a negative impact on the automotive economy in Germany.

The so-called "War of Talents" also continued unabated. In November 2019, the industry association BITKOM registered for the first time that more than 100,000 IT expert positions were unfilled (source: <https://www.bitkom.org/Presse/Presseinformation/Erstmals-mehr-als-100000-unbesetzteStellen-fuer-IT-Experten>). In our view, this will have a gavening influence on the digitization of German industry as a whole and on the support of the automotive industry in particular in implementing its digitization strategies, and will lead to a delay in the move towards e-mobility (source: <https://bitkom.org/Presse/Presseinformation/Deutsche-Wirtschaft-laeuft-der-Digitalization-further-on>).

For 2020, the Deutsche Bundesbank expects the weak phase of the German economy to continue (source: www.spiegel.de/wirtschaft/soziales/konjunktur-bundesbank-halbiert-wachstumsprognose-fuer-2020-a-1301095.html). In addition, the outbreak of the coronavirus in China has brought car sales there almost to a complete standstill (source: <https://www.n-tv.de/wirtschaft/Chinas-Autoabsatz-kommt-fast-zum-Erliegen-article-21618731.html>) and has now also reached the German car market (source: <https://www.n-tv.de/wirtschaft/Coronavirus-erreicht-deutschen-Automarkt-article-21619182.html>). We assume that the now worldwide spread of the coronavirus epidemic will have an impact on the world economy and thus also on Germany as a nation heavily dependent on exports in 2020 due to the interruption of global supply chains. Based on past experience, we assume that the increasing cost pressure exerted by car manufacturers will be passed on to suppliers, resulting in declining sales and profit margins. In our view, the economic consequences of the spread of the coronavirus in Germany could only be mitigated if, for example, the German government decided to take substantial economic support measures, which we do not see at present.

2.2. Business development

2.2.1 Earnings situation

The net result for 2019 of EUR -1.8 million (previous year EUR -3.7 million) breaks down as follows:

	2019	Previous year	+/-
	EUR million	EUR million	EUR million
Revenues	58,5	62,9	-4,4
Gross profit	-1,0	1,5	-2,5
Net interest income	-0,3	-0,9	+0,6
Operating result/Orderly result	0,4	0,7	-0,3
Non-operating result	0,2	-1,7	-1,9
Earnings before income taxes and loss transfers	0,6	-0,9	+1,5
Annual result	-1,8	-3,7	+1,9

Revenue of EUR 61.0 million forecast in the previous year was undershot by EUR 2.5 million in fiscal year 2019. **Revenues** remained below the previous year's level and below the forecast at EUR 58.5 million (previous year EUR 62.9 million). Almost 80% of the sales revenues are generated by a main customer in the automotive sector. Around 20% of revenues were generated with other customers. The main sectors to be mentioned here are banks, insurance companies as well as the upscale, production-related medium-sized companies. The sale of a part of the company contributed significantly to the deviation from the planned sales.

Other operating income increased by EUR 1.9 million to EUR 15.8 million (previous year EUR 13.9 million). The increase in other operating income is primarily due to income from the sale of a business unit in the amount of EUR 2.25 million, with a countervailing reduction in the costs passed on to the respective subsidiaries by EUR 0.6 million.

The **cost of materials** primarily relates to the cost of services purchased from subsidiaries that have been commissioned to process orders received. In the face of declining sales and the lower proportion of work in progress, these costs decreased by EUR 3.8 million to EUR 58.5 million (previous year EUR 62.3 million).

Personnel expenses increased by EUR 0.86 million to EUR 2.24 million (previous year EUR 1.38 million). This was due to expenses in connection with provisions for personnel costs and the severance payments made for the three managing directors who left the company in 2019.

Other operating expenses decreased by EUR 1.8 million to EUR 12.9 million (previous year EUR 14.7 million). The main reasons for this reduction compared to the previous year are the absence of losses from the disposal of fixed assets (previous year: EUR 1.4 million), no value adjustment on receivables (previous year: EUR 0.3 million), the absence of leasing costs (previous year: EUR 0.2 million), the reduction of advisory costs by EUR 0.6 million as well as additional costs of money transfer by EUR 0.1 million. This is offset by an increase in office space costs of EUR 0.4 million and an increase in cost allocations from companies in the H&D International Group of EUR 0.6 million.

Income from profit and loss transfer agreements with subsidiaries increased by EUR 0.4 million to EUR 1.5 million (previous year EUR 1.1 million). In contrast, **income from investments** decreased by EUR 0.09 million to EUR 0.0 million (previous year: EUR 0.09 million). Overall, this resulted in an **ordinary result** of EUR 0.4 million (previous year EUR 0.7 million).

In particular due to loss transfers of EUR 2.4 million (previous year EUR 2.8 million) from SAVs concluded with subsidiaries, the **net loss for the year** is EUR -1.8 million (previous year EUR -3.7 million), contrary to the annual loss of EUR -2.0 million forecast in the previous year.

2.2.2 Financial position

In addition to equity capital, the company also has access to liquid funds provided by the parent company, HCL Technologies Germany GmbH, **for financing purposes.**

In comparison to the previous year, the equity ratio (**equity/total assets**) has decreased despite this year's allocation to the capital reserve of due to this year's net loss for the year, the net income for the year of EUR 2.0 million was reduced by 3.1 percentage points to 42.3% (previous year 45.4%).

Equity increased by EUR 0.2 million to EUR 11.2 million (previous year: EUR 11.0 million) following the reclassification of borrowings as equity and the accumulated loss. We classify the equity base as good.

Liabilities increased by EUR 2.1 million to EUR 14.7 million (previous year EUR 12.6 million).

Liabilities in the amount of EUR 14.7 million are of a short-term nature and serve to refinance current assets. The largest items are liabilities to affiliated companies in the amount of EUR 9.2 million (previous year EUR 5.0 million), resulting from the exchange of services with subsidiaries. In addition, there are current liabilities to the shareholder of EUR 4.2 million (previous year: EUR 6.1 million).

EUR 0.22 million (previous year EUR 0.41 million) relates to trade payables. Other liabilities in the amount of EUR 1.0 million (previous year: EUR 1.1 million) are mainly taxes.

The following condensed **cash flow statement in** accordance with the principles of German Accounting Standard No. 21 (DRS 21) shows the development of liquidity:

	2019 EUR mil- lion	Previous year EUR million
Cash earnings according to DVFA/SG	-1,6	-3,3
operating cash flow	-1,4	7,4
Cash flow from investing activity	0,1	4,9
Cash flow from financing activities	1,9	6,5
Cash-effective changes	0,6	18,7
Cash and cash equivalents at the beginning of the period	4,9	-13,8
Cash and cash equivalents at the end of the period	5,5	4,9

It should be noted that **cash earnings** have fallen to EUR - 1.6 million due to the clearly negative result.

In particular, the decrease in current provisions by EUR 0.04 million and the simultaneous increase in inventories, receivables and other assets and other assets not attributable to investment or financing activities by EUR 1.9 million, as well as the simultaneous increase in trade payables and other liabilities not attributable to investing or financing activities of EUR 2.1 million and the profits from the disposal of fixed assets of EUR 0.03 million led to a negative **cash flow from operating activities** of EUR 1.4 million.

Outgoing payments for investments in fixed assets in the amount of EUR 0.003 million with simultaneous incoming payments from the disposal of tangible fixed assets lead to a positive **cash flow from investment activities** of EUR 0.1 million.

Interest paid of EUR 0.1 million and payments received from equity contributions from former shareholders in the amount of EUR 2.0 million resulted in a positive **cash flow from financing activities** of EUR 1.9 million.

This results in cash changes in cash and cash equivalents of EUR 0.6 million, so that these amounted to EUR 5.5 million at the end of the period.

Working capital (current assets less current liabilities) developed positively year-on-year to EUR 4.5 million (previous year: EUR 4.2 million) due to the increase in current assets and a smaller increase in current liabilities despite the loss situation.

Liquidity is controlled within the framework of central cash management (cash pooling). Short-term liquidity requirements are met by short-term loans from the subgroup parent.

2.3 Financial position

Fixed assets continue to consist primarily of financial assets.

Intangible assets include an intangible asset "Concept developments in the service desk and shop floor" acquired from German subsidiaries for a consideration of EUR 0.4 million (previous year EUR 0.5 million). This is amortised on a straight-line basis over the planned useful life of 5 years.

Scheduled depreciation (EUR 0.2 million) reduced **property, plant and equipment** by EUR 0.1 million to EUR 0.1 million (previous year EUR 0.2 million).

Financial assets, consisting of shares in affiliated companies, remained at the previous year's level of EUR 5.4 million (previous year EUR 5.4 million).

With sunk sales, **current assets** increased by EUR 2.5 million to EUR 20.5 million (previous year EUR 18.0 million). In particular, the increase in receivables by EUR 3.0 million to EUR 14.6 million (previous year EUR 11.6 million) and the increase in bank balances by EUR 0.6 million to EUR 5.5 million (previous year EUR 4.9 million), with a corresponding reduction in inventories by EUR 1.0 million to EUR 0.4 million (previous year EUR 1.0 million). EUR 1.4 million contributed to this development.

2.4 General statement on the situation of the company

Overall, we still assess the situation of H&D as good. This assessment also applies to the overall course of business in 2019. The declining sales volume figures of our main customer in China, the ongoing discussions about US tariffs on car exports and the sale of a part of the business in the second half of 2019 have had an impact on the development of earnings.

A decline in revenues of EUR 4.4 million led to a loss of EUR 1.8 million (previous year: loss of EUR 3.7 million), taking into account income from profit transfer agreements of EUR 1.5 million (previous year: EUR 1.1 million) and the simultaneous assumption of losses from SAVs of EUR 2.4 million (previous year: EUR 2.8 million).

The net loss for the year will be absorbed by the available equity. The equity ratio of 45.4% in the previous year fell to 42.3%, which is still a good 42.3% and leads to an overall still good assessment of the company's situation.

On balance, as in the previous year, the company is free of debt. Short-term liabilities total EUR 15.2 million (previous year EUR 13.2 million). These are offset by recoverable current assets totaling EUR 20.5 million (previous year: EUR 18.0 million).

3. Forecast, opportunities and risk report

3.1 Risk Report

The CEO (Chief Executive Officer) is responsible for risk management together with the risk manager. In monthly meetings - weekly if required - the operating directors report on all projects. Any disruptions in the projects or emerging risks are detected here at an early stage and suitable countermeasures are initiated and reports are submitted on control measures already taken.

The high share of sales with only one customer continues to represent a cluster risk for H&D. A default of this customer could also lead to massive default risks within H&D. The management of H&D does not currently assume a default of this main customer. The operative management is endeavouring to reduce the dependency on a customer, in which a closer cooperation in projects of the HCL group is aimed at. Thereby it should be possible to become active together with HCL in larger projects with other customers.

Another risk whose economic impact cannot be quantified at present is the global outbreak of the coronavirus epidemic. Due to the global supply chains, it must currently be assumed that these will be interrupted at least temporarily and come to a standstill, with consequences for the development of the global economy. As a traditionally strong export nation, Germany will be affected by this development to a not irrelevant extent. Our main customer generates around 1/3 of its sales in China, where the outbreak of the coronavirus has already caused automobile sales to collapse. It can be assumed that other sales markets will also be affected. This will increase the already high cost pressure on car manufacturers and it can be expected that this will be passed on to suppliers. This will have an impact on the development of sales and margins, which could not only endanger jobs, but also prevent or delay future investments. It remains to be seen to what extent the negative effects of the coronavirus epidemic in Germany will materialise completely and, in the worst case, result in a recession.

Taking into account the above comments, no **liquidity and default risks** are currently apparent. The liquidity required for business operations is now provided indirectly via HCL and monitored by H&D. Any delays in payment by customers can thus be bridged without restrictions.

All receivables are monitored centrally as part of an open item list (OP list) that is updated daily. At weekly intervals, all managing directors receive a list of open receivables and their due dates. Individual items that threaten to become overdue are specially marked. The responsible managers and directors are obliged to follow up on these receivables directly with the customer and request payment.

Taking into account the above-mentioned points, the overall risk situation of Hönigsberg & Düvel Datentechnik GmbH is classified by the management as controllable.

Nevertheless, due to the focus on one client and an assessment of the risks associated with the coronavirus epidemic, it is difficult for the company to make a reliable assessment. At present, however, it is assumed that the risks are manageable and that they will not endanger the continued existence of the company in the long term, even through its integration into the HCL Group. Management assumes that Hönigsberg & Düvel Datentechnik GmbH will continue to operate successfully on the market in the future. In this respect, the company is assumed to continue as a going concern at the time this management report was prepared.

3.2 Opportunities Report

H&D's **opportunities** for the next few years lie primarily in the possibility of fully integrating HCL's processes and tools into its structures and making them available to H&D customers. Special attention is paid to the use of the "Mode 1-2-3 Strategy" of HCL.

Mode 1: Core services

Under Mode 1, core services are provided in the areas of application development, infrastructure, business process optimization and engineering services/R&D. HCL scales and orchestrates its DRYiCE autonomous technologies to transform its customers' business and IT landscape and make it leaner and more efficient.

Mode 2: Next generation services

Under Mode 2, experience-centered and result-oriented offerings are developed in the areas of Digital & Analytics, IoT Works TM, Cloud Native, Services and Cyber Security & GRC (Governance risk and compliance) services.

Mode 3: Products and platforms

The development and introduction of innovative IP-oriented partnerships will be facilitated, with specific opportunities for the next generation being sought. Mode 3 includes HCL's external IP partnership with IBM, which now extends to over half a dozen products.

However, to be able to use all modes in the customer's interest, it still takes some time and can only be implemented step by step after full integration into the HCL world. Until then, the H&D business model built up over 20 years will be continued.

3.3 Forecast report

Taking the above-mentioned factors into account, management expects revenues to decline to EUR 54.0 million in fiscal year 2020 (previous year EUR 58.5 million). In view of the risks influencing automobile sales, especially from the effects of the coronavirus epidemic, the economic downturn in China, but also in Germany, which is expected to lead to further cost pressure, also for H&D's main customer, a continued negative result of EUR 3.0 million is expected for fiscal year 2020, which will be offset by the high level of equity.

Due to the completed takeover by HCL Technologies Germany GmbH and the ongoing integration into the HCL Technologies Group, which is expected to be completed in the next two years, valid planning for the 2021 financial year is not possible. However, due to the ever closer integration with and integration into the HCL Technologies Group and the associated synergies, the management of H&D expects at least stable to slightly rising sales combined with a balanced result, as the expected cost reductions from the integration should take effect.

4. Declaration on corporate governance

We have not set any target figures or deadlines with regard to the quota of women.

Wolfsburg, 9 March 2020

Hönigsberg & Düvel Data Technology

Andreas Lehmann

Alok Roy

Shiv Kumar Walia

Management

Hönigsberg & Düvel Data TechnologyWolfsburg**Legal bases****1. Legal conditions****1.1. General**

Name of the company:	Hönigsberg & Düvel Datentechnik GmbH
Registered office:	Wolfsburg
Legal form:	Gesellschaft mit beschränkter Haftung limited [German limited liability company]
Commercial register:	The company is registered with the commercial register kept by the local court in Brunswick under the number HRB 100376.
Company agreement:	The company agreement dates 7 August 1998, latest changes were made in § 4 by resolution of the shareholders' meeting on 26 July 2018.
Object of the company:	<p>Pursuant to section 2 of the company agreement, the object of the company is general EDP services, development and distribution of hardware and software as well as the implementation of EDP projects as general contractor. The company may conduct all business that directly or indirectly serves the purpose of the company. It is entitled to transfer the tasks incumbent upon it to third parties.</p> <p>The company is entitled to establish branches at home and abroad. The company is authorized to conclude inter-company agreements with other companies - also with profit exclusion.</p>

share capital and

Shareholder: The share capital of the company is 411,000.00 EUR and is fully paid in. Sole shareholder is HCL Technologies Germany GmbH, Eschborn.

financial year: calendar year

1.2. Bodies of the company

1.2.1. Shareholders' Meeting

A shareholders' meeting was held on 17 September 2019 at which the annual financial statements for 2018 were adopted, the appropriation of profits for 2018 was resolved, the actions of the management board for the 2018 financial year were approved and the auditors for the 2019 financial year were elected.

1.2.2. Management

The composition of the Management Board can be found in the Notes (**Appendix 3**).

1.2.3. Advisory Council

By resolution of the shareholders' meeting on February 4, 2002, the company has an advisory board. The advisory board has the task of advising the management. The members of the Advisory Board are elected by the Shareholders' Meeting until the end of the Shareholders' Meeting which decides on their discharge for the second business year after their term of office. This does not include the financial year in which the members take up their office. The advisory board meetings shall be held as required and in the presence of the management spokesman or a deputy.

The Advisory Board constitutes a quorum if at least half of its members are present and decides by a majority of the votes of the members present. The Advisory Board was not active in the 2019 financial year.

The composition of the Advisory Council is set out in the Annex (**Appendix 3**).

2. Tax bases

Tax number: 19/206/03511

Tax office: Gifhorn

Tax group [Organschaft]: A tax group for corporation tax, trade tax and VAT purposes exists with

H & D IT Automotive Services GmbH, Wolfsburg

H & D IT Professional Services GmbH, Wolfsburg

H & D Training and Consulting GmbH, Wolfsburg

H&D IT Solutions GmbH, Wolfsburg

H&D Business Services GmbH, Wolfsburg

CATIS GmbH, Wolfsburg

H&D International GmbH, Wolfsburg

H&D ITAS Infrastructure Services GmbH, Wolfsburg

H&D ITAS Client Services GmbH, Wolfsburg

H&D ITAS Application Services GmbH, Wolfsburg

H&D ITAS South GmbH, Ingolstadt

CA Management Services GmbH, Wolfsburg

H&D Services for Engineering GmbH, Wolfsburg

A tax group for VAT purposes exists with qmo-it GmbH, Gifhorn.

Tax audit: The last tax audit and the last wage tax audit covered the periods 2013 until 2015.

General Engagement Terms

for

Wirtschaftsprüfer and 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.

Special Terms of Engagement
PKF FASSELLT SCHLAGE Partnerschaft mbB
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte

Preamble

These Special Terms of Engagement of PKF FASSELLT SCHLAGE Partnerschaft mbB Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Rechtsanwälte (hereinafter referred to as PKF) modify the General Terms of Engagement for Auditors and Auditing Companies published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors Incorporated Association) dated January 1, 2017 (IDW AAB).

For reasons relating to the law governing our profession, PKF modifies the liability provisions included in the IDW AAB (General Terms of Engagement) for services to which neither a statutory nor an individual contractual limitation of liability applies in that the maximum liability amount is increased in favour of the clients to EUR 10 million for single losses or EUR 12.5 million for serial losses and the liability criterion is widened to include simple negligence.

For that purpose, Item 9. "Liability" of the IDW AAB (General Terms of Engagement) is removed and replaced by the following provisions:

PKF's liability

(1) For public accountant services prescribed by law, in particular audits, the statutory limitations of liability to be applied in each case shall apply, in particular the Limitation of Liability of Art. 323 para. 2 of the German Commercial Code (HGB).

(2) To the extent that no statutory limitation of liability applies and no individual contractual limitation of liability exists, PKF's liability for all kinds of claims for damages, with the exception of claims from injury to life, limb or health as well as from damage/loss which justify the manufacturer's liability to pay damages according to Art. 1 of the German Product Liability Act (ProdHaftG), in the case of an individual event of damage/loss caused by simple negligence acc. to Art. 52 para. 1 No. 2 of the German Federal Lawyers' Act (BRAO), shall be limited to **EUR 10 million**.

(3) PKF shall be entitled to pleas and objections from the contractual relationship with the client also in relation to third parties.

(4) If several claimants derive claims under the existing contractual relationship with PKF from a breach of duty by PKF caused by simple negligence, the maximum amount stated in para. 2 shall apply to the claims in question of all claimants in total.

(5) An individual case of damage or loss within the meaning of para. 2 is also deemed to exist with regard to damage or loss originating from several breaches of duty. The individual case of damage/loss comprises all the consequences of a breach of duty regardless of whether damage or loss occurred in one or several consecutive years. At the same time, repeated action or omission based on the same or similar source of error is deemed to be a uniform breach of duty if the matters concerned are legally or economically related to one another. In this case, claims can be made against PKF only up to an amount of **EUR 12.5 million**. The limitation to five times the minimum insurance cover does not apply in the case of legally required mandatory audits.

(6) A claim for damages expires unless within six months of the written refusal of acceptance of the indemnity an action is brought and the client's attention has been drawn to this consequence. This does not apply to claims for damages attributable to intent, and also not in the case of culpable injury to life, limb or health and in the case of damage/loss justifying a liability to pay damages on the part of the manufacturer according to Art. 1 of the German Product Liability Act (ProdHaftG). The right to claim the plea of the statute of limitations shall remain unaffected.