

Rüter und Partner
Steuerberatungsgesellschaft mbB

Prielmayerstr. 3
80335 München

ANNUAL FINANCIAL STATEMENTS

at 31. December 2020

Actian Germany GmbH
Betrieb von open source Datenbanken

Halenreihe 42

22359 Hamburg

Tax office: Hamburg-Oberalster

Tax No.: 50/700/01405

Balance Sheet as at 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg

ASSETS			TOTAL EQUITY AND LIABILITIES		
	Financial Year EUR	Prior Year EUR		Financial Year EUR	Prior Year EUR
A. Fixed assets			A. Equity		
I. Intangible fixed assets			I. Subscribed capital	25,000.00	25,000.00
1. Purchased licences, trademarks and similar rights and values as well as licences to such rights and values	0.00	2.00	II. Retained profits brought forward	299,289.82	116,356.56
II. Tangible fixed assets			III. Net income for the financial year	221,492.27	182,933.26
1. Other equipment, furniture and office equipment	25,853.00	25,586.00	Total equity	545,782.09	324,289.82
Total fixed assets	25,853.00	25,588.00	B. Provisions		
B. Current assets			1. Tax accruals	10,019.13	0.00
I. Receivables and other assets			2. Other provisions	593,384.00	397,870.35
1. Accounts receivable	2,179,006.03	2,525,406.96		603,403.13	397,870.35
2. Receivables from affiliated companies	1,459,358.99	991,308.14	C. Liabilities		
3. Other assets	21,453.02	18,308.55	1. Accounts payable	5,682.99	30,438.05
- of which remaining term greater than 1 year EUR 11,439.81 (EUR 11,439.81)			- of which remaining term up to 1 year EUR 5,682.99 (EUR 30,438.05)		
	3,659,818.04	3,535,023.65	2. Other liabilities	298,960.43	338,977.05
			- of which taxes EUR 298,960.43 (EUR 335,307.08)		
			- of which remaining term up to 1 year EUR 298,960.43 (EUR 338,977.05)		
				304,643.42	369,415.10
Carried forward	3,685,671.04	3,560,611.65	Carried forward	1,453,828.64	1,091,575.27

Balance Sheet as at 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg

ASSETS			TOTAL EQUITY AND LIABILITIES		
	Financial Year EUR	Prior Year EUR		Financial Year EUR	Prior Year EUR
Brought forward	3,685,671.04	3,560,611.65	Brought forward	1,453,828.64	1,091,575.27
II. Cash on hand, central bank balances, bank balances and checks	1,046,369.50	690,903.33	D. Prepaid expenses	3,303,708.82	3,175,392.40
Total current assets	4,706,187.54	4,225,926.98			
C. Prepaid expenses	25,496.92	15,452.69			
	4,757,537.46	4,266,967.67		4,757,537.46	4,266,967.67

Income Statement from 01/01/2020 to 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg

	EUR	Financial Year EUR	Prior Year EUR
1. Sales		7,303,652.26	6,928,474.15
2. Gross revenue for the period		7,303,652.26	6,928,474.15
3. Other operating income			
a) Miscellaneous other operating income		7,061.21	3,643.80
- of which currency translation gains EUR 0.00 (EUR 3,643.80)			
4. Cost of materials			
a) Cost of purchased services		3,687,894.88	3,443,902.00
5. Personnel expenses			
a) Wages and salaries	2,652,350.57		2,483,997.86
b) Social security costs and expenses related to pension plans and support	360,689.16		354,143.32
- of which in respect of old age pensions EUR 1,200.00 (EUR 58,304.38)			
		3,013,039.73	2,838,141.18
6. Depreciation and amortization			
a) Of non-current intangible assets and property, plant and equipment		21,129.18	33,687.05
7. Other operating expenses			
a) Occupancy costs	93,078.46		86,791.10
b) Insurance premiums, fees and contributions	16,303.96		4,250.67
c) Cost of third-party repairs and maintenance	5,063.73		2,024.76
d) Advertising and travel expenses	20,000.65		114,196.47
e) Miscellaneous operating costs	123,761.71		149,190.91
f) Losses on disposal of fixed assets	1,976.00		0.00
g) Miscellaneous other operating expenses	18,643.12		1,433.47
- of which currency translation losses EUR 17,459.65			
		278,827.63	357,887.38
8. Other interest and similar income		0.00	3,147.44
9. Interest and similar expenses		6,806.22-	42.00
10. Taxes on income		95,136.00	78,672.52
11. Net income/net loss after tax		221,492.27	182,933.26
12. Net income for the financial year		221,492.27	182,933.26

Accounts as at 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg**ASSETS**

Account	Description	EUR	Financial Year EUR	Prior Year EUR
	Purchased licences, trademarks and similar rights and values as well as licences to such rights and values			
27	EDV-Software		0.00	2.00
	Other equipment, furniture and office equipment			
400	Kitchen Equipment / Kücheneinrichtung	0.00		1.00
401	Computer-Hardware Ilmenau	16,018.00		22,967.00
402	Computer-Hardware Dreieich	9,573.00		1,748.00
403	Computer-Hardware II Ilmenau	0.00		3.00
430	Equipment / Büroaustattung	<u>262.00</u>		<u>867.00</u>
			25,853.00	25,586.00
	Accounts receivable			
1410	Accounts Receivable / Forderungen LuL		2,179,006.03	2,525,406.96
	Receivables from affiliated companies			
700	Intercompany Actian US		1,459,358.99	991,308.14
	Other assets			
1500	Other Non Current Assets / Sonst. Vermög	1,546.48		0.00
1527	Security Deposit / Kaution (größer 1 J)	11,439.81		11,439.81
1530	Employee Receiv. / Ford Personal(bis 1J)	1,883.11		46.40
1540	Trade Tax Overpaym. / GewSt-Überzahlung	3,065.57		3,065.57
1549	Corp. tax overpaym. / KSt-Überzahlung	3,386.05		3,386.05
1742	Liab. social security / Verb. SV	<u>132.00</u>		<u>370.72</u>
			21,453.02	18,308.55
	of which remaining term greater than 1 year EUR 11,439.81 (EUR 11,439.81)			
1527	Security Deposit / Kaution (größer 1 J)			
	Cash on hand, central bank balances, bank balances and checks			
1000	Petty Cash / Kasse Ilmenau	330.24		199.67
1200	Hypovereinsbank #665700917	1,041,474.87		682,236.85
1210	Commerzbank #50005000	<u>4,564.39</u>		<u>8,466.81</u>
			1,046,369.50	690,903.33
	Prepaid expenses			
980	Other Prepaid Expenses / ARAP		25,496.92	15,452.69
			<u><u>4,757,537.46</u></u>	<u><u>4,266,967.67</u></u>

Accounts as at 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg

TOTAL EQUITY AND LIABILITIES

Account	Description	EUR	Financial Year EUR	Prior Year EUR
Subscribed capital				
800	Subscribed Capital / Gez. Kapital		25,000.00	25,000.00
Retained profits brought forward				
860	Retained Earnings / Gewinnvortrag vor Ve		299,289.82	116,356.56
Net income for the financial year				
	Net income for the financial year		221,492.27	182,933.26
Tax accruals				
956	Trade Tax Accrual / GewSt-Rückstellung	4,770.00		0.00
963	Corporate Tax Accrual / KSt-Rückstellung	<u>5,249.13</u>		<u>0.00</u>
			10,019.13	0.00
Other provisions				
965	Bonus, Commission Accrual	485,902.00		297,868.73
966	Accrual Local Storage / RSt Aufbewahrung	13,250.00		13,250.00
970	Accrued Liabilities Other / Sonstige RSt	14,400.00		18,810.00
977	Year-end Closing Accrual / Abschluss-RSt	7,500.00		7,500.00
979	Accrued Liabilities - PTO / Urlaubsrst	<u>72,332.00</u>		<u>60,441.62</u>
			593,384.00	397,870.35
Accounts payable				
1610	Accounts Payable / Verbindl. LuL		5,682.99	30,438.05
of which remaining term up to 1 year EUR 5,682.99 (EUR 30,438.05)				
1610	Accounts Payable / Verbindl. LuL			
Other liabilities				
1700	Other Liabilities / Sonstige Verbindl.	0.00		3,669.97
1741	Wage Tax Liabilities / Verb. LSt/KiSt	<u>43,671.63</u>		<u>38,995.11</u>
		43,671.63		42,665.08
1780	VAT Prepayments / Umsatzsteuer-VZ	<u>255,288.80</u>		<u>296,311.97</u>
		255,288.80		296,311.97
			298,960.43	338,977.05
of which taxes EUR 298,960.43 (EUR 335,307.08)				
1741	Wage Tax Liabilities / Verb. LSt/KiSt			
1780	VAT Prepayments / Umsatzsteuer-VZ			
of which remaining term up to 1 year EUR 298,960.43 (EUR 338,977.05)				
1700	Other Liabilities / Sonstige Verbindl.			
Carried forward			1,453,828.64	1,091,575.27

Accounts as at 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg**TOTAL EQUITY AND LIABILITIES**

Account Description	EUR	Financial Year EUR	Prior Year EUR
Brought forward		1,453,828.64	1,091,575.27
of which remaining term up to 1 year EUR 298,960.43 (EUR 338,977.05)			
1741 Wage Tax Liabilities / Verb. LSt/KiSt			
1780 VAT Prepayments / Umsatzsteuer-VZ			
Prepaid expenses			
990 Deferred Revenue / PRAP	220,351.33		42,796.63
991 Deferred Revenue License / PRAP Lizenzen	3,050,807.08		3,086,378.24
992 Deferred Rev. Maintenance / PRAP Wartung	<u>32,550.41</u>		<u>46,217.53</u>
		3,303,708.82	3,175,392.40
		<u>4,757,537.46</u>	<u>4,266,967.67</u>

Income Statement Accounts from 01/01/2020 to 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg

Account Description	EUR	Financial Year EUR	Prior Year EUR
Sales			
8110 Revenues - Licence / Erlöse Lizenzen	4,938,396.47		4,748,344.71
8200 Revenue IC / Erlöse Intercompany	2,132,744.00		1,941,133.00
8400 Revenues Maintenance / Erlöse Wartung	203,232.99		230,820.44
8409 Revenues Royalties / Erlöse Royalties	<u>29,278.80</u>		<u>8,176.00</u>
		7,303,652.26	6,928,474.15
Miscellaneous other operating income			
2660 Erträge aus der Währungsumrechnung	0.00		3,643.80
2731 Erträge aus Herabsetzung EWB auf Ford	<u>7,061.21</u>		<u>0.00</u>
		7,061.21	3,643.80
of which currency translation gains EUR 0.00 (EUR 3,643.80)			
2660 Erträge aus der Währungsumrechnung			
Cost of purchased services			
3100 Third Party Work / Fremdleistungen	8,160.00-		3,443,902.00-
3102 Intercompany Royalties	<u>3,679,734.88-</u>		<u>0.00</u>
		3,687,894.88-	3,443,902.00-
Wages and salaries			
4100 Wages and salaries	0.00		1,691,630.31-
4102 Personal Time Off / Urlaubslöhne	4,576.38-		5,831.68-
4116 Car Allowance / Fahrtkostenzuschuss	45,843.96-		45,843.96-
4120 Salaries, Wages / Gehälter	1,701,037.32-		0.00
4121 Commissions	0.00		424,819.07-
4124 Bonus & Commissions	771,932.46-		301,295.86-
4127 Severance / Abfindungen	115,389.91-		3,669.97-
4146 Volunt. n-c bnft marg. part-t workers	0.00		5,251.90-
4170 Capital Saving / VWL	1,210.20-		0.00
4175 Relocation / Umzugskosten	310.34-		3,000.00-
4177 Recruiting / Personalbeschaffung	<u>12,050.00-</u>		<u>2,655.11-</u>
		2,652,350.57-	2,483,997.86-
Social security costs and expenses related to pension plans and support			
4130 Payroll taxes / Aufwendungen soz. Si	302,348.24-		279,202.21-
4138 Workers Compensation / Beiträge zur BGN	7,452.33-		6,340.86-
4140 Vol. social benfts not subj to wage tx	0.00		8,461.43-
4141 Other social security costs	0.00		1,834.44-
4165 Pension Contribution / Aufw. Altersvorso	1,200.00-		58,304.38-
4169 Employee Benefits / Versicherungen AN	<u>49,688.59-</u>		<u>0.00</u>
		360,689.16-	354,143.32-
of which in respect of old age pensions EUR 1,200.00 (EUR 58,304.38)			
4165 Pension Contribution / Aufw. Altersvorso			
Carried forward		<u>609,778.86</u>	<u>650,074.77</u>

Income Statement Accounts from 01/01/2020 to 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg

Account Description	EUR	Financial Year EUR	Prior Year EUR
Brought forward		609,778.86	650,074.77
Depreciation and amortization			
Of non-current intangible assets and property, plant and equipment			
4830 Depreciation / Abschreibung Sachanlagen	21,129.18-		22,872.05-
4855 Immediate write-off of low-value assets	<u>0.00</u>		<u>10,815.00-</u>
		21,129.18-	33,687.05-
Occupancy costs			
4210 Rent / Miete unbew. Wirtschaftsgüter	81,043.03-		75,219.44-
4240 Utilities / Heizung, NK, Strom	7,445.27-		11,571.66-
4250 Cleaning / Reinigung	<u>4,590.16-</u>		<u>0.00</u>
		93,078.46-	86,791.10-
Insurance premiums, fees and contributions			
4360 Versicherungen / Insurance	10,660.87-		0.00
4380 Beiträge	0.00		747.21-
4390 Miscellaneous / Sonstige Abgaben	<u>5,643.09-</u>		<u>3,503.46-</u>
		16,303.96-	4,250.67-
Cost of third-party repairs and maintenance			
4805 Repair & Maintenance / Reparaturen	4,587.89-		0.00
4806 Hard-/Software-Maintenance / Wartung	<u>475.84-</u>		<u>2,024.76-</u>
		5,063.73-	2,024.76-
Advertising and travel expenses			
4612 Meetings	472.83-		18,855.00-
4630 Gifts / Geschenke abzf. ohne § 37b EStG	445.43-		0.00
4646 Employee Morale Non-Meals / Mitarbeiterz	6,722.35-		0.00
4650 Entertainment / Bewirtungskosten 70 %	666.53-		1,779.70-
4654 Non-ded. entertainment / N.abzf. Bew.kos	285.65-		762.72-
4660 T&E - Other / Reisekosten AN	1,215.98		0.00
4661 T&E - Air Travel / Flugkosten AN	9,527.87-		35,973.86-
4662 T&E - Local Transport / Fahrtkosten AN	84.31-		435.84-
4663 T&E - Mileage / KM-Pauschale AN	46.20-		0.00
4666 T&E - Lodging / Übernachtungsaufwand AN	2,965.46-		8,512.74-
4668 Employee mileage reimbursement	0.00		1,740.60-
4669 Other travel expenses	<u>0.00</u>		<u>46,136.01-</u>
		20,000.65-	114,196.47-
Miscellaneous operating costs			
4900 Other operating expenses	0.00		8,704.83-
4910 Delivery & Postage / Porto	1,543.61-		1,417.39-
4920 Telephone&Internet / Telefon&Internet	34,141.22-		32,655.57-
4925 Fax and Internet costs	0.00		7,714.90-
Carried forward	<u>35,684.83-</u>	<u>454,202.88</u>	<u>50,492.69-</u> 409,124.72

Income Statement Accounts from 01/01/2020 to 31/12/2020

Actian Germany GmbH Betrieb von open source Datenbanken, Hamburg

Account Description	EUR	Financial Year EUR	Prior Year EUR
Brought forward	35,684.83-	454,202.88	409,124.72 50,492.69-
Miscellaneous operating costs			
4930 Office Supplies / Bürobedarf	4,146.51-		6,360.92-
4931 Computer Supplies / Computerbedarf	3,979.40-		0.00
4950 Consultants & Legal / Beratungskosten	6,744.28-		18,074.10-
4955 Accounting / Buchführungskosten	57,344.70-		63,022.60-
4960 Equipment Rentals / Mieten bewegliche WG	3,471.84-		3,160.60-
4970 Bank Charges / Nebenkosten Geldverkehr	10,432.67-		8,080.00-
4985 Tools & Minor Equip / Werkzeug	<u>1,957.48-</u>		<u>0.00</u>
		123,761.71-	149,190.91-
Losses on disposal of fixed assets			
2310 Abgänge Sachanlagen Restbuchwert bei BV		1,976.00-	0.00
Miscellaneous other operating expenses			
2150 Exp. On Exchange Rates / Aufw. Kurs	17,459.65-		0.00
2381 Zuwendg.Spenden wissensch./kult. Zweck	<u>1,183.47-</u>		<u>1,433.47-</u>
		18,643.12-	1,433.47-
of which currency translation losses EUR 17,459.65			
2150 Exp. On Exchange Rates / Aufw. Kurs			
Other interest and similar income			
2650 Other interest and similar income		0.00	3,147.44
Interest and similar expenses			
2100 Interest and similar expenses	0.00		42.00-
2110 Intercompany Interests / IC Zinsen	<u>6,806.22</u>		<u>0.00</u>
		6,806.22	42.00-
Taxes on income			
2200 Corporate Tax / Körperschaftsteuer	47,536.00-		39,355.00-
2208 Solidaritätszuschlag	2,614.00-		2,164.52-
4320 Gewerbesteuer	<u>44,986.00-</u>		<u>37,153.00-</u>
		95,136.00-	78,672.52-
Net income for the financial year		<u><u>221,492.27</u></u>	<u><u>182,933.26</u></u>

Action Germany GmbH, Hamburg

Appendix for the period end report January 01, 2020 to December 31, 2020

I. General statements

- 1) The company was started up with the article of incorporation dated October 6, 2005. The article of incorporation is considered to the version from February 3rd, 2015. The company is recorded in the trade register at the register court Hamburg under HRB 135991.
- 2) The seat of the company is Hamburg.
- 3) The subject of the company is the operation with open source and other relational databases and the performance of related services. The company is entitled to all trades and measures, which are suited to serve the subject of the company directly or indirectly.
- 4) The financial statements of Action GmbH have been prepared according to the German commercial code.
- 5) In addition to these instructions, the regulations of the Limited Liability Companies Act were followed.
- 6) "The company is concerning ""HGB § 267 Abs. 1 i. V. m. Abs. 4"" a small" capital company. The preparation facilities according to § 266 Abs. 1 HGB and § 288 HGB were used.
- 7) The company did not set up a management report according to § 264 Abs. 1 Satz 3 HGB.
- 8) This financial year of the company is the calendar year.
- 9) The profit and loss statement was prepared by using the nature of expense method.

II. Information concerning balance sheet and valuation

- 1) The intangible assets acquired were recognized as purchase costs and, as far as they were subject to abrasion, reduced by the systematic depreciation.
- 2) The production costs include the directly attributable costs, necessary expenses, and depreciations caused by the production.
- 3) The systematic depreciations were carried out either linear or non-linear according to the expected useful life of the assets and to the fiscal regulations.
- 4) The inventories were recognized at the purchase and production costs. If the daily values were lower at the balance sheet date, these values were recognized.
- 5) Debtors and other property subjects are set on with the nominal value.
- 6) The accruals consider all recognizable risks and uncertain obligations with the amount of their prospective claim.
- 7) Liabilities were set at their repayment value.
- 8) The company has no liabilities which are not recognized in the balance sheet according to Section 251 of the German Commercial Code (HGB).
- 9) The company has other unrecognized financial obligations beside the liabilities shown on the balance sheet with a total amount of Euro 96.207,84.

III. Year on year differences in accounting and valuation methods

- 1) The accounting and valuation methods in the financial statements were essentially taken over.
- 2) A fundamental change of accounting policies compared to the previous year did not occur.

IV. Other information

- 1) Average number of staff members employed during the fiscal year

The average number of employees employed by the company during the financial year was 26.

- 2) Appropriation of net income (result)

The period end report as of December 31, 2020 shows a profit for the year of EUR 221.492,27. This is expected to be carried forward onto new account.

- 3) Manager

Stephen Mark Padgett, Business man, Cedar Park, Texas, USA

Marc Monahan, Business man, Mapleton, Utah, USA

- 4) Corporate affiliation

The annual financial statements as of December 31, 2020 were part of the consolidated financial statements of Actian Corporation in Palo Alto, California, USA.

Actian Corporation prepares the consolidated financial statements for the smallest consolidated group.

Utah, USA April 20, 2021

Place, Date



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Managing Director

General terms and conditions for German tax advisors (*Steuerberater*, *Steuerbevollmächtigte*) and firms of tax advisors (*Steuerberatungsgesellschaften*)

as of July 2018

These "general terms and conditions" shall govern contracts between German qualified tax advisors (*Steuerberater*, *Steuerbevollmächtigte*) as well as firms of tax advisors (*Steuerberatungsgesellschaften*) (hereinafter collectively referred to as the 'Tax Advisors', and each of them a 'Tax Advisor') and their clients (*Auftraggeber*), unless otherwise expressly agreed in text form (*Textform*) or prescribed by law.

1. Scope and execution of the engagement

- (1) The scope of the services to be rendered by the Tax Advisor shall be governed by the specific engagement. The engagement shall be executed in accordance with the principles of proper professional practice and in compliance with the relevant rules of professional conduct and professional obligations (cf. German Act Regulating the Profession of Tax Advisors [*Steuerberatungsgesetz — StBerG*] [hereinafter "**StBerG**"], German Professional Code of Conduct for Tax Advisors [*Berufsordnung der Steuerberater- BOSTB*]).
- (2) Foreign law shall only be taken into account if this has been expressly agreed in text form.
- (3) In the event that the legal position changes after a matter has been conclusively completed, the Tax Advisor shall not be under any obligation to alert the client to such change or the resulting implications.
- (4) The review of the documents and figures provided to the Tax Advisor, in particular the accounts and balance sheet, with regard to accuracy, completeness and conformity with applicable rules shall not form part of the engagement unless otherwise expressly agreed in text form. The Tax Advisor will assume that the information provided by the client, in particular the figures, is correct and will use it as a basis for his/her work. To the extent that he/she detects any evident inaccuracies, the Tax Advisor shall be obliged to point them out.
- (5) The engagement shall not be deemed to constitute an authorization to represent the client before public authorities, courts and other bodies. Such authorization would need to be granted separately. Where, owing to the client's absence, it proves impossible to coordinate with him/her as to the filing of legal remedies, the Tax Advisor shall be deemed, in case of doubt, to be both authorized and obliged to take action with a view to meeting a deadline.

2. Duty of confidentiality

- (1) In accordance with the law, the Tax Advisor shall be under a duty to maintain confidentiality with regard to all facts that have come to his/her attention in connection with the execution of the engagement unless the client releases him/her from this duty. The duty of confidentiality shall continue even beyond a termination of the contractual relationship. The duty of confidentiality shall apply, to the same extent, to the Tax Advisor's staff.
- (2) The duty of confidentiality shall not apply to the extent that a disclosure is necessary in order to protect the Tax Advisor's legitimate interests. Furthermore, the Tax Advisor is hereby released from the duty of confidentiality to the extent that, under the terms and conditions of his/her professional liability insurance, he/ she has a duty to provide information and cooperate.
- (3) The foregoing shall not affect any statutory rights to refuse to provide information or to refuse to testify under sect. 102 German General Tax Code (*Abgabenordnung — AO*), sect. 53 German Code of Criminal Procedure (*Strafprozessordnung — StPO*) and sect. 383 German Code of Civil Procedure (*Zivilprozessordnung — ZPO*).
- (4) The Tax Advisor is hereby released from the duty of confidentiality to the extent that (i) this is necessary for purposes of carrying out a certification audit in the Tax Advisor's firm and (ii) the individuals who are acting in this regard, for their part, have been instructed as to their duty of confidentiality. The client hereby agrees that the person carrying out the certification/audit may inspect the client file which was created and is being maintained by the Tax Advisor.

3. Involvement of third parties

The Tax Advisor shall be entitled to involve staff and, subject to the prerequisites of sect. 62a StBerG, also external service providers (in particular data-processing companies) for purposes of carrying out the engagement. The bringing-in of third-party experts (e.g. other Tax Advisors, auditors, German qualified attorneys (*Rechtsanwälte*)) shall require consent and instruction on the part of the client. Without having been instructed by the client, the Tax Advisor shall be neither entitled nor obliged to bring in such third parties.

3a. Electronic communication, data protection ¹⁾

- (1) In the context of the engagements, the Tax Advisor shall be entitled to electronically collect personal data of the client and to process such data in an automated file or to transmit such data to a service computer center for further processing of the data related to the engagement.
- (2) In order to satisfy his/her obligations under the EU General Data Protection Regulation (hereinafter "**GDPR**") and the German Federal Data Protection Act (*Bundesdatenschutzgesetz — BDSG*), the Tax Advisor shall be entitled to appoint a data-protection officer. Unless this data-protection officer is already subject to a duty of confidentiality under clause 2(1) sent. 3 above, the Tax Advisor shall ensure that the data-protection officer, upon taking up his/her activity, shall undertake to maintain data secrecy.
- (3) To the extent that the client wants to communicate with the Tax Advisor via a fax line or an e-mail address, the client must share in the costs for setting up and maintaining the use of signature procedures and encryption procedures of the Tax Advisor (e.g. for acquiring and setting up any necessary software and/or hardware).

4. Remedying of deficiencies

- (1) The client shall have a right to demand that any deficiencies be remedied. The Tax Advisor must be afforded an opportunity to take remedial action. If and to the extent that the engagement constitutes a contract for services (*Dienstvertrag*) within the meaning of sects. 611, 675 German Civil Code (*Bürgerliches Gesetzbuch — BGB*) (hereinafter "**BGB**"), the client may refuse any remedial action by the Tax Advisor if the engagement is terminated by the client and the deficiency is detected only after the engagement has been validly terminated.
- (2) Should the Tax Advisor fail to remedy the asserted deficiencies within a reasonable period or refuse to remedy the deficiencies, then the client may, at the Tax Advisor's expense, have the deficiencies remedied by another Tax Advisor and/or — at the client's choice — demand a reduction of the fees or rescission of the contract.
- (3) The Tax Advisor may at any time, also vis-à-vis third parties, correct obvious inaccuracies (e.g. clerical errors, or errors in calculation). Other deficiencies may be corrected by the Tax Advisor vis-à-vis third parties subject to the client's consent. Such consent shall not be required where the Tax Advisor's legitimate interests take precedence over the client's interests.

5. Liability

- (1) The liability of the Tax Advisor and his/her 'persons employed in performing a contractual obligation for whom the Tax Advisor is vicariously liable' [*Erfüllungsgehilfen*] (hereinafter the 'Vicarious Agents') for any loss/damage resulting from one breach of duty or — in the context of a uniform injurious effect (*einheitliche Schadensfolge*) — from several breaches of duty on the occasion of executing an engagement shall be capped at EUR 4.000.000,00 ²⁾ (in words: four million euros). The limitation of liability shall apply in relation to negligence only; liability for intent shall not be subject to such limitation. Liability claims in relation to any loss/damage arising from injuries to life, body or health shall be excluded from this limitation of liability. The limitation of liability shall apply to the Tax Advisor's entire activity for the client, i.e. also, in particular, to an extension to the scope of the engagement; in this regard, there shall be no need for agreeing the limitation of liability again. The limitation of liability shall also apply in the case of the establishment of a joint practice (*Sozietät*) / partnership company (*Partnerschaft*) and assumption of the engagement by the joint practice / partnership company as well as for partners who join the joint practice / partnership company.
- (2) Furthermore, the limitation of liability shall also apply vis-à-vis third parties to the extent that these fall within the scope of protection of the engagement; in this regard, sect. 334 BGB is expressly not waived. Any agreements, contained in individual contracts, providing for a limitation of liability shall take precedence over this provision but — unless otherwise expressly stipulated — shall not affect the validity of this provision.

(3) Provided there was a sufficiently high insurance cover in place, the limitation of liability shall apply retroactively from the beginning of the engagement or, as the case may be, from the point of taking out higher insurance cover. If the scope of the engagement is subsequently modified or expanded, then the limitation of liability shall also extend to these cases.

6. Duties on the part of the client; client's failure to cooperate and client's default of acceptance

- (1) The client shall be obliged to cooperate to the extent that this is necessary in order for the engagement to be duly executed. In particular, he/she shall submit to the Tax Advisor, unprompted, a complete set of all documents necessary in order to execute the engagement; such submission shall occur in such a timely manner as to afford the Tax Advisor a reasonable processing time. The same shall apply with regard to briefings about all events and circumstances which may be of importance for purposes of executing the engagement. The client shall be obliged to take note of all written and oral communications issued by the Tax Advisor and to consult him/her when in doubt.
- (2) The client shall refrain from anything that may prejudice the independence of the Tax Advisor or the Tax Advisor's Vicarious Agents.
- (3) The client hereby undertakes to pass on the results of the Tax Advisor's work only with the Tax Advisor's consent unless the consent to such results being passed on to a specific third party already flows from the content of the engagement.
- (4) Should the Tax Advisor employ data-processing programs at the client's premises, then the client shall be obliged to comply with the instructions by the Tax Advisor with regard to installation and application of such programs. In addition, the client shall be obliged to only use the programs within the scope prescribed by the Tax Advisor, which shall also be the scope of use to which the client is entitled. The client must not disseminate the programs. The Tax Advisor shall remain the owner of the rights of use. The client shall refrain from anything which constitutes an obstacle to the exercise by the Tax Advisor of the rights of use with regard to the programs.
- (5) Should the client fail to comply with a duty to cooperate incumbent on him/her under clause 6(1)— (4) or as provided for elsewhere or be in default of acceptance in relation to the services tendered by the Tax Advisor, then the Tax Advisor shall have the right to terminate the contract without notice (cf. clause 9(3)). This shall not affect the Tax Advisor's claim to be compensated for the additional expenses incurred by him/her owing to the client's default or failure to cooperate as well as for any loss/damage caused, even in the event that the Tax Advisor opts not to exercise his/her right of termination.

7. Copyright protection

The services rendered by the Tax Advisor constitute his/her intellectual property. They are protected by copyright. Beyond their intended use, work results may be passed on only upon prior written consent by the Tax Advisor.

8. Fees, advance payment and offsetting

- (1) The Tax Advisor's fees (professional fees and reimbursement of out-of-pocket expenses) for his/her professional activity in accordance with sect. 33 StBerG shall be determined pursuant to the German Regulation on Tax Advisors' Fees (*Steuerberatervergütungsverordnung — StBVV*) (hereinafter "**StBVV**"). Fees above or below the statutory fees may be agreed in text form. Agreeing fees below the statutory fees is permissible in out-of-court matters only. Such lower fees must bear an adequate relation to the services, responsibility and liability risk of the Tax Advisor (sect. 4(3) StBVV).
- (2) For activities not dealt with in the Regulation on Fees (e.g. sect. 57(3) nos. 2 and 3 StBerG), the applicable fees shall be those agreed; otherwise, the fees determined by statute for such activity; or else the customary fees (sects. 612(2) and 632(2) BGB).
- (3) Only claims that are undisputed or have been determined with final and absolute effect (*rechtskräftig*) may be set off against a fee claim of the Tax Advisor.
- (4) The Tax Advisor shall be entitled to request an advance payment for professional fees and out-of-pocket expenses already incurred or expected to be incurred. In the event that the requested advance payment is not made, the Tax Advisor may, upon prior notice, cease working for the client until the advance payment is received. Where a cessation of work may adversely affect the client, the Tax Advisor shall be obliged to notify the client, in a timely manner, of the Tax Advisor's intention to cease working.

9. Termination of the contract

- (1) The contract shall terminate upon completion of the services, upon expiry of the agreed term, or by giving notice. The contract shall not terminate upon the client's death or upon the client becoming legally incapacitated or, in the case of a company, upon the company's dissolution.
- (2) If and to the extent that the contract constitutes a contract for services within the meaning of sects. 611, 675 BGS, either party may terminate the contract for cause (*außerordentlich*) except in the case of a service relationship with fixed earnings (*Dienstverhältnis mit festen Bezügen*), sect. 627(1) BGB; notice must be given in text form. Any deviation from the foregoing in individual cases shall require an agreement to be negotiated between the Tax Advisor and the client.
- (3) In order to prevent legal disadvantages for the client, upon termination of the contract by the Tax Advisor the Tax Advisor must, in any event, still take those actions which may reasonably be expected of him/her and which ought not to be postponed (e.g. application for the extension of a deadline which is about to expire).
- (4) The Tax Advisor shall be obliged to hand over to the client anything the Tax Advisor receives or has received for purposes of executing the engagement and anything the Tax Advisor obtains in the context of the management of the affairs of another (*Geschäftsbesorgung*). In addition, the Tax Advisor shall be obliged, upon request, to provide the client with a progress report and to render account for the Tax Advisor's activities.
- (5) Upon termination of the contract, the client must promptly hand over to the Tax Advisor the data-processing programs employed at the client's office for purposes of executing the engagement, including any copies created, as well as any other program documents, and/or delete them from the hard drive.
- (6) Upon termination of the engagement, the documents must be collected from the Tax Advisor.
- (7) In the event that the engagement terminates before it has been completed, the Tax Advisor's fee claim shall be governed by statute. Any deviation from the foregoing in individual cases shall require a separate agreement in text form.

10. Storage, delivery and right of retention with regard to work results and documents

- (1) The Tax Advisor must store the client files for a period often years after the engagement has terminated. However, this obligation shall expire before the above period has elapsed if the Tax Advisor has asked the client to take receipt of the client files and the client has failed to comply with such request within six months of having received it.
- (2) 'Client files' within the meaning of para. 1 shall only include such documents as have been obtained by the Tax Advisor, on the occasion of his/her professional activity, from or for the client; by contrast, they shall not include the correspondence between the Tax Advisor and his/her client and the documents which the client has already received in the original or as a copy as well as the working papers produced for internal purposes (sect. 66(3) StBerG).
- (3) At the request of the client, but no later than after termination of the engagement, the Tax Advisor shall hand over the client files to the client within a reasonable period. The Tax Advisor may create and retain copies or photocopies of documents which he/she returns to the client.
- (4) The Tax Advisor may refuse to hand over the client files until his/her fees and out-of-pocket expenses have been settled. This shall not apply to the extent that withholding the client files and the individual documents would be unreasonable under the circumstances (sect. 66(2) sent. 2 StBerG).

11. Miscellaneous

The engagement, its execution and the claims resulting therefrom shall be exclusively governed by German law. The place of performance shall be the client's place of residence unless he/she is a merchant (Kaufmann), legal person under public law, or special fund (*Sondervermögen*) under public law; otherwise, the place of performance shall be the professional establishment of the Tax Advisor. The Tax Advisor is — not — prepared to participate in dispute-resolution proceedings before a consumer conciliation body (sects. 36, 37 German Act on Alternative Dispute Resolution in Consumer Matters [Gesetz über die alternative Streitbeilegung in Verbrauchersachen — VSBG]).³⁾

12. Validity in the event of partial nullity

Should individual provisions of these terms and conditions of engagement be or become invalid, then this shall not affect the validity of the remaining provisions.