

AW AlgorithmWatch gGmbH, Berlin

financial statement as at 31.12.2023

Berlin, 3rd of May, 2024

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[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 31th, 2023, and the statement of profit and loss for the financial year from january 1st,2023 to december 31th, 2023 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 31th, 2023 and of its financial performance for the financial year from from january 1st,2023 to december 31th, 2023 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 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.

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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.

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- 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, 3th of May, 2024

Martina Schmidt-Wirtschaftsprüfung GmbH
Wirtschaftsprüfungsgesellschaft

Holger Schmidt	Martina Schmidt
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

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AW AlgorithmWatch gmbH, Berlin
Balance Sheet as at 31.12.2023

Assets			Liabilities		
	31.12.2023	31.12.2022		31.12.2023	31.12.2022
	€	€		€	€
A. Fixed Assets			A. Shareholders equity		
Equipment	4.250,00	8.886,00	I. Share capital	25.005,00	25.005,00
Investments	0,00	0,00	II. Retained earnings	273.180,12	29.724,22
	4.250,00	8.886,00	III. Retained Profit	0,00	0,00
B. Current assets				298.185,12	54.729,22
I. Uncompleted services	0,00	3.738,32	B. Special items from grants to finance fixed assets	4.250,00	8.886,00
II. Debtors and other assets			C. Special items from donations not yet used	41.566,55	0,00
1. Receivables from grants	53.574,49	11.644,15	D. Provisions		
- of which with a remaining time of more than 1 year € 0,00 (2020: € 0,00)			Other provisions	29.630,00	19.581,00
2. Other assets	14.079,55	14.417,77	E. Creditors		
- of which with a remaining time of more than 1 year € 7.917,92 (2022: € 7.047,92)			1. Grants not yet expended	986.730,35	1.097.561,73
	67.654,04	29.800,24	- of which with a remaining time of less than 1 year € 986.730,35 (2021: € 1.097.561,73)		
II. Cash at bank and in hand	1.325.851,78	1.150.953,43	2. Trade creditors	22.141,59	7.945,35
	1.393.505,82	1.180.753,67	- of which with a remaining time of less than 1 year € 22.141,59 (2021: € 7.945,35)		
C. Prepaid Exepenses	0,00	775,34	3. Bank loans and overdraft	1.914,27	1.217,20
			4. Other creditors including taxation and social security	13.337,94	494,51
			- of which with a remaining time of less than 1 year € 13.337,94 (2021: € 494,51)		
			- of which is taxation		
			€ 494,51 (2021: € 1.417,77)		
			- of which is within the framework of social responsibility € 0,00 (2021: € 204,54)		
	1.397.755,82	1.190.415,01		1.024.124,15	1.107.218,79
				1.397.755,82	1.190.415,01

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AW AlgorithmWatch gmbH, Berlin
Income statement
01.01. - 31.12.2023

	01.01. - 31.12.2023	01.01. - 31.12.2022
	€	€
1. Revenues	21.061,74	16.101,92
2. Grants	1.757.391,81	1.118.777,59
3. Donations	0,00	59.542,15
4. Other operating income	26.709,81	17.033,00
	1.805.163,36	1.211.454,66
5. Expenses from benefit commitments to third parties		
a) Forwarding of funds	84.438,46	0,00
b) Scholarships	39.600,00	0,00
	124.038,46	0,00
6. Cost of Materials		
a) Cost of purchased services	96.661,90	0,00
7. Staff costs		
a) Wages and salaries	846.951,29	774.926,40
b) Social security, pensions and other benefit costs	175.720,93	142.067,59
	1.022.672,22	916.993,99
8. Depreciation written off tangible and intangible fixed assets	9.811,96	10.548,51
9. Other operation charges	308.522,92	273.548,92
10. Profit	243.455,90	10.363,24

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AW AlgorithmWatch gGmbH, Berlin

Notes to the financial year 2023

1. general information

AW AlgorithmWatch gGmbH, based in Berlin (hereinafter also referred to as AW or the company), is entered in the commercial register at the Berlin-Charlottenburg Local Court 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 (HGB) in accordance with Section 242 et seq. HGB. In addition to these regulations, the provisions of the German Limited Liability Companies Act (GmbH-Gesetz) were observed. The total cost method was selected for the income statement. The company is a small corporation within the meaning of Section 267 (1) HGB. The size-related exemptions for small corporations have been utilised.

The income statement is prepared in accordance with Section 275 (2) HGB using the nature of expense method.

The item "Expenses from benefit commitments to third parties" with the sub-items "a) Inter-company transfers" and "b) Scholarships" was newly introduced in the financial year in accordance with Section 265 (7) No. 2 HGB to clarify the presentation.

From the financial year under review, fees for project activities (€ 96 thousand; previous year: € 94 thousand) are recognised under the cost of purchased services. In the previous year, these fees were still recognised under other operating expenses.

The conversion of the G/L chart of accounts from DATEV SKR 04 to SKR 42 means that the individual account balances are not comparable with the previous year.

The annual financial statements were prepared on the assumption that the company will continue as a going concern.

2. accounting and valuation principles

The following accounting and valuation methods are used to prepare the annual financial statements:

Intangible fixed assets and property, plant and equipment are recognised at cost and, if depreciable, reduced by scheduled depreciation and amortisation. Scheduled amortisation and depreciation is carried out on a straight-line basis over the expected useful life of the assets. Low-value assets with acquisition costs of up to EUR 800.00 are written off in full in the year of acquisition and are immediately recognised as disposals in the year of acquisition.

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Fixed assets developed as follows as at 31 December 2023:

Fixed Assets	Acquisition costs					Depreciation				Bookvalues	
	01.01.	Additions	Disposals	Transfers	31.12.2023	01.01.	Additions	Disposals	31.12.2023	31.12.2023	31.12.2022
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Tangible Assets											
Operating and office equipment	16.275,90	5.175,96	0,00	0,00	21.451,86	7.389,90	9.811,96	0,00	17.201,86	4.250,00	8.886,00
	16.275,90	5.175,96	0,00	0,00	21.451,86	7.389,90	9.811,96	0,00	17.201,86	4.250,00	8.886,00

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Work in progress is recognised at the lower of cost and net realisable value.

Receivables and other assets are recognised at nominal value and measured taking into account all identifiable risks.

Bank balances are recognised at nominal value.

Investment subsidies granted by the public sector are recognised as "special items for financing 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 the income statement in line with the depreciation of the subsidised assets.

In accordance with IDW RS HFA 21, a special item from unused donations was recognised for donations received but not yet used. The donations are donations that have not yet been utilised in accordance with the articles of association and are only recognised in income at the time of use.

Other provisions are formed for all uncertain liabilities and recognised at the settlement amount required according to prudent business judgement. All recognisable risks were taken into account.

Liabilities are recognised at their settlement amount.

3. notes to the balance sheet

The work in progress (EUR 4 thousand) recognised under inventories in the previous year related to project work that was started in December 2022 and completed in February 2023.

Other assets include receivables with remaining terms of more than one year (rent deposits EUR 8 thousand).

The subscribed capital amounts to EUR 25,005.00 and is fully paid in.

Other provisions (EUR 30,000) mainly relate to provisions for holiday credits (EUR 20,000) and provisions for auditing and closing costs (EUR 8,000).

The liabilities all have a remaining term of up to one year. No collateral has been agreed.

4. notes to the income statement

Revenue (EUR 25 thousand) relates to fees from lectures and studies.

Income from grants and subsidies (EUR 1,518 thousand) was received from foundations and other charitable organisations in Germany and abroad.

Other operating expenses (EUR 309 thousand) mainly relate to travel and training costs (EUR 59 thousand), rent and premises expenses (EUR 54 thousand), legal and consulting costs (EUR 30 thousand), IT maintenance (EUR 16 thousand), administrative expenses (EUR 9 thousand), fees, contributions and insurance (EUR 6 thousand) and other expenses totalling EUR 48 thousand. 48.

5. other financial obligations

There are monthly financial obligations of EUR 3,189.24 from the rental agreements for the business premises at Linienstraße 13. The term of the rental agreement is not limited.

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6. other disclosures

Employees

The company had an average of 20.8 employees in the financial year (previous year: 20.5).

Managing Director

Matthias Spielkamp, Berlin, journalist

In accordance with Section 286 (4) of the German Commercial Code (HGB), managing directors' salaries are not disclosed.

Shareholder

	Nominal value in EUR	Share in %
Matthias Spielkamp	12.503	50,0
Christina Elmer	6.251	25,0
Lorenz Matzat	6.251	25,0
	25.005	100,0

Supervisory Board

Dr Steffen Wenzel, Managing Director, Berlin
(Chairman of the Supervisory Board)

Mrs 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 did not receive any remuneration.

Proposal for the appropriation of profits

The Managing Director has prepared the annual financial statements with a provisional appropriation of profits. The net profit for the year of EUR 243 thousand has been allocated in full to revenue reserves.

Significant events after the balance sheet date

There were no events of particular significance after the balance sheet date.

Berlin, April 8th, 2024

Mathias Spielkamp
Managing Director