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Audit Report

on the annual financial statements
as of the 31st December 2017

Translation of the German language report

Skateistan gGmbH, Berlin

Ausfertigung Nr. 4

List of abbreviations

| Abbreviation | Meaning |
|--------------|--|
| IDW | Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf (Institute of Public Auditors in Germany) |
| IDW PS | IDW Audit Standard |

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Annual financial statements

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A. Audit engagement

The management of

Skateistan gGmbH, Berlin,

commissioned us on 22 August 2017 to audit the 2017 annual financial statements in accordance with § 316 et seq. HGB (German Commercial Code) and to audit the underlying accounting. Based on this mandate, we issue this written report to Skateistan gGmbH, Berlin, concerning the findings of our audit. This auditor's report is addressed to Skateistan gGmbH, Berlin.

The audit is based on the annual financial statements, which have been prepared under the responsibility of the Association's legal representatives, and the information and documents provided by the legal representatives.

Pursuant to § 321 (4a) of the Commercial Code, we confirm that we have observed the applicable principles on independence during our audit.

This auditor's report was drafted based on the Principles for the Orderly Auditing of Annual Financial Statements (IDW PS 450).

The General Terms and Conditions of Engagement for Independent Auditors and Independent Auditing Companies of 1 January 2017 attached hereto as Annex 6 shall apply to the performance of the audit and our responsibility, also in relation to third parties. The amount of our liability shall be determined in accordance with § 9 (2) of the General Terms and Conditions. In relation to third parties, § 1 (2) and 9 of the General Terms and Conditions shall apply.

B. Statement on the assessment of the situation by
the legal representatives

The Company meets the size criteria of a small corporation according to § 267 (1) HGB. As a result, the legal representative did not prepare a management report pursuant to § 264 (1) s. 4 HGB. As auditors, we can therefore not comment on the assessment of the Company's situation by its legal representatives, as would otherwise be expressed in a management report.

The presentation of the Association's situation in the annual financial statements by the legal representatives is accurate and conforms to our findings during our audit of the annual financial statements.

C. Subject, type and scope of the audit

1. Subject of the audit

The subject of our audit is the annual financial statements of the Organization as of 31 December 2017, which have been prepared in accordance with the provisions of German commercial and account law.

The legal representatives of the Organization are responsible for the accounting and preparation of the annual financial statements.

Within the framework of the mandate issued to us, we have audited the annual financial statements in terms of compliance with the provisions of the commercial and association law, the Organization Bylaws and the principles of orderly accounting (Grundsätze ordnungsmäßiger Buchhaltung). Observance of other provisions of law and an assessment of the adequacy of the insurance protection did not form part of our mandate. The detection and investigation of crimes such as acts of fraud and embezzlement and the determination of administrative offenses committed outside the accounting likewise did not form part of our audit.

Pursuant to § 317 (4a) of the Commercial Code, the audit did not extend to whether the continued existence of the audited Organization or the effectiveness or efficiency of management could be assured beyond the assumption of the going concern on the balance sheet.

2. Type and scope of the audit

We carried out the audit procedures with interruptions in the premises of the Organization in Berlin and in our office in the period from 29 January to 16 March 2018.

We have recorded details about the type, scope and findings of the audit performed in our working papers.

Audit strategy

We conducted our audit in accordance with the provisions of §§ 316 ff. of the Commercial Code with due regard to the principles for the orderly performance of audits of financial statements promulgated by the IDW.

Those standards require that the audit be planned and performed to detect with sufficient certainty irregularities and infringements materially affecting the presentation of the financial, liquidity and earnings situation conveyed by the annual financial statements with due regard to the principles of orderly accounting (Grundsätze ordnungsmäßiger Buchführung).

Point of departure for our audit was the Organizations annual financial statements by the Audit Tax & Consulting Services GmbH Wirtschaftsprüfungsgesellschaft, Berlin, which was audited and met the unqualified audit certificate for the financial year from 1 January to 31 December 2016.

The audit was founded on a risk-oriented approach, which was based on knowledge of the business activities, the economic and legal environment of the Organization and an analysis of the related risk areas.

Based on an assessment of the inherent risks, the control environment and the accounting-related internal controlling system, we prepared a risk profile for the annual financial statements. On this basis, we defined the type and scope of analytical (plausibility assessments) and other specific audit procedures. In doing so, we observed the principles of materiality and economic efficiency.

Our audit strategy for the stub period led to the following audit focuses:

- Recoverability of accounts receivable and accounts payable
- Approach and valuation of provisions
- Completeness of accounts receivable and accounts payable

Documentation and confirmation obtained from third parties

Balance confirmations were obtained in form of samples at balance sheet date to verify trade receivables and payables.

Bank confirmations were obtained completely.

We obtained confirmations from lawyers and the public accountant on there being on pending litigation.

Provision of information; declaration of general representativeness

Information was provided by the legal representatives, Mrs. Claire Dugan (Deputy Executive Director), Mr. Oliver Percovich (Executive Director) and Mrs. Anne Fargeas (Finance Manager). The requested clarifications and documentation were readily provided to us.

The legal representatives have confirmed the completeness of the accounting and the annual financial statements as well as the other information required in accordance with IDW PS 303 in a written declaration. No events of special significance occurred after the close of the stub period according to this declaration; nor did we become aware of any during our audit.

D. Findings and explanations regarding the accounting

1. Propriety of the accounting

a) Bookkeeping and other audited documents

The accounting (Bookkeeping of impersonal accounts, debtors and creditors as well as cost center accounting) is managed by the software Xero. Business transactions were recorded completely, continuously and promptly, to the extent we could determine this by means of random checks carried out to a standard professional degree. Journals, general ledger accounts and subledger accounts were available.

The assets and liabilities are duly documented.

The information derived from further audited documents (e. g. estimates, agreements) led to an orderly depiction in the accounting and annual financial statements.

In summary, we concluded that the accounting and the further audited documents are proper and in keeping with the provisions of law.

b) Annual financial statements

The annual financial statements as of 31 December 2017 were accurately developed from the accounting and inventory lists.

The income statement was prepared in accordance with the cost summary method.

The balance sheet and income statement were accurately prepared with due regard to the principles of orderly accounting (*Grundsätze ordnungsmäßiger Buchhaltung*) in accordance with the provisions of the Commercial Code and the GmbH Act applicable to micro-corporations.

No events of special significance occurred after the close of the stub period, according to the legal representatives.

The information and explanations in the notes are complete and accurate. Some size-dependent simplification options were used.

c) Management report

As permitted by § 264 (1) s. 4 HGB the Organization did not prepare a management report.

2. General message conveyed by the annual financial statements

Pursuant to § 321 (2), s. 4 of the Commercial Code, the material principles of valuation, the influence of changes in such principles, including the exercise of accounting and valuation options and the use of discretionary decisions, as well as measures pertaining to states of affairs, must be addressed. These are described below.

a) Significant basis of valuation and valuation changes

The accounting and valuation of assets and liabilities are in keeping with the provisions of law and are explained in the notes.

The other accruals are considering all uncertain liabilities. These are recognized at the amount to be paid as deemed appropriate according to reasonable commercial judgement. Future cost and price increases are included.

The principle of accounting and consistency of valuation was observed, as explained in the notes.

b) Summarized assessment

In summary, we conclude that the annual financial statements convey a true and fair view of the financial, liquidity and earnings situation of the Organization with due regard to the principles of orderly accounting.

E. Analysis of the Presentation of the Net Asset, Financial Position and Results of Operations

1. Analysis of the Presentation of the Results of Operations

The income statements of the two last fiscal years, which have been condensed according to operational criteria, show the following earning situation:

| | 2017 | | 2016 | | +/- | |
|-----------------------------|------|-----|------|-----|------|----|
| | kEUR | % | kEUR | % | kEUR | % |
| Donations | 477 | 100 | 430 | 100 | 47 | 11 |
| Gross performance | 477 | 100 | 430 | 100 | 47 | 11 |
| Direct project costs | 495 | 104 | 453 | 105 | 42 | 9 |
| Personnel costs | 293 | 61 | 241 | 56 | 52 | 22 |
| Depreciation | 1 | 0 | 1 | 0 | 0 | - |
| Other operating costs | 83 | 17 | 85 | 20 | -2 | -2 |
| Operating expenses | 872 | 183 | 780 | 181 | 92 | 12 |
| Other operating income | 395 | 83 | 350 | 81 | 45 | 13 |
| Overall result for the year | 0 | 0 | 0 | 0 | 0 | 0 |

The Organization is a non-profit corporation generating its revenue through donations. The amount of donations increased in the year under review by kEUR 47 to kEUR 477. The details of the donation proceeds in the year under review are as follows:

| | 2017 kEUR | 2016 kEUR |
|--|--------------|--------------|
| Received donations in the fiscal year | 533 | 363 |
| + Consumption of accrued donations from the prior year | 217 | 228 |
| - Not used donations of the fiscal year | -268 | -161 |
| - Repaid donations | -5 | 0 |
| Donations | 477 | 430 |

The Received donations in the fiscal year include grants from foundations and fundraising organizations, inter alia from Laureus Sport for Good Foundation (kEUR 135), Swedish Postcode (kEUR 119), Google Foundation (kEUR 85) and Skateistan USA (kEUR 85).

The direct project costs include project costs of Skateistan gGmbH for the projects in Afghanistan (kEUR 150), Cambodia (kEUR 176) and South Africa (kEUR 131).

The increase of personnel expenses mainly results from the hiring of new employees. The average number of employees has risen to 9 (previous year 8) employees in comparison with the same period in 2016.

The other operating expenses mainly include travel costs (kEUR 19), rent (kEUR 14), costs for external payroll service, tax advice and audit of the annual financial statements (kEUR 15), expenses from currency conversion (kEUR 8) as well as telephone costs (kEUR 6).

The other operating income include income from on-charged administrative expenses of Skateistan gGmbH (kEUR 395) for the projects in Afghanistan, Cambodia and South Africa.

2. Analysis of the Presentation of the Net Assets and Financial Position

In the following overview, the balance sheet has been arranged according to operational criteria.

| | 31.12.2017 | | 31.12.2016 | | +/- | |
|-------------------------------|------------|-----|------------|-----|------|-----|
| | kEUR | % | kEUR | % | kEUR | % |
| Assets | | | | | | |
| Tangible assets | 5 | 1 | 2 | 0 | 3 | 150 |
| Financial assets | 4 | 1 | 4 | 1 | - | - |
| Long-term assets | 9 | 1 | 6 | 1 | 3 | 50 |
| Trade receivables | 1 | 0 | 0 | 0 | 1 | - |
| Other assets | 59 | 8 | 31 | 8 | 28 | 90 |
| Liquid assets | 644 | 90 | 371 | 91 | 273 | 74 |
| Current assets | 704 | 99 | 402 | 99 | 302 | 75 |
| | 713 | 100 | 408 | 100 | 305 | 75 |
| Equity and Liabilities | | | | | | |
| Capital | 36 | 5 | 36 | 9 | 0 | 0 |
| Not used donations | 66 | 9 | 15 | 4 | 51 | 340 |
| Accruals | 8 | 1 | 9 | 2 | -1 | -11 |
| Short-term | | | | | | |
| Liabilities to banks | 1 | 0 | 1 | 0 | - | - |
| Other liabilities | 602 | 84 | 347 | 85 | 255 | 73 |
| Short-term liabilities | 611 | 86 | 357 | 88 | 254 | 71 |
| | 713 | 100 | 408 | 100 | 305 | 75 |

The other accruals mainly include costs for the preparation and audit of the annual financial statements (kEUR 6) and outstanding invoices (kEUR 2).

The short-term liabilities to banks include credit card settlements of Commerzbank AG.

The other liabilities include, inter alia, liabilities toward Skateistan Afghanistan (kEUR 127) and Skateistan Cambodia (kEUR 2) for still not paid donations.

Furthermore, the Skateistan gGmbH received the first prize of the "WeWork Award 2017" in October in Berlin and won kEUR 302, which have not been invested in Skateistan's projects as of the 31st of December 2017.

The Organization received kEUR 283 in 2016 from the Google Foundation. Of those, kEUR 167 have not been invested in projects as of the 31st December 2017.

3. Financial position

The changes in cash and cash equivalents and the related movements of funds are shown by means of the following cash flow statement:

| | 2017 kEUR | 2016 kEUR |
|---|-------------------|-------------------|
| | <u> </u> | <u> </u> |
| Result for the year | 0 | 0 |
| + Depreciation on tangible assets | 1 | 1 |
| +/- Increase/decrease in accruals | -1 | 5 |
| -/+ Decrease/increase Trade receivables and other assets | -29 | -29 |
| +/- Increase/decrease trade payables and other liabilities | 305 | 123 |
| | <u> </u> | <u> </u> |
| Cash flow from operating activities | 276 | 100 |
| - Payments for investments in tangible assets | 5 | 3 |
| | <u> </u> | <u> </u> |
| Cash flow from investing activities | 5 | 3 |
| | <u> </u> | <u> </u> |
| Cash flow from financing activities | 0 | 0 |
| | <u> </u> | <u> </u> |
| Change in cash and cash equivalents | 281 | 103 |
| +/- currency difference | -8 | -2 |
| + Cash and cash equivalents at the beginning of the fiscal year | 371 | 270 |
| | <u> </u> | <u> </u> |
| Cash and cash equivalents at the end of the fiscal year | <u>644</u> | <u>371</u> |

F. Reproduction of the auditor's opinion

We issued the following auditor's opinion regarding the annual financial statements as of the 31st December 2017 attached as Annexes 1 to 4, which are reproduced below:

"To the Skateistan gGmbH, Berlin:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the Skateistan gGmbH, Berlin for the business year from 1 January to 31 December 2017. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Organization's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § [Article] 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with [German] principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Organization and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Organization in accordance with [German] principles of proper accounting.”

Berlin, 28 March 2018

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft



Karina Frille
Wirtschaftsprüferin



Matthias Könke
Wirtschaftsprüfer

In the case of publications or disclosure of the annual financial statements and/or the management report in a form at variance with the confirmed version (including the translation into other languages) our renewed opinion must be obtained, if our auditor’s opinion is cited or reference is made to our audit; we refer to § 328 of the Commercial Code.

Annexes

Skateistan gGmbH, Berlin
Balance sheet as of 31. December 2017

| A s s e t s | 31.12.2017 EUR | 31.12.2016 EUR |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| A. Fixed assets | | |
| I. Tangible assets | | |
| 1. Other assets, plant and office equipment | 5.231,11 | 2.036,25 |
| | <u> </u> | <u> </u> |
| II. Financial assets | | |
| 1. Shares in affiliated companies | 1.000,00 | 1.000,00 |
| 2. Other loans | 2.580,00 | 2.580,00 |
| | <u> </u> | <u> </u> |
| | 3.580,00 | 3.580,00 |
| | <u> </u> | <u> </u> |
| B. Current assets | | |
| I. Receivables and other assets | | |
| 1. Trade receivables | 528,94 | 37,00 |
| 2. Other assets | 58.446,44 | 30.290,84 |
| | <u> </u> | <u> </u> |
| | 58.975,38 | 30.327,84 |
| | <u> </u> | <u> </u> |
| II. Cash assets and cash at banks | 644.548,23 | 371.036,81 |
| | <u> </u> | <u> </u> |
| C. Prepaid Expenses | 512,71 | 692,21 |
| | <u> </u> | <u> </u> |
| | <u>712.847,43</u> | <u>407.673,11</u> |

| Equity and Liabilities | 31.12.2017 EUR | 31.12.2016 EUR |
|----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| A. Equity capital | | |
| I. Subscribed capital | 25.000,00 | 25.000,00 |
| II. Profit carried forward | 10.676,60 | 10.676,60 |
| | <u>35.676,60</u> | <u>35.676,60</u> |
| B. Not used Donations | <u>66.151,48</u> | <u>14.647,78</u> |
| C. Accruals | | |
| 1. Other accruals | <u>8.087,28</u> | <u>8.715,90</u> |
| D. Liabilities | | |
| 1. Liabilities to banks | 710,51 | 1.253,90 |
| 2. Trade payables | 181,76 | 480,00 |
| 3. Other liabilities | 602.039,80 | 346.898,93 |
| | <u>602.932,07</u> | <u>348.632,83</u> |
| | <u>712.847,43</u> | <u>407.673,11</u> |

Skateistan gGmbH, Berlin

Income statement for the period from 1 January to 31 December 2017

| | 2 0 1 7 EUR | 2 0 1 6 EUR |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| 1. Donations | 476.659,27 | 430.407,79 |
| 2. Other operating income | 394.845,76 | 349.649,95 |
| | <u>871.505,03</u> | <u>780.057,74</u> |
| 3. Direct project costs | | |
| a) Costs of purchased services | 494.692,86 | 453.004,49 |
| | <u>494.692,86</u> | <u>453.004,49</u> |
| 4. Personnel costs | | |
| a) Wages and salaries | 157.270,15 | 134.964,22 |
| b) Social security and retirement provision | 135.361,45 | 106.436,30 |
| | <u>292.631,60</u> | <u>241.400,52</u> |
| 5. Depreciation | 1.251,00 | 987,00 |
| 6. Other operating costs | 82.929,57 | 84.665,85 |
| - of which for currency conversion: EUR 8.037,06 (i. V. EUR 2.737,41) | | |
| 7. Other interest and similar income | 0,00 | 0,12 |
| 8. Result from ordinary activities/ Net income for the year | <u> 0,00</u> | <u> 0,00</u> |

SKATEISTAN GGMBH, BERLIN

NOTES TO THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2017

A. GENERAL STATEMENTS

The Organization is based in Berlin and has been registered in the commercial register, division B, under no. HRB 143259, of the Charlottenburg Local Court since 18 July 2012.

The Organization meets the size criteria of a small corporation. The annual Financial Statements were prepared in accordance with § 242 to 256a and § 264 to 288 HGB as amended by the German Accounting Law Modernization Act (BilMoG) as well as in accordance with the relevant provisions of the German Limited Liability Companies Act (GmbHG) and of the Organization's articles of association.

The nature-of-expense method was applied to the income statement.

B. ACCOUNTING AND VALUATION METHODS

The tangible assets are valued at historical cost reduced by depreciation. Depreciation is applied on a straight-line basis according to the scheduled useful life.

The financial assets are valued at historical cost.

The receivables and other assets are valued at their nominal amount considering the lower attributable value.

The liquid assets are carried at their nominal amount.

The prepaid expenses show payments of the year under review, which represent expenses of following periods.

The donations which have not been used yet are carried at their nominal amount.

The other accruals are recognized at the amount to be paid as deemed appropriate according to reasonable commercial judgement.

The liabilities are valued at their amount repayable.

The receivables and liabilities in foreign currencies are valued at the exchange rate on the day of the transaction. Short-term receivables and liabilities in foreign currencies are valued at the average spot exchange rate on the balance sheet date.

C. STATEMENTS ON THE BALANCE SHEET AND INCOME STATEMENT

Receivables and other assets with a remaining term of more than one year did not exist at the balance sheet date.

All accounts payable are due within one year.

The other liabilities are due within one year.

The composition of the donation proceeds in the year under review is as follows:

| | 2017 kEUR | 2016 kEUR |
|--|--------------|--------------|
| Received donations in the fiscal year | 533 | 363 |
| + Consumption of accrued donations from the prior year | 217 | 228 |
| - Not used donations of the fiscal year | -268 | -161 |
| - Repaid donations | -5 | 0 |
| Donations | <u>477</u> | <u>430</u> |

D. OTHER STATEMENTS

Other financial obligations

The Organization has to meet the following financial obligations from lease agreements:

| | below 1 year | 1-5 years |
|------------------|--------------|-------------|
| Lease agreements | 15.517,22 € | 69.481,19 € |

Employees

In the fiscal year 2017, the Organization had an average of 9 employees.

Management and representation

In the year under review, the Organization was represented solely by the managing director, Mr. Oliver Percovich, Victoria (Australia), who was released from the restrictions on multiple representations according to § 181 BGB (German Civil Code).

Berlin, 28 March 2018

Oliver Percovich

Managing Director

Skateistan gGmbH, Berlin
Development of fixed assets in the financial year 2017

| | Aquisition costs | | | |
|--|----------------------------|------------------|------------------|----------------------------|
| | As of 01.01.2017 EUR | Additions EUR | Disposals EUR | As of 31.12.2017 EUR |
| I. Fixed assets | | | | |
| 1. Other assets, plant and office equipment | 4.463,25 | 4.445,86 | 0,00 | 8.909,11 |
| | <u>4.463,25</u> | <u>4.445,86</u> | <u>0,00</u> | <u>8.909,11</u> |
| | <u>4.463,25</u> | <u>4.445,86</u> | <u>0,00</u> | <u>8.909,11</u> |

| Cumulative depreciation | | | | Book value | |
|----------------------------|------------------|------------------|----------------------------|----------------------------|----------------------------|
| As of 01.01.2017 EUR | Additions EUR | Disposals EUR | As of 31.12.2017 EUR | As of 31.12.2017 EUR | As of 31.12.2016 EUR |
| 2.427,00 | 1.251,00 | 0,00 | 3.678,00 | 5.231,11 | 2.036,25 |
| <u>2.427,00</u> | <u>1.251,00</u> | <u>0,00</u> | <u>3.678,00</u> | <u>5.231,11</u> | <u>2.036,25</u> |
| <u>2.427,00</u> | <u>1.251,00</u> | <u>0,00</u> | <u>3.678,00</u> | <u>5.231,11</u> | <u>2.036,25</u> |

The basics in law and taxation

1. Corporate law

| | |
|--------------------------|--|
| Company: | Skateistan gemeinnützige GmbH |
| Based in: | Berlin |
| Shareholder agreement: | Version of the Shareholder agreement from 14 July 2014, as last amended by Decision of the shareholder meeting from 14 July 2014 |
| Purpose of the business: | Is the worldwide support of activities among young people in the framework of development assistance. |
| Financial year: | The financial year corresponds to the calendar year. |
| Share capital: | EUR 25.000,00 The deposits for share capital have been paid in full amount. |

| Shareholder structure: | 31.12.2017 EUR | 31.12.2016 EUR |
|--|-------------------|-------------------|
| Oliver Percovich, Berlin | 6.000,00 | 25.000,00 |
| Andreas Schützenberger, Passau | 4.750,00 | 0,00 |
| Thomas Staines, Chesham, United Kingdom | 4.750,00 | 0,00 |
| Rhianon Bader, Berlin | 4.750,00 | 0,00 |
| Claire Dugan, Berlin | 4.750,00 | 0,00 |
| | <u>25.000,00</u> | <u>25.000,00</u> |

| | |
|--|---|
| Chief Executive Directors: | Mr. Oliver Percovich, Victoria, Australia Mr. Oliver Percovich is authorized as sole representative and excluded from the limitations of § 181 of the BGB. |
| Proxy: | Claire Dugan, Berlin Anne Fargeas, Berlin |
| Commercial register: | The Organization is entered on the commercial register of the local court of Charlottenburg, Germany, under the number HRB 143259 B. A uncertified copy of the commercial register from 14 February 2018 was submitted. |
| Financial statements of the previous year: | At the general meeting from 24 November 2017 the following decisions were prepared: Financial statement's determination to 31 December 2016 Presentation of the profit carried forward from 2016 in the amount of EUR 10.676,60 Director's discharge for the financial year 2016 |

2. Tax circumstances

The assessments have been settled until 2016.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]

as of January 1, 2017

DokID:

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*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 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 expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these 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 written agreement.

(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 provided as well as the explanations and statements, in a written statement drafted 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 writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. 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 written consent, 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 the rectification of deficiencies in writing (*Textform*) [Translator's Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims 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, the liability of the German Public Auditor for claims for damages of any other kind, 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*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) 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.

(5) An individual case of damages within the meaning of paragraph 2 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. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

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

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, 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 written consent 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 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, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, 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.

(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, valuation assessments for property units, wealth tax, 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, capital transactions 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.