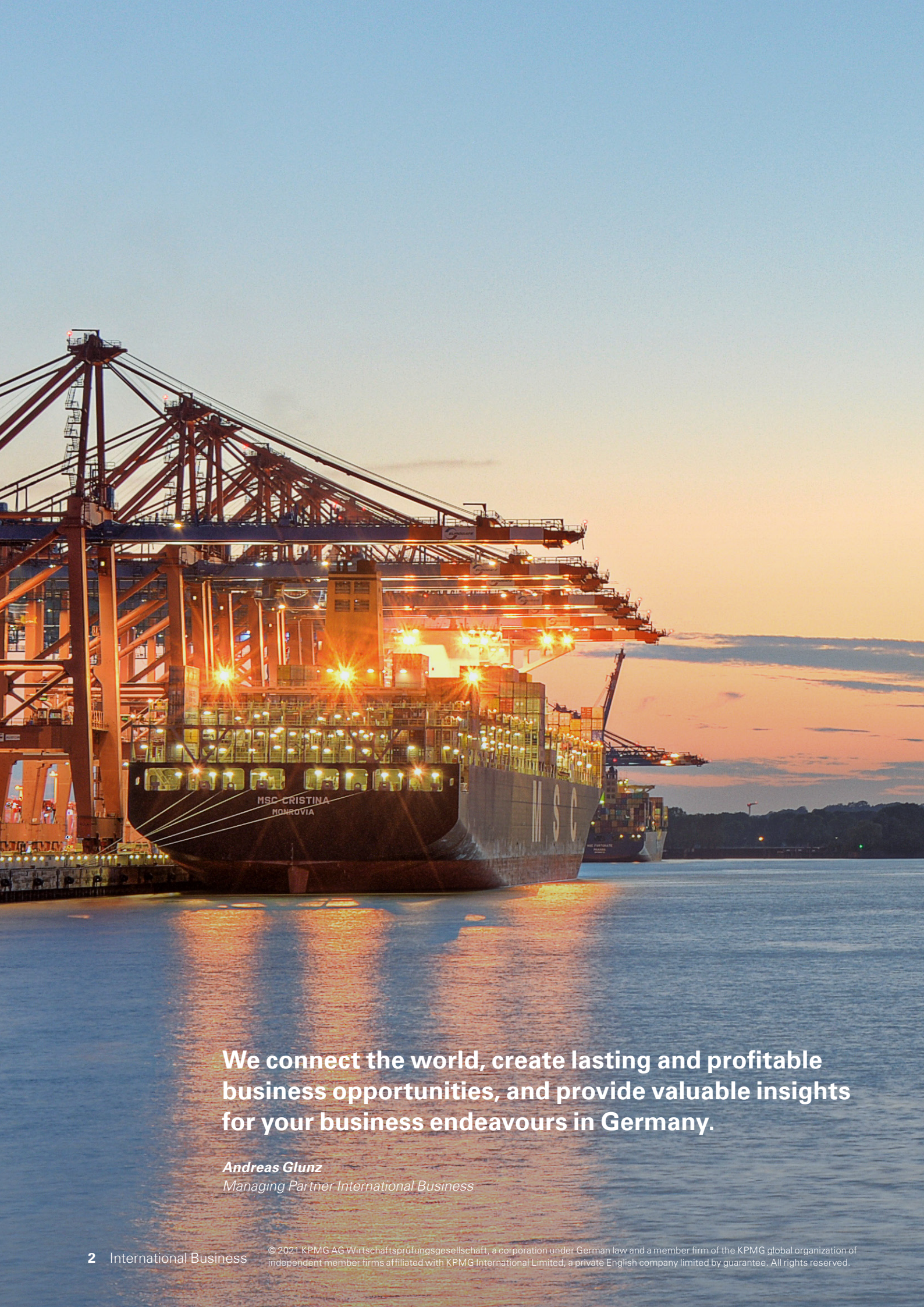




Gateway to Germany

**Experienced and highly focused
specialists for your cross-border
expansion to Germany**

November 2021



We connect the world, create lasting and profitable business opportunities, and provide valuable insights for your business endeavours in Germany.

Andreas Glunz
Managing Partner International Business

Your activities in Germany

Regardless of whether you are a seasoned investor with well-established foreign operations or embarking on your first foray into an international environment, you have one expectation in common: your advisors must not only understand the local environment in which you operate but also your home country environment and cultural underpinnings.

Germany is one of the top destinations for foreign direct investment (FDI) worldwide and for establishing new businesses – according to Eurostat, there are over 26,000 foreign affiliates operating in Germany. With a strong domestic market, a central position in Europe, and as the world's third largest exporter and importer, Germany has a unique market position, strengthened by a strong FDI track record and activities across all sectors.

To fully harness the benefits of being a global investor in Germany, you need to understand local market dynamics as well as the competitive environment in which you operate. Germany has a prospering startup scene focusing on sustainability and artificial intelligence. The upshot of this is outstanding opportunities for greenfield and venture capital investments. Nearly half of all hidden champions – relatively unknown world market leaders in niche markets – are located in Germany. The business landscape is characterised by its unique "Mittelstand" – embracing an extremely high number of SMEs and family businesses in Germany. For all these country-specific issues you need a partner with in-depth local understanding and a global reach – KPMG in Germany's International Business experts.

All our International Business experts in Germany specialise in a specific country corridor. Our specialists work day-to-day on engagements in that corridor and are therefore closely

linked to the KPMG member firm in your home country. They closely monitor developments in Germany and are familiar with market specifics. Through regular stays in your home country, they are able to provide you with direct, first-hand insights and they are well-acquainted with economic and cultural differences

Today, we have more than 30 corridors with over 100 partners in place at KPMG in Germany, with a particular focus on business with the USA, UK, Japan, China, France, the Netherlands, Switzerland, and Austria.

Moreover, we regularly publish topical studies on bilateral market analysis and keep you up to date with our country-specific newsletters.

Yours faithfully,



Andreas Glunz
Managing Partner
International Business

ABOUT KPMG IN GERMANY



12,500
employees
in 26 locations



1.93
bn euros
in sales during 2020



146
countries & territories
and 227,000 employees are part
of the global KPMG network



Welcome to Germany – We are by your side

Are you looking for profitable investment opportunities? You want to expand your research and development in one of the most innovative countries worldwide? Are you searching for business opportunities and new partners? No matter what ambitions you have for entering the German market, we are by your side. As a loyal and reliable partner, we help you with our expert staff and many years of experience in business consulting, tax, audit, law and deal advisory.

Germany is considered to be a promising market and often serves as the gateway to Europe and the European Union. In addition, the stable political environment as well as excellent business location conditions form an optimum basis for companies. High-ranking German universities and state subsidies drive progress and innovation. Consequently, it is not surprising that sustainable technologies, the mobility of the future, hydrogen infrastructure projects, digital innovations and numerous other future technologies bear the label “Made in Germany”.

We can support you to position in the German market, to build up your company and to distribute your products and services to the appropriate target group.

On the following pages we offer an overview of our services and our highly qualified representatives – you are welcome to contact us at any time.

Our expertise – Your benefit

AUDIT

Audit consists of our Attestation and Finance & Governance Advisory service lines. The focus of Attestation is the audit of annual and consolidated financial statements. We are committed to delivering consistently high quality audits, supported by technology and the expertise of our people. Together, these drivers enable us to respond with agility and engage meaningfully with all stakeholders. Through this, KPMG is leader in driving the future of audit.

Our specialists in Finance & Governance Advisory provide accounting and financial reporting advice to clients on a wide range of transactions and events. From adherence to new or revised accounting standards and the effective management of financial reporting processes; to support during an IPO and advice on pre and post deal reporting and integration/separation strategies. They also help to identify risks and opportunities, giving our clients the confidence to make decisions for the future of their company, especially with regard to internal audit, compliance management, forensics, and sustainability management.



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DEAL ADVISORY

Deal Advisory provides support for all aspects of a transaction or restructuring – comprehensively and always focused on value. Whether M&A, due diligence support, valuation, debt advisory, integration & separation, performance management, strategic target search or IPO advisory, our specialists focus on feasible measures, measurable success, and the long-term perspective. In this way we help our clients to make the right decisions and realise value potential.



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TAX

Tax legislation changes as rapidly as the business environment. Tax Services is prepared for this: whether for groups, SMEs or private individuals, we offer made-to-measure tax advisory services. Our experts at KPMG offices throughout Germany are extremely well-acquainted with the national framework. At the same time, we can assist our clients worldwide thanks to our integration in the international KPMG network.



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CONSULTING

Our Consulting specialists work with recognised process and technology knowledge. They support our clients with integrated solutions for financial processes, purchasing and supply-chain optimisation, monitoring and control tasks, ERP implementation, and also deal with issues around regulation and digitalisation. Naturally this involves using all potential options from business intelligence and data analytics. To ensure that everything runs smoothly, the development of security solutions completes our range of services.



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LAW^(a)

360° legal support for your success: Our legal experts at KPMG Law have comprehensive experience in advising international clients and are trained to help you make the right decisions in a focused, pragmatic, and tailor-made manner. Whether you require assistance on legal due diligence and SPA negotiations or wish to implement cross-border tax optimisation or legal entity reduction programme, solve compliance issues and avoid sanctions (e.g. in the fields of antitrust, data protection, foreign trade law), manage your global entities successfully and set up an efficient contract management system, optimise your HR landscape, meet global immigration challenges or simply enter the German market to expand your business – with more than 300 specialised lawyers in Germany and some 3,000 lawyers in 89 countries worldwide, the international team at KPMG Law facilitates your business ideas and ensures proper legal structuring and documentation, thereby closely aligning with associated KPMG services.



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^(a) Legal services are provided by KPMG Law Rechtsanwaltsgesellschaft mbH.

Challenges? We say opportunities...

Every business stage has its very own challenges and requires bespoke formulation of targets and solutions. Our Audit, Tax, Deal Advisory, Law and Consulting experts offer tailored solutions and in-depth industry expertise, along with comprehensive legal^(a) advice in nearly all areas of business law. If your business is at the startup stage, there are completely different decisions to be made than if you want to divest your company. The International Business experts at KPMG in Germany distinguish themselves precisely

THE ASPIRATION TO BLOOM EXPANSION AND GROWTH

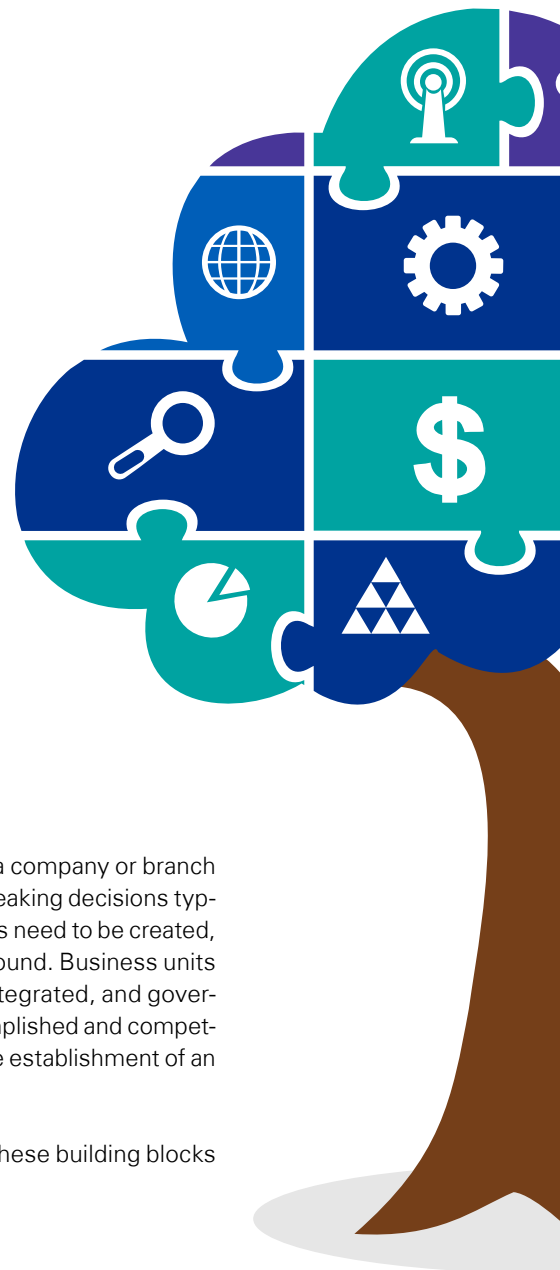
Once the foundation for further growth has been laid, companies face entirely new challenges in their growth phase. Is there a central M&A and investment strategy? And what about the optimisation of corporate processes and cash flows? Are digital technologies and core competencies being used sufficiently?

In this phase, it is crucial to optimise processes and to grow nationally as well as internationally. Risks need to be managed, monitoring and compliance must be ensured at all times and corporate departments such as purchasing or sales need to be developed further on an ongoing basis. Profits need to be taxed and capital must be properly reinvested. Regardless of the size of your company, there are numerous parameters that contribute to the success of your business.

STARTING FROM A GREENFIELD SETTING UP NEWCO

There are numerous aspects to consider when establishing a company or branch office. In addition to the legal modalities, numerous groundbreaking decisions typically have to be made in this phase of the company. Structures need to be created, strategies developed, and a functioning business approach found. Business units and value chains need to be built and aligned, IT systems integrated, and governance structures defined. Market positioning has to be accomplished and competitors have to be observed or even taken over. Furthermore, the establishment of an advanced audit and tax system are major challenges.

And what is the actual situation regarding your funding? All these building blocks form the basis for your successful and long-term growth.



through their flexibility. We offer you expedient knowledge built over years of experience through every stage of the business cycle. We understand your perspective, whichever your company's investment stage your company. Using our language skills and cultural background knowledge in addition to our professional expertise, we are able to advise you thoroughly and stand beside you at every business stage. We provide investors with competent support in all phases of the investment process.



CHANGING THE PATH RESTRUCTURING AND REALIGNMENT

In a rapidly changing economy, continuous assessment of business activities is essential. Whether pursuing a market return strategy, restructuring, turnaround or closure, possible strategies and potential risks should be identified at an early stage. At the same time, the expectations of stakeholders and shareholders must always be considered. Legal implications as well as regulatory and operational obligations must also be taken into account. Analyses and forecasts can help to steer the company in a targeted manner and evaluate potential alternative courses of action.

There may be government support programs for restructuring, or sale of the company may be an option. A withdrawal from business activities does not necessarily mean the failure of the company but can be understood as an essential part of the strategy. This results in new opportunities, lean structures or completely new perspectives.

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An aerial photograph of a two-lane asphalt road that curves through a lush, green forest. The road has white dashed lane markings and a solid yellow center line. A white truck is visible in the distance on the road. The surrounding trees are dense and vibrant green.

We know where you're coming from

With a multitude of corridors established in Germany, local expert knowledge can be found on every continent.

We know your culture

Our experts have work experience abroad and know how to deal with cultural differences. With our open-minded and unbiased view, we build trust and create perfect solutions for all your concerns.

We know your country's customs

Depending on your nationality and business approach, the way your organisation is structured and managed can be very different. Through cross-border cooperation between KPMG in Germany and KPMG in other countries there is a continuous exchange of knowledge so local expertise can be used accordingly.

We know your language

The corridors in Germany offer bilingual employees who are active in the given country as well as closely linked to the countries where you're coming from or where you want to locate your business activity.

We know your specific needs

With our global expertise and countless successfully managed business cases we know how to create value and solve client issues. Moreover, KPMG global practices cooperate closely, providing a worldwide network with in-depth knowledge of individual countries. We have a network of global partners, managers and employees with extensive international expertise.

In the following we introduce our country practice experts who are looking forward to your request. Please feel free to contact any of the following corridor heads if you have any questions or you are interested in our services.

KPMG professionals recognize that the key to delivering exceptional, highly valued service is to understand each clients' unique perspectives, expectations and cultural underpinnings.

*- Warren Marine,
Partner, Audit, USA Country Practice Head*

America – The powerhouse

Both long-standing trade relations and cultural similarities shape the investment climate between Germany and the USA.

The United States is the leading source of non-European foreign investment in Germany. For instance, in 2019 US direct investments in Germany were \$148 billion, an increase of 8% from 2018. From the other perspective, the direct investment position from Germany in the United States was \$373 billion, an increase of 14% from 2018. Beyond that almost 30% of all German foreign direct investments (FDI) are destined for the United States, making the USA the most popular investment destination for Germans. In turn, about 10% of US outward FDI is destined for Germany.

Our German-American Business Outlook 2021 offers more information on bilateral economic relations, future expectations and trends of companies in this trade zone. Key findings are that most of the surveyed companies (92%) expect their business to grow and that business is profitable even in uncertain times.



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Europe – United in diversity

The European Union is not only one of the biggest business regions in the world but also a hub for creativity, education and wealth.

With a gross domestic product of over 3.3 trillion euros, the German economy was by far the largest in Europe in 2020. The similar sized economies of the United Kingdom and France were the second and third largest economies in Europe. Despite globalisation, German companies still do most of their business with neighbouring European countries. Around 70 percent of German imports and exports are to or from Europe. Less than 20 percent is destined for or originates from Asia.

The European community is shaped by transformation and progression. For instance, Brexit has a major influence on all European countries. In our German-British Business Outlook 2021 and Survey: The grave consequences of Brexit, we analysed the effects of the UK's exit from the EU and provided recommendations for action for affected companies. Key findings are that more than half of the companies (64 percent) expect their net sales to fall due to Brexit. They expect this in tandem with higher administrative expenses (78 percent), higher logistics costs (70 percent) and rising customs duties (68 percent).



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Middle East | Africa | Russia – Delivering the energy of tomorrow

Energy supply, hydrogen technology and giant infrastructure projects are characteristics of this region – which is consistently gaining in prominence.

The stability of the EU's energy supply is dependent on imports from various partners. In 2019, almost two thirds of the extra-EU's crude oil imports came from Russia (27%), Iraq (9%), Nigeria and Saudi Arabia (both 8%).

Looking at trade from the other direction, the United Arab Emirates (UAE) is Germany's largest trading partner in the region. Moreover, UAE is the third most important market for German companies in this region. In 2020 alone, the bilateral volume of trade counted 7.5 billion euro. The most important markets in the region are Turkey and Saudi Arabia, which are of equal importance for German companies. The entire Middle East region and Africa is playing a central role as growth markets, so that reciprocal investments offer promising opportunities.



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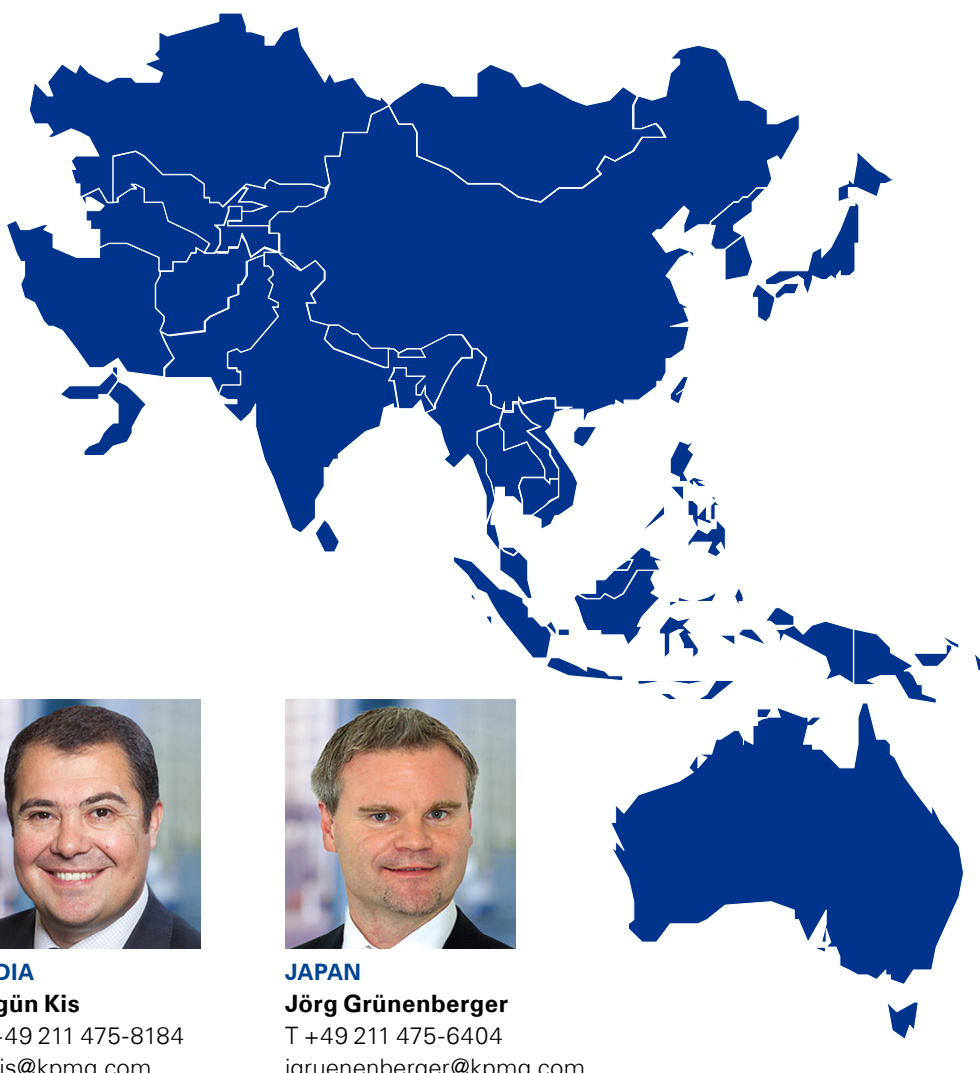
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Asia | Oceania - Poised for growth

Population growth, economic growth and wealth growth, the signs in the Asian region point in just one direction.

In mid-November 2020, 15 countries from the Asia-Pacific region (including Australia, China, Japan, Singapore, South Korea and New Zealand) signed the Regional Comprehensive Economic Partnership (RCEP). In terms of population, the RCEP constitutes the largest free trade zone in the world. 2.2 billion people live in the 15 countries that are now joining forces. Together, they account for 29 percent of the world's trade volume. This is slightly less than that of the European Union (EU), whose states together account for 33 percent.

China is a key investment destination for German companies, as the Business Confidence Survey 2020/2021 shows. Despite the slump in revenues associated with Covid-19 in the first half of 2020, 39% of surveyed German companies in China succeeded in increasing sales and 42% in increasing profits in 2020. India is also a growth engine and is becoming increasingly important for geopolitical and economic issues, as we see in our German Indian Business Outlook 2021. Reciprocal economic relations with Germany offer opportunities for both sides. For example, investments to Germany could enable a transfer of knowledge, and relations with Asia could in turn bring new sales opportunities.



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More on the topic

KPMG International Business is devoted to helping investors and business decision-makers understand the impact of regulatory as well as political change on risks and opportunities in foreign markets with a particular focus on Germany as business location.

In this regard we regularly develop thought leadership, surveys, and analysis, as well as online courses and webinars covering a wide range of topics around foreign markets, industries, technology and regulatory change. Today's geopolitical environment is increasingly complex, with risks coming at an accelerated pace as the world order undergoes significant change. It has never been more important for business decision-makers and investors to incorporate geopolitical risk management strategies into their strategies to spot the opportunities and manage the risks that politics creates — and to lead their organizations through turbulent times.

On the following pages please find a small sample of recent publications and newsletters we have issued in English language. There is more if you click....

- Newsletters
- Thought leadership
- Online courses and webinars



Made in Germany around the world

We survey companies on current issues in the world's six largest business locations. The focus of our studies revolves around Germany as a business location or German companies abroad.



Business Destination Germany 2022

International companies highly value Germany as a business location, but they also see a high investment backlog.



German Indian Business Outlook 2021

German business expects a profitable 2021 and looks optimistically to India.



German Business in China

Survey by KPMG and the German Chambers of Commerce in China shows German companies continue to view China as key investment destination.



German American Business Outlook

German companies remain on growth track in the USA despite Corona pandemic.



German British Business Outlook 2021

Future expectations of German and British companies in the era of Brexit and Covid-19.



German Business in Japan 2021

The vast majority of German companies see Japan as an anchor of stability in uncertain times, destination.

Megatrends of tomorrow

KPMG can provide an informed perspective on issues faced by the global business community.



CEO Outlook 2021

CEOs are confident in the growth prospects of their company and the global economy in general.



The pathway to green shipping

The industry's greenhouse gas emissions are expected to fall by 50 per cent by 2050. Our study describes challenges and options for shipping companies.



Where to manufacture?

Many manufacturers are asking whether their current production footprint is still optimal in the context of the new reality.



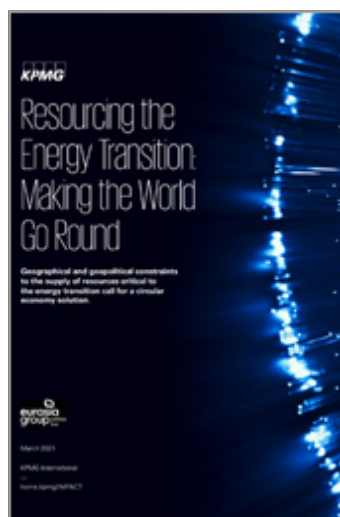
The green deal

What the EU regulations on recycling mean for the waste and plastics industry.



Media Deal Review

M&A, Funding, Valuation of media companies in 2020.



Whitepaper – Resourcing the Energy Transition

Making the world go round – A net-zero world is dependent upon renewable energies to replace traditional power sources.

Don't miss a thing – Our newsletters



Business in Germany

You are interested in the German market-place and would like to know more about Germany as a business location? What are the challenges when doing business in Europe's largest economy and which opportunities does Germany provide going forward?



China Newsletter

Global analysis of the cost of doing business. Receive the latest news, information material and publications on issues regarding the Chinese business market.

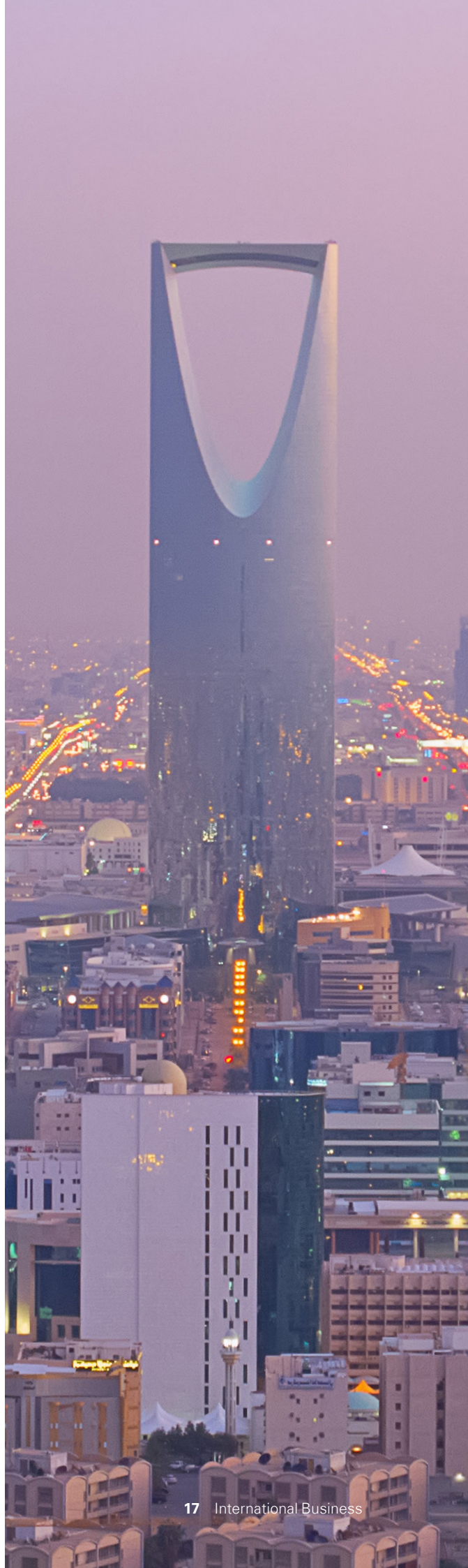


German Newsletter for Japanese Companies

The newsletter regularly provides the latest news on developments and regulations relating to audit, tax, advisory and legal issues. The newsletter is issued in English and Japanese.



**Click here for
all our newsletters!**



Notes

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