

**AW AlgorithmWatch gGmbH, Berlin**

financial statement as at 31.12.2021

Berlin, 8<sup>th</sup> of July, 2022

**[Note: This is a convenience translation of the German original. Solely the original text in the German language is authoritative.]**

## **INDEPENDENT AUDITOR'S REPORT**

To the AW AlgorithmWatch gGmbH, Berlin

### *Audit Opinions*

We have audited the annual financial statements of AW AlgorithmWatch gGmbH, Berlin, which comprise the balance sheet as at december 31<sup>th</sup>, 2021, and the statement of profit and loss for the financial year from january 1<sup>st</sup>,2021 to december 31<sup>th</sup>, 2021 and notes to the financial statements, including the presentation of the recognition and measurement policies.

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 december 31<sup>th</sup>, 2021 and of its financial performance for the financial year from from january 1<sup>st</sup>,2021 to december 31<sup>th</sup>, 2021 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 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.

### *Basis for the Audit Opinions*

We conducted our audit of the annual financial statements in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the 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. 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.

### *Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Management Report*

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

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

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements.

### *Auditor's Responsibilities for the Audit of the Annual Financial Statements*

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.

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.

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, 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements 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 executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements 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.

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.

Berlin, 8<sup>th</sup> of July, 2022

Martina Schmidt-Wirtschaftsprüfung GmbH  
Wirtschaftsprüfungsgesellschaft

Holger Schmidt  
Wirtschaftsprüfer  
[German Public Auditor]

Martina Schmidt  
Wirtschaftsprüferin  
[German Public Auditor]

**AW AlgorithmWatch gGmbH, Berlin**  
**Balance Sheet as at 31.12.2021**

<b>Assets</b>			<b>Liabilities</b>		
	<b>31.12.2021</b>	<b>31.12.2020</b>		<b>31.12.2021</b>	<b>31.12.2020</b>
	€	€		€	€
<b>A. Fixed Assets</b>			<b>A. Shareholders equity</b>		
Equipment	7.189,00	4.756,00	I. Share capital	25.005,00	25.005,00
Investments	0,00	6.597,92	II. Retained earnings brought forward	7.365,00	7.365,00
	<b>7.189,00</b>	<b>11.353,92</b>	III. Net income for the year	11.995,98	0,00
<b>B. Current assets</b>				<b>44.365,98</b>	<b>32.370,00</b>
I. Debtors and other assets			<b>B. Provisions</b>		
1. Recievables from grants	4.271,20	1.578.778,98	Other provisions	<b>7.189,00</b>	<b>11.353,92</b>
- of which with a remaining time of more than 1 year € 0,00 (2020: € 0,00)			<b>C. Provisions</b>		
2. Other assets	7.531,88	146,97	Other provisions	<b>19.441,00</b>	<b>27.027,79</b>
- of which with a remaining time of more than 1 year € 7.047,92 (2020: € 0,00)			<b>D. Creditors</b>		
	11.803,08	1.578.925,95	1. Grants not yet expended	398.617,01	1.934.761,37
II. Cash at bank and in hand	455.684,51	426.758,58	- of which with a remaining time of less than 1 year € 398.617,01 (2020: € 1.934.761,37)		
	<b>467.487,59</b>	<b>2.005.684,53</b>	2. Trade creditors	1.487,50	174,78
			- of which with a remaining time of less than 1 year € 1.487,50 (2020: € 174,78)		
			3. Bank loans and overdraft	1.952,79	2.032,64
			4. Other creditors including taxation and social security	1.623,31	9.317,95
			- of which with a remaining time of less than 1 year € 1.623,31 (2020: € 9.317,95)		
			- of which is taxation		
			€ 1.417,77 (2020: € 9.317,95)		
			- of which is within the framework of social responsibility € 204,54 (2020: € 0,00)		
				<b>403.680,61</b>	<b>1.946.286,74</b>
	<b>474.676,59</b>	<b>2.017.038,45</b>		<b>474.676,59</b>	<b>2.017.038,45</b>

**AW AlgorithmWatch gGmbH, Berlin**  
**Income statement**  
**01.01. - 31.12.2021**

	01.01. - 31.12.2021	01.01. - 31.12.2020
	€	€
1. Revenues	27.382,64	0,00
2. Grants	1.075.051,73	823.843,42
3. Donations	8.219,50	3.583,00
4. Other operating income	36.966,58	17.055,61
	<b>1.147.620,45</b>	<b>844.482,03</b>
5. Staff costs		
a) Wages and salaries	720.788,04	451.779,21
b) Social security, pensions and other benefit costs	136.297,92	76.802,77
	<b>857.085,96</b>	<b>528.581,98</b>
6. Depreciation written off tangible and intangible fixed assets	8.344,28	9.124,73
7. Other operation charges	270.194,23	306.775,32
<b>8. Profit</b>	<b>11.995,98</b>	<b>0,00</b>

## **Appendix to the 2021 financial year**

### **1. General information**

The AW AlgorithmWatch gGmbH based in Berlin (hereinafter also abbreviated to: AW or company) is entered in the commercial register at the district court of Berlin-Charlottenburg under the number HR 186522 B. The company's annual financial statements were prepared on the basis of the accounting and valuation methods of the German Commercial Code. In addition to these regulations, the regulations of the GmbH law were observed. The nature of expense method was chosen for the income statement. The company is a small corporation within the meaning of Section 267 (1) HGB. The size-related simplifications for small corporations were used. The annual financial statements were prepared under the assumption of going concern. In the area of accounting for subsidiaries, the accounting was changed in the 2021 financial year. The binding funding commitments are no longer booked as a receivable. The company now only accounts for the repayment obligations. The rental deposits (T€ 7) will no longer be accounted for as loans but as other assets from the 2021 financial year. The corresponding amount for the loans in the special item for financing fixed assets was reversed.

### **2. Accounting and Valuation Principles**

The following accounting and valuation methods are decisive for the preparation of the annual financial statements: Intangible fixed assets and property, plant and equipment are stated at acquisition cost and, where depreciable, reduced by scheduled depreciation. Scheduled depreciation is carried out on a straight-line basis according to the expected useful life of the assets. Low-value assets with acquisition costs of up to EUR 800.00 are fully depreciated in the year of acquisition and are immediately shown as disposals in the year of acquisition.

Fixed assets developed as follows as of December 31, 2021:

Development of fixed assets as of December 31th, 2021

Fixed Assets	Acquisition costs					Depreciation				Bookvalues	
	01.01. €	Additions €	Disposals €	Transfers €	31.12.2021 €	01.01. €	Additions €	Disposals €	31.12.2021 €	31.12.2021 €	31.12.2020 €
I. Tangible Assets											
Operating and office equipment	5.303,92	10.772,28	6.014,29	0,00	10.061,91	542,92	8.344,28	6.014,29	2.872,91	7.189,00	4.761,00
	5.303,92	10.772,28	6.014,29	0,00	10.061,91	542,92	8.344,28	6.014,29	2.872,91	7.189,00	4.761,00
II. Financial investments											
other loans	6.597,92	0,00	6.597,92	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6.597,92
	6.597,92	0,00	6.597,92	0,00	0,00	0,00	0,00	0,00	0,00	0,00	6.597,92
	11.901,84	10.772,28	12.612,21	0,00	10.061,91	542,92	8.344,28	6.014,29	2.872,91	7.189,00	11.358,92



Receivables and other assets are stated at their nominal value and valued taking all identifiable risks into account.

Bank balances are stated at their nominal value.

Granted investment grants from the public sector are shown as "special items for the financing of fixed assets". The classification scheme of Section 266 (2) HGB was supplemented accordingly in accordance with Section 265 (4) sentence 2 HGB. The special item is released to income in accordance with the depreciation of the subsidized assets.

Other provisions are formed for all contingent liabilities and are recognized at the settlement amount that is necessary according to prudent business judgement. All recognizable risks were taken into account. Liabilities are recognized at their settlement amount.

### **3. Notes to the balance sheet**

Other assets include receivables with a remaining term of more than one year (rent deposits, EUR 7 thousand). The subscribed capital is EUR 25,005.00 and is fully paid up. The liabilities all have a residual term of up to one year. Collateral was not agreed.

### **4. Notes to the Profit and Loss Account**

The sales essentially relate to a contract research work for the Hans-Böckler-Foundation, Düsseldorf, in the amount of EUR 20,000. The grants and subsidies (TEUR 1,075) were donated by foundations and other non-profit organizations in Germany and abroad as well as federal ministries. The other operating expenses (TEUR 269) relate primarily to fees (TEUR 148) for project activities, room costs (TEUR 29), legal and consulting costs (TEUR 27).

### **5. Other information**

Employees:

The company had an average of 15 employees in the financial year.

Managing Director:

- Matthias Spielkamp, Berlin, journalist

According to Section 286 (4) HGB, the salaries of the managing directors were not disclosed.

Shareholder:

	Face value in €	Share in %
Matthias Spielkamp	12,503,00	50,0
Christina Elmer (since 03/31/2022)	6,251,00	25,0
Lorenz Matzat	6,251,00	25,0
	25,005,00	100,00

Mr. Matzat has sold 50% of his shares to Ms. Elmer.

Supervisory board:

- Dr. Steffen Wenzel, Managing Director, Berlin (Chairman of the Supervisory Board)
- Ms. Sabine Leutheusser-Schnarrenberger, Lawyer, former Federal Minister, Feldafing
- Prof. Dr. LL.M. Katharina de la Durantaye, University Professor, Berlin

The members of the Supervisory Board received no remuneration.

Berlin, June 24, 2022



Matthias Spielkamp

Executive Director