

AW AlgorithmWatch gGmbH, Berlin

financial statement as at 31.12.2022

Berlin, 31th of July, 2023

[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, 2022, and the statement of profit and loss for the financial year from january 1st, 2022 to december 31th, 2022 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, 2022 and of its financial performance for the financial year from from january 1st, 2022 to december 31th, 2022 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, 31th of July, 2023

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

Assets			Liabilities		
	31.12.2022	31.12.2021		31.12.2022	31.12.2021
	€	€		€	€
A. Fixed Assets			A. Shareholders equity		
Equipment	8.886,00	7.189,00	I. Share capital	25.005,00	25.005,00
Investments	0,00	0,00	II. Retained earnings	29.724,22	0,00
	8.886,00	7.189,00	II. Retained earnings brought forward	0,00	7.365,00
			III. Net income for the year	0,00	11.995,98
B. Current assets			IV. Retained Profit	0,00	0,00
I. Uncompleted services	3.738,32	0,00		54.729,22	44.365,98
II. Debtors and other assets			B. special items from grants to finance fixed assets	8.886,00	7.189,00
1. Recievables from grants	11.644,15	4.271,20	C. Provisions		
- of which with a remaining time of more than 1 year € 0,00 (2020: € 0,00)			Other provisions	19.581,00	19.441,00
2. Other assets	14.417,77	7.531,88	D. Creditors		
- of which with a remaining time of more than 1 year € 0,00 (2021: € 7.047,92)			1. Grants not yet expended	1.097.561,73	398.617,01
	29.800,24	11.803,08	- of which with a remaining time of less than 1 year € 1.097.561,73 (2021: € 398.617,01)		
II. Cash at bank and in hand	1.150.953,43	455.684,51	2. Trade creditors	7.945,35	1.487,50
	1.180.753,67	467.487,59	- of which with a remaining time of less than 1 year € 7.945,35 (2021: € 1.487,50)		
C. Prepaid Exepenses	775,34	0,00	3. Bank loans and overdraft	1.217,20	1.952,79
			4. Other creditors including taxation and social security	494,51	1.623,31
			- of which with a remaining time of less than 1 year € 494,51 (2021: € 1.623,31)		
			- of which is taxation		
			€ 494,51 (2021: € 1.417,77)		
			- of which is within the framework of social responsibility € 0,00 (2021: € 204,54)		
	1.190.415,01	474.676,59		1.107.218,79	403.680,61
				1.190.415,01	474.676,59

AW AlgorithmWatch gGmbH, Berlin
Income statement
01.01. - 31.12.2022

	01.01. - 31.12.2022	01.01. - 31.12.2021
	€	€
1. Revenues	16.101,92	27.382,64
2. Grants	1.118.777,59	1.075.051,73
3. Donations	59.542,15	8.219,50
4. Other operating income	17.033,00	36.966,58
	1.211.454,66	1.147.620,45
5. Staff costs		
a) Wages and salaries	774.926,40	720.788,04
b) Social security, pensions and other benefit costs	142.067,59	136.297,92
	916.993,99	857.085,96
6. Depreciation written off tangible and intangible fixed assets	10.548,51	8.344,28
7. Other operation charges	273.548,92	270.194,23
8. Profit	10.363,24	11.995,98

Notes to the financial statements for fiscal year 2022

1. general information

AW AlgorithmWatch gGmbH, with its registered office in Berlin (hereinafter also referred to as AW or the Company), is entered in the Commercial Register of the Berlin-Charlottenburg Local Court under the number HR 186522 B. The Company's annual financial statements have been prepared on the basis of the accounting policies set out in the German Commercial Code (HGB).

The annual financial statements of the Company were prepared on the basis of the accounting and valuation methods of the German Commercial Code (HGB) pursuant to § 242 et seq. HGB. In addition to these regulations, the provisions of the GmbH Act were observed. The total cost method was chosen for the income statement. The Company is a small corporation within the meaning of Section 267 (1) HGB. The size-related relief for small corporations has been utilized.

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

The annual financial statements have been prepared on the assumption that the company will continue in business.

2. accounting and valuation principles

The following accounting policies have been applied in the preparation of the annual financial statements:

Intangible assets and property, plant and equipment are carried at cost and, where subject to wear and tear, reduced by scheduled depreciation. Depreciation is charged on a straight-line basis over the expected useful lives of the assets. Low-value assets with an acquisition cost of up to EUR 800.00 are written off in full 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, 2022

Development of fixed assets as of December 31st, 2022

Fixed Assets	Acquisition costs					Depreciation				Bookvalues	
	01.01.	Additions	Disposals	Transfers	31.12.2022	01.01.	Additions	Disposals	31.12.2022	31.12.2022	31.12.2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Tangible Assets											
Operating and office equipment	10.061,91	12.245,51	6.014,29	0,00	16.293,13	2.872,91	10.548,51	6.014,29	7.407,13	8.886,00	7.189,00
	10.061,91	12.245,51	6.014,29	0,00	16.293,13	2.872,91	10.548,51	6.014,29	7.407,13	8.886,00	7.189,00

Work in progress is recognized at direct cost, taking into account the lower of cost or market principle.

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

Bank balances are stated at nominal value.

Government investment grants are recognized as "Special items for financing fixed assets". The classification scheme of Section 266 (2) HGB has been supplemented accordingly in accordance with Section 265 (4) Sentence 2 HGB. The special item is reversed to income in line with the depreciation of the subsidized assets.

Other accruals are set up for all uncertain liabilities and are recognized at the settlement amount deemed necessary in accordance with prudent business judgement. All identifiable risks have been taken into account.

Liabilities are recognized at their settlement amount.

3. notes to the balance sheet

The work in progress reported under inventories (EUR 4k) relates to a project work that was already started in December 2022 and completed in February 2023.

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

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

Other accruals (EUR 20 thousand) include EUR 10 thousand in accruals for vacation credits and EUR 8 thousand in accruals for audit and closing costs.

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

4. notes to the income statement

Revenue (EUR 12 thousand) relates to fees from lectures and studies.

Grants and subsidies (EUR 1,119 thousand) were received from foundations and other non-profit organizations in Germany and abroad.

Other operating expenses (EUR 274 thousand) mainly relate to fees (EUR 94 thousand, previous year: EUR 148 thousand) for project activities, rent (EUR 37 thousand, previous year: EUR 29 thousand), training costs (EUR 18 thousand, previous year: EUR 0 thousand), legal and consulting costs (EUR 16 thousand, previous year: EUR 27 thousand), advertising costs (EUR 10 thousand, previous year: EUR 7 thousand) and cleaning costs (EUR 7 thousand, previous year: EUR 4 thousand).

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.

6. other disclosures**Employees**

The Company had an average of 20.5 employees in the financial year (previous year: 15).

Managing Director

- Matthias Spielkamp, Berlin, Journalist

The salaries of the managing directors have not been disclosed in accordance with Section 286 (4) of the German Commercial Code (HGB).

Shareholders

	Face value in EUR	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 transferred EUR 6,251.00 of his shares to Ms. Elmer as of March 31, 2022.

Supervisory Board

- Dr. Steffen Wenzel,
Managing Director, Berlin
(Chairman of the Supervisory Board)
- Ms. Sabine Leutheusser-Schnarrenberger,
Attorney-at-Law, Former Federal Minister, Feldafing
- Prof. Dr. LLM. Katharina de la Durantaye,
University Professor, Berlin

The members of the Supervisory Board received no compensation.

Berlin, July 07, 2023