

Report
on the preparation
of the
annual financial statements
as of 31 December 2024
of

**EIT Health Germany-Switzerland CLC GmbH
Mies-van-der Rohe-Straße 1c
80807 München**

Content

1. Engagement and its conduct	1
1.1 Engagement	1
1.2 Conduct of the engagement	2
2. General part	3
2.1 Legal conditions	3
2.2 Size features	4
2.3 Tax conditions	4
3. Findings on accounting	5
3.1 Keeping of accounts and annual accounts	5
4. Concluding remark	6
4.1 Financial statements	6
4.2 Documentation by management	6
5. Certification of the auditor on preparation	7

Explanatory notes

- 1 Explanations on the balance sheet of 31 December 2024
- 2 Explanations on the profit and loss account
from 1 January 2024 to 31 December 2024

Annexes

- 1 Balance sheet of 31 December 2024
- 2 Profit and loss account
from 1 January 2024 to 31 December 2024
- 3 General Engagement Terms
for German Public Auditors and Public Audit Firms as of January 1, 2024

Engagement and Report

1. Engagement and its conduct

1.1 Engagement

The general management of

EIT Health Germany-Switzerland CLC GmbH
80807 Munich

(hereinafter also referred to as the "Company")

has engaged us to prepare the annual financial statements for the business year running from 1 January 2024 through 31 December 2024 in accordance with German commercial law accounting regulations and the supplemental regulations of the partnership agreement.

The nature and scope of the preparation activities are governed by the provisions of §§ 242 et seq. HGB, taking into account the IDW Standard: Principles for the Preparation of Annual Financial Statements (IDW S 7). We have prepared the annual financial statements on the basis of the documents, books and inventory records provided, taking into account the information provided and the client's specifications without making any assessments.

The starting point for our work was the preparation of the annual financial statements as of 31 December 2023.

The conduct of the assignment took place in the months of March and April 2025 with interruptions in the offices of our firm.

The balance sheet for the year ending 31 December 2024 and the profit and loss account for the business year are attached to this report as annexes (1 - 2).

We have included the representation letter from management in regard to accounting and the financial statements 2024 in our file.

For the conduct of the assignment and our responsibility, in relation to third parties as well, the Standard Engagement Terms for Auditors and Auditing Firms dated 1 January 2024 are applicable.

1.2 Conduct of the engagement

Our work in preparing the financial statements extend, besides the closing entries, to deriving the statutorily required balance sheet and profit and loss account (section 264 (1) Commercial Code). This work takes place on the basis of accounting and the required inventories as well as specifications obtained on the accounting and evaluation methods to be applied.

2. General part

2.1 Legal conditions

Corporate name:	EIT Health Germany-Switzerland CLC GmbH
Registered office / address:	80807 München, Mies-van-der Rohe-Straße 1c
Form of incorporation:	GmbH
Commercial Register:	Munich, HRB 281244
Founding of the Company:	The Company was founded by notarial document dated 26 October 2022. Currently applicable is the partnership agreement in the version dated 15 December 2022.
Business year:	Calendar year
Corporate activity:	Consulting, training, and provision of services and investments for all (German, Swiss, or foreign) external institutions in the fields of innovation, entrepreneurship, continuing education, and business models in the healthcare sector. The company implements the EIT Health Business Plan in particular, coordinates cooperation between regional KIC partners and activities with other CLCs or other partner organizations, and carries out regional programs on innovation / entrepreneurship / education / business models. The company acts as a coordination center for the implementation of the Strategic Agenda and the Business Plan of EIT Health.

Subscribed capital:	The Company's registered capital comes to EUR 25.000,00.		
	This capital is held by:	EUR	
	EIT Health e. V.	25.000,00	
Management:	Mr. Dr. Kurt Höller, Erlangen/Germany (till 01 August 2024) Mrs. Astrid Kaltenböck, Vienna/Austria (from 02 August 2024 until 09 December 2024) Mr. Maximilian Benedikt Kiehn, Berlin/Germany (from 10 December 2024)		
	If only one managing director has been appointed, he/she shall represent the company alone. If several managing directors have been appointed, the company shall be represented by two managing directors or by one managing director together with an authorised signatory (authorized representative).		

2.2 Size features

The Company is a micro corporation within the meaning of section 267a (1) Commercial Code.

2.3 Tax conditions

The Company is administered by the Revenue Office (143) Körperschaf./Pers. under the tax number 143/132/71715.

3. Findings on accounting

3.1 Keeping of accounts and annual accounts

The Company's asset accounting is accomplished with the application of DATEV eG.

As a micro-capital company, the Company has made permissible use of its right to choose pursuant to section 264 (1) sentences 4 and 5 of the German Commercial Code (HGB) and has waived the preparation of an appendix.

For the profit and loss account the cost of preparation method is used.

The principle of consistency in presentation was observed.

The financial statements were prepared in compliance with the generally accepted estimation and evaluation regulations of sections 246 through 256 of the Commercial Code. The special estimation and evaluation provisions for corporations (sections 268 through 274, 279 through 283 Commercial Code) were, wherever relevant, complied with in accordance with the provisions of the partnership agreement.

The accounting and evaluation methods were retained without any change from last year.

Receivables and other assets are evaluated at their nominal value minus the required adjustments.

Other provisions set aside take all recognisable risks and uncertain accounts into account according to reasonable commercial judgment provided they must be shown as liabilities.

We did not conduct any audit of the accounts and documentation in accordance with generally accepted principles for conduct of annual account audits.

4. Concluding remark

4.1 Financial statements

The balance sheet and the profit and loss account were prepared on the basis of documents submitted to us and information given to us according to the statutory breakdown and evaluation regulations and the supplemental provisions of the partnership agreement and generated from the Company's accounts. Accounting and evaluation options were exercised according to instructions given by management.

The Company (partially) makes use of the size-dependent simplifications for micro-corporations within the meaning of Section 267a (1) of the German Commercial Code (HGB) and waives the preparation of an appendix in application of Section 264 I sentence 5 in conjunction with Section 267a of the German Commercial Code (HGB).

4.2 Documentation by management

The Company's management willingly provided all of the explanations and documentation we demanded.

According to the general representation letter given by management, asset and liability items are completely included in the balance sheet. According to the general representation letter on the closing date of the balance sheet there were no other liability conditions requiring disclosure as well as no other financial obligations than those emerging from the balance sheet or the notes.

5. Certification of the auditor on preparation

To EIT Health Germany-Switzerland CLC GmbH:

In accordance with our engagement we have prepared the annual financial statements given below, consisting of the balance sheet and the profit and loss account for EIT Health Germany-Switzerland CLC GmbH for the business year from 1 January 2024 through 31 December 2024 taking into account German commercial law regulations and the supplemental provisions of the partnership agreement. Constituting the basis for our work were the receipts, accounts and inventory documentation submitted to us, which we in accordance with our engagement did not audit, as well as the information provided to us. The accounts as well as presentation of the inventory and the financial statements under German commercial law regulations and the supplemental provisions of the partnership agreement lie within the responsibility of the Company's managing directors.

We have carried out our engagement in compliance with the IDW standard "Principles for preparation of annual accounts (IDW S 7). The latter comprises generation of the balance sheet and the profit and loss account as well as the notes on the basis of the accounts and the inventory as well as our instructions on the accounting and evaluation methods to be used.

Munich, 23. July 2025

INTARIA GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

ppa. Klaus Loibl
Partner Procurator
Auditor/Wirtschaftsprüfer

ppa. Verena Schreil
Procurator
Tax advisor/Steuerberaterin

Any publication or transmittal of the annual accounts in any form differing from the certified version requires in advance our renewed review if in that context our certification is quoted or referred to.

Explanatory notes

1. Explanations on the balance sheet of 31 December 2024

ASSETS

Current assets

I. Receivables and other assets

1. Trade receivables

	Prior Year	EUR 0,00
	EUR	5.950,00
	31.12.2024	31.12.2023
	<u>EUR</u>	<u>EUR</u>
Trade receivables	<u>0,00</u>	<u>5.950,00</u>
	<u>0,00</u>	<u>5.950,00</u>

2. Receivables from affiliated companies

	Prior Year	EUR 250.965,80
	EUR	203.928,25
	2024	2023
	<u>EUR</u>	<u>EUR</u>
Receivables EIT Health e. V.	<u>250.965,80</u>	<u>203.928,25</u>
	<u>250.965,80</u>	<u>203.928,25</u>

3. Other assets

		EUR	<u>14.643,80</u>
	Prior Year	EUR	0,00
	31.12.2024	31.12.2023	
	<u>EUR</u>	<u>EUR</u>	
Social security liabilities	11.134,85	0,00	
Receivables from employees (payroll)	3.312,31	0,00	
Sales tax current year	<u>196,64</u>	<u>0,00</u>	
	<u>14.643,80</u>	<u>0,00</u>	

II. Cash on hand, central bank balances, bank balances, and checks

		EUR	<u>32.921,46</u>
	Prior Year	EUR	36.899,88
	31.12.2024	31.12.2023	
	<u>EUR</u>	<u>EUR</u>	
Bank	<u>32.921,46</u>	<u>36.899,88</u>	
	<u>32.921,46</u>	<u>36.899,88</u>	

LIABILITIES

A. Equity

I. Subscribed capital

	EUR	25.000,00
Prior Year	EUR	25.000,00
	31.12.2024	31.12.2023
	<u>EUR</u>	<u>EUR</u>
Subscribed capital	<u>25.000,00</u>	<u>25.000,00</u>
	<u>25.000,00</u>	<u>25.000,00</u>

II. Retained profits brought forward

	EUR	8.645,00
Prior Year	EUR	-2.000,00

III. Net income for the financial year

	EUR	23.426,18
Prior Year	EUR	10.645,00

Total equity

	EUR	57.071,18
Prior Year	EUR	33.645,00

B. Special reserves for subsidies and grants

	EUR	161.654,75
Prior Year	EUR	161.654,75
	31.12.2024	31.12.2023
	<u>EUR</u>	<u>EUR</u>
Special reserves grants	<u>161.654,75</u>	<u>161.654,75</u>
	<u>161.654,75</u>	<u>161.654,75</u>

EIT Health e. V. has provided the reporting company an operating grant for the years 2023 to 2025. No funds from the operating grant had to be used in 2024.

C. Provisions

1. Provisions for taxes

		EUR 16.576,25
	Prior Year	EUR 4.355,00
	31.12.2024	31.12.2023
	<u>EUR</u>	<u>EUR</u>
Provision for trade tax	8.620,16	2.264,00
Provisions for corporate income tax	<u>7.956,09</u>	<u>2.091,00</u>
	<u>16.576,25</u>	<u>4.355,00</u>

The trade tax and corporate income tax relate to the years 2023 and 2024.

2. Other provisions

		EUR 51.537,03
	Prior Year	EUR 26.300,00
	31.12.2024	31.12.2023
	<u>EUR</u>	<u>EUR</u>
Accrual for employees bonus	34.883,75	13.700,00
Vacation provisions	7.978,28	3.600,00
Provisions period-end closing/ audit costs	6.675,00	7.000,00
Other provisions	<u>2.000,00</u>	<u>2.000,00</u>
	<u>51.537,03</u>	<u>26.300,00</u>

The provision for **employee bonuses** (TEUR 35; PY: TEUR 14) was calculated in accordance with the contractual provisions. A surcharge for the employer for social security was recognised.

The **vacation provisions** (TEUR 8; PY: TEUR 4) related to employees' vacation days still outstanding.

The **provisions for period-end closing** (TEUR 7; PY: TEUR 7) include the provision for the annual financial statements 2024 (TEUR 5) and the tax returns 2024 (TEUR 2).

Other provisions related to provisions for outstanding invoices (TEUR 2; PY: TEUR 2).

D. Liabilities

1. Trade payables

		EUR	5.069,44
	Prior Year	EUR	2.351,00
	31.12.2024	31.12.2023	
	<u>EUR</u>	<u>EUR</u>	
Trade payables	<u>5.069,44</u>	<u>2.351,00</u>	
	<u>5.069,44</u>	<u>2.351,00</u>	

2. Other liabilities

		EUR	6.622,41
	Prior Year	EUR	18.472,38
	31.12.2024	31.12.2023	
	<u>EUR</u>	<u>EUR</u>	
Wage and church tax payables	6.320,41	18.462,38	
Liabilities for amounts from employees	302,00	0,00	
Other liabilities	<u>0,00</u>	<u>10,00</u>	
	<u>6.622,41</u>	<u>18.472,38</u>	

2. Explanations on the profit and loss account from 1 January 2024 to 31 December 2024

The following structure is in accordance with section 275 et seq of the Commercial Code according to the total cost method.

1. Sales	EUR	53.500,00
	2024 <u>EUR</u>	2023 <u>EUR</u>
Business revenues	<u>53.500,00</u>	<u>15.000,00</u>
	<u>53.500,00</u>	<u>15.000,00</u>
2. Gross revenue	EUR	53.500,00
3. Other operating income		
a) Income from reversal of provisions	EUR	2.578,30
	2024 <u>EUR</u>	2023 <u>EUR</u>
Income from reversal of provisions	<u>2.578,30</u>	<u>0,00</u>
	<u>2.578,30</u>	<u>0,00</u>

b) Miscellaneous other operating income

EUR 787.230,66

	2024 EUR	2023 EUR
Revenue Grant EIT Health e. V.	786.098,22	362.804,20
Refunds via Equalization of Expenses Act	<u>1.132,44</u>	<u>0,00</u>
	<u>787.230,66</u>	<u>362.804,20</u>

4. Cost of materials

Expenses for purchased services

EUR 40.444,84

	2024 EUR	2023 EUR
Purchased services	<u>40.444,84</u>	<u>12.834,15</u>
	<u>40.444,84</u>	<u>12.834,15</u>

5. Personnel expenses

a) Wages and salaries

EUR 544.645,67

	2024 EUR	2023 EUR
Salaries	509.459,07	229.932,64
Bonus	31.712,50	13.700,00
Expenses change in vacation provision	<u>3.474,10</u>	<u>3.200,00</u>
	<u>544.645,67</u>	<u>246.832,64</u>

**b) Social security costs and expenses for
old age pensions and other benefits**

EUR 105.067,58

	2024	2023
	<u>EUR</u>	<u>EUR</u>
Statutory social security expenses	98.299,26	40.218,15
Social contribution - accrual bonus	3.171,25	0,00
Contributions to the employers' liability insurance association	1.534,29	2.000,00
Expenses change in provision social contributions for vacation provision	904,18	400,00
Social benefits not subject to wage tax	843,48	0,00
Post-employment benefit costs	<u>315,12</u>	<u>0,00</u>
	<u>105.067,58</u>	<u>42.618,15</u>

6. Other operating expenses

**a) Insurance premiums, fees and contri-
butions**

EUR 2.425,50

	2024	2023
	<u>EUR</u>	<u>EUR</u>
Contributions	2.020,00	0,00
Other levies	253,50	65,00
Late filing penalties	<u>152,00</u>	<u>0,00</u>
	<u>2.425,50</u>	<u>65,00</u>

b) Advertising and travel costs **EUR 70.214,29**

	2024	2023
	<u>EUR</u>	<u>EUR</u>
Employee travel expenses	37.267,58	15.991,12
Events, matchmaking	10.710,00	0,00
Prizes and similar	9.000,00	0,00
Sponsoring & Patnerships	5.950,00	0,00
Entertainment expenses	3.301,12	508,89
Travel expenses third parties	1.651,20	1.483,58
Non-deductible entertainment expenses	1.414,76	218,09
Advertising expenses	702,06	209,80
Small gifts	<u>217,57</u>	<u>0,00</u>
	<u>70.214,29</u>	<u>18.411,48</u>

c) Miscellaneous operating costs **EUR 44.863,65**

	2024	2023
	<u>EUR</u>	<u>EUR</u>
Bookkeeping expenses	21.733,56	11.801,08
Evaluation fees	8.272,88	0,00
Period-end closing and audit costs	6.773,65	8.330,81
Legal and consulting expenses	2.880,76	19.905,54
Newspapers, books (specialist literature)	1.900,32	1.781,68
Telephone	1.105,03	0,00
Incidental monetary transaction costs	983,66	12,00
Service fee	958,05	182,90
Other operating expenses	150,00	0,00
Office supplies	105,74	25,05
Postage	<u>0,00</u>	<u>3,60</u>
	<u>44.863,65</u>	<u>42.042,66</u>

7. Interest and similar expenses	EUR	0,00
	2024	2023
	<u>EUR</u>	<u>EUR</u>
Interest expenses on short-term debt	<u>0,00</u>	<u>0,12</u>
	<u>0,00</u>	<u>0,12</u>
8. Taxes on income and earnings	EUR	12.221,25
	2024	2023
	<u>EUR</u>	<u>EUR</u>
Trade tax	6.356,16	2.264,00
Corporate income tax	5.559,33	1.982,00
Solidarity surcharge	<u>305,76</u>	<u>109,00</u>
	<u>12.221,25</u>	<u>4.355,00</u>
9. Net income/net loss after tax	EUR	23.426,18
10. Net income for the financial year	EUR	23.426,18

Annexes

EIT Health Germany-Switzerland CLC GmbH
Mies-van-der Rohe-Straße 1c, 80807 Munich

Balance sheet
of 31 December 2024

ASSETS				TOTAL EQUITY AND LIABILITIES			
	EUR	Financial Year EUR	Prior Year EUR		EUR	Financial Year EUR	Prior Year EUR
Current assets				A. Equity			
I. Receivables and other assets				I. Subscribed capital		25.000,00	25.000,00
1. Trade receivables	0,00		5.950,00	II. Retained profits brought forward		8.645,00	2.000,00-
2. Receivables from affiliated companies	250.965,80		203.928,25	III. Net income for the financial year		23.426,18	10.645,00
3. Other assets	<u>14.643,80</u>		<u>0,00</u>	Total equity		<u>57.071,18</u>	<u>33.645,00</u>
		265.609,60	209.878,25	B. Special reserves for subsidies and grants		161.654,75	161.654,75
II. Cash on hand, central bank balances, bank balances, and checks		32.921,46	36.899,88	C. Provisions			
Total current assets		<u>298.531,06</u>	<u>246.778,13</u>	1. Provisions for taxes	16.576,25		4.355,00
				2. Other provisions	<u>51.537,03</u>		<u>26.300,00</u>
						68.113,28	30.655,00
				D. Liabilities			
				1. Trade payables	5.069,44		2.351,00
				- of which remaining term up to 1 year EUR 5.069,44 (EUR 2.351,00)			
				2. Other liabilities	6.622,41		18.472,38
				- of which taxes EUR 6.320,41 (EUR 18.462,38)			
				- of which remaining term up to 1 year EUR 6.622,41 (EUR 18.472,38)			
					<u></u>	11.691,85	<u>20.823,38</u>
		<u>298.531,06</u>	<u>246.778,13</u>			<u>298.531,06</u>	<u>246.778,13</u>

EIT Health Germany-Switzerland CLC GmbH
Mies-van-der Rohe-Straße 1c, 80807 München

Profit and loss account
from 1 January 2024 to 31 December 2024

	Financial Year EUR	Prior Year EUR
1. Sales	53.500,00	15.000,00
2. Other operating income	789.808,96	362.804,20
3. Cost of materials		
Expenses for purchased services	40.444,84	12.834,15
4. Personnel expenses		
a) Wages and salaries	544.645,67	246.832,64
b) Social security costs and expenses for old age pensions and other benefits	105.067,58	42.618,15
- of which in respect of old age pensions EUR 315,12 (EUR 0,00)		
	<hr/> 649.713,25	<hr/> 289.450,79
5. Other operating expenses	117.503,44	60.519,14
6. Interest and similar expenses	0,00	0,12
7. Taxes on income and earnings	12.221,25	4.355,00
8. Net income/net loss after tax	<hr/> 23.426,18	<hr/> 10.645,00
9. Net income for the financial year	<hr/> 23.426,18 <hr/>	<hr/> 10.645,00 <hr/>

Munich, 23. July 2025

Signiert von:

Maximilian Kiehn

C2DD83821EBE440.....

Managing director

General Engagement Terms

for

Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]

as of January 1, 2024

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (Wirtschaftsprüferinnen/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 (Textform) 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 agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. A German Public Auditor is also entitled to invoke objections (Einwendungen) and defences (Einreden) arising from the contractual relationship with the engaging party to 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 agreement in writing (Textform).

(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 submitted as well as the explanations and statements provided in statement as drafted by the German Public Auditor or in a legally accepted written form (gesetzliche Schriftform) or any other form determined 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 a legally accepted written form (gesetzliche Schriftform) or in writing (Textform) as part of the work in executing the engagement, only that

presentation is authoritative. Draft of such presentations are non-binding. Except as otherwise provided for by law or contractually agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing (Textform). 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 consent be issued in writing (Textform), 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 subsequent performance (Nacherfüllung) in writing (Textform) without delay. Claims for subsequent performance 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, claims for damages due to negligence arising out of the contractual relationship between the

engaging party and the German Public Auditor, 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], are limited to € 4 million pursuant to § 54 a Abs. 1 Number 2 WPO. This applies equally to claims against the German Public Auditor made by third parties arising from, or in connection with, the contractual relationship.

(3) 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.

(4) The maximum amount under paragraph 2 relates to an individual case of damages. An individual case of damages 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.

(5) A claim for damages expires if a suit is not filed within six months subsequent to the written statement (Textform) of 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.

(6) § 323 HGB remains unaffected by the rules in paragraphs 2 to 5.

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 (Bestätigungsvermerk), 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 consent, issued in a legally accepted written form (gesetzliche Schriftform), 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 material 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 (Textform), ongoing tax advice encompasses the following work during the contract period:

- a) preparation and electronic transmission of annual tax returns, including financial statements for tax purposes in electronic format, for income tax, corporate tax and business tax, 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 (Textform).

(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 and valuation assessments for property units 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 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.