



WIRTSCHAFTSPRÜFUNG

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English translation<sup>1</sup> of the

Report on the  
audit of the annual financial statements  
for the financial year  
from 1 April 2020 to 31 March 2021  
of  
Designit Germany GmbH  
Munich

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<sup>1</sup> Only the German original version shall be authoritative and binding. No liability is assumed as to the accuracy of the translation.



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LIST OF ABBREVIATIONS

subs.	Subsection
BS WP/vBP	Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer (Professional Statutes for Public Auditors/Sworn Public Auditors)
EDP	Electronic data processing
EStG	Einkommensteuergesetz (German Income Tax Act)
i.e.	id est (that is)
etc.	et cetera
et seqq.	and the following (ones)
GmbH	Gesellschaft mit beschränkter Haftung (German limited liability company)
HGB	Handelsgesetzbuch (German Commercial Code)
HRB	Handelsregister Abteilung B (Section B of the Commercial Register)
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany), Düsseldorf
ICS	Internal control system
No.	Number
PS	Prüfungsstandard des IDW (auditing standard of the IDW)
WPO	Wirtschaftsprüferordnung (German Public Auditors' Act)
e.g.	for example
sec.	Section
€	Euro
K€	Thousand euros





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## 1. Audit assignment

Our report on the voluntary audit of the annual financial statements of Designit Germany GmbH as at 31 March 2021 is addressed to the audited company.

At the shareholders' meeting of 12 June 2020 of

**Designit Germany GmbH,  
Munich**

(hereinafter also referred to as "Designit Germany GmbH" or the "company")

we were appointed auditors for the financial year from 1 April 2020 to 31 March 2021. Thereupon we were voluntarily instructed by the management of the company to conduct an audit of the annual financial statements including the accounting records of the company for the financial year from 1 April 2020 to 31 March 2021 in accordance with sections 316 and 317 of the German Commercial Code (*Handelsgesetzbuch* – HGB).

According to the classification guidelines as set forth in sec. 267 subs. 1 HGB, the company is to be classified as a small corporation (*kleine Kapitalgesellschaft*); it is, therefore, not subject to a mandatory audit in accordance with sec. 316 et seqq. HGB.

We confirm according to sec. 321 subs. 4a HGB that our audit complies with the applicable provisions on audit independence.

There were no compelling reasons pursuant to sections 319, 319a, 319b HGB, sections 49 and 53 German Public Auditors' Act (*Wirtschaftsprüferordnung* – WPO) as well as sections 28 et seqq. Professional Statutes for Public Auditors/Sworn Public Auditors (*Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer* – BS WP/vBP) against the audit we were instructed to conduct.

The type and scope of the audit procedures carried out by us have been documented in our working papers.

Please find in the following our report on the findings of the audit procedures carried out by us.

We have attached the audited annual financial statements 2020/2021, consisting of the balance sheet (Appendix 1), profit and loss account (Appendix 2) and the notes to the annual financial statements (Appendix 3).

The legal, economic and fiscal information is outlined in Appendix 4.

We have prepared this audit report in conformity with the principles for the proper preparation of audit reports (*Grundsätze ordnungsmäßiger Erstellung von Prüfungsberichten*) (PS 450 new version) as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer e.V. – IDW), Düsseldorf.

The performance of our assignment is based on the General Engagement Terms for German Public Auditors and Public Audit Firms as of 1 January 2017, which are attached hereto as Appendix 5. The sum of our liability is determined pursuant to no. 9 subs. 2 of the General Engagement Terms. Number 1 subs. 2 and no. 9 of the General Engagement Terms shall apply in respect to third parties.



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This report on the audit of the annual financial statements is not intended to be disseminated to any third parties. To the extent that it is disseminated to third parties with our consent or presented to third parties with our consent, the company undertakes to agree in writing with the third party concerned that the liability provisions agreed upon also apply in regard to potential claims the third party concerned may have vis-à-vis us.



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## **2. Facts that could impair the company's development or threaten its continued existence**

In our role as auditors, we are obliged to report – pursuant to sec. 321 subs. 1 sentence 3 HGB – on the facts established in our audit of the annual financial statements which could materially impair the audited company's development or threaten its continued existence.

We have to point out these facts as early as they may seriously impair the company's development or threaten the company's ability to continue as a going concern and must not wait until the development of the audited company is already materially impaired or until there is a real threat to its continued existence.

Our reporting duty is limited to facts we established in the proper performance of the audit of the company's annual financial statements.

In our audit report, we also have to include well-founded facts that are not subject to the statutory duty of confidentiality and that we have become aware of by other means (e.g. information provided by third parties regarding management fraud).

Our reporting duty exists irrespective of whether the addressees of our report are aware of the facts or whether such facts have not been properly taken into account or presented in the annual financial statements, which led to a modified audit opinion in our auditor's report. Our reporting duty also extends to facts arising after the balance sheet date which have come to our attention.

Our reporting duty as auditors is limited to facts that are subject to mandatory reporting pursuant to sec. 321 subs. 1 sentence 3 HGB and that we established in the proper performance of our audit of the company's annual financial statements.

In the following, we present the respective matters in regard to the facts subject to mandatory reporting that we established, and identify the main consequences they may have.

The development of the company's financial position and results of operations has given rise to facts that could impair the company's development or pose a threat to its continued existence:

The company's ability to continue as a going concern is at risk due to the company's profitability followed by a negative operating cash flow. The company's ability to continue as a going concern mainly depends on the Letter of Comfort by Designit A/S, Copenhagen (Denmark) remaining in force, according to which Designit A/S will grant the company sufficient funding in case of the existence of technical grounds for insolvency.





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### **3. Subject, type and scope of the audit**

#### **3.1 Subject of the audit**

Within the scope of our assignment and in compliance with sec. 317 HGB, we audited the accounting records and the annual financial statements which have been prepared in line with the German accounting principles so as to determine their compliance with the applicable statutory regulations.

The company's legal representatives are responsible for the financial accounting, the system of internal control implemented for this purpose and the information provided to us (i.e. the auditors). Our responsibility as auditors is to duly evaluate and assess these documents including the accounting records and the information provided to us.

Compliance with other statutory regulations is only audited to the extent that these other regulations usually have an impact on the annual financial statements prepared in accordance with the German accounting principles.

#### **3.2 Type and scope of the audit**

We have determined the type and scope of the necessary audit procedures for the present assignment in the framework of our autonomy exercising professional judgment which is limited by statutory provisions and ordinances, IDW auditing standards as well as, where applicable, additional conditions for the assignment and the individual reporting duties.

We conducted our audit of the annual financial statements in accordance with sections 316 et seqq. HGB and the German generally accepted auditing standards promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that the audit is designed and performed so as to assess with reasonable assurance whether the accounting records and the annual financial statements are free from substantial misstatements. In the framework of the audit, the evidence supporting the disclosures in the accounting and the annual financial statements is assessed on the basis of samples. The audit includes an assessment of the accounting, valuation and classification principles applied and of the significant estimates made by the company's management as well as of the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our audit opinion.

In accordance with sec. 317 subs. 4a HGB, our audit shall not include the examination of whether the ability of the audited company to continue as a going concern or the effectiveness and economic efficiency of the management can be guaranteed.

In the framework of our risk-based audit approach, we first worked out an audit strategy. This strategy was based on an assessment of the business environment and the information provided by the company's management regarding the key objectives of the company and business risks.

The audit procedures we used to obtain audit evidence included system and functional tests, analytical audit procedures as well as substantive audit procedures.



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In the audit of the accounting-related internal control system we proceeded as follows: On the basis of the external factors, the objectives of the company, the business strategy as well as the control and monitoring processes at company level, we analysed the business processes as a second step. In this second step of the process analysis, we assessed to what extent the major business risks impacting our audit risk were reduced by the design of the operating procedures as well as double-checks and monitoring measures.

The findings of the audit of the accounting-based internal control system were taken into account in the selection of the analytical audit procedures and the substantive audit procedures.

Where, in our opinion, the company had implemented effective and functioning control and the accuracy of the presentation in the annual financial statements was thus ensured by sufficient human, computerised or mechanical control, we were able to limit our substantive audit procedures largely to individual cases, particularly in the area of routine transactions. Where we considered an expansion of the audit procedures to be necessary, we not only conducted analytical audit procedures, but also carried out plausibility assessments of individual transactions on the basis of the respective records, checking that they were posted properly.

In the company-specific audit programme, we defined the key areas of our audit, the type and scope of the audit procedures, the timeframe of the audit and the deployment of employees. In this respect, we complied with the principles of materiality and the risk-based approach.

The critical audit objectives identified by our audit strategy led to the following key areas of our audit:

- existence and evaluation of the work in progress as well as the determination of project deliverables in terms of the accounting period they relate to;
- existence of trade receivables and recognition of the turnover in the accounting year it is related to;
- completeness of the other provisions;
- completeness of the liabilities to affiliated companies and
- completeness and accuracy of the disclosures in the notes to the annual financial statements.

Confirmations by third parties were obtained as follows and according to the following criteria:

We confirmed the appropriate recognition of trade payables and receivables by requesting balance confirmations that were sampled on the basis of mathematical-statistical selection criteria.

Bank confirmations were obtained from credit institutions. Confirmations concerning pending judicial remedies and other important legal matters were obtained from lawyers and tax advisors.



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The values of the opening balance sheet were correctly transferred from last year's annual financial statements which were audited by us.

We conducted the audit in April and May 2021 in our offices in Munich and completed it on 12 May 2021. We finalised our assignment at the company's premises.

We were provided with all of the information and evidence we requested from the company's legal representatives in the exercise of professional judgment for the proper performance of our audit. As requested, the management issued a representation letter dated 12 May 2021 confirming the completeness of the accounting records and the annual financial statements.

In the below section of our audit report, we provide a complete overview of all the subreports submitted and their subject matter so as to ensure that the addressees of this report take note of all information intended for them.





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#### **4. Conclusions and commentary on the accounting**

##### **4.1 Adequacy of accounting**

###### **4.1.1 Accounting records and other audited documents**

In the framework of our audit, we find that the accounting records and the other audited documents comply in all material respects with the statutory regulations and the generally accepted accounting principles.

According to our findings, the records of the company's transactions are complete, continuous and timely. The chart of accounts ensures a clear and transparent order of the posting data with a structure that is sufficient for the company's concerns. To the extent that we consulted accounting records in the framework of our audit, they contain all information necessary for the purpose of proper documentation. The filing system for records is arranged in numeric order; the records can thus be accessed directly on the basis of the information in the accounts. The accounting for the entire financial year, therefore, complies with the statutory requirements in all material respects.

The organisation of the accounting, the internal control system, the data flow and the record management allow the complete, accurate, timely and orderly recording and posting of transactions.

According to the findings of our audit, the information gathered from the other audited documents was, in all material respects, properly reflected in the accounting records and the annual financial statements prepared in accordance with the German accounting principles.

The company's accounting is carried out by means of a company-owned EDP system using the software Workday of the company Workday Limited, Ireland. The company's accounting records are kept at the company's premises in Madrid, Spain.

In the reporting year, there were no organisational changes regarding the accounting procedures.

The security of the data processed for the purpose of IT-based accounting is ensured.

###### **4.1.2 Annual financial statements**

The annual financial statements as at 31 March 2021 that were prepared in accordance with the German accounting principles and submitted to us to be audited comply in all material respects with all statutory regulations applicable to accounting records including the generally accepted accounting principles and all regulations relating to a company's size, legal form or the sector in which it operates.

According to our findings, the balance sheet as well as the profit and loss account of Designit Germany GmbH for the financial year from 1 April 2020 to 31 March 2021 are properly drawn up on the basis of the accounting records and the other audited documents. The relevant recognition, reporting and valuation principles as well as the principle of consistency pursuant to sec. 252 subs. 1 no. 6 HGB were complied with in all material respects.



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In respect of the adequacy of the disclosures in the notes to the annual financial statements on which we do not report anywhere else in our audit report, we find that the legal representatives' reporting in the notes is complete and within the statutorily required scope.

## **4.2 Overall presentation of the annual financial statements**

### **4.2.1 Remarks on the overall presentation of the annual financial statements**

In the following, we report on the findings of our assessment as to whether and to which extent the overall presentation of the annual financial statements complies with the requirements under sec. 264 subs. 2 sentence 1 HGB.

As there were no peculiarities, we find that the annual financial statements as a whole – under consideration of the generally accepted accounting principles – give a true and fair view of the net assets, the financial position and results of operations of the company.

### **4.2.2 Bases of valuation**

The accounting and valuation methods applied in the preparation of the annual financial statements of Designit Germany GmbH are based on the going concern assumption (sec. 252 subs. 1 no. 2 HGB). They are principally consistent with the accounting and valuation methods applied in the previous financial year.

An assessment as to whether the decisions by the legal representatives regarding the accounting and valuation are economically reasonable is not within our scope of responsibility as auditors. These decisions are to be regarded as business policy decisions by the addressees of the report.

For details, please see the explanations in the notes (Appendix 3).

### **4.2.3 Grooming transactions**

According to the findings of our audit procedures in the audit period, there were no facts subject to mandatory reporting arising from grooming transactions with a material impact on the overall presentation of the annual financial statements.





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5. Reproduction of the auditor's report and concluding remark

**"INDEPENDENT AUDITOR'S REPORT**

To Designit Germany GmbH

*Audit opinion*

We have audited the annual financial statements – consisting of the balance sheet as at 31 March 2021, the profit and loss account for the financial year from 1 April 2020 to 31 March 2021 as well as the notes to the annual financial statements, including the presentation of the accounting and valuation methods – of Designit Germany GmbH.

In our opinion, based on the findings of our audit, the accompanying annual financial statements comply in all material respects with the provisions of German commercial law applicable to corporations and give, in accordance with the German generally accepted accounting principles, a true and fair view of the company's net assets and financial position as at 31 March 2021 and of its results of operations for the financial year from 1 April 2020 to 31 March 2021.

In accordance with sec. 322 subs. 3 sentence 1 German Commercial Code (*Handelsgesetzbuch* – HGB), we report that our audit has not led to any reservations concerning the adequacy of the annual financial statements.

*Basis for the audit opinion*

We conducted our audit of the annual financial statements in accordance with sec. 317 HGB and the German generally accepted auditing standards promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer* – IDW). Our responsibility under those provisions and standards is further described in the section "Responsibility of the auditor for the audit of the annual financial statements" of our auditor's report. We are independent of the company in accordance with the provisions of German commercial law and the rules of professional conduct and have fulfilled our other German professional obligations 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 opinion concerning the annual financial statements.

*Material uncertainty related to the company's ability to continue as a going concern*

We refer to section IV of the notes to the annual financial statements, where the company's legal representatives describe that the company's ability to continue as a going concern depends on the Letter of Comfort of Designit A/S, Copenhagen (Denmark), remaining in force. As stated in section IV, these events and circumstances point to the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and that poses a threat to its continued existence within the meaning of sec. 322 subs. 2 sentence 3 HGB. Our audit opinion has not been modified in respect of this matter.



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*Responsibility of the company's legal representatives and the supervisory council (Beirat) for the annual financial statements*

The legal representatives are responsible for preparing annual financial statements which comply in all material respects with the provisions of German commercial law applicable to corporations and for the annual financial statements giving a true and fair view of the company's net assets, financial position and results of operations in accordance with the German generally accepted accounting principles. Furthermore, the legal representatives are responsible for such internal control as they have determined necessary in accordance with the German generally accepted accounting principles to enable the preparation of annual financial statements which are free from material misstatements, whether due to fraud or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Moreover, they are responsible for disclosing, as applicable, matters related to the company's ability to continue as a going concern. Furthermore, the legal representatives are responsible for financial reporting based on the going concern basis of accounting, unless factual or legal circumstances require otherwise.

The supervisory council is responsible for overseeing the company's financial accounting process for preparing the annual financial statements.

*Responsibility of the auditor for the audit of the annual financial statements*

The objectives of our audit are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with sec. 317 HGB and the German generally accepted auditing standards as promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer – IDW*) will always detect a material misstatement when it exists. 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 addressees taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatements in 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 opinion. The risk of not detecting material misstatements resulting from fraud is higher than for those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of the internal control system.
- obtain an understanding of the internal control system 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 the company's internal control system.
- evaluate the appropriateness of the accounting policies used by the legal representatives as well as the reasonableness of estimates made by the legal representatives and related disclosures.
- conclude on the appropriateness of the legal representatives' use of the going concern basis of

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accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances 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 audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or circumstances 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 – in accordance with the German generally accepted accounting principles – the underlying transactions and events in a manner such that the annual financial statements give a true and fair view of the company's net assets, financial position and results of operations.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we identify during our audit."

The above audit report was drawn up in accordance with the statutory regulations and the principles for the proper preparation of audit reports (*Grundsätze ordnungsmäßiger Erstellung von Prüfungsberichten*) (IDW PS 450 new version).

Any use of the above auditor's report beyond the present long-form audit report shall require our prior consent.

Before publication or dissemination of the annual financial statements in a form that differs from the certified version (including any translation into other languages), our renewed opinion must be sought if such altered annual financial statements cite our auditor's report or refer to our audit. In this regard, reference is made to sec. 328 HGB.

Munich, 12 May 2021

BBH AG  
Wirtschaftsprüfungsgesellschaft

Manfred Ettinger  
vereidigter Buchprüfer  
(sworn public auditor)

Tobias Sengenberger  
Wirtschaftsprüfer  
(public auditor)



Designit Germany GmbH,  
Munich

BALANCE SHEET AS AT 31 MARCH 2021

ASSETS

	€	31/03/2021 €	31/03/2020 €
A.	Fixed assets		
	Tangible assets		
	Other equipment, operating and office equipment	567,287.96	715,657.57
	Total fixed assets	567,287.96	715,657.57
B.	Current assets		
I.	Inventories		
	Services not yet billable	228,551.14	192,033.75
II.	Receivables and other assets		
1.	Trade receivables	168,265.50	131,908.49
2.	Receivables from affiliated companies	264,110.55	131,988.90
3.	Other receivables and assets	<u>16,432.61</u>	<u>109,161.74</u>
		448,808.66	373,059.13
III.	Cash-in-hand, cheques, bank balances	120,348.38	89,697.36
	Total current assets	797,708.18	654,790.24
C.	Prepaid expenses		
	Discount	7,018.79	1,287.72
D.	Deficit not covered by equity	5,388,890.14	4,842,622.21
		<u>6,760,905.07</u>	<u>6,214,357.74</u>

## EQUITY AND LIABILITIES

	€	31/03/2021 €	31/03/2020 €
A. Equity			
I. Subscribed capital		25,000.00	25,000.00
II. Capital reserves			
Non-distributable		1,000,000.00	0.00
III. Losses brought forward		-4,867,622.21	-2,588,256.21
IV. Annual net loss		-1,546,267.93	-2,279,366.00
of which deficit not covered by equity		5,388,890.14	4,842,622.21
Total equity		0.00	0.00
B. Provisions			
Other provisions		1,145,661.09	1,086,576.94
C. Liabilities			
1. Trade payables	13,897.29		44,007.25
2. Liabilities to affiliated companies	5,560,743.46		5,023,250.66
3. Other liabilities	<u>40,603.23</u>		<u>60,522.89</u>
of which from taxes €29,018.06 (€48,753.36)		5,615,243.98	5,127,780.80
of which relating to social security €8,695.09 (€10,842.23)			
		6,760,905.07	6,214,357.74



Designit Germany GmbH,  
Munich

Appendix 3 / 1

English translation<sup>1</sup> of the  
NOTES  
to the annual financial statements  
of  
Designit Germany GmbH  
for the  
financial year  
from 1 April 2020 to 31 March 2021

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<sup>1</sup> Only the German original version shall be authoritative and binding. No liability is assumed as to the accuracy of the translation.



Designit Germany GmbH,  
Munich

Appendix 3 / 2

I. General principles

Designit Germany GmbH is based in Munich and registered with the commercial register of the Local Court (*Amtsgericht*) of Munich under no. HR B 171246.

The annual financial statements of Designit Germany GmbH as at 31 March 2021 were prepared in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch – HGB*) and the Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung – GmbH-Gesetz*). The option to report compulsory information was principally exercised so as to include all mandatory information in the notes to the annual financial statements.

As at the balance sheet date, the company classifies as a small corporation (*kleine Kapitalgesellschaft*) within the meaning of sections 264 and 267 subs. 1 HGB.

The present annual financial statements have been principally prepared by applying the same classification and valuation principles for small corporations set out in the German Commercial Code (sections 265 subs. 1 sentence 2, 266 et seqq. HGB) that were applied in the preparation of last year's annual financial statements.

II. Accounting and valuation principles

1. General remarks

The recognition and valuation principles that were applied in last year's annual financial statements have been applied consistently.

The preparation of the annual financial statements has been based on the going concern assumption.

2. Fixed assets

Tangible asset items are carried at acquisition or production cost reduced by scheduled depreciation.

Tangible asset items are depreciated using the straight-line method or based on the reducing balance method over their useful life.

Assets with acquisition costs below or equal to €800.00 are immediately booked as expenses according to sec. 6 subs. 2 Income Tax Act (*Einkommenssteuergesetz – EStG*).

In previous years, the compound item scheme according to sec. 6 subs. 2a EStG was applied.

The application of these fiscal rules has, in our opinion, no material impact on the net assets, financial position and results of operations of the company.

Fiscal simplification rules and options are exercised.

Designit Germany GmbH,  
Munich

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3. Current assets

The current asset items are valued at acquisition or production cost, unless a lower value is permitted or required.

Inventories

Work in progress is valued at average acquisition cost, production cost or at the lower fair value at the balance sheet date.

Receivables

Receivables and other assets are reported at their nominal value. Identifiable credit risks are taken into account by means of appropriate value adjustments of individual items.

4. Provisions

Provisions for identifiable risks, uncertain liabilities and anticipated losses have been made in the necessary amount assessed on the basis of prudent business judgment.

5. Liabilities

Liabilities are reported at the amount repayable.

Designit Germany GmbH,  
Munich

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III. Explanatory notes to the balance sheet and profit and loss account

Balance sheet

Assets

Fixed assets

The statement of changes in fixed assets in the financial year from 01/04/2020 to 31/03/2021, which is attached to the notes to the financial statements, shows the development of fixed assets.

Current assets

Breakdown of receivables and other assets:

	31/03/2021		31/03/2020	
	Total	of which with a remaining term of more than 1 year	Total	of which with a remaining term of more than 1 year
	K€	K€	K€	K€
Trade receivables	169	-	132	-
Receivables from affiliated companies	264	-	132	-
Other assets	16	-	109	-
	449	-	373	-

Equity

As at the balance sheet date, the subscribed capital of the company amounts to €25,000.00 and has been paid in the full amount.

The balance sheet of the company as at 31 March 2021 shows a deficit not covered by equity that amounts to €5,388,890.14. According to the accounts, the company is thus technically overindebted. In order to avoid overindebtedness, the shareholder (Designit A/S, Denmark) has issued a subordination agreement in relation to its receivables.

Furthermore, Designit A/S has issued a letter of comfort and subordination agreement according to which the company will receive sufficient funding in case of the existence of technical grounds for insolvency in order to avoid the grounds for insolvency.

Designit Germany GmbH,  
Munich

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## Equity and liabilities

### Subscribed capital

The subscribed capital of the company amounting to €25,000.00 has not changed in the financial year from 01/04/2020 to 31/03/2021.

### Capital reserves

By shareholders' resolution of 15 January 2020, €1,000,000.00 were transferred to the capital reserves in the financial year from 01/04/2020 to 31/03/2021.

### Provisions

In accordance with sec. 288 HGB, the company refrains from notes to other provisions.

### Liabilities

Breakdown of the liabilities as at the balance sheet date based on their term:

	Total	of which		Total	of which	
	31/03/2021	up to 1 year	more than 5 years	31/03/2020	up to 1 year	more than 5 years
	K€	K€	K€	K€	K€	K€
Trade payables	14	14	-	44	44	-
Liabilities to affiliated companies	5,561	3	-	5,023	3	-
- of which to shareholders	(5,561)	(3)	(-)	(5,016)	(3)	(-)
Other liabilities	40	40	-	61	61	-
of which						
- from taxes	(29)	(29)	(-)	(48)	(48)	(-)
- for social security	(9)	(9)	(-)	(11)	(11)	(-)
	5,615	57	-	5,128	108	-

Receivables and liabilities within the Designit group are offset with the respective sister company or the shareholder. The reported amounts result from the fact that there are receivables from and/or liabilities to different Wipro and/or Designit companies.



Designit Germany GmbH,  
Munich

Appendix 3 / 6

### Profit and loss account

#### Other interest and similar income

Other interest and similar expenses include expenses resulting from the discounting of provisions in the amount of €501.71.

#### IV. Other information

##### Company bodies

The company's managing director as at the balance sheet date was Mr Danusch Mahmoudi, Munich.

##### Financial obligations

The other financial obligations which are relevant for the assessment of the financial situation result from the lease agreement for the business premises. The total amount taking into account the contractual options for extending the agreement until 31/10/2025 is €1,447,160.00 as at the end of the financial year.

##### Events after the reporting period

Significant events which occurred after the closing date of the financial year and which have not been taken into account in the profit and loss account or the balance sheet result primarily from the Covid crisis. This is primarily due to projects having been postponed as a result of the crisis. Therefore, the company has, in particular, taken measures such as registering for/introducing short-time working. It is currently not possible to predict to what extent the projects can still be carried out after the crisis.

##### Ability of the company to continue as a going concern

The company's ability to continue as a going concern is at risk due to the company's profitability followed by a negative operating cash flow. The company's ability to continue as a going concern mainly depends on the Letter of Comfort by Designit A/S, Copenhagen (Denmark) remaining in force, according to which Designit A/S will grant the company sufficient funding in case of the existence of technical grounds for insolvency.

Munich, 12 May 2021

DocuSigned by:  
*D. Mahmoudi*  
9E81322DAD3741B...  
D. Mahmoudi

The Management  
Designit Germany GmbH

Designit Germany GmbH,  
Munich

DEVELOPMENT OF FIXED ASSETS FROM 1 APRIL 2020 TO 31 MARCH 2021

	As at 01/04/2020 €	Acquisition costs			Disposals €	As at 31/03/2021 €
		Additions €	Reallocations €			
Fixed assets						
I. Intangible assets						
Purchased concessions, industrial property rights and similar rights and assets	0,00	0,00	0,00	0,00	0,00	0,00
II. Tangible assets						
1. Other equipment, operating and office equipment	1.185.029,12	8.995,98	0,00	56.723,81	1.137.301,29	
2. Advance payments made and assets under construction	0,00	0,00	0,00	0,00	0,00	
	1.185.029,12	8.995,98	0,00	56.723,81	1.137.301,29	
	1.185.029,12	8.995,98	0,00	56.723,81	1.137.301,29	

Amortisation and depreciation						Book values	
As at 01/04/2020	Additions	Write-ups	Disposals	As at 31/03/2021	As at 31/03/2021	As at 31/03/2020	As at 31/03/2020
€	€	€	€	€	€	€	€
0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
469.371,55	157.365,59	0,00	56.723,81	570.013,33	567.287,96	715.657,57	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
469.371,55	157.365,59	0,00	56.723,81	570.013,33	567.287,96	715.657,57	
469.371,55	157.365,59	0,00	56.723,81	570.013,33	567.287,96	715.657,57	



WIRTSCHAFTSPRÜFUNG

Appendix 4 / 1

**Legal, economic and fiscal information**

Legal information

Company name:	Designit Germany GmbH
Registered office:	Munich
Legal form:	German limited liability company ( <i>Gesellschaft mit beschränkter Haftung</i> – GmbH)
Articles of association:	The Articles of Association are dated 7 November 2007 and were last amended by resolution of the shareholders' meeting of 19 March 2018.
Address:	Gabrielenstraße 9 80636 München, Germany
Register entry:	Commercial register Section B
Court of registration:	Local Court ( <i>Amtsgericht</i> ) of Munich
Registration no.:	171246
Object of the company:	Industrial design & product development
Financial year:	1 April to 31 March
Subscribed capital:	€25,000.00
Company bodies:	The shareholders' meeting, the supervisory council ( <i>Beirat</i> ) and the management form the bodies of the company.  As at the balance sheet date, the company's shares are wholly owned by Designit A/S with registered office in Copenhagen (Denmark), Bygmestervej 61, 2400 Copenhagen NV.
The management:	According to the Articles of Association, the company may appoint one or more managing directors. If a single managing director is appointed, the company is represented by this director; if more than one managing director is appointed, the company is jointly represented by two managing directors or by one managing director together with a manager with general commercial power of attorney ( <i>Prokurist</i> ).





WIRTSCHAFTSPRÜFUNG

Appendix 4 / 2

Mr Danusch Mahmoudi, born on 28 June 1968, is appointed managing director with sole power of representation.

Supervisory council (*Beirat*):

According to section 7 of the company's Articles of Association, the shareholders are to appoint a supervisory council which is composed of up to six members. The members of the supervisory council are appointed by the shareholders' meeting with a simple majority of the votes cast. The chairperson of the supervisory council is elected from among its members by the shareholders' meeting.

Permanent establishments:

The company has permanent establishments in Berlin and Vienna (Austria).

Material agreements

The company has important contractual relationships with affiliated companies, which are specified below.

Service agreement:

On 31 March 2016, Designit Germany GmbH and Wipro Limited concluded a service agreement.

Lease agreement:

Designit Germany GmbH and Gabrielenstraße 9 GmbH concluded a lease agreement for business premises. This agreement has been in force since 1 May 2018 and has a contractual term of 7.5 years.

Letter of comfort and subordination agreement:

On 31 March 2021, a letter of comfort and subordination agreement was concluded between Designit Germany GmbH and Designit A/S, Denmark, based on which Designit Germany GmbH will receive sufficient funding from Designit A/S in case of the existence of technical grounds for insolvency.

Relations with affiliated companies

Designit A/S and Designit Germany GmbH concluded loan agreements relating to shareholder loans in the amount of €5,570k.



WIRTSCHAFTSPRÜFUNG

Appendix 4 / 3

Shareholders' meeting

The shareholders' meeting of 12 June 2020 adopted the annual financial statements as at 31 March 2020, which we audited and for which we issued an auditor's report on 30 April 2020.

The appropriation of profit was adopted by the shareholders' meeting as suggested by the management. The annual net loss was carried forward in full to new account.

The actions of the management were approved of for the financial year from 1 April 2019 to 31 March 2020.

BBH AG Wirtschaftsprüfungsgesellschaft was appointed auditor of the company for the financial year 2020/2021.

The annual financial statements as at 31 March 2020 were disclosed in accordance with sec. 325 German Commercial Code (*Handelsgesetzbuch – HGB*).

**Economic information**

The object of the company is the creation of industrial design and the provision of design and advisory services to as well as project development for clients.

The company may take all actions and business measures that appear to be necessary or useful for achieving the company's objective.

In particular, the company is allowed to establish branches or subsidiaries in Germany and abroad, to acquire other companies in Germany and abroad as well as to participate in such companies.

**Fiscal information**

Tax office: Designit Germany GmbH is registered with the Munich tax office under the tax identification number 143/128/80904.

The company is subject to standard taxation pursuant to sections 16 to 18 Value Added Tax Act (*Umsatzsteuergesetz – UstG*).

The commercial operations are subject to trade tax in accordance with sec. 2 subs. 1 Trade Tax Act (*Gewerbesteuergesetz – GewStG*).

The last tax audit was carried out in 2020 and included the assessment years 2015 to 2018. The next tax audit will probably take place in 2023.



[Translator's notes are in square brackets]

# 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*) [Translators 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.

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(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.