



**Prospectus  
for the public offering**

of

5,000,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions resolved by an extraordinary general shareholders' meeting of the Company on

September 22, 2017

and of

500,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of paragon AG

and of

825,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of paragon AG under a securities loan in connection with a possible over-allotment to be finally covered by a yet to be exercised capital increase from authorized capital of the Company resolved by the extraordinary general shareholders' meeting on September 22, 2017

and at the same time

**for the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)**

of

10,000,000 ordinary bearer shares with no par value (*Stückaktien*) (existing share capital)

and of

up to 5,000,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions resolved by an extraordinary general shareholders' meeting of the Company on September 22, 2017

and of

up to 825,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase from authorized capital to cover a securities loan in connection with a possible over-allotment

each such share with a notional value of €1.00 in the share capital  
and with full dividend rights as from January 1, 2017

of

**Voltabox AG  
Delbrück**

**Price Range: €20.00 – €24.00**

International Securities Identification Number (ISIN): DE000A2E4LE9

German Securities Code (*Wertpapierkennnummer*) (WKN): A2E4LE

Ticker Symbol: VBX

*Global Coordinator and Joint Bookrunner*

**Bankhaus Lampe KG**

*Joint Bookrunner*

**Hauck & Aufhäuser Privatbankiers AG**

The date of this prospectus is September 25, 2017

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## SUMMARY OF THIS PROSPECTUS

Summaries are made up of disclosure requirements known as elements (“**Elements**”). These Elements are numbered in Sections A - E (A.1 - E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary due to the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words “not applicable”.

### Section A – Introduction and Warnings

<b>A.1</b>	<b>Warnings.</b>	<p>This summary should be read as an introduction to this prospectus (the “<b>Prospectus</b>”). Any decision by investors to invest in the shares of Voltabox AG, Delbrück, Germany, should be based on consideration of this Prospectus as a whole.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area, have to bear the costs of translating this Prospectus before legal proceedings are initiated.</p> <p>Voltabox AG, Delbrück, Germany (hereinafter the “<b>Company</b>” or “<b>Voltabox AG</b>” and, together with its consolidated subsidiary, the “<b>Group</b>” or the “<b>Voltabox Group</b>” or “<b>Voltabox</b>” or “<b>we</b>”, “<b>our</b>”, or “<b>us</b>”), together with Bankhaus Lampe KG, Düsseldorf, Germany (“<b>Bankhaus Lampe</b>” or the “<b>Global Coordinator</b>”), and Hauck &amp; Aufhäuser Privatbankiers AG, Frankfurt am Main, Germany (“<b>Hauck &amp; Aufhäuser</b>”, together with Bankhaus Lampe, the “<b>Joint Bookrunners</b>”) have assumed responsibility for the contents of this summary including its German translation pursuant to Section 5 (2b) No. 4 of the German Securities Prospectus Act (<i>Wertpapierprospektgesetz</i>). Those who are responsible for this summary, including any translations thereof, or for its issuing (<i>Erläss</i>), may be held liable but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or if it does not provide, when read together with the other parts of this Prospectus, all necessary key information, as of the date of this Prospectus.</p>
<b>A.2</b>	<b>Consent regarding subsequent use of this Prospectus.</b>	Not applicable. Consent of the Company regarding the use of the Prospectus for a subsequent resale or final placement of the Company’s shares by financial intermediaries has not been granted.

### Section B – The Issuer

<b>B.1</b>	<b>Legal and commercial name.</b>	The Company’s legal name is Voltabox AG. The Group’s commercial name is “Voltabox”.
<b>B.2</b>	<b>Domicile, legal form, legislation, country of incorporation.</b>	The Company’s registered office is in Delbrück, Germany. The Company is registered with the commercial register kept at the local court ( <i>Amtsgericht</i> ) of Paderborn, Germany, under HRB 12895. The Company is a German stock corporation ( <i>Aktiengesellschaft</i> ) incorporated in Germany and governed by German law.
<b>B.3</b>	<b>Description of, and key nature of the</b>	We believe we have established ourselves as an innovator and leading producer of high-quality, reliable and technologically-advanced battery

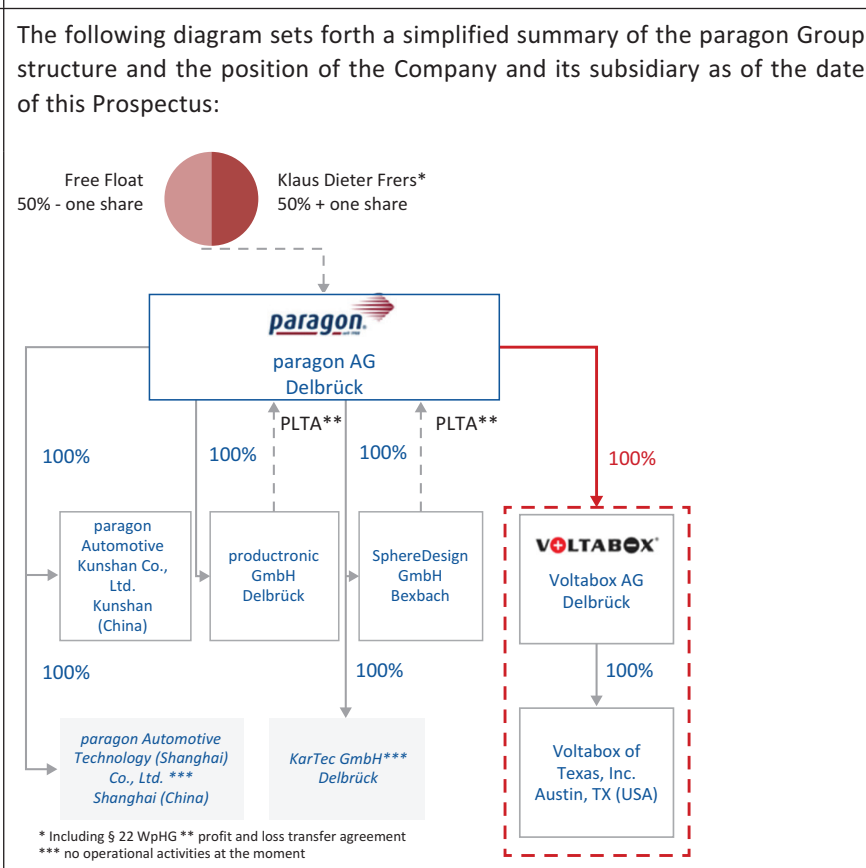
	<p><b>issuer’s principal activities, categories of products sold and/or services performed and identification of the principal markets in which the issuer competes.</b></p>	<p>systems based on lithium-ion technology (“<b>Li-Ion</b>”) for certain electro-mobility (“<b>E-Mobility</b>”) sub-markets. We believe our market position is attributable to our products’ high-quality, reliability and technological innovation, supported by our innovation capabilities and in-house research and development activities. As a “Pure Play” E-Mobility specialist, focused on Li-Ion battery technology, we provide battery systems for demanding industrial applications. We are fully focused on Li-Ion technologies, which actively disrupt the battery market. As a subsidiary of paragon AG, our parent company (as defined below in B.6, together with its consolidated subsidiaries, the “<b>paragon Group</b>”), we benefit from their proven entrepreneurial track record, their comprehensive customer network and their almost 30 years of experience in the automotive industry. We believe we are strategically well-positioned to benefit from current trends across our business segments and specialized applications, which are characterized by underlying growth supported by a number of mega trends. The trend towards electrification, a growing global population and urbanization as well as the stricter climate regulations for reducing CO<sub>2</sub> emissions are expected to drive growing demand for E-Mobility applications in various industries and sectors. In particular, the emerging Li-Ion battery market is a disruptive technology for the lead-acid battery market, and we believe the Li-Ion based battery will replace most of the established lead-acid battery applications in the coming years.</p> <p>Our core business is the development, manufacturing and distribution of high-performance rechargeable battery systems with integrated battery management systems (“<b>BMS</b>”) based on Li-Ion technology for a wide range of applications such as in public transportation vehicles, commercial and industrial vehicles as well as intralogistics. In the future, we aim to address sectors such as agricultural and construction vehicles, ground support equipment as well as selected applications in the automotive mass market.</p> <p>Our business operations are conducted through Voltabox AG (formerly Voltabox Deutschland GmbH) as well as our subsidiary Voltabox of Texas, Inc. and are divided into three business segments:</p> <ul style="list-style-type: none"> <li>• “<b>Voltapower</b>”: in this business segment we develop, manufacture and distribute high-performance battery solutions for large specialized vehicles where customized, turn-key Li-Ion solutions add maximum value for customers in the public transport, mining and intralogistics sector, for example. Currently, our primary customers are Triathlon Batterien GmbH, Kiepe Electric and Komatsu Mining Corp. (formerly Joy Global Inc.). Voltapower is currently our core business segment which accounted for 100% of our Group revenue and 100% of our Group EBIT in 2016.</li> <li>• “<b>Voltaforce</b>”: under the Voltaforce brand we develop, manufacture and distribute standardized low-voltage batteries for use in distinct segments in the mass battery market where lightweight batteries are particularly relevant and advantageous; for example, starter batteries for motorcycles and 48 volt (“<b>V</b>”) mild hybrid solutions. Hence, Voltaforce batteries replace the common lead-acid battery systems such as starter batteries for motorcycles and other vehicles. Voltaforce batteries seek to disrupt the lead-acid battery market by replacing especially established low-voltage lead-acid batteries. Our primary customer will be BMW (motorcycles).</li> </ul>
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		<ul style="list-style-type: none"> <li>• <b>“Voltamotion”</b>: under the Voltamotion brand we develop drivetrain components including power electronics enabling the full electrification of high-performance vehicles and addressing additional individual markets for inverters, chargers, DC/DC-converters, electric machines and the like. The Voltamotion products are currently in the development process and we plan to produce and sell them beginning in 2018.</li> </ul> <p>In fiscal year 2016, we generated revenues of €14.5 million (€7.4 million in fiscal year 2015 and €4.6 million in fiscal year 2014) with an EBITDA (as defined in B.7 below under <i>“Selected Other Financial Information”</i>) of €-2.1 million (€-0.8 million in fiscal year 2015 and €-0.1 million in fiscal year 2014) on the basis of our audited combined financial statements of Voltabox AG prepared in accordance with International Financial Reporting Standards (<b>“IFRS”</b>), as adopted by the European Union for the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014 (the <b>“Combined Financial Statements (IFRS)”</b>). In the six months ended June 30, 2017, we had revenues of €10.6 million (€4.5 million for the six months ended June 30, 2016) and an EBITDA (as defined in B.7 below under <i>“Selected Other Financial Information”</i>) of €0.2 million (June 30, 2016: €-0.8 million) on the basis of our unaudited condensed consolidated interim financial statements of Voltabox AG prepared in accordance with IFRS for interim financial reporting (IAS 34), as of and for the six months ended June 30, 2017 (the <b>“Interim Financial Statements (IFRS)”</b>).</p> <p>Up to and including the six month period ended June 30, 2017, all revenues were attributable to our Voltapower segment.</p>
B.4a	<p><b>Description of the most, significant recent trends affecting the issuer and the industry in which it operates.</b></p>	<p>The Company believes the following factors have affected its recent development and will continue to influence the future development of its business, financial condition, results of operations and industry in which it operates:</p> <ul style="list-style-type: none"> <li>• <b>Technological transition via electrification / Industry 4.0</b>: The market for Li-Ion batteries, and thus our business currently benefits from the trend towards electrification (<i>i.e.</i> the process of powering previously non-electrically powered devices by electricity and, in many cases, the migration to electricity as power source) as well as the trend of Industry 4.0 (process of automation and computer-integrated manufacturing technologies – “smart factory”) which affect the battery market due to the need for smaller and lighter batteries. Li-Ion batteries are ideal for this application.</li> <li>• <b>Eco-consciousness / CO<sub>2</sub>-reduction</b>: Another mega trend which affects the market for Li-Ion batteries is connected with stricter climate and energy policies initiated in western countries, in particular within the European Union (<b>“EU”</b>). EU countries have agreed on a new 2030 framework for climate and energy (a policy framework for climate and energy in the period from 2020 to 2030), including EU-wide targets and policy objectives for the period between 2020 and 2030. Consequently, the industry seeks to optimize and further downsize internal-combustion engines by way of drivetrain components, such as mild-hybrid vehicles or vehicles for construction and agriculture, which we consider as attractive distinct E-Mobility markets.</li> </ul>

• **Population growth / Urbanization:** Whether driven by rising economic prosperity or by other demographic shifts also underway, trends in urbanization present great opportunities for development, but at the same time give rise to formidable challenges to social and environmental sustainability and governance. As electric vehicles have become an increasingly important topic of discussion in urbanized cities all across the world, we believe that the trend towards a growing global population and urbanization will push the agenda of increasing demand for inter alia public transportation vehicles (HD-buses and the like) as well as agriculture and construction vehicles vested with battery systems to the forefront. Many of these use cases are triggered by the lack of acoustic emissions of electric driven vehicles.

**B.5** **Description of the group and the issuer’s position within the group.**



**B.6** **Persons who, directly or indirectly, have a (notifiable) interest in the issuer’s capital or voting rights.**

As of the date of this Prospectus, paragon AG (the “Parent Company” or “paragon AG”), holds 100% of the registered shares with no par value (*Stückaktien*) currently issued by the Company.

The shareholders of paragon AG are:

Shareholders	Number of shares / voting rights <sup>(1)</sup>	% of share capital / voting rights <sup>(1)</sup>
Klaus Dieter Frers <sup>(2)</sup> . . . . .	2,263,134	50% + 1 share
Free float <sup>(3)</sup> . . . . .	2,263,132	49,998%
<b>Total share capital</b> . . . . .	<b>4,526,266</b>	<b>100%</b>

(1) Based on the voting rights reported to paragon AG according to Section 21 German Securities Trading Act (*Wertpapierhandelsgesetz*, “WpHG”), calculated on the basis of the current share capital in the amount of EUR 4,526,266.00.

	<p><b>Voting rights.</b></p> <p><b>Direct or indirect control over the issuer and nature of such control.</b></p>	<p>(2) Including 30,000 attributed voting rights in accordance with Section 22 WpHG.</p> <p>(3) Comprising all shareholders with less than 5% in the share capital.</p> <p>Accordingly, Mr. Klaus Dieter Frers is the indirect controlling shareholder of the Company (in such capacity the <b>“Controlling Shareholder”</b>).</p> <p>Each share in the Company carries one vote at the Company’s general shareholders’ meeting (<i>Hauptversammlung</i>). There are no restrictions on voting rights.</p> <p>The Company is indirectly controlled by the Controlling Shareholder who holds 50% plus one share (including 30,000 attributed voting rights in accordance with Section 22 WpHG) in the Parent Company which, in turn, holds 100% of the shares and voting rights in the Company.</p> <p>Upon completion of the Offering (as defined below), the Parent Company will hold approximately 60% of the Company’s share capital (assuming the full placement of the Offer Shares (as defined below in C.1)) and will therefore continue to control the Company upon completion of the Offering.</p>
<p><b>B.7</b></p>	<p><b>Selected historical key financial information.</b></p>	<p>The financial information contained in the following tables is taken or derived from the Combined Financial Statements (IFRS), the Interim Financial Statements (IFRS) (together the <b>“Financial Statements”</b>) and the Group’s accounting or controlling records.</p> <p>The Combined Financial Statements (IFRS) have been prepared in accordance with IFRS issued by the International Accounting Standards Board (IASB), London, as adopted by the EU and applicable on the balance sheet date, and in accordance with the interpretations of the International Financial Reporting Standards Interpretations Committee (<b>“IFRSIC”</b>). The Combined Financial Statements (IFRS) have been audited in accordance with the International Standards on Auditing (ISA) by Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany (now operating as Baker Tilly GmbH &amp; Co. KG Wirtschaftsprüfungsgesellschaft) (<b>“Baker Tilly”</b>), who issued an opinion thereon. The Voltabox business included in the Combined Financial Statements (IFRS) has not operated as a separate group of entities. These Combined Financial Statements (IFRS) are, therefore, not necessarily indicative of results that would have occurred, if the Voltabox business had been a separate stand-alone group of entities during the years presented or future results of the Voltabox business.</p> <p>The Interim Financial Statements (IFRS) (including comparative figures for the six months ended June 30, 2016) have been prepared in accordance with IFRS as adopted by the EU for interim financial reporting (IAS 34). Since IFRS does not provide guidance for the preparation of combined financial statements, IAS 8 – Accounting policies, changes in accounting estimates and errors was used for the preparation of the Combined Financial Statements (IFRS).</p> <p>Voltabox was not, during the fiscal years covered by the Combined Financial Statements (IFRS), a legal group for consolidated financial reporting purposes. The Combined Financial Statements (IFRS) were prepared on the basis of the assumption that Voltabox existed like a group of companies in its current form since January 1, 2014.</p>

		<p>Where financial information in the following tables is labeled “audited”, it means that this information was taken from the Combined Financial Statements (IFRS). The label “unaudited” is used in the following tables to indicate financial information which was taken or derived from our accounting records, internal management reporting systems or the Interim Financial Statements (IFRS). The label “combined” is used in the following tables to indicate financial information that was taken from the Combined Financial Statements (IFRS). The label “consolidated” is used in the following tables to indicated financial information that was taken from the Interim Financial Statements (IFRS). Some information in this section is also presented as so called Non-GAAP Measures (i.e. figures neither defined under IFRS nor under the German Commercial Code (HGB)). These Non-GAAP Measures are key figures used by our management to monitor the performance of the Group. Non-GAAP measures not included in the Combined Financial Statements (IFRS) are labeled as “unaudited” in the table titled “Selected Other Financial Information”, while Non-GAAP Measures included in the Combined Financial Statements (IFRS) are labeled “audited” in the table titled “Selected Other Financial Information”. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure in the table titled “Selected Other Financial Information” below.</p>
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## Selected Financial Information from the Income Statement

The following table shows selected information from the consolidated income statement for the six months ended June 30, 2017 taken from the Interim Financial Statements (IFRS) and from the consolidated income statement for the fiscal years ended December 31, 2016, 2015 and 2014 of Voltabox taken from the Combined Financial Statements (IFRS):

	Six months ended June 30,		Fiscal year ended December 31,		
	2017	2016	2016	2015	2014
	unaudited (consolidated)		audited (combined)		
	in € thousand				
<b>Revenue</b> . . . . .	<b>10,594</b>	<b>4,514</b>	<b>14,493</b>	<b>7,405</b>	<b>4,554</b>
Other operating income . . . . .	71	133	67	1,207	368
Increase or decrease in inventory of finished goods and work in progress . . . . .	845	747	-197	594	321
Other own work capitalized . . . . .	2,059	1,713	6,035	5,308	2,276
<b>Total operating performance</b> . . . . .	<b>13,569</b>	<b>7,107</b>	<b>20,398</b>	<b>14,514</b>	<b>7,519</b>
Cost of material . . . . .	-7,291	-4,594	-13,405	-8,282	-4,077
<b>Gross profit</b> . . . . .	<b>6,278</b>	<b>2,513</b>	<b>6,993</b>	<b>6,232</b>	<b>3,442</b>
Personnel expenses . . . . .	-2,803	-1,792	-4,113	-3,155	-1,521
Depreciation of property, plant and equipment and amortization of intangible assets . . . . .	-945	-757	-1,540	-1,079	-292
Impairment of property, plant and equipment and intangible assets . . . . .	0	0	0	-6	0
Other operating expenses . . . . .	-3,277	-1,507	-5,015	-3,865	-2,045
<b>Earnings before interest and taxes (EBIT)</b> . . . . .	<b>-747</b>	<b>-1,543</b>	<b>-3,675</b>	<b>-1,873</b>	<b>-416</b>
Financial income . . . . .	0	0	0	0	0
Financial expenses . . . . .	-258	-137	-534	-466	-22
<b>Financial result</b> . . . . .	<b>-258</b>	<b>-137</b>	<b>-534</b>	<b>-466</b>	<b>-22</b>
<b>Earnings before taxes (EBT)</b> . . . . .	<b>-1,005</b>	<b>-1,680</b>	<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Income taxes . . . . .	375	-155	-475	-637	-169
Profit transfer (under profit and loss transfer agreement) . . . . .	0	0	4,456	4,963	0
<b>Consolidated net income</b> . . . . .	<b>-630</b>	<b>-1,835</b>	<b>-228</b>	<b>1,987</b>	<b>-607</b>
<b>Total comprehensive income</b> . . . . .	<b>-555</b>	<b>-1,835</b>	<b>-228</b>	<b>1,987</b>	<b>-607</b>

## Selected Financial Information from the Balance Sheet

The following table shows selected information from the consolidated balance sheet as of June 30, 2017 taken from the Interim Financial Statements (IFRS) and from the combined balance sheet as of December 31, 2016, 2015 and 2014 of Voltabox taken from the Combined Financial Statements (IFRS):

	June 30,	December 31,		
	2017	2016	2015	2014
	unaudited (consolidated)	audited (combined)		
	in € thousand			
<b>ASSETS</b>				
<b>Noncurrent assets</b>				
Intangible assets . . . . .	14,334	12,908	7,388	2,465
Goodwill . . . . .	3,187	3,187	2,417	924
Property, plant and equipment . . . . .	8,238	9,377	9,343	3,918
	<b>25,759</b>	<b>25,472</b>	<b>19,148</b>	<b>7,307</b>
<b>Current assets</b>				
Inventories . . . . .	4,667	3,955	3,304	1,100
Trade receivables . . . . .	6,620	5,776	4,191	3,812
Receivables from related parties . . . . .	3,927	2,539	1,814	1,109
Income tax assets . . . . .	21	—	—	—
Other assets . . . . .	515	343	258	170
Cash and cash equivalents . . . . .	2,380	940	771	726
	<b>18,130</b>	<b>13,553</b>	<b>10,338</b>	<b>6,916</b>
<b>Total assets . . . . .</b>	<b>43,889</b>	<b>39,025</b>	<b>29,486</b>	<b>14,223</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Subscribed capital . . . . .	100	100	50	50
Capital reserve . . . . .	1,244	1,244	494	494
Profit-/loss carried forward . . . . .	4,630	4,337	1,804	1,052
Consolidated net income . . . . .	-630	-228	1,987	-607
Currency translation differences . . . . .	75	—	—	—
	<b>5,419</b>	<b>5,453</b>	<b>4,335</b>	<b>989</b>
<b>Non-current provisions and liabilities</b>				
Non-current liabilities from finance lease . . . . .	50	107	63	0
Non-current loans . . . . .	3,910	4,539	4,718	1,071
Deferred taxes . . . . .	1,009	1,385	910	273
	<b>4,969</b>	<b>6,031</b>	<b>5,691</b>	<b>1,344</b>
<b>Current provisions and liabilities</b>				
Current portion of liabilities from finance lease . . . . .	16	39	31	81
Current loans and current portion of non-current loans . . . . .	654	651	581	465
Trade payables . . . . .	2,555	3,361	2,882	675
Liabilities to related parties . . . . .	29,532	22,671	15,434	10,585
Other provisions . . . . .	36	6	22	4
Other current liabilities . . . . .	708	814	510	80
	<b>33,501</b>	<b>27,542</b>	<b>19,460</b>	<b>11,890</b>
<b>Total equity and liabilities . . . . .</b>	<b>43,889</b>	<b>39,025</b>	<b>29,486</b>	<b>14,223</b>

## Selected Financial Information from the Cash Flow Statement

The following table shows selected information from the consolidated statement of cash flows for the six months ended June 30, 2017 taken from the Interim Financial Statements (IFRS) and from the combined statement of cash flows for fiscal years ended December 31, 2016, 2015 and 2014 of Voltabox taken from the Combined Financial Statements (IFRS):

	Six months ended	Fiscal year ended		
	June 30,	December 31,		
	2017	2016	2015	2014
	unaudited (consolidated) <sup>2</sup>	audited (combined)		
in € thousand				
<b>Earnings before taxes (EBT)</b> . . . . .	<b>-1,005</b>	<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Depreciation/amortization of non-current fixed assets . . . . .	945	1,540	1,079	292
Financial result . . . . .	258	534	466	22
Gains (-), losses (+) from the disposal of property, plant and equipment and financial assets . . . . .	-8	199	-8	-4
Increase (+), decrease (-) in other provisions . . . . .	30	-15	18	4
Other non-cash expenses and income . . . . .	1,046	-1,786	-1,530	-1,595
Increase (-), decrease (+) in trade receivables, other receivables, and other assets . . . . .	-2,428	2,559	-1,822	-5,090
Impairment of intangible assets . . . . .	0	0	6	0
Increase (-), decrease (+) in inventories . . . . .	-712	-652	-2,204	-1,100
Increase (+), decrease (-) in trade payables and other liabilities <sup>1</sup> . . . . .	6,533	8,951	14,492	13,099
Interest paid . . . . .	-258	-534	-466	-23
Income tax . . . . .	0	0	0	104
<b>Cash flow<sup>2</sup> from operating activities</b> . . . . .	<b>4,401</b>	<b>6,588</b>	<b>7,692</b>	<b>5,271</b>
Cash receipts from the disposal of property, plant and equipment . . . . .	0	0	9	9
Cash paid for investments in property, plant and equipment . . . . .	-376	-1,306	-6,410	-3,862
Cash paid for investments in intangible assets . . . . .	-2,106	-4,904	-4,988	-2,147
Interest received . . . . .	0	0	0	0
<b>Cash flow<sup>2</sup> from investment activities</b> . . . . .	<b>-2,482</b>	<b>-6,210</b>	<b>-11,389</b>	<b>-6,000</b>
Cash paid for loan repayments . . . . .	-769	-499	-397	-97
Cash proceeds from loans taken out . . . . .	321	321	4,161	1,633
Cash paid for liabilities from finance leases . . . . .	-31	-31	-22	-82
Cash inflow from equity contributions . . . . .	0	0	0	0
<b>Cash flow<sup>2</sup> from financing activities</b> . . . . .	<b>-479</b>	<b>-209</b>	<b>3,742</b>	<b>1,454</b>
Cash-effective change in liquidity . . . . .	1,440	169	45	726
Cash and cash equivalents at beginning of period . . . . .	940	771	726	0
Cash and cash equivalents at end of period . . . . .	2,380	940	771	726

1 The increase (+) / decrease (-) in trade payables and other liabilities, which are disclosed by the Company within the cash flow from operating activities also include the change in liabilities of shareholder loans, payables and profit/loss agreements in the amount of T€2,406 for the six months ended June 30, 2017 (fiscal year 2016: T€2,275; fiscal year 2015: T€4,848; fiscal year 2014: T€10,585). If these amounts would be disclosed in the cash flow from financing activities, it would increase to T€1,927 for the six months ended June 30, 2017 (fiscal year 2016: T€2,066; fiscal year 2015: T€8,590; fiscal year 2014: T€12,039), whereas the cash flow from operating activities would decrease to T€1,995 for the six months ended June 30, 2017 (fiscal year 2016: T€4,313; fiscal year 2015: T€2,844; fiscal year 2014: T€-5,314).

2 Since Voltabox Group started its business as a consolidated group of companies only on January 1, 2017, comparative figures of the cash flow statement for the six months ended June 30, 2016 are not available because at such time Voltabox Group did not yet exist. The presented figures were derived from the Combined Financial Statements (IFRS) and the comparability of these figures is therefore limited.

## Selected Other Financial Information

The following table shows selected other financial information derived from the Interim Financial Statements (IFRS) and from the Combined Financial Statements (IFRS):

	Six months ended June 30,		Fiscal year ended December 31,		
	2017	2016	2016	2015	2014
	unaudited (consolidated)		unaudited (combined)		
	in € thousand				
<b>1. Information on earnings</b>					
Revenue	10,594	4,514	14,493	7,405	4,554
R&D costs <sup>1</sup>	1,658	1,844	5,526	5,712	1,987
Earnings before interest, taxes, amortization and depreciation (EBITDA) <sup>2</sup>	198	-786	-2,135	-788	-124
Earnings before interest and taxes (EBIT)	-747	-1,543	-3,675	-1,873	-416
Consolidated net income	-630	-1,835	-228	1,987	-607
Total comprehensive income	-555	-1,835	-228	1,987	-607
<b>2. Financial position</b>					
Equity ratio (%) <sup>3</sup>	12.35	n/a	13.97	14.70	6.95
Net debt <sup>4</sup>	27,898	n/a	22,561	19,165	7,749
Working capital <sup>5</sup>	8,732	n/a	6,371	4,613	4,237
Capital expenditure <sup>6</sup>	2,482	n/a	6,210	11,398	6,009

1 Unaudited. This is an alternative performance measure. We define R&D costs as all costs, internal and external, which were spent for research and development. This includes mainly salaries and wages for own staff as well as external personnel and third-party services for necessary R&D support.

2 Unaudited. This is an alternative performance measure. We define EBITDA as earnings before interest and taxes (EBIT, as shown in our financial statements), amortization (which represents amortization and impairments of goodwill and other intangible assets, net of reversals of impairments as shown in the Combined Financial Statements (IFRS) or Interim Financial Statements (IFRS)) and depreciation (which represents depreciation and impairments of property, plant and equipment, net of reversals of impairments as shown in the Combined Financial Statements (IFRS) or Interim Financial Statements (IFRS)). EBITDA is not recognized as a measure under IFRS. Therefore, EBITDA should be viewed as supplemental but not as a substitute for data from the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement. Since not all companies define EBITDA in the same way, EBITDA as shown in this Prospectus may not be comparable to similarly-titled measures used by other companies.

3 Unaudited. This is an alternative performance measure. We define equity ratio as "Equity" divided by "Total assets and liabilities", each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).

4 Unaudited. This is an alternative performance measure. We define net debt as "Non-current liabilities from finance lease" plus "Non-current loans" plus "Current portion of liabilities from finance lease" plus "Current loans and current portion of non-current loans" less "Cash and cash equivalents" plus the loans portion from "Liabilities to related parties", each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).

5 Unaudited. This is an alternative performance measure. We define working capital as "Inventories" plus "Trade receivables" less "Trade payables" (without intercompany and associated companies), each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).

6 Unaudited. This is an alternative performance measure. We define capital expenditures as "Additions to property, plant and equipment" plus "Additions to intangible assets", each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).



	<p><b>Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information.</b></p>	<p>The following significant changes in our financial condition and operating results occurred in fiscal years 2014, 2015 and 2016 and the six months ended June 30, 2017 as well as in the subsequent period:</p> <p><b>Six months ended June 30, 2017</b></p> <p>In the six months ended June 30, 2017, our <i>revenue</i> increased strongly by T€6,080 or 134.7% to T€10,594 which was mainly driven by our entry into the highly automated serial production of battery modules for intralogistics applications, mainly in Europe, and by sales of battery systems for public transport. Inversely, <i>cost of materials</i> increased by T€2,697 (58.71%) to T€7,291 influenced by transferring prototype related costs to serial production costs. Due to an improved personnel expense ratio and comparatively lower depreciation our EBIT rose to T€-747, an increase of T€796 or 51.6% against the amount from T€-1,543 in the previous year. Accounting for the increase in revenue, the <i>consolidated net income</i> increased by T€1,205, or 65.7% to T€-630 (first half 2016: T€-1,835).</p> <p><b>Comparison of Fiscal years 2016 and 2015</b></p> <p>Driven also by our entry into the highly automated serial production of battery modules for intralogistics applications, mainly in Europe, and by sales of battery systems for public transport, in the fiscal year 2016, our <i>revenue</i> almost doubled by T€7,088 (95.7%) to T€14,493 (2015: T€7,405). Inversely to our revenue <i>cost of material</i> increased by T€5,123 (61.9%) to T€13,405 after T€8,282 in 2015, due to the increase in raw materials and semi-finished goods used which, in turn, was a consequence of our general business expansion. Despite a significantly improved personnel expense ratio and comparatively lower depreciation and other operating expenses, our EBIT for fiscal year 2016 decreased by T€-1,802 or -96.2% to T€-3,675 in 2016 against T€-1,873 in 2015. Similar to our EBIT, our EBT decreased from T€-2,339 in 2015 by T€-1,870 (-80.0%) to T€-4,209 in 2016. Due to the profit and loss transfer agreement with the Parent Company, the <i>consolidated net income</i> amounted to T€1,987 in 2015 and T€-228 in 2016.</p> <p><b>Comparison of Fiscal years 2015 and 2014</b></p> <p>Fiscal year 2015 was marked, in particular on the cost side, by a strong ramp-up in business. We generated <i>revenue</i> of T€7,405, a strong increase of T€2,851 or 62.6% as compared to fiscal year 2014 when it amounted to T€4,554. Revenues for battery systems for public transport were the largest growth driver, mainly in the United States. <i>Cost of material</i> increased even stronger by T€4,205 or 103.1% to T€8,282 in 2015 as opposed to T€4,077 in 2014, mainly due to a sharp increase in raw materials and supplies due to the expansion of our business, e.g. building of prototypes for intralogistic customers. <i>Personnel expenses</i> also increased strongly by T€1,634 or 107.4% to T€-3,155 in 2015 from T€-1,521 in 2014, mainly as a result of an increase in wages and salaries due to new hires. As a consequence of our increased costs, our EBIT decrease by T€1,457 or 350.2% to T€-1,873, as compared to T€-416 in 2014. Our <i>consolidated net income</i>, as a result of the profit and transfer agreement, increased by T€2,594 or 427.3% to T€1,987 in 2015 versus T€-607 in 2014.</p> <p><b>Period since June 30, 2017</b></p> <p>By resolution of the Company's extraordinary general shareholders' meeting held on September 6, 2017 and September 20, 2017 the Company's share capital was increased against contributions in-kind from €100,000.00 by</p>
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		<p>€9,900,000.00 to €10,000,000.00. The contribution in-kind consisted of a shareholder loan by our Parent Company paragon AG amounting to €9,900,000.00 which was contributed pursuant to a contribution and transfer agreement dated September 6, 2017. The capital increase was registered with the commercial register on September 21, 2017.</p> <p>Apart from this, there have been no significant changes to the financial condition and results of operations of the Company since June 30, 2017 until the date of this Prospectus. No further significant change in the Group's financial or trading position has occurred since June 30, 2017.</p>
<b>B.8</b>	<b>Selected key pro forma financial information.</b>	Not applicable. No pro forma financial information is required.
<b>B.9</b>	<b>Profit forecast or estimates.</b>	<p>The Management Board expects Voltabox Group's revenue to grow from approximately €14.5 million in the fiscal year 2016 (based on the Combined Financial Statements (IFRS) for the 2016 fiscal year) to approximately €25 million in the 2017 fiscal year and expects a positive EBIT (earnings before interest and taxes) for the Voltabox Group.</p> <p>The Management Board further expects to invest approximately €7 million in the 2017 fiscal year, consisting of own work capitalized (€5 million) as well as new and replacement investments in machinery (€2 million).</p>
<b>B.10</b>	<b>Qualifications in the audit report on the historical financial information.</b>	Not applicable. The audit reports on the historical financial information included in this Prospectus have been issued without qualifications.
<b>B.11</b>	<b>Insufficiency of the issuer's working capital requirements for its present requirements.</b>	Not applicable. From the current perspective, the Company is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this Prospectus.

### Section C – Securities

<b>C.1</b>	<b>A description of the type and the class of the securities being offered and/or admitted to trading.</b>	<p>The Offering (as defined in E.3) relates to a total of 6,325,000 ordinary bearer shares with no par value (<i>Stückaktien</i>), each such share with a notional value of €1.00 in the share capital of the Company and full dividend rights from January 1, 2017. The Offering consists of:</p> <ul style="list-style-type: none"> <li>• 5,000,000 newly issued ordinary bearer shares with no par value (<i>Stückaktien</i>) from a capital increase against cash contributions resolved by an extraordinary general shareholders' meeting of the Company on September 22, 2017 (the "<b>New Shares</b>");</li> <li>• 500,000 existing ordinary bearer shares with no par value (<i>Stückaktien</i>) from the holdings of the Parent Company of the Company (the "<b>Sale Shares</b>"); and</li> <li>• 825,000 existing ordinary bearer shares with no par value (<i>Stückaktien</i>) from the holdings of the Parent Company under a securities loan in connection with a possible over- allotment by the Joint Bookrunners (the "<b>Over-Allotment Shares</b>", together with the New Shares and the Sale Shares, the "<b>Offer Shares</b>"), to be finally covered by a yet to be exercised capital increase from authorized capital of the Company resolved by the extraordinary general shareholders' meeting on September 22, 2017.</li> </ul>
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	<p><b>Security identification number.</b></p>	<p>The admission to trading on the regulated market segment (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>), with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) relates to a total of up to 15,825,000 ordinary bearer shares with no par value (<i>Stückaktien</i>) of the Company, comprising</p> <ul style="list-style-type: none"> <li>• 10,000,000 existing ordinary bearer shares with no par value (<i>Stückaktien</i>) (existing share capital of the Company),</li> <li>• up to 5,000,000 New Shares and</li> <li>• up to 825,000 newly issued shares from a potential capital increase from authorized capital resolved by the extraordinary general shareholders' meeting on September 22, 2017 to redeem the Over-Allotment Shares (the "<b>Greenshoe Shares</b>"),</li> </ul> <p>each such share with a notional value of €1.00 in the share capital (<i>Stückaktien</i>) and full dividend rights from January 1, 2017.</p> <p>International Securities Identification Number (ISIN): DE000A2E4LE9</p> <p>German Securities Code (<i>Wertpapierkennnummer, WKN</i>): A2E4LE</p> <p>Ticker Symbol: VBX</p>
<p><b>C.2</b></p>	<p><b>Currency of the securities being issued.</b></p>	<p>Euro.</p>
<p><b>C.3</b></p>	<p><b>The number of shares issued and fully paid and issued but not fully paid.</b></p>	<p>As of the date of this Prospectus, the Company's existing share capital amounts to €10,000,000.00, divided into 10,000,000 ordinary bearer shares with no par value (<i>Stückaktien</i>), which are fully paid up.</p> <p>The Company's extraordinary general shareholders' meeting held on September 22, 2017 resolved to increase the capital against cash contributions by issuing up to 5,000,000 ordinary bearer shares with no par value (<i>Stückaktien</i>) which will be offered in the Offering (as defined below in E.3). This resolution is expected to be registered in the commercial register on or around October 12, 2017. On or around October 10, 2017, the Company's Management Board will resolve the final number of New Shares (as defined below in E.3) to be effectively issued, subject to approval on the same day by the Supervisory Board. The implementation of the capital increase regarding the New Shares is expected to be registered in the commercial register by October 12, 2017.</p> <p>Assuming full exercise of the capital increase regarding the New Shares, the Company's total share capital will amount to up to €15,000,000, divided into 15,000,000 ordinary bearer shares with no par value (<i>Stückaktien</i>). All shares issued as of the date of this Prospectus are, and the New Shares that will be issued will be fully paid up.</p> <p>Should the Greenshoe Option (as defined below in E.3) be exercised in full by the Stabilization Manager (as defined below in E.3) on behalf of the Joint Bookrunners and should the corresponding capital increase from authorized capital be implemented, the Company's total share capital will amount to €15,825,000, divided into up to 15,825,000 ordinary bearer shares with no</p>

	<b>The par value per share, or that the shares have no par value.</b>	<p>par value (<i>Stückaktien</i>). The implementation of the capital increase regarding the Greenshoe Shares (as defined below in E.3) is expected to be registered in the commercial register by mid November 2017. At such time, the Greenshoe Shares will be fully paid up.</p> <p>Each of the Company's shares represents a nominal value of €1.00 in the Company's share capital.</p>
<b>C.4</b>	<b>A description of the rights attached to the securities.</b>	Each of the shares of the Company carries one vote at the Company's general shareholders' meeting. The Company's shares carry full dividend rights from January 1, 2017. In the event of the Company's liquidation, the Company's assets remaining after satisfaction of all the Company's liabilities will be distributed to the shareholders in proportion to their interest in the Company's share capital.
<b>C.5</b>	<b>A description of any restrictions on the free transferability of the securities.</b>	Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for ordinary bearer shares. There are no restrictions on the transferability of the Company's shares other than the lock-up agreements described below under E.5.
<b>C.6</b>	<b>An indication as to whether the securities offered are or will be the object of an application for a regulated market and the identity of all the regulated markets where the securities are or are to be traded.</b>	<p>The Company expects to apply for admission of its entire existing share capital comprising 10,000,000 no-par value bearer shares and the up to 5,000,000 New Shares to trading on the regulated market segment (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) on or around September 25, 2017.</p> <p>The decision on the admission of these up to 15,000,000 shares of the Company to trading is expected to be announced on or about October 12, 2017. Trading of the Company's shares (including the New Shares) on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) is expected to commence on October 13, 2017.</p> <p>To the extent the Greenshoe Option is exercised by the Stabilization Manager (as defined below in E.3) on behalf of the Joint Bookrunners, the decision on the admission of the up to 825,000 Greenshoe Shares from a capital increase from authorized capital is expected to be announced by mid-November 2017.</p>
<b>C.7</b>	<b>A description of dividend policy.</b>	<p>The Offer Shares carry full dividend rights as of January 1, 2017.</p> <p>The Company's shareholders have a right to a share in the Company's distributable profits pro rate to their respective interest in the Company's share capital. In a stock corporation (<i>Aktiengesellschaft</i>) governed by German law, resolutions concerning the distribution of dividends for a given fiscal year, and the amount and payment date thereof, are to be adopted by the general shareholders' meeting of the subsequent fiscal year upon a joint proposal by the Management Board and the Supervisory Board.</p> <p>The Company does not expect to pay dividends for the fiscal year 2017. In the mid to long-term, however, the Company expects that a certain portion of its distributable profits (i.e. the balance sheet profit as shown in its annual financial statements in accordance with the German Commercial Code, HGB), will be distributed to its shareholders.</p>

		The Company's ability to pay future dividends depends on the amount of distributable retained profits. The Company is not in a position to make any statements on the amount of future retained profits or on whether retained profits will exist at all in the future. Consequently, the Company is unable to guarantee that dividends will be paid in future years. The Company intends to use a major part of its profits, if any, less the proportion to be allocated to the statutory reserve, for financing further growth of its business in the coming fiscal years and to pay dividends only to the extent that this is consistent with its business and investment planning.
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## Section D – Risks

<p>Investment in the shares of the Company is subject to risks. The following risks, alone or together with additional risks and uncertainties not currently known to the Company or that the Company might currently deem immaterial, could materially adversely affect the Group's business, financial condition, cash flow and results of operations. If any of these risks were to materialize, investors could lose all or part of their respective investments. The order in which the risk factors are presented is not an indication of the likelihood of the risks materializing, the significance or degree of the risks or the scope of any potential impairment to the Group's business. The risks mentioned could materialize individually or cumulatively.</p>		
<p><b>D.1</b></p>	<p><b>Key information on the key risks that is specific to the issuer or its industry.</b></p>	<p><b>Risks related to our business</b></p> <ul style="list-style-type: none"> <li>• We may be unable to successfully execute our strategy of growing in existing markets and expanding into additional markets and products.</li> <li>• We have a limited operating history and we may not be able to effectively deploy the proceeds of the Offering in order to, among other things, implement our business strategies and fill orders on a timely basis.</li> <li>• We depend on third parties to supply us with raw materials, parts, components, manufacturing equipment and services of adequate quality and in sufficient quantities in a timely manner and at a reasonable price.</li> <li>• The technical specifications and production of our Li-Ion batteries sometimes change as a result of changes made to cells by our cell suppliers as well as their market strategies.</li> <li>• We are exposed to risks associated with product liability, warranty claims, product recalls and other lawsuits or claims that may be brought against us.</li> <li>• Our business depends on contracts with a small number of significant customers.</li> <li>• We could be adversely affected by our customers defaulting on payments.</li> <li>• We are exposed to various operational risks associated with our production facilities and business operations.</li> <li>• We are legally obligated to take back used batteries from customers and the cost of doing so may differ materially from our estimates.</li> <li>• We may not be able to successfully recruit and retain skilled employees, particularly scientific, technical and management professionals.</li> <li>• We rely on the members of our Management Board and may not be able to attract and retain key and highly-qualified members of management.</li> <li>• Our business relies to some extent on paragon's infrastructure and on certain policies and processes which have been mirrored on paragon which may prove inadequate.</li> </ul>

		<ul style="list-style-type: none"> <li>• We are exposed to currency risks associated with changes in currency exchange rates.</li> <li>• Our insurance coverage may be inadequate, may increase in cost and may not cover certain risks or unexpected events.</li> <li>• We may require additional financing in the future, and such financing may not be available on favorable terms, or at all, and may be dilutive to shareholders in case of equity capital transactions.</li> <li>• Competition laws may expose us to liability risk and limit our ability to complete acquisitions to grow our business in certain markets.</li> <li>• We may be unable to complete acquisitions or enter into cooperation agreements in the timeframe or on the terms and conditions we envisage, and current or future acquisitions and cooperation agreements may not produce the desired or anticipated results.</li> <li>• The financial information for the Group presented in this Prospectus may not be entirely comparable and may not be representative of our results as an independently listed consolidated company going forward.</li> <li>• Our EBIT forecast may differ materially from our actual future EBIT.</li> </ul> <p><b>Risks related to the industry and markets in which we operate</b></p> <ul style="list-style-type: none"> <li>• Changes in the general economic environment in which we operate may have a negative impact on our business.</li> <li>• Demand for batteries in other E-Mobility sub-markets depends on the continuation of current trends towards alternative energy sources.</li> <li>• Battery technology is constantly evolving and we must successfully develop, manufacture and market products that improve upon existing battery technologies and gain market acceptance in order to remain competitive. In addition, many factors outside of our control, including the actions of our competitors and customers, may affect the demand for our batteries and battery systems.</li> <li>• Increased competition in the industries and market segments in which we operate may adversely affect our market shares, margins and overall profitability.</li> <li>• Cell suppliers or other established competitors such as original equipment manufacturers (“OEM”) with greater financial resources may shift their business strategy and produce battery systems for sub-markets which are currently being addressed by our products and branch solutions or major customers may insource battery technologies.</li> </ul> <p><b>Legal, Regulatory and Tax Risks</b></p> <ul style="list-style-type: none"> <li>• The loss of important intellectual property rights could adversely affect our business, and any threat to, or impairment of, our intellectual property rights could cause us to incur costs to adequately protect and defend those rights.</li> <li>• Our competitors possess intellectual property rights that we have to identify and not infringe upon. Accordingly, we are exposed to various risks in respect of third party intellectual property rights.</li> <li>• We are subject to numerous environmental, health and safety laws as well as regulations across multiple jurisdictions, which are becoming increasingly stringent.</li> </ul>
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		<ul style="list-style-type: none"> <li>• We rely on certain technology, knowhow and business as well as trade secrets, whose unauthorized access or prohibited use may harm our business.</li> <li>• Our tax burden could increase, in particular, as a result of future tax audits, reassessments by the competent authorities and potential changes in applicable tax laws and regulations.</li> <li>• Changes to accounting rules or regulations, such as the revised IFRS 16 rules dealing with lease contracts, which is expected to come into force in 2019 may result in an increase of our financial liabilities and may adversely affect our results of operations.</li> </ul>
<b>D.3</b>	<b>Key information on the key risks that is specific to the securities.</b>	<p><b>Key Risks Relating to the Offering, the Listing and the Shareholder Structure</b></p> <ul style="list-style-type: none"> <li>• Our Parent Company will continue to exercise significant influence on us following the completion of the Offering, and the Parent Company's interests could conflict with the interests of other shareholders and our shareholders' interests may generally deviate from, or conflict with, our interests.</li> <li>• The Offering might not be completed and investors could lose security commissions paid and be exposed to risks from any short selling of our shares.</li> <li>• The price and trading volume of our shares could fluctuate significantly, and investors could lose all or part of their investments.</li> <li>• We currently do not expect to pay dividends for the financial year 2017 and may not be able to, pay dividends in the mid to long term.</li> <li>• We will face additional administrative requirements and incur higher ongoing costs as a result of the listing.</li> <li>• Any future sales of our shares by the Parent Company or investors acquiring shares in the Offering, including so-called cornerstone investors, could depress the market price of our shares.</li> <li>• Our shares have not yet been publicly traded, and there is no guarantee that a liquid market will develop or continue following the Offering.</li> <li>• Future capital increases could be dilutive and lead to substantial reductions to the value of our shares as well as the control rights of existing shareholders' interests.</li> <li>• The Offering's price per share will exceed the net book value per share of our equity.</li> <li>• Investors with a reference currency other than the Euro may become subject to certain foreign exchange risks when investing in our shares.</li> </ul>

## Section E – Offer

<b>E.1</b>	<b>The total net proceeds and an estimate of the total expenses of the issue/offer</b>	<p>The Company will receive the proceeds (after deduction of the Joint Bookrunners' commissions and other costs to be borne by the Company) resulting from the sale of the New Shares and the Greenshoe Shares (as defined below in E.3), to the extent the Greenshoe Option is exercised by the Stabilization Manager (as defined below in E.3) on behalf of the Joint Bookrunners. The Company will not receive any proceeds from the sale of the Sale Shares (as defined below in E.3) which will instead be received by the Parent Company.</p>
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	<p>The amount of the gross proceeds from the Offering (as defined in E.3) to the Company and the Parent Company as well as the overall costs related to the Offering, including the Joint Bookrunners' commissions, depend on the Offer Price (as defined below in E.3) and the number of shares that will be placed in the Offering.</p> <p>Assuming full placement of 5,000,000 New Shares and full exercise of the Greenshoe Option of 825,000 further new shares (which, in turn, would require full placement of the Over-allotment Shares) at an offer price of €22.00, which is the mid-point of the Price Range (as defined in E.3) set for the Offering (as defined in E.3) of the Offer Shares (as defined in C.1), the total gross proceeds to the Company from the Offering will be €128.2 million. The Company will bear the costs related to the placement of the New Shares and the Greenshoe Shares as well as the listing of its entire share capital. Based on the aforementioned assumptions, the Company estimates that the commissions payable to the Joint Bookrunners and attributable to the Company (including a possible discretionary fee) together with the other costs attributable to the New Shares and the Greenshoe Shares as well as the listing of the entire share capital will amount to approximately €7.7 million. Accordingly, assuming an Offer Price at the mid-point of the Price Range (as defined in E.3), the net proceeds from the Offering to the Company (after deducting the Joint Bookrunners' commissions and other costs attributable to the Company) (the "<b>Net Proceeds</b>") will amount to approximately €120.4 million. The decision on the number of the New Shares to be placed will be made on October 10, 2017 (see C.3 for more information).</p> <p>If the Greenshoe Option is not exercised, the net proceeds (assuming a full placement of 5,000,000 offered New Shares), after deduction of the commissions (including the full discretionary fee) and other costs attributable to the Company amounting to €6.9 million, would then amount to €103.1 million.</p> <p>The Parent Company will receive the proceeds from the sale of the Sale Shares (after deduction of the commissions and other costs to be borne by the Parent Company with respect to the Sale Shares). Assuming full placement of the 500,000 Sale Shares at an Offer Price of €22.00, which is the mid-point of the Price Range (as defined in E.3) for the Offering (as defined in E.3) of the Offer Shares, the total gross proceeds to the Parent Company from the Offering will be €11.0 million. The Parent Company will bear the costs related to the placement of the Sale Shares. Based on the aforementioned assumptions, the Company estimates that the commissions payable to the Joint Bookrunners and attributable to the Parent Company (including a possible discretionary fee) together with the Parent Company's share in the other costs attributable to the Sale Shares will amount to approximately €0.7 million. Accordingly, assuming an Offer Price at the mid-point of the Price Range (as defined in E.3), the net proceeds from the Offering to the Parent Company (after deducting the Joint Bookrunners' commissions and other costs attributable to the Parent Company) will amount to approximately €10.3 million.</p> <p>If the Offer Price is set at the lower or higher end of the Price Range (as defined in E.3), the net proceeds both to the Company and the Parent Company will be lower or higher than as shown above (i.e. at the mid-point of the Price Range (as defined in E.3)).</p>
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	<b>Estimated expenses charged to the investor by the issuer or the offeror.</b>	Neither the Company nor the Parent Company nor the Joint Bookrunners will charge or bill expenses to the investors.
<b>E.2a</b>	<b>Reasons for the offer, use of proceeds, estimated net amount of the proceeds.</b>	<p>Assuming Net Proceeds (as set out in E.1) to Company of €120.4 million (i.e. based on the Offer Price at the mid-point of the Price Range (as defined in E.3) and full placement of the Offer Shares), the Company intends to use the Net Proceeds as follows:</p> <ul style="list-style-type: none"> <li>• approximately €25 million thereof for the ramp-up of research and development and production capacity (including hiring of qualified R&amp;D personnel with expertise in batteries; further development of existing and new products; investments in new production lines and new facilities, including in China);</li> <li>• up to approximately €16 million thereof for the repayment of the existing shareholder loan to paragon AG; and</li> <li>• the remainder for strategic mergers &amp; acquisitions (depending on availability of suitable targets).</li> </ul> <p>The chronological sequence in which the funds from the Net Proceeds will be used for the aforementioned measures as well as the actual proportion of the Net Proceeds that will be used for the individual measures will depend on a number of factors, which at present cannot be conclusively determined.</p>
<b>E.3</b>	<b>A description of the terms and conditions of the offer.</b>	<p><b>Offer conditions</b></p> <p>The Offering (as defined below) consists of a total of 6,325,000 ordinary bearer shares of the Company with no par value (<i>Stückaktien</i>), each such share with a notional value of €1.00 in the share capital of the Company and with full dividend rights as of January 1, 2017, comprising:</p> <ul style="list-style-type: none"> <li>• 5,000,000 New Shares;</li> <li>• 500,000 existing Sale Shares; and</li> <li>• 825,000 existing Over-Allotment Shares.</li> </ul> <p>The Offering consists of a public offering of the Offer Shares in the Federal Republic of Germany ("<b>Germany</b>") and the Grand Duchy of Luxembourg ("<b>Luxembourg</b>") (the "<b>Public Offering</b>") and private placements in certain jurisdictions outside Germany and Luxembourg including a private placement in the United States of America ("<b>United States</b>" or "<b>U.S.</b>") which are not the subject matter of this Prospectus (the "<b>Private Placement</b>", and together with the Public Offering, the "<b>Offering</b>"). In the United States, the Offer Shares are being offered for sale only to qualified institutional buyers as defined by and in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the "<b>Securities Act</b>"). Outside the United States, the Offer Shares are being offered in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act. The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.</p> <p>Institutional investors may place subscription offers directly with the Joint Bookrunners during the Offer Period (as defined below).</p>

		<p>Subscription offers for the Offer Shares by investors, in particular retail investors, may also be submitted through the subscription functionality (<i>Zeichnungsfunktionalität</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) in the XETRA trading system for the collection and settlement of subscription offers (the “<b>Subscription Functionality</b>”). Investors who want to submit subscription offers for the Offer Shares through the Subscription Functionality must submit them to their respective depository bank during the Offer Period (as defined below).</p> <p><b>Offer Period</b></p> <p>The offer period during which institutional investors may submit purchase offers for the Offer Shares will commence on September 26, 2017 while the offer period during which subscription offers could be submitted by investors, in particular retail investors, through the Subscription Functionality will commence on September 27, 2017 with both periods expected to end on October 10, 2017, at 12:00 (a.m.) (Central European Summer Time, “<b>CEST</b>”) for investors, in particular retail investors, who want to submit subscription offers through the Subscription Functionality, and at 2:00 (pm) CEST for institutional investors (the “<b>Offer Period</b>”). Purchase orders are freely revocable until the respective Offer Period expires.</p> <p><b>Price Range and Offer Price</b></p> <p>The Price Range within which purchase offers may be submitted is €20.00 to €24.00 per Offer Share (the “<b>Price Range</b>”).</p> <p>The Company and the Parent Company expect to determine the final offer price (the “<b>Offer Price</b>”) after consultation with the Joint Bookrunners, on the basis of a bookbuilding process, on or around October 10, 2017. The Offer Price is expected to be published in various media distributed across the entire European Economic Area and on the Company’s website (<a href="http://www.voltabox.ag">www.voltabox.ag</a>).</p> <p><b>Amendments to the Terms of the Offering</b></p> <p>The Company and the Parent Company reserve the right, after consultation with the Joint Bookrunners, to reduce or increase the number of the Offer Shares, to reduce or increase the higher/lower limits of the Price Range and/ or to extend or shorten the Offer Period.</p> <p>The underwriting agreement between the Company, the Parent Company and the Joint Bookrunners, entered into on September 25, 2017 (the “<b>Underwriting Agreement</b>”), provide that the Joint Bookrunners may terminate the Underwriting Agreement under certain circumstances, even after the shares have been allotted and listed, up to delivery and settlement. If the Underwriting Agreement is terminated, the Offering will not take place. In this case, any allotments already made to investors will be invalidated, and investors will have no claim for delivery. Claims with respect to security commissions already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order. Investors who engage in short selling bear the risk of being unable to satisfy their delivery obligations.</p>
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		<p><b>Delivery and Payment</b></p> <p>Delivery of the Offer Shares against payment of the Offer Price is expected to take place on October 13, 2017. The Company’s shares will be made available to shareholders as co-ownership interests in the global share certificate.</p> <p><b>Stabilization Measures, Over-Allotment and Greenshoe Option</b></p> <p>In connection with the placement of the Offer Shares, Bankhaus Lampe or persons acting on its behalf will act as stabilization manager (in such capacity the “<b>Stabilization Manager</b>”) in agreement with the other Joint Bookrunners and may, acting in accordance with the legal requirements stipulated in Regulation (EU) No 596/2014 on market abuse (“<b>Market Abuse Regulation</b>” – “<b>MAR</b>”), make over-allotments and take stabilization measures to support the market price of the shares of the Company and thereby counteract any selling pressure.</p> <p>The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time and without notice. Such measures may be taken from the date the shares of the Company are listed on the regulated market of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) and must be terminated no later than 30 calendar days after this date (the “<b>Stabilization Period</b>”). These stabilization measures may result in a market price for the Company’s shares that is higher than it would otherwise have been. Moreover, the market price may be, temporarily, at an unsustainable level.</p> <p>Under the possible stabilization measures, investors may, in addition to the New Shares and the Sale Shares, be allotted up to 825,000 Over-Allotment Shares. The Over-Allotment Shares will not exceed 15% of the total number of the New Shares and Sale Shares.</p> <p>In order to cover a potential over-allotment, the Company will grant the Joint Bookrunners an option, exercisable by the Stabilization Manager on behalf of the Joint Bookrunners, to acquire up to 825,000 additional new shares in the Company from a potential capital increase from the authorized capital yet-to-be resolved by the Management Board (<i>Vorstand</i>) at the Offer Price (less agreed commission) in order to satisfy the retransfer obligation of the Joint Bookrunners under the securities loan (“<b>Greenshoe Option</b>”). The Greenshoe Option shall be exercisable until the 30<sup>th</sup> day after the commencement of trading in the Company’s shares on the stock exchange. If the Greenshoe Option is exercised in whole or in part, the securities loan will be redeemed using the shares originating from the capital increase from the authorized capital yet to be resolved by the Management Board (<i>Vorstand</i>).</p> <p>Within one week following the end of the Stabilization Period, an announcement will be published via various media distributed across the entire European Economic Area (“<i>Medienbündel</i>”) as to whether or not any stabilization measures were taken, when price stabilization started and finished, the date on which the last stabilization measure was taken, the Price Range within which stabilization measures were taken (for each date on which a stabilization measure was taken) and the trading venues on which stabilization measures were carried out. Any Over-Allotments and exercise of the Greenshoe Option, the date hereof and the number and type of the shares concerned will also be published promptly in the manner previously stated.</p>
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		<p><b>Allotment Criteria</b></p> <p>There are no agreements in place among the Company, the Parent Company and the Joint Bookrunners as to the allotment procedure. The ultimate decision on the allotment of Offer Shares to investors rests with the Company and the Parent Company after consultation with the Joint Bookrunners.</p> <p>Allotments to institutional investors will be made on the basis of the quality of the individual institutional investors (including with respect to expected holding strategy and order size), as well as other important allotment criteria, for example the timing of the order, and will be determined by the Company and the Parent Company after consultation with the Joint Bookrunners. With respect to the subscription offers via the Subscription Functionality, the Company, the Parent Company and the Joint Bookrunners will adhere to the “Principles for the Allotment of Share Issues to Private Investors” (<i>Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger</i>) (i.e. drawing lots or allotment according to order size or allotment by means of a specific quote or allotment after the point in time of receipt of the purchase offer or selection according to other objective criteria (or a combination thereof)) issued on June 7, 2000 by the German Commission of Stock Exchange Experts (<i>Börsensachverständigenkommission</i>) of the German Federal Ministry of Finance (<i>Bundesministerium der Finanzen</i>). “Qualified investors” (<i>qualifizierte Anleger</i>) under the German Securities Prospectus Act (<i>Wertpapierprospektgesetz</i>) as well as “professional clients” (<i>professionelle Kunden</i>) and “eligible counterparties” (<i>geeignete Gegenparteien</i>) under the German Securities Trading Act (<i>Wertpapierhandelsgesetz</i>) are not viewed as “private investors” within the meaning of the allotment rules. The details of the allotment procedure with respect to subscription offers via the Subscription Functionality (<i>Zeichnungsfunktionalität</i>) will be stipulated after expiration of the Offer Period and published in accordance with the allotment principles.</p>
E.4	<p><b>A description of any interest that is material to the issue/offer including conflicting interests.</b></p>	<p>The Joint Bookrunners are acting as underwriters in the Offering and will receive a commission upon successful completion of the Offering. The amount of the Joint Bookrunners’ commission will depend on the volume of the Offering and the Offer Price. The Joint Bookrunners therefore have an interest that as many Offer Shares as possible are placed at the highest price possible. In addition, Bankhaus Lampe and Hauck &amp; Aufhäuser have been appointed as designated sponsors for the Company’s shares. Bankhaus Lampe and Hauck &amp; Aufhäuser will only receive fees as designated sponsor, if the Offering is completed.</p> <p>The Joint Bookrunners and their affiliates have provided and/or may in the future, from time to time, provide services to companies of the Group and the Parent Company, in the ordinary course of business in their capacity as financial institutions, in particular financing transactions such as bond offerings and the Joint Bookrunners thus also have an interest in the Offering. They may at any time in the future act as principal or agent for one or more than one party, hold long or short positions, and may trade or otherwise effect transactions, for their own account or for the account of customers, in the shares of the Company or the Parent Company or in debt securities or loans of the Group or the Parent Company and enter into financing arrangements (including swaps) with various parties including investors in debt or equity securities or loans of the Group or the Parent Company.</p>

		<p>In the event of a successful Offering the Joint Bookrunners may also be selected as financial advisors in future transactions or act as lender or arranger of future financing transactions or trade for their own account or for the account of their customers, in debt or equity securities or loans of the Group.</p> <p>The Company's Parent Company, paragon AG, will receive the proceeds from the sale of the Sale Shares. Therefore, the Parent Company and, in turn, its Controlling Shareholder, Klaus Dieter Frers, who is the Company's founder and assumes the function as chairman of the Company's supervisory board, have a personal interest in the successful implementation of the Offering.</p> <p>Since the Company will receive the net proceeds from the Offering of the New Shares and the Greenshoe Shares (to the extent the Greenshoe Option is exercised) and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company, specifically the Company's Parent Company and, in turn, its Controlling Shareholder Klaus Dieter Frers, have an interest in the successful implementation of the Offering.</p> <p>Moreover, in the event of a successful Offering, the Company intends to repay a shareholder loan granted by the Parent Company in an amount of up to €15.7 million from the proceeds of the Offering. Thus, the Parent Company has a financial interest in the success of the Offering.</p> <p>Therefore, the interests of the Joint Bookrunners, our Parent Company and, in turn, its Controlling Shareholder, Klaus Dieter Frers, with regard to the Offering may deviate from, or conflict with, the Company's interests. In addition to the aforementioned interests, the Company is not aware of any interests which are material to the Offering and which could be considered conflicting.</p>
E.5	<p><b>Name of the person or entity offering to sell the security.</b></p> <p><b>Lock-up agreements: the parties involved; and indication of the period of the lock-up.</b></p>	<p>The Offer Shares are being offered for sale by the Joint Bookrunners.</p> <p>In the Underwriting Agreement between the Company, the Parent Company and the Joint Bookrunners entered into on September 25, 2017, the Company has undertaken that it will not, for a period of six months following the admission of the Company's shares to trading on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) (which is currently expected to take place on October 12, 2017), undertake nor agree to undertake any of the following actions: (i) announce or effect any capital increase from authorized capital, (other than the capital increase with respect to the Greenshoe Shares in the event the Greenshoe Option is exercised by the Stabilization Manager on behalf of the Joint Bookrunners), (ii) propose a capital increase to its general shareholders' meeting, (iii) announce, effect or propose to the general shareholders' meeting any issuance of securities with conversion rights into or option rights with respect to shares of the Company; or (iv) enter into or announce a transaction or perform any action economically similar to those described in (i) through (iii).</p> <p>The Parent Company has undertaken, for a period of six months following the admission of the Company's shares to trading on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>), (i) not to offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, transfer or otherwise dispose of, directly or indirectly, any shares of the Company or any other securities of the Company convertible into or exercisable or exchangeable for the shares of the Company held by it as of</p>

		<p>the date of this Prospectus nor (ii) to propose a capital increase or the issuance of securities with conversion rights into or option rights with respect to shares of the Company to the general shareholders' meeting of the Company, (iii) nor to enter into or announce any transaction or perform any action economically similar to those described in (i) and (ii) above.</p>
<b>E.6</b>	<p><b>The amount and percentage of immediate dilution resulting from the offer. In case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.</b></p>	<p>The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price at the low end, mid-point and upper end of the Price Range exceeds the net book value per share after completion of the Offering. The net book value per share after completion of the Offering is thereby defined as net book value per share before the Offering as of June 30, 2017 (adjusted to 10,000,000 existing shares) plus net proceeds for the Company from the offering.</p> <p>The net book value per share before the Offering as of June 30, 2017 refers to total assets minus the sum of total non-current and current liabilities and non-controlling interest and equals equity attributable to the shareholders of Voltabox AG as of June 30, 2017 and amounted to €5.4 million, divided by 100,000 shares i.e. €54.19 per share.</p> <p>After giving effect to the pre-IPO capital increase against contribution in kind, the net book value per share as of June 30, 2017, adjusted for the €9.9m pre-IPO capital increase by issuing 9.9 million new shares, i.e. immediately prior to the Offering, was €15.3 million and divided by 10,000,000 shares amounts to €1.53 per share.</p> <p>After giving effect to the issuance of the 5,000,000 New Shares in the context of the Offering, assuming an Offer Price of €22.00, i.e. at the mid-point of the Price Range and full exercise of the Greenshoe Option of 825,000 additional new shares, the net book value attributable to the Company's shareholders based on the total Net Proceeds from the offering would have been €135.7 million as of June 30, 2017 (adjusted for the €9.9m pre-IPO capital increase against contribution in kind), or €8.58 per share of the Company. This would correspond to a direct dilution of €13.42, corresponding to 61.0% (against the mid-point of the Price Range), per Company share for the parties acquiring the Offer Shares, based on 15,825,000 outstanding shares of the Company following the completion of the offering (assuming a placement of all New Shares and full exercise of the Greenshoe Option).</p>

		<p>All financial information shown in this table is derived from the Interim Financial Statements (IFRS) (as defined hereinafter) for the six month period ended June 30, 2017 prepared in accordance with IFRS.</p>																																								
		<table border="1"> <thead> <tr> <th></th> <th>Low end</th> <th>Mid-point</th> <th>Upper end</th> </tr> </thead> <tbody> <tr> <td>Offer price per share (in €) . . . . .</td> <td>20.00</td> <td>22.00</td> <td>24.00</td> </tr> <tr> <td>Net book value attributable to shareholders per share as of June 30, 2017 (based on 100,000 shares) (in €) . . . . .</td> <td>54.19</td> <td>54.19</td> <td>54.19</td> </tr> <tr> <td>Net book value attributable to shareholders per share as of June 30, 2017 (based on 10,000,000 shares) (pre-IPO net book value<sup>1</sup>, adjusted for €9.9m pre-IPO capital increase) (in €) . . . . .</td> <td>1.53</td> <td>1.53</td> <td>1.53</td> </tr> <tr> <td>Post-IPO net book value per share (post-IPO net book value<sup>2</sup>) (in €) . . . . .</td> <td>7.88</td> <td>8.58</td> <td>9.28</td> </tr> <tr> <td>Amount by which the post-IPO net book value per share exceeds(+)/falls below(-) the pre-IPO net book value per share(in €) . . . . .</td> <td>6.35</td> <td>7.05</td> <td>7.75</td> </tr> <tr> <td>Percentage by which the post-IPO net book value per share exceeds(+)/ falls below(-) the pre-IPO net book value per share (in %) . . . . .</td> <td>+415.0%</td> <td>+460.8%</td> <td>+506.5%</td> </tr> <tr> <td>Amount by which the Offer Price per share exceeds(+)/falls below(-) the post-IPO net book value per share (immediate dilution per share) (in €) . . . . .</td> <td>12.12</td> <td>13.42</td> <td>14.72</td> </tr> <tr> <td>Percentage by which the Offer Price per share exceeds(+)/ falls below(-) the post-IPO net book value per share (direct dilution per share for the parties acquiring Offer Shares) (in %) . . . . .</td> <td>+60.6%</td> <td>+61.0%</td> <td>+61.3%</td> </tr> <tr> <td colspan="4"> <p>1 Pre-IPO net book value refers to total assets (T€43,889) minus the sum of total non-current (T€4,969) and current provisions and liabilities (T€33,501) as of June 30, 2017 based on the unaudited condensed interim financial statements of the Company as of June 30, 2017, plus T€9,900 from the pre-IPO capital increase against contribution in kind, divided by 10,000,000 shares immediately prior to the Offering.</p> <p>2 Post-IPO net book value refers to total assets minus the sum of total non-current and current provisions and liabilities as of June 30, 2017 plus the net proceeds from the issuance of all New Shares at the lower end, mid-point and upper end of the price range plus the net proceeds from the exercise of the Greenshoe Option in full.</p> </td> </tr> </tbody> </table>		Low end	Mid-point	Upper end	Offer price per share (in €) . . . . .	20.00	22.00	24.00	Net book value attributable to shareholders per share as of June 30, 2017 (based on 100,000 shares) (in €) . . . . .	54.19	54.19	54.19	Net book value attributable to shareholders per share as of June 30, 2017 (based on 10,000,000 shares) (pre-IPO net book value <sup>1</sup> , adjusted for €9.9m pre-IPO capital increase) (in €) . . . . .	1.53	1.53	1.53	Post-IPO net book value per share (post-IPO net book value <sup>2</sup> ) (in €) . . . . .	7.88	8.58	9.28	Amount by which the post-IPO net book value per share exceeds(+)/falls below(-) the pre-IPO net book value per share(in €) . . . . .	6.35	7.05	7.75	Percentage by which the post-IPO net book value per share exceeds(+)/ falls below(-) the pre-IPO net book value per share (in %) . . . . .	+415.0%	+460.8%	+506.5%	Amount by which the Offer Price per share exceeds(+)/falls below(-) the post-IPO net book value per share (immediate dilution per share) (in €) . . . . .	12.12	13.42	14.72	Percentage by which the Offer Price per share exceeds(+)/ falls below(-) the post-IPO net book value per share (direct dilution per share for the parties acquiring Offer Shares) (in %) . . . . .	+60.6%	+61.0%	+61.3%	<p>1 Pre-IPO net book value refers to total assets (T€43,889) minus the sum of total non-current (T€4,969) and current provisions and liabilities (T€33,501) as of June 30, 2017 based on the unaudited condensed interim financial statements of the Company as of June 30, 2017, plus T€9,900 from the pre-IPO capital increase against contribution in kind, divided by 10,000,000 shares immediately prior to the Offering.</p> <p>2 Post-IPO net book value refers to total assets minus the sum of total non-current and current provisions and liabilities as of June 30, 2017 plus the net proceeds from the issuance of all New Shares at the lower end, mid-point and upper end of the price range plus the net proceeds from the exercise of the Greenshoe Option in full.</p>			
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<b>E.7</b>	<b>Estimated expenses charged to the investor by the issuer or the offeror.</b>	Not applicable. Neither the Company nor the Parent Company, nor the Joint Bookrunners will charge investors any expenses or tax incurred in connection with the Offering.																																								

## GERMAN TRANSLATION OF THE SUMMARY

### Zusammenfassung dieses Prospekts

Zusammenfassungen bestehen aus erforderlichen Angaben, die als „Punkte“ bezeichnet werden. Diese Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art von Wertpapieren und Emittenten in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art der Wertpapiere und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punktes mit dem Hinweis „Entfällt“.

#### Abschnitt A – Einleitung und Warnhinweise

<b>A.1</b>	<b>Warnhinweise.</b>	<p>Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt (der „<b>Prospekt</b>“) verstanden werden. Der Anleger sollte sich bei jeder Entscheidung, in die Aktien der Voltabox AG, Delbrück, Deutschland, zu investieren, auf den gesamten Prospekt stützen.</p> <p>Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in dem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der klagende Anleger unter den nationalen Rechtsvorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben.</p> <p>Die Voltabox AG, Delbrück, Deutschland (im Folgenden „<b>Gesellschaft</b>“ oder „<b>Voltabox AG</b>“ und, gemeinsam mit ihrer konsolidierten Tochtergesellschaft, die „<b>Gruppe</b>“ oder „<b>Voltabox-Gruppe</b>“ oder „<b>Voltabox</b>“ oder „<b>wir</b>“, „<b>unser</b>“, „<b>uns</b>“), gemeinsam mit Bankhaus Lampe KG, Düsseldorf, Deutschland („<b>Bankhaus Lampe</b>“ oder „<b>Globaler Koordinator</b>“), sowie Hauck &amp; Aufhäuser Privatbankiers AG, Frankfurt am Main, Deutschland („<b>Hauck &amp; Aufhäuser</b>“, zusammen mit <b>Bankhaus Lampe</b>, die „<b>Joint Bookrunner</b>“) übernehmen die Verantwortung für diese Zusammenfassung gemäß § 5 Absatz 2b Nr. 4 Wertpapierprospektgesetz, einschließlich ihrer deutschen Übersetzung. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.</p>
<b>A.2</b>	<b>Zustimmung zur Verwendung des Prospekts.</b>	Entfällt. Eine Zustimmung der Gesellschaft zur Verwendung des Prospekts für einen späteren Weiterverkauf oder eine endgültige Platzierung der Aktien der Gesellschaft durch Finanzintermediäre ist nicht erteilt worden.

#### Abschnitt B – Der Emittent

<b>B.1</b>	<b>Juristische und kommerzielle Bezeichnung.</b>	Die juristische Bezeichnung der Gesellschaft lautet Voltabox AG. Die kommerzielle Bezeichnung der Gesellschaft lautet „Voltabox“.
<b>B.2</b>	<b>Sitz, Rechtsform, geltendes Recht, Land der Gründung.</b>	Die Gesellschaft hat ihren Sitz in Delbrück, Deutschland. Die Gesellschaft ist im Handelsregister des Amtsgerichts Paderborn, Deutschland, unter HRB 12895 eingetragen. Die Gesellschaft ist eine Aktiengesellschaft, die in Deutschland gegründet wurde und deutschem Recht unterliegt.



<p><b>B.3</b></p>	<p><b>Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten des Emittenten samt der hierfür wesentlichen Faktoren, Hauptprodukte- und/oder – dienstleistungskategorien sowie Hauptmärkte, auf denen der Emittent vertreten ist.</b></p>	<p>Wir glauben, dass wir uns als innovativer und führender Hersteller von hochwertigen, verlässlichen und technologisch vorteilhaften Batteriesystemen auf der Basis der Lithium-Ionen-Technologie („<b>Li-Ionen</b>“) in bestimmten Teilmärkten für Elektromobilität etabliert haben. Wir glauben ferner, dass unsere Marktstellung auf die hohe Qualität, Verlässlichkeit und technologische Innovation unserer Produkte zurückzuführen ist, untermauert durch unsere Innovationsfähigkeit und eigene Forschungs- und Entwicklungsaktivitäten. Wir sind ein Spezialist für „Pure-Play“-Elektromobilität und bieten Batteriesysteme für anspruchsvolle Anwendungen an, die sich vollständig auf Li-Ionen-Technologie stützen, eine für den Batteriemarkt bahnbrechende Technologie. Dabei können wir uns als Tochtergesellschaft der paragon AG, unserer Muttergesellschaft (wie nachstehend in B.6 definiert, gemeinsam mit ihren konsolidierten Tochtergesellschaften der „<b>paragon Konzern</b>“) auf deren bewährte unternehmerische Erfolge, deren umfangreichen Kundenstamm und die fast 30-jährige Erfahrung in der Automobilindustrie stützen. Wir glauben, dass wir strategisch gut aufgestellt sind, um von gegenwärtigen Trends in unseren Geschäftsbereichen und bestimmten spezialisierten Anwendungen auf dem Elektromobilitätsmarkt profitieren zu können, die durch ein Wachstum aufgrund des Einflusses globaler Megatrends geprägt sind. Trends, wie Elektrifizierung, eine wachsende Weltbevölkerung sowie die Urbanisierung und ein strengerer Regulierungsrahmen für CO<sub>2</sub>-Emissionen werden als Wachstumstreiber für eine steigende Nachfrage nach Anwendungen im Bereich der E-Mobilität in verschiedenen Industrien und Sektoren angesehen. Insbesondere der aufstrebende Markt der Li-Ionen-Batterien wird den Markt der Blei-Säure-Batterien mit seiner Technologie stark verändern, und wir sind der Ansicht, dass Batterien auf Li-Ionen-Basis in den kommenden Jahren die meisten etablierten Anwendungen von Blei-Säure-Batterien ersetzen werden.</p> <p>Unser Kerngeschäft ist die Entwicklung, die Fertigung und der Vertrieb von wiederaufladbaren Hochleistungsbatteriesystemen mit integrierten Batteriemanagementsystemen („<b>BMS</b>“) auf der Basis der Li-Ionen-Technologie für ein breites Spektrum von Anwendungen, wie zum Beispiel in Fahrzeugen des öffentlichen Verkehrs, Nutzfahrzeugen und in der Intralogistik. Für die Zukunft streben wir an, unsere Angebotsspektrum auf die Bereiche Landwirtschafts- und Baufahrzeuge, Ground Support Equipment sowie ausgewählte Anwendungen im Automobil-Massenmarkt zu erweitern.</p> <p>Unsere Geschäftstätigkeit erfolgt über die Voltabox AG (früher Voltabox Deutschland GmbH) sowie über unsere Tochtergesellschaft Voltabox of Texas, Inc. und ist in drei Geschäftssegmente unterteilt:</p> <ul style="list-style-type: none"> <li>• <b>„Voltapower“</b>: In diesem Geschäftssegment entwickeln, fertigen und vertreiben wir Hochleistungsbatterielösungen für große Spezialfahrzeuge, bei denen individuelle und umfassende Li-Ionen-Lösungen den Kunden beispielsweise im öffentlichen Verkehr, Bergbau- und Intralogistikbereich einen maximalen Nutzen bieten. Derzeit sind unsere Hauptkunden Triathlon Batterien GmbH, Kiepe Electric und Komatsu Mining Corp. (vormals: Joy Global Inc.). Voltapower ist gegenwärtig unser Kern-Geschäftssegment, das in 2016 einen Anteil von 100% an unserem Konzernumsatz und von 100% an unserem Konzern-EBIT hatte.</li> <li>• <b>„Voltaforce“</b>: Unter dem Markennamen Voltaforce entwickeln, fertigen und vertreiben wir Standardbatterien im Niederspannungsbereich, die in unterschiedlichen Segmenten des Massenbatteriemarkts, wo leichte</li> </ul>
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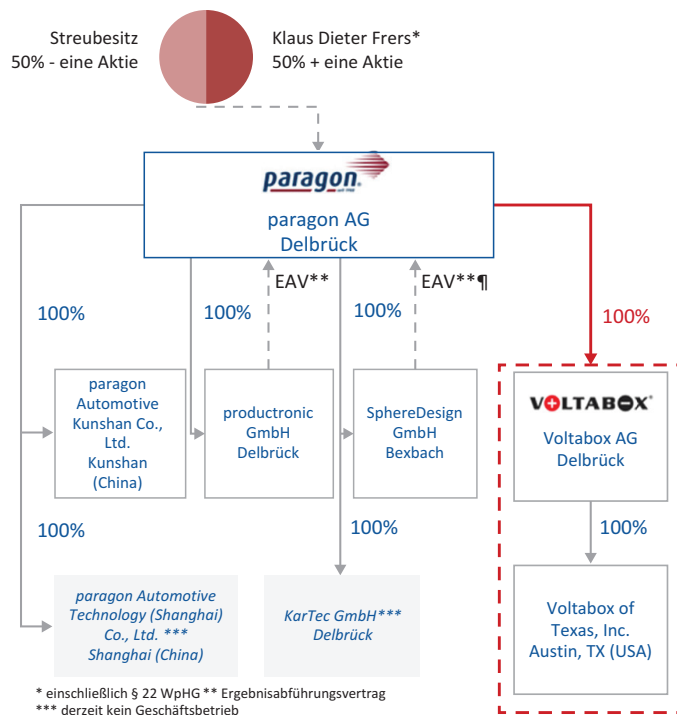
		<p>Batterien besonders nachgefragt und vorteilhaft sind, zum Einsatz kommen, zum Beispiel Starterbatterien für Motorräder und 48 Volt („V“) Mild-Hybrid-Lösungen. Voltaforce-Batterien können künftig die bisherigen Blei-Säure-Batteriesysteme, wie Starterbatterien für Motorräder und andere Fahrzeuge, ersetzen. Voltaforce-Batterien sollen den Markt für Blei-Säure-Batterien revolutionieren, indem sie die besonders gängigen Blei-Säure-Batterien im Niederspannungsbereich ersetzen. Unser Hauptkunde wird BMW (Motorräder) sein.</p> <ul style="list-style-type: none"> <li>• <b>„Voltamotion“</b>: Unter dem Markennamen Voltamotion entwickeln wir Antriebskomponenten, wie beispielsweise Leistungselektronik, die die vollständige Elektrifizierung von Hochleistungsfahrzeugen ermöglicht und zusätzliche individuelle Märkte für Wechselrichter, Ladegeräte, DC/DC-Konverter, Elektromaschinen u. ä. bedienen kann. Die Voltamotion-Produkte befinden sich derzeit im Entwicklungsstadium und wir planen, diese beginnend in 2018 zu fertigen und zu verkaufen.</li> </ul> <p>Im Geschäftsjahr 2016 haben wir Umsatzerlöse von €14,5 Mio. (€7,4 Mio. im Geschäftsjahr 2015 und €4,6 Mio. im Geschäftsjahr 2014) erzielt, bei einem EBITDA (wie nachstehend in Element B.7 unter „Ausgewählte weitere Finanzinformationen“ definiert) von €-2,1 Mio. (€-0,8 Mio. im Geschäftsjahr 2015 und €-0,1 Mio. im Geschäftsjahr 2014), jeweils auf der Grundlage unserer geprüften kombinierten Konzernabschlüsse für die Geschäftsjahre zum 31. Dezember 2014, 31. Dezember 2015 und 31. Dezember 2016, die gemäß International Financial Reporting Standards („IFRS“), wie sie in der Europäischen Union Anwendung finden, erstellt wurden (der „<b>Kombinierte Abschluss (IFRS)</b>“). In dem am 30. Juni 2017 beendeten Halbjahr haben wir Umsatzerlöse von €10,6 Mio. (€4,5 Mio. in dem am 30. Juni 2016 beendeten Halbjahr) erzielt, bei einem EBITDA (wie nachstehend in Element B.7 unter „Ausgewählte weitere Finanzinformationen“ definiert) von €0,2 Mio. (30. Juni 2016: €-0,8 Mio.) auf der Grundlage unseres nicht geprüften verkürzten Konzernzwischenabschlusses für den Sechsmonatszeitraum zum 30. Juni 2017 gemäß IFRS für Zwischenberichterstattung (IAS 34) (der „<b>Konzernzwischenabschluss (IFRS)</b>“).</p> <p>Bis einschließlich dem zum 30. Juni 2017 abgelaufenen Sechsmonatszeitraum entfielen sämtliche Umsatzerlöse auf das Segment Voltapower.</p>
<p><b>B.4a</b></p>	<p><b>Wichtigste jüngste Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.</b></p>	<p>Die Gesellschaft ist der Ansicht, dass die nachstehenden Faktoren in der jüngeren Vergangenheit die Entwicklung unseres Geschäfts und unserer Finanz- und Ertragslage sowie der Branche, in sie tätig ist, beeinflusst haben und in Zukunft weiter beeinflussen werden:</p> <ul style="list-style-type: none"> <li>• <b>Technologischer Wandel durch Elektrifizierung / Industrie 4.0</b>: Der Markt für Li-Ionen-Batterien, und damit unser Geschäft, profitiert gegenwärtig von dem Trend zur Elektrifizierung (d.h. der Prozess, in dem Geräte, die früher nicht elektrisch betrieben wurden, jetzt mit Strom betrieben werden, und in dem in vielen Fällen auf Strom umgestellt wird) sowie von dem Trend Industrie 4.0 (Prozess der Automatisierung und der computerintegrierten Produktionstechnologien – “Smart Factory”), die den Batteriemarkt beeinflussen aufgrund des Bedarfs an kleineren und leichteren Batterien. Li-Ionen-Batterien sind ideal für diese Anwendung.</li> <li>• <b>Umweltbewusstsein / (CO<sub>2</sub>-Reduzierung)</b>: Ein weiterer Megatrend, der sich auf den Markt für Li-Ionen-Batterien auswirkt, hat mit der strengeren Klima- und Energiepolitik zu tun, die von den westlichen Ländern, insbesondere in der Europäischen Union („EU“), angestoßen wurde. Die</li> </ul>

EU-Mitgliedstaaten haben sich auf einen neuen Klima- und Energierahmen bis 2030 verständigt (Klima- und Energie-Rahmen für den Zeitraum zwischen 2020 und 2030), in dem auch EU-weite Grenzwerte und politische Ziele für den Zeitraum zwischen 2020 und 2030 festgelegt wurden. In Folge dessen bemüht sich die Industrie darum, die Verbrennungsmotoren durch Antriebskomponenten zu optimieren und weiter zu verkleinern, wie z.B. Mild-Hybrid-Fahrzeuge oder Fahrzeuge für den Bau oder die Landwirtschaft, ein aus unserer Sicht attraktiver Markt für Elektromobilität.

- Bevölkerungswachstum / Urbanisierung:** Ob in Folge steigenden wirtschaftlichen Wohlstands oder anderer, sich parallel vollziehender demographischer Veränderungen: Die Trends in der Urbanisierung bieten große Entwicklungschancen, stellen gleichzeitig aber auch gewaltige Anforderungen an die Nachhaltigkeit und Strategien im Sozial- und Umweltbereich. Da Elektrofahrzeuge ein zunehmend wichtiges Thema in städtischen Umgebungen überall auf der Welt geworden sind, sind wir der Ansicht, dass der Trend zu einer wachsenden Weltbevölkerung und Verstädterung dazu führen wird, dass die zunehmende Nachfrage nach u.a. öffentlichen Verkehrsmitteln (Hybrid-Busse u. ä.) sowie Land- und Baumaschinen, die mit Batteriesystemen ausgestattet sind, ganz oben auf die Agenda rücken wird. Viele dieser Anwendungsfelder profitieren von dem Fehlen von Geräuschemissionen von elektrisch betriebenen Fahrzeugen.

**B.5 Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe.**

Die nachfolgende Darstellung gibt in vereinfachter Form einen Überblick über die Gruppenstruktur des paragon-Konzerns und die Stellung der Gesellschaft und ihrer Tochtergesellschaft zum Datum dieses Prospekts:



<p><b>B.6</b></p>	<p><b>Personen, die eine direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder einen Teil der Stimmrechte halten oder Kontrolle über den Emittenten ausüben.</b></p>	<p>Zum Datum dieses Prospekts hält die paragon AG (die „<b>Muttergesellschaft</b>“ oder „<b>paragon AG</b>“) 100 % der bisher von der Gesellschaft ausgegebenen auf den Inhaber lautenden Aktien ohne Nennwert (<i>Stückaktien</i>).</p> <p>Die Aktionäre der paragon AG sind:</p> <table border="1" data-bbox="528 573 1402 752"> <thead> <tr> <th>Aktionäre</th> <th>Anzahl Aktien / Stimmrechte<sup>(1)</sup></th> <th>% des Anteilkapitals / der Stimmrechte<sup>(1)</sup></th> </tr> </thead> <tbody> <tr> <td>Klaus Dieter Frers<sup>(2)</sup> . . . . .</td> <td>2.263.134</td> <td>50% + 1 Aktie</td> </tr> <tr> <td>Streubesitz<sup>(3)</sup> . . . . .</td> <td>2.263.132</td> <td>49,998%</td> </tr> <tr> <td><b>Anteil Aktienkapital gesamt</b> . . . . .</td> <td><b>4.526.266</b></td> <td><b>100%</b></td> </tr> </tbody> </table> <p>(1) Auf Grundlage der der paragon AG gemäß § 21 WpHG gemeldeten Stimmrechte, berechnet auf Grundlage des derzeitigen Aktienkapitals in Höhe von EUR 4.526.266,00.</p> <p>(2) Einschließlich 30.000 gemäß § 22 WpHG zugerechneter Stimmrechte.</p> <p>(3) Einschließlich sämtlicher Aktionäre, die weniger als 5 % des Aktienkapitals halten.</p>	Aktionäre	Anzahl Aktien / Stimmrechte <sup>(1)</sup>	% des Anteilkapitals / der Stimmrechte <sup>(1)</sup>	Klaus Dieter Frers <sup>(2)</sup> . . . . .	2.263.134	50% + 1 Aktie	Streubesitz <sup>(3)</sup> . . . . .	2.263.132	49,998%	<b>Anteil Aktienkapital gesamt</b> . . . . .	<b>4.526.266</b>	<b>100%</b>
Aktionäre	Anzahl Aktien / Stimmrechte <sup>(1)</sup>	% des Anteilkapitals / der Stimmrechte <sup>(1)</sup>												
Klaus Dieter Frers <sup>(2)</sup> . . . . .	2.263.134	50% + 1 Aktie												
Streubesitz <sup>(3)</sup> . . . . .	2.263.132	49,998%												
<b>Anteil Aktienkapital gesamt</b> . . . . .	<b>4.526.266</b>	<b>100%</b>												
	<p><b>Stimmrechte.</b></p> <p><b>Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.</b></p>	<p>Somit ist Herr Klaus Dieter Frers der indirekte beherrschende Aktionär der Gesellschaft (in dieser Funktion als „<b>Beherrschender Aktionär</b>“).</p> <p>Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Beschränkungen des Stimmrechts.</p> <p>Die Gesellschaft wird indirekt von ihrem Beherrschenden Aktionär beherrscht, der 50 % plus 1 Aktie (einschließlich 30.000 gemäß § 22 WpHG zugerechneter Stimmrechte) an der Muttergesellschaft hält, die wiederum 100 % der Aktien und Stimmrechte an der Gesellschaft hält.</p> <p>Nach Durchführung des Angebots (wie unten definiert) wird die Muttergesellschaft ca. 60 % der Aktien der Gesellschaft halten (unter der Annahme einer Vollplatzierung der Angebotsaktien (wie nachstehend in C.1 definiert)) und wird daher auch nach Durchführung des Angebots die Gesellschaft weiterhin beherrschen.</p>												
<p><b>B.7</b></p>	<p><b>Ausgewählte wesentliche historische Finanzinformationen.</b></p>	<p>Die in den folgenden Tabellen enthaltenen Finanzinformationen sind dem Kombinierten Abschluss (IFRS), dem Konzernzwischenabschluss (IFRS) (zusammen die „<b>Abschlüsse</b>“) und den Buchhaltungs- und Controlling-Unterlagen der Gruppe entnommen.</p> <p>Der Kombinierte Abschluss (IFRS) wurde in Übereinstimmung mit den von dem International Accounting Standards Board (IASB), London, verabschiedeten IFRS-Grundsätzen, wie sie in der EU anzuwenden und am Bilanzstichtag anwendbar sind sowie in Übereinstimmung mit den Auslegungen des International Financial Reporting Standards Interpretations Committee („<b>IFRSIC</b>“) erstellt. Der Kombinierte Abschluss (IFRS) wurde in Übereinstimmung mit den International Standards on Auditing (ISA) durch die Baker Tilly Wirtschaftsprüfungsgesellschaft GmbH, Düsseldorf, Deutschland (nunmehr operierend als Baker Tilly GmbH &amp; Co. KG Wirtschaftsprüfungsgesellschaft („<b>Baker Tilly</b>“)), geprüft, die diesbezüglich</p>												

	<p>einen Vermerk erteilt hat. Das in dem Kombinierten Abschluss (IFRS) einbezogene Voltabox-Geschäft war nicht als eigenständige Konzern-Gruppe tätig. Dieser Kombierte Abschluss (IFRS) ist daher nicht unbedingt auf Ergebnisse zurückzuführen, die sich ergeben hätten, wenn das Voltabox-Geschäft während der dargestellten Jahre oder für zukünftigen Ergebnisse eine eigenständige Konzern-Gruppe gewesen wäre.</p> <p>Der Konzernzwischenabschluss (IFRS) (einschließlich Vergleichszahlen für den zum 30. Juni 2016 geendeten Sechsmonatszeitraum) wurde nach IFRS für Zwischenberichterstattung (IAS 34) erstellt. Da IFRS keine Vorgaben zur Erstellung von zusammengefassten Abschlüssen enthalten, wurde IAS 8 – Bilanzierungs- und Bewertungsmethoden, Änderungen von Schätzungen und Fehler – für die Erstellung des Kombinierten Abschlusses (IFRS) verwendet.</p> <p>Voltabox war in den Geschäftsjahren, die unter den Kombinierten Abschluss (IFRS) fallen, keine rechtliche Gruppe für konsolidierte Rechnungslegung. Der Kombinierte Abschluss (IFRS) wurde auf der Grundlage der Annahme erstellt, dass Voltabox in seiner jetzigen Form wie eine Unternehmensgruppe seit dem 1. Januar 2014 existierte.</p> <p>In den folgenden Tabellen bedeutet die Kennzeichnung von Finanzinformationen als „geprüft“, dass die Informationen aus dem Kombinierten Abschluss (IFRS) entnommen wurden. Die Kennzeichnung „ungeprüft“ bedeutet in den folgenden Tabellen, dass es sich um Finanzinformationen handelt, die aus den Buchhaltungsunterlagen, den internen Managementberichtssystemen oder dem Konzernzwischenabschluss (IFRS) entnommen oder abgeleitet wurden. Die Kennzeichnung „kombiniert“ gibt in den folgenden Tabellen an, dass es sich um Finanzinformationen handelt, die dem Kombinierten Abschluss (IFRS) entnommen wurden. Die Kennzeichnung „konsolidiert“ gibt an, dass es sich um Finanzinformationen handelt, die dem Konzernzwischenabschluss (IFRS) entnommen wurden. Einige Informationen in diesem Abschnitt sind auch als sogenannte Non-GAAP-Kennzahlen (d.h. Zahlen, die weder nach IFRS noch nach dem Handelsgesetzbuch (HGB) definiert sind). Diese Non-GAAP-Kennzahlen sind Kennzahlen, die von unserem Management zur Überwachung der Performance der Gruppe verwendet werden. Non-GAAP-Kennzahlen, die nicht im Kombinierten Abschluss (IFRS) enthalten sind, werden in der Tabelle „Ausgewählte weitere Finanzinformationen“ als „ungeprüft“ bezeichnet, während die im Kombinierten Abschluss (IFRS) enthaltenen Non-GAAP-Kennzahlen als „geprüft“ gekennzeichnet sind. Non-GAAP-Kennzahlen werden in der Tabelle mit dem Titel „Ausgewählte weitere Finanzinformationen“ definiert und mit der jeweils vergleichbarsten IFRS-Kennzahl in Übereinstimmung gebracht.</p>
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## Ausgewählte Finanzinformationen aus der Gewinn- und Verlustrechnung

Die folgende Tabelle zeigt ausgewählte Angaben aus der Konzern-Gewinn- und Verlustrechnung für den am 30. Juni 2017 geendeten Sechsmonatszeitraum, entnommen aus dem Konzernzwischenabschluss (IFRS) und der Konzern-Gewinn- und Verlustrechnung für die Geschäftsjahre zum 31. Dezember 2016, 2015 und 2014 der Voltabox, entnommen aus dem Kombinierten Abschluss (IFRS):

	6-Monats-Zeitraum zum		Geschäftsjahr		
	30. Juni		zum 31. Dezember		
	2017	2016	2016	2015	2014
	ungeprüft (konsolidiert)		geprüft (kombiniert)		
	in € tausend				
<b>Umsatzerlöse</b> . . . . .	<b>10.594</b>	<b>4.514</b>	<b>14.493</b>	<b>7.405</b>	<b>4.554</b>
Sonstige betriebliche Erträge . . . . .	71	133	67	1.207	368
Erhöhung oder Verminderung des Bestands an fertigen und unfertigen Erzeugnissen . . . . .	845	747	-197	594	321
Andere aktivierte Eigenleistungen . . . . .	2.059	1.713	6.035	5.308	2.276
<b>Gesamtleistung</b> . . . . .	<b>13.569</b>	<b>7.107</b>	<b>20.398</b>	<b>14.514</b>	<b>7.519</b>
Materialaufwand . . . . .	-7.291	-4.594	-13.405	-8.282	-4.077
<b>Rohhertrag</b> . . . . .	<b>6.278</b>	<b>2.513</b>	<b>6.993</b>	<b>6.232</b>	<b>3.442</b>
Personalaufwand . . . . .	-2.803	-1.792	-4.113	-3.155	-1.521
Abschreibungen auf Sachanlagen und immaterielle Vermögenswerte . . . . .	-945	-757	-1.540	-1.079	-292
Wertminderung auf Sachanlagen und immaterielle Vermögenswerte . . . . .	0	0	0	-6	0
Sonstige betriebliche Aufwendungen . . . . .	-3.277	-1.507	-5.015	-3.865	-2.045
<b>Ergebnis vor Zinsen und Steuern (EBIT)</b> . . . . .	<b>-747</b>	<b>-1.543</b>	<b>-3.675</b>	<b>-1.873</b>	<b>-416</b>
Finanzerträge . . . . .	0	0	0	0	0
Finanzierungsaufwendungen . . . . .	-258	-137	-534	-466	-22
<b>Finanzergebnis</b> . . . . .	<b>-258</b>	<b>-137</b>	<b>-534</b>	<b>-466</b>	<b>-22</b>
<b>Ergebnis vor Steuern (EBT)</b> . . . . .	<b>-1.005</b>	<b>-1.680</b>	<b>-4.209</b>	<b>-2.339</b>	<b>-438</b>
Ertragssteuern . . . . .	375	-155	-475	-637	-169
Ergebnisabführung . . . . .	0	0	4.456	4.963	0
<b>Konzernergebnis</b> . . . . .	<b>-630</b>	<b>-1.835</b>	<b>-228</b>	<b>1.987</b>	<b>-607</b>
<b>Gesamtergebnis</b> . . . . .	<b>-555</b>	<b>-1.835</b>	<b>-228</b>	<b>1.987</b>	<b>-607</b>

## Ausgewählte Finanzinformationen aus der Bilanz

Die folgende Tabelle zeigt ausgewählte Angaben aus der Konzernbilanz zum 30. Juni 2017, entnommen aus dem Konzernzwischenabschluss (IFRS) und den Konzernbilanzen zum 31. Dezember 2016, 2015 und 2014 der Voltabox, entnommen aus dem Kombinierten Abschluss (IFRS):

	30. Juni	31. Dezember		
	2017	2016	2015	2014
	ungeprüft (konsolidiert)	geprüft (kombiniert)		
	in €tausend			
<b>AKTIVA</b>				
<b>Langfristige Vermögenswerte</b>				
Immaterielle Vermögenswerte . . . . .	14.334	12.908	7.388	2.465
Geschäfts- oder Firmenwert . . . . .	3.187	3.187	2.417	924
Sachanlagen . . . . .	8.238	9.377	9.343	3.918
	<b>25.759</b>	<b>25.472</b>	<b>19.148</b>	<b>7.307</b>
<b>Kurzfristige Vermögenswerte</b>				
Vorräte . . . . .	4.667	3.955	3.304	1.100
Forderungen aus Lieferungen und Leistungen . . . . .	6.620	5.776	4.191	3.812
Forderungen gegenüber nahestehenden Unternehmen . . . . .	3.927	2.539	1.814	1.109
Steuererstattungsansprüche . . . . .	21	—	—	—
Sonstige Vermögenswerte . . . . .	515	343	258	170
Flüssige Mittel . . . . .	2.380	940	771	726
	<b>18.130</b>	<b>13.553</b>	<b>10.338</b>	<b>6.916</b>
<b>Summe Aktiva . . . . .</b>	<b>43.889</b>	<b>39.025</b>	<b>29.486</b>	<b>14.223</b>
<b>PASSIVA</b>				
<b>Eigenkapital</b>				
Gezeichnetes Kapital . . . . .	100	100	50	50
Kapitalrücklage . . . . .	1.244	1.244	494	494
Gewinn-/Verlustvortrag . . . . .	4.630	4.337	1.804	1.052
Konzernergebnis . . . . .	-630	-228	1.987	-607
Währungsdifferenzen . . . . .	75	—	—	—
	<b>5.419</b>	<b>5.453</b>	<b>4.335</b>	<b>989</b>
<b>Langfristige Rückstellungen und Verbindlichkeiten</b>				
Langfristige Verbindlichkeiten aus Finance Lease . . . . .	50	107	63	0
Langfristige Darlehen . . . . .	3.910	4.539	4.718	1.071
Latente Steuern . . . . .	1.009	1.385	910	273
	<b>4.969</b>	<b>6.031</b>	<b>5.691</b>	<b>1.344</b>
<b>Kurzfristige Rückstellungen und Verbindlichkeiten</b>				
Kurzfristiger Anteil der Verbindlichkeiten aus Finance Lease . . . . .	16	39	31	81
Kurzfristige Darlehen und kurzfristiger Anteil der langfristigen Darlehen . . . . .	654	651	581	465
Verbindlichkeiten aus Lieferungen und Leistungen . . . . .	2.555	3.361	2.882	675
Verbindlichkeiten gegenüber nahestehenden Unternehmen . . . . .	29.532	22.671	15.434	10.585
Sonstige Rückstellungen . . . . .	36	6	22	4
Sonstige kurzfristige Verbindlichkeiten . . . . .	708	814	510	80
	<b>33.501</b>	<b>27.542</b>	<b>19.460</b>	<b>11.890</b>
<b>Summe Passiva . . . . .</b>	<b>43.889</b>	<b>39.025</b>	<b>29.486</b>	<b>14.223</b>

## Ausgewählte Finanzinformationen aus der Kapitalflussrechnung

Die folgende Tabelle zeigt ausgewählte Angaben aus der Konzernkapitalflussrechnung für den am 30. Juni 2017 abgelaufenen Sechsmonatszeitraum, entnommen aus dem Konzernzwischenabschluss (IFRS) und den kombinierten Konzernkapitalflussrechnungen zum 31. Dezember 2016, 2015 und 2014 der Voltabox, entnommen aus dem Kombinierten Abschluss (IFRS):

	6-Monats-	Geschäftsjahr		
	Zeitraum zum 30. Juni	zum 31. Dezember		
	2017	2016	2015	2014
	ungeprüft (konsolidiert) <sup>2</sup>	geprüft (kombiniert)		
	in € tausend			
<b>Ergebnis vor Steuern (EBT)</b>	<b>-1.005</b>	<b>-4.209</b>	<b>-2.339</b>	<b>-438</b>
Abschreibungen auf Gegenstände des Anlagevermögens . . . . .	945	1.540	1.079	292
Finanzergebnis . . . . .	258	534	466	22
Gewinn (-), Verlust (+) aus Anlagenabgang des Sach- und Finanzanlagevermögens . . . . .	-8	199	-8	-4
Zunahme (+), Abnahme (-) der anderen Rückstellungen . . . . .	30	-15	18	4
Sonstige nicht zahlungswirksame Aufwendungen und Erträge . .	1.046	-1.786	-1.530	-1.595
Zunahme (-), Abnahme (+) der Forderungen aus Lieferungen und Leistungen, anderer Forderungen und sonstiger Aktiva . . . . .	-2.428	2.559	-1.822	-5.090
Abwertung immaterieller Vermögenswerte . . . . .	0	0	6	0
Zunahme (-), Abnahme (+) der Vorräte . . . . .	-712	-652	-2.204	-1.100
Zunahme (+), Abnahme (-) der Verbindlichkeiten aus Lieferungen und Leistungen und anderer Passiva <sup>1</sup> . . . . .	6.533	8.951	14.492	13.099
Gezahlte Zinsen . . . . .	-258	-534	-466	-23
Ertragsteuern . . . . .	0	0	0	104
<b>Cashflow<sup>2</sup> aus betrieblicher Geschäftstätigkeit . . . . .</b>	<b>4.401</b>	<b>6.588</b>	<b>7.692</b>	<b>5.271</b>
Einzahlungen aus Abgängen von Gegenständen des Sachanlagevermögens . . . . .	0	0	9	9
Auszahlungen für Investitionen in das Sachanlagevermögen . . .	-376	-1.306	-6.410	-3.862
Auszahlungen für Investitionen in immaterielle Vermögenswerte . . . . .	-2.106	-4.904	-4.988	-2.147
Erhaltene Zinsen . . . . .	0	0	0	0
<b>Cashflow<sup>2</sup> aus Investitionstätigkeit . . . . .</b>	<b>-2.482</b>	<b>-6.210</b>	<b>-11.389</b>	<b>-6.000</b>
Auszahlungen für die Tilgung von Finanzkrediten . . . . .	-769	-499	-397	-97
Einzahlungen aus der Aufnahme von Finanzkrediten . . . . .	321	321	4.161	1.633
Auszahlungen für die Tilgung von Verbindlichkeiten aus Finance Lease . . . . .	-31	-31	-22	-82
Mittelzufluss aus Eigenkapitalzuführungen . . . . .	0	0	0	0
<b>Cashflow<sup>2</sup> aus Finanzierungstätigkeit . . . . .</b>	<b>-479</b>	<b>-209</b>	<b>3.742</b>	<b>1.454</b>
Zahlungswirksame Veränderung des Finanzmittelfonds . . . . .	1.440	169	45	726
Finanzmittelfonds am Anfang der Periode . . . . .	940	771	726	0
Finanzmittelfonds am Ende der Periode . . . . .	2.380	940	771	726

1 Die Zunahme (+) / Abnahme (-) der Verbindlichkeiten aus Lieferungen und Leistungen sowie der sonstigen Verbindlichkeiten, die von der Gesellschaft im Cashflow aus betrieblicher Geschäftstätigkeit ausgewiesen werden, beinhaltet auch die Veränderung der Verbindlichkeiten von Gesellschafterdarlehen, Verbindlichkeiten und Gewinnabführungsverträgen in Höhe von T€2.406 für den zum 30. Juni 2017 endenden Sechsmonatszeitraum (Geschäftsjahr 2016: T€2.275, Geschäftsjahr 2015: T€4.848, Geschäftsjahr 2014: T€10.585). Würden diese Beträge im Cashflow aus Finanzierungstätigkeit dargestellt, so würde der Cashflow aus Finanzierungstätigkeit für den zum 30. Juni 2017 endenden Sechsmonatszeitraum auf T€1.927 ansteigen (Geschäftsjahr: 2016: T€2.066, Geschäftsjahr 2015: T€8.590, Geschäftsjahr 2014: T€12.039),



während der Cashflow aus betrieblicher Geschäftstätigkeit für den zum 30. Juni 2017 endenden Sechsmonatszeitraum auf T€1.995 sinken würde (Geschäftsjahr 2016: T€4.313, Geschäftsjahr 2015: T€2.844, Geschäftsjahr 2014: T €-5.314).

- 2 Da die Voltabox-Gruppe ihre Geschäftstätigkeit als konsolidierte Unternehmensgruppe erst am 1. Januar 2017 begonnen hat, sind die Vergleichszahlen der Kapitalflussrechnung für die sechs Monate zum 30. Juni 2016 nicht verfügbar, da der Voltabox-Konzern zu diesem Zeitpunkt noch nicht existiert hat. Die dargestellten Vergleichszahlen der Kapitalflussrechnung wurden aus dem Kombinierten Abschluss (IFRS) abgeleitet. Die Vergleichbarkeit der Werte ist daher eingeschränkt.

## Ausgewählte weitere Finanzinformationen

Die folgende Tabelle zeigt ausgewählte weitere Finanzinformationen, die aus dem Konzernzwischenabschluss (IFRS) und dem Kombinierten Abschluss (IFRS) abgeleitet sind:

	6-Monats-Zeitraum zum 30. Juni		Geschäftsjahr zum 31. Dezember		
	2017	2016	2016	2015	2014
	ungeprüft (konsolidiert)		ungeprüft (kombiniert)		
	in € tausend				
<b>1. Umsatzerlöse</b>					
Umsatzerlöse	10.594	4.514	14.493	7.405	4.554
Kosten Forschung & Entwicklung <sup>1</sup>	1.658	1.844	5.526	5.712	1.987
Ergebnis vor Zinsen, Steuern, Abschreibungen (EBITDA) <sup>2</sup>	198	-786	-2.135	-788	-124
Ergebnis vor Zinsen und Steuern (EBIT)	-747	-1.543	-3.675	-1.873	-416
Konzernergebnis	-630	-1.835	-228	1.987	-607
Gesamtergebnis	-555	-1.835	-228	1.987	-607
<b>2. Finanzielle Situation</b>					
Eigenkapitalquote (%) <sup>3</sup>	12,35	n/a	13,97	14,70	6,95
Nettoverschuldung <sup>4</sup>	27.898	n/a	22.561	19.165	7.749
Umlaufvermögen <sup>5</sup>	8.732	n/a	6.371	4.613	4.237
Cashflow für Zwecke der Investitionstätigkeit <sup>6</sup>	2.482	n/a	6.210	11.398	6.009

- 1 Ungeprüft. Hierbei handelt es sich um eine alternative Leistungskennzahl. Wir definieren Kosten für Forschung & Entwicklung als sämtliche interne und externe Kosten, die für Forschung & Entwicklung aufgewendet wurden. Dies umfasst hauptsächlich sowohl Löhne und Gehälter für betriebszugehörige Mitarbeiter als auch für externe Leiharbeiter und für Dienstleistungen Dritter für jedwede Art von benötigten Leistungen im Bereich Forschung & Entwicklung.
- 2 Ungeprüft. Hierbei handelt es sich um eine alternative Leistungskennzahl. Wir definieren EBITDA als Ergebnis vor Zinsen und Steuern (EBIT, wie in unserem Abschluss abgebildet), Abschreibungen (die sich zusammensetzen aus Abschreibungen und Wertminderungen auf den Geschäfts- oder Firmenwert und anderen immateriellen Vermögenswerten, wie im Kombinierten Abschluss (IFRS) und dem Konzernzwischenabschluss (IFRS) abgebildet) und Abschreibungen (auf Sachanlagen abzüglich Wertaufholungen von Wertminderungen wie im Kombinierten Abschluss (IFRS) und dem Konzernzwischenabschluss (IFRS) abgebildet). EBITDA ist keine von IFRS anerkannte Kennzahl. Aus diesem Grund sollte das EBITDA nicht als Ersatz, sondern lediglich als zusätzliche Kennzahl zu den Kennzahlen aus der Konzern-Gewinn- und Verlustrechnung, der Konzernbilanz oder der Konzernkapitalflussrechnung herangezogen werden. Da nicht alle Unternehmen das EBITDA einheitlich definieren, ist es möglich, dass die in diesem Prospekt ausgewiesene EBITDA mit ähnlich bezeichneten Kennzahlen, die von anderen Unternehmen verwendet werden, nicht vergleichbar ist.
- 3 Ungeprüft. Hierbei handelt es sich um eine alternative Leistungskennzahl. Wir definieren Eigenkapitalquote als „Eigenkapital“ geteilt durch „Aktiva“ und „Passiva“, jeweils abgebildet im Zwischenabschluss (IFRS) und dem Kombinierten Abschluss (IFRS).
- 4 Ungeprüft. Hierbei handelt es sich um eine alternative Leistungskennzahl. Wie definieren Nettoverschuldung als „Langfristige Verbindlichkeiten aus Finance Lease“ plus „Langfristige Darlehen“ plus „Kurzfristiger Anteil der Verbindlichkeiten aus Finance Lease“ plus „Kurzfristige Darlehen und kurzfristiger Anteil der langfristigen Darlehen“ minus „Flüssige Mittel“ plus Darlehen aus dem Anteil „Verbindlichkeiten gegenüber nahestehende Unternehmen“, jeweils abgebildet im Zwischenabschluss (IFRS) und dem Kombinierten Abschluss (IFRS).
- 5 Ungeprüft. Hierbei handelt es sich um eine alternative Leistungskennzahl. Wir definieren Umlaufvermögen als „Vorräte“ plus „Forderungen aus Lieferungen und Leistungen“ minus „Verbindlichkeiten aus Lieferungen und Leistungen“ (ohne konzerninterne und verbundene Unternehmen, jeweils abgebildet im Zwischenabschluss (IFRS) und dem Kombinierten Abschluss (IFRS)).
- 6 Ungeprüft. Hierbei handelt es sich um eine alternative Leistungskennzahl. Wir definieren Cashflow für Zwecke der Investitionstätigkeit als „Ergänzungen zu Sachanlagen“ plus „Ergänzungen zu den immateriellen Vermögenswerten“, jeweils abgebildet im Zwischenabschluss (IFRS) und dem Kombinierten Abschluss (IFRS).

	<p><b>Wesentliche Änderungen der Finanzlage und des Betriebsergebnisses des Emittenten während und nach dem von den historischen Finanzinformationen abgedeckten Zeitraum.</b></p>	<p>Die folgenden wesentlichen Änderungen in unserer Finanzlage und unseres Betriebsergebnisses sind in den Geschäftsjahren 2014, 2015 und 2016, dem am 30. Juni 2017 abgelaufenen Sechsmonatszeitraum und in dem darauffolgenden Zeitraum eingetreten:</p> <p><b>Sechsmonatszeitraum zum 30. Juni 2017</b></p> <p>In den sechs Monaten zum 30. Juni 2017 stiegen unsere Umsätze deutlich um T€6.080 bzw. 134,7% auf T€10.594, was vor allem durch den Einstieg in die hochautomatisierte Serienproduktion von Batteriemodulen für Intralogistikanwendungen, vor allem in Europa, und durch den Verkauf von Batteriesystemen für den öffentlichen Verkehr getrieben wurde. Umgekehrt erhöhten sich die Materialaufwendungen um T€2.697 (58.71%) auf T€7.291, wobei die Materialaufwendungen durch die Übertragung von Prototypen-bezogenen Kosten auf Serienproduktionskosten beeinflusst wurden. Aufgrund einer verbesserten Personalaufwandsquote und vergleichsweise niedrigeren Abschreibungen stieg das EBIT auf T€-747, ein Anstieg von T€796 bzw. 51,6% gegenüber T€-1.543 im Vorjahr. Der Konzernüberschuss stieg um T€1.205 bzw. 65.7% auf T€-630 (1. Halbjahr 2016: T€-1.835).</p> <p><b>Vergleich der Geschäftsjahre 2016 und 2015</b></p> <p>Angetrieben durch den Einstieg in die hochautomatisierte Serienproduktion von Batteriemodulen für Intralogistikanwendungen, vor allem in Europa, und durch den Verkauf von Batteriesystemen für den öffentlichen Verkehr, verdoppelte sich unser Umsatz im Geschäftsjahr 2016 um T€7.088 (95,7%) auf T€14.493 (2015: T€7,405). Im Vergleich zu unseren Umsatzkosten erhöhte sich der Materialaufwand um T€5.123 (61,9%) auf T€13.405 nach T€8.282 im Jahr 2015, bedingt durch den Anstieg der Roh- und Halbfertigwaren, was wiederum Folge unserer allgemeinen Expansion war. Trotz einer deutlich verbesserten Personalaufwandsquote und vergleichsweise niedrigeren Abschreibungen und sonstigen betrieblichen Aufwendungen sank unser EBIT für das Geschäftsjahr 2016 um T€-1.802 bzw. -96,2% auf T€-3.675 im Jahr 2016 gegenüber T€-1.873 im Jahr 2015. Ähnlich wie bei unserem EBIT sank unser EBT von T€-2.339 im Jahr 2015 um T€-1.870 (-80,0%) auf T€-4.209 im Jahr 2016. Aufgrund des Ergebnisabführungsvertrags mit unserer Muttergesellschaft betrug der Konzernüberschuss T€1.987 im Jahr 2015 und T€-228 im Jahr 2016.</p> <p><b>Vergleich der Geschäftsjahre 2015 und 2014</b></p> <p>Das Geschäftsjahr 2015 wurde, insbesondere auf der Kostenseite, durch einen starken Anstieg der Geschäftstätigkeit geprägt. Wir erwirtschafteten einen Umsatz von T€7.405, ein starker Anstieg von T€2.851 bzw. 62.6% im Vergleich zum Geschäftsjahr 2014, als der Umsatz T€4.554 betrug. Die Einnahmen für Batteriesysteme für den öffentlichen Verkehr waren der größte Wachstumstreiber, vor allem in den USA. Die Materialkosten stiegen im Jahr 2015 um T€4.205 bzw. 103.1% auf T€8.282 im Vergleich zu T€4.077 im Jahr 2014, was vor allem auf einen starken Anstieg der Roh-, Hilfs- und Betriebsstoffe zurückzuführen ist, bedingt durch die Expansion unseres Geschäfts, z. B. der Aufbau von Prototypen für Intralogistik-Kunden. Der Personalaufwand erhöhte sich ebenfalls deutlich um T€1.634 bzw. 107,4% auf T€-3.155 im Jahr 2015 von T€-1.521 im Jahr 2014, was vor allem auf eine Erhöhung der Löhne und Gehälter durch Neueinstellungen zurückzuführen ist. Infolge unserer gestiegenen Kosten sank unser EBIT um T€1.457 bzw. 350.2% auf T€-1.873 gegenüber T €-416 im Jahr 2014. Unser Konzernergebnis infolge des Ergebnisabführungsvertrags hat sich erhöht um T€2.594 oder 427,3% auf T€1.987 im Jahr 2015 gegenüber T€-607 im Jahr 2014.</p>
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		<p><b>Zeitraum ab dem 30. Juni 2017</b></p> <p>Durch Beschluss der außerordentlichen Hauptversammlung der Gesellschaft vom 6. September 2017 und 20. September 2017 wurde das Grundkapital der Gesellschaft von €100.000,00 um €9.900.000,00 auf €10.000.000,00 gegen Sacheinlage erhöht. Die Sacheinlage bestand aus einem Gesellschafterdarlehen unserer Muttergesellschaft paragon AG in Höhe von €9.900.000,00 das gemäß einem Einbringungs- und Übertragungsvertrag vom 6. September 2017 eingebracht wurde. Die Kapitalerhöhung wurde am 21. September 2017 im Handelsregister eingetragen.</p> <p>Darüber hinaus gab es vom 30. Juni 2017 bis zum Zeitpunkt des Datums dieses Prospekts keine wesentlichen Änderungen der Finanzlage oder der Betriebsergebnisse der Gesellschaft. Seit dem 30. Juni 2017 gab es keine weitere wesentliche Veränderung in der Finanz- oder Handelsposition der Voltabox-Gruppe.</p>
<b>B.8</b>	<b>Ausgewählte wesentliche Pro-forma-Finanzinformationen.</b>	Entfällt. Pro-forma-Finanzinformationen sind nicht erforderlich.
<b>B.9</b>	<b>Gewinnprognosen oder –schätzungen.</b>	<p>Der Vorstand der Gesellschaft geht davon aus, dass die Umsatzerlöse der Voltabox-Gruppe voraussichtlich von rund €14,5 Mio. im Geschäftsjahr 2016 (basierend auf dem Kombinierten Abschluss (IFRS) für das Geschäftsjahr 2016) auf voraussichtlich €25 Mio. im Geschäftsjahr 2017 steigen werden und erwartet ein positives EBIT (Ergebnis vor Zinsen und Steuern) für die Voltabox-Gruppe.</p> <p>Der Vorstand der Gesellschaft erwartet ferner für das Geschäftsjahr 2017 Investitionen von ca. €7 Mio., bestehend aus eigener aktivierter Beteiligung (€5 Mio.) sowie Neu- und Ersatzinvestitionen in Maschinen (€2 Mio.).</p>
<b>B.10</b>	<b>Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.</b>	Entfällt. Die im Prospekt enthaltenen historischen Finanzinformationen wurden mit uneingeschränkten Bestätigungsvermerken versehen.
<b>B.11</b>	<b>Nichtausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen.</b>	Entfällt. Die Gesellschaft ist aus heutiger Sicht der Ansicht, dass das Geschäftskapital der Gruppe ausreichend ist, um alle Zahlungspflichten, die innerhalb der nächsten 12 Monate nach dem Datum dieses Prospekts fällig werden, zu erfüllen.

### Abschnitt C – Wertpapiere

<b>C.1</b>	<b>Beschreibung von Art und Gattung der angebotenen und/ oder zum Handel zuzulassenden Wertpapiere.</b>	<p>Das Angebot (wie in E.3 definiert) besteht aus insgesamt 6.325.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) der Gesellschaft, jeweils mit einem anteiligen Betrag am Grundkapital der Gesellschaft von €1,00 und mit voller Gewinnanteilberechtigung seit dem 1. Januar 2017 und umfasst:</p> <ul style="list-style-type: none"> <li>• 5.000.000 neu ausgegebene auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) aus einer Kapitalerhöhung gegen Bareinlagen,</li> </ul>
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	<p><b>Wertpapierkennung.</b></p>	<p>die die außerordentliche Hauptversammlung der Gesellschaft am 22. September 2017 beschlossen hat (die „<b>Neuen Aktien</b>“);</p> <ul style="list-style-type: none"> <li>• 500.000 existierende auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) aus dem Aktienbesitz der Muttergesellschaft der Gesellschaft (die „<b>Verkaufsaktien</b>“); und</li> <li>• 825.000 existierende auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) aus dem Aktienbesitz der Muttergesellschaft aus einer Wertpapierleihe im Zusammenhang mit einer möglichen Mehrzuteilung durch die Joint Bookrunner (die „<b>Mehrzuteilungsaktien</b>“, zusammen mit den Neuen Aktien und den Verkaufsaktien, die „<b>Angebotenen Aktien</b>“), die durch eine noch auszuübende Kapitalerhöhung der Gesellschaft aus genehmigtem Kapital, welche die außerordentliche Hauptversammlung der Gesellschaft am 22. September 2017 beschlossen hat, gedeckt werden soll.</li> </ul> <p>Die zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (Prime Standard) zuzulassenden Aktien beziehen sich auf eine Gesamtzahl von bis zu 15.825.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) der Gesellschaft, bestehend aus</p> <ul style="list-style-type: none"> <li>• 10.000.000 existierende auf den Inhaber lautenden Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) (bestehendes Grundkapital der Gesellschaft);</li> <li>• bis zu 5.000.000 Neue Aktien; und</li> <li>• bis zu 825.000 neu ausgegebene Aktien aus einer möglichen Kapitalerhöhung aus genehmigtem Kapital, das am 22. September 2017 von der außerordentlichen Hauptversammlung beschlossen wurde, um die Mehrzuteilungsaktien zu decken (die „<b>Greenshoe-Aktien</b>“),</li> </ul> <p>jeweils mit einem anteiligen Betrag am Grundkapital von €1,00 und voller Gewinnanteilberechtigung ab dem 1. Januar 2017.</p> <p>International Securities Identification Number (ISIN): DE000A2E4LE9</p> <p>Wertpapierkennnummer (WKN): A2E4LE</p> <p>Börsenkürzel: VBX</p>
<p><b>C.2</b></p>	<p><b>Währung der Wertpapieremission.</b></p>	<p>Euro.</p>
<p><b>C.3</b></p>	<p><b>Zahl der ausgegebenen und voll eingezahlten und der ausgegebenen, aber nicht voll eingezahlten Aktien.</b></p>	<p>Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft €10.000.000, eingeteilt in 10.000.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>), die vollständig eingezahlt sind.</p> <p>Die außerordentliche Hauptversammlung der Gesellschaft vom 22. September 2017 beschloss eine Kapitalerhöhung gegen Bareinlage durch Ausgabe von bis zu 5.000.000 auf den Inhaber lautenden Stammaktien ohne Nennbetrag (<i>Stückaktien</i>), die im Rahmen des Angebots (wie nachstehend in E.3 definiert) angeboten werden. Der Beschluss über die Kapitalerhöhung wird im Handelsregister der Gesellschaft am oder um den 12. Oktober 2017 eingetragen. Am oder um den 10. Oktober 2017 wird der Vorstand, mit am selben Tag erteilter Zustimmung des Aufsichtsrats, einen Beschluss über die Anzahl der auszugebenden Neuen Aktien (wie unten in E.3 definiert) fassen. Die Durchführung der Kapitalerhöhung betreffend die Neuen Aktien wird voraussichtlich am 12. Oktober 2017 in das Handelsregister eingetragen.</p> <p>Unter der Annahme, dass die Kapitalerhöhung betreffend die Neuen Aktien vollständig durchgeführt wird, wird das Grundkapital der Gesellschaft mit</p>

	<p><b>Nennwert pro Aktie, bzw. Angabe, dass Aktien keinen Nennwert haben.</b></p>	<p>Handelsaufnahme €15.000.000 betragen, und in 15.000.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) eingeteilt sein. Alle Aktien, die zum Datum des Prospekts ausgegeben sind, und alle Neuen Aktien werden vollständig eingezahlt sein.</p> <p>Unter der Annahme, dass die Greenshoe Option (wie unten in E.3 definiert) vollumfänglich vom Stabilisierungsmanager (wie unten in E.3 definiert) im Namen der Joint Bookrunner ausgeübt wird, und das die Kapitalerhöhung aus genehmigten Kapital durchgeführt wird, würde das Grundkapital der Gesellschaft bis zu €15.825.000 betragen und in 15.825.000 auf den Inhaber lautende Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) eingeteilt sein. Die Durchführung der Kapitalerhöhung betreffend die Greenshoe-Aktien (wie unten in E.3 definiert) wird voraussichtlich Mitte November 2017 in das Handelsregister eingetragen. Zu diesem Zeitpunkt werden die Greenshoe-Aktien vollständig eingezahlt sein.</p> <p>Jede Aktie der Gesellschaft repräsentiert einen anteiligen Nennbetrag des Grundkapitals der Gesellschaft von €1,00.</p>
C.4	<p><b>Beschreibung der mit den Wertpapieren verbundenen Rechte.</b></p>	<p>Jede Aktie der Gesellschaft gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Die Aktien der Gesellschaft sind für das am 1. Januar 2017 begonnene Geschäftsjahr gewinnanteilberechtigt. Im Falle einer Liquidation der Gesellschaft werden alle nach der Befriedigung aller Verbindlichkeiten der Gesellschaft verbleibenden Vermögensgegenstände der Gesellschaft zwischen den Aktionären im Verhältnis ihrer Anteile an der Gesellschaft aufgeteilt.</p>
C.5.	<p><b>Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere.</b></p>	<p>Entfällt. Die Aktien der Gesellschaft sind gemäß den gesetzlichen Regelungen in Bezug auf Inhaberaktien frei übertragbar. Mit Ausnahme der unten in E.5. beschriebenen Lock-up-Vereinbarung existieren keine Einschränkungen der Übertragbarkeit der Aktien der Gesellschaft.</p>
C.6	<p><b>Angabe, ob für die angebotenen Wertpapiere die Zulassung zum Handel in einem geregelten Markt beantragt wurde bzw. werden soll, Nennung aller geregelten Märkte, in denen die Wertpapiere gehandelt werden oder werden sollen.</b></p>	<p>Die Gesellschaft wird voraussichtlich am oder um den 25. September 2017 die Zulassung ihres gesamten bestehendem Grundkapitals von 10.000.000 bestehenden Aktien und der bis zu 5.000.000 Neuen Aktien zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse sowie gleichzeitig zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (<i>Prime Standard</i>) beantragen.</p> <p>Der Beschluss über die Zulassung der bis zu 15.000.000 Aktien zum Handel wird voraussichtlich am oder um den 12. Oktober 2017 ergehen. Der Handel in den Aktien der Gesellschaft (einschließlich der Neuen Aktien) an der Frankfurter Wertpapierbörse wird voraussichtlich am 13. Oktober 2017 aufgenommen werden.</p> <p>Die Entscheidung über die Zulassung zum Handel der bis zu 825.000 Greenshoe-Aktien aus dem Genehmigten Kapital wird nach der teilweisen oder vollständigen Ausübung der Greenshoe-Option durch den Stabilisierungsmanager (wie unten in E.3 definiert) im Namen der Joint Bookrunner für Mitte November 2017 erwartet.</p>
C.7	<p><b>Beschreibung der Dividendenpolitik.</b></p>	<p>Die Angebotenen Aktien sind ab dem 1. Januar 2017 gewinnanteilberechtigt. Die Aktionäre der Gesellschaft haben einen Anspruch auf einen Anteil an den ausschüttungsfähigen Gewinnen der Gesellschaft, die auf der Grundlage ihres jeweiligen Anteils am Grundkapital der Gesellschaft bestimmt werden.</p>

		<p>In einer Aktiengesellschaft, die deutschem Recht unterliegt, werden Beschlüsse über die Ausschüttung von Dividenden für das jeweilige Jahr sowie dessen Betrag und Tag der Zahlung nach einem gemeinsamen Vorschlag von Vorstand und Aufsichtsrat von der Hauptversammlung des folgenden Geschäftsjahres beschlossen.</p> <p>Die Gesellschaft beabsichtigt für das Geschäftsjahr 2017 keine Dividende auszuzahlen. Allerdings beabsichtigt die Gesellschaft mittel- bis langfristig einen gewissen Teil ihres ausschüttungsfähigen Gewinns (d. h. der ausgewiesenen Bilanzgewinn in dem nach HGB aufgestellten Jahresabschluss) an ihre Aktionäre auszuschütten.</p> <p>Die Fähigkeit der Gesellschaft, in zukünftigen Jahren Dividenden auszuschütten, hängt grundsätzlich vom Betrag des ausschüttungsfähigen Bilanzgewinns ab. Die Gesellschaft ist nicht in der Lage, belastbare Aussagen hinsichtlich der Höhe des zukünftig zu erwartenden Bilanzgewinns oder ob überhaupt ein Bilanzgewinn in der Zukunft erzielt werden kann, zu treffen. Demnach kann die Gesellschaft nicht garantieren, dass Dividenden in der Zukunft gezahlt werden. Die Gesellschaft beabsichtigt, einen wesentlichen Teil ihrer potentiellen Gewinne nach Abzug der in die gesetzliche Rücklage einzustellenden Beträge für die Finanzierung weiteren Wachstums in den kommenden Geschäftsjahren zu verwenden und eine Dividende nur zu zahlen, sofern es mit ihren Business- und Investitionsplänen vereinbar ist.</p>
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## Abschnitt D – Risiken

<p>Eine Investition in Aktien der Gesellschaft ist mit Risiken verbunden. Die folgenden Risiken könnten allein oder zusammen mit weiteren Risiken und Unsicherheiten, die der Gesellschaft derzeit nicht bekannt sind oder die sie derzeit möglicherweise als unwesentlich erachtet, die Geschäfts-, Finanz- und Ertragslage sowie die Kapitalflüsse der Gruppe erheblich beeinträchtigen. Wenn sich Risiken materialisieren sollten, könnten Anleger ihre Investition ganz oder teilweise verlieren.</p> <p>Die Reihenfolge, in der die Risikofaktoren dargestellt sind, stellt weder eine Aussage über die Eintrittswahrscheinlichkeit noch über die Bedeutung und Höhe der Risiken oder das Ausmaß der möglichen Beeinträchtigung des Geschäfts der Gruppe dar. Die genannten Risiken könnten einzeln oder kumulativ eintreten.</p>		
<p><b>D.1</b></p>	<p><b>Zentrale Angaben zu den zentralen Risiken, die dem Emittenten oder seiner Branche eigen sind.</b></p>	<p><b>Risiken im Zusammenhang mit der Geschäftstätigkeit</b></p> <ul style="list-style-type: none"> <li>• Wir sind möglicherweise nicht in der Lage, unsere Strategie des Wachstums in bestehenden Märkten und der Expansion in neue Märkte und der Entwicklung neuer Produkte erfolgreich umzusetzen.</li> <li>• Wir blicken erst auf eine kurze Firmenhistorie zurück und sind möglicherweise nicht in der Lage, die im Rahmen des Angebots erzielten Erlöse unter anderem für die Umsetzung unserer Geschäftsstrategien oder zur fristgerechten Ausführung von Aufträgen effizient einzusetzen.</li> <li>• Wir sind hinsichtlich der fristgerechten Belieferung mit Rohstoffen, Teilen, Komponenten, Produktionsausrüstung und Dienstleistungen von angemessener Qualität, in ausreichender Quantität und zu angemessenen Preisen von Dritten abhängig.</li> <li>• Die technische Spezifikation und Herstellung unserer Li-Ionen-Batterien kann sich aufgrund seitens unserer Zelllieferanten an Zellen vorgenommenen Änderungen und ihrer Marktstrategien ändern.</li> <li>• Wir sind Risiken im Zusammenhang mit Produkthaftung, Gewährleistungsansprüchen, Produktrückrufen sowie im Zusammenhang mit gegen uns erhobenen Klagen und Forderungen ausgesetzt.</li> </ul>

	<ul style="list-style-type: none"> <li>• Unser Geschäft hängt von den mit einer geringen Anzahl bedeutender Kunden geschlossenen Verträgen ab.</li> <li>• Zahlungsausfälle unserer Kunden können sich nachteilig auf unser Geschäft auswirken.</li> <li>• Wir sind verschiedenen operativen Risiken im Zusammenhang mit unseren Produktionsanlagen und unserer Geschäftstätigkeit ausgesetzt.</li> <li>• Wir sind rechtlich dazu verpflichtet, gebrauchte Batterien von Kunden zurückzunehmen. Die damit verbundenen Kosten können wesentlich von den von uns geschätzten Kosten abweichen.</li> <li>• Wir sind möglicherweise nicht in der Lage, qualifizierte Mitarbeiter, insbesondere wissenschaftliche und technische Fachkräfte und Führungskräfte zu rekrutieren und an uns zu binden.</li> <li>• Wir sind auf die Mitglieder unseres Vorstands angewiesen; es könnte uns nicht gelingen, entsprechend hoch qualifizierte Führungskräfte zur Besetzung von Schlüsselpositionen für uns zu gewinnen und zu halten.</li> <li>• Unser Geschäft hängt in gewissem Maße von der Infrastruktur von paragon ab und stützt sich auf bestimmte von paragon reflektierte Methoden und Prozesse, welche sich als ungeeignet erweisen könnten.</li> <li>• Wir sind den mit Währungsschwankungen verbundenen Währungsrisiken ausgesetzt.</li> <li>• Unser Versicherungsschutz könnte unzureichend sein, die Versicherungskosten könnten steigen und bestimmte Risiken oder unerwartete Ereignisse könnten nicht abgedeckt sein.</li> <li>• Wir könnten zukünftig zusätzliche Finanzmittel benötigen, die uns möglicherweise nicht oder nicht zu günstigen Konditionen zur Verfügung stehen, was im Falle von Eigenkapitaltransaktionen zu einem Verwässerungseffekt für die Aktionäre führen könnte.</li> <li>• Wettbewerbsrechtliche Bestimmungen können Haftungsrisiken für uns bergen und die Möglichkeiten zum Abschluss von Akquisitionen zur Erweiterung unseres Geschäfts in bestimmten Märkten einschränken.</li> <li>• Möglicherweise gelingt es uns nicht, in dem von uns geplanten Zeitrahmen oder zu den von uns gewünschten Bedingungen Akquisitionen oder Kooperationsverträge abzuschließen, und derzeitige oder zukünftige Akquisitionen und Kooperationsverträge könnten nicht das gewünschte oder erwartete Ergebnis erzielen.</li> <li>• Die in diesem Prospekt dargelegten Finanzinformationen des Konzerns sind unter Umständen nicht vollständig vergleichbar und hinsichtlich unseres Geschäftsergebnisses als unabhängiges börsennotiertes konsolidiertes Unternehmen möglicherweise nicht maßgeblich für die Zukunft.</li> <li>• Unser prognostiziertes EBIT könnte wesentlich von unserem tatsächlichen zukünftigen EBIT abweichen.</li> </ul> <p><b>Risiken im Zusammenhang mit der Branche und den Märkten, in denen wir tätig sind</b></p> <ul style="list-style-type: none"> <li>• Änderungen des gesamtwirtschaftlichen Umfelds, in dem wir tätig sind, könnten sich nachteilig auf unser Geschäft auswirken.</li> </ul>
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		<ul style="list-style-type: none"> <li>• Die Nachfrage nach Batterien in anderen Marktsegmenten für E-Mobilität hängt unter anderem von der Fortsetzung der derzeitigen Trends zu alternativen Energiequellen ab.</li> <li>• Die Batterietechnik entwickelt sich stetig weiter. Um wettbewerbsfähig zu bleiben, müssen wir erfolgreich Produkte entwickeln, produzieren und vertreiben, die die aktuelle Batterietechnik verbessern und sich am Markt durchsetzen. Daneben wirken sich zahlreiche andere Faktoren, die nicht unserem Einfluss unterliegen, einschließlich des Verhaltens unserer Wettbewerber und Kunden, auf die Nachfrage nach den Batterien und Batteriesystemen, die wir anbieten, aus.</li> <li>• Zunehmender Wettbewerb in den Branchen und Marktsegmenten, in denen wir tätig sind, könnte sich nachteilig auf unseren Marktanteil, die Gewinnspannen und die Gesamrentabilität auswirken.</li> <li>• Zelllieferanten und andere etablierte Wettbewerber, wie etwa Originalausrüstungshersteller („OEM“) mit größeren finanziellen Ressourcen, könnten ihre Geschäftsstrategien ändern und Batteriesysteme für Marktsegmente herstellen, auf die unsere Produkte und Branchenlösungen derzeit ausgerichtet sind. Ferner besteht das Risiko eines Insourcings der Batterietechnik bei unseren Hauptkunden.</li> </ul> <p><b>Rechtliche, aufsichtsrechtliche und steuerliche Risiken</b></p> <ul style="list-style-type: none"> <li>• Der Verlust wichtiger geistiger Eigentumsrechte könnte sich nachteilig auf unser Geschäft auswirken und eine etwaige Gefährdung oder ein Wertverlust unserer geistigen Eigentumsrechte könnte dazu führen, dass uns Kosten für den angemessenen Schutz und die angemessene Verteidigung dieser Rechte entstehen.</li> <li>• Wir müssen die geistigen Eigentumsrechte unserer Wettbewerber identifizieren und dürfen diese nicht verletzen. Dementsprechend sind wir verschiedenen Risiken im Zusammenhang mit geistigen Eigentumsrechten Dritter ausgesetzt.</li> <li>• Wir sind in verschiedenen Jurisdiktionen an zahlreiche Umwelt-, Gesundheits- und Sicherheitsgesetze und verschiedene Richtlinien gebunden, die zunehmend strenger werden.</li> <li>• Wir sind abhängig von Technologien, Fach- und Erfahrungswissen sowie Geschäfts- und Betriebsgeheimnissen, und ein unbefugter Zugriff auf diese oder eine unzulässige Verwendung von diesen könnten sich nachteilig auf unser Geschäft auswirken.</li> <li>• Unsere Steuerbelastung könnte sich insbesondere in Folge zukünftiger Betriebsprüfungen und Neubewertungen seitens der zuständigen Behörden oder aufgrund von Änderungen der geltenden Gesetze und sonstigen Rechtsvorschriften erhöhen.</li> <li>• Änderungen der Rechnungslegungsgrundsätze oder –vorschriften, einschließlich der in 2019 in Kraft tretenden Regelungen zu IFRS 16, die sich auf die Bilanzierung von Leasingverträgen beziehen, könnten sich nachteilig auf unsere Verbindlichkeiten und nachteilig auf unser Betriebsergebnis auswirken.</li> </ul>
D.3	<p><b>Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen sind.</b></p>	<p><b>Wesentliche Risiken im Hinblick auf das Angebot, die Börsennotierung und die Aktionärsstruktur</b></p> <ul style="list-style-type: none"> <li>• Unsere Muttergesellschaft wird auch nach der Durchführung des Angebots weiterhin erheblichen Einfluss auf die Gesellschaft ausüben und die</li> </ul>



		<p>Interessen der Muttergesellschaft könnten mit den Interessen anderer Aktionäre kollidieren. Zudem können die Interessen unserer Aktionäre generell von unseren Interessen abweichen oder diesen zuwiderlaufen.</p> <ul style="list-style-type: none"> <li>• Das Angebot könnte nicht durchgeführt werden und Investoren könnten Verluste ihrer gezahlten Wertpapierkommission erleiden und dem Risiko eines Leerverkaufes unserer Aktien ausgesetzt sein.</li> <li>• Der Kurs und das Handelsvolumen unserer Aktien könnten signifikanten Fluktuationen unterliegen und Investoren könnten ihr gesamtes eingesetztes Kapital oder Teile hiervon verlieren.</li> <li>• Wir beabsichtigen für das Geschäftsjahr 2017 keine Dividende auszuschütten und könnten auch mittel- bis langfristig nicht in der Lage sein, etwaige Dividenden auszuschütten.</li> <li>• Die Gesellschaft wird aufgrund der Börsennotierung zusätzliche Verwaltungsanforderungen erfüllen müssen und höhere laufende Kosten tragen müssen.</li> <li>• Zukünftige Verkäufe oder vom Markt erwartete Verkäufe einer hohen Anzahl von Aktien durch die Muttergesellschaft oder Investoren, einschließlich sogenannter Ankerinvestoren, die Aktien im Rahmen des Angebots erwerben, könnten den Aktienpreis sinken lassen.</li> <li>• Die Aktien der Gesellschaft sind bisher nicht öffentlich gehandelt worden und es gibt keine Garantie dafür, dass sich nach dem Börsengang ein liquider Markt entwickelt oder fortsetzt.</li> <li>• Zukünftige Kapitalerhöhungen können zu Verwässerungen und zu erheblicher Reduzierung des Wertes unserer Aktien sowie der Kontrollrechte bestehender Gesellschafter führen.</li> <li>• Der Angebotspreis pro Aktie wird den Nettobuchwert pro Aktie des Eigenkapitals der Gesellschaft überschreiten.</li> <li>• Investoren mit einer anderen Währung als dem Euro könnten Wechselkursrisiken bei ihren Investitionen in unsere Aktien unterliegen.</li> </ul>
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## Abschnitt E – Angebot

E.1	<p><b>Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission/des Angebots.</b></p>	<p>Die Gesellschaft erhält den Erlös (abzüglich der Provisionen der Joint Bookrunner und weiteren Kosten, die die Gesellschaft zu tragen hat) aus dem Verkauf der Neuen Aktien (wie nachfolgend definiert) und, sofern und soweit die Greenshoe Option (wie nachfolgend in E.3 definiert) durch die Stabilisierungsmanager (wie nachfolgend in E.3 definiert) im Namen der Joint Bookrunner ausgeübt wird, den Erlös aus der Ausübung der Greenshoe Option. Die Gesellschaft wird hingegen keinen Erlös aus dem Verkauf der Verkaufsaktien (wie nachfolgend in E.3 definiert) erhalten; diesen Erlös wird die Muttergesellschaft erhalten.</p> <p>Die Höhe der Brutto-Erlöse der Gesellschaft und der Muttergesellschaft aus dem Angebot (wie in E.3 definiert) und die Gesamtkosten im Zusammenhang mit dem Angebot, die auch die zu zahlenden Provisionen der Joint Bookrunner enthalten, sind vom Angebotspreis (wie nachfolgend in E.3 definiert) und der Zahl der im Angebot zu platzierenden Aktien abhängig.</p> <p>Die Gesellschaft wird Gesamtbruttoerlöse in Höhe von ungefähr €128,2 Mio. erzielen, unter der Annahme einer vollständigen Platzierung der 5.000.000 angebotenen Neuen Aktien und vollständige Ausübung der Greenshoe</p>
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	<p><b>Geschätzte Kosten, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.</b></p>	<p>Option über 825.000 weitere neue Aktien (was eine vollständige Platzierung der Mehrzuteilungsaktien erfordern würde) zu einem Angebotspreis von €22,00, der Mitte der für das Angebot (wie in E.3 definiert) der Angebotenen Aktien (wie in C.1 definiert) bestimmten Preisspanne (wie in E.3 definiert). Die Gesellschaft wird die Kosten tragen, die auf das Angebot der Neuen Aktien und der Greenshoe Aktien sowie der Börsennotierung des gesamten Grundkapitals entfallen. Auf der Grundlage der vorstehenden Annahmen wird der Teil der Provision der Joint Bookrunner, der auf die Gesellschaft entfällt (einschließlich einer ermessensabhängigen Provision) sowie weiterer Kosten, die auf die Neuen Aktien und die Greenshoe Aktien und die Zulassung des gesamten Grundkapitals zum Handel entfallen, ungefähr €7,7 Mio. betragen. Unter der Annahme, dass der Angebotspreis in der Mitte der Preisspanne (wie in E.3 definiert) liegt, wird der Nettoemissionserlös aus dem Angebot, der der Gesellschaft zufließt (nach Abzug der Provisionen der Joint Bookrunner sowie weiterer Kosten, die auf die Gesellschaft entfallen) (der „Nettoemissionserlös“) voraussichtlich €120,4 Mio. betragen. Die Entscheidung hinsichtlich der Anzahl der zu platzierenden Neuen Aktien wird am 10. Oktober 2017 getroffen (siehe C.3 für weitere Informationen).</p> <p>Wenn die Greenshoe Option nicht ausgeübt wird, wird der Nettoerlös (unter der Annahme einer vollständigen Platzierung von 5.000.000 angebotenen Neuen Aktien) nach Abzug der Provisionen (einschließlich der vollständigen ermessensabhängigen Provision) und sonstiger Kosten, die der Gesellschaft in Höhe von €6,9 Mio. zuzurechnen sind, auf €103,1 Mio. belaufen.</p> <p>Die Muttergesellschaft erhält den Erlös aus dem Verkauf der Verkaufsaaktien (abzüglich der Provisionen der Joint Bookrunner und der weiteren Kosten, die die Muttergesellschaft im Hinblick auf die Verkaufsaaktien zu tragen hat). Die Muttergesellschaft wird Gesamtbruttoerlöse in Höhe von ungefähr €11,0 Mio. erzielen, unter der Annahme, dass die 500.000 Verkaufsaaktien zu einem Angebotspreis von €22,00, der Mitte der Preisspanne (wie in E.3 definiert) für das Angebot (wie in E.3 definiert) der Verkaufsaaktien platziert werden. Die Muttergesellschaft wird die Kosten tragen, die auf die Platzierung der Verkaufsaaktien entfallen. Auf der Grundlage der vorstehenden Annahmen, wird der Teil der Provision der Joint Bookrunner, der auf die Muttergesellschaft entfällt, (inklusive einer ermessensabhängigen Provisionen) sowie weiterer Kosten, einschließlich des Anteils der Muttergesellschaft, die auf die Verkaufsaaktien entfallen ungefähr €0,7 Mio. betragen. Unter der Annahme eines Angebotspreises in der Mitte der Preisspanne (wie in E.3 definiert) wird der Erlös der Muttergesellschaft (abzüglich der Provisionen der Joint Bookrunner und der weiteren Kosten, die die Muttergesellschaft zu tragen hat) aus dem Verkauf der zu Verkaufenden Aktien ungefähr €10,3 Mio. betragen.</p> <p>Je nachdem, ob der Angebotspreis am unteren oder oberen Ende der Preisspanne (wie in E.3 definiert) festgelegt wird, wird der Erlös für die Gesellschaft und die Muttergesellschaft niedriger oder entsprechend höher sein, als für die Mitte der Preisspanne (wie in E.3 definiert) oben aufgezeigt.</p> <p>Anlegern werden keine Kosten von der Gesellschaft, der Muttergesellschaft oder den Joint Bookrunnern in Rechnung gestellt.</p>
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E.2a	<p><b>Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse.</b></p>	<p>Unter der Annahme von Nettoerlösen (wie unter E.1 beschrieben) in Höhe von €120,4 Mio. (d.h. basierend auf einem Angebotspreis in der Mitte der Preisspanne (wie in E.3 definiert) sowie vollumfänglicher Platzierung der Angebotenen Aktien), beabsichtigt die Gesellschaft den Nettoerlös wie folgt zu verwenden:</p> <ul style="list-style-type: none"> <li>• ca. €25 Mio. hiervon für die Aufstockung der Forschung und Entwicklungs- sowie der Produktionskapazität (einschließlich der Neueinstellung von qualifizierten Personal für die Forschung und Entwicklung mit spezifischem Fachwissen in Bereich Batterien; Weiterentwicklung der bestehenden und neuen Produkte; Investitionen in neue Produktionslinien und neue Anlagen, einschließlich in China)</li> <li>• bis zu ca. €16 Mio. für die Rückzahlung eines bestehenden Gesellschafterdarlehens an die paragon AG; und</li> <li>• den restlichen Betrag für strategische Unternehmenskäufe (abhängig von der Verfügbarkeit geeigneter Zielunternehmen).</li> </ul> <p>Die chronologische Reihenfolge, in der die Mittel aus den Nettoerlösen für die zuvor genannten Maßnahmen verwenden werden sowie der tatsächliche Anteil der Nettoerlöse, die für die einzelnen Maßnahmen verwendet werden, hängen von einer Vielzahl von Faktoren ab, die zum derzeitigen Zeitpunkt nicht abschließend bestimmt werden können.</p>
E.3	<p><b>Beschreibung der Angebotskonditionen.</b></p>	<p><b>Angebotskonditionen</b></p> <p>Das Angebot (wie nachfolgend definiert) besteht aus insgesamt 6.325.000 auf den Inhaber lautenden Stammaktien ohne Nennbetrag (<i>Stückaktien</i>) der Gesellschaft, jede Aktie mit einem anteiligen Betrag am Grundkapital von €1,00 und voller Gewinnanteilsberechtigung ab dem 1. Januar 2017 und umfasst:</p> <ul style="list-style-type: none"> <li>• 5.000.000 Neue Aktien;</li> <li>• 500.000 existierende Verkaufsaktien; und</li> <li>• 825.000 existierende Mehrzuteilungsaktien.</li> </ul> <p>Dieses Angebot besteht aus einem öffentlichen Angebot der Angebotenen Aktien in der Bundesrepublik Deutschland („<b>Deutschland</b>“) und im Großherzogtum Luxemburg („<b>Luxemburg</b>“) (das „<b>Öffentliche Angebot</b>“) und Privatplatzierungen in bestimmten anderen Rechtsordnungen außerhalb Deutschlands und Luxemburgs einschließlich einer Privatplatzierung in den Vereinigten Staaten von Amerika („<b>Vereinigte Staaten</b>“ oder „<b>USA</b>“), die nicht Gegenstand dieses Prospekts sind (die „<b>Privatplatzierung</b>“, und zusammen mit dem Öffentlichen Angebot das „<b>Angebot</b>“). Die Angebotenen Aktien werden in den Vereinigten Staaten lediglich qualifizierten institutionellen Käufern (qualified institutional buyers, im Sinne von und im Vertrauen auf Rule 144A des U.S. Securities Act of 1933, in seiner jeweils gültigen Fassung (der „<b>Securities Act</b>“), zum Kauf angeboten. Außerhalb der Vereinigten Staaten werden die Angebotenen Aktien in Offshore-Transaktionen gemäß und im Vertrauen auf Regulation S des Securities Act angeboten. Die Angebotenen Aktien wurden nicht und werden nicht gemäß dem Securities Act oder durch eine Wertpapieraufsichtsbehörde eines Staates oder einer anderen Jurisdiktion der Vereinigten Staaten registriert.</p> <p>Institutionelle Investoren können während des Angebotszeitraums (wie unten definiert) Zeichnungsangebote unmittelbar gegenüber den Joint Bookrunnern abgeben.</p>

Zeichnungsangebote von Anlegern, insbesondere von Privatanlegern, können auch über die Zeichnungsfunktionalität der Frankfurter Wertpapierbörse im XETRA-Handelssystem für die Sammlung und das Settlement von Zeichnungsangeboten (die „**Zeichnungsfunktionalität**“) abgegeben werden. Anleger, die Zeichnungsangebote für die Angebotenen Aktien über die Zeichnungsfunktionalität abgeben wollen, müssen diese während des Angebotszeitraums (wie nachstehend definiert) ihren jeweiligen Depotbanken vorlegen.

#### **Angebotszeitraum**

Der Angebotszeitraum, in dem Kaufangebote für die Angebotenen Aktien unterbreitet werden können, wird für institutionelle Investoren am 26. September 2017 beginnen, während der Zeitraum, in dem Anleger, insbesondere Kleinanleger, Kaufangebote über die Zeichnungsfunktionalität unterbreiten können, am 27. September 2017 beginnen wird und jeweils voraussichtlich am 10. Oktober 2017 um 12:00 Uhr Mitteleuropäischer Sommerzeit („MESZ“) für Investoren, insbesondere Kleinanleger, die Kaufangebote über die Zeichnungsfunktionalität abgeben, und um 14:00 Uhr MESZ für institutionelle Anleger enden (der „**Angebotszeitraum**“). Kaufangebote sind bis zum Ablauf des Angebotszeitraums frei widerruflich.

#### **Preisspanne und Angebotspreis**

Die Preisspanne, innerhalb derer Kaufangebote abgegeben werden können, beträgt €20,00 bis €24,00 je Aktie (die „**Preisspanne**“).

Die Gesellschaft und die Muttergesellschaft werden den finalen Angebotspreis (der „**Angebotspreis**“) nach Beratung mit den Joint Bookrunnern auf der Grundlage des Bookbuildingverfahrens voraussichtlich am oder um den 10. Oktober 2017 festlegen. Der Angebotspreis wird voraussichtlich durch verschiedene Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum und auf der Internetseite der Gesellschaft ([www.voltabox.ag](http://www.voltabox.ag)) veröffentlicht werden.

#### **Änderung der Angebotsbedingungen**

Die Gesellschaft und die Muttergesellschaft behalten sich das Recht vor, nach Beratung mit den Joint Bookrunnern die Anzahl der Angebotenen Aktien zu verringern oder zu erhöhen, die obere oder untere Begrenzung der Preisspanne zu senken oder zu erhöhen und/oder die Angebotsfrist zu verlängern oder zu verkürzen.

Der am 25. September 2017 zwischen der Gesellschaft, der Muttergesellschaft und den Joint Bookrunnern abgeschlossene Übernahmevertrag (der „**Übernahmevertrag**“) regelt, dass die Joint Bookrunner unter bestimmten Umständen von dem Übernahmevertrag zurücktreten können, und zwar auch nachdem die Aktien zugeteilt und börsennotiert wurden bis zur Lieferung und Abrechnung der Aktien. Sollte es zu einem Rücktritt vom Übernahmevertrag kommen, wird das Angebot nicht durchgeführt. In diesem Fall werden bereits erfolgte Zuteilungen an Anleger unwirksam. Ein Anspruch auf Lieferung wird in diesem Fall nicht bestehen. Ansprüche in Bezug auf bereits erbrachte Erwerbsprovisionen und im Zusammenhang mit der Zeichnung entstandene Kosten eines Anlegers richten sich allein nach dem Rechtsverhältnis zwischen dem Anleger und dem Finanzinstitut, bei dem er sein Kaufangebot abgegeben hat. Sollten Anleger sogenannte Leerverkäufe vorgenommen haben, so tragen sie das Risiko, ihre Lieferverpflichtungen nicht erfüllen zu können.

		<p><b>Lieferung und Abrechnung</b></p> <p>Die Angebotenen Aktien werden voraussichtlich am 13. Oktober 2017, gegen Zahlung des Angebotspreises geliefert. Die Aktien der Gesellschaft werden den Aktionären als Miteigentumsanteile an der Globalurkunde zur Verfügung gestellt.</p> <p><b>Stabilisierungsmaßnahmen, Mehrzuteilungen und Greenshoe Option</b></p> <p>Im Zusammenhang mit der Platzierung der Angebotenen Aktien, handelt Bankhaus Lampe, oder in deren Namen handelnde Personen, im Namen und für Rechnung der Joint Bookrunner als Stabilisierungsmanager (der „<b>Stabilisierungsmanager</b>“) und kann in dem gemäß der Verordnung (EU) 596/2014 über Marktmissbrauch („<b>Marktmissbrauchsverordnung</b>“ – „<b>MAR</b>“) zulässigen Umfang Mehrzuteilungen vornehmen oder Stabilisierungsmaßnahmen ergreifen, um den Börsenkurs oder den Marktpreis der Aktien der Gesellschaft zu stabilisieren und dadurch einem etwaigen Verkaufsdruck entgegenzuwirken.</p> <p>Der Stabilisierungsmanager ist nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Es kann daher nicht zugesichert werden, dass Stabilisierungsmaßnahmen ergriffen werden. Sollten Stabilisierungsmaßnahmen ergriffen werden, können sie jederzeit ohne Ankündigung eingestellt werden. Solche Maßnahmen können ab dem Zeitpunkt der Notierungsaufnahme der Aktien im regulierten Markt an der Frankfurter Wertpapierbörse vorgenommen werden und müssen spätestens am 30. Kalendertag nach diesem Zeitpunkt eingestellt werden (der „<b>Stabilisierungszeitraum</b>“). Die Stabilisierungsmaßnahmen können zu einem Börsenkurs der Aktien der Gesellschaft führen, der höher ist als er ohne diese Maßnahmen gewesen wäre. Darüber hinaus kann sich vorübergehend ein Börsenkurs ergeben, der nicht nachhaltig ist.</p> <p>Im Rahmen möglicher Stabilisierungsmaßnahmen können Anlegern zusätzlich zu den Neuen Aktien und den Verkaufsaktien bis zu 825.000 zusätzliche Mehrzuteilungsaktien zugeteilt werden. Das Volumen der Mehrzuteilungsaktien wird 15 % der Gesamtzahl der Neuen Aktien und der Verkaufsaktien nicht übersteigen.</p> <p>Um eine mögliche Mehrzuteilung abzudecken, wird die Gesellschaft den Joint Bookrunnern eine durch den Stabilisierungsmanager im Namen der Joint Bookrunner ausübbar Option zum Erwerb von bis zu 825.000 zusätzlichen neuen Aktien der Gesellschaft aus einer möglichen, vom Vorstand noch auszuübenden Kapitalerhöhung aus genehmigten Kapital zum Angebotspreis (abzüglich der vereinbarten Gebühr) gewähren, um der Rückgabeverpflichtung der Joint Bookrunner aus der Wertpapierleihe zu genügen (die „<b>Greenshoe Option</b>“). Die Greenshoe Option kann bis zum 30. Kalendertag nach Handlungsaufnahme der Aktien der Gesellschaft ausgeübt werden. Im Falle der vollständigen oder teilweisen Ausübung der Greenshoe Option wird die Wertpapierleihe mit den Aktien aus der vom Vorstand noch auszuübenden Kapitalerhöhung aus dem genehmigten Kapital bedient werden.</p> <p>Nach dem Ende des Stabilisierungszeitraums wird innerhalb einer Woche durch verschiedene Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum (<i>Medienbündel</i>) bekannt gegeben, ob Stabilisierungsmaßnahmen ergriffen wurden, wann die Kursstabilisierung begann und endete sowie innerhalb welcher Kursspanne die Stabilisierung</p>
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		<p>erfolgte; letzteres wird für jeden Fall bekannt gegeben werden, in dem eine Kursstabilisierungsmaßnahme ergriffen wurde. Die Ausübung der Greenshoe Option, der Zeitpunkt der Ausübung sowie die Anzahl der betroffenen Aktien werden ebenfalls unverzüglich in der beschriebenen Art und Weise bekannt gemacht werden.</p> <p><b>Zuteilungskriterien</b></p> <p>Es existieren keine Vereinbarungen zwischen der Gesellschaft, der Muttergesellschaft und den Joint Bookrunnern über das Zuteilungsverfahren. Die endgültige Entscheidung über die Zuteilung von Aktien an Anleger liegt bei der Gesellschaft und Muttergesellschaft und wird nach Rücksprache mit den Joint Bookrunnern getroffen.</p> <p>Zuteilungen an institutionelle Anleger erfolgen auf der Basis der Qualität der einzelnen institutionellen Anleger (einschließlich Haltestrategie und Ordergröße) sowie sonstiger wichtiger Zuteilungskriterien wie etwa den Auftragszeitpunkt, die von der Gesellschaft und Muttergesellschaft nach Rücksprache mit den Joint Bookrunnern festgelegt werden. Im Hinblick auf die über die Zeichnungsfunktionalität übermittelten Zeichnungsangebote werden die Gesellschaft, die Muttergesellschaft und die Joint Bookrunner die „Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger“ (d. h. Losverfahren oder Zuteilung nach Ordergröße oder Zuteilung anhand einer bestimmten Ordergröße oder Zuteilung nach dem Zeitpunkt des Eingangs des Kaufangebotes oder Auswahl nach anderen sachgerechten Kriterien (oder einer Kombination hieraus)), herausgegeben von der Börsensachverständigenkommission des Bundesministeriums der Finanzen am 7. Juni 2000, beachten. „Qualifizierte Anleger“ i. S. d. Wertpapierprospektgesetzes als auch „professionelle Kunden“ und „geeignete Gegenparteien“ i. S. d. Wertpapierhandelsgesetzes werden im Rahmen der Zuteilungsregeln nicht als Privatanleger angesehen. Einzelheiten des Zuteilungsverfahrens im Hinblick auf die über die Zeichnungsfunktionalität übermittelten Zeichnungsangebote werden nach Ablauf der Angebotsfrist bestimmt und in Übereinstimmung mit den Zuteilungsgrundsätzen veröffentlicht.</p>
E.4	<p><b>Beschreibung aller Emission/das Angebot wesentlichen Interessen, einschließlich Interessenkonflikten.</b></p>	<p>Die Joint Bookrunner handeln als Konsortialbanken bei diesem Angebot und erhalten bei erfolgreichem Abschluss des Angebots eine Provision. Die Höhe der Provision der Joint Bookrunner hängt vom Volumen des Angebots und der Höhe des Angebotspreises ab. Die Joint Bookrunner haben daher ein Interesse daran, dass so viele Angebotsaktien wie möglich zum höchstmöglichen Preis platziert werden. Darüber hinaus wurden Bankhaus Lampe und Hauck &amp; Aufhäuser als designierte Börsenhändler (<i>Designated Sponsors</i>) für die Aktien der Gesellschaft beauftragt. Bankhaus Lampe und Hauck &amp; Aufhäuser erhalten nur dann Gebühren als designierter Börsenhändler, wenn das Angebot erfolgreich abgeschlossen wird.</p> <p>Die Joint Bookrunner und mit ihnen verbundene Unternehmen haben in der Vergangenheit und/oder werden in der Zukunft von Zeit zu Zeit im Rahmen ihres üblichen Geschäftsbetriebs in ihrer Funktion als Finanzinstitute, Dienstleistungen für die Gesellschaft und die Muttergesellschaft erbracht/erbringen. Dies umfasst insbesondere Finanzierungstransaktionen wie die Begebung von Anleihen und die Joint Bookrunner haben daher ein Interesse an dem Angebot. Sie können zukünftig jederzeit Eigen- oder Fremdgechäfte für eine oder mehrere Parteien tätigen, Kauf- oder Verkaufspositionen (Long- oder Shortpositionen) in den Aktien der Gesellschaft oder der</p>

		<p>Muttergesellschaft oder Schuldtitel der Gruppe oder der Muttergesellschaft halten sowie für eigene oder fremde Rechnung Finanzierungsvereinbarungen (einschließlich Swaps) mit verschiedenen Parteien, einschließlich Investoren von Schuldtiteln oder Aktien oder Darlehen der Gruppe oder der Muttergesellschaft, abschließen. Im Falle eines erfolgreichen Angebots ist es möglich, dass die Joint Bookrunner auch als Finanzberater für künftige Transaktionen oder als Darlehensgeber oder Konsortialführer für künftige Finanzierungstransaktionen verpflichtet werden oder im eigenen Namen oder im Namen ihrer Kunden Aktien oder Schuldtitel oder Darlehen der Gruppe handeln.</p> <p>Die Muttergesellschaft der Gesellschaft, paragon AG, wird die Erlöse aus dem Verkauf der Verkaufsaktien erhalten. Daher hat die Muttergesellschaft und somit auch der Beherrschende Aktionär der Muttergesellschaft, Klaus Dieter Frers, der zugleich Gründer und Aufsichtsratsvorsitzender der Gesellschaft ist, ein eigenes persönliches Interesse an der erfolgreichen Durchführung des Angebots.</p> <p>Da die Gesellschaft die Erlöse auf dem Angebot der Neuen Aktien und der Greenshoe Aktien (soweit von der Greenshoe-Option Gebrauch gemacht wird) vereinnahmen wird und diese die Eigenkapitalbasis der Gesellschaft stärken werden, haben alle Anteilseigner, die unmittelbar oder mittelbar eine Beteiligung an der Gesellschaft halten, insbesondere die Muttergesellschaft und somit auch deren Beherrschender Aktionär, Klaus Dieter Frers, ein Interesse an der Durchführung des Angebots.</p> <p>Darüber hinaus beabsichtigt die Gesellschaft, im Falle eines erfolgreichen Angebots, die Rückzahlung eines von der Muttergesellschaft gewährten Gesellschafterdarlehens bis zu einer Summe von €15,7 Mio. aus dem Erlös. Daher hat auch die Muttergesellschaft ein finanzielles Interesse an einem erfolgreichen Angebot.</p> <p>Daher können die Interessen der Joint Bookrunner, unserer Muttergesellschaft und wiederum des Beherrschenden Aktionärs, Klaus Dieter Frers, im Hinblick auf das Angebot von den Interessen der Gesellschaft abweichen oder diesen zuwiderlaufen. Der Gesellschaft sind über die vorstehend beschriebenen Interessen hinaus keine weiteren Interessen bekannt, die für das Angebot wesentlich sind und als widerstreitend erachtet werden könnten.</p>
E.5	<p><b>Name der Person/ des Unternehmen, die/das Wertpapier zum Kauf anbietet.</b></p> <p><b>Lock-up Vereinbarungen; die beteiligten Parteien und Lock-up Frist.</b></p>	<p>Die Angebotenen Aktien werden von den Joint Bookrunnern zum Kauf angeboten.</p> <p>In dem am 25. September 2017 zwischen der Gesellschaft, der Muttergesellschaft und den Joint Bookrunnern abgeschlossenen Übernahmevertrag hat sich die Gesellschaft verpflichtet, innerhalb eines Zeitraums von sechs Monaten nach der Zulassung der Aktien zum Handel an der Frankfurter Wertpapierbörse (die voraussichtlich am 12. Oktober 2017 erfolgt) keine der folgenden Maßnahmen durchzuführen: (i) eine Kapitalerhöhung aus genehmigten Kapital anzukündigen oder durchzuführen (mit Ausnahme der Kapitalerhöhung in Bezug auf die Greenshoe-Aktien, falls die Greenshoe-Option vom Stabilisierungs-Manager im Auftrag der Joint Bookrunners ausgeübt wird), oder (ii) der Hauptversammlung eine Kapitalerhöhung vorzuschlagen, oder (iii) der Hauptversammlung die</p>

		<p>Ausgabe von sonstigen Wertpapieren der Gesellschaft mit Wandlungs- oder Optionsrechten anzukündigen, vorzuschlagen oder eine Hauptversammlung dahingehend zu bewirken, oder (iv) eine andere Transaktion oder Maßnahme mit ähnlicher wirtschaftlicher Wirkung wie in (i) bis (iii) beschrieben durchzuführen oder anzukündigen.</p> <p>Der Muttergesellschaft hat sich verpflichtet, innerhalb eines Zeitraums von sechs Monaten nach der Zulassung der Aktien der Gesellschaft zum Handel an der Frankfurter Wertpapierbörse weder (i) Aktien der Gesellschaft oder andere Wertpapiere der Gesellschaft, die in Aktien der Gesellschaft gewandelt oder getauscht werden können, die von der Muttergesellschaft zum Datum des Prospekts gehalten werden zu verleihen, gewähren, vertreiben, verkaufen, sich verpflichten zu verkaufen, Optionen dahingehend zu verkaufen oder zu vereinbaren diese Wertpapiere zu verkaufen, zu übertragen oder in sonstiger Weise zu veräußern, noch (ii) eine Kapitalerhöhung oder die Ausgabe von sonstigen Wertpapieren mit Wandlungs- oder Optionsrechten der Hauptversammlung der Gesellschaft vorzuschlagen, noch (iii) eine andere Transaktion oder Maßnahme mit ähnlicher wirtschaftlicher Wirkung wie in (i) bis (ii) beschrieben durchzuführen oder anzukündigen.</p>
<p><b>E.6</b></p>	<p><b>Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung. Im Fall eines Zeichnungsangebots an die existierenden Anteilseigner Betrag und Prozentsatz der unmittelbaren Verwässerung für den Fall, dass sie das Angebot nicht zeichnen.</b></p>	<p>Der aus dem Angebot resultierende Verwässerungseffekt ist in der nachstehenden Tabelle dargestellt. Angegeben ist der Betrag, um den der Angebotspreis am unteren Ende, in der Mitte und am oberen Ende der Preisspanne nach der Durchführung des Angebots den Nettobuchwert je Aktie übersteigt. Der Nettobuchwert je Aktie nach Durchführung des Angebots ist dabei definiert als der Nettobuchwert je Aktie vor Durchführung des Angebots zum 30. Juni 2017 (angepasst auf 10.000.000 bestehende Aktien), zuzüglich der Nettoerlöse der Gesellschaft aus der Durchführung des Angebots.</p> <p>Der Nettobuchwert je Aktie vor Durchführung des Angebots zum 30. Juni 2017 bezieht sich auf das Gesamtvermögen abzüglich der Summe der lang- und kurzfristigen Verbindlichkeiten sowie abzüglich Minderheitenanteile am Nettovermögen und entspricht damit dem den Eigentümern der Voltabox AG zustehenden Eigenkapitalanteil in Höhe von €5,4 Mio. geteilt durch 100.000 Aktien, d.h. €54,19 je Aktie.</p> <p>Unter Berücksichtigung der vorbörslichen Kapitalerhöhung gegen Sacheinlage beträgt der Nettobuchwert je Aktie zum 30. Juni 2017, angepasst um die vorbörsliche Kapitalerhöhung in Höhe von €9,9 Mio. und 9,9 Mio. ausgegebenen neuen Aktien, d.h. unmittelbar vor dem Angebot €15,3 Millionen, geteilt durch 10.000.000 Aktien, d.h. €1,53 je Aktie.</p> <p>Unter Berücksichtigung der Ausgabe der 5.000.000 Neuen Aktien im Rahmen des Angebots und unter Annahme eines Angebotspreises in Höhe von €22,00, d.h. der Mitte der Preisspanne, sowie vollständiger Ausübung der Greenshoe-Option und damit 825.000 zusätzlichen neuen Aktien, hätte sich zum 30. Juni 2017 (angepasst um die vorbörsliche Kapitalerhöhung gegen Sacheinlage in Höhe von €9.9 Mio.) auf Grundlage des aus dem Angebot erzielten Nettoemissionserlöses ein auf die Aktionäre der Gesellschaft entfallender Nettobuchwert in Höhe von €135,7 Mio. bzw. €8,58 je Aktie der Gesellschaft ergeben. Auf Basis von 15.825.000 ausgegebenen Aktien der Gesellschaft nach Durchführung des Angebots (unter Annahme einer vollständigen Platzierung aller Neuen Aktien sowie der vollständigen Ausübung der Greenshoe-Option) bedeutet dies für die Erwerber der Angebotsaktien eine Verwässerung pro Aktie in Höhe von €13,42 bzw. 61,0% (gegenüber dem Mittel der Preisspanne).</p>



		Alle in dieser Tabelle dargestellten Finanzinformationen sind dem Konzernzwischenabschluss (IFRS) für den zum 30. Juni 2017 abgelaufenen Sechsmonatszeitraum, der in Übereinstimmung mit IFRS erstellt wurde, entnommen oder aus diesem abgeleitet.																																				
		<table border="1"> <thead> <tr> <th></th> <th>Unteres Ende</th> <th>Mitte</th> <th>Oberes Ende</th> </tr> </thead> <tbody> <tr> <td>Angebotspreis je Aktie (in €) . . . . .</td> <td>20,00</td> <td>22,00</td> <td>24,00</td> </tr> <tr> <td>Auf die Aktionäre entfallender Nettobuchwert je Aktien zum 30. Juni 2017 (basierend auf 100.000 Aktien) (in €) . . . . .</td> <td>54,19</td> <td>54,19</td> <td>54,19</td> </tr> <tr> <td>Auf die Aktionäre entfallender Nettobuchwert je Aktie zum 30. Juni 2017 (basierend auf 10.000.000 Aktien)(Nettobuchwert vor Börsengang<sup>1</sup> angepasst für die Kapitalerhöhung von €9.9 Mio. vor dem Börsengang) (in €) . . . . .</td> <td>1,53</td> <td>1,53</td> <td>1,53</td> </tr> <tr> <td>Nettobuchwert je Aktie nach Börsengang (Nettobuchwert nach Börsengang<sup>2</sup>) (in €) . . . . .</td> <td>7,88</td> <td>8,58</td> <td>9,28</td> </tr> <tr> <td>Betrag, um den der Nettobuchwert je Aktie nach Börsengang den Nettobuchwert je Aktie vor Börsengang übersteigt (+)/ unterschreitet (-) (in €) . . . . .</td> <td>6,35</td> <td>7,05</td> <td>7,75</td> </tr> <tr> <td>Prozentsatz, um den der Nettobuchwert je Aktie nach Börsengang den Nettobuchwert je Aktie vor Börsengang übersteigt (+)/ unterschreitet (-) (in %) . . . . .</td> <td>+415,0%</td> <td>+460,8%</td> <td>+506,5%</td> </tr> <tr> <td>Betrag, um den der Angebotspreis je Aktie den Nettobuchwert je Aktie nach Börsengang übersteigt (+)/unterschreitet (-) (unmittelbare Verwässerung je Aktie) (in €) . . . . .</td> <td>12,12</td> <td>13,42</td> <td>14,72</td> </tr> <tr> <td>Prozentsatz, um den der Angebotspreis je Aktie den Nettobuchwert je Aktie nach Börsengang übersteigt (+)/unterschreitet (-) (unmittelbare Verwässerung je Aktie für die Parteien, die Angebotsaktien erwerben) (in %) . . . . .</td> <td>+60,6%</td> <td>+61,0%</td> <td>+61,3%</td> </tr> </tbody> </table>		Unteres Ende	Mitte	Oberes Ende	Angebotspreis je Aktie (in €) . . . . .	20,00	22,00	24,00	Auf die Aktionäre entfallender Nettobuchwert je Aktien zum 30. Juni 2017 (basierend auf 100.000 Aktien) (in €) . . . . .	54,19	54,19	54,19	Auf die Aktionäre entfallender Nettobuchwert je Aktie zum 30. Juni 2017 (basierend auf 10.000.000 Aktien)(Nettobuchwert vor Börsengang <sup>1</sup> angepasst für die Kapitalerhöhung von €9.9 Mio. vor dem Börsengang) (in €) . . . . .	1,53	1,53	1,53	Nettobuchwert je Aktie nach Börsengang (Nettobuchwert nach Börsengang <sup>2</sup> ) (in €) . . . . .	7,88	8,58	9,28	Betrag, um den der Nettobuchwert je Aktie nach Börsengang den Nettobuchwert je Aktie vor Börsengang übersteigt (+)/ unterschreitet (-) (in €) . . . . .	6,35	7,05	7,75	Prozentsatz, um den der Nettobuchwert je Aktie nach Börsengang den Nettobuchwert je Aktie vor Börsengang übersteigt (+)/ unterschreitet (-) (in %) . . . . .	+415,0%	+460,8%	+506,5%	Betrag, um den der Angebotspreis je Aktie den Nettobuchwert je Aktie nach Börsengang übersteigt (+)/unterschreitet (-) (unmittelbare Verwässerung je Aktie) (in €) . . . . .	12,12	13,42	14,72	Prozentsatz, um den der Angebotspreis je Aktie den Nettobuchwert je Aktie nach Börsengang übersteigt (+)/unterschreitet (-) (unmittelbare Verwässerung je Aktie für die Parteien, die Angebotsaktien erwerben) (in %) . . . . .	+60,6%	+61,0%	+61,3%
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		<p>1 Nettobuchwert vor Börsengang umfasst das Gesamtvermögen (T€43.889) abzüglich der Summe der lang- (T€4.969) und kurzfristigen Rückstellungen und Verbindlichkeiten (T€33.501) zum 30. Juni 2017, gemäß dem ungeprüften Konzernzwischenabschluss der Gesellschaft zum 30. Juni 2017, zuzüglich T€9.900 aus der vorbörslichen Sachkapitalerhöhung, dividiert durch 10.000.000 ausgegebene Aktien unmittelbar vor dem Angebot.</p> <p>2 Nettobuchwert nach Börsengang umfasst das Gesamtvermögen abzüglich der Summe der lang- und kurzfristigen Rückstellungen und Verbindlichkeiten zum 30. Juni 2017, zuzüglich der Nettoerlöse aus der Ausgabe aller Neuen Aktien zu einem Preis am unteren Ende, in der Mitte und am oberen Ende der Preisspanne sowie zuzüglich der Nettoemissionserlöse aus der vollständigen Ausübung der Greenshoe-Option.</p>																																				
<b>E.7</b>	<b>Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.</b>	Entfällt. Weder die Gesellschaft noch die Muttergesellschaft, noch die Joint Bookrunner werden den Anlegern Kosten oder Steuern in Verbindung mit dem Angebot auferlegen.																																				

## PART A: RISK FACTORS

*An investment in equity shares involves a high degree of risk. Before deciding to purchase shares of Voltabox AG, Delbrück, Germany (hereinafter the “Company” or “Voltabox AG” and, together with its consolidated subsidiary, the “Group” or “Voltabox” or “we”, “our”, or “us”), investors should carefully read and consider the risks and uncertainties described below along with the other information contained in this Prospectus. These risks and uncertainties represent all of those known to the Group as of the date of this Prospectus that the Group believes are material. However, they are not the only risks the Group faces. There may be additional risks and uncertainties not presently known to the Group or that the Group presently considers to be immaterial, which could also impair the Group and its business. The materialization of one or more of these risks or uncertainties, whether individually or in combination with other circumstances could have material adverse effects on the Group’s business, financial condition, results of operations and prospects. The sequence in which the risks are described below neither represents, nor indicates the probability of their occurrence, their severity, or their significance. In addition, there may be further risks and issues which the Group is currently unaware of or does not consider material. If any of these risks materializes, the stock exchange price of the Offer Shares could decrease and investors could lose part or all of their investment.*

### **1 Risks related to our business**

#### **1.1 We may be unable to successfully execute our strategy of growing in existing markets and expanding into additional markets and products.**

Our strategy includes the continued growth in the markets in which we currently operate in and the expansion into new markets in which we currently have no presence, as well as the development of new products for both markets. We may be unable to manage our growth effectively. If we fail to implement our growth strategy successfully, our ability to increase our revenue and operating profits could be adversely affected. Moreover, our increasingly international operations subject us to additional risks and costs which may reduce profitability. We believe that there are various promising growth opportunities beyond the markets in which we currently operate. Our product strategy is based on broadening the application of Lithium-ion based battery modules and systems (“Li-Ion”) for industrial end markets, such as agricultural and construction machinery, municipal utility- and airport ground support vehicles and automotive end markets. New markets in which we have little or no experience may have competitive conditions that are more difficult to predict or may contain customers that are more difficult to satisfy than the markets in which we currently operate and with which we are more familiar. We may also incur higher costs from entering new markets if, for example, regulatory and legal frameworks changes. If we do not successfully execute our plans to enter into new markets, we may be unable to execute our strategy of growing in our existing markets, expanding into additional markets and developing new products. Further, entering new markets might prove to be economically disadvantageous, and we might fail to achieve the benefits expected from the expansion of our business, which may materially harm our ability to increase our revenue and profitability and may adversely affect our business, financial condition, results of operations and prospects.

As a result of our expansion strategy, we are exposed to potential social, political, legal and economic changes, challenges and instabilities in our target markets. Any of the following circumstances could affect our operations in these markets: underdeveloped infrastructure; lack of qualified management or adequately trained personnel; currency exchange controls; exchange rate fluctuations and devaluations; changes in local economic conditions; governmental restrictions on foreign investments; restrictions on the transfer or repatriation of funds; protectionist trade measures, such as anti-dumping measures, duties, tariffs or embargoes; prohibitions or restrictions on acquisitions or joint ventures; changes in laws or regulations and unpredictable or unlawful government actions; the difficulty of enforcing agreements, and collecting receivables through foreign legal systems; variations in protection of intellectual property and other legal rights; potential nationalization of enterprises or other expropriations; and political or social unrest or acts of sabotage or terrorism.

**1.2 We have a limited operating history and we may not be able to effectively deploy the proceeds of the Offering in order to, among other things, implement our business strategies and fill orders on a timely basis.**

We have a limited operating history since we spun-off (*Ausgliederung*) from our parent company paragon Aktiengesellschaft (“**paragon AG**”, “**Parent Company**”, and together with its consolidated subsidiaries “**paragon Group**” or “**paragon**”) in 2014 and established Voltabox of Texas, Inc. (“**Voltabox Texas**”) and we are still in the process of developing our business independently from paragon. Young companies that are developing and expanding their businesses are subject to significant uncertainty and volatility.

Our future financial performance and success depends on our ability to implement our business strategies successfully, including our strategy to develop our business segments towards entering and expanding in future markets as well as to develop new applications for battery solutions in the mass market. We cannot guarantee that we will successfully implement our business strategies or that implementing these strategies will sustain or improve, and not harm, our results of operations. In addition, the costs involved in implementing our business strategies, including using proceeds derived from the Offering, may be significantly greater than currently anticipated. Moreover, the estimated amount of capital expenditures required may be insufficient to cover the actual cost due to cost overruns or other unexpected expenses. Any failure, in turn, to develop, revise or implement our business strategies in a timely and effective manner may negatively affect our reputation and finances.

As we have grown our business and increased our order intake, our backlog for orders has increased and we aim to achieve sales of approximately €100 million in 2019. We can guarantee neither our future order backlog nor our future sales. If we are unable to effectively process and deliver orders from our customers in the future, or if we are unable to meet our customers’ delivery expectations, our customers could decide to purchase comparable products and services from our competitors. They may also seek price reductions as a result of delivery delays or could cancel their orders altogether. Moreover, our customers could decide to vertically integrate such specialized battery production lines into their own manufacturing processes. Also project delays could result in shifts in sales to a later fiscal year. The occurrence of any of these events may have a material adverse effect on our business, financial condition, results of operations and prospects.

**1.3 We depend on third parties to supply us with raw materials, semi-finished goods, parts, components, manufacturing equipment and services of adequate quality and in sufficient quantities in a timely manner and at a reasonable price.**

Our manufacturing operations depend on obtaining raw materials, semi-finished goods, parts, components, manufacturing equipment and other supplies, as well as certain services, from a selected number of reliable suppliers in sufficient quality and quantity in a timely manner. In particular, we rely on a small number of battery cell suppliers. As of December 31, 2016, approximately 50% of raw material costs were attributable to cell suppliers. Currently, there is more worldwide demand for battery cells than there is supply, thus it may be difficult for us to substitute one supplier for another, increase the number of suppliers, or change one component for another in a timely manner or at all due to the interruption of supply or increased demand throughout the industry. In addition, if a sole source supplier discontinued producing a component with little or no notice, our business could be harmed. Many of our battery cell suppliers are located in Asia, primarily in Japan (*e.g.* Toshiba), South Korea (*e.g.* Samsung) as well as in China and the United States, while raw materials (including raw materials necessary for our battery-cell suppliers) are sourced primarily from countries in emerging markets, some of which have unstable political and economic conditions. We are therefore exposed to the risk that the raw materials required for the battery cells we use in our Li-Ion technology products will not be available to our suppliers in the quality, quantity and time frames required and, in turn, the supplies we require will not be available to us.

One of the industry’s largest battery cell suppliers, Samsung is located in the Republic of Korea (“**South Korea**”). The relationship between the international community, South Korea, the United States and the Democratic People’s Republic of Korea (“**North Korea**”) has been uncertain for some time, stemming from North Korea’s nuclear weapons and long-range missile programs. As a result of the recent escalation in tensions between the United States, South Korea and North Korea, there continues to be increased uncertainty about the future of North Korea’s relationship with the international community and specifically

the United States. We cannot guarantee that the level of tension on the Korean Peninsula will not escalate in the future. Any further increase in tension on the Korean Peninsula, including the outbreak of hostilities may cause our suppliers located there to reduce, suspend or permanently terminate operations on the Korean Peninsula. Any disruption or suspension of battery cell production by any supplier, could materially reduce the supply of battery cells we use in our production processes and procuring comparable battery cells might only be possible at higher prices or in lower quantities or in an untimely manner, if at all.

We are further exposed to uncertainties in our battery cell supply chain stemming from the United States. Currently, our sole supplier for pouch Li-Ion battery cells is Xalt; an American-based supplier. As discussed later in this Prospectus, pouch Li-Ion battery cells are a relatively new technology with few suppliers and provides battery manufacturers and end-users unique advantages traditional Li-Ion battery cells cannot. Thus, sourcing an adequate supply of pouch Li-Ion battery cells is essential for any battery and battery-systems manufacturer when competing for customers, key projects as well as research and development grants requiring pouch Li-Ion battery cells. The current American administration's stance on foreign trade is uncertain. As a non-American owned company, we are exposed to the risk our supply of pouch Li-Ion battery cells could be reduced, delayed or suspended altogether by either American executive or legislative action diverting the limited supply of pouch Li-Ion battery cells to American-owned battery and battery system manufacturers. Any disruption, delay or suspension of pouch Li-Ion battery cells could materially reduce the supply of pouch Li-Ion battery cells we use in our production processes and procuring comparable pouch Li-Ion battery cells might only be possible at higher prices or in lower quantities or in an untimely manner, if at all.

Furthermore, the prices of raw materials, parts, components and manufacturing equipment may increase due to changes in supply and demand. A limited number of our suppliers depend possibly on a sole or limited supplier(s) for certain key raw materials, parts and components used in our product's manufacturing and development. We generally purchase raw materials and semi-finished goods pursuant to purchase orders placed from time to time and have no long-term contracts or other guaranteed supply arrangements with our sole or limited source suppliers. Therefore, our operating margins may be impacted by raw materials' price fluctuations. As a result, our battery cell suppliers may not be able to meet our quantitative and qualitative requirements relative to specifications and volumes for key raw materials, including battery cells, and we may not be able to locate alternative sources of supply at an acceptable cost, in adequate quantities or receivable in a timely manner. In the past, we have experienced delays in product development due to the delivery of raw materials and semi-finished goods from our suppliers that do not meet our specifications. Any future inability to obtain high-quality raw materials, semi-finished goods or manufacturing equipment in sufficient quantities on competitive pricing terms and on a timely basis, due to global supply and demand or a dispute with a supplier, may delay battery production, impede our ability to fulfill existing or future purchase orders and harm our reputation and profitability.

In addition, the price at which our suppliers can sell to us may be impacted by fluctuations in the relative strength of currencies. For example, any further weakening of the U.S. dollar against foreign currencies may adversely affect our purchasing power for raw materials, parts and components as well as manufacturing equipment from foreign suppliers. Additionally, the U.S. Federal Reserve has signaled its intent to continue raising its primary interest rate while simultaneously shrinking its balance sheet, which could lead to a material strengthening of the U.S. dollar against other currencies, including the Euro, resulting in an effective price increase of our products for some of our customers. The materialization of any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

#### **1.4 The technical specifications and production of our Li-Ion batteries sometimes change as a result of changes made to cells by our cell suppliers as well as their market strategies.**

Cells required for our range of battery systems are often replaced by new types of cells, often on relatively short notice. Additionally, from time to time cell suppliers make the decision to no longer deliver certain types of cells after a certain date, which may require us to modify our products or manufacturing processes to accommodate new types of cells which reflect technological developments within the Li-Ion sector. We incur additional costs when such adjustments are made by our suppliers, which also present the risk that we may not have sufficient resources to manage the required product modifications. Moreover, our business relies on a consistent and dependable supply of cells manufactured in accordance with the latest technology delivered

to us in sufficient quantities and at reasonable prices. Cell suppliers may implement strategies which favor our competitors, negatively impacting our ability to compete or restrict our production volume. The materialization of any of these factors could have an adverse effect on our business, financial condition, results of operations and prospects.

**1.5 We are exposed to risks associated with product liability, warranty claims, product recalls and other lawsuits or claims that may be brought against us.**

The sale and use of our products involves a risk of product liability and warranty claims, particularly in the United States, where product liability claims based on personal injuries have historically been more common than in other jurisdictions. We are exposed to product liability and warranty claims in the normal course of business in the event that our products, or the components and semi-finished goods incorporated in batteries and storage solutions that we have manufactured or assembled and sold, have failed or have allegedly failed to perform as expected or the use of our products results, or is alleged to result, in bodily injury or property damage. Such claims may arise from risks associated with the use or misuse of batteries, overcharging of cells or exposure to harmful chemicals included in the battery cell. Furthermore, we may become subject to other proceedings alleging violations of due care, safety provisions and claims arising from breaches of contract or fines imposed by government or regulatory authorities in relation to our customized and semi-customized products and services. Any such lawsuits, proceedings and other claims, particularly in the United States, could result in significant costs, including the cost of defending against these claims or making damage-based compensatory payments. In addition, under certain circumstances, any such issues could give rise to an investigation by regulatory authorities, which could result in the need for remedial action such as a product recall requiring the repair or replacement of the products or even a prohibition of future sales. Any such litigation or complaints and any adverse publicity surrounding such events could have a material adverse effect on our business, financial condition, results of operations and prospects.

**1.6 Our business depends on contracts with a small number of significant customers.**

Our success especially depends on significant strategic partnerships entered into with key customers such as Triathlon Batterien GmbH, Kiepe Electric, Komatsu Mining Corp., KUKA Roboter GmbH, BMW as well as FORI AUTOMATION, which are also our six primary customers, two of which contributed sales of approximately €6.0 million and €3.8 million in 2016 (approximately €5.2 million and €2.5 million as of June 30, 2017). Our order backlog was approximately €805 million as of June 30, 2017 for the planning period July 1, 2017 to December 31, 2022 (of which approximately 77% is attributable to two large customers). Our order backlog is determined on signed orders and framework agreements (100%-probability) and also on an additional order backlog which is weighted accordingly, with probabilities ranging between 30%-90%. Some framework agreements, however, are mere letters of intent with our customers which have to be supplemented by specific orders and customers are not obliged to place such orders. Accordingly, order backlog is not an assurance that there is corresponding future revenue.

Any change in our relationship, the strength of their businesses or their demand for our products could materially affect our results. We entered into strategic partnerships with our key customers through contracts and other agreements which in some cases include exclusivity arrangements and these relationships form a core pillar of our business plan and are expected to result in a material portion of our revenues. However, these contracts also include clauses which allow either party to terminate the relationship under specified circumstances. There is no guarantee that these relationships will continue or be extended and they may terminate entirely. In addition, our current customers may be acquired by other companies which then turn to other suppliers. Our relationships with these major customers and their level of business with us going forward will affect our performance and results of operations in the future.

Triathlon, for example, is a well-known manufacturer and developer of lead-acid batteries for industrial motive power applications with a strong on-site distribution system who acts as distribution partner for our batteries and battery systems. Our relationship with Triathlon is based on an exclusive cooperation agreement which may be terminated with at least a year's notice to the end of a year but at the earliest, from the date of this prospectus, on December 31, 2018. Notwithstanding the ongoing relationship and the apparent willingness of both parties to extend the exclusive partnership beyond then, there is no assurance that this

contract and exclusivity will be renewed under the same terms and conditions or at all. We may not be able to renew such contracts upon their expiration or may only be able to do so on less-favorable terms. If we are unable to renew or extend such contracts on favorable terms, or at all, it could have a negative impact on our revenue and profits. More generally, our inability to extend existing customer contracts or maintain good relationships with key customers could have a negative impact on our revenue and profits. Together with the adverse impact this could have on the volume of products sold as well as our market position, such contract losses or failure to renew contracts or strategic partnerships with key customers could have a material adverse effect on our business, financial condition, results of operations and prospects.

#### **1.7 We could be adversely affected by our customers defaulting on payments.**

Our customers' financial condition may have a negative impact on our financial condition. We are engaged in sales transactions with our customers, suppliers as well as distributors and we are therefore subject to the risk of one or more of these counterparties becoming insolvent or otherwise unable to discharge its/their obligations to us. Our customers may suffer from declines in sales and production, tightened liquidity and an increased cost of capital, which may cause some of these customers to experience significant financial difficulties, including restructuring or bankruptcies. If the creditworthiness of our customers were to decline, we could face an increased default risk with respect to our trade receivables. For example, if a customer experiences financial difficulties or even insolvency, we may be unable to collect outstanding payments, resulting in write-offs of our accounts receivables. While reserves are maintained for doubtful accounts and amounts past due, there can be no assurance that such reserves will be sufficient for the third party credit risks we face. Significant or recurring delays in receipt of payments, or incidents of bad debts, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, we cannot guarantee that any financial arrangements provided to these customers, or even a successful reorganization of such companies through bankruptcy, would guarantee their continued viability. In addition, we do not carry insurance on all of our receivables. If certain of our customers were unable to make payments for products that we have already delivered, we may not be able to recover those receivables. In addition, if any of our customers became insolvent, the original investments made by us to provide products to those customers could be completely or partially lost. Payment defaults by customers for any of these or other reasons could have a materially adverse effect on our business, financial condition, results of operations and prospects.

#### **1.8 We are exposed to various operational risks associated with our production facilities and business operations.**

We operate production facilities in Delbrück, Germany as well as near Austin, Texas (USA). Our business is exposed to the various hazards and risks of disruption associated with industrial operations. These risks include, but are not limited to: production or machinery equipment failures, chemical or hazardous substance spills or exposure, explosions and fires as well as natural disasters such as floods, tornadoes, hurricanes and earthquakes. These risks could expose employees to fire, toxic fumes from burning batteries and other hazards, inflicting injuries and reputational damage which may adversely affect the productivity and profitability of a particular production or assembly facility or our business operations as a whole. Such events could result in the need for remediation, governmental enforcement actions, regulatory shutdowns, the imposition of government fines as well as penalties and claims brought by governmental entities or third parties. If disruptions at our production or assembly facilities occur, alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more or may take a significant time to commence operations. If any of our production facilities are unable to operate for an extended period of time, our sales may decline due to the disruption and we may not be able to fill customer orders or otherwise meet our customers' needs, which could cause them to seek other suppliers. If any of the risks described above arise, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

**1.9 We are legally obligated to take back used batteries from customers and the cost of doing so may differ materially from our estimates.**

According to the Directive 2013/56/EU, which amended the Directive 2006/66/EC (the “**Battery Directive**”) and which was implemented in Germany with the German Battery Act (*Batteriegelgesetz*) we are obligated, in several countries, to take back and recycle or otherwise safely dispose of all batteries we sell. We began selling batteries and battery systems in 2012, acting as a business division of paragon. As our batteries have an expected life-span of approximately five years, and thus we expect the first tranche of end-of-life batteries to be returned to us in 2017/2018, a cycle which we expect to be ongoing. In order to address the financial and other risks associated with such battery exchange, paragon and consequently Voltabox, decided to either recycle such batteries themselves or to sell them to partners such as the Münster Electrochemical Energy Technology (MEET), a battery research center at Münster University for research and development activities connected with E-Mobility (second life solutions for end-of-life batteries). We estimate that approximately 20% of the batteries we have sold will be refurbished and resold while the remaining 80% are expected to be recycled or reutilized for other purposes.

Due to the limited operating history of our batteries and battery systems, our management has made assumptions and applied its judgment regarding a number of factors concerning this battery return process, including the anticipated rate of battery returns due to defect, the durability and reliability of our products, and service-delivery costs. Our assumptions could prove to be materially different from the actual performance of our batteries and battery systems, which could cause us to incur substantial expenses in repairing or replacing defective products in the future and may exceed expected levels against which we have made financial reserves. If our estimates prove incorrect, we could incur additional expenses and may also face significant unplanned cash burden at the time our customers make a warranty claim, which could harm our operating results. In addition, for our new products and products under development, we will be required to base our warranty estimates on the historical performance of similar products, test results and information gathered during development activities with the customer. If we are unable to accurately estimate future warranty costs for any new product, we will be required to defer revenue recognition for that product until we are able to reasonably estimate the associated warranty expense. As a result, our financial results could vary significantly from period to period. The materialization of any of the risks described above could have a materially adverse effect on our business, financial condition, results of operations and prospects.

**1.10 We may not be able to successfully recruit and retain skilled employees, particularly scientific, technical and management professionals.**

We believe our future performance depends in large part on our ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with our key customers and experienced in the battery industry. We plan to continue expanding our workforce both domestically and internationally and our success will depend in part on our ability to attract, retain and develop highly-qualified personnel, including scientists and engineers with the requisite technical background. Competition for such personnel is intense, particularly in Germany as well as in the United States and we cannot guarantee that efforts to retain and motivate management and key employees or to attract and retain other highly-qualified personnel in the future will be successful. Industry demand for such employees, especially employees with experience in battery chemistry and battery manufacturing processes, however, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. This competition is likely to intensify if the advanced battery market continues to grow, possibly requiring increases in compensation for current employees over time. We compete in the market for personnel against numerous companies, including larger, more established competitors who have significantly greater financial resources than we do and may be in a better financial position to offer higher compensation packages to attract and retain human capital. We cannot be certain we will be successful in attracting and retaining the skilled personnel necessary to operate our business effectively in the future or to grow our business in line with our strategy. Because of the highly-technical nature of our batteries and battery systems, the loss of any significant number of our existing engineering and project management personnel or the inability to attract and retain new personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

**1.11 We rely on the members of our Management Board and may not be able to attract and retain key and highly-qualified members of management.**

Our future performance depends in significant part on the continued service of our Management Board (*Vorstand*) and other key personnel and employees with extensive battery cell knowhow, research and development expertise and extensive industry contacts. The loss of the services, or our inability to attract and retain of one or more members of the Management Board (*Vorstand*) or other key members of management or other personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

**1.12 Our business relies to some extent on paragon's infrastructure and on certain policies and processes which have been mirrored based on paragon which may prove inadequate.**

As a former division of paragon, we have access to a range of services through paragon, such as IT systems, logistics and investor relations services. Additionally, our own risk management and compliance systems are mirrored on those of paragon. Certain services are provided to us by paragon under a Carve-Out and Transitional Service Agreement ("**CTSA**") which was entered into on September 22, 2017. Subject to certain exceptions, the provisions of the CTSA apply to intergroup services rendered beginning on July 1, 2017. Such services will be provided to us for an indefinite period of time. As a consequence, we rely and depend on paragon's systems and networks for, among other things, the effectiveness of our operations and to interface with customers and maintain financial records and accuracy. As the IT system is currently insourced from paragon, we depend on paragon maintaining the functionality and the reliability of its IT systems and networks. Furthermore, we depend on the capability of IT specialist personnel at paragon. The potential failure of IT systems and the risks associated with upgrading systems, network disruptions and breaches of security could disrupt operations by impeding our transaction processing, as well as our ability to protect customer or company information and our financial reporting, which could lead to increased costs. In addition, computer systems and specifically our fully-automatic robotic production, including back-up systems, could be damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, earthquakes, floods and/or errors by our or paragon's employees. Disruptions, security breaches or failures of paragon's IT systems or failures within the risk management and compliance functions could impair our ability to effectively and timely provide products and services, which could damage our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, our compliance and risk management processes and controls, which have been mirrored on paragon's, may not be sufficient to prevent or detect inadequate practices, fraud and violations of law by employees or board members, external service providers and other potential sources of breaches, such as any intermediaries, sales agents and the like. Such failures could result in investigations by the relevant authorities, fines, additional tax payments, damage claims, payment claims, and the termination of relationships with customers or suppliers as well as reputational damage. Employees and any of our external service providers and business partners may not act in compliance with applicable statutory provisions (including competition regulation, anticorruption/anti-bribery legislation as well as data protection laws) and internal guidelines, and penalties or liabilities may be imposed on us, or our business may be otherwise adversely affected. In addition, our compliance system and monitoring capabilities may not be sufficient to prevent violations of legal provisions and internal guidelines, to identify past violations or prevent damages from fraud or similar crimes. Third parties may attempt to fraudulently obtain money from us or our customers by simple or sophisticated methods, such as sending fake invoices or e-mails. If paragon or we fail to maintain an effective system of internal controls, we may be unable to produce reliable financial reports or prevent fraud. In addition, we may be subject to sanctions or investigation by regulatory authorities. Any inappropriate behavior or compliance breaches could lead to legal proceedings against us, fines, sanctions, court orders affecting future conduct, forfeiture of profits, rescission of existing contracts, exclusion from certain businesses, loss of licenses and certifications or other restrictions, which, in turn, might limit our ability to pursue strategic projects and transactions that may be important for the business. Furthermore, involvement in potential non-compliance proceedings and investigations could harm our reputation and that of our management, lead to the loss of customers and have a negative impact on our efforts to compete for



new customers. Customers and/or third parties could also initiate legal proceedings against us for substantial sums of money.

Further dependencies on paragon include the supply of populated and tested printed circuit boards (“PCB”), which we currently source directly and solely from paragon. A PCB is a board base which mechanically supports and electrically connects components using conductive tracks, pads and other features etched from copper sheets laminated onto a non-conductive substrate and populated with electronic components as used in most electronics, and thus in our batteries. Although other suppliers may easily be approached, we cannot guarantee that such other suppliers will be willing or able to supply us with PCBs of adequate quality and sufficient quantity at an equally reasonable price. The realization of any of these risks may have a material adverse effect on our business, financial condition, results of operations and prospects.

**1.13 We are exposed to currency risks associated with changes in currency exchange rates.**

Our financial condition and results of operations may be affected by transaction and translation costs as well as price fluctuations of foreign currencies into our functional currency, the euro, which exposes us to translation effects when we incur costs or generate revenue in a currency other than the euro. Fluctuations in exchange rates may also affect the relative competitive position of our production facilities, as well as our ability to market our products successfully in other markets. We are exposed to currency fluctuations when we convert currencies that we receive for sales of products into currencies required to pay debt obligations, or into currencies in which we purchase processed cells or components, cover our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. We do not currently hedge against such currency risk. Some of our revenue streams are invoiced in currencies other than the euro, namely the U.S. dollar, while our financial statements are reported in euro. If the value of the euro declines against currencies in which our obligations are denominated or increases against currencies in which our sales are denominated, our business, financial condition, results of operations and prospects could be materially adversely affected.

**1.14 Our insurance coverage may be inadequate, may increase in cost and may not cover certain risks or unexpected events.**

We do not have our own insurance coverage, but we are insured by paragon’s group insurance policy (including directors and officers liability, general liability and legal expense coverage). Any potential damages suffered by us or paragon may impact such joint policies and may use up the available insurance coverage.

Paragon maintains insurance coverage with agreed limits and liability limitations for various risks related to its business. As insurance is a risk management tool used where deemed commercially appropriate, there is no guarantee that paragon’s insurance policies will adequately cover all material risks our Group may face. Some risks cannot be insured against, and for certain risks, insurance may not be available to cover all risks or may be available only at costs that are not economically viable. In addition, following a significant insurance claim or a history of claims, insurance premiums may increase or the terms and conditions of insurance coverage may become less favorable. This may also occur due to a general change in the insurance markets. There is no guarantee that paragon will be able to continue to obtain sufficient levels of insurance on our behalf on economically viable terms. In certain instances, insurance companies may refuse to settle certain claims and as a consequence, we may be forced to pursue the settlement of our claims by initiating legal proceedings. The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

**1.15 We may require additional financing in the future, and such financing may not be available on favorable terms, or at all, and may be dilutive to shareholders in case of equity capital transactions.**

We may seek additional financing in the future for general corporate purposes and to implement our growth strategy. For example, we may need to increase investments in product development activities and production capacity or require additional funding to make selective acquisitions or to invest in collaborations or joint ventures for entering new markets. We may be unable to obtain the additional financing required on favorable terms or at all, including accessing the capital markets when it may be necessary or beneficial to do

so, which could negatively impact our flexibility to react to changing economic and business conditions. For example, during periods of volatile credit markets, lenders may fail or refuse to honor credit commitments and obligations, including but not limited to, extending credit up to the maximum amount permitted by a credit facility and otherwise accessing capital or honoring loan commitments. If lenders are unable to fund under our current loan commitments or we are otherwise unable to borrow, it could be difficult to replace such loan commitments on similar terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund growth opportunities, successfully develop or enhance products, or respond to competitive pressures. In addition, if we raise additional funds through the issuance of equity securities, our shareholders may experience the dilution of their respective ownership interests. If we raise additional funds by issuing debt, it may subject us to limitations on our operations and impair our ability to pay dividends due to restrictive covenants. The materialization of any of these events relating to future financing activities could negatively affect our business, financial condition, results of operations and prospects.

**1.16 Competition laws may expose us to liability risk and limit our ability to complete acquisitions to grow our business in certain markets.**

While we actively monitor compliance with applicable competition laws, any events or instances of non-compliance which come to the attention of relevant competition authorities may result in subsequent investigations which may in turn result in the imposition of fines and other sanctions against us, our management or employees, or otherwise expose us to financial liabilities. Any such liabilities may be significant and could have a materially adverse effect on our business and reputation. Applicable competition laws may also limit our ability to take advantage of acquisition opportunities in markets where we may enjoy a dominant position. We may be prevented by the relevant competition authorities from completing acquisitions in certain markets and may incur significant costs related to the review or investigation of any such acquisition by such authorities. Any limitation on our ability to complete acquisitions to grow our business could have a materially adverse effect on our business, financial condition, results of operations and prospects.

**1.17 We may be unable to complete acquisitions or enter into cooperation agreements in the timeframe or on the terms and conditions we envisage, and current or future acquisitions and cooperation agreements may not produce the desired or anticipated results.**

In the future, we may pursue selected acquisitions or enter into cooperation agreements. However, there is no assurance that we will be able to identify suitable acquisition targets in the future, or that we will be able to finance such transactions on acceptable terms. Some of our competitors may pursue similar acquisition strategies and/or have greater financial resources available for investments, preventing us from acquiring the targeted business and potential acquisitions. Furthermore, we cannot guarantee that future acquisitions and cooperation agreements will be integrated or implemented successfully or will achieve the desired or expected benefits and our financial objectives. In evaluating potential acquisitions or cooperation agreements, we make certain assumptions regarding the future combined results of the existing and acquired operations or the envisaged cooperation. In certain transactions, the analysis of the acquisition includes assumptions regarding the consolidation of operations and improved operational cost structures for the combined operations. There can be no assurance that such synergies or benefits will be achieved in the assumed timeframe. We may also experience failures or delays in integrating acquisitions or negotiating cooperation agreements or may fail to enforce warranties and indemnities relating to acquisitions or cooperation agreements. Moreover, even in cases in which such acquisitions or cooperation agreements are completed on schedule and according to plan, the synergies actually resulting from an acquisition or the benefits actually derived from cooperation can ultimately differ materially from our estimates or expectations. The occurrence of any or several of these factors in respect of any acquisitions or cooperation agreements into which we seek to enter could have materially adverse effects on our business, financial condition, results of operations and prospects.

**1.18 The financial information for the Group presented in this Prospectus may not be entirely comparable and may not be representative of our results as an independently listed consolidated company going forward.**

For the fiscal years ended December 31, 2016, 2015 and 2014, Voltabox of Texas, Inc. and the Company were sister companies under the common control of the Parent Company. Pursuant to an agreement dated December 15, 2016, the shares of Voltabox of Texas, Inc. owned by the Parent Company were transferred to the Company by way of a capital increase against contributions in kind which was registered in the commercial register on March 15, 2017.

Prior to this reorganization, the Group did not exist as a “group” for the purpose of preparing consolidated financial statements under IFRS 10. Consequently, the Group does not have consolidated financial statements that cover the last three fiscal years. Due to the Group’s complex financial history, we have prepared combined financial statements for the fiscal years ended December 31, 2016, 2015 and 2014 as if Group’s current consolidated subsidiary had been part of the Group during those periods. As the financial statements for the fiscal years ended December 31, 2016, 2015 and 2014 were prepared on a combined basis, and the financial statements included as of and for the six months ended June 30, 2017 were prepared on a consolidated basis, these two sets of financial statements may not be completely comparable in all respects. Furthermore, as the Group will prepare consolidated financial statements going forward, such consolidated financial statements may also not be entirely comparable with the combined financial statements for the fiscal years ended December 31, 2016, 2015 and 2014 included in this Prospectus.

**1.19 Measures taken in the context of labor law or collective bargaining agreements at Voltabox, our suppliers or logistics companies as well as our distribution partners could adversely affect our business.**

We, as well as our suppliers, logistics companies or distribution partners could become subject to operating interruptions caused by strike and work stoppages as a result of measures within the framework of collective bargaining agreed or other labor disputes. This could affect the production or distribution of our products. For example, a strike at one of our suppliers could suspend our raw materials (*inter alia* cells) and components supply such that we could no longer produce, nor deliver our products. This could result in decreased sales which could have a materially adverse effect on our business, financial condition, results of operations and prospects.

**1.20 We could infringe reporting and information requirements agreed upon within the scope of existing or future credit agreements with financial institutions.**

We are subject to reporting and informational obligations within the framework of existing financing agreements with our lending banks, which must be observed during the duration of the agreements. In the event of a breach of these obligations set out in the existing financing agreements, premature redemption obligations (acceleration) could occur. If repayment of loans from existing liquidity is not possible, we may be required to enter into other loan agreements with less favorable conditions or to create liquidity through short-term sales of assets. The materialization of any of these risks could have a materially adverse effect on our business, financial condition, results of operations and prospects.

**1.21 Our EBIT forecast may differ materially from our actual future EBIT.**

This Prospectus contains forward-looking information, including an EBIT forecast for the 2017 fiscal year. In arriving at our EBIT forecast, our Management Board (*Vorstand*) made certain assumptions both with regard to factors outside the Company’s influence (such as *force majeure* and legislative and other regulatory measures) as well as other factors that can be influenced by the Company only to a limited extent. Accordingly, these assumptions may vary, prove to be erroneous or inaccurate compared to actual future developments. Furthermore, additional aspects that are currently unknown to the Company may materially affect our EBIT forecast. Should one or more of these assumptions prove to be incorrect or inaccurate, or should additional factors occur which are currently unknown to the Company, the Company’s future EBIT may differ materially from the forecasted EBIT included in this Prospectus.

## **2 Risks related to the industry and markets in which we operate**

### **2.1 Changes in the general economic environment in which we operate may have a negative impact on our business.**

We may be affected by changes in general economic conditions which may negatively impact the industries and sub-markets of the electro-mobility market (“E-Mobility”) in which our products are currently sold and the markets where we expect to grow our business, including, in particular, the municipal public transportation market, intralogistics applications, and the mining and automotive industries for our batteries. The sub-markets for batteries based on various Li-Ion battery technologies are primarily driven by the global macroeconomic environment, regulatory changes and political influence. Changes in general economic conditions, including fears of an economic downturn, directly impact the general business climate and levels of business investment, and it is difficult to predict changes in general economic conditions and how such changes may impact demand for our or our customers’ products and services. For example, the outcome of the British referendum on the European Union (“EU”) (“Brexit”) has led to a number of economic uncertainties in European and global markets. The negotiation of the terms of Brexit could take a number of years during which uncertainty is likely to persist and could ultimately have a negative effect on European trade relations and/or result in a general weakening of the EU.

In the Chinese market, a relative slowdown in the country’s economic development, caused by trade disagreements with the United States, volatility in stock markets, detrimental decisions made by the Chinese government or economic conflicts with neighboring countries may lead to an economic downturn or even to a recession in China, which, in turn, could adversely affect the global economy. In addition, the American administration’s pronouncements against current global climate control agreements could have an adverse impact on industries and sub-markets within the E-Mobility market.

The development of other economic and political conditions could have a negative impact on our business. These include, among other factors, a continuation or further aggravation of the political tension between Russia and the Ukraine or Russia and Europe, continued tension between Turkey and its neighboring countries as well as Europe, an escalation of the conflicts in Syria and neighboring conflicts and the political tensions between Qatar and its neighboring countries. These and other geopolitical issues could have a negative impact on general economic conditions which in turn could have a negative impact on global economic markets.

Fluctuations in global economic conditions have significantly impacted economic conditions in certain industries in recent years, including the mining industry, and our mining sector customers have been particularly affected. Similarly, negative global economic conditions could adversely impact levels of discretionary investment by industrial and commercial customers. As our battery modules in our Voltapower business segment are currently driven by orders for fully customized battery systems, a stagnation or decrease in the level of investment by industrial and commercial customers may lead to lower sales of battery systems which may be exacerbated during periods of reduced growth or recession. Moreover, lower public sector expenditure due to increased sovereign and municipal indebtedness may lead to lower sales of high-performance battery systems, which are currently used in municipal public transportation trolleybuses in Europe and the U.S. In addition to overall reduced demand for our products and branch solutions, an economic downturn or worsening global economic conditions could result in disruptions in the supply of processed raw materials and components that we require to produce our products such as cells and customers delaying or even cancelling orders. Any such weakness or deterioration in the general economic conditions could have a materially adverse effect on our business, financial condition, results of operations and prospects.

### **2.2 Demand for batteries in E-Mobility sub-markets depends on the continuation of current mega trends towards alternative energy sources.**

The present and projected demand for advanced batteries in the E-Mobility sub-markets partially results from selected mega trends currently driving our business, such as electrification (i.e. the process of powering previously non-electrically powered devices by electricity and, in many cases, the migration to electricity as power source), eco-consciousness / CO<sub>2</sub>-reduction as well as population growth/urbanization.

If the cost of oil decreases significantly, the outlook for the long-term supply of oil to the United States and other high net-energy consuming countries improves, governments eliminate or modified regulations or economic incentives encouraging fuel efficiency and the use of alternative forms of energy or if there is a change in the perception that the burning of fossil fuels negatively impacts the environment, the demand for our batteries could be reduced, and our business and revenue may be harmed. For example, it is possible that mining companies are set to benefit from the current American administration's support of traditional coal mining in the United States.

Political and economic incentives supporting dependencies on fossil fuels or a departure from policies designed to disincentivize the use of fossil fuels and encourage the use of alternative forms of energy and energy efficiency as well as urbanization, could have a material adverse effect on our business, financial condition, results of operations and prospects.

**2.3 Battery technology is constantly evolving and we must successfully develop, manufacture and market products that improve upon existing battery technologies and gain market acceptance in order to remain competitive. In addition, many factors outside of our control, including the actions of our competitors and customers, may affect the demand for our batteries and battery systems.**

We are researching, developing, manufacturing and selling Li-Ion batteries and battery systems. The market for advanced rechargeable batteries is at a relatively early stage of development, and the extent to which our Li-Ion batteries will be able to meet our customers' requirements and achieve significant market acceptance is uncertain. Disruptive changes in technology and product standards could quickly render our products less competitive, or even obsolete, if we fail to continue to improve our battery systems' performance. Other companies that seek to enhance traditional battery technologies have recently introduced or are developing batteries based on nickel metal-hydride, liquid Li-Ion and other emerging and potential technologies. These competitors are engaged in significant research and development work on these various battery systems. One or more new, higher energy rechargeable battery technologies could be introduced which could be directly competitive with, or superior to, our technology. The capabilities of many of these competing technologies have improved over the past several years. Competing technologies that outperform our batteries could be developed and successfully introduced, and as a result, there is a risk that our products may not be able to compete effectively in our current or future target markets. If our battery technology is not adopted by our customers, or if our battery technology does not meet industry requirements for power and energy storage capacity in an efficient and safe design, our batteries will not gain or maintain market acceptance.

In addition, the market for our products depends upon third parties creating or expanding markets for their end-user products that utilize our batteries and battery systems. If such end user products are not developed, or if we are unable to have our products designed into these end user products, or if the cost of these end-user products is too high, or the market for such end-user products contracts or fails to develop, the market for our batteries and battery systems would be expected similarly to contract or collapse. Our customers operate in extremely competitive industries, and competition to supply their needs focuses on delivering sufficient power and capacity in a cost, size and weight efficient package. The ability of our customers to adopt new battery technologies will depend on many factors outside of our control. Many other factors outside of our control may also affect the demand for our batteries and battery systems and the viability of widespread adoption of advanced battery applications, including:

- disruptive developments in alternative technologies and battery chemistries, such as solid-state batteries and the success of other alternative energy technologies, such as fuel cells and ultra-capacitors which render our batteries and battery systems obsolete;
- the performance and reliability of battery powered products compared to conventional and other non-battery energy sources and products;
- end-users' perceptions of advanced batteries as relatively safe and reliable energy storage solutions, which could change over time if alternative battery chemistries prove unsafe or become the subject of significant product liability claims and negative publicity is generated on the battery industry as a whole;

- the cost-effectiveness of our products compared to products powered by conventional energy sources and alternative battery chemistries;
- the availability of government subsidies and incentives to support the development of the battery power industry;
- fluctuations in economic and market conditions that affect the cost of energy stored by batteries, such as increases or decreases in the prices of electricity;
- the continued investment in the development of battery powered applications;
- heightened awareness of environmental issues and concern about global warming and climate change; and
- the regulation of energy industries.

If we fail to successfully develop, manufacture and market evolving battery technologies or if our competitors are more successful in developing and implementing such technologies, our business may be negatively impacted. Further, if any of the factors outside our control were to materialize, such factors could have a materially adverse effect on our business, financial condition, results of operations and prospects.

#### **2.4 Increased competition in the industries and market segments in which we operate may adversely affect our market shares, margins and overall profitability.**

The industries and sub-market segments within the E-Mobility market are competitive, and we face significant competition from other mostly large international competitors as well as smaller regional competitors in certain markets. Competition is based on several key criteria, which include, among other things, price, product technology and reliability, product quality and performance, size, weight, product design and innovation, reputation, brand recognition, customer access and sales power as well as the scope and quality of the products and solutions offered. The E-Mobility market and its various sub-markets as well as the industries linked thereto might become more competitively aggressive in the future, due in particular to new market entrants from, among others, China and other emerging market countries, which may benefit from lower production costs. We expect that the growth in the relatively young E-Mobility market and the other Li-Ion battery-based industries may further increase such competitive developments. Moreover, any consolidation among our competitors could enhance their product offerings and financial resources, which could strengthen their competitive position relative to ours.

There can be no assurance that certain industry players, who currently do not compete with us in terms of quality and market share, will not be able to increase their product quality and market share in the coming years. Our ability to compete in the industries and sub-markets in which we currently operate may be adversely affected by a number of factors, such as:

- new products or product improvements by competitors, including the substitution of our products for newer technologies provided by our competitors, thereby weakening demand for our products;
- failing to maintain relationships with existing customers, particularly significant customers in a particular sub-market or segment, and to enter into new, or renew or extend existing agreements with significant customers;
- the acquisition of customers or suppliers by competitors;
- companies specializing in one or more of our business segments or products, some of which have greater financial and technical resources than we do;
- competitors who have lower production costs (due to geographic location, currency fluctuations or otherwise) and larger production and assembly capacity, which may enable them to compete more aggressively in offering discounts and lower prices; and
- the unsuccessful entry into new geographic markets or product segments.

We cannot ensure that our current and potential competitors will not have significantly greater financial, manufacturing, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Some of our

competitors may have more extensive customer bases and broader customer and industry relationships than we do. In addition, some of these companies may have longer operating histories and greater brand recognition than we do. Our competitors may be in a stronger position to respond quickly to new technologies and may be able to design, develop, market and sell their products more effectively. We cannot guarantee that we will be able to successfully compete in the markets we are active in. If our competitors introduce new technologies that competes with or surpasses the quality, price or performance of our technology, we may be unable to satisfy existing customers or attract new customers at the prices and levels that would allow us to generate attractive rates of return on our investments. Increased competition could result in price reductions and revenue shortfalls, loss of customers and loss of market share, any of which could have a materially adverse effect on our business.

Our ability to maintain or increase our profitability is, and will continue to be in the near term and mid-term, dependent upon our ability to offset decreases in margins of our products by improving production automation, efficiency and volume for our batteries and battery systems. If we are unable to maintain our competitive position, we could lose market share to our competitors. If we are unable to compete successfully in our product and geographic markets, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

**2.5 Cell suppliers or other established competitors such as OEMs with greater financial resources may shift their business strategy and produce battery systems for sub-markets which are currently being addressed by our products and branch solutions or major customers may insource battery technologies.**

We source cells for our battery systems from selected well-known cell suppliers, such as Samsung and Toshiba, who provide prismatic cells for our battery systems that we currently sell to Komatsu Mining Corp. to replace diesel engines and lead-acid battery solutions in their surface and underground mining equipment. Cell suppliers or original equipment manufacturers (“OEMs”) with greater financial resources may reorganize their operations and develop their own battery systems built with independently produced cells without facing any risks to their supply chain. If cell suppliers or OEMs enter the Li-Ion battery systems market it may result in significant disruption to our business and operations. In addition, the insourcing of our technology by our major customers may lead to a loss of orders for our production facilities and services. Such changes in the competitive landscape could potentially reduce our market share and decrease our revenues. As a consequence we may be squeezed out of the sub-markets in which we currently operate. The materialization of any of these risks could have a materially adverse effect on our business, financial condition, results of operations and prospects.

### **3 Legal, Regulatory and Tax Risks**

**3.1 The loss of important intellectual property rights could adversely affect our business, and any threat to, or impairment of, our intellectual property rights could cause us to incur costs to adequately protect and defend those rights.**

Our intellectual property rights, including the Voltabox, Voltapower, Voltaforce as well as Voltamotion trademarks, company names and company signs, including the Voltabox, Voltapower, Voltaforce and Voltamotion logos, are important to our business. We rely on a combination of patent, design and trademark registrations and other intellectual property laws, as well as contractual arrangements, as appropriate, to establish and protect our intellectual property rights. We hold patent, design and trademark registrations for certain of our products in various jurisdictions. Such intellectual property protection is often only available for a limited period of time, and certain protections may expire in a particular country but continue to be in force in other countries. While we attempt to obtain broad patent and trademark protection by corresponding registrations, in certain instances we may not apply for (so as not to disclose technical details of products), or may fail to obtain, adequate protection in certain countries in which our products and branch solutions are sold. Any failure to obtain or adequately protect our intellectual property, due to statutory or other restrictions or prior third party rights, among other reasons, may result in lost sales and growth opportunities or, in certain cases, the complete loss of the intellectual property in question. There can be no assurance that we will be able to secure intellectual property rights in the future or that the intellectual property rights currently held will be upheld as valid if challenged.

In the event that third parties infringe on our intellectual property rights, we would have to defend those rights. This could result in lengthy litigation or administrative proceedings and significant litigation costs. Such defense may also require significant time, effort and other resources that could otherwise be devoted to our business operations. There is also a risk that third parties, including competitors and, in the case of unfair competition claims, consumer protection organizations or competition authorities or associations, may claim that our products, trademarks, company marks (particularly company names) or other designations, communications or activities infringe, or have infringed, on such third parties' intellectual property rights (particularly patent, trademark or company sign rights) or applicable legal provisions on unfair competition. In the event of such a claim, we may also be required to spend significant time and effort and incur significant litigation costs to defend ourselves, regardless of whether the claim has merit. Furthermore, any such claims, lawsuits and proceedings could result in significant payments to compensate for damages or the necessity to enter into license agreements under economically unfavorable conditions. In addition, any such lawsuits, proceedings and other claims could lead to injunctions against us or our subsidiary that may cause lost sales and revenues or even significant restrictions and disruption to our business and operations. If any of the risks above materialized, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

**3.2 Our competitors possess intellectual property rights that we have to identify and not infringe upon. Accordingly, we are exposed to various risks in respect of third party intellectual property rights.**

Third parties and specific competitors generate patents and possess intellectual property rights, which we are required to respect. Such third party intellectual property rights have to be identified and their relevance to our products, processes and developments must be assessed. As we also source parts, components and other raw materials from suppliers (*e.g.* cell suppliers); we risk infringing on the intellectual property rights of third parties in this context as well. Due to the growing complexity of sourced components and products, monitoring such third party intellectual property rights proves increasingly difficult. Patent license and patent cross-license agreements are common practice in our industry. Patent license and cross-license agreements might also be at risk if our counterparties were to become insolvent. Technology covered by third party intellectual property rights may be unavailable to us or available only on unfavorable terms and conditions. The validity of intellectual property rights owned by third parties may need to be challenged while at the same time alternative solutions avoiding use of third party rights may need to be identified and developed. However, we may not be successful in all cases, or we may not be able to obtain all licenses necessary to use technology relevant to us.

Third parties may claim that we have infringed their intellectual property rights and initiate patent infringement litigation that could require us to devote substantial financial and personnel resources to defend such a claim. Depending on the outcome of any such litigation, which is usually difficult or impossible to predict, we may be prevented from using corresponding technologies and manufacturing or distributing certain products, and may be held liable for damages by the owners of the intellectual property rights. Disputes and litigation may lead to significant payments. This risk is more prevalent in the United States than in other jurisdictions as professional patent exploiters acquire patents specifically to bring claims against manufacturers. Concerning sourced items, it may be difficult to obtain indemnification from the supplier. Expenditures to acquire licenses, the development of alternative non-infringing technologies as well as litigation and the payment of damages in connection with the infringement of intellectual property rights owned by third parties, as well as potential court injunctions preventing us from manufacturing and distributing certain products could have a material adverse effect on our business, financial condition, results of operations and prospects.

**3.3 We are subject to numerous environmental, health and safety laws as well as regulations across multiple jurisdictions, which are becoming increasingly stringent.**

Our products and business operations are subject to a broad range of local, state, national and supra-national laws and regulations in the jurisdictions in which we operate and market our products. For example, we may only place products into the market that comply with applicable substance restrictions and safety requirements in a given country. Furthermore, we must comply with the applicable rules when transporting



our products, including various restrictions on the transport of certain battery cell chemistries by air. Amendments or revisions to the list of restricted substances under such laws and regulations may require changes to our product designs or production processes. In addition, some of our products (including our processed raw materials) are subject to extensive environmental and industrial hygiene regulations governing the registration and safety analysis of their component substances. For example, in connection with the Regulation (EC) No 1907/2006 on Registration, Evaluation and Authorization of Chemicals (“**REACH Regulation**”) various raw materials, chemical or substances, some of which are included in our products, could be subject to stricter registration and authorization requirements.

Our business operations must also comply with laws and regulations relating to the protection of natural resources, the management of hazardous substances, waste, air emissions, water discharges, as well as the use, management, storage, treatment, transportation and disposal of waste and other by-products, the protection and restoration of plants, wildlife and natural resources, the investigation and remediation of contaminated property, and public and workplace health and safety (such as rules regarding the handling of carcinogenic substances or rules governing the use of protection equipment). Many new laws and amendments, as well as amendments to existing ones, have become more stringent, particularly in the EU. We further expect that our production facility in Delbrück will be covered by the revised rules on hazardous incidents of the Council Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (“Seveso III Directive”). We expect that the application of the revised rules may entail significant costs for structural measures and ongoing expenses once these rules are implemented into national law. Non-compliance could also harm our reputation generally or the market acceptance of our products.

In addition, our production facilities require various licenses and permits, particularly regarding air emissions and waste water discharge, and must comply with the requirements specified therein. The relevant regulatory authorities carry out inspections from time to time to ascertain our compliance with applicable laws, regulations and permits. Compliance demands may require us to incur significant costs, and violations may result in substantial fines or penalties, temporary or permanent production facility closures, criminal convictions and civil liability. Moreover, regulatory authorities could suspend our operations or refuse to timely issue or renew the permits and authorizations we require to operate our business or place our products in the market. We could also be required to upgrade or change our facilities or machinery which could result in significant costs. We anticipate that the countries or customs unions where we conduct business, particularly the EU, will continue to develop increasingly strict environmental laws and regulations and to interpret and enforce more aggressively existing laws and regulations. While many environmental, health and safety laws and regulations have already been harmonized at the EU level, member state governments remain, in principle, free to adopt regulations that are stricter than those required by the EU. There can be no assurance that we will be able to comply with all applicable laws and regulations at all times, or that the costs of complying with current and future environmental, health and safety laws, and liabilities arising from past or future violations, will not have a materially adverse effect our business, financial condition, results of operations and prospects.

#### **3.4 We rely on certain technology, knowhow and business as well as trade secrets, whose unauthorized access or prohibited use may harm our business.**

We also rely on certain technology, knowhow and business as well as trade secrets that cannot be protected with intellectual property rights. Consequently, there is a risk that third parties, and in particular competitors, could copy our technology and knowhow or develop it independently and later challenge our use of it. In addition, our employees typically have access to important proprietary information which may or may not be protected by intellectual property rights and those employees may leave us to join and work for our competitors. Although we conduct and rely on various confidentiality agreements and technical precautions to protect our technology, knowhow and other proprietary information, there is no guarantee that these agreements and precautions will provide sufficient protection from the unauthorized access or use, misappropriation or disclosure of such information. Defending against any unauthorized use or access, misappropriation or disclosure of our technology, knowhow, and other proprietary information may result in lengthy and costly litigation or administrative proceedings and cause significant disruption to our business and operations. If we are unable to protect or effectively enforce our proprietary technology and information, this

could have a materially adverse effect on our business, financial condition, results of operations and prospects.

**3.5 Data protection breaches and violations could harm our reputation, could constitute regulatory- or criminal offenses, and could give rise to claims for compensatory damages as well as fines against us.**

We process and use our employees', suppliers' and customers' data as well as product and process data. In doing so, we must take into account data protection laws as well as and operating rules and regulations. Violations of data protection law, in particular the use, storage or disclosure of data to third parties without the consent of the data subjects or unauthorized access to data by third parties (including data theft), breaches of non-disclosure agreements or loss of information due to cyber-attacks could harm our reputation, could result in regulatory or criminal offenses and could give rise to claims for compensatory damages as well as fines against us and thus could have a correspondingly adverse effect on our business, financial condition, results of operations and prospects.

**3.6 Changes to accounting rules or regulations, including those related to the accounting of lease contracts may adversely affect our results of operations.**

The International Accounting Standards Board ("IASB") issued International Financial Reporting Standard ("IFRS") 16 ("Leases") in January 2016. IFRS 16 will become effective from January 1, 2019 but may be implemented prior to this date. Although as of the date of this Prospectus, the EU has not yet adopted IFRS 16, we are currently evaluating the changes required by IFRS 16 and expect to comply with such requirements by the time IFRS 16 comes into effect. Specifically, we are currently analyzing the potential impact of the first-time application of this standard on our consolidated annual accounts and have not yet completed the process; however, the application of IFRS 16 in 2019 may result in an increase of our financial liabilities.

More generally, changes to existing accounting rules or regulations may impact our future results of operations or cause the perception that we are more highly leveraged. Other new accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future. This and other future changes to accounting rules or regulations could materially adversely affect our business, financial condition, prospects and results of operations.

**3.7 Our tax burden could increase, in particular, as a result of future tax audits, reassessments by the competent authorities and potential changes in applicable tax laws and regulations.**

We have operations in Germany and the United States. From time to time, we are subject to routine tax audits by tax authorities in the countries in which we operate. Future tax audits may result in additional tax and interest payments. In addition, tax authorities may, to some extent, not accept the deductibility of interest payments, claiming among other things, that limitation under interest ceiling rules or transfer pricing rules apply. If this were to occur, we may face additional tax payments becoming due in tax audits or in the process of tax assessments. In addition, changes in fiscal regulations or the interpretation of tax laws by the courts or the tax authorities (including the courts or the tax authorities in foreign jurisdictions in which we currently operate or will operate in the future) may also have a material adverse effect on our business. Any additional tax or interest payments resulting from such tax audits or other decisions of the relevant tax authorities could have a material adverse effect on our business, financial condition, results of operations and prospects.

## **4 Risks Relating to the Offering, the Listing and the Shareholder Structure**

**4.1 Our Parent Company will continue to exercise significant influence on us following completion of the Offering, and the interests of the Parent Company could conflict with the interests of other shareholders and our shareholders' interests may generally deviate from, or conflict with, our interests.**

Upon completion of the Offering, our Parent Company will continue to hold approximately 60% of our share capital. The Parent Company will therefore be in a position to substantially influence resolutions at our general shareholders' meeting. In particular, assuming retention of the Parent Company's approximate 60%

participation in the Company, the Parent Company will remain in the position to significantly influence the resolutions on the appropriation of profits, hence the implementation of our dividend policy and its leverage ratio, as well as the composition of our Supervisory Board (*Aufsichtsrat*) and thus also indirectly the composition of the Management Board (*Vorstand*), as well as any proposed capital increases and our business and affairs.

Conflicts of interest may arise between the Parent Company and the other shareholders with regards to the exercise of voting rights at our general shareholders' meetings. Due to its majority of voting rights, the Parent Company would be in a position to assert its interests against the will of the other shareholders. For example, it could be difficult for us to raise new capital if the Parent Company does not participate in a future capital increase. Even if the Parent Company does not in fact use its controlling stake to influence the Group, the possibility of exercising such influence could have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, the Parent Company's stake in the Company endows it with the ability to block certain corporate measures that require the approval of our general shareholders' meeting. In addition, the interests of the Parent Company may substantially deviate from, or conflict with, our interests or the interests of our other shareholders. There is no assurance that the Parent Company or any other future major shareholder in the Company will exercise its influence over the Company in a way that serves our interests or our other shareholders.

#### **4.2 The Offering might not be completed and investors could lose security commissions paid and be exposed to risks from any short selling of our shares.**

The underwriting agreement is expected to be concluded among the Company, the Parent Company and the Joint Bookrunners on or around September 25, 2017 (the "**Underwriting Agreement**") and provides that the Joint Bookrunners may terminate the Offering under certain circumstances, specifically if a material adverse change in the economic position or our business or the Group has occurred or if an event occurs that has materially adverse effects on the financial markets. If the Joint Bookrunners withdraw from or terminate the Underwriting Agreement, the Offering will not take place. Any allocations to investors that have already occurred will be invalid. In this case investors will not have a claim for delivery of our shares. Claims with regard to any subscription fees that have already been paid and costs incurred in connection with the subscription by an investor are governed solely by the legal relationship between the investor and the institution to which the investor has submitted its offer to purchase. Any investor that engages in short selling bears the risk of not being able to fulfill its delivery obligations.

#### **4.3 The price and trading volume of our shares could fluctuate significantly, and investors could lose all or part of their investments.**

Following completion of the Offering, the shares' price and the trading volume may be subject to substantial fluctuations, especially as the result of the following: (i) changes in the actual or forecast operating results of the Group or our competitors; (ii) changes in the profit forecasts or failure to meet profit expectations of investors and securities analysts; (iii) one or more of the analysts who cover us or paragon downgrade their recommendation concerning our shares; (iv) one or more such analysts cease coverage of us or fail to regularly publish reports on us, resulting in a decreasing visibility of the Company in the market; (v) assessments by investors with regard to the success and the effects of the Offering and the strategy described in this Prospectus as well as the assessment of the related risks; (vi) changes in general economic conditions; or (vii) changes in the shareholder structure as well as other factors. Furthermore, external factors such as changing demand in the E-Mobility market, monetary or interest rate policy measures by central banks, regulatory changes or other external factors, seasonal influences or unique events can impact the sales and the earnings of the Group and lead to fluctuations in the price and the trading volume of our shares. In addition, the shares of our Parent Company, paragon AG, are listed on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under the International Securities Identification Number (ISIN) DE0005558696 and German Securities Code (*Wertpapierkennnummer*) 555869. Any fluctuations in the price of the paragon shares or any corporate news or insider information disclosed by paragon may have an influence on the price and the trading volume of our shares.

General fluctuations in share prices, especially the price of shares in other companies in the same industry we operate in, or a general deterioration in capital markets, may lead to pressure on the price of the shares, and these fluctuations in share price may not necessarily be based on our business operations or earnings prospects.

**4.4 We currently do not expect to pay dividends for the financial year 2017 and may not be able to pay dividends in the mid to long term.**

Under German corporate law, a company may only pay dividends if it shows unappropriated retained earnings in its unconsolidated German Commercial Code (*Handelsgesetzbuch*, "HGB") financial statements.

We currently intend to use a majority of our profits (i.e. approximately 75%), should there be any, less the amount allocated to the statutory reserve, for the financing of further growth of our business going forward and foresee only utilizing a minority (i.e. approximately 25%) of our profits to pay dividends. Apart therefrom, the Company does not expect to pay dividends for the fiscal year 2017.

Even if we were to change our policy and wanted to distribute more dividends than currently planned, we may not be able to generate such unappropriated retained earnings and, accordingly, may not be able to pay dividends. We may not report unappropriated retained earnings in our unconsolidated HGB financial statements and may not have sufficient liquidity in order to pay dividends to our shareholders.

In addition, paragon's existing financing agreements include both affirmative and negative obligations, which we are bound by as well, such as, debt covenants that may restrict the amount of cash available for the payment of dividends or prohibit the payment of dividends in certain circumstances.

**4.5 We will face additional administrative requirements and incur higher on-going costs as a result of the listing.**

After the listing, we will be subject to the legal requirements for German stock corporations listed on a public exchange for the first time. These requirements include periodic financial reporting and other public disclosures of information (including those required by the stock exchange listing authorities), regular calls with securities and industry analysts, and other required disclosures. There is no guarantee that our accounting, controlling and legal or other corporate administrative functions will be capable of responding to these additional requirements without difficulties and inefficiencies that cause us to incur significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conducting general shareholders' meetings and our regular communications with shareholders and potential investors will entail substantially greater expenses and risks. Our management will need to devote time to these additional requirements that it could have otherwise devoted to other aspects of managing the operations of the Group, and these additional requirements could also entail substantially increased time commitments and costs for the accounting, controlling and legal departments as well as other administrative functions. The inability of our management to handle the additional demands placed on them by becoming a company with publicly listed shares, as well as any costs resulting therefrom, could have a materially adverse effect on our business, financial condition, results of operations and prospects.

**4.6 Any future sales of our shares by the Parent Company or investors acquiring shares in the Offering, including so-called cornerstone investors, could depress the market price of our shares.**

Upon completion of the Offering, our Parent Company will continue to hold approximately 60% of our share capital, assuming the full placement of the Offer Shares and a full exercise of the Greenshoe Option.

Our share price could fall substantially if our Parent Company sells its shares after the selling restrictions in the lock-up agreement have expired, i.e. six months after the date of the first day of trading of the shares or if such sales are anticipated by investors. This also applies if other significant shareholders sell shares in the market or if such sales are expected.

In addition, the sale or market expectation of a sale of a large number of our shares on the part of the Parent Company or other significant shareholders could make it difficult for us to issue new shares in the future on favorable terms.

**4.7 Our shares have not yet been publicly traded, and there is no guarantee that a liquid market will develop or continue following the initial public offering.**

Prior to the Offering described in this Prospectus, our shares have not been publicly traded. The offer price will be set by us by way of a bookbuilding process together with the Parent Company and after consultation with the Joint Bookrunners. There is no guarantee that the offer price will correspond to the price at which the shares are subsequently traded after the Offering, or that a liquid market in our shares will develop and establish itself after the Offering. Investors may not be able to sell our shares at the offer price, at a higher price or at all under certain circumstances.

**4.8 Future capital increases could be dilutive and lead to substantial reductions both to the value of our shares as well as the rights of existing shareholders' interests.**

We may require additional capital in the future to finance our business operations and growth. The raising of additional equity through the issuance of new shares, the potential exercise of conversion or option rights by holders of convertible bonds or bonds with warrants or the fulfillment of conversion obligations relating to such bonds, which may be issued in the future, and the exercise of stock option rights which may be granted to the Management Board members and certain other employees, may dilute shareholder interests. Our articles of association (*Satzung*) ("**Articles of Association**") currently provide for the issuance of up to 7,500,000 additional shares as authorized capital, and up to 5,000,000 additional shares as conditional capital. We may issue all of these shares without any action or approval by our shareholders, and under certain limited conditions, for example in the event of a capital increase against contributions in-kind, without reserving any pre-emptive subscription rights for the shareholders.

If, in the course of a capital increase, a shareholder fails to exercise its subscription rights or is precluded from participating in a rights offering altogether, its interest in the Company would be diluted proportionally to such capital increase.

Moreover, investors in certain jurisdictions (particularly in the United States) could be precluded from participating in a rights offering altogether. In such cases, shareholders who are not offered any of the shares to be issued or who are precluded from a rights offering cannot prevent the dilution of their shares in the Company unless they purchase additional shares in the secondary market, for example on the stock exchange, possibly at a higher price.

Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of future offerings. Thus, our shareholders bear the risk that future offerings might reduce the market price of our shares and dilute their shareholdings.

**4.9 The Offering's price per share will exceed the net book value per share of our equity.**

The Offering's price per share paid by an investor when acquiring the offered shares will exceed the net book value of the equity shown in the statement of financial position attributable to one share. The Offering's price, therefore, implies an equity value which is higher than the equity recognized in the statement of financial position. There is no guarantee that this higher enterprise value can actually be realized in future sales of our shares.

**4.10 Investors with a reference currency other than the euro may become subject to certain foreign exchange risks when investing in our shares.**

Our share capital is denominated in euro, and all dividends on the shares, if any, will be paid in euros. Investors whose reference currency is not the euro may be adversely affected by any reduction in the value of the euro or any redenomination of the euro relative to the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting euro or such redenominated currency into another currency. Investors whose reference currency is not the euro are therefore urged to consult their financial advisors.

## PART B: GENERAL INFORMATION

### 1 Responsibility for the Content of this Prospectus

The Company together with Bankhaus Lampe KG, Düsseldorf, Germany (“**Bankhaus Lampe**” or the “**Global Coordinator**”), and Hauck & Aufhäuser Privatbankiers AG, Frankfurt am Main, Germany (“**Hauck & Aufhäuser**”, together with Bankhaus Lampe, the “**Joint Bookrunners**”) assume responsibility for the contents of this Prospectus pursuant to Section 5(4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and hereby declare that, to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that no material circumstances have been omitted. Notwithstanding Section 16 of the German Securities Prospectus Act, neither the Company nor the Joint Bookrunners are required by law to update this Prospectus.

If a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the respective national legislation of the relevant member state of the European Economic Area, have to bear the costs of translating this Prospectus before legal proceedings are initiated.

### 2 Subject Matter of this Prospectus

For the purposes of the public offering, this Prospectus relates to a total of 6,325,000 ordinary bearer shares of the Company with no par value (*Stückaktien*), each such share with a notional value of €1.00 in the share capital of the Company and full dividend rights as from January 1, 2017, comprising:

- 5,000,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions resolved by an extraordinary general shareholders’ meeting of the Company on September 22, 2017 (the “**New Shares**”); and
- 500,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of the Parent Company of the Company (the “**Sale Shares**”);
- 825,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of the Parent Company under a securities loan in connection with a possible over-allotment by the Joint Bookrunners (the “**Over-Allotment Shares**”, together with the New Shares and the Sale Shares, the “**Offer Shares**”), to be finally covered by a yet-to-be exercised capital increase from authorized capital of the Company resolved by the extraordinary general shareholders’ meeting on September 22, 2017.

For purposes of the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard), this Prospectus relates to a total of up to 15,825,000 ordinary bearer shares with no par value (*Stückaktien*) of the Company comprising:

- 10,000,000 ordinary bearer shares with no par value (*Stückaktien*) (existing share capital of the Company);
- up to 5,000,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from the above-mentioned capital increase against cash contributions (New Shares); and
- up to 825,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase from authorized capital to cover the redemption of the securities loan in connection with a possible over-allotment (the “**Greenshoe Shares**”).

each with a notional value of €1.00 in the Company’s share capital (*Stückaktien*) and full dividend rights as from January 1, 2017.

### 3 Forward-looking Statements

This Prospectus contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on future earnings capacity, plans and expectations regarding our business, its growth and profitability, as well as the general economic and legal conditions and other factors to which we are exposed.

The forward-looking statements contained in this Prospectus are based on the Company's current estimates and assessments. These forward-looking statements are based on assumptions and are subject to risks, uncertainties and other factors, the occurrence or non-occurrence of which could cause actual circumstances – including with regard to the assets, business, financial condition and results of operations as well as profitability of the Group – to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. Even if future results of the Group meet the expectations expressed herein, they may not be indicative of the results of any succeeding periods.

Our business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to consider this Prospectus as a whole and particularly ensure that they have read the following sections of this Prospectus: “PART A: RISK FACTORS”, “PART I: MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS”, “PART K: MARKET AND INDUSTRY”, “PART M: BUSINESS” and “PART X: RECENT DEVELOPMENTS AND OUTLOOK”.

In light of the uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus may not occur or may differ materially from actual events. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third party sources could prove to be inaccurate. The foregoing may prevent the Company from achieving its financial and strategic objectives.

The forward-looking statements contained in this Prospectus speak only as of the date on which they were made. Investors are advised that neither the Company nor the Joint Bookrunners assume any obligation and do not intend to, except as required by law, publicly release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or to adjust them in line with future events or developments.

#### **4 Information Derived from Third Parties**

Unless otherwise indicated, statements in this Prospectus regarding the market environment, market developments, growth rates, market trends and the competitive situation in the markets and segments in which we operate are based on data, statistical information, sector reports and third party studies, as well as our own estimates. Management estimates, unless otherwise indicated, are based on internal market observations and/or studies commissioned by the Group.

In this Prospectus, the following sources were used:

- Deutsche Stiftung Weltbevölkerung, UN-Bevölkerungsprojektionen 2015;
- European Commission, (COM (2014) 15), A policy framework for climate and energy in the period from 2020 to 2030);
- Fraunhofer Institut, (MOEZ, Techview Report Electric Buses);
- Frost & Sullivan, Global Heavy-Duty (HD) Transit Bus Market (2016);
- IDTechEx, Industrial and Commercial Electric Vehicles on Land 2017-2027 (2017);
- IDTechEx, Lithium-ion Batteries 2016-2026 (2016);
- IHS Engine Forecast sports cars, February 2017.
- Mining-Report No. 2/2017;
- PwC Autofacts, Quarterly Forecast Update, January 2017;
- Project consortium of the joint project “SESAM - Development of a full electric tractor” (<http://www.sesam-project.de/default.asp?Menu=1>);
- TrolleyMotion, an international action group promoting e-bus systems (<http://www.trolleyMotion.eu/www/index.php?id=3&L=3>); and
- Verband der Elektrotechnik und Informationstechnik.

Information which has been sourced from third parties has been accurately reproduced by the Company in this Prospectus and, as far as the Company is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, market studies and analyses are frequently based on information and assumptions that may not be accurate or technically correct, and their methodology is, by nature, forward-looking and speculative and they often do not guarantee the accuracy and completeness of such information. Accordingly, such limitations also apply to market studies and analyses in this Prospectus.

Neither the Company nor the Joint Bookrunners have verified the figures, market data and other information used by third parties in their studies, publications and financial information, or the external sources on which the Company's estimates are based.

This Prospectus also contains estimates of market and other data and information derived from such data that cannot be obtained from publications by market research institutes or from other independent sources. Such information is partly based on our own market observations, the evaluation of industry information (from conferences, sector events, etc.) or internal assessments. Our management believes that its estimates of market and other data and the information it has derived from such data assist investors in gaining a better understanding of the industry in which the Group operates in and our position therein. Our own estimates or calculations have not been checked or verified externally. We nevertheless assume that our own market observations are reliable. They may however differ from estimates made by competitors of the Group or from future studies conducted by market research institutes or other independent sources. The Company and the Joint Bookrunners give no warranty that their estimates do not differ materially from actual events.

## 5 Documents Available for Inspection

For as long as this Prospectus remains valid, copies of the following documents will be available for inspection in printed form during regular business hours at the Company's offices:

- the Company's Articles of Association (*Satzung*);
- the unaudited condensed consolidated interim financial statements of Voltabox AG prepared in accordance with International Financial Reporting Standards, as adopted by the EU ("**IFRS**") for interim financial reporting (IAS 34), as of and for the six months ended June 30, 2017 (the "**Interim Financial Statements (IFRS)**");
- the audited combined financial statements of Voltabox AG prepared in accordance with IFRS for the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014 (the "**Combined Financial Statements (IFRS)**");
- the audited annual financial statements (HGB) for the fiscal year ended December 31, 2016 (the "**Annual Financial Statements (HGB)**").

Future annual and interim financial statements of the Company will be available on the Company's website ([www.voltabox.ag](http://www.voltabox.ag)), at the German Company Register (*Unternehmensregister*) ([www.unternehmensregister.de](http://www.unternehmensregister.de)) and at the Company's offices in Delbrück, Germany. Annual financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

## 6 Notes Regarding Financial Information

The financial information contained in this Prospectus is mainly taken or derived from the Interim Financial Statements (IFRS), the Combined Financial Statements (IFRS) and the Annual Financial Statements (HGB) which are included in the "Financial Section" of this Prospectus.

The Combined Financial Statements (IFRS) were audited by Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany (now operating as Baker Tilly GmbH & Co. KG Wirtschaftsprüfungsgesellschaft ("**Baker Tilly**"), who issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in this Prospectus. The Annual Financial Statements (HGB) were also audited by Baker Tilly, who issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) included in this Prospectus. Baker Tilly conducted its audit of the Combined Financial Statements (IFRS) in accordance with ISA and its



audit of the Annual Financial Statements (HGB) in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*). For further details on the financial information see “PART H: SELECTED FINANCIAL INFORMATION” and “PART I: MANAGEMENT’S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS” of this Prospectus.

Fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014 are also referred to in this Prospectus as the “fiscal year 2016” or “2016”, the “fiscal year 2015” or “2015” and the “fiscal year 2014” or “2014”, respectively.

## **7 Note Regarding Figures and Technical Terms**

Some figures (including percentages) in this Prospectus have been rounded in accordance with the standard commercial practice. In some instances, such rounded figures and percentages may not add up to 100% or to the totals or subtotals contained in tables or stated elsewhere in this Prospectus. Furthermore, totals and subtotals in tables may differ slightly from unrounded figures stated elsewhere in this Prospectus due to rounding off in accordance with commercial practice.

A glossary of certain technical terms and abbreviations used in this Prospectus is provided under the heading “PART Z: GLOSSARY”.

## **8 Presentation of Financial Information**

Unless otherwise indicated, the financial information contained in this Prospectus for the period starting January 1, 2014 to December 31, 2016 was taken or derived from the Combined Financial Statements (IFRS). The financial information contained in this Prospectus as of and for the six months ended June 30, 2017 and for the six months ended June 30, 2016 was taken or derived from the Interim Financial Statements (IFRS), unless otherwise indicated.

The Combined Financial Statements (IFRS) present the historical financial information for the fiscal years ended December 31, 2016, 2015 and 2014 for Voltabox AG and Voltabox of Texas, Inc. The assets of Voltabox of Texas, Inc. were absorbed by the Company on March 15, 2017. The Combined Financial Statements (IFRS) retrospectively include Voltabox of Texas, Inc.’s financial results as if Voltabox of Texas, Inc.’s assets were absorbed by the Company on January 1, 2014 in a combined format illustrating the historical financial information, net asset presentation, financial position, results of operations and cash flows.

The Interim Financial Statements (IFRS) as of and for the six months ended June 30, 2017 contain comparative figures as of and for the six months ended June 30, 2016. The comparative figures as of and for the six months ended June 30, 2016 have been derived from the Combined Financial Statements (IFRS).

Where financial information in this Prospectus is labeled “combined”, it means that this information was taken from the Combined Financial Statements (IFRS). The label “consolidated” is used in this Prospectus to indicate financial information that was taken from the Combined Financial Statements (IFRS) or from the Interim Financial Statements (IFRS). Where financial information in this Prospectus is labeled “audited”, it means that this information was taken from the Combined Financial Statements (IFRS) or the Annual Financial Statements (HGB). The label “unaudited” is used in this Prospectus to indicate financial information that was taken or derived from our accounting records, internal management reporting systems or our Interim Financial Statements (IFRS).

Some tables in this Prospectus also present non-GAAP measures (neither defined under IFRS nor under the German Commercial Code (*Handelsgesetzbuch*)). These non-GAAP measures are key figures used by our management to monitor the performance of the Group. Non-GAAP measures not included in the Combined Financial Statements (IFRS) are labeled as “unaudited” in the relevant tables, while non-GAAP measures included in the Combined Financial Statements (IFRS) are labeled as “audited” in the relevant tables (see “PART I: MANAGEMENT’S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS – 5 Non-GAAP Financial Measures”).

In the preparation of our financial statements a series of assumptions and estimates were made, which affect the recognition and amount of assets and liabilities, income and expenses and contingent liabilities, including,

in particular, in relation to income taxes. Therefore, actual results may differ from our assumptions or estimates and net assets, financial condition and results of operations or cash flows cannot be extrapolated for future periods or a future reporting date.

## 9 Exchange Rate Information

The amounts set forth in this Prospectus in “€”, “EUR” or “euro” refer to the single currency of the participating member states of the European Monetary Union pursuant to the Treaty on the EU.

The functional currency of the Group is the euro and we prepare our financial statements in euro. The table below shows the closing-rate exchange rates on the statement of financial position dates and the average rate for the relevant periods as used in this Prospectus, the Combined Financial Statements (IFRS) and the Interim Financial Statements (IFRS), respectively. In accordance with IAS 21, the financial statements of consolidated companies prepared in a foreign currency are translated using the functional currency concept. The functional currency of a subsidiary is determined as a general rule on the basis of the primary economic environment in which it operates. Income and expenses of foreign subsidiaries are translated into the Group’s financial statements at the average exchange rate for the year, and assets as well as liabilities are translated at the closing rate at the statement of financial position date. Equity is translated using historical rates. The exchange differences arising from the translation in the consolidated financial statements and consolidated income statement are recognized directly in other comprehensive income.

	Closing-rate on the balance-sheet date			Average rate for the fiscal year		
	12/31/2016	12/31/2015	12/31/2014	2016	2015	2014
	(in €)			(in €)		
U.S. dollar (USD) . . . .	1.05	1.09	1.21	1.11	1.11	1.33

	Closing-rate on the balance-sheet date		Average rate for the six months ended June 30,	
	06/30/2017	06/30/2016	2017	2016
	(in €)		(in €)	
U.S. dollar (USD) . . . .	1.14	1.11	1.08	1.12

(Source: European Central Bank)

## PART C: THE OFFERING

### 1 Subject Matter of the Offering

The Offering (as defined below) consists of a total of 6,325,000 ordinary bearer shares of the Company with no par value (*Stückaktien*), each such share with a notional value of €1.00 in the share capital of the Company and with full dividend rights as of January 1, 2017, comprising:

- 5,000,000 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions resolved by an extraordinary general shareholders' meeting of the Company on September 22, 2017 (the "**New Shares**");
- 500,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of the Parent Company of the Company (the "**Sale Shares**"); and
- 825,000 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of the Parent Company under a securities loan in connection with a possible over-allotment by the Joint Bookrunners (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares, the "**Offer Shares**"), to be finally covered by a yet to be exercised capital increase from authorized capital of the Company resolved by the extraordinary general shareholders' meeting on September 22, 2017.

The Offering (as defined below) consists of a public offering of the Offer Shares in the Federal Republic of Germany ("**Germany**") and the Grand Duchy of Luxembourg ("**Luxembourg**") (the "**Public Offering**") and private placements in certain jurisdictions outside Germany and Luxembourg including a private placement in the United States of America ("**United States**" or "**U.S.**") which are not subject of this Prospectus (the "**Private Placement**", and together with the Public Offering, the "**Offering**"). In the United States, the Offer Shares are being offered for sale only to qualified institutional buyers as defined by and in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares are being offered in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act. The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

As of the date of this Prospectus the share capital of the Company amounts to €10,000,000, and is divided into 10,000,000 ordinary bearer shares with no par value (*Stückaktien*).

The Company's extraordinary general shareholders' meeting held on September 22, 2017, resolved on a capital increase against cash contributions in order to create the New Shares. The resolution is expected to be registered in the commercial register on or around October 12, 2017. On or around October 10, 2017, the Management Board (*Vorstand*) will resolve, such resolution to be approved by the Supervisory Board on the same day, the number of the New Shares to be issued. The implementation of the capital increase regarding the New Shares is expected to be registered in the commercial register by October 12, 2017. As of the commencement of trading, the Company's total share capital will amount to up to €15,000,000, divided into up to 15,000,000 ordinary bearer shares with no par value (*Stückaktien*) assuming full implementation of the capital increase regarding the New Shares.

All shares issued as of the date of this Prospectus are, and the New Shares will be fully paid up (see "**PART Q: DESCRIPTION OF THE COMPANY'S SHARE CAPITAL - 1 Share Capital and Shares**").

Should the Greenshoe Option (as defined in "9 Stabilization Measures, Over-Allotment and Greenshoe Option" below) be exercised in full by the Joint Bookrunners and should the capital increase from authorized capital by €825,000 to satisfy the re-transfer obligation of the Joint Bookrunners under the securities loan with respect to the Over-Allotment Shares (the "**Greenshoe Shares**") be implemented in full, the Company's total share capital will amount to €15,825,000, divided into 15,825,000 ordinary bearer shares with no par value (*Stückaktien*). The implementation of the capital increase regarding the Greenshoe Shares is expected to be registered in the commercial register by mid-November 2017. At such time, the Greenshoe Shares will be fully paid up.

The Offer Shares carry the same rights as all other shares of the Company and confer no additional rights or benefits. All shares of the Company, including the Offer Shares, are subject to and governed by German corporate law.

The Company will receive the proceeds from the sale of the New Shares and, to the extent the Greenshoe Option is exercised, the Greenshoe Shares (but must pay certain commissions and expenses relating to the Offering). However, the Company will not receive any proceeds from the sale of the Sale Shares, but such proceeds will be received by the Parent Company

## **2 Public Offering**

In the course of the Public Offering, institutional investors may place subscription offers directly with the Joint Bookrunners during the Offer Period (as defined below).

Subscription offers for the Offer Shares by investors, in particular retail investors, may be submitted during the Offer Period (as defined below under “– 4. Offer Period”) also through the subscription functionality of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the XETRA trading system for the collection and settlement of subscription offers (the “**Subscription Functionality**”). Investors who want to submit subscription offers for the Offer Shares through the Subscription Functionality must submit them to their respective depository bank between September 27, 2017 and October 10, 2017, at 12:00 (noon) (Central European Summer Time, “**CEST**”). This requires that the depository bank (i) has been admitted as a trading participant to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or has access to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) via an accredited trading participant; (ii) is connected to XETRA; and (iii) is authorized and able to use the Subscription Functionality according to the Terms and Conditions of Deutsche Börse AG for use of the XETRA subscription functionality (such depository bank, the “**Trading Participant**”).

Upon the investor’s request, the Trading Participant will submit a subscription offer on behalf of the investor via the Subscription Functionality. ICF BANK AG Wertpapierhandelsbank, Kaiserstraße 1, 60311 Frankfurt, Germany (“**ICF BANK**”), in its capacity as order book manager will collect the purchase offers of the Trading Participants in the order book until the end of the Offer Period (as defined below). At the end of the Offer Period, ICF BANK, in its capacity as order book manager will close the order book.

Investors in Luxembourg whose depository bank is not a Trading Participant may instruct a Trading Participant (as defined above) via their depository bank to submit a subscription offer through the Subscription Functionality and execute it after acceptance by ICF BANK together with the depository bank of the investor.

## **3 Private Placement**

Aside from the Public Offering, the Offer Shares are offered by way of a Private Placement in certain jurisdictions outside Germany and Luxembourg.

In the United States, the Offer Shares are being offered for sale only to qualified institutional buyers as defined by and in reliance on Rule 144A under the Securities Act. Outside the United States, the Offer Shares are being offered in “offshore transactions” within the meaning of, and in reliance on Regulation S under the Securities Act.

## **4 Offer Period**

The offer period during which institutional investors may submit purchase offers for the shares will commence on September 26, 2017 while the offer period during which subscription offers could be submitted by investors, in particular retail investors, through the Subscription Functionality will commence on September 27, 2017 with both periods expected to end on October 10, 2017 (the “**Offer Period**”). On the last day of the Offer Period, purchase offers may be submitted (i) until 12:00 am (CEST) by investors, in particular retail investors, who want to submit subscription offers through the Subscription Functionality and (ii) until 2:00 pm (CEST) by institutional investors. Purchase orders must be for at least ten shares and be expressed in full euro amounts or increments of 25, 50 or 75 eurocents, except for orders placed via the Subscription Functionality to which such restrictions do not apply. Retail investors may place orders with more than one bank. Purchase orders are freely revocable until the respective Offer Period expires.

## 5 Price Range and Determination of Final Offer Price and Offer Shares to be Placed

The price range within which offers to purchase may be submitted is €20.00 to €24.00 per Offer Share (the “**Price Range**”).

After expiry of the Offer Period, on or around October 10, 2017, the final number of the Offer Shares and the offer price (the “**Offer Price**”) will be determined by the Company and the Parent Company after consultation with the Joint Bookrunners using the order book prepared during the bookbuilding process. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book. Consideration will also be given as to whether the Offer Price and the number of shares to be placed allows for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Company’s shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price but also to the composition of the group of shareholders in the Company that would result at a given price (so-called investor mix) as well as expected investor behavior. For further information regarding allotment criteria see “- 6. Allotment”. Neither the Company, nor the Parent Company, nor the Joint Bookrunners will charge investors any expenses or tax incurred in connection with the Offering.

The final number of the Offer Shares and the Offer Price are expected to be published on or around October 10, 2017 by means of any public disclosure of inside information under Article 17 MAR (“**Ad hoc Announcement**”) in various media mediums distributed across the entire European Economic Area and on the Company’s website (www.voltabox.ag). Investors who have placed purchase offers with one of the Joint Bookrunners can obtain information from that Joint Bookrunner about the Offer Price and the number of the Offer Shares allotted to them, at the earliest, on the first bank working day following the pricing.

Investors who have submitted subscription offers via the Subscription Functionality may liaise with their respective depositary banks to obtain information as to the number of allocated Offer Shares.

## 6 Allotment

The allotment of shares to investors who have submitted subscription offers via the Subscription Functionality and institutional investors will be decided by the Company and the Parent Company in consultation with the Joint Bookrunners. There are no agreements in place among the Company, the Parent Company and the Joint Bookrunners as to the allotment procedure. The ultimate decision on the allotment of Offer Shares to investors rests with the Company and the Parent Company after consultation with the Joint Bookrunners.

Allotments to institutional investors will be made on the basis of the quality of the individual institutional investors (including with respect to expected holding strategy and order size), as well as other important allotment criteria, for example the timing of the order, and will be determined by the Company and the Parent Company after consultation with the Joint Bookrunners. With respect to the subscription offers via the Subscription Functionality, the Company, the Parent Company and the Joint Bookrunners will adhere to the “Principles for the Allotment of Share Issues to Private Investors” (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) (i.e. drawing lots or allotment according to order size or allotment by means of a specific quote or allotment after the point in time of receipt of the purchase offer or selection according to other objective criteria (or a combination thereof)) issued on June 7, 2000 by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). “Qualified investors” (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as well as “professional clients” (*professionelle Kunden*) and “eligible counterparties” (*geeignete Gegenparteien*) under the German Securities Trading Act (*Wertpapierhandelsgesetz*) are not viewed as “private investors” within the meaning of the allotment rules. The details of the allotment procedure with respect to subscription offers via the Subscription Functionality will be stipulated after expiration of the Offer Period and published in accordance with the allotment principles.

## 7 Delivery and Payment

Book-entry delivery of the allotted Offer Shares against payment of the Offer Price and the customary securities commission (*Effektenprovision*) is expected to take place on October 13, 2017. The allotted Offer Shares will be made available to shareholders as co-ownership interests in the respective global share certificate. Trading in the Company's shares may commence before investors have received notice of the number of the Offer Shares allotted to them.

At their discretion, investors may choose to have shares they acquire in the Offering credited to (i) the securities account of a bank held for their account at Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"), (ii) the securities account of a participant in Euroclear Bank S.A./N.V., 1, Boulevard Roi Albert II, 1120 Brussels, Belgium, as the operator of the Euroclear system, or (iii) Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg.

## 8 Amendments to the Terms of the Offering

The Company and the Parent Company reserve the right, after consultation with the Joint Bookrunners, to reduce or increase the number of Offer Shares, to reduce or increase the upper and lower limits of the Price Range and/or to extend or shorten the Offer Period. To the extent that the terms of the Offering are changed, such change will be announced through electronic media, on the Company's website ([www.voltabox.ag](http://www.voltabox.ag)) and published, if required by the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and/or Regulation (EU) No 596/2014 on market abuse ("**Market Abuse Regulation**" – "**MAR**"), as an Ad hoc Announcement in accordance with the Market Abuse Regulation and as a supplement to this Prospectus, as the case may be. Investors who have submitted purchase orders will not, however, be informed individually. Changes to the number of the Offer Shares or the Price Range or extension or shortening of the Offer Period will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), investors who have submitted a purchase order before a supplement is published are granted a period of two business days from publication of the supplement to withdraw their orders, provided that the new circumstance or material mistake that makes a supplement necessary occurred prior to the final expiration of the Offering and prior to the delivery of the shares. Within two days of publication of the supplement, instead of withdrawing the purchase offers placed prior to the publication of the supplement, the investor may change such orders or submit new limited or unlimited orders.

The underwriting agreement between the Company, the Parent Company and the Joint Bookrunners, expected to be entered into on September 25, 2017 (the "**Underwriting Agreement**"), stipulates that the Joint Bookrunners may terminate the Underwriting Agreement under certain circumstances, even after the shares have been allotted and listed, up to delivery and settlement of the Offer Shares (see "*PART U: UNDERWRITING – 3 Termination/Indemnification*"). If the Underwriting Agreement is terminated, the Offering will not take place. In this case, any allotments already made to investors will be invalidated, and investors will have no claim for delivery. Claims with respect to security commissions already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the institution to which the investor submitted its purchase order. Investors engaging in short selling, bear the risk of being unable to satisfy their delivery obligations.

## 9 Stabilization Measures, Over-Allotment and Greenshoe Option

In connection with the placement of the Offer Shares, Bankhaus Lampe or persons acting on its behalf will act as stabilization manager (in such capacity the "**Stabilization Manager**") in agreement with the other Joint Bookrunners and may, acting in accordance with the legal requirements stipulated in the MAR, make over-allotments and take stabilization measures to support the market price of the shares of the Company and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time and without notice. Such measures may be taken from the date the shares of the Company are listed on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after this date (the "**Stabilization**").

**Period**”). These stabilization measures may result in a market price for the Company’s shares that is higher than it would otherwise have been. Moreover, the market price may be, temporarily, at an unsustainable level.

Under the possible stabilization measures, investors may, in addition to the New Shares and the Sale Shares, be allotted up to 825,000 additional shares in the Company from the holdings of the Parent Company under a securities loan (“**Over-Allotment Shares**”) granted to the Stabilization Manager under a securities loan (*Wertpapierdarlehen*) granted by the Parent Company to the Joint Bookrunners. The Over-Allotment Shares will not exceed 15% of the total number of the New Shares and Sale Shares.

In order to cover a potential over-allotment, the Company will grant the Joint Bookrunners an option, exercisable by the Stabilization Manager on behalf of the Joint Bookrunners, to acquire up to 825,000 additional new shares in the Company from a potential capital increase from the authorized capital yet-to-be resolved by the Management Board at the Offer Price (less agreed commission) in order to satisfy the retransfer obligation of the Joint Bookrunners under the securities loan (“**Greenshoe Option**”). The Greenshoe Option shall be exercisable until the 30th day after the commencement of trading in the Company’s shares on the stock exchange. If the Greenshoe Option is exercised in whole or in part, the securities loan will be redeemed using the shares originating from the capital increase from the authorized capital yet to be resolved by the Management Board (*Vorstand*).

Within one week following the end of the Stabilization Period, an announcement will be published via various media distributed across the entire European Economic Area (“*Medienbündel*”) as to whether or not any stabilization measures were taken, when price stabilization started and finished, the date on which the last stabilization measure was taken, the Price Range within which stabilization measures were taken (for each date on which a stabilization measure was taken) and the trading venues on which stabilization measures were carried out. Any Over-Allotments and exercise of the Greenshoe Option, the date hereof and the number and type of the shares concerned will also be published promptly in the manner previously stated.

## 10 Expected Timetable for the Offering

The anticipated timetable for the Offering, which is subject to extension or shortening, is as follows:

September 25, 2017	Approval of this Prospectus by the German Federal Financial Supervisory Authority ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> ) (“ <b>BaFin</b> ”)
	Notification of the approved Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector ( <i>Commission de Surveillance du Secteur Financier</i> ) (“ <b>CSSF</b> ”)
	Publication of the approved Prospectus on the Company’s website ( <a href="http://www.voltabox.ag">www.voltabox.ag</a> )
	Application for admission to trading for the 10,000,000 existing shares of the Company and the up to 5,000,000 New Shares with the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
September 26, 2017	Commencement of the Offer Period (for institutional investors)
	Commencement of marketing (roadshow)
September 27, 2017	Commencement of the Offer Period (for investors, in particular retail investors, who want to submit subscription offers via the Subscription Functionality)
October 10, 2017	Close of the Offer Period for subscription offers via the Subscription Functionality at 12:00 (noon) (CEST) and for institutional investors at 2:00 pm (CEST) Resolution of the

	Management Board on number of New Shares to be issued with approval of the Supervisory Board
	Determination of the Offer Price and allotment; publication of the Offer Price and number of the New Shares placed pursuant to Article 17 MAR via Ad-hoc Announcement in various media distributed across the entire European Economic Area and on the Company's website ( <a href="http://www.voltabox.ag">www.voltabox.ag</a> )
October 12, 2017 .....	Registration of the resolution on the capital increase regarding the New Shares with the commercial register of the Company
	Admission decision regarding the 10,000,000 existing shares of the Company and the up to 5,000,000 New Shares announced by the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
October 13, 2017 .....	First day of trading
	Book-entry delivery of the Offer Shares against payment of the Offer Price
Within 30 days after the commencement of trading .....	Application for admission to trading of the up to 825,000 Greenshoe Shares with the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
November 12, 2017 .....	End of Stabilization Period
mid-November 2017 .....	Possible registration of capital increase for Greenshoe Shares (if the Greenshoe Option is exercised)
	Admission of Greenshoe Shares (if Greenshoe Option is exercised)

This Prospectus will be published on the Company's website at [www.voltabox.ag](http://www.voltabox.ag). In addition, copies of the printed Prospectus and any supplements thereto will be available upon publication free of charge during regular business hours at the offices of the Company (Delbrück, Germany).

## **11 Stock Exchange Admission and Commencement of Trading**

The Company expects to apply for admission of its 10,000,000 existing shares and the up to 5,000,000 New Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) on September 25, 2017. The decision on the admission of these up to 15,000,000 shares of the Company to trading is expected to be announced on or about October 12, 2017. The decision on the admission of the Company's shares to trading will be made solely by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at its discretion. Trading of these shares of the Company on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on October 13, 2017.

The application for admission of up to 825,000 Greenshoe Shares to trading will presumably be made later, depending on whether the Greenshoe Option is expected to be exercised. To the extent the Greenshoe Option is exercised by the Stabilization Manager on behalf of Joint Bookrunners, the decision on the admission of the up to 825,000 Over-Allotment Shares from a capital increase from authorized capital is expected to be announced by mid November 2017. The Over-Allotment Shares will then be redeemed to the Parent Company.



## 12 Securities Code, Transferability

### 12.1 German Securities Code (*Wertpapierkennnummer, WKN*) / ISIN / Ticker Symbol

German Securities Identification Number ( <i>Wertpapierkennnummer, WKN</i> ): . . . . .	A2E4LE
International Securities Identification Number (ISIN): . . . . .	DE000A2E4LE9
Ticker Symbol: . . . . .	VBX

### 12.2 Transferability of the Shares

The Company's shares are freely transferable in accordance with legal requirements for ordinary bearer shares with no par value (*Stückaktien*). There are no restrictions on the transferability of the Company's shares other than the lock-up agreements (see "- 13. Lock-Up Agreements". See also "PART Q: DESCRIPTION OF THE COMPANY'S SHARE CAPITAL – 1 Share Capital and Shares – 1.5 Certification and Transferability of the Shares").

## 13 Lock-Up Agreements

In the Underwriting Agreement between the Company, the Parent Company and the Joint Bookrunners entered into on September 25, 2017, the Company has undertaken that it will not, for a period of six months following the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (which is currently expected to take place on October 12, 2017), undertake nor agree to undertake any of the following actions: (i) announce or effect any capital increase from authorized capital (other than the capital increase with respect to the Greenshoe Shares in the event the Greenshoe Option is exercised by the Stabilization Manager on behalf of the Joint Bookrunners), (ii) propose a capital increase to its general shareholders' meeting, (iii) announce, effect or propose to the general shareholders' meeting any issuance of securities with conversion rights into or option rights with respect to shares of the Company or (iv) enter into or announce a transaction or perform any action economically similar to those described in (i) through (iii).

The Parent Company has undertaken, for a period of six months following the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), (i) not to offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, transfer or otherwise dispose of, directly or indirectly, any shares of the Company or any other securities of the Company convertible into or exercisable or exchangeable for the shares of the Company held by it as of the date of this Prospectus nor (ii) to propose a capital increase or the issuance of securities with conversion rights into or option rights with respect to shares of the Company to the general shareholders' meeting of the Company, (iii) nor to enter into or announce any transaction or perform any action economically similar to those described in (i) and (ii) above.

## 14 Designated Sponsors

Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf, Germany, and Hauck & Aufhäuser Privatbankiers AG, Kaiserstraße 24, 60311 Frankfurt am Main, Germany, have agreed to assume the function of a designated sponsor for the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least twelve months. Pursuant to the designated sponsor's agreement expected to be entered into by the Company on October 10, 2017, the designated sponsors will, among other things, place limited buy and sell orders for shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the shares. In accordance with Sections 76 and 77 of the Exchange Rules (*Börsenordnung*) for the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the designated sponsor's agreement stipulates the duties and responsibilities of the designated sponsor. Among other things, the designated sponsor shall be available at all times during trading hours and, upon receipt of a request for a quote, shall promptly supply quotes and enter into transactions on such basis. In addition, the designated sponsors shall provide quotes throughout the auction.

## **15 General and Specific Information on the Shares**

### **15.1 Voting rights**

Each of the Offer Shares entitles the shareholder to one vote at the Company's general shareholders' meeting (*Hauptversammlung*). There are no restrictions on voting rights. Voting rights are the same for all of the Company's shareholders.

### **15.2 Dividend Rights and Share in Liquidation Proceeds**

The Offer Shares carry full dividend rights as from January 1, 2017 and for all subsequent fiscal years. In the event of the Company's liquidation, the Company's assets remaining after satisfaction of all liabilities of the Company will be distributed to the shareholders in proportion to their interest in the Company's share capital.

### **15.3 Form and Representation of the Company's Shares**

According to the Company's Articles of Association (*Satzung*), all shares have been and will be issued as ordinary bearer shares with no par value (*Stückaktien*). The existing shares of the Company will initially be represented by one global share certificate without dividend coupons which will be issued and deposited with Clearstream subsequently to the approval of this Prospectus. With respect to the New Shares, one additional global share certificate will be issued and likewise deposited with Clearstream. Section 4.3 of the Company's current Articles of Association stipulates that the shareholders' right to receive individual share certificates for their shares as well as any dividend coupons or renewal coupons shall be excluded as far as legally permissible.

## **16 Interests of Parties Participating in the Offering**

The Joint Bookrunners are acting as underwriters in the Offering and will receive a commission upon successful completion of the Offering. The amount of the Joint Bookrunners' commission will depend on the volume of the Offering and the Offer Price. The Joint Bookrunners therefore have an interest that as many Offer Shares as possible are placed at the highest price possible. In addition, Bankhaus Lampe and Hauck & Aufhäuser have been appointed as designated sponsors for the Company's shares. Bankhaus Lampe and Hauck & Aufhäuser will only receive fees as designated sponsor, if the Offering is completed.

The Joint Bookrunners and their affiliates have provided and/or may in the future, from time to time, provide services to companies of the Group and the Parent Company, in the ordinary course of business in their capacity as financial institutions, for example, by financing transactions such as bond offerings and the Joint Bookrunners thus also have an interest in the Offering. The Joint Bookrunners may at any time in the future act as principal or agent for one or more than one party, hold long or short positions, and may trade or otherwise effect transactions, for their own account or for the account of customers, in the shares of the Company or the Parent Company or in debt securities or loans of the Group or the Parent Company and enter into financing arrangements (including swaps) with various parties including investors in debt or equity securities or loans of the Group or the Parent Company.

In the event of a successful Offering, the Joint Bookrunners may also be selected as financial advisors in future transactions or act as lender or arranger of future financing transactions or trade for their own account or for the account of their customers, in debt or equity securities or loans of the Group.

The Parent Company will receive the proceeds from the sale of the Sale Shares in the Offering. Therefore, the Parent Company and, in turn, its Controlling Shareholder, Klaus Dieter Frers, who is the Company's founder and assumes the function as chairman of the Company's supervisory board, have a personal interest in the successful implementation of the Offering.

Since the Company will receive the net proceeds from the Offering of the New Shares and the Greenshoe Shares (to the extent the Greenshoe Option is exercised) and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company, specifically the Company's current Parent Company paragon AG and, in turn, its Controlling Shareholder Klaus Dieter Frers, have an interest in the successful implementation of the Offering.

Therefore, the interests of the Joint Bookrunners, our Parent Company and, in turn, its Controlling Shareholder Klaus Dieter Frers, with regard to the Offering may deviate from, or conflict with, the Company's interests.

Moreover, in the event of a successful Offering, the Company intends to repay a shareholder loan granted by the Parent Company in an amount of up to €15.7 million from the proceeds of the Offering. Thus, the Parent Company has a financial interest in the success of the Offering.

In addition to the aforementioned interests, the Company is not aware of any interests which are material to the Offering and which could be considered conflicting

## **PART D: PROCEEDS AND COSTS OF THE OFFERING, REASONS FOR THE OFFERING, USE OF PROCEEDS**

### **1 Proceeds and Costs of the Offering**

The Company will receive the proceeds (after deduction of the Joint Bookrunners' commissions and other costs to be borne by the Company) resulting from the sale of the New Shares and the Greenshoe Shares, to the extent the Greenshoe Option is exercised by the Stabilization Manager on behalf of the Joint Bookrunners. The Company will not receive any proceeds from the sale of the Sale Shares which will instead be received by the Parent Company.

The amount of the gross proceeds from the Offering to the Company and the Parent Company as well as the overall costs related to the Offering, including the Joint Bookrunners' commissions depend on the Offer Price and the number of shares that will be placed in the Offering.

Assuming full placement of 5,000,000 New Shares and full exercise of the Greenshoe Option of 825,000 further new shares (which, in turn, would require full placement of the Over-allotment Shares) at an offer price of €22.00, which is the mid-point of the price range set for the Offering of the Offer Shares (the "**Price Range**"), the total gross proceeds to the Company from the Offering will be €128.2 million. The Company will bear the costs related to the placement of the New Shares and the Greenshoe Shares as well as the listing of its entire share capital. Based on the aforementioned assumptions, the Company estimates that the commissions payable to the Joint Bookrunners and attributable to the Company (including a possible discretionary fee) together with the other costs attributable to the New Shares and the Greenshoe Shares as well as the listing of the entire share capital will amount to approximately €7.7 million. Accordingly, assuming an Offer Price at the mid-point of the Price Range, the net proceeds from the Offering to the Company (after deducting the Joint Bookrunners' commissions and other costs attributable to the Company) (the "**Net Proceeds**") will amount to approximately €120.4 million. The decision on the number of the New Shares to be placed will be made on October 10, 2017.

If the Greenshoe Option is not exercised the Net Proceeds of the Company (assuming a full placement of 5,000,000 offered New Shares), after deduction of the commissions (including the full discretionary fee) and other costs attributable to the Company amounting to €6.9 million would then amount to €103.1 million.

The Parent Company will receive the proceeds from the sale of the Sale Shares (after deduction of the commissions and other costs to be borne by the Parent Company with respect to the Sale Shares). Assuming full placement of the 500,000 Sale Shares at an Offer Price of €22.00, which is the mid-point of the Price Range for the Offering of the Offer Shares, the total gross proceeds to the Parent Company from the Offering will be €11.0 million. The Parent Company will bear the costs related to the placement of the Sale Shares. Based on the aforementioned assumptions, the Company estimates that the commissions payable to the Joint Bookrunners and attributable to the Parent Company (including a possible discretionary fee) together with the Parent Company's share in the other costs attributable to the Sale Shares will amount to approximately €0.7 million. Accordingly, assuming an Offer Price at the mid-point of the Price Range, the net proceeds from the Offering to the Parent Company (after deducting the Joint Bookrunners' commissions and other costs attributable to the Parent Company) will amount to approximately €10.3 million.

If the Offer Price is set at the lower or higher end of the Price Range, the net proceeds both to the Company and the Parent Company will be lower or higher than as shown above (i.e. at the mid-point of the Price Range).

### **2 Reasons for the Offering, Use of Proceeds**

Assuming Net Proceeds to the Company of €120.4 million (i.e. based on the Offer Price at the mid-point of the Price Range and full placement of the Offer Shares), the Company intends to use the Net Proceeds as follows:

- approximately €25 million thereof for the ramp-up of research and development and production capacity (including hiring of qualified R&D personnel with expertise in batteries; further development of existing and new products; investments in new production lines and new facilities, including in China);

- up to approximately €16 million thereof for the repayment of the existing shareholder loan to paragon AG; and
- the remainder for strategic mergers & acquisitions (depending on availability of suitable targets).

The chronological sequence in which the funds from the Net Proceeds will be used by the Company for the aforementioned measures as well as the actual proportion of the Net Proceeds that will be used for the individual measures will depend on a number of factors, which at present cannot be conclusively determined.

To the extent and as long as the Net Proceeds are not used for the above-mentioned measures, the Company intends to invest the funds in liquid short-term bank deposits, money market instruments, short-term government bonds or similar instruments, so that the funds remain available as needed on short notice for general corporate purposes of the Group.

## PART E: DIVIDEND POLICY AND EARNINGS PER SHARE

### 1 General Provisions Relating to Profit Allocation and Dividend Payments

Based on their respective interest in the Company's share capital, the Company's shareholders have a right to the Company's distributable profits. In a German stock corporation, resolutions concerning the distribution of dividends for a given fiscal year, and the amount and payment date thereof, are adopted by the general shareholders' meeting of the subsequent fiscal year upon a joint proposal by the Management Board and the Supervisory Board.

Dividends may only be distributed from Company's the distributable profit (*Bilanzgewinn*). The distributable profit is calculated based on the Company's stand-alone annual financial statements prepared in accordance with the accounting principles of the German Commercial Code (*Handelsgesetzbuch*, HGB). Accounting regulations under the German Commercial Code (*Handelsgesetzbuch*, HGB) differ from IFRS in material respects.

When determining the amount available for distribution, net income or loss for the year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/Verlustvorträge*) from the previous year and release of or allocations to reserves. Certain reserves are required to be set up by law and must be deducted when calculating the profit available for distribution. The Management Board must prepare the financial statements (statement of financial position, income statement and notes to the financial statements) and the management report for the previous fiscal year by the statutory deadline, and present these to the auditors and then the Supervisory Board after preparation. At the same time, the Management Board and the Supervisory Board must present a proposal for the allocation of the Company's distributable profit pursuant to Section 170 of the German Stock Corporation Act (*Aktiengesetz*). According to Section 171 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board must review the financial statements, the management report and the proposal for the allocation of the distributable profit, and report to the general shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Management Board within one month after the documents were received. If the Supervisory Board approves the financial statements after its review, these are deemed adopted unless the Management Board and the Supervisory Board resolve to assign the adoption of the financial statements to the general shareholders' meeting. If the Management Board and the Supervisory Board choose to allow the general shareholders' meeting to adopt the financial statements, or if the Supervisory Board does not approve the financial statements, the Management Board must convene a general shareholders' meeting without delay.

The resolution of the general shareholders' meeting on the allocation of the distributable profit must be passed with a simple majority of votes. If the Management Board and the Supervisory Board adopt the financial statements, they can allocate an amount of up to half of the Company's net income for the year to other surplus reserves. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net income for the year to be allocated to other surplus reserves. Dividends resolved by the general shareholders' meeting are paid annually shortly after the general shareholders' meeting, as provided in the dividend resolution, in compliance with the rules of the respective clearing system. Dividend payment claims are subject to a three-year standard limitation period. If dividend payment claims expire, then the Company becomes the beneficiary of the dividends. Details concerning any dividends resolved by the general shareholders' meeting and the paying agents named by the Company will be published in each case in the German Federal Gazette (*Bundesanzeiger*).

The Offer Shares carry full dividend rights from January 1, 2017, and for all subsequent fiscal years. The dividends will be paid out in accordance with the rules of the clearing system of Clearstream. Details of dividend payments and the respective paying agent will be published in the German Federal Gazette (*Bundesanzeiger*) after the general shareholders' meeting. Neither German law nor the Company's Articles of Association provide for a special procedure for the exercise of dividend rights by shareholders not residing in Germany. Shareholders who have their shares held in safekeeping by a custodian bank situated outside Germany must inquire at the respective bank regarding the terms and conditions applicable in their case.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For more information on the taxation of dividends see “PART V: TAXATION IN GERMANY – 2 Taxation of Shareholders” and “PART W: TAXATION IN LUXEMBOURG - 2 Withholding Taxes”.

## 2 Dividend Policy and Earnings per Share

The Company does not expect to pay dividends for the fiscal year 2017. In the mid to long-term, however, the Company expects that a certain portion of its distributable profits (i.e. the balance sheet profit as shown in its annual financial statements in accordance with the German Commercial Code, HGB), up to approximately 25% thereof, will be distributed to its shareholders.

The Company’s ability to pay dividends in the future depends on the amount of distributable retained profits. The Company is not in a position to make any statements on the amount of future retained profits or on whether retained profits will be existing at all in the future, and as a consequence, cannot guarantee that dividends will be paid in future years. The Company intends to use a major part of its profits, if any, less the proportion to be allocated to the statutory reserve, for the financing of its business’ further growth in the coming years and to pay dividends only to the extent that this is consistent with its business and investment planning.

The table below shows the net profit (loss) as well as the net profit (loss) per share for the Group in accordance with IFRS, and the net profit (loss) as well as the net profit (loss) per share for the Company (determined in accordance with the German Commercial Code (*Handelsgesetzbuch*)) for the six months ended June 30, 2017 and, on a combined basis, for the fiscal years 2016, 2015 and 2014. Past earnings are not an indication of future earnings.

	Six months ended June 30,	Fiscal year ended December 31,		
	2017	2016	2015	2014
	(consolidated) (unaudited)	(combined) (audited)		
	in € thousand			
Net profit (loss) for the Group attributable to the shareholders in accordance with IFRS in € thousand . . . . .	-630	-228 <sup>1</sup>	1,987 <sup>1</sup>	-607
<i>per share in €</i> <sup>2</sup> . . . . .	-0.063	-0.023	0.199 <sup>1</sup>	-0.061
Net profit (loss) for the Company attributable to shareholders in accordance with the German Commercial Code ( <i>Handelsgesetzbuch</i> ) . . . . .	-2,646	-4,456 <sup>3</sup>	-4,963 <sup>3</sup>	-2,376
<i>per share in €</i> <sup>4</sup> . . . . .	-0.265	-0.446	-0.496	-0.238
Dividends paid by the Group <sup>5</sup> . . . . .	0	0	0	0
<i>per share in €</i> . . . . .	0	0	0	0
Company’s share capital as of the end of the respective reporting period . . . . .	100	100	50	50

1 Investors should note that in the fiscal years 2016 and 2015, our Parent Company covered T€4,456 and T€4,963, respectively, of our losses (pursuant to HGB) under a profit and loss transfer agreement and we generated corresponding income in our combined income statements.

2 Net profit (loss) per share is calculated by 10,000,000 shares.

3 In fiscal years 2016 and 2015, the amount shown is the loss in the ordinary activities before loss coverage under the profit and loss transfer agreement with the Parent Company.

4 Net profit (loss) per share is computed by 10,000,000 shares.

5 This item includes all dividends paid by the Company (pursuant to IFRS).

## PART F: CAPITALIZATION AND INDEBTEDNESS

The following tables provide an overview of the Company's capitalization and indebtedness on a consolidated basis as of June 30, 2017. The figures are based on (i) the Company's Interim Financial Statements (IFRS) for the six months ended June 30, 2017, (ii) the effect of the pre-IPO capital increase against contribution in kind by €9,900,000 thereby increasing the Company's share capital to € 10,000,000, (iii) the effect of the placement of the Offer Shares and (iv) the effect of the placement of the Offer Shares and full exercise of the Greenshoe Option.

Investors should read these tables in conjunction with "PART H: SELECTED FINANCIAL INFORMATION", "PART I: MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS", "PART Q: - 1.2 Share Capital of the Company and Development of Share Capital since the Company's incorporation" and the Interim Financial Statements (IFRS) for the six months ended June 30, 2017, including the notes thereto, which are included in this Prospectus, beginning on page F-2.

### 1 Capitalization

	As of June 30, 2017	As of June 30, 2017	Adjustment for the completion of the Offering	
	(i) actual	(ii) actual (adjusted for €9.9m pre-IPO capital increase)	(iii) excluding exercise of the Greenshoe Option <sup>1</sup>	(iv) assuming full exercise of the Greenshoe Option <sup>2</sup>
	in € thousand (unaudited)			
<b>Total Current debt<sup>3</sup></b> . . . . .	<b>33,501</b>	<b>23,601</b>	<b>23,601</b>	<b>23,601</b>
of which guaranteed <sup>4</sup> . . . . .	670	670	670	670
of which secured <sup>5</sup> . . . . .	0	0	0	0
of which unguaranteed/ unsecured . . . . .	32,831	22,931	22,931	22,931
<b>Total Non-current debt<sup>6</sup></b> . . . . .	<b>4,969</b>	<b>4,969</b>	<b>4,969</b>	<b>4,969</b>
of which guaranteed <sup>7</sup> . . . . .	3,960	3,960	3,960	3,960
of which secured <sup>8</sup> . . . . .	0	0	0	0
of which unguaranteed/ unsecured . . . . .	1,009	1,009	1,009	1,009
<b>Shareholders' equity</b> . . . . .	<b>5,419</b>	<b>15,319</b>	<b>118,435</b>	<b>135,768</b>
Share capital <sup>9</sup> . . . . .	100	10,000	15,000	15,825
Legal reserve <sup>10</sup> . . . . .	1,244	1,244	99,360	115,868
Other reserves <sup>11</sup> . . . . .	4,075	4,075	4,075	4,075
<b>Total capitalization</b> . . . . .	<b>43,889</b>	<b>43,889</b>	<b>147,005</b>	<b>164,338</b>

1 These adjustments reflect that from the Company's gross proceeds from the Offering in the amount of €110.0 million (calculated on the basis of 5,000,000 New Shares which are fully placed at the mid-point of the price range (i.e. €22.00) per share), €5.0 million are allocable to share capital and €105.0 million to legal reserves. Costs of the Offering attributable to the Company are €6.884 million which are deducted from the legal reserves.

2 These adjustments reflect that from of the Company's gross proceeds from the Offering, assuming a full exercise of the Greenshoe Option, in the amount of €128.150 million (calculated on the basis of 5,000,000 New Shares and 825,000 Greenshoe Shares which are fully placed at the mid-point of the price range (€22.00) per share), €5.825 million are allocable to share capital and €122.325 million to legal reserves. Costs of the Offering attributable to the Company are €7.701 million which are therefore directly deducted from the legal reserves.

3 This item corresponds to "Current provisions and liabilities" (T€33,501) as shown in our Interim Financial Statements (IFRS). For (i) this amount includes T€25,648 of shareholder loan. For (ii), (iii) and (iv) this amount was adjusted by the €9.9 million pre-IPO capital increase against contribution in kind and includes T€15,748 of shareholder loans.

4 This item refers to the portion of "Current provisions and liabilities" secured by guarantees.

5 This item refers to "Current provisions and liabilities" which are secured by collateral comprising property, plant and equipment and investment properties.

6 This item corresponds to "Non-current provisions and liabilities" as shown in our Interim Financial Statements (IFRS).

7 This item refers to the portion of "Non-current provisions and liabilities" secured by guarantees.

8 This item refers to "Non-current provisions and liabilities" which are secured by collateral comprising property, plant and equipment and investment properties.



- 9 This item corresponds to “Subscribed capital” (T€100) as shown in our Interim Financial Statements (IFRS). In (ii), (iii) and (iv) this amount was adjusted by the €9.9 million pre-IPO capital increase against contribution in kind.
- 10 This item corresponds to “Capital reserve” (T€1,244) as shown in our Interim Financial Statements (IFRS).
- 11 This item corresponds to “profit-/loss carried forward”, “consolidated net income” and “currency translation differences”, each as shown in our Interim Financial Statements (IFRS)

## 2 Net Financial Indebtedness

	As of June 30, 2017	As of June 30, 2017	Adjustment for the completion of the Offering	
	(i) actual	(ii) actual <sup>1</sup> (adjusted for €9.9m pre-IPO capital increase)	(iii) excluding exercise of the Greenshoe Option <sup>7</sup>	(iv) assuming full exercise of the Greenshoe Option <sup>8</sup>
	in € thousand (unaudited)			
A. Cash . . . . .	2,380	2,380	105,496	122,829
B. Cash equivalents (Bank balances) . . . . .	0	0	0	0
C. Trading securities . . . . .	0	0	0	0
<b>D. Liquidity (A)+(B)+(C) . . . .</b>	<b>2,380</b>	<b>2,380</b>	<b>105,496</b>	<b>122,829</b>
<b>E. Current financial receivables<sup>2</sup> . . . . .</b>	<b>10,547</b>	<b>10,547</b>	<b>10,547</b>	<b>10,547</b>
F. Current bank debt . . . . .	654	654	654	654
G. Current portion of non-current debt <sup>3</sup> . . . . .	0	0	0	0
H. Other current financial debt <sup>4</sup> . . . . .	29,548	19,648	19,648	19,648
<b>I. Current financial debt (F)+(G)+(H) . . . . .</b>	<b>30,202</b>	<b>20,302</b>	<b>20,302</b>	<b>20,302</b>
<b>J. Net current financial indebtedness (I)-(E)-(D) . . . .</b>	<b>17,275</b>	<b>7,375</b>	<b>-95,741</b>	<b>-113,074</b>
K. Non-current bank loans <sup>5</sup> . . . . .	3,910	3,910	3,910	3,910
L. Bonds issued . . . . .	0	0	0	0
M. Other non-current loans <sup>6</sup> . . . . .	50	50	50	50
<b>N. Non-current financial indebtedness (K)+(L)+(M) . . .</b>	<b>3,960</b>	<b>3,960</b>	<b>3,960</b>	<b>3,960</b>
<b>O. Net financial indebtedness (J)+(N) . . . . .</b>	<b>21,235</b>	<b>11,335</b>	<b>-91,781</b>	<b>-109,114</b>

- 1 The figures refer to the Company and its consolidated subsidiary as of June 30, 2017.
- 2 This item includes current trade receivables plus current receivables from related parties.
- 3 This item refers to the current portion of financial liabilities.
- 4 This item includes the current portion of the finance lease liabilities. This item also includes T€15,748 of shareholder loans for (ii), (iii) and (iv) and T€25,648 for (i).
- 5 This item refers to the non-current portion of financial liabilities.
- 6 This item includes the non-current portion of the finance lease liabilities.
- 7 These adjustments reflect the Company’s gross proceeds from the Offering in the amount of €110.0 million (calculated on the basis of 5,000,000 New Shares which are fully placed at the mid-point of the price range (€22.00) per share) minus costs of the Offering attributable to the Company in the amount of €6.884 million, resulting in net proceeds in the amount of €103.116 million.
- 8 These adjustments reflect the Company’s gross proceeds from the Offering assuming full exercise of the Greenshoe Option in the amount of €128.2 million (calculated on the basis of 5,825,000 shares which are fully placed at the mid-point of the price range (€22.00) per share) minus costs of the Offering attributable to the Company in the amount of €7.701 million, resulting in net proceeds in the amount of €120.449 million.

### **3 Contingent Liabilities and Other Financial Obligations**

As of June 30, 2017, the Group's contingent liabilities amounted to €0.0 million.

Financial obligations as of June 30, 2017 amounted to €0.1 million. Aside from the aforementioned description of contingent liabilities and financial obligations, there are no other financial obligations recorded as of June 30, 2017.

### **4 Working Capital Statement**

From the current perspective, the Company is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this Prospectus.

### **5 No Significant Change**

Between June 30, 2017 and the date of this Prospectus, there have been no significant changes in the Group's financial or trading position. For information on the recent development of the Company's business and the management's view on full year trends, see "*PART X: RECENT DEVELOPMENTS AND OUTLOOK*".

## PART G: DILUTION

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price at the low end, mid-point and upper end of the Price Range exceeds the net book value per share after completion of the Offering. The net book value per share after completion of the Offering is thereby defined as net book value per share before the Offering as of June 30, 2017 plus net proceeds from the Offering for the Company.

The net book value per share before the Offering as of June 30, 2017 refers to total assets minus the sum of total non-current and current liabilities and non-controlling interest and equals equity attributable to the shareholders of the Parent Company as of June 30, 2017 in the amount of €5.4 million, divided by 100,000 outstanding shares and amounts to €54.19 per share.

After giving effect to the pre-IPO capital increase against contribution in kind, the net book value per share as of June 30, 2017, adjusted for the €9.9m pre-IPO capital increase by issuing 9.9 million new shares, i.e. immediately prior to the Offering, was €15.3 million and divided by 10,000,000 shares amounts to €1.53 per share.

After giving effect to the issuance of 5,000,000 New Shares in the context of the Offering, assuming an Offer Price of €22.00, i.e. at the mid-point of the Price Range, and full exercise of the Greenshoe Option (825,000 additional new shares), the net book value attributable to the Company's shareholders based on the total Net Proceeds from the Offering would have been €135.7 million as of June 30, 2017 (adjusted for the €9.9m pre-IPO capital increase against contribution in kind), or €8.58 per share of the Company. This would correspond to a direct dilution of €13.42, corresponding to 61.0%, per Company share for the parties acquiring the Offer Shares, based on 15,825,000 outstanding shares of the Company following the completion of the Offering (assuming a placement of all New Shares and full exercise of the Greenshoe Option).

The financial information shown in the following table is derived from the Interim Financial Statements (IFRS) for the six months ended June 30, 2017 prepared in accordance with IFRS.

	Low end	Mid-point	Upper end
Offer price per share (in €) . . . . .	20.00	22.00	24.00
Net book value attributable to shareholders per share as of June 30, 2017 (based on 100,000 shares) (in €) . . . . .	54.19	54.19	54.19
Net book value attributable to shareholders per share as of June 30, 2017(pre-IPO net book value <sup>1</sup> , adjusted for €9.9m pre-IPO capital increase) (in €) . . . . .	1.53	1.53	1.53
Post-IPO net book value per share (post-IPO net book value <sup>2</sup> ) (in €) . . . . .	7.88	8.58	9.28
Amount by which the post-IPO net book value per share exceeds (+)/ falls below (-) the pre-IPO net book value per share (in €) . . . . .	6.35	7.05	7.75
Percentage by which the post-IPO net book value per share exceeds (+)/ falls below (-) the pre-IPO net book value per share (in %) . . . . .	+415.0%	+460.8%	+506.5%
Amount by which the Offer Price per share exceeds (+)/falls below (-) the post-IPO net book value per share (immediate dilution per share) (in €) . . . . .	12.12	13.42	14.72
Percentage by which the Offer Price per share exceeds (+)/ falls below (-) the post-IPO net book value per share (direct dilution per share for the parties acquiring Offer Shares) (in %) . . . . .	+60.6%	+61.0%	+61.3%

<sup>1</sup> Pre-IPO net book value refers to total assets minus the sum of total non-current and current liabilities and non-controlling interest and equals equity attributable to the shareholders of the Parent Company as of June 30, 2017, plus T€ 9,900 from the pre-IPO capital increase against contribution in kind, divided by 10,000,000 outstanding shares immediately prior to the Offering.

<sup>2</sup> Post-IPO net book value refers to total assets minus the sum of total non-current and current liabilities and non-controlling interest and equals equity attributable to the shareholders of the Parent Company as of June 30, 2017 plus the net proceeds from the issuance of all New Shares at the lower end, mid-point and upper end of the price range plus the proceeds from the exercise of the Greenshoe Option in full divided by 15,825,000 outstanding shares following the completion of the Offering.

Prior to the Offering, our Parent Company was our sole shareholder, holding all 10,000,000 outstanding shares and thus 100% of the voting rights. Upon completion of the Offering (assuming the placement in full of all

Offer Shares, comprising 5,000,000 New Shares, 500,000 Sale Shares and 825,000 additional new shares following a full exercise of the Greenshoe Option) and 15,825,000 shares outstanding after completion of the Offering, the aggregate voting rights held by our Parent Company would amount to 60.03%.

## PART H: SELECTED FINANCIAL INFORMATION

*The financial information contained in the following tables is taken or derived from the Combined Financial Statements (IFRS), the Interim Financial Statements (IFRS) (together the “Financial Statements”) and the Group’s accounting or controlling records.*

*The Combined Financial Statements (IFRS) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB), London, as adopted by the EU and applicable on the balance sheet date, and in accordance with the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC). They have been audited in accordance with Section 317 of the German Commercial Code (“HGB”) and German generally accepted standards for the audit of financial statements, which are promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer) by Baker Tilly, who issued an unqualified audit opinion thereon.*

*The Interim Financial Statements (IFRS) for the six months ended June 30, 2017 (including comparative figures for the six months ended June 30, 2016), have been prepared in accordance with IFRS as adopted by the EU for interim financial reporting (IAS 34). Since IFRS does not provide guidance for the preparation of combined financial statements, IAS 8 – Accounting policies, changes in accounting estimates and errors was used for the preparation of the Combined Financial Statements (IFRS).*

*Voltabox was not, during the fiscal years covered by the Combined Financial Statements (IFRS), a legal group for consolidated financial reporting purposes. The Combined Financial Statements (IFRS) were prepared on the basis of the assumption that Voltabox in its current form existed like a group of companies since January 1, 2014.*

*Management believes the transactions underlying the Combined Financial Statements (IFRS) are based on the best available information of the relative revenues, expenses, assets and liabilities that Voltabox would have incurred had it been operated on a stand-alone basis over the period presented. However, the revenues, expenses, assets and liabilities in these Combined Financial Statements (IFRS) are not necessarily indicative of those of Voltabox if it had performed the underlying functions as a stand-alone company, nor are they indicative of the future revenues, expenses, assets and liabilities of Voltabox. Therefore, the Combined Financial Statements (IFRS) may not necessarily reflect the financial position, results of operations and cash flows of Voltabox as if it were a stand-alone group of companies operating independently from paragon AG during the periods presented.*

*The company information shown below should be read in conjunction with the Combined Financial Statements (IFRS) and the Interim Financial Statements (IFRS), contained in the financial section of this Prospectus including the explanatory notes thereto, and in conjunction with the sections “PART A: RISK FACTORS”, “PART I: MANAGEMENT’S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS” and “PART M: BUSINESS”. See also “PART B: GENERAL INFORMATION – 6 Notes Regarding Financial Information” for further information on the financial statements.*

*Where financial information in the following tables is labeled “audited”, it means that this information was taken from the Combined Financial Statements (IFRS). The label “unaudited” is used in the following tables to indicate financial information which was taken or derived from our accounting records, internal management reporting systems or the Interim Financial Statements (IFRS). The label “combined” is used in the following tables to indicate financial information that was taken from the Combined Financial Statements (IFRS). The label “consolidated” is used in the following tables to indicate financial information that was taken from the Interim Financial Statements (IFRS).*

*Some information in this section also present as so called Non-GAAP Measures (i.e. figures neither defined under IFRS nor under the German Commercial Code (HGB)). These Non-GAAP Measures are key figures used by our management to monitor the performance of the Group. Non-GAAP measures not included in the Combined Financial Statements (IFRS) are labeled as “unaudited” in the relevant tables, while Non-GAAP Measures included in the Combined Financial Statements (IFRS) are labeled “audited” in the relevant tables. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure in the section titled “Selected Other Financial Information” elsewhere in this Prospectus.*

## 1 Selected Financial Information from the Income Statement

The following table shows selected information from the consolidated income statement for the six months ended June 30, 2017 taken from the Interim Financial Statements (IFRS) and from the consolidated income statement for the fiscal years ended December 31, 2016, 2015 and 2014 of Voltabox taken from the Combined Financial Statements (IFRS):

	Six months ended June 30,		Fiscal year ended December 31,		
	2017	2016	2016	2015	2014
	unaudited (consolidated)		audited (combined)		
	in € thousand				
<b>Revenue</b> . . . . .	<b>10,594</b>	<b>4,514</b>	<b>14,493</b>	<b>7,405</b>	<b>4,554</b>
Other operating income . . . . .	71	133	67	1,207	368
Increase or decrease in inventory of finished goods and work in progress . . . . .	845	747	-197	594	321
Other own work capitalized . . . . .	2,059	1,713	6,035	5,308	2,276
<b>Total operating performance</b> . . . . .	<b>13,569</b>	<b>7,107</b>	<b>20,398</b>	<b>14,514</b>	<b>7,519</b>
Cost of material . . . . .	-7,291	-4,594	-13,405	-8,282	-4,077
<b>Gross profit</b> . . . . .	<b>6,278</b>	<b>2,513</b>	<b>6,993</b>	<b>6,232</b>	<b>3,442</b>
Personnel expenses . . . . .	-2,803	-1,792	-4,113	-3,155	-1,521
Depreciation of property, plant and equipment and amortization of intangible assets . . . . .	-945	-757	-1,540	-1,079	-292
Impairment of property, plant and equipment and intangible assets . . . . .	0	0	0	-6	0
Other operating expenses . . . . .	-3,277	-1,507	-5,015	-3,865	-2,045
<b>Earnings before interest and taxes (EBIT)</b> . . . . .	<b>-747</b>	<b>-1,543</b>	<b>-3,675</b>	<b>-1,873</b>	<b>-416</b>
Financial income . . . . .	0	0	0	0	0
Financial expenses . . . . .	-258	-137	-534	-466	-22
<b>Financial result</b> . . . . .	<b>-258</b>	<b>-137</b>	<b>-534</b>	<b>-466</b>	<b>-22</b>
<b>Earnings before taxes (EBT)</b> . . . . .	<b>-1,005</b>	<b>-1,680</b>	<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Income taxes . . . . .	375	-155	-475	-637	-169
Profit transfer (under profit and loss transfer agreement) . . .	0	0	4,456	4,963	0
<b>Consolidated net income</b> . . . . .	<b>-630</b>	<b>-1,835</b>	<b>-228</b>	<b>1,987</b>	<b>-607</b>
<b>Total comprehensive income</b> . . . . .	<b>-555</b>	<b>-1,835</b>	<b>-228</b>	<b>1,987</b>	<b>-607</b>

## 2 Selected Financial Information from the Balance Sheet

The following table shows selected information from the consolidated balance sheet as of June 30, 2017 taken from the Interim Financial Statements (IFRS) and from the combined balance sheet as of December 31, 2016, 2015 and 2014 of Voltabox taken from the Combined Financial Statements (IFRS):

	June 30,	December 31,		
	2017	2016	2015	2014
	unaudited (consolidated)	audited (combined)		
	in € thousand			
<b>ASSETS</b>				
<b>Noncurrent assets</b>				
Intangible assets . . . . .	14,334	12,908	7,388	2,465
Goodwill . . . . .	3,187	3,187	2,417	924
Property, plant and equipment . . . . .	8,238	9,377	9,343	3,918
	<b>25,759</b>	<b>25,472</b>	<b>19,148</b>	<b>7,307</b>
<b>Current assets</b>				
Inventories . . . . .	4,667	3,955	3,304	1,100
Trade receivables . . . . .	6,620	5,776	4,191	3,812
Receivables from related parties . . . . .	3,927	2,539	1,814	1,109
Income tax assets . . . . .	21	—	—	—
Other assets . . . . .	515	343	258	170
Cash and cash equivalents . . . . .	2,380	940	771	726
	<b>18,130</b>	<b>13,553</b>	<b>10,338</b>	<b>6,916</b>
<b>Total assets . . . . .</b>	<b>43,889</b>	<b>39,025</b>	<b>29,486</b>	<b>14,223</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Subscribed capital . . . . .	100	100	50	50
Capital reserve . . . . .	1,244	1,244	494	494
Profit-/loss carried forward . . . . .	4,630	4,337	1,804	1,052
Consolidated net income . . . . .	-630	-228	1,987	-607
Currency translation differences . . . . .	75	—	—	—
	<b>5,419</b>	<b>5,453</b>	<b>4,335</b>	<b>989</b>
<b>Non-current provisions and liabilities</b>				
Non-current liabilities from finance lease . . . . .	50	107	63	0
Non-current loans . . . . .	3,910	4,539	4,718	1,071
Deferred taxes . . . . .	1,009	1,385	910	273
	<b>4,969</b>	<b>6,031</b>	<b>5,691</b>	<b>1,344</b>
<b>Current provisions and liabilities</b>				
Current portion of liabilities from finance lease . . . . .	16	39	31	81
Current loans and current portion of non-current loans . . . . .	654	651	581	465
Trade payables . . . . .	2,555	3,361	2,882	675
Liabilities to related parties . . . . .	29,532	22,671	15,434	10,585
Other provisions . . . . .	36	6	22	4
Other current liabilities . . . . .	708	814	510	80
	<b>33,501</b>	<b>27,542</b>	<b>19,460</b>	<b>11,890</b>
<b>Total equity and liabilities . . . . .</b>	<b>43,889</b>	<b>39,025</b>	<b>29,486</b>	<b>14,223</b>

### 3 Selected Financial Information from the Cash Flow Statement

The following table shows selected information from the consolidated statement of cash flows for the six months ended June 30, 2017 taken from the Interim Financial Statements (IFRS) and from the combined statement of cash flows for fiscal years ended December 31, 2016, 2015 and 2014 of Voltabox taken from the Combined Financial Statements (IFRS):

	Six months ended June 30,	Fiscal year ended December 31,		
	2017 <sup>2</sup>	2016	2015	2014
	unaudited (consolidated)	audited (combined)		
	in € thousand			
<b>Earnings before taxes (EBT)</b> . . . . .	<b>-1,005</b>	<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Depreciation/amortization of non-current fixed assets . . . . .	945	1,540	1,079	292
Financial result . . . . .	258	534	466	22
Gains (-), losses (+) from the disposal of property, plant and equipment and financial assets . . . . .	-8	199	-8	-4
Increase (+), decrease (-) in other provisions . . . . .	30	-15	18	4
Other non-cash expenses and income . . . . .	1,046	-1,786	-1,530	-1,595
Increase (-), decrease (+) in trade receivables, other receivables, and other assets . . . . .	-2,428	2,559	-1,822	-5,090
Impairment of intangible assets . . . . .	0	0	6	0
Increase (-), decrease (+) in inventories . . . . .	-712	-652	-2,204	-1,100
Increase (+), decrease (-) in trade payables and other liabilities <sup>1</sup> . . . . .	6,533	8,951	14,492	13,099
Interest paid . . . . .	-258	-534	-466	-23
Income tax . . . . .	0	0	0	104
<b>Cash flow<sup>2</sup> from operating activities</b> . . . . .	<b>4,401</b>	<b>6,588</b>	<b>7,692</b>	<b>5,271</b>
Cash receipts from the disposal of property, plant and equipment . . . . .	0	0	9	9
Cash paid for investments in property, plant and equipment . . . . .	-376	-1,306	-6,410	-3,862
Cash paid for investments in intangible assets . . . . .	-2,106	-4,904	-4,988	-2,147
Interest received . . . . .	0	0	0	0
<b>Cash flow<sup>2</sup> from investment activities</b> . . . . .	<b>-2,482</b>	<b>-6,210</b>	<b>-11,389</b>	<b>-6,000</b>
Cash paid for loan repayments . . . . .	-769	-499	-397	-97
Cash proceeds from loans taken out . . . . .	321	321	4,161	1,633
Cash paid for liabilities from finance leases . . . . .	-31	-31	-22	-82
Cash inflow from equity contributions . . . . .	0	0	0	0
<b>Cash flow<sup>2</sup> from financing activities</b> . . . . .	<b>-479</b>	<b>-209</b>	<b>3,742</b>	<b>1,454</b>
Cash-effective change in liquidity . . . . .	1,440	169	45	726
Cash and cash equivalents at beginning of period . . . . .	940	771	726	0
Cash and cash equivalents at end of period . . . . .	2,380	940	771	726

1 The increase (+) / decrease (-) in trade payables and other liabilities, which are disclosed by the Company within the cash flow from operating activities also include the change in liabilities of shareholder loans, payables and profit/loss agreements in the amount of T€2,406 for the six months ended June 30, 2017 (fiscal year 2016: T€2,275; fiscal year 2015: T€4,848; fiscal year 2014: T€10,585). If these amounts would be disclosed in the cash flow from financing activities, it would increase to T€1,927 for the six months ended June 30, 2017 (fiscal year 2016: T€2,066; fiscal year 2015: T€8,590; fiscal year 2014: T€12,039), whereas the cash flow from operating activities would decrease to T€1,995 for the six months ended June 30, 2017 (fiscal year 2016: T€4,313; fiscal year 2015: T€2,844; fiscal year 2014: T€-5,314).

2 Since Voltabox Group started its business as a consolidated group of companies only on January 1, 2017, comparative figures of the cash flow statement for the six months ended June 30, 2016 are not available because at such time Voltabox Group did not yet exist. The presented figures were derived from the Combined Financial Statements (IFRS) and the comparability of these figures is therefore limited.



## 4 Selected Other Financial Information

The following table shows selected other financial information derived from the Interim Financial Statements (IFRS) and from the Combined Financial Statements (IFRS):

	Six months ended		Fiscal year ended		
	June 30,		December 31,		
	2017	2016	2016	2015	2014
	unaudited		unaudited		
	(consolidated)		(combined)		
	in € thousand				
<b>1. Information on earnings</b>					
Revenue	10,594	4,514	14,493	7,405	4,554
R&D costs <sup>1</sup>	1,658	1,844	5,526	5,712	1,987
Earnings before interest, taxes, amortization and depreciation (EBITDA) <sup>2</sup>	198	-786	-2,135	-788	-124
Earnings before interest and taxes (EBIT)	-747	-1,543	-3,675	-1,873	-416
Consolidated net income	-630	-1,835	-228	1,987	-607
Total comprehensive income	-555	-1,835	-228	1,987	-607
<b>2. Financial position</b>					
Equity ratio (%) <sup>3</sup>	12.35	n/a	13.97	14.70	6.95
Net debt <sup>4</sup>	27,898	n/a	22,561	19,165	7,749
Working capital <sup>5</sup>	8,732	n/a	6,371	4,613	4,237
Capital expenditure <sup>6</sup>	2,482	n/a	6,210	11,398	6,009

1 Unaudited. This is an alternative performance measure. We define R&D costs as all costs, internal and external, which were spent for research and development. This includes mainly salaries and wages for own staff as well as external personnel and third-party services for necessary R&D support.

2 Unaudited. This is an alternative performance measure. We define EBITDA as earnings before interest and taxes (EBIT, as shown in our financial statements), amortization (which represents amortization and impairments of goodwill and other intangible assets, net of reversals of impairments as shown in the Combined Financial Statements (IFRS) or Interim Financial Statements (IFRS)) and depreciation (which represents depreciation and impairments of property, plant and equipment, net of reversals of impairments as shown in the Combined Financial Statements (IFRS) or Interim Financial Statements (IFRS)). EBITDA is not recognized as a measure under IFRS. Therefore, EBITDA should be viewed as supplemental but not as a substitute for data from the consolidated income statement, consolidated statement of financial position or consolidated cash flow statement. Since not all companies define EBITDA in the same way, EBITDA as shown in this Prospectus may not be comparable to similarly-titled measures used by other companies.

3 Unaudited. This is an alternative performance measure. We define equity ratio as "Equity" divided by "Total assets and liabilities", each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).

4 Unaudited. This is an alternative performance measure. We define net debt as "Non-current liabilities from finance lease" plus "Non-current loans" plus "Current portion of liabilities from finance lease" plus "Current loans and current portion of non-current loans" less "Cash and cash equivalents" plus the loans portion from "Liabilities to related parties", each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).

5 Unaudited. This is an alternative performance measure. We define working capital as "Inventories" plus "Trade receivables" less "Trade payables" (without intercompany and associated companies), each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).

6 Unaudited. This is an alternative performance measure. We define capital expenditures as "Additions to property, plant and equipment" plus "Additions to intangible assets", each as shown in the Interim Financial Statements (IFRS) and the Combined Financial Statements (IFRS).

## **PART I: MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the sections "Selected Financial Information", "Risk Factors", "Business", and our Financial Statements, including the notes thereto, which are included in the financial section of this prospectus.*

*Our Combined Financial Statements (IFRS) are expressed in euro and have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), London, as adopted by the EU and applicable on the balance sheet date, and in accordance with the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC). They have been audited in accordance with Section 317 of the German Commercial Code ("HGB") and German generally accepted standards for the audit of financial statements, which are promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer) by Baker Tilly, who issued an unqualified audit opinion thereon. Since IFRS does not provide guidance for the preparation of combined financial statements, IAS 8 – Accounting policies, changes in accounting estimates and errors was used for the preparation of the Combined Financial Statements (IFRS). The unaudited Interim Financial Statements (IFRS) for the six months ended June 30, 2017 (including comparative figures for the six months ended June 30, 2016) have been prepared in accordance with IFRS as adopted by the EU for interim financial reporting (IAS 34).*

*Voltabox was not, during the fiscal years covered by the Combined Financial Statements (IFRS), a legal group for consolidated financial reporting purposes. The Combined Financial Statements (IFRS) were prepared on the basis of the assumption that Voltabox in its current form existed like a group of companies since January 1, 2014.*

*Management believes the transactions underlying the Combined Financial Statements (IFRS) are based on the best available information of the relative revenues, expenses, assets and liabilities that Voltabox would have incurred had it been operated on a stand-alone basis over the period presented. However, the revenues, expenses, assets and liabilities in these Combined Financial Statements (IFRS) are not necessarily indicative of those of Voltabox if it had performed the underlying functions as a stand-alone company, nor are they indicative of the future revenues, expenses, assets and liabilities of Voltabox. Therefore, the Combined Financial Statements (IFRS) may not necessarily reflect the financial position, results of operations and cash flows of Voltabox as if it were a stand-alone group of companies operating independently from the Parent Company during the periods presented.*

*Certain information in the discussion below includes forward-looking statements. Because such statements involve inherent uncertainties, actual results may differ materially from the results described in or implied by such forward-looking statements. See "Risk Factors", "General Information—Forward-looking Statements" and "Business" for a discussion of important factors that can cause actual results to differ materially from the results described in or implied by these forward-looking statements.*

*All of the financial information presented in the following tables is shown in euro ("€") or thousands of euro ("€ thousand" or "T€"). Numerical figures contained in the following tables in thousands or millions, as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in the following tables may differ minimally from figures provided elsewhere in this Prospectus, which have not been rounded. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or subtotals contained in the following tables or mentioned elsewhere in this Prospectus. In financial data set out in this Prospectus, a dash ("-") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figures is available and is zero, while a zero point zero ("0.0") signifies that the relevant figure is available and has been rounded to zero.*

*In this Prospectus, where financial information regarding Voltabox is labeled "audited", it means that this information was taken either from the Combined Financial Statements (IFRS), our Annual Financial Statements (HGB) or from the notes thereto. The label "unaudited" is used in this Prospectus to indicate financial information that was taken or derived from our accounting records, internal management reporting systems or the Interim Financial Statements (IFRS).*

*Some tables in this section also present so called Non-GAAP Measures (i.e. figures neither defined under IFRS nor under the German Commercial Code (HGB)). These Non-GAAP Measures are key figures used by our management to monitor the performance of the Group. Non-GAAP measures not included in the Combined Financial Statements (IFRS) are labeled as “unaudited” in the relevant tables, while Non-GAAP Measures included in the Combined Financial Statements (IFRS) are labeled “audited” in the relevant tables. Non-GAAP measures are defined and reconciled to the most comparable IFRS measure in the section titled “Selected Financial Information” elsewhere in this prospectus.*

## 1 Overview of our Business

In 2011, paragon AG (our “**Parent Company**”, together with its consolidated subsidiaries the “**paragon Group**”) formed a new electro-mobility (“**E-Mobility**”) business unit, which, in 2014, became an independent entity, Voltabox Deutschland GmbH. Since the formation of Voltabox Deutschland GmbH, we have established ourselves as an innovator and leading producer of high-quality, reliable and technologically-advanced battery systems based on lithium-ion technology (“**Li-Ion**”) for certain E-Mobility sub-markets. We believe our market position is attributable to our products’ high-quality, reliability and technological innovation, supported by our innovation capabilities and in-house research and development activities. As a “Pure Play” E-Mobility specialist, predominantly focused on Li-Ion battery technology, we are providing battery systems for demanding industrial applications. We focus on Li-Ion technologies, which actively disrupt the battery market. We benefit from our Parent Company’s proven entrepreneurial track record, the comprehensive customer network and almost 30 years of experience in the automotive industry. We believe we are strategically well-positioned to benefit from current trends across our business segments<sup>1</sup> and specialized applications, which are characterized by underlying growth supported by a number of mega trends. The trend towards electrification, a growing global population and urbanization as well as the stricter climate regulations for reducing CO<sub>2</sub> emissions are expected to drive growing demand for E-Mobility applications in various industries and sectors. In particular, the emerging Li-Ion battery market is a disruptive technology for the lead-acid battery market, and we believe the Li-Ion based battery will replace most of the established lead-acid battery applications in the coming years.

Our core business is the development, manufacturing and distribution of high-performance rechargeable battery systems with integrated battery management systems (“**BMS**”) based on Li-Ion technology for a wide range of applications such as in public transportation vehicles, commercial and industrial vehicles as well as intralogistics. In the future, we aim to address sectors such as agricultural and construction vehicles, ground support equipment as well as selected applications in the automotive mass market.

Our business operations are conducted through Voltabox AG (formerly Voltabox Deutschland GmbH, now “**Voltabox**”) as well as our subsidiary Voltabox of Texas, Inc. (“**Voltabox Texas**”, together with Voltabox, the “**Voltabox Group**”) and are divided into three business segments:

- “**Voltapower**”: in this business segment we develop, manufacture and distribute high-performance battery solutions for large specialized vehicles where customized, turn-key Li-Ion solutions add maximum value for customers in the public transport, mining and intralogistics sector, for example. Currently, our main customers are Triathlon Batterien GmbH, Kiepe Electric and Komatsu Mining Corp. (formerly Joy Global Inc.). Voltapower is currently our core business segment which accounted for 100% of our Group revenue and 100% of our Group EBIT in 2016.
- “**Voltaforce**”: under the Voltaforce brand we develop, manufacture and distribute standardized low-voltage batteries for use in distinct segments in the mass battery market where lightweight batteries are particularly relevant and advantageous; for example, starter batteries for motorcycles and 48 volt (“**V**”) mild-hybrid solutions. Hence, Voltaforce batteries replace the common lead-acid battery systems such as starter batteries for motorcycles and other vehicles. Voltaforce batteries seek to disrupt the lead-acid battery market by replacing especially established low-voltage lead-acid batteries. Our primary customer will be BMW (motorcycles).
- “**Voltamotion**”: under the Voltamotion brand we develop drivetrain components including power electronics enabling the full electrification of high-performance vehicles and addressing additional

<sup>1</sup> The Company’s management board has resolved upon the classification of business operations by segments as per January 1, 2017 for the financial year 2017 and beyond 2017.

individual markets for inverters, chargers, DC/DC-converters, electric machines and the like. The Voltamotion products are currently in the development process and we plan to produce and sell them beginning in 2018.

Our production facilities and corporate headquarters as well as our main research and development center are located at our facility in Delbrück, Germany, which has 72 employees (including 13 temporary employees) utilizing 2,750 square meters of production and office area (the “**Delbrück Facility**”). In Aachen, Germany, we have an additional Voltamotion research and development center for drivetrain components, which currently has three employees with physical and personal proximity to the University of Aachen (the “**Aachen Facility**”). Further, we have a development, production and sales facility near Austin, Texas in the United States which has 16 employees utilizing approximately 2,150 square meters of production and office area (the “**Austin Facility**”).

## **2 Basis for Presentation**

### **2.1 Structure of Voltabox Group**

Prior to the contribution in-kind of Voltabox Texas’ shares by our Parent Company, the Company and Voltabox Texas were sister companies and wholly-owned subsidiaries of the Parent Company.

The capital increase against contribution in-kind comprising all Voltabox Texas’ shares was resolved by the Company’s shareholders meeting held on December 14, 2016, was registered with the commercial register kept at the local court of Paderborn on March 15, 2017. As a consequence, Voltabox Texas became a wholly-owned subsidiary of the Company and both companies formed a sub-group within the paragon Group.

### **2.2 Legal Basis of Preparation of the Combined Financial Statements (IFRS)**

According to the Regulation (EC) No. 809/2004 (the so-called “**Prospectus Regulation**”), an issuer must present historical financial information in its prospectus covering the latest three fiscal years or such shorter period since the Company has been in operation.

According to the Prospectus Regulation, we have a so called “complex financial history”, as no consolidated financial statements of the Company exist that cover the latest three fiscal years. Both the Company and Voltabox Texas were under common control of our Parent Company during the fiscal years ended December 31, 2016, 2015 and 2014. We thus prepared combined financial statements for the Voltabox Group as of and for the fiscal years ended December 31, 2016, 2015 and 2014, which present the net assets, financial position and results of operations of the Company and Voltabox Texas as if they had been a group of companies since January 1, 2014. The Voltabox business included in the Combined Financial Statements (IFRS) has not operated as a separate group of entities. These Combined Financial Statements (IFRS) are, therefore, not necessarily indicative of results that would have occurred, if the Voltabox business had been a separate stand-alone group of entities during the years presented or future results of the Voltabox business.

The Combined Financial Statements (IFRS) were prepared in accordance with the IFRS as adopted by the EU as applicable as of December 31, 2016 taking into account the provisions of IFRS 1 for the first-time adoption of IFRS.

### **2.3 Scope of Combined Financial Statements (IFRS) and Adjustments made for the Combined Financial Statements (IFRS)**

For the Combined Financial Statements (IFRS) the book value continuation method was applied in accordance with the rules on business combinations under common control. The Combined Financial Statements (IFRS) of Voltabox comprise the Voltabox Group and the business activities assigned to Voltabox as they were historically included in the consolidated financial statements (IFRS) of the Parent Company. In doing so, Voltabox generally uses the same accounting principles and values for the preparation of the Combined Financial Statements (IFRS) that were also applied to the preparation of the consolidated financial statements (IFRS) of the Parent Company. Adjustments to this approach were made with regard to transactions with paragon Group companies. Transactions between Voltabox and the rest of the paragon Group were accounted for in accordance with IFRS and classified as transactions with related parties. IFRS accounting standards, which were applied for the first time by the Parent Company in fiscal years 2014 to 2016, were also applied in

the Combined Financial Statements (IFRS) of Voltabox according to their respective initial application dates at paragon.

The consolidated financial information of the combined companies and business activities of Voltabox are respectively prepared in accordance with the reporting date of the Combined Financial Statements (IFRS). The valuation period of the Combined Financial Statements (IFRS) is the same as that of our Parent Company's consolidated financial statements.

However, the revenues, expenses, assets and liabilities in these Combined Financial Statements (IFRS) are not necessarily indicative of those of Voltabox if it had performed the underlying functions as a stand-alone company, nor are they indicative of the future revenues, expenses, assets and liabilities of Voltabox. Therefore, the Combined Financial Statements (IFRS) may not necessarily reflect the financial position, results of operations and cash flows of Voltabox as if it were a stand-alone group of companies operating independently from the paragon Group during the periods presented.

## 2.4 Consolidation Methods

The consolidated financial statements are based on the financial statements of the companies included in the Group, which were prepared using uniform accounting policies under IFRS as of December 31, 2016.

The capital consolidation was performed using the acquisition method in accordance with IAS 27.22 in conjunction with IFRS 3. The carrying amount for the investments in associates recorded by the Parent Company is replaced by the fair value of the assets and liabilities of the associates included in the consolidation. As a result, the equity of the subsidiaries is compared with the carrying amount of the investment recorded by the Parent Company. Any remaining excess from consolidation is reported as goodwill under noncurrent assets. The initial consolidation of the Voltabox subgroup took place on January 1, 2017 / December 31, 2016. In the Combined Financial Statements (IFRS), the initial consolidation is retroactively applied to the previous three fiscal years as though the Voltabox Group had existed during this period. On the basis of this assumption, goodwill was determined as follows:

	<u>1/1/2017 / 12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€	€
Stake in Voltabox AG . . . . .	100	100	100
Equity of Voltabox of Texas, Inc. . . . .	-3,186,628	-2,416,651	-923,919
Difference/goodwill . . . . .	3,186,728	2,416,751	924,019

Due to the retroactive determination of goodwill, goodwill was not subject to an impairment test pursuant to IFRS 3 in conjunction with IAS 36.

Eliminating Voltabox Texas' equity principally relates to the currency translation differences and profit carried forward items. In addition, debt consolidation was carried out, as was consolidation of income and expenses. The differences arising from the consolidation of income and expenses were offset through profit or loss.

Assets arising from intercompany deliveries that are recognized in noncurrent assets and inventories were adjusted for interim profit and loss.

## 2.5 Preparation of Interim Financial Statements (IFRS)

Since the registration of the capital increase against a contribution in-kind comprising all the shares in Voltabox Texas with the commercial register kept at the local court of Paderborn occurred on March 15, 2017, the Interim Financial Statements (IFRS) for the six months ended June 30, 2017 have been prepared in accordance with IFRS as adopted by the EU for interim financial reporting (IAS 34).

Since the Voltabox Group started its business on January 1, 2017, comparative figures in the consolidated income statement and the table showing selected other financial information for six months ended June 30, 2016 were derived on a combined basis. Comparability is therefore limited.

### **3 Key Events in the Periods under Review**

#### ***Contribution of Voltabox of Texas, Inc.***

The Company's shareholders meeting held on December 14, 2016 resolved to increase the share capital of the Company from €50,000 by €50,000 out of which €100 were issued against a contribution in-kind comprising all the shares in Voltabox of Texas, Inc. which were transferred by our Parent Company pursuant to a contribution agreement dated December 14, 2016, and €49,900 were issued against cash contributions. The capital increase was registered with the commercial register kept at the local court of Paderborn on March 15, 2017. As a consequence, Voltabox of Texas, Inc. became a wholly-owned subsidiary of the Company and both companies formed Voltabox Group, a sub-group of paragon Group.

The Combined Financial Statements (IFRS) reflect the situation as if Voltabox Texas had been a wholly-owned subsidiary since January 1, 2014.

### **4 Key Factors Affecting our Performance and our Results of Operations**

Our performance and results of operations during the periods covered by this prospectus have been primarily affected by the following factors. Our business, results of operations, cash flows or financial position may continue to be affected, *inter alia*, by these factors in the future.

#### ***Relevance of major customers such as Kiepe Electric, Triathlon and Komatsu Mining Corp.***

A significant portion of our revenues come from a small number of key customers, namely, Kiepe Electric, Triathlon Batterien GmbH and Komatsu Mining Corp. We believe we have strong relationships with these customers and that those relationships will continue, however, any change in our relationship, the strength of their businesses or their demand for our products could materially affect our results. We entered into strategic partnerships with these key customers through contracts and other agreements which in some cases include exclusivity arrangements and these relationships form a core pillar of our business plan and are expected to result in a material portion of our revenues. However, these contracts also include clauses which allow either party to terminate the relationship under specified circumstances. There is no guarantee that these relationships will continue or be extended and they may terminate entirely. Our relationships with these major customers and their level of business with us going forward will affect our performance and results of operations in the future.

#### ***Order backlog position and outlook***

Our order backlog is an important indicator of demand and therefore impacts our business significantly, including our product pricing revenues. As of June 30, 2017, we had an order backlog of approximately €805 million for the planning period July 1, 2017 to December 31, 2022. On the basis of this backlog we aim to achieve approximately €100 million in revenue for the 2019 fiscal year.

Our order backlog is derived from information regarding orders that have already been placed, as well as management predictions on how many other future orders are likely. Our order backlog for future periods thus is difficult to predict and our actual order backlog in future periods may vary materially. In order to turn our order backlog into revenues as planned, our ability to effectively process and deliver orders, is and will remain vital in meeting our customers' expectations.

#### ***General economic climate and general demand for Li-Ion batteries***

Global economic conditions in general, and the economic climate in the jurisdictions in which we operate and sell our products in particular, have an effect on our performance and results of operations. The economic climate impacts levels of global investment and infrastructure spending which can impact our business and that of our customers and can also impact on our access to and cost of capital.

#### ***Further increases in E-Mobility are directly tied to government policies in relation to alternative energy sources and fossil fuels***

Our business has been positively impacted by government policies which encourage the use of batteries by providing incentives for the use of alternative energy sources and disincentives for the use of fossil fuels. The

continuation and strengthening of such policies or the implementation of related new policies could have a materially positive impact on our performance and results of operations. However, any changes to or repeal of such policies could have a materially negative impact on our performance and results of operations.

### ***Customer pricing***

Our selling prices fluctuate as a result of many factors, including demand, the price of battery cells and other raw materials, the financial performance of our customers and the pricing strategies of our competitors. Increased competition in the industries and market segments in which we operate may adversely affect our selling prices, margins and overall profitability. The industries and sub-market segments within the E-Mobility market are competitive, and we face significant competition from other mostly large international competitors as well as smaller regional competitors in certain markets. Competition is based on several key criteria, which include, among other things, price, product technology and reliability, product quality and performance, size, weight, product design and innovation, reputation, brand recognition, customer access and sales power as well as the scope and quality of the products and solutions offered. The E-Mobility market and its various sub-markets as well as the industries linked thereto might become more competitively aggressive in the future, in particular due to new market entrants from, among others, China and other emerging market countries, which may benefit from lower production costs and may be able to offer lower prices which may force us to lower our prices, as well. We expect that the growth in the relatively young E-Mobility market and the other Li-Ion battery-based industries may further increase such competitive developments. Moreover, any consolidation among our competitors could enhance their product offerings and financial resources, which could strengthen their competitive position relative to ours.

### ***Business development costs***

The cost of developing our business in our current markets and expanding into new markets has had and will continue to have a material effect on our performance and results of operations. In the past, due to our business' early development stage, cost of materials were significantly inflated due to high one-off costs for the development of prototypes and tools while we were at the same time generating little revenue. As a result, our material input ratio (i.e. cost of materials divided by revenue) amounted to 89.5% in 2014, 111.8% in 2015 and 92.5% in 2016. It improved recently to 68.8% in the six months ended June 30, 2017.

We plan to expand our production capabilities by increasing the size and capacity of our existing production facilities as well as possibly building new production facilities in new markets such as China. In addition to the organic growth of our business, we may selectively choose to grow through strategic acquisitions.

### ***Cost of material and cost of and availability of battery cells***

Our most significant material costs are battery cells. As of December 31, 2016, approximately 50% of our material costs were attributable to cell suppliers. Historically, the volatility of costs related to raw material and semi-finished goods has caused fluctuations in our production costs. As the global economic climate changes, we anticipate that our material costs will continue to fluctuate as they have in the past several years. Additionally, our cell suppliers have in the past and may continue in the future, to adjust their pricing as their businesses and market strategies develop.

From the beginning of 2014 until and including the first six months 2017, on a consolidated basis, we have experienced decreasing raw material costs.

In addition, cells required for our range of battery systems are often replaced by new types of cells, often on relatively short notice. Additionally, from time to time cell suppliers take the decision to no longer deliver certain types of cells after a certain date, which may require us to modify our products or manufacturing processes to accommodate new types of cells which reflect technological developments within the Li-Ion sector. We incur additional costs if such adjustments are made by our suppliers.

### ***Ongoing product development costs***

In order to maintain our technological edge, we are constantly forced to invest money in the further improvement of our existing products and the development of new products. If our battery technology is not

adopted by our customers, or if our battery technology does not meet industry requirements for power and energy storage capacity in an efficient and safe design, our batteries will not gain or maintain market acceptance.

In addition, the market for our products depends upon third parties creating or expanding markets for their end-user products that utilize our batteries and battery systems, such as trolleybuses, intralogistics vehicles and mining equipment. If such end-user products are not developed, or if we are unable to have our products designed into these end user products, or if the cost of these end-user products is too high, or the market for such end-user products contracts or fails to develop, the market for our batteries and battery systems would be expected similarly to contract or collapse which would also have an impact on our business as supplier.

### ***Personnel expenses***

Personnel expenses account for a significant portion of our costs and include salaries and wages as well as pension and other social contributions. As we grow our business these costs are expected to increase. We believe our future performance depends in large part on our ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with our key customers and experienced in the battery industry and, thus, we plan to continue expanding our work force both domestically and internationally. We are committed to paying competitive salaries in order to attract the talent necessary to sustain and grow our business and the costs associated with doing so could have impact our performance and results of operations going forward. There can be no assurance that efforts to retain and motivate management and key employees or attract and retain other highly qualified personnel in the future will be successful. Industry demand for such employees, especially employees with experience in battery chemistry and battery manufacturing processes, however, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. This competition is likely to intensify if the advanced battery market continues to grow, possibly requiring increases in compensation for current employees over time.

### ***Foreign currency exchange rates***

Fluctuations in foreign currency exchange rates, in particular, the relative strength or weakness of the U.S. dollar and the euro can have a significant impact on our performance and results of operations. Our reporting currency is the euro. The majority of our sales are denominated in euros, however, a material portion of our sales are denominated in U.S. dollars. A weakening of the U.S. dollar against the euro could have a negative impact on our results derived from sales made in U.S. dollars. Alternatively, a strengthening of the U.S. dollar against the euro could have a positive impact, for example, to the extent that we use those U.S. dollar revenues to pay euro denominated costs. Fluctuations in foreign currency rates could result in either a gain or a loss and can have an impact, positive or negative, on our performance and results of operations.

### ***Warranty claims and recycling costs***

We are legally required to take back our batteries for recycling or refurbishment. The costs of undertaking these mandatory activities are unpredictable. Although we have budgeted for such activities, we cannot be sure that the predicted costs will not vary from the actual costs and material differences between our budgeted cost and the actual cost would have an effect on our performance and results of operations.

## **5 Non-GAAP Financial Measures**

### **5.1 General Note on Non-GAAP Measures**

In this Prospectus we present certain measures used by our management in addition to IFRS measures as financial measures to monitor the performance of Voltabox or which management regards as being useful for investors.

Non-GAAP financial measures are derived from the Combined Financial Statements (IFRS) but are not recognized measures under IFRS or under HGB (so called “**Non-GAAP Measures**”) and should, for this reason, not be considered as an alternative to the applicable IFRS or HGB measures.



None of these Non-GAAP Measures have been audited by our auditor. Certain of these measures, in particular EBITDA, are derived from IFRS accounts. These are alternative performance measures (“**Alternative Performance Measures**”) as defined in the guidelines issued by the European Securities and Markets Authority (“**ESMA**”) on October 5, 2015 on Alternative Performance Measures (the “**ESMA Guidelines on Alternative Performance Measures**”).

We have provided these Non-GAAP Measures and other information because our management believes that they provide investors with additional information to measure the operating performance of our business activities and we are of the opinion that the presentation of these non-GAAP measures included in this Prospectus complies with the ESMA Guidelines on Alternative Performance Measures. Our use of the Non-GAAP Measures may vary from the use of other companies in our industry. The measures we use should not be considered as an alternative to net income (loss), revenue or any other performance measure derived in accordance with IFRS or the German Commercial Code or to net cash provided by (used in) operating activities as measure of liquidity. The Non-GAAP Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS or the German Commercial Code. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable GAAP measures in accordance with IFRS or the German Commercial Code. Their usefulness is therefore subject to limitations, which are described below. In particular, other companies in our industry may define the Non-GAAP Measures used herein differently than management does. In those cases, it may be difficult to compare the performance of those entities to Voltabox’s based on these similarly-named Non-GAAP Measures.

The exclusion of certain items from non-GAAP performance measures does not imply that these items are necessarily non-recurring. From time to time, management may exclude additional items if management believes doing so would result in a more transparent and comparable disclosure.

The Non-GAAP Measures should be considered in conjunction with our Combined Financial Statements (IFRS), Interim Financial Statements (IFRS) and Annual Financial Statements (HGB), respectively, prepared in accordance with IFRS or the German Commercial Code and the respective notes thereto. The following discussion provides definitions of Non-GAAP Measures, provides information regarding the usefulness of Non-GAAP Measures and, where appropriate, a reconciliation of Non-GAAP Measures to their most directly comparable GAAP measures.

## **5.2 Non-GAAP Measures Used**

In this Prospectus we use the following supplemental measures that are neither defined under IFRS nor under the German Commercial Code:

### ***EBITDA***

We define EBITDA as earnings before interest and taxes (EBIT, as shown in our financial statements), amortization (which represents amortization and impairments of goodwill and other intangible assets, net of reversals of impairments as shown in the Combined Financial Statements (IFRS) or Interim Financial Statements (IFRS)) and depreciation (which represents depreciation and impairments of property, plant and equipment, net of reversals of impairments as shown in the Combined Financial Statements (IFRS) or Interim Financial Statements (IFRS)).

We disclose EBITDA as supplemental non-GAAP measure, as we believe this is a meaningful measure to evaluate the performance of our business activities over time. We understand that this measure is broadly used by analysts, rating agencies and investors in assessing our performance.

The following table shows the reconciliation of our reported earnings before interest and taxes (EBIT) to our EBITDA for the six months ended June 30, 2017 and 2016 as well as for the fiscal years ended December 31, 2016, 2015 and 2014:

	Six months ended		Fiscal year ended		
	June 30,		December 31,		
	2017	2016	2016	2015	2014
<b>EBITDA</b>	(in € thousand)				
<b>Earnings before interest and taxes (EBIT)</b> . . . . .	<b>-747</b>	<b>-1,543</b>	<b>-3,675</b>	<b>-1,873</b>	<b>-416</b>
+ Depreciation of property, plant and equipment and amortization of intangible assets . . . . .	945	757	1,540	1,079	292
+ Impairment of property, plant and equipment and intangible assets . . . . .	0	0	0	6	0
<b>Earnings before interest, taxes, amortization and depreciation (EBITDA)</b> . . . . .	<b>198</b>	<b>-786</b>	<b>-2,135</b>	<b>-788</b>	<b>-124</b>

#### **EBITDA margin**

We define EBITDA margin on group and segment level as the ratio of EBITDA to revenue (shown in the Combined Financial Statements (IFRS) or Interim Financial Statements (IFRS)). We believe that the presentation of EBITDA margin provides useful information on how our business developed in our markets and enhances the ability of our investors to compare profitability.

The following table shows the reconciliation of our EBITDA to EBITDA margin for the six months ended June 30, 2017 and 2016 as well as for the fiscal years ended December 31, 2016, 2015 and 2014:

	Six months ended		Fiscal year ended		
	June 30,		December 31,		
	2017	2016	2016	2015	2014
<b>EBITDA margin</b>	(in € thousand, unless otherwise indicated)				
Earnings before interest, taxes, amortization and depreciation (EBITDA) . . . . .	198	-786	-2,135	-788	-124
/ Revenue . . . . .	10,594	4,514	14,493	7,405	4,554
<b>EBITDA margin (%)</b> . . . . .	<b>1.87</b>	<b>-17.41</b>	<b>-14.73</b>	<b>-10.64</b>	<b>-2.72</b>

## **6 Description of Principal Income Statement Line Items**

The consolidated statement of comprehensive income is presented using the nature of expense method. Certain individual line items in the combined statements of income of Voltabox prepared in accordance with IFRS are described below:

#### **Revenue**

Revenue consists of the proceeds from sales of products, sales rights and services less any sales reductions. Revenue is reported by business segment as well as total.

#### **Other operating income**

Other operating income consists primarily of exchange rate differences, income from the use of company cars by employees and income from the disposal of fixed assets.

#### **Increase or decrease in inventory of finished goods and work in progress**

In the context of the total cost accounting changes in the finished and unfinished goods in the balance sheet are reflected in the profit and loss statement via increase or decrease of inventories.

***Other own work capitalized***

Other own work capitalized consists of the value of development projects which meet the requirements of IAS 38.21 and IAS 38.57 for which project-related development costs have been capitalized. The amounts capitalized are recognized under intangible assets. Other own work capitalized also includes costs incurred in manufacturing test equipment.

***Cost of materials***

Cost of materials includes the cost of raw materials and supplies and expenses for services procured.

***Personnel expenses***

Personnel expenses consist of wages and salaries as well as social contributions and pension payments.

***Depreciation of property, plant and equipment and amortization of intangible assets***

Depreciation is recorded on a straight line basis. The useful life for depreciation purposes ranges from 20 to 33 years for buildings, five to ten years for technical plants and three to ten years for other equipment, operating and office equipment. Intangible assets that have limited useful lives are amortized on a straight line basis over their useful economic lifetimes. Amortization begins as soon as the asset is available for use.

***Impairment of property, plant and equipment and intangible assets***

At each balance sheet date, the carrying amounts of property, plant and equipment and intangible assets are examined in order to determine whether there are any indications that the value of the asset may be impaired.

***Other operating expenses***

Other operating expenses primarily includes intragroup allocations and Group services, third party development costs, building rental expenses and premises costs, as well as freight and packaging costs.

***Financial income***

Financial income includes interest on cash at banks and other deposits.

***Financing expenses***

Financing expenses includes interest expenses on bank loans and loans from related parties.

***Income taxes***

Income taxes represent the sum of the taxes currently payable and deferred taxes, in each case, including both domestic and foreign taxes. The tax payable is based on the taxable profit for the year.

***Profit transfer***

Profit transfer includes amounts paid to the Parent Company pursuant to the profit and loss transfer agreement.

## 7 Discussion of Results of Operations

### Overview

The following table shows selected financial information on the results of operations from the Interim Financial Statements (IFRS) for the six months ended June 30, 2017 and 2016 and from the Combined Financial Statements (IFRS) for the fiscal years ended December 31, 2016, 2015 and 2014 of Voltabox:

	Six months ended June 30,		Fiscal year ended December 31,		
	2017	2016	2016	2015	2014
	in € thousand				
<b>Revenue</b> . . . . .	<b>10,594</b>	<b>4,514</b>	<b>14,493</b>	<b>7,405</b>	<b>4,554</b>
Other operating income . . . . .	71	133	67	1,207	368
Increase or decrease in inventory of finished goods and work in progress . . . . .	845	747	-197	594	321
Other own work capitalized . . . . .	2,059	1,713	6,035	5,308	2,276
<b>Total operating performance</b> . . . . .	<b>13,569</b>	<b>7,107</b>	<b>20,398</b>	<b>14,514</b>	<b>7,519</b>
Cost of material . . . . .	-7,291	-4,594	-13,405	-8,282	-4,077
<b>Gross profit</b> . . . . .	<b>6,278</b>	<b>2,513</b>	<b>6,993</b>	<b>6,232</b>	<b>3,442</b>
Personnel expenses . . . . .	-2,803	-1,792	-4,113	-3,155	-1,521
Depreciation of property, plant and equipment and amortization of intangible assets . . . . .	-945	-757	-1,540	-1,079	-292
Impairment of property, plant and equipment and intangible assets . . . . .	0	0	0	-6	0
Other operating expenses . . . . .	-3,277	-1,507	-5,015	-3,865	-2,045
<b>Earnings before interest and taxes (EBIT)</b> . . . . .	<b>-747</b>	<b>-1,543</b>	<b>-3,675</b>	<b>-1,873</b>	<b>-416</b>
Financial income . . . . .	0	0	0	0	0
Financial expenses . . . . .	-258	-137	-534	-466	-22
<b>Financial result</b> . . . . .	<b>-258</b>	<b>-137</b>	<b>-534</b>	<b>-466</b>	<b>-22</b>
<b>Earnings before taxes (EBT)</b> . . . . .	<b>-1,005</b>	<b>-1,680</b>	<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Income taxes . . . . .	375	-155	-475	-637	-169
Profit transfer (under profit and loss transfer agreement) . . .	0	0	4,456	4,963	0
<b>Consolidated net income</b> . . . . .	<b>-630</b>	<b>-1,835</b>	<b>-228</b>	<b>1,987</b>	<b>-607</b>
<b>Total comprehensive income</b> . . . . .	<b>-555</b>	<b>-1,835</b>	<b>-228</b>	<b>1,987</b>	<b>-607</b>

### Revenues and Order Backlog by Geographic Region and Industry Segment

The following table sets forth a breakdown of our revenues by segments for the periods indicated:

	Six months ended June 30,		Fiscal year ended December 31,		
	2017	2016	2016	2015	2014
	in € thousand				
<b>Revenues by segments</b>					
Voltapower . . . . .	<b>10,594</b>	<b>4,514</b>	<b>14,493</b>	<b>7,405</b>	<b>4,554</b>
Voltaforce . . . . .	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Voltamotion . . . . .	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b> . . . . .	<b>10,594</b>	<b>4,514</b>	<b>14,493</b>	<b>7,405</b>	<b>4,554</b>

The Company's Management Board has resolved upon the classification of business operations by segments as per January 1, 2017 for the financial year 2017 and beyond 2017.

The following table sets forth a breakdown of our revenues by geographic region for the periods indicated:

	Six months ended		Fiscal year ended		
	June 30,		December 31,		
	2017	2016	2016	2015	2014
<b>Revenues by geographic region</b>	<b>in € thousand</b>				
Europe . . . . .	8,641	1,357	10,808	3,578	1,411
North America . . . . .	1,953	3,157	3,685	3,827	3,143
Rest of world . . . . .	0	0	0	0	0
<b>Total . . . . .</b>	<b>10,594</b>	<b>4,514</b>	<b>14,493</b>	<b>7,405</b>	<b>4,554</b>

The following table sets forth a breakdown of our order backlog by geographic region for the effective dates of the periods indicated, principally covering a five-year planning horizon and the remaining period of each year (e.g. with respect to the six months ended June 30, 2017, the backlog for the planning period from July 1, 2017 until December 31, 2022):

	Six months ended		Fiscal year ended		
	June 30,		December 31,		
	2017	2016	2016	2015	2014
<b>Order Backlog by Geographic Region</b>	<b>in € thousand</b>				
Europe . . . . .	386,747	216,100	204,451	146,434	163,050
North America . . . . .	418,053	271,600	150,988	104,136	19,614
Rest of world . . . . .	0	0	0	0	0
<b>Total . . . . .</b>	<b>804,800</b>	<b>487,700</b>	<b>355,439</b>	<b>250,570</b>	<b>182,664</b>

The following table sets forth a breakdown of our order backlog by industry segment as of June 30, 2017 for the planning period July 1, 2017 to December 31, 2022:

	As at June 30, 2017
<b>Order Backlog by Industry Segment</b>	<b>in € thousand</b>
Public transport buses . . . . .	24,000
Mining vehicles . . . . .	226,000
Intralogistic vehicles . . . . .	454,000
Performance motorcycles . . . . .	68,000
Others . . . . .	33,000
<b>Total (rounded) . . . . .</b>	<b>805,000</b>

Our order backlog is derived from information regarding orders that have already been placed, as well as management predictions on how many other future orders are likely. Our order backlog for future periods thus is difficult to predict and our actual order backlog in future periods may vary materially.

## 7.1 Comparison of Six Months ended June 30, 2017 and 2016

### Revenue

In the six months ended June 30, 2017, we generated revenue of T€10,594, an increase of T€6,080 or 134.7% over the revenue of T€4,514 generated in the six months ended June 30, 2016. Besides the revenues for battery systems for public transport the largest growth driver was the entry into the highly automated serial production of battery modules for intralogistics applications, mainly in Europe. Our revenue in the six months ended June 30, 2017 included the take-over of a consignment warehouse by our Parent Company, amounting to T€2,454 and additional minor revenues amounting to T€ 78. The revenue adjusted by revenues generated with affiliated companies sums up to T€8,062, which is a growthrate of 78,6% compared to previous year.

### ***Total operating performance***

Our total operating performance amounted to T€13,569 in the six months ended June 30, 2017, an increase of T€6,462 or 90.9% over the six months ended June 30, 2016 when total operating performance amounted to T€7,107.

*Inventory of finished goods and work in progress* amounted to T€845 which was a slight increase of T€98 or 13.1% over the six months ended June 30, 2016 when it amounted to T€747. *Other own work capitalized* rose year-on-year from T€1,713 in the six months ended June 30, 2016 by T€346 or 20.2% to T€2,059 in the six months ended June 30, 2017 due to increase of development of starter batteries for motorcycles as well as battery systems for mining.

### ***Cost of materials***

In the six months ended June 30, 2017, our cost of materials amounted to T€7,291, an increase of T€2,697 (58.71%) over the six months ended June 30, 2016 when it amounted to T€4,594.

The material input ratio (i.e. cost of materials divided by revenue) was therefore 68.8% versus 101.8% in the six months ended June 30, 2016. Cost of material was significantly influenced by transferring prototype related costs to serial production costs and thus simultaneously generating more revenues.

### ***Gross profit***

This results in a gross profit for the six months ended June 30, 2017 of €T6,278 an increase of T€3,765 (or 149.8%) over the six months ended June 30, 2016 which amounted to T€2,513, which constitutes a gross profit margin (i.e. gross profit divided by revenue) of 59.3% versus 55.7% in the six months ended June 30, 2016.

### ***Personnel expenses***

Personnel expenses increased in the six months ended June 30, 2017 by T€1,011 or 56.4% to T€2,803 from T€1,792 for the six months ended June 30, 2016, resulting primarily from new hires in connection with operational growth.

Accordingly, the personnel expense ratio (i.e. personnel expenses divided by revenue) in the six months ended June 30, 2017 was 26.5% (six months ended June 30, 2016: 39.7%).

### ***Depreciation of property, plant and equipment and amortization of intangible assets***

Depreciation of property, plant and equipment and amortization of intangible assets increased from T€757 in the six months ended June 30, 2016 by T€188 or 24.8% to T€945 in the first six months of 2017.

### ***Other operating expenses***

Other operating expenses primarily include intragroup allocations and group services, third party development costs, building rental expenses and premises costs, currency translation loss as well as freight and packaging costs.

Other operating expenses more than doubled from T€1,507 in the six months ended June 30, 2016 by T€1,770 or 117.5% to T€3,277 in the six months ended June 30, 2017. This was mainly due to currency translation losses, but also due to group allocations, an increase in rented space and thus rental costs and external development costs and costs for external validation due to a general increase in business.

### ***EBIT***

As a result, earnings before interest and taxes (EBIT) for the six months ended June 30, 2017 rose to T€-747 from T€-1,543 in the first six months of the prior year; an increase of T€796 or 51.6%.

Accounting for the increase in revenue, the EBIT margin (i.e. EBIT divided by revenues) increased to -7.05%, or -34.2% in the six months ended June 30, 2016).

## **Consolidated net income**

Consolidated net income increased in the six months ended June 30, 2017 to T€-630 from T€-1,835 in the six months ended June 30, 2016, an increase of T€1,205, or 65.7% while income taxes increased by T€530, or 341.9% from T€-155 in the six months ended June 30, 2016 to T€375 in the six months ended June 30, 2017. Half year figures are without consideration of profit and loss agreements, which are booked and reflected regularly at year-end.

## **7.2 Comparison of Fiscal years 2016 and 2015**

### **Revenue**

Revenue consists of the proceeds from sales of products, sales rights and services less any sales reductions.

In fiscal year 2016, our revenue almost doubled to T€14,493, an increase of T€7,088 or 95.7% from T€7,405 in fiscal year 2015. Besides the revenues for battery systems for public transport the largest growth driver was the entry into the highly automated serial production of battery modules for intralogistics applications, mainly in Europe.

### **Other operating income**

Other operating income mainly comprises exchange rate differences, income from the use of company cars by employees and income from the disposal of fixed assets. It decreased from T€1,207 in 2015 by T€-1,140 to T€67 in 2016, a decrease of -94.5%.

This decrease was mainly due to a sharp drop in exchange rate differences, which amounted to T€63 in 2016 after T€1,145 in 2015 or -94.5%. This decrease was due to the currency translation gain in 2015.

### **Increase or decrease in inventory of finished goods and work in progress**

Inventory of finished goods and work in progress decreased from T€594 in 2015 by T€-791 to T€-197 in 2016, i.e. a decrease of 133.2%. This was due to the sale of trolleybus battery systems.

### **Other own work capitalized**

Other own work capitalized increased from T€5,308 in 2015 by T€727 to T€6,035 in 2016 or 13.7%, which was mainly due to an increase in project-related development costs resulting from the build-up of development capacities in line with business growth (mainly motorcycle batteries) and module development for intralogistics.

For development projects meeting the requirements of IAS 38.21 and IAS 38.57 in the reporting period and for which project-related development costs have been capitalized, the capitalized development costs have been recognized in other own work capitalized. The amounts capitalized are recognized under intangible assets. Other own work capitalized also includes costs incurred in manufacturing test equipment.

As a result, other work capitalized breaks down as follows:

	Fiscal year ended	
	December 31,	
	2016	2015
	in € thousand	
<b>Other own work capitalized</b>		
Project-related development costs	6,012	4,931
Production costs for test equipment	23	377
<b>Total</b>	<b>6,035</b>	<b>5,308</b>

### **Total operating performance**

As a consequence our total operating performance increased from T€14,514 in 2015 by T€5,884 to T€20,398 2016, which represents an increase of 40.5%.

### **Cost of material**

Cost of materials mainly comprises raw materials and semi-finished goods as well as supplies and expenses for services produced and increased from T€8,282 in 2015 by T€5,123 or 61.9% to T€13,405 in 2016. This increase was due to an increase in raw materials and semi-finished goods used which, in turn, was due to our general business increase.

Cost of materials breaks down as follows:

	Fiscal year ended December 31,	
	2016	2015
<b>Cost of material</b>	in € thousand	
Raw materials and supplies . . . . .	12,675	8,099
Expenses for services procured . . . . .	730	183
<b>Total . . . . .</b>	<b>13,405</b>	<b>8,282</b>

The material input ratio (i.e. cost of materials divided by revenue) improved to 92.5% in 2016 versus 111.8% in 2015, which is due to transferring prototype related costs to serial production costs and thus generating an increase in productivity.

### **Gross profit**

As a result of the above, our gross profit increased from T€6,232 in 2015 by T€761 or 12.2% to T€6,993 in 2016.

### **Personal expenses**

Personnel expenses include wages and salaries, social contributions and pensions. It increased from T€3,155 in 2015 by T€958 or 30.4% to T€4,113 in 2016.

This increase was mainly caused by an increase in wages and salaries from T€2,731 in 2015 to €3,559 in 2016 or 30.3%, which, in turn, was due to our business expansion in 2016. Social contributions amounted to T€424 in 2015 and T€554 in 2016 which reflects a similar increase of 30.7%.

The number of employees changed in 2016 in comparison to the prior year as follows:

Number of employees	Fiscal year ended December 31,	
	2016	2015
full-time employees . . . . .	67	62
temporary employees . . . . .	21	4
<b>Total . . . . .</b>	<b>88</b>	<b>66</b>

Accordingly, the personnel expense ratio (i.e. personnel expenses divided by revenue) in fiscal year 2016 was 28.4% which was a strong improvement over fiscal year 2015 when the ratio amounted to 42.6%. This is related to the start of the automated production lines in Germany and Texas in 2016 and the respective revenues which could be generated in 2016.

### **Depreciation of property, plant and equipment and amortization of intangible assets**

Depreciation of property, plant and equipment as well as amortization of intangible assets increased from T€1,079 in 2015 by T€461 or 42.7% to T€1,540 in 2016. This increase was due to the ramp up of intangibles assets namely own work capitalized.



Depreciation, amortization and impairment of intangible assets as well as property, plant and equipment breaks down as follows:

	Fiscal year ended December 31,	
	2016	2015
<b>Depreciation and amortization</b>	<b>in € thousand</b>	
Amortization of capitalized development costs . . . . .	399	162
Depreciation of property, plant and equipment . . . . .	1,141	917
Subtotal . . . . .	1,540	1,079
Impairment on capitalized development costs due to IAS 38 . . . . .	0	6
<b>Total</b> . . . . .	<b>1,540</b>	<b>1,085</b>

**Impairment**

There were virtually no impairments of property, plant and equipment and intangible assets in 2016 (T€0.0) and 2015 (T€6).

**Other operating expenses**

Other operating expenses primarily include intragroup allocations and group services, third party development costs, building rental expenses and premises costs, as well as freight and packaging costs and increased from T€3,865 in 2015 by T€1,150 to T€5,015 in 2016, an increase of 29.8%.

Main drivers were an increase in intragroup allocations and Group services (2016: T€2,167 against T€1,056 in 2015; +105.2%) due to increases in production capacities in Texas (financed by Voltabox Texas with paragon AG granting a guarantee vis-à-vis the financing bank) and in third party development costs (2016: T€991 versus T€787 in 2015; +25.9%), mainly due to additional validation costs. Building rental expenses and premises costs increased slightly (2016: T€331 vs. T€290 in 2015). Freight and packaging costs decreased (2016: T€319 vs. T€526 in 2015; -39.4%).

**Earnings before interest and taxes (EBIT)**

As a consequence mainly of our increased costs due to our business expansion and a time lack in generating revenues therefrom, our earnings before interest and taxes (EBIT) decreased from T€-1,873 in 2015 by T€-1,802 or -96.2% to T€-3,675 in 2016.

Accounting for the increase in revenue, the EBIT margin (i.e. EBIT divided by revenues) in fiscal year 2016 remained stable at -25.36% (fiscal year 2015: -25.3%).

**Financial result**

Our (negative) financial result (being the net amount of financial income and financial expense) developed from T€-466 in 2015 by T€-68 to T€-534 in 2016, i.e. an increase of 14.6%. This was due to an increase in other financial and interest expenses of T€68 which, in turn, was due to increase of the interest bearing liabilities to related parties.

**Earnings before taxes (EBT)**

Similar to our EBIT, our earnings before taxes (EBT) decreased from T€-2,339 in 2015 by T€-1,870 (-80.0%) to T€-4,209 in 2016.

**Income taxes**

Income taxes decreased slightly from T€637 in 2015 by T€162 to T€475 in 2016, i.e. a decrease of 25.4%.

Income taxes comprise current taxes and deferred taxes, which breaks down as follows:

	Fiscal year ended December 31,	
	2016	2015
	in € thousand	
<b>Income taxes</b>		
<b>Current taxes</b> . . . . .	0	0
Current domestic taxes . . . . .	0	0
Current foreign taxes . . . . .	0	0
<b>Deferred taxes</b> . . . . .	475	637
Deferred domestic taxes . . . . .	1,344	1,421
Deferred foreign taxes . . . . .	-869	-784
<b>Total</b> . . . . .	<b>475</b>	<b>637</b>

Tax losses in Germany can be carried forward and used for an indefinite period of time, subject to minimum taxation rules. Foreign tax losses carry forwards relating to Voltabox Texas can be carried forward for a period of up to 20 years.

In accordance with IAS 12.81, the actual tax expense must be reconciled to the tax charge that would have resulted if the theoretical tax rates were applied to the reported pre-tax earnings. The following table shows a reconciliation of the computed tax expense to the actual tax expense.

	Fiscal year ended December 31,	
	2016	2015
	in € thousand	
<b>Actual tax expense</b>		
<b>Earnings before taxes</b> . . . . .	4,209	2,339
Computed tax expenses at a tax rate of 32.3% (prior year: 32.3%) . . . . .	1,360	755
Tax expenses relating to other periods . . . . .	0	0
Non-recognition of deferred tax assets on losses carried forward . . . . .	0	0
Other . . . . .	-885	-118
<b>Total</b> . . . . .	<b>475</b>	<b>637</b>

Tax expenses in the fiscal years result exclusively from the recognition of deferred tax assets and liabilities. The large difference between the theoretical tax expenses and the actual tax expenses results from the capitalization of development activities in accordance with IAS 38. A prohibition on capitalization for development activities exists for the tax balance sheet and therefore the income from the capitalization of IAS 38 development costs (2016: T€6,012; 2015: T€4,931) less the corresponding deferred tax liabilities does not impact taxable income. Since January 1, 2015, Voltabox has operated as a consolidated tax group with the Parent Company which thus benefitted from income tax pooling. Any tax expenses from the years 2015 and 2016 are therefore reported as tax expenses for the Parent Company.

***Profit transfer (under profit and loss transfer agreement)***

Voltabox entered into a profit and loss transfer agreement with the Parent Company effective January 1, 2015. As a result, our Parent Company covered losses of Voltabox in the amount of T€4,963 in 2015 and T€4,456 in 2016, a decrease of T€507 or 10.2%.

***Consolidated net income / Total comprehensive income***

Due to the profit and loss transfer agreement with the Parent Company, the consolidated net income and total comprehensive income amounted to T€1,987 in 2015 and T€-228 in 2016.

### 7.3 Comparison of Fiscal years 2015 and 2014

#### Revenue

In fiscal year 2015 we generated revenue of T€7,405, a strong increase of T€2,851 or 62.6% as compared to fiscal year 2014 when it amounted to T€4,554. This increase was mainly due to the expansion of our business in 2015. The revenues for battery systems for public transport were the largest growth driver, mainly in the United States.

#### Other operating income

Other operating income amounted to T€1,207 in 2015, an increased by T€839 or 228.0% over fiscal year 2014 when it amounted to T€368.

This increase was due to a strong increase in *exchange rate differences* from T€280 in 2014 by T€865 or 308.9% to T€1,145 in 2015.

#### Increase or decrease in inventory of finished goods and work in progress

Inventory of finished goods and work in progress increased to T€594 in 2015, an increase by T€273 or 85.1% from T€321 in 2014. This was due to the build-up of battery systems for public transport buses.

#### Other own work capitalized

Other own work capitalized increased strongly by T€3,032 or 133.2% to T€5,308 in 2015 after T€2,276 in 2014 which was mainly due to the increase in project-related development costs, which in turn was due to the build-up of development capacities in line with business (mainly starter batteries and systems for motorcycles and vehicles and intralogistics) growth.

Other own work capitalized is as follows:

	Fiscal year ended December 31,	
	2015	2014
	in € thousand	
<b>Other own work capitalized</b>		
Project-related development costs	4,931	1,976
Production costs for test equipment	377	300
<b>Total</b>	<b>5,308</b>	<b>2,276</b>

#### Total operating performance

As a consequence our total operating performance increased even stronger than revenues by T€6,995 or 93.0% to T€14,514 in 2015, from T€7,519 in 2014.

#### Cost of material

Cost of material increased from T€4,077 in 2014 by T€4,205 or 103.1% to T€8,282 in 2015. This increase was mainly due to a sharp increase in raw materials and supplies of T€4,263 to T€8,099 in 2015 after T€3,836 in 2014 or 111.1% due to the expansion of our business, e.g. building of prototypes for intralogistic customers.

Cost of materials breaks down as follows:

	Fiscal year ended December 31,	
	2015	2014
	in € thousand	
<b>Cost of material</b>		
Raw materials and supplies	8,099	3,836
Expenses for services procured	183	241
<b>Total</b>	<b>8,282</b>	<b>4,077</b>

The material input ratio (i.e. cost of materials divided by revenue) increased to 111.8% in 2015 from 89.5% in 2014. This is due to one-off effects in material usage, prototyping and production ramp up.

### **Gross profit**

As a result, gross profit increased from T€3,442 in 2014 by T€2,790 or 81.1% to T€6,232.

### **Personnel expenses**

Personnel expenses increased from T€-1,521 in 2014 by T€1,634 or 107.4% to T€-3,155 in 2015. The increase mainly resulted from an increase in wages and salaries from T€1,321 in 2014 to 2,731 in 2015 or 106.7% which, in turn, was due to our business expansion in 2015 and, in particular, the engagement of highly skilled staff, such as technical and development engineers. Social contributions increased similarly from T€200 in 2014 to T€424 in 2015, or 112.0%.

The number of employees increased by approximately 50% in 2015 in comparison to the prior year as follows:

	Fiscal year ended	
	December 31,	
Number of employees	2015	2014
full-time employees . . . . .	62	41
temporary employees . . . . .	4	0
<b>Total</b> . . . . .	<b>66</b>	<b>41</b>

Accordingly, the personnel expense ratio (i.e. personnel expenses divided by revenue) in fiscal year 2015 was 42.6% which was higher than in fiscal year 2014 when the ratio amounted to 33.4%.

### **Depreciation of property, plant and equipment and amortization of intangible assets**

Depreciation of property, plant and equipment as well as the amortization of intangible assets was T€1,079 in 2015, which represented an increase of T€787 or 269.5% from T€292 in 2014. This comparatively strong increase was due to a corresponding increase in depreciation of property, plant and equipment of T€917 in 2015 from T€254 in 2014 or 261.0% due to the acquisition of new production machinery and the commencement of depreciation of the Voltabox Texas' facilities in 2015.

Depreciation and amortization breaks down as follows:

	Fiscal year ended	
	December 31,	
Depreciation and amortization	2015	2014
	in € thousand	
Amortization of capitalized development costs . . . . .	162	38
Impairment on capitalized development costs due to IAS 38 . . . . .	6	0
Depreciation of property, plant and equipment . . . . .	917	254
<b>Total</b> . . . . .	<b>1,085</b>	<b>292</b>

### **Impairment**

There were no impairments of property, plant and equipment and intangible assets in 2014 (T€0) and 2015 (T€6).

### **Other operating expenses**

Other operating expenses increased from T€ 2,045 in 2014 by T€ 1,820 (+ 89.0%) to T€ 3,865 in 2015. This increase was mainly due to strong increases in intragroup allocations and Group services (2015: T€ 1,056 against T€ 507 in 2014; + 108.3%) mainly due to costs related to the carve out and the initial allocations of

rental space and personnel for the six month in 2014 in comparison for the full year 2015, third party research and development costs (i.e. external providers for research and development services) (2015: T€ 787 vs. T€ 507 in 2014; + 55.2%) for assistance in the ramp up phase for development of battery systems for motorcycle and vehicles, building rental expenses and premises costs (2015: T€ 290 vs. T€ 89 in 2014; + 225.8%), as well as freight and packaging costs (2015: T€ 526 versus T€ 191 in 2014; + 175.4%). These increases reflect the general increase in our business activities.

#### **Earnings before interest and taxes (EBIT)**

As a consequence, our earnings before interest and taxes (EBIT) amounted to T€-1,873 in 2015, a decrease of T€1,457 or 350.2% as compared to 2014 when it amounted to T€-416.

#### **Financial result**

Our (negative) financial result, which represents the net amount of financial income and financial expense, increased from T€-22 in 2014 by T€444 to T€-466 in 2015, an increase of 2,018.2%. This increase was due to an increase in financial expenses of T€444 which, in turn, was due to interest bearing liabilities to related parties.

#### **Earnings before taxes (EBT)**

Earnings before taxes (EBT) decreased from T€-438 in 2014 by T€-1,901 or -434.0% to T€-2,339 in 2015.

#### **Income taxes**

Income taxes increased strongly from T€169 in 2014 by T€468 or 276.9% to T€637 in 2015, which was mainly due to deferred taxes almost tripling by 276.9%, which, in turn, was driven by deferred domestic taxes, increasing by T€824 or 138.0%, from T€597 in 2014 to T€1,421 in 2015 which could not be set-off by a decrease in foreign deferred taxes of T€-356 or 83.2% from T€-428 in 2014 to T€-784 in 2015.

	Fiscal year ended December 31,	
	2015	2014
	in € thousand	
<b>Income taxes</b>		
<b>Current taxes</b> . . . . .	0	0
Current domestic taxes . . . . .	0	0
Current foreign taxes . . . . .	0	0
<b>Deferred taxes</b> . . . . .	637	169
Deferred domestic taxes . . . . .	1,421	597
Deferred foreign taxes . . . . .	-784	-428
<b>Total</b> . . . . .	637	169

The following table shows a reconciliation of the computed tax expense to the actual tax expense.

	Fiscal year ended December 31,	
	2015	2014
	in € thousand	
<b>Actual tax expense</b>		
<b>Earnings before taxes</b> . . . . .	2,339	438
Computed tax expenses at a tax rate of 32.3% (prior year: 32.3%) . . . . .	755	141
Tax expenses relating to other periods . . . . .	0	0
Non-recognition of deferred tax assets on losses carried forward . . . . .	0	0
Other . . . . .	-118	28
<b>Total</b> . . . . .	637	169

The income from the capitalization of IAS 38 development costs amounted in 2015 to T€4,931 versus T€1,976 in 2014.

***Profit transfer (under profit and loss transfer agreement)***

Voltabox entered into a profit and loss transfer agreement with the Parent Company effective as of January 1, 2015. As a result, the Parent Company covered losses of the Company of T€4,963 in 2015.

***Consolidated net income / Total comprehensive income***

Consolidated net income and total comprehensive income amounted to T€-607 in 2014 and, as a result of the profit and loss transfer agreement, increased to T€1,987 in 2015, an increase of T€2,594 or 427.4%.

## 8 Information on our Combined Balance Sheet

The following table shows selected financial information on our net assets and financial position from the Interim Financial Statements (IFRS) for the six months ended June 30, 2017 and from the Combined Financial Statements (IFRS) for the fiscal years ended December 31, 2016, 2015 and 2014 of Voltabox:

	June 30,	December 31,		
	2017	2016	2015	2014
in € thousand				
<b>ASSETS</b>				
<b>Noncurrent assets</b>				
Intangible assets	14,334	12,908	7,388	2,465
Goodwill	3,187	3,187	2,417	924
Property, plant and equipment	8,238	9,377	9,343	3,918
	<b>25,759</b>	<b>25,472</b>	<b>19,148</b>	<b>7,307</b>
<b>Current assets</b>				
Inventories	4,667	3,955	3,304	1,100
Trade receivables	6,620	5,776	4,191	3,812
Receivables from related parties	3,927	2,539	1,814	1,109
Income tax assets	21	—	—	—
Other assets	515	343	258	170
Cash and cash equivalents	2,380	940	771	726
	<b>18,130</b>	<b>13,553</b>	<b>10,338</b>	<b>6,916</b>
<b>Total assets</b>	<b>43,889</b>	<b>39,025</b>	<b>29,486</b>	<b>14,223</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Subscribed capital	100	100	50	50
Capital reserve	1,244	1,244	494	494
Profit-/loss carried forward	4,630	4,337	1,804	1,052
Consolidated net income	-630	-228	1,987	-607
Currency translation differences	75	—	—	—
	<b>5,419</b>	<b>5,453</b>	<b>4,335</b>	<b>989</b>
<b>Non-current provisions and liabilities</b>				
Non-current liabilities from finance lease	50	107	63	0
Non-current loans	3,910	4,539	4,718	1,071
Deferred taxes	1,009	1,385	910	273
	<b>4,969</b>	<b>6,031</b>	<b>5,691</b>	<b>1,344</b>
<b>Current provisions and liabilities</b>				
Current portion of liabilities from finance lease	16	39	31	81
Current loans and current portion of non-current loans	654	651	581	465
Trade payables	2,555	3,361	2,882	675
Liabilities to related parties	29,532	22,671	15,434	10,585
thereof: shareholder loan <sup>1</sup>	25,648	18,166	14,543	6,858
Other provisions	36	6	22	4
Other current liabilities	708	814	510	80
	<b>33,501</b>	<b>27,542</b>	<b>19,460</b>	<b>11,890</b>
<b>Total equity and liabilities</b>	<b>43,889</b>	<b>39,025</b>	<b>29,486</b>	<b>14,223</b>

1 Not including the covering of losses under the profit loss transfer agreement.

## 8.1 Development of assets and financial position in the six months ended June 30, 2017 compared to December 31, 2016

### Assets

As of June 30, 2017, *non-current assets* amounted to T€25,759, a slight increase of T€287 or 1.1% over T€25,472 as of December 31, 2016.

While *goodwill* resulting from the initial consolidation of the Voltabox AG subgroup (see 2.4 Consolidation Methods) remained unchanged, *intangible assets* increased from T€12,908 as of December 31, 2016 by T€1,426 or 11.1% to T€14,334 as of June 30, 2017 mainly due to other own work capitalized for motorcycles and mining. *Property, plant and equipment* decreased by T€1,139 or -12.2% from T€9,377 as of December 31, 2016 to T€8,238 as of June 30, 2017 mainly due to depreciation and a immaterial disposal of machinery.

*Current assets* increased by T€4,577 or 33.8% to T€18,130 as of June 30, 2017 from T€13,553 as of December 31, 2016. *Inventories* increased slightly by T€712 or 18.0% to T€4,667 as of June 30, 2017 from T€3,955 as of December 31, 2016 due to expanded business activities. Similarly, *trade receivables* increased slightly by T€844 or 14.6% to T€6,620 as of June 30, 2017 from T€5,776 as of December 31, 2016, while *receivables from related parties* increased by T€1,388 or 54.7% to T€3,927 as of June 30, 2017 from T€2,539 as of December 31, 2016 due to an increase of intragroup accounts receivables due to vending of raw materials. *Cash and cash equivalents* increased by T€1,440 or 153.2% to T€2,380 as of June 30, 2017 from T€940 as of December 31, 2016.

As a consequence, as of June 30, 2017, *total assets* increased to T€43,889 from T€39,025 as of December 31, 2016, an increase of 12.5%, which was primarily due to the increase in trade receivables and receivables from related parties as well as an improved cash position.

### Equity and liabilities

The Company's *equity* remained nearly unchanged at T€5,419 as of June 30, 2017 from T€5,453 as of December 31, 2016. The equity ratio (i.e. equity divided by total assets) as of June 30, 2017 fell to 12.4% as opposed to 14.0% as of December 31, 2016, mainly as a result of the higher total assets and liabilities as of the balance sheet date.

*Non-current provisions and liabilities* decreased by T€1,062 or -17.6% to T€4,969 as of June 30, 2017 from T€6,031 as of December 31, 2016, which was primarily due to repayments of *non-current loans*, which decreased by T€629 or 13.9% to T€3,910 as of June 30, 2017 from T€4,539 as of December 31, 2016 and reduced *deferred tax liabilities* to T€1,009 as of June 30, 2017 from T€1,385 as of December 31, 2016, a reduction of T€376, or 27.2%.

*Current provisions and liabilities* increased by T€5,959, or 21.6% to T€33,501 as of June 30, 2017 from T€27,542 as of December 31, 2016. This increase was mainly due to an increase in *liabilities to related parties* of T€6,861 or 30.3% to T€29,532 from T€22,671 as of December 31, 2016, which was due to an increased drawing of the shareholder loan granted by our Parent Company amounting to T€25,648 as of June 30, 2017, a T€7,482 or 41.2% increase when compared to T€18,166 as of December 31, 2016 and otherwise comprised trade liabilities to the Parent Company, while *trade payables* decreased by T€806 or -24.0% to T€2,555 as of June 30, 2017 when compared to T€3,361 as of December 31, 2016.

## 8.2 Development of assets and financial position in fiscal year 2016 compared to December 31, 2015

### Assets

In fiscal year 2016, *non-current assets* increased by T€6,324 or 33.0%, rising from T€19,148 as of December 31, 2015 to T€25,472 as of December 31, 2016. While *property, plant and equipment* remained largely unchanged with an increase of only T€34 or 0.4% to T€9,377 from T€9,343, *intangible assets* increased strongly from T€7,388 as of December 31, 2015 by T€5,520 or 74.7% to T€12,908 as of December 31, 2016, which was mainly due to self-developed products for intralogistics (forklifts and AGV) and motorcycles. *Goodwill* increased by T€770 to T€3,187 as of December 31, 2016, an increase of 31.9% over December 31, 2015, when it amounted to T€2,417, which was mainly a result of eliminating Voltabox Texas' equity in the course of the capital consolidation.



*Current assets* increased from T€10,338 as of December 31, 2015 by T€3,215 or 31.1% to T€13,553 as of December 31, 2016. While other current assets and cash and cash equivalents remained at comparatively low levels during 2016, inventories increased from T€3,304 by T€651 or 19.7% to T€3,955 as of December 31, 2016, mainly due to expansion of the business activities, in particular expansion related to intralogistics. Trade receivables increased from T€4,191 as of December 31, 2015, by T€1,585 or 37.8% to T€5,776 as of December 31, 2016, which was mainly due to higher revenues at year-end; and receivables from related parties increased from T€1,814 by T€725 or 40.0% to T€2,539 as of December 31, 2016 as a result of tax-related matters (value added tax group).

As a consequence, in fiscal year 2016, *total assets* increased by T€9,539 or 32.4% rising from T€29,486 as of December 31, 2015 to T€39,025 as of December 31, 2016.

### **Equity and liabilities**

Voltabox's *equity* increased from T€4,335 as of December 31, 2015 by T€1,118 or 25.8% to T€5,453 as of December 31, 2016. The equity ratio (i.e. equity divided by total assets) as of December 31, 2016 amounted to 13.9% as opposed to 14.7% as of December 31, 2015, being mainly the result of the higher total assets and liabilities as of the balance sheet date. While the *subscribed share capital* increased only slightly from T€50 to T€100 due to capital increases, in particular our capital reserve increased from T€494 by T€750 or 151.8% to T€1,244 due to the contribution of Voltabox Texas by our Parent Company and *profit-/loss carried forward* increased between December 31, 2015 and 2016 from T€1,804 by T€2,533 or 140.4% to T€4,337. This was mainly due to Voltabox Texas' equity reallocation in course of the consolidation process. In contrast, *consolidated net income* decreased from T€1,987 as of December 31, 2015 by T€2,215 or 111.5% to T€-228 as of December 31, 2016.

*Non-current provisions and liabilities* increased only slightly from T€5,691 as of December 31, 2015 by T€340 or 6.0% to T€6,031 as of December 31, 2016.

*Current provisions and liabilities* increased from T€19,460 as of December 31, 2015 by T€8,082 or 41.5% to T€27,542, as of December 31, 2016. This increase was mainly due to an increase in liabilities to related parties from T€15,434 as of December 31, 2015 by T€7,237 or 46.9% to T€22,671 as of December 31, 2016, as a result of the increase of our intra-group loan facility from our Parent Company from T€18,489 as of December 31, 2015 by T€3,073 (+ 16.62%) to T€21,562. as of December 31, 2016. In addition, trade payables increased from T€2,882 by T€479 or 16.6% to T€3,361 as of December 31, 2016, reflecting our business expansion in 2016. Other current liabilities increased from T€510 by T€304 or 59.6% to T€814 as of December 31, 2016 mainly due to tax-related liabilities.

## **8.3 Development of assets and financial position in fiscal year 2015 compared to December 31, 2014**

### **Assets**

In fiscal year 2015, *non-current assets* increased strongly by T€11,841 or 162.1%, rising from T€7,307 as of December 31, 2014 to T€19,148 as of December 31, 2015. Intangible assets increased from T€2,465 as of December 31, 2014 by T€4,923, or 199.7% to T€7,388 as of December 31, 2015. This was due to the effect of self-developed products for public transport and intralogistics. Property, plant and equipment increased strongly from T€ 3,918 as of December 31, 2014 by T€ 5,425 (138.46%) to T€ 9,343 as of December 31, 2015, mainly due to the construction of the building in Texas.

Goodwill increased from T€924 as of December 31, 2015 by T€1,493 or 161.6% to T€2,417 as of December 31, 2015, which was mainly a result of the elimination of Voltabox Texas' equity in the course of the capital consolidation. Property, plant and equipment also increased from T€3,918 by T€5,425 or 138.5% to T€9,343 as of December 31, 2015.

*Current assets* increased from T€6,916 as of December 31, 2014 by T€3,422 or 49.5% to T€10,338 as of December 31, 2015. While other current assets and cash and cash equivalents remained at comparatively low levels during 2015 and trade receivables increased only slightly from T€3,812 by T€379 to T€4,191 as of December 31, 2015 or 9.9%, inventories increased as did receivables from related parties between

December 31, 2014 and 2015. The increase in inventories from T€1,100 by T€2,204 or 200.4% to T€3,304 was mainly due to the expansion of our business activities related to public transport and intralogistics. The increase in receivables from related parties from T€1,109 by T€705 or 63.6% to T€1,814 as of December 31, 2015 was mainly a result of tax-related matters.

As a consequence, in fiscal year 2015, *total assets* increased by T€15,263 or 107.3% from T€14,223 as of December 31, 2014 to T€29,486 as of December 31, 2015.

### **Equity and liabilities**

Our *equity* increased strongly from T€989 as of December 31, 2014 by T€3,346 or 338.3% to T€4,335 as of December 31, 2015. The equity ratio (i.e. equity divided by total assets) as of December 31, 2015 amounted to 14.7% and significantly improved over the ratio of 7.0% as of December 31, 2014. While the *subscribed share capital* and the capital reserve remained unchanged in 2015, *profit/loss carried forward* increased from T€1,052 by +T€752 or 71.5% to T€1,804 and *consolidated net income* increased between December 31, 2014 and 2015 from T€-607 by T€2,594 to T€1,987, an increase of 427.4%.

*Non-current provisions and liabilities* increased strongly from T€1,344 as of December 31, 2014 by T€4,347, or 323.4%, to T€5,691 as of December 31, 2015. This was mainly due to an increase in *non-current loans* from T€1,071 as of December 31, 2014 by T€3,647 to T€4,718 as of December 31, 2015, an increase of 340.5%, due to, in particular, the financing of Voltabox Texas' facilities.

*Current provisions and liabilities* increased from T€11,890 as of December 31, 2014 by T€7,570, or 63.7%, to T€19,460 as of December 31, 2015. This increase was mainly due to an increase in *liabilities to related parties* from T€10,585 as of December 31, 2014 by T€4,849 or 45.8% to T€15,434 as of December 31, 2015, which was due to the increase of our intra-group loan facility from our Parent Company from T€6,670 as of December 31, 2014 by T€11,819 (+ 177.18%) to T€18,489 as of December 31, 2015. In addition, *trade payables* increased from T€675 by T€2,207, or 327.0%, to T€2,882 as of December 31, 2015, reflecting our business expansion in 2015. *Other current liabilities* increased from T€80 by T€430 or 537.5% to T€510 as of December 31, 2015 mainly due to tax-related matters.

## **9 Liquidity and Capital Resources**

### **9.1 Financing Structure prior to the Offering**

Prior to the Offering we financed our capital expenditures and working capital requirements through a combination of cash flow from operating activities, bank financing and short-term financing from our Parent Company. Until completion of the Offering, we benefit from a loan facility by our Parent Company, which is accounted for in our statement of cash flows as part of liabilities to related parties. As of June 30, 2017, the loan granted by our Parent Company amounted to T€25,541. T€9,900 of such loan has been converted into equity by way of a capital increase against contribution in-kind resolved by our shareholders' meeting on September 6, 2017 (with amendment resolution dated September 20, 2017). The remaining amount is expected to be repaid from the Offering's issue proceeds.

We have also participated in a factoring agreement entered into by our Parent Company and Targo Commercial Finance AG, Mainz (formerly GE Capital Bank AG, Mainz), pursuant to which the Parent Company and other group entities participating in the factoring transferred their trade receivables (including the credit risks thereto) to Targo Commercial Finance AG subject to certain criteria being met at the nominal value less a certain discount for the factor (factoring fee) and interest.

### **9.2 Financing Structure following the Offering**

Upon completion of the Offering we will be financially independent from our Parent Company. Accordingly, it is anticipated that in the course of the carve-out related to the Offering the above mentioned factoring agreement could be split and we could enter into our own factoring agreement with Targo Commercial Finance AG. In addition, in order to replace the shareholder loan facility, which will be repaid out of the issue proceeds from the Offering, we have entered into loan facilities with banks.

### 9.3 Combined Cash Flow Statements

The following table sets forth selected information from the statement of cash flow for the six months ended June 30, 2017 and from our combined statements of cash flow for the fiscal years 2016, 2015 and 2014:

	Six months ended June 30,	Fiscal year ended December 31,		
	2017	2016	2015	2014
in € thousand				
<b>Earnings before taxes (EBT)</b> . . . . .	<b>-1,005</b>	<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Depreciation/amortization of non-current fixed assets . . . . .	945	1,540	1,079	292
Financial result . . . . .	258	534	466	22
Gains (-), losses (+) from the disposal of property, plant and equipment and financial assets . . . . .	-8	199	-8	-4
Increase (+), decrease (-) in other provisions . . . . .	30	-15	18	4
Other non-cash expenses and income . . . . .	1,046	-1,786	-1,530	-1,595
Increase (-), decrease (+) in trade receivables, other receivables, and other assets . . . . .	-2,428	2,559	-1,822	-5,090
Impairment of intangible assets . . . . .	0	0	6	0
Increase (-), decrease (+) in inventories . . . . .	-712	-652	-2,204	-1,100
Increase (+), decrease (-) in trade payables and other liabilities <sup>1</sup> . . .	6,533	8,951	14,492	13,099
Interest paid . . . . .	-258	-534	-466	-23
Income tax . . . . .	0	0	0	104
<b>Cash flow from operating activities</b> . . . . .	<b>4,401</b>	<b>6,588</b>	<b>7,692</b>	<b>5,271</b>
Cash receipts from the disposal of property, plant and equipment . . . . .	0	0	9	9
Cash paid for investments in property, plant and equipment . . . . .	-376	-1,306	-6,410	-3,862
Cash paid for investments in intangible assets . . . . .	-2,106	-4,904	-4,988	-2,147
Interest received . . . . .	0	0	0	0
<b>Cash flow from investment activities</b> . . . . .	<b>-2,482</b>	<b>-6,210</b>	<b>-11,389</b>	<b>-6,000</b>
Cash paid for loan repayments . . . . .	-769	-499	-397	-97
Cash proceeds from loans taken out . . . . .	321	321	4,161	1,633
Cash paid for liabilities from finance leases . . . . .	-31	-31	-22	-82
Cash inflow from equity contributions . . . . .	0	0	0	0
<b>Cash flow from financing activities</b> . . . . .	<b>-479</b>	<b>-209</b>	<b>3,742</b>	<b>1,454</b>
Cash-effective change in liquidity . . . . .	1,440	169	45	726
Cash and cash equivalents at beginning of period . . . . .	940	771	726	0
Cash and cash equivalents at end of period . . . . .	2,380	940	771	726

1 The increase (+) / decrease (-) in trade payables and other liabilities, which are disclosed by the Company within the cash flow from operating activities also include the change in liabilities of shareholder loans, payables and profit/loss agreements in the amount of T€2,406 for the six months ended June 30, 2017 (fiscal year 2016: T€2,275; fiscal year 2015: T€4,848; fiscal year 2014: T€10,585). If these amounts would be disclosed in the cash flow from financing activities, it would increase to T€1,927 for the six months ended June 30, 2017 (fiscal year 2016: T€2,066; fiscal year 2015: T€8,590; fiscal year 2014: T€12,039), whereas the cash flow from operating activities would decrease to T€1,995 for the six months ended June 30, 2017 (fiscal year 2016: T€4,313; fiscal year 2015: T€2,844; fiscal year 2014: T€-5,314).

### 9.4 Cash flow in the six months ended June 30, 2017

Since Voltabox Group started its business in a combined group structure with effect from January 1, 2017 comparative figures for the prior year period are not available because at such time Voltabox Group did not yet exist. Accordingly, in the following on the cash flow balances are shown:

#### **Cash flow from operating activities**

Cash flow from operating activities was T€4,401 for the first six months of 2017.

### ***Cash flow from investment activities***

Cash flow used in investment activities was T€-2,482 for the first six months of 2017.

### ***Cash flow from financing activities***

Cash flow used in financing activities was T€-479 for the first six months of 2017.

Cash and cash equivalents at the end of the period totalled T€2,380.

## **9.5 Comparison of cash flow in fiscal years 2016 and 2015**

### ***Cash flow from operating activities***

In fiscal year 2016, cash flow from operating activities decreased from T€7,692 by T€1,104 to T€6,588, a decrease of 14.4%. This was mainly due to an increase in depreciation/amortization of non-current fixed assets from T€1,079 by T€461 or 42.7% to T€1,540, an improved financial result of T€534 for the 2016 fiscal year, a T€68 or 14.6% increase when compared to previous year of T€466 as well as an increase in *trade receivables, other receivables, and other assets* from T€-1,822 in 2015 by T€4,381, or -240.5% to T€2,559 in 2016. This was due to the increase in trade receivables and receivables from related parties in the course of the expanding business. In addition, inventory decreased from T€2,204 in 2015 by T€1,552 or 70.4% to T€652 in 2016 due to our business expansion.

### ***Cash flow from investment activities***

Our cash flow from investment activities decreased from T€11,389 by T€5,179 to T€6,210 in 2016, a decrease of 45.57%. Main drivers were cash payments from investments in property, plant and equipment which decreased from T€-6,410 in 2015 by T€5,104 (-79.63%) to T€-1,306 in 2016 due to the construction of the Texas building in 2015 and cash payments for investments in intangible assets which decreased from T€4,988 by T€84 (-1.7%) to T€4,904 in 2016 due to fewer investments in own capitalized work.

### ***Cash flow from financing activities***

In the same period our cash flow from financing activities decreased from T€3,742 in 2015 by T€3,951, or 85.5%, to T€-209 in 2016. Main drivers were the proceeds from taking out loans which decreased from T€4,161 in 2015 by T€3,840, or 92.3% to T€321 in 2016, which was due to the decrease in loans to Voltabox Texas.

Cash and cash equivalents at the end of the period for 2015 totalled T€940.

## **9.6 Comparison of Cash flow in fiscal years 2015 and 2014**

### ***Cash flow from operating activities***

Cash flow from operating activities increased from T€5,271 in 2014 by T€2,421 to T€7,692 in 2015, an increase of 45.9%. This was mainly due to an increase in depreciation/amortization of non-current fixed assets from T€292 in 2014 by T€787 or 269.5% to T€1,079 in 2015, an improved financial result of T€466 in 2015, an increase of T€444, or 2018.2%, from T€22 in 2014 and the decrease in net trade receivables, other receivables, and other assets from T€-5,090 in 2014 by T€3,268, or -64.2%, to T€-1,822 in 2015. This was due to the increase in trade receivables and receivables from related parties in the course of the expanding business. In addition, inventory increased from T€1,100 in 2014 by T€1,104, or 100.4%, to T€2,204 in 2015 due to our business expansion.

### ***Cash flow from investment activities***

Our cash flow from investment activities increased from T€-6,000 in 2014 by T€-5,389 to T€-11,389 in 2015, an increase of 89.8%. Main drivers were cash payments from investments in property, plant and equipment which increased from T€-3,862 in 2014 by T€2,548 or 66.0% to T€6,410 in 2015 due to investments in the building in Texas; and cash payments for investments in intangible assets, which increased from T€-2,147 by T€2,841 or 132.3% to T€-4,988 in 2015 due to capitalizing our own work.

### **Cash flow from financing activities**

In the same period our cash flow from financing activities increased from T€1,454 in 2014 by T€2,288, or 157.4% to T€3,742 in 2015. Main drivers were the proceeds from taking out loans which increased from T€1,633 in 2014 by T€2,528, or 154.8% to T€4,161 in 2015, which was due to the increase in loans to Voltabox Texas.

Cash and cash equivalents at the end of the period totalled T€771.

### **9.7 Investments**

Investments comprise additions to property, plant and equipment as well as additions to intangible assets and developed as follows for the periods indicated:

	Six months ended June 30,	Fiscal year ended December 31,		
	2017	2016	2015	2014
<b>Capital expenditure</b>		in € thousand		
Additions to property, plant and equipment . . . . .	376	1,306	6,410	3,862
Additions to intangible assets . . . . .	2,106	4,904	4,988	2,147
<b>Total capital expenditure . . . . .</b>	<b>2,482</b>	<b>6,210</b>	<b>11,398</b>	<b>6,009</b>
<b>In % of revenue . . . . .</b>	<b>23.43%</b>	<b>42.9%</b>	<b>153.9%</b>	<b>132.0%</b>

The main source of funding for our historic and ongoing investments has been, and is, cash generated from operating activities and, to the extent required, borrowings from our Parent Company and banks. In fiscal years 2016, 2015 and 2014 capital expenditures were mainly driven by capitalized development costs for further expansion of our business.

#### **Investments in fiscal year 2014**

In fiscal year 2014, we incurred capital expenditures of approximately €6.0 million. Capital expenditures for intangible assets were approximately €2.1 million, mainly due to public transport. The majority of our capital expenditures in 2014 were related to investments in Germany, with investments made in property plant and equipment, while in the U.S. the investments were primarily related to land and building. Investments were mainly based from the Company's cash flow and bank financing.

#### **Investments in fiscal year 2015**

In fiscal year 2015, we incurred capital expenditures of approximately €11.4 million mainly due to land and building in the U.S. and significant capitalizing own work. Capital expenditures for intangible assets were approximately €5.0 million, which mainly related to intralogistic and motorcycles. Capital expenditures for tangible assets (property plant and equipment) were approximately €6.4 million, mainly related to the building in the USA and were mainly financed from the Company's cash flow and bank financing.

#### **Investments in fiscal year 2016**

In fiscal year 2016, we incurred capital expenditures of approximately €6.2 million. Capital expenditures for intangible assets were approximately €4.9 million, primarily relating to intralogistic and mining related to the U.S.

#### **Investments in the six months ended June 30, 2017**

In the six-month period ended June 30, 2017, we recorded capital expenditures of approximately €2.8 million. Capital expenditures for intangible assets were €2.4 million and primarily related to mining and motorcycles in the U.S. and Germany. Capital expenditures for property plant and equipment were approximately €0.4 million and primarily related to equipment for end of line testings for our Austin and Delbrück Facility.

### Ongoing and Future Investments

Since June 30, 2017, we have invested €0.4 million, which primarily related to intangible assets and equipment and machinery. Moreover, we have resolved upon the investment of approximately €2.5 million for increasing our production capacity in our Austin Facility during 2018 and 2020 mainly financed by bank financing and proceeds from the Offering. Furthermore, we have resolved upon the investment of approximately €2.0 million for prismatic assembly line machineries for our production facilities in Delbrück and Austin mainly financed by leasing agreements.

#### 9.8 Net debt

Net debt represents total debt (comprising short-term non-current and current finance lease liabilities, loans and loans to related parties) minus cash and cash-equivalents and developed as follows as of the dates indicated:

	Six months ended	Fiscal year ended		
	June 30,	December 31,		
	2017	2016	2015	2014
<b>Net debt</b>		<b>in € thousand</b>		
Non-current liabilities from finance lease . . . . .	50	107	63	0
Non-current loans . . . . .	3,910	4,538	4,718	1,071
Current portion of liabilities from finance lease . . . . .	16	39	31	81
Current loans and current portion of non-current loans . . . . .	654	651	581	465
Loans from related parties . . . . .	25,648	18,166	14,543	6,858
Cash and cash equivalents . . . . .	-2,380	-940	-771	-726
<b>Total net debt</b> . . . . .	<b>27,898</b>	<b>22,561</b>	<b>19,165</b>	<b>7,749</b>

The following table sets forth our short-term and long-term third party debt as of the dates indicated:

	Six months ended	Fiscal year ended		
	June 30,	December 31,		
	2017	2016	2015	2014
<b>Third party liabilities</b>		<b>in € thousand</b>		
Non-current liabilities from finance lease . . . . .	50	107	63	0
Non-current loans . . . . .	3,910	4,539	4,718	1,071
Current portion of liabilities from finance lease . . . . .	16	39	31	81
Current loans and current portion of non-current loans . . . . .	654	651	581	465
<b>Total third party liabilities</b> . . . . .	<b>4,630</b>	<b>5,336</b>	<b>5,393</b>	<b>1,617</b>

## 9.9 Maturity of Non-derivative financial liabilities

The following table shows the maturity date of installments, repayments and interest arising on the financial liabilities recorded in the balance sheet as of December 31, 2016 (excluding from shareholder loans):

	Years		
	2017	2018 - 2021	2022 and beyond
<b>Non-derivative financial liabilities</b>	<b>in € thousand</b>		
Liabilities to banks . . . . .	651	4,404	135
Finance lease obligations . . . . .	39	107	0
Trade payables . . . . .	3,361	0	0
Other financial liabilities . . . . .	814	0	0
<b>Total . . . . .</b>	<b>4,865</b>	<b>4,511</b>	<b>135</b>

## 10 Critical Accounting Methods

### 10.1 Intangible Assets

Intangible assets acquired for monetary consideration are recognized in the balance sheet at their acquisition cost, taking into account ancillary costs and any purchase price reductions.

Research costs are recognized as expenses in the period in which they are incurred. Costs incurred in connection with the development of patents and customer-specific solutions are only recognized as intangible assets at their production cost when the costs are clearly attributable to the asset as required by IAS 38 "Intangible Assets," the technical feasibility and marketability or use is assured, and when the anticipated realization of future economic benefits has been demonstrated. The costs of production comprise all costs that are directly or indirectly attributable to the development process, as well as a proportionate share of necessary project-related overhead costs. If the asset recognition requirements are not fulfilled, development costs are directly expensed in profit or loss within other operating expenses in the year in which they are incurred. Subsequent to initial recognition, development costs are reported in the balance sheet at cost less cumulative amortization and cumulative impairment losses.

Intangible assets that have limited useful lives are amortized on a straight-line basis over their useful economic lifetimes. Amortization starts as soon as the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Intangible assets with indefinite useful lives are subject to annual impairment tests. At each balance sheet date, the carrying amounts of such intangible assets are examined in order to determine whether there are indications that the value of the asset may be impaired. An impairment test pursuant to IAS 36 "Impairment of Assets" was performed where there are such indicators. The residual values, useful lives, and amortization methods are reviewed at the end of each fiscal year and amended as necessary.

The useful lives for internal development costs correspond to the expected product life cycles and amount to between three to four years. The useful lives for licenses, patents, and software range from three to ten years.

### 10.2 Property, Plant and Equipment

Additions to property, plant and equipment are measured at cost plus incidental acquisition costs and any purchase price reductions received. If the cost of individual components of an item of property, plant and equipment is significant when measured against the item's total purchase cost, then such components are recorded as separate assets and depreciated individually. Depreciation is recorded on a straight-line basis. The useful life for depreciation purposes ranges from 20 to 33 years for buildings, five to ten years for technical plants, and three to ten years for other equipment, operating and office equipment.

Fully depreciated noncurrent assets are presented under cost and accumulated depreciation until the asset is retired. Amortized cost and accumulated depreciation are deducted from the sales proceeds generated on disposal. Gains and losses generated on disposal (disposal proceeds less residual carrying amounts) are shown in the consolidated statement of comprehensive income under other operating income or other operating

expenses. All residual values, useful lives, and depreciation methods are reviewed annually and amended as necessary.

At each balance sheet date, the carrying amounts of property, plant and equipment (which are depreciated in accordance with their useful lives) are examined in order to determine whether there are indications that the value of the asset may be impaired. If such indicators exist, an impairment test is performed.

### **10.3 Leases**

Leases are classified as finance leases if all the risks and rewards associated with beneficial ownership of an asset are substantially transferred to Voltabox. Property, plant and equipment held under finance lease arrangements in accordance with IAS 17 "Leases" are capitalized at the lower of their fair value and the present value of the minimum lease payments at the beginning of the usage period. A liability is recognized in the balance sheet for the same amount, and, subsequent to initial recognition, measured at amortized cost using the effective interest method. The amortization methods and useful lives correspond to those of similar assets acquired under purchase arrangements.

A sale and leaseback transaction involves the sale of an asset owned and already used by the future lessee to the lessor, and the subsequent continued use of the asset by the lessee under a lease agreement. In this respect, two economically interdependent agreements are involved (purchase agreement and lease agreement). The transaction is accounted for as a single transaction, either as an operating lease or a finance lease, depending on the nature of the leaseback agreement.

### **10.4 Impairment of Nonfinancial Assets**

At each balance sheet date, an assessment takes place to ascertain whether there are any indications that the value of non-financial assets (in particular intangible assets with definite useful lives) are impaired. If there are indications of impairment, an estimation of the recoverable amount of the relevant asset is made. In accordance with IAS 36.6 "Impairment of Assets," the recoverable amount reflects the higher of fair value less cost to sell and value in use of the asset or an identifiable group of assets that represent a cash-generating unit ("CGU"). If the carrying amount of an asset or a CGU exceeds the recoverable amount, the asset is impaired and written down to its recoverable amount.

For property, plant and equipment and intangible assets other than goodwill, an assessment is made at each balance sheet date to establish whether there is any indication that a previously recognized impairment loss no longer exists or has decreased. If there are such indications, an estimate of the recoverable amount of the asset or the CGU is made. A previously recognized impairment loss is reversed only if the assumptions used in determining the recoverable amount have changed since the last impairment loss was recognized. The reversal of the impairment loss is limited in that the carrying amount of an asset may not exceed its recoverable amount or the carrying amount that would have resulted after taking depreciation and amortization into account if no impairment loss had been recorded for the asset in earlier years.

### **10.5 Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A necessary requirement is that the rights or obligations are financial in nature, based on legal transactions in the form of agreements or contracts.

Financial assets primarily include cash and cash equivalents, trade receivables, loan receivables, other receivables, and primary and derivative financial assets held for trading. Financial assets are measured at either fair value or amortized cost depending on their classification. The fair values recorded in the balance sheet are generally measured using the market prices of the financial assets. Where no market prices are available, fair value is calculated using recognized valuation models and by referring to current market parameters.

Financial assets and derivative financial instruments held for trading are measured at fair value. Financial instruments classified as loans and receivables are accounted for at amortized cost. Amortized cost takes into account payments of principal and the amortization of any possible difference between the cost and the anticipated payment inflows at maturity, using the effective interest rate method, less any possible decreases from impairment due to un-collectability.



As a rule, financial liabilities are contractual obligations to deliver cash or another financial asset. Pursuant to IAS 39 “Financial Instruments: Recognition and Measurement,” this particularly includes trade payables, other current liabilities and liabilities to banks at Voltabox. Voltabox classifies financial liabilities under the measurement category of loans and receivables and measures these at amortized cost, taking into account principal payments and the amortization of any difference between the acquisition cost and the payment obligation due at maturity using the effective interest rate method.

Financial assets are derecognized once the contractual right to obtain cash flows from these financial assets has expired, or once Voltabox has transferred its contractual rights to obtain cash flows from the financial asset to a third party or has taken on a contractual obligation for immediate payment of the cash flow to a third party as part of an agreement that fulfills the conditions in IAS 39.19 (pass-through arrangement). If financial assets are transferred, it is important to take into account whether Voltabox has either (1) transferred all substantial risks and rewards connected with a financial asset, or (2) neither transferred nor retained any substantial risks or rewards associated with the financial asset, but has transferred the power to control the asset.

Voltabox recognizes a new asset, if (1) all contractual rights to cash flows from the asset have been transferred to Voltabox, or (2) the substantial risks and rewards associated with the asset have neither been transferred nor retained, but Voltabox has received the power to control the asset.

Financial liabilities are derecognized if the underlying obligation has been fulfilled, cancelled or has expired. If an existing financial liability is replaced by another financial liability to the same creditor with significantly new contract terms, or if the terms of an existing liability are fundamentally changed, this replacement or change is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in profit or loss.

Financial assets and financial liabilities that are not denominated in euros are initially recognized at the average rate applicable on the transaction date and subsequently re-measured at each balance sheet date. Any currency translation differences that arise are recognized in profit or loss.

Financial assets and financial liabilities are shown as current in the balance sheet if they are either classified as held for trading or if they are expected to be settled within twelve months of the balance sheet date.

## **10.6 Income Taxes**

Income taxes contain both taxes that are payable on income and deferred taxes.

Income taxes payable for current and earlier periods are measured at the amount at which a refund from or payment to fiscal authorities is anticipated. The calculation of that amount is based on the current status of tax legislation and therefore on the tax rates that are in effect or that have been announced as of the balance sheet date.

Deferred taxes are recognized using the balance sheet liability method in accordance with IAS 12 “Income Taxes.” Deferred tax assets and liabilities are recognized to reflect temporary differences between the carrying amounts of a specific balance sheet item in the IFRS consolidated financial statements and its tax base (temporary concept). Deferred taxes are also recognized for future tax refund claims.

Deferred tax assets on deductible temporary differences and tax refund claims are recognized to the extent it can be assumed that they can be expected to be used in future periods, based on the availability of adequate taxable income.

The calculation of current and deferred taxes is based on judgments and estimates. If actual events deviate from these estimates, this could have a positive or negative impact on the assets, financial position and earnings. A deciding factor for the recoverability of deferred tax assets is the estimate of the probability of reversal of measurement differences or the usability of the tax loss carry forwards or tax benefits that led to recognition of the deferred tax assets. This is in turn dependent on the generation of future taxable profits during the period in which the tax loss carry forwards can be used. Deferred taxes are measured using the tax rates applicable at the time of realization based on the current legal situation as of the balance sheet date.

Current income tax assets and liabilities and deferred income tax assets and liabilities are only offset if it is legally permissible to do so and the deferred tax assets and liabilities relate to income taxes that have been

levied by the same tax authority and if there is a legally enforceable right to offset current tax refund claims against current tax liabilities. Deferred taxes are reported as noncurrent in accordance with IAS 1.70.

#### **10.7 Inventories**

Inventories were measured at the lower of cost or net realizable value. In accordance with IAS 2 “Inventories” the costs of conversion include all costs directly related to the products as well as a systematic allocation of fixed and variable production overheads. In addition to direct materials and direct labor, they therefore also contain proportional indirect materials and overheads. Administration and social welfare expenses are taken into account provided they can be attributed to production. Financing costs are not recognized as part of the cost of acquisition or conversion because the assets do not meet qualification criteria. Inventory risks resulting from the storage period and reduced usability were taken into account during the calculation of the net realizable value by applying appropriate write-downs. Lower values at the end of the reporting period resulting from reduced selling prices were also taken into account. Raw materials, consumables, and supplies as well as merchandise are primarily measured using the moving average method.

#### **10.8 Trade Receivables and Other Current Assets**

Trade receivables are classified as loans and receivables and recognized at amortized cost less any necessary write-downs. Write-downs in the form of specific valuation allowances take sufficient account of the expected default risks. Specific defaults lead to the de-recognition of the receivables concerned. The calculation of write-downs for doubtful receivables is primarily based on estimates and evaluations of the creditworthiness and solvency of the respective customer.

Other current assets are measured at amortized cost, taking into account necessary write-downs sufficient to cover the expected default risks. If recourse to the courts is made for the collection of these receivables, Voltabox firmly expects that the amounts recognized in the balance sheet will be fully enforceable. Where these represent financial assets (financial instruments), they are classified as loans and receivables.

#### **10.9 Cash and Cash Equivalents**

Cash and cash equivalents include cash and bank balances with original maturities of up to three months. They are measured at nominal value. Foreign currency items are measured at fair value. The total of cash and cash equivalents reported in the cash flow statement corresponds to the cash and cash equivalents stated in the balance sheet (cash and bank balances). As of December 31, 2016, the Group reported receivables of T€61 (2015: T€0; 2014: T€360) relating to factoring agreements under cash and cash equivalents.

#### **10.10 Other Provisions**

Other provisions are recognized in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets,” when paragon has a legal or constructive present obligation to third parties as a result of a past event that is likely to lead to an outflow of resources. Provisions are measured based on a best estimate of the expenditure needed to discharge the liability. Reimbursement claims are not offset against these amounts. Each situation is evaluated separately to determine the probability that pending proceedings will be successful, or to qualify the possible amount of the payment obligations. In each case, the most probable settlement amount has been taken into account. Noncurrent provisions have been measured at their discounted settlement amount as of the balance sheet date.

Due to the uncertainty associated with these evaluations, the actual settlement obligation or the actual outflow of resources embodying economic benefits may deviate from the original estimates and, accordingly, from the amounts of the provisions made. In addition, estimates may change based on subsequent new information, which may have a substantial impact on the future earnings position.

#### **10.11 Financial Liabilities and Equity Instruments**

Financial liabilities are classified in accordance with the economic substance of the underlying agreements.

#### **10.12 Trade Payables and Other Current Liabilities**

Trade payables and other current liabilities do not bear interest and are recognized at their nominal amounts.

### **10.13 Recognition of Income and Expenses**

Income is recognized when it is probable that economic benefits will flow to Voltabox and the amount of the income can be measured reliably. Income is measured at the fair value of the consideration received. Sales tax and other levies are not included. If transactions provide for a declaration of acceptance on the part of the purchaser, the related revenue is only recognized once such a declaration has been issued. If the sale of products and services includes multiple delivery and service components (multiple element arrangements), such as varying remuneration agreements in the form of prepayments, milestone payments and similar payments, a review takes place to ascertain whether revenue should be recognized separately for partial sales at different points in time. Contractually agreed prepayments and other non-recurring payments are deferred and reported in profit or loss over the period during which the contractually agreed service is performed.

Income from the sale of products is recognized once the significant risks and rewards associated with ownership of the products sold have been transferred to the purchaser. This normally occurs upon shipment of the products, consistent with the agreements entered into with customers. Revenue is shown after the deduction of discounts, rebates and returns.

### **10.14 Use of Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made that impact on the assets and liabilities recorded, the disclosure of contingent liabilities as of the balance sheet date and the presentation of income and expenses during the period under review. If actual events deviate from these estimates, this could have a positive or negative impact on the assets, financial position and earnings.

When applying the accounting policies, the following estimates and assumptions were made that significantly influenced the amounts contained in the financial statements:

#### ***Measurement of the Fair Values of the Assets Acquired and Liabilities Assumed in Business Combinations***

The fair values as well as the allocation of acquisition costs to the assets acquired and liabilities assumed were determined on the basis of experience and estimates regarding future cash inflows. The actual cash inflows may differ from the estimated amounts.

#### ***Capitalized Development Costs***

In order to measure capitalized development costs, assumptions have been made about the amount of anticipated future cash flows from assets, about the discount rates to be used and about the period of time during which these assets will generate anticipated future cash flows. The assumptions made regarding the timing and amount of future cash flows are based on expectations of the future development of orders on hand from those customers with whom development projects are being conducted.

#### ***Inventories***

In specific cases, inventories are measured based on anticipated revenue less the estimated costs to completion and the estimated selling costs required. Actual revenue and the actual costs to completion may deviate from anticipated amounts.

Information about the measurement discounts can be found in the comments on inventories in the previous section.

#### ***Other Assets and Liabilities***

Assumptions and estimates are also necessarily made when calculating allowances for doubtful receivables, when estimating contingent liabilities and other provisions, and when determining the fair value of long-lived assets included in property, plant and equipment and intangible assets.

In individual cases, actual values may deviate from the assumptions and estimates made, thereby requiring an adjustment of the carrying amounts of the assets or liabilities concerned.

### **Deferred Tax Assets**

Deferred tax assets are only recorded if a positive tax result is expected in future periods and as a result their realization appears sufficiently assured. The actual taxable income situation in future periods may deviate from the estimate made at the time the deferred tax assets were recognized.

Domestic deferred taxes were calculated as of December 31, 2016, at an income tax rate of 30.0% (2015: 30.0%; 2014: 30.0%). This includes a corporate tax rate of 15.0% and a solidarity surcharge of 5.5%. The income tax rate also reflects trade taxes, taking into account the breakdown of the trade tax assessment rates among the municipalities in which the company's branches are located.

Foreign deferred taxes were calculated as of December 31, 2016, at a combined income tax rate of 34.6% (2015: 34.6%; 2014: 34.6%).

This results in a combined income tax rate of 32.3% (2015: 32.3%; 2014: 32.3%).

### **Other Provisions**

The recognition and measurement of other provisions was based on the estimated probability of the future outflow of benefits and on experience values, and on the facts and circumstances known as of the balance sheet date. The subsequent actual outflow of benefits may therefore differ from the amount recorded within other provisions as of the balance sheet date.

## **11 Disclosure about Market and Other Financial Risks**

Market price fluctuations can involve substantial cash flow and profit risks for Voltabox. Changes in exchange rates and interest rates influence business operations as well as investing and financing activities. Fluctuations in currency exchange rates and interest rates can result in significant profit and cash flow risks. In order to mitigate such risks, the risks associated with changes in interest rates and exchange rates are analyzed on an ongoing basis and used to manage and supervise current business and financial market activities. These risks are managed with the assistance of derivative financial instruments.

Fluctuations in currency exchange rates and interest rates can result in significant profit and cash flow risks.

Voltabox has implemented an internal sensitivity analysis system based on a variety of risk analysis and risk management methods. The use of sensitivity analyses enables the Group to identify risk positions within the segments. Sensitivity analyses quantify the risks that can arise within given assumptions when certain parameters are changed in a defined range. They include the following assumptions:

- An appreciation of the euro against all foreign currencies by ten percentage points
- A parallel shift in interest rate curves of 100 basis points (one percentage point)

The potential effects of the sensitivity analysis are estimates and are based on the assumption that the supposed negative market changes will occur. The actual effects may differ significantly if market developments deviate from assumptions made.

### **11.1 Foreign Currency Risks**

Due to the international nature of its operations, Voltabox's ongoing business operations are exposed to foreign currency risk. Exchange rate fluctuations can lead to undesirable earnings and liquidity fluctuations. For Voltabox, the risk arises on foreign currency positions and possible changes in the relevant exchange rates. The uncertainty involved in future trends is referred to as exchange rate risk. Voltabox limits this risk by primarily settling purchases and sales of goods and services in the respective national currency.

The sensitivity to potential fluctuations in foreign currency exchange rates is determined by aggregating the net currency position of the operating business that is not denominated in the Group's functional currency. Sensitivity is calculated by simulating a 10% depreciation of the euro in relation to all foreign currencies. The simulated appreciation of the euro would have resulted in a change in future payment inflows in the amount of T€-55 as of December 31, 2016 (2015: T€-150; 2014: T€0). To the extent that future purchases are not hedged against currency exchange risks, a depreciation of the euro against other currencies would have a negative effect on the financial position and earnings because the Group's outflows in foreign currencies exceed its foreign currency cash inflows.

Additional currency risk arises prior to the Offering from a loan granted by the Parent Company to Voltabox Texas in the euro currency.

## 11.2 Interest Rate Risks

Interest rate risk refers to any change in interest rates that impacts earnings or equity. Interest rate risk primarily arises in connection with financial liabilities.

The significant interest-bearing financial liabilities relate mainly to those with fixed interest rates. Accordingly, changes in the interest rate would only have an effect if the financial instruments were recorded at fair value. As this is not the case, the financial instruments with fixed interest rates are not subject to interest rate risks within the meaning of IFRS 7.

The interest rate risks associated with variable-rate financial liabilities are measured using cash flow sensitivity techniques. The Voltabox Group had variable-rate financial liabilities of €3,808 thousand as of December 31, 2016. A change in interest rates (+1%/-1%) is associated with the following cash flow risk:

	June 30,		December 31,					
	2017		2016		2015		2014	
	in € thousand							
	+1%	-1%	+1%	-1%	+1%	-1%	+1%	-1%
Cash flow risk	-35	35	-38	38	-37	37	0	0

## 11.3 Liquidity Risk

Liquidity risk, i.e. the risk that Voltabox might not be able to meet its payment obligations as they fall due, is managed by means of flexible cash management. As of December 31, 2016, Voltabox had cash and cash equivalents of T€940 (2015: T€771; 2014: T€726) at its disposal. Unused credit lines totaling T€0 were available as of December 31, 2016 (2015 T€0; 2014: T€0). In addition to the instruments providing assurance of liquidity described above, the Group follows developments on financial markets on an ongoing basis in order to take advantage of attractive financing opportunities as they become available.

See also sections “9.5 Net Debt” and “9.6 Maturity of Non-derivative financial liabilities”.

## 11.4 Credit Risk

Credit risk is defined as the financial loss that arises when a contract partner fails to meet its payment obligations. The maximum risk of default is therefore equal to the positive fair value of the respective interest rate instruments. The effective monitoring and control of credit risk is a core task of the risk management system. Voltabox performs credit checks for all customers requiring credit limits exceeding predefined amounts. The Group monitors credit risk on an ongoing basis.

In addition, Voltabox uses factoring to mitigate credit risks.

## 12 Information from the Annual Financial Statements (HGB) as of and for the fiscal year ended December 31, 2016 pursuant to the German Commercial Code (*Handelsgesetzbuch*, HGB)

The following section contains selected information from the Annual Financial Statements (*HGB*) of the Company as of and for the fiscal year ended December 31, 2016.

### 12.1 Information on our profit and loss statement

We generated *revenue* of T€14,183 in 2016, a strong increase of T€10,217 (257.6%) over 2015 when it amounted to T€3,966. This increase was mainly due to the expansion of our business in 2016 and especially increasing business in intralogistics.

Our inventory of finished goods and work in progress decreased from T€594 in 2015 by T€791 (-133.2%) to T€-197 in 2016, mainly resulting from the sale of trolleybus battery systems.

*Other own work capitalized* decreased from T€377 in 2015 by T€353 (-93.8%) to T€23 in 2016, due to recognition of costs for development of test batteries.

As a result of the above and mainly resulting from the strong increase in revenue in 2016, our *total operating performance* increased from T€4,936 in 2015 by T€9,073 (183.8%) to T€14,009 in 2016.

*Cost of materials* increased strongly from T€4,419 in 2015 by T€6,762 (153.0%) to T€11,181 in 2016, resulting from a strong increase in raw materials and supplies and expenses used which, in turn, was due to our general increase in business.

*Personnel expenses* increased from T€2,110 in 2015 by T€612 (29.0%) to T€2,722 in 2016, mainly as a result of the increase in *wages and salaries* from T€1,793 in 2015 by T€483 (27.0%) to T€2,277 in 2016.

*Depreciation of intangible and tangible assets* increased from T€748 in 2015 by T€122 (16.3%) to T€870 in 2016. This increase was due to investments in technical equipment and machines and the corresponding depreciation in 2016.

Our *other operating expenses* increased from T€2,635 in 2015 by T€967 (36.7%) to T€3,602 in 2016 mainly due to the first time recognition of cost allocations from paragon AG.

Our *operational result* increased from T€-4,763 in 2015 by T€549 (11.5%) to T€-4,214 in 2016 mainly due to improvements of the material ratio.

Our *financial result* decreased from T€-199 in 2015 by T€42 (21.3%) to T€-241 in 2016 due to higher interest bearing liabilities.

Our *transfer of losses* in (losses in ordinary activities) decreased from T€4,963 in 2015 by T€508 (-10.2%) to T€4,455 in 2016 mainly due to improvements of the material ratio.

## **12.2 Information on our balance sheet**

### **Assets**

In fiscal year 2016, *non-current assets* decreased by T€180 or 6.3% to T€2,692 as of December 31, 2016 as opposed to T€2,872 as of December 31, 2015. *Intangible Assets* decreased from T€89 as of December 31, 2015 by T€22 (-24.7%) to T€67 as of December 31, 2016. *Property, plant and equipment* decreased by T€157 (-5.6%) from T€2,782 as of December 31, 2015 to T€2,625 as of December 31, 2016.

*Current assets* increased from T€9,287 as of December 31, 2015 by T€7,275 (+78.3%) to T€16,562 as of December 31, 2016. While *inventories* remained nearly unchanged with an increase of only T€8 (+0.4%) from T€2,215 as of December 31, 2015 to T€2,223 as of December 31, 2016, *receivables and other assets* increased strongly from T€6,930 as of December 31, 2015 by T€6,502 (+93.8%) to T€13,432 as of December 31, 2016 due to higher accounts receivables in the course of expanding business activities. Likewise, *cash and cash equivalents* increased sharply from T€143 as of December 31, 2015 by T€764 (+535.4%) to T€907 as of December 31, 2016.

### **Equity and liabilities**

The Company's *equity* as of December 31, 2016 amounted to T€205, an increase by T€800 (+134.5%) over December 31, 2015 when it amounted to T€-595. While the *subscribed capital* increased only slightly from T€50 to T€100 due to a capital increase, our *capital reserve* increased strongly from T€494 by T€750 (+151.8%) to T€1,244 due to the contribution of Voltabox of Texas, Inc. by our Parent Company.

*Provisions* increased from T€89 as of December 31, 2015 by T€49 (55.1%) to T€138 as of December 31, 2016 due to provisions for goods receipt without invoices, professional associations and vacation accruals.

*Liabilities* increased strongly from T€12,665 as of December 31, 2015 by T€6,246 (49.3%) to T€18,911 as of December 31, 2016 due to liabilities to affiliated companies.

## PART J: PROFIT FORECAST

### 1 Profit Forecast for the Fiscal Year Ending December 31, 2017

paragon AG published a profit forecast for Voltabox's 2017 fiscal year (the "**Profit Forecast**"), as part of its half-year reporting. Voltabox adopts this profit forecast as its own, considering the following preconditions; this Profit Forecast does not contain any statements of fact and should not be construed as such by any potential investor. Instead, this Profit Forecast contains assumptions about future events and actions that are naturally subject to substantial uncertainty. Potential investors should not place undue trust on these assumptions.

The assumptions set out below refer to factors over which Voltabox has little or no influence. Even if these assumptions are appropriate in Voltabox's view as of the date of this Profit Forecast, they can turn out to be erroneous or inaccurate and Voltabox's actual results may differ from the estimates. Furthermore, additional aspects that are currently unknown to Voltabox may materially affect actual results. The accuracy of the circumstances and assumptions presented below can and should not replace the independent judgment of any potential investor.

#### 1.1 Profit Forecast for the Current Fiscal Year 2017 Based on Consolidated IFRS Financial Statements

Voltabox has established itself as an innovative and leading manufacturer of high-quality, reliable and high-performance battery systems based on lithium-ion technology ("**Li-Ion**") in certain electro-mobility ("**E-Mobility**") submarkets. Voltabox expects to be able to grow significantly in the 2017 fiscal year, as a result of its current competitive position and the extensive investments made in recent years, being the expansion of our core business, the development, manufacturing and marketing of rechargeable high-performance battery systems with integrated battery management systems ("**BMS**") based on Li-Ion technology. These high-performance battery systems are used in a broad spectrum of applications including, public transportation vehicles, commercial and industrial vehicles as well as intralogistics applications (such as forklifts).

The Management Board expects Voltabox Group's revenue to grow from approximately €14.5 million in the 2016 fiscal year (based on the Combined Financial Statements (IFRS) for the 2016 fiscal year) to approximately €25 million in the 2017 fiscal year and expects a positive EBIT (earnings before interest and taxes) for the Voltabox Group.

The Management Board further expects to invest approximately €7 million in the 2017 fiscal year, consisting of own work capitalized (€5 million) as well as new and replacement investments in machinery (€2 million).

#### 1.2 Explanatory Notes on the Profit Forecast

##### *Principles*

This Profit Forecast for the 2017 fiscal year was prepared according to the principles of the IDW (Institute for Public Auditors in Germany) accounting standard: Preparation of Profit Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses (IDW RH HFA 2.003). The Profit Forecast was based on the accounting principles of the International Financial Reporting Standards ("**IFRS**") and the related Interpretations of the International Accounting Standards Board, as they are mandated in accordance with Regulation no. 1606/2002 of the European Parliament and Council for the application of international accounting standards in the European Union. Regarding disclosure, accounting and measurement methods, reference is made to the corresponding presentation in the audited Combined Financial Statements (IFRS) for the twelve-month periods ended December 31, 2016, 2015 and 2014, respectively, as well as in the unaudited Interim Financial Statements (IFRS) as of and for the six month period ended June 30, 2017. They are prepared based on, and applying the provisions pertaining to the consolidated financial statements prepared for the Parent Company for the 2016 fiscal year.

This Profit Forecast is influenced by a variety of factors and is based on certain assumptions, which are detailed below.

## **Factors and Assumptions**

### *Immutable Factors*

Voltabox's EBIT for the 2017 fiscal year is generally subject to factors that are outside of Voltabox's control. The factors included here and Voltabox's related assumptions are presented below:

- **Unforeseen Events Such as *Force Majeure*.** Voltabox assumes for purposes of this Profit Forecast that no material unforeseen events will occur that could result in material or sustainable restrictions to Voltabox Group's ongoing operations, such as *force majeure* (e.g. fires, floods, hurricanes, storms, earthquakes or terrorist attacks), strikes, extraordinary macroeconomic or geopolitical events or war.
- **Legislative and Other Regulatory Measures.** Voltabox assumes for purposes of this Profit Forecast that no or only immaterial changes to the currently applicable regulatory environment will occur and no material changes to the legal environment, such as tax law, will take place.

### *Factors Subject to Limited Influence*

Furthermore, additional factors can affect EBIT for the 2017 fiscal year over which Voltabox can exert limited influence. Related assumptions are presented below.

- **Risks from Call-off Orders.** As a supplier of battery systems, Voltabox is dependent on general economic conditions and particularly on the economic performance of markets it competes in such as public transportation (electric buses), intralogistics or mining equipment. These markets, which have already been specifically addressed in other parts of this Prospectus, are subject to the influence of global megatrends, such as the substitution of internal-combustion engines with electric drivetrains and the necessity of improved operating and energy efficiencies that has arisen as a result of political pressure and decisions as well as a stricter regulatory framework for emissions and the efficiency of internal-combustion engines. This Profit Forecast was prepared on the basis of existing customer orders and anticipated new orders. A deterioration of overall economic conditions could lead to a deterioration of the markets in which we compete and therefore lead to a reduction in customer orders and demand for our products. It is therefore plausible that in the intralogistics and mining markets, planned orders could be delayed or reduced if our customers' planning premises have changed. Atypical or unexpected order behavior in any form or delayed or lower orders can also lead to deviations from plans in other market areas. As we have grown our business and increased our order intake, our backlog for orders has increased. If we are unable to effectively process and deliver our customers' orders, or we are unable to meet our customers' delivery expectations, this could result in delivery delays or customers could cancel their orders altogether, which could affect our revenues and the planned EBIT.
- **Procurement Terms.** In the previous fiscal year, prices for most raw materials were on constant levels. Voltabox secured a substantial portion of its procurement prices through framework contracts, annual agreements and long-term supplier relationships in relevant areas. Voltabox obtains large portions of its purchasing volumes from Asia, Europe and the U.S., priced in U.S. dollars. The payment terms are the industry average. It is assumed for this Profit Forecast that no material deterioration in procurement terms, payment terms and particularly no deterioration in the U.S. dollar exchange rate will occur in the 2017 fiscal year. This includes the procurement terms for services, which are procured by Voltabox from its Parent Company.
- **Measurement of Intangible Assets According to IAS 38.** Intangible assets that have been recognized according to IAS 38 and thus correspond to the costs clearly attributable to the assets and the technical feasibility and marketability are confirmed and the anticipated realization of future economic benefits has been affirmatively demonstrated; thus there is currently no need for impairment. Development costs may not be recoverable, however, if Voltabox's customers subsequently do not issue any serial production orders or if orders of the required magnitude or quantities Voltabox sells are significantly lower than expected. Given the high proportion of capitalized development activities on the balance sheet, a corresponding valuation allowance for intangible assets could have a negative impact on Voltabox's assets, financial position and earnings.
- **Impact of Investments.** Voltabox intends to use the net proceeds derived from the Offering *inter alia* for the repayment of existing shareholder loans provided by the Parent Company to Voltabox and for working



capital purposes in order to grow revenue based on existing customer orders; for acquisitions to strengthen the core business and/or to expand the market and production portfolio; for expansions, new machinery and equipment that may become necessary as well as additional production sites. The associated costs, including possible integration and transaction costs, may negatively affect planned EBIT.

- **Loss of Merchandise and Purchase Price Receivables.** Voltabox assumes for the purposes of this Profit Forecast that, within the framework of the preparation of the consolidated IFRS financial statements, write-downs for receivables (particularly receivables from the delivery of goods) will be necessary only to the extent as previously planned. Therefore, no material losses of receivables will occur in connection with pending transactions by the end of the 2017 fiscal year.
- **Risks from Legal Disputes and Compensation Claims.** Voltabox assumes for purposes of this Profit Forecast that no provisions have been established for legal disputes or compensation claims, no payments must be made or any additional provisions established.
- **Income Taxes.** Voltabox believes expected EBIT specified in this Profit Forecast is indicative for the Voltabox's 2017 fiscal year results. It should be further taken into account that an earnings value EBIT does not include tax expense for the period. The calculation of deferred taxes is based on judgments and estimates. If actual events deviate from these estimates, this could have a positive or negative impact on the assets, financial position and earnings. A deciding factor for the recoverability of deferred tax assets is the estimate of the probability of reversal of measurement differences for property, plant and equipment, receivables as well as other assets, pension provisions, and tax loss carryforwards that led to recognition of the deferred tax assets.

#### *Factors Subject to Influence*

There are no factors that are subject to Voltabox's influence exclusively.

For other factors influencing this Profit Forecast that are outside the scope of IDW RH HFA 2.003, Voltabox assumes comparable business performance to prior years.

#### **Other Explanations**

This Profit Forecast does not include extraordinary results or results from nonrecurring activities as well as extraordinary tax expenses within the meaning of the IDW accounting standard (IDW RH HFA 2.003). The Profit Forecast incorporates actual figures from the first half of the year, as they were accounted for in the half-year financial statements in this Prospectus.

This Profit Forecast is consistent with the Parent Company's communicated forecasts for the 2017 fiscal year, in their consolidated half-year financial statements. The forecast amount for our EBIT does not take into account the effects of the Offering. Moreover, as we have a limited operating history and are still in the process of developing our business independently from our Parent Company, our business is prone to uncertainty and volatility. As this Profit Forecast was prepared on the basis of assumptions about future events and actions, it is naturally subject to substantial uncertainty. Given this uncertainty, it is possible that the Voltabox Group's actual EBIT for the 2017 fiscal year will deviate significantly from estimated EBIT found in this Profit Forecast. This Profit Forecast was prepared on September 25, 2017.

## 2 Auditor's Report on the Profit Forecast for the financial year ended December 31, 2017

"To Voltabox AG

We have audited whether the profit forecast prepared by Voltabox AG for the period from January 1, 2017 to December 31, 2017, has been duly compiled on the basis of the principles set out in the explanatory notes to the profit forecast and whether these principles are in accordance with the accounting policies and the presentation, accounting and measurement methods used by the Company. The profit forecast includes projected earnings before interest and taxes (EBIT) for the period from January 1, 2017 to December 31, 2017, as well as explanatory notes for the profit forecast.

The preparation of the profit forecast, including the factors and assumptions presented in the explanatory notes to the profit forecast, is the responsibility of the Company's management.

Our responsibility is to express an opinion based on our audit as to whether the profit forecast has been properly compiled on the basis of the principles stated in the explanatory notes to the profit forecast and whether this basis is consistent with the accounting policies and the presentation, accounting and measurement methods of the Company.

Our engagement does not include an audit of the factors and assumptions identified by the Company underlying the profit forecast.

We conducted our audit in accordance with the IDW Auditing Practice Statement: The Audit of Profit Forecasts and Estimates (*IDW Prüfungshinweis: Prüfung von Gewinnprognosen und -schätzungen*) (IDW PH 9.960.3) issued by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V.*, IDW). Those standards require that we plan and perform the audit in such manner that material errors in the compilation of the profit forecast on the principles stated in the explanatory notes to the profit forecast and in the compilation of these principles in accordance with the accounting policies and the presentation, accounting and measurement methods of the Company are detected with reasonable assurance.

Since the profit forecast refers to an as yet unfinished period and is prepared on the basis of assumptions about future uncertain events and actions, it is inherently subject to considerable uncertainties. Due to these uncertainties, the Company's actual profit for the period from January 1, 2017 to December 31, 2017 may differ materially from the projected profit.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on the findings of our audit, the profit forecast was properly compiled on the basis of the principles stated in the explanatory notes thereto. This basis is consistent with the accounting principles and presentation, accounting and measurement methods of the Company.

Düsseldorf, August 29, 2017

*Original German version signed by*

Baker Tilly GmbH  
Wirtschaftsprüfungsgesellschaft

Thomas Gloth

Wirtschaftsprüfer  
(German public auditor)

Christoph Tyralla

Wirtschaftsprüfer  
(German public auditor)"

## PART K: MARKET AND INDUSTRY

*The following section contains forecasts, statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. We operate in industries and market segments for which it is difficult to obtain precise industry and market information. Unless otherwise indicated, such information is based on the Company's own analyzes of multiple sources, including information obtained from customers, industry publications or reports.*

*Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Neither we nor the Joint Bookrunners have independently verified the accuracy of market data that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.*

*The information provided below on the market environment, market developments, growth rate and market trends in which we operate is based (to the extent not otherwise indicated) on our assessments. These assessments, in turn, are based in part on internal observations of the market and on various market studies, third party data, statistical information and reports.*

### 1 Battery Market Overview

The battery market can be divided into two segments: non-rechargeable (primary) batteries and rechargeable (secondary) batteries. Primary batteries are used only once until the electrode materials in the battery cell have irreversibly deteriorated. A common primary-battery example is the alkaline battery, e.g. for flashlights and other portable devices. As opposed to primary batteries, secondary batteries can be charged/discharged and subsequently reused (second life) by reversing the current in the battery cell to restore the original electrode composition. Well-known examples of secondary batteries are lead-acid batteries for automobiles and Li-Ion battery technology for various E-Mobility applications for use not only in light-duty passenger vehicles but also for all other forms of transportation and non-automotive applications, including maritime, aerospace applications, as well as many special vehicles, such as agricultural and construction equipment, which are currently predominately powered via internal-combustion engines.

### 2 Mega Trends, Drivers and Dynamics in the Market for Li-Ion batteries

Within the broader battery market, Voltabox develops, manufactures and distributes high-performance rechargeable battery systems based on Li-Ion cell technology and is active in the secondary-battery based Li-Ion markets for use in specialized applications, such as public transportation, mining vehicles, intralogistics (such as forklifts and automated guided vehicles ("AGV")) as well as for starter batteries.

#### 2.1 Mega Trends

The present and projected demand for advanced batteries in E-Mobility sub-markets partially results from mega trends, such as vehicle electrification, eco-consciousness and CO<sub>2</sub>-reduction, regulation and public policy as well as population growth and urbanization.

- **Technological transition via electrification/Industry 4.0:** The market for Li-Ion batteries, and thus our business currently benefits from the trend towards electrification (i.e. the process of powering previously non-electrically powered devices by electricity and, in many cases, the migration to electricity as a power source from other power sources, such as fossil fuels) as well as the Industry 4.0 trend (process of transforming industrial manufacturing to fully integrated automated facilities that communicate with each other – the so-called "smart factory" which requires intelligent and autonomous industrial robots which are integrated into the production process and which are powered by batteries) affecting the battery market. According to the Association for Electronic and Information Technologies (*Verband der Elektrotechnik und Informationstechnik*), many E-Mobility industry experts in Germany expect battery technologies to be a major growth sector in the German economy. We believe that increasing connectivity and miniaturization as well as mass electrification of transportation systems will continue to support demand for the Group's batteries and battery systems.

- **Eco-consciousness / CO<sub>2</sub>-reduction:** Another mega trend which affects the Li-Ion battery market are stricter regulations and public policies related to slowing climate change and increasing energy efficiency, specifically in the EU. EU member states recently agreed to a new 2030 climate and energy policy framework (the “**2030 Framework**”), which includes targets and policy objectives to achieve a more competitive, secure and sustainable energy system within the EU. For example, the 2030 Framework seeks to reduce energy consumption by 27% by the end of 2030, when compared to a “business as usual” scenario (base year 2014). The 2030 Framework also seeks to reduce greenhouse gas emissions by 40% when compared to 1990 levels by 2030 (Source: *European Commission (COM (2014) 15), Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A policy framework for climate and energy in the period from 2020 to 2030*). Given EU’s current requirement to limit passenger vehicle’s carbon emission to 95 grams of carbon-dioxide per kilometer (“**g CO<sub>2</sub>/km**”) by 2025 we believe there is, and will be sizeable pressure put on the automotive and industrial industries to replace their fleets with more environmentally-friendly vehicles. Consequently, the automotive industry seeks to reduce its dependence on internal-combustion engines in future vehicle lineups by electrifying drivetrains using mild-hybrid drivetrains (a drivetrain which powers its auxiliary systems electrically, as opposed to mechanically, while still using an internal-combustion engine as its primary means of motion) as well as fully electric drivetrains, which have no internal-combustion engine at all. We further see regulation, public policy and environmental awareness driving the electrification of various industrial vehicles such as underground mining vehicles and agriculture and construction vehicles as well as the development and mass-adoption of electrically-powered bicycles (“**E-Bikes**”), among others, which we consider attractive E-Mobility markets we can expand into.
- **Population growth/Urbanization:** Based on estimates, the global population will increase by 33% from 7.3 billion in 2015 to 9.7 billion by 2050 (Source: *Deutsche Stiftung Weltbevölkerung, UN-Bevölkerungsprojektionen 2015*). According to the United States, World Urbanization Prospectus, 66%, or 6.4 billion people will live in high-density urban areas by 2050. As populations pack themselves into ever more dense urban areas, the utility of internal-combustion engines in such dense urban areas is limited. Thus, the automotive and mass-transit industries must cope with the world’s changing demographic landscape. Currently in densely-populated urban areas electric vehicles (“**EV**”) and E-Bikes play an increasingly important role moving people and goods from one point to another without the negative externalities inherent in internal-combustion engines. We believe that the world’s growing and increasingly urbanized population will drive demand for *inter alia* public transportation vehicles (hybrid-drive buses (“**HD-Drive Buses**”) and the like), electrically-based personal transportation solutions and electric agriculture and construction vehicles. Many of these use cases are triggered by the lack of acoustic emissions of electric driven vehicles.

## 2.2 E-Mobility Market Drivers

We believe that the E-Mobility market will be driven *inter alia* by the following factors and market drivers:

- **Technology Push:** The continuous improvement of a battery’s energy density and the constant reduction of manufacturing and maintenance costs over the past decade have made Li-Ion battery technology the technology of choice for EVs. Li-Ion cells provide, irrespective of use, capacity fading and an increase in internal resistance over their lifetime. The proper handling of such complex systems over their respective life-cycles is only possible by employing the most stringent manufacturing standards as well as the existence and enforcement of necessary quality and safety standards together with a built-out hardware and software infrastructure environment coupled with a battery management system. We believe that the technological improvement of electric motors (also known as “electric machines”) is and will continue to be superior to Internal Combustion Engines (“**ICE**”).
- **Regulatory:** The automotive industry is and will continue to be subject to ever-stricter emissions and efficiency regulations. Future regulations, include, but are not limited to reducing carbon output to 95g CO<sub>2</sub>/km in Europe by 2025. The ever more stringent emissions and efficiency regulations will have a “disruptive” effect on the automotive industry as these regulations could render valueless certain technologies while materially increasing the value of others, make some suppliers uncompetitive while introducing new suppliers into the market, they could alter the infrastructure the consumer has become

accustomed to while developing new industries and shuttering others. The technological changes required to meet and exceed future regulatory requirements will likely affect every aspect of the automotive supply chain and life cycle. Currently, OEMs are shifting their fleets towards hybrid or mild-hybrid solutions rather than the continued development of product-lines exclusively featuring internal-combustion engines. Further, air-pollution standards set out in Directive 2008/50/EC concerning air quality in EU member states requires them to limit their respective citizens' exposure to harmful air pollutants. Thus, many existing diesel-based vehicles will no longer comply with current and foreseeable regulation. For example, in July 2017 the Stuttgart Administrative Court (*Verwaltungsgericht*) held that air pollution in Stuttgart is, *inter alia*, to be mitigated by way of diesel driving bans. Moreover, current EU regulatory exemptions for the use of lead-acid in batteries for vehicles will be subject of a review process conducted by the EU Commission by 2021 latest, which may eventually lead to a possible prohibition of lead-acid batteries in vehicles sold within the EU. If the EU were to prohibit the use of lead-acid batteries in vehicles, we believe such prohibition would further drive demand for Li-Ion battery technology.

- **Consumer/Customer Pull:** We expect increased consumer demand for E-Mobility applications in the future due to an increasing economic efficiency of electric vehicles over lifetime. Battery life and performance are key differentiators in end-consumer and business customers' products. Retail and business customers preferences shifted in favor of E-Mobility applications as they perceive added value in E-Mobility products by reducing costs, while improving efficiency, safety and quality. As fossil fuel is limited and CO<sub>2</sub>-emissions being, in part, responsible for climate change, consumers and business customers have become more aware of environmental impact of internal-combustion engines and thus have begun to turn to more energy-efficient applications. We expect this shift to accelerate in the future with various additional applications benefitting from the E-Mobility revolution.

We believe these E-Mobility market drivers will disrupt not only the entire automobile industry but also all industries transporting people or goods.

### 2.3 Market Dynamics

We believe Li-Ion batteries will remain the superior battery technology in the years to come due to unchallenged cost, safety and performance as well as increasing number of applications. We expect Li-Ion batteries to be a major growth market through 2026 as their combination of cost, safety and performance is unchallenged for an increasing number of applications, including the E-Mobility market. In particular, we consider the following aspects as relevant for the Li-Ion battery market:

- The Li-Ion battery market's most valuable segment has shifted from smaller consumer batteries to larger battery versions and applications, such as Li-Ion batteries for electric vehicles. We anticipate this trend continuing. This, however, creates a paradox as there are approximately 200 Li-Ion battery manufacturers worldwide but only a few have the technological capabilities to manufacture batteries with large capacities while at the same time meeting or exceeding applicable safety standards and quality expectations while still maintaining the batteries' affordability.
- Li-Ion's competitive advantages against lead-acid include a higher energy density; a better safety record; reduced costs and improved production capacity which can meet demand. Most Li-Ion battery suppliers target mass markets and many suppliers are captive to competition, which in turn, leads to a situation in which customers for specialized Li-Ion batteries only have a few suppliers to choose from, which continue to consolidate.
- Technologies expected to replace Li-Ion batteries such as sodium-ion batteries, magnesium batteries and lithium-air batteries as well as aluminum-ion batteries are either in the early stages of development and pose no serious threat to Li-Ion technology for some time or are only superior to Li-Ion batteries in certain aspects, such as gravimetric energy density while inferior in other aspects, such as cost, volumetric energy density or safety.
- Analysts forecast 48V Li-Ion battery systems will enable conventional internal-combustion based vehicles to escape CO<sub>2</sub>-emissions restricting bans and the 12V or 24V lead-acid batteries will eventually be phased-out. The 48V Li-Ion battery system is expected to assume all these functions in the future. According to experts,

there is little enthusiasm for advanced lead-acid batteries as full hybrids and pure electric vehicles will not use lead-acid batteries (Source: *IDTechEx, Lithium-ion Batteries 2016-2026*).

## **2.4 Market for Li-Ion Batteries**

According to IDTechEx, the battery market value for Li-Ion applications is projected to increase from \$43.0 billion in 2016 to approximately \$218.0 billion in 2027 at a compounded annual growth rate (“CAGR”) of 15.9% with strong growth projections for Li-Ion applications comprising forklifts/intralogistics, hybrid electric vehicles (“HEV”) or plug-in hybrid electric vehicles (“PHEV”) buses over 5 meters utilizing Li-Ion batteries as well as mining equipment. Those applications which we consider as our current end-markets are projected to increase from \$3.3 billion in 2016 to approximately \$16.6 billion in 2027. Other applications for Li-Ion battery systems including pure electric buses over 5 meters, construction and agriculture vehicles and equipment, hybrid cars buses and airport vehicles (including lead-acid utilizing battery technologies) as well as MicroEVs (which we consider our future end-markets) are projected to increase from \$13.0 billion in 2016 to approximately \$88.5 billion in 2027, while applications including e-bikes, delivery trucks and other on-road excluding buses as well as indoor cranes and platform lifters (which we consider as our further potential end-markets) are projected to increase from \$3.2 billion in 2016 to approximately \$10.5 billion in 2027. Other applications such as wearables, scooters, cars (pure electric; including premium cars such as Tesla as well as mainstream cars), consumer electronics as well as military land and mobility for disabled people are projected to increase from \$23.6 billion in 2016 to approximately \$102.4 billion in 2027 (Source: *IDTechEx, Industrial and Commercial Electric Vehicles on Land 2017-2027*).

The continuously increasing need for battery capacity is driven by strong demand from different fields of the E-Mobility market. We are of the opinion that Li-Ion is the superior technology and will further benefit from a stricter regulation of battery substances (specifically prohibiting lead-acid batteries) and thus, we expect Li-Ion batteries and battery systems to have strong growth potential.

## **3 Markets and Applications**

The need and demand for E-Mobility has uncovered a plurality of promising applications and markets. We were a first mover in Li-Ion technology for E-Mobility in specified specialized applications since our battery systems can be used in a wide variety of end-market products and applications due to their modular concept.

Our battery systems are currently used for specialized applications in the following E-Mobility sub-markets:

- Public transport buses;
- Mining vehicles;
- Intralogistics (forklift trucks, automated guided vehicles and the like) and
- Starter batteries.

### **3.1 Attractive and Selected Markets for Li-Ion applications**

Profitability varies highly between different Li-Ion applications and depends on various factors. We are not focusing on mass markets but addressing well-selected markets with attractive margin profiles, such as public transportation buses, intralogistics, mining or performance vehicles. According to IDTechEx, the lower margins for Li-Ion applications generally will be found in automotive and consumer electronics ranging between 0 % and 10% profit estimated in 2025, while others like hybrid cars, electric buses, two-wheelers and industrial applications offer higher margins estimated in 2025 in the range of 10-30% or sometimes (*e.g.* racing cars) even more.

### **3.2 Public transport buses**

We develop and distribute advanced auxiliary batteries with tailor-made battery management systems, *inter alia*, for trolleybuses as customers seek to replace diesel generators and internal-combustion engines in order to reduce costs, energy consumption and CO<sub>2</sub>-emissions. Trolleybuses are a sub-segment of the electric bus market, in which a bus is electrically-powered via its attachment to an overhead wire along a prescribed route. Our tailor-made Li-Ion battery systems enable the bus to deviate from the prescribed route and overhead wire

for a limited period of time. Due to the ongoing E-Mobility development, buses, including trolleybuses benefited from the rapid development in propulsion technology, electrical energy storage systems and the charging infrastructure in order to make cities cleaner and more livable.

The European market is one of the leading regions for bus sector innovation. However, given the general production output per region, Asia is the largest bus and coach producer as it comprises over two-thirds of worldwide output (2011 – 2013). Within the European market, city buses constitute approximately 40% of total bus fleets production while coaches and interurban buses constitute approximately 60%. (Source: *Fraunhofer MOEZ, Techview Report Electric Buses*).

New HD-Drive Bus registrations are projected to increase from approximately 202,000 units in 2015 to approximately 328,000 units in 2025 at a CAGR of 4.9% respectively with China contributing 115,500 units followed by India (55,200 units) and Europe (34,900 units). The trend towards electrification will continue as new registrations for electric HD-Drive Buses are expected to increase globally from 5,700 units in 2015 to approximately 40,700 units in 2025 at a CAGR of 21.7% while China is expected to have the highest penetration rate at a CAGR of 68.7% driven by strong governmental incentive programs in building and commissioning of plug-in/electric buses followed by India (CAGR of 9.4%) and Europe (CAGR of 7.8%). (Source: *Frost & Sullivan*).

According to IDTechEx, the ten largest cities in the U.S., China and Europe together need about 33,000 new electric buses annually. Trolleybuses are a sub-segment of the electric bus market with 40,000 vehicles operating in 370 cities, in 47 countries world-wide. Trolleybus-systems have already reached a critical mass and could replace other bus systems (Source: *trolleymotion.eu*).

We have further demonstrated our engineering, tech and manufacturing hybrid and EV bus capabilities with more than 300 battery systems in the field and believe that we are well-positioned to benefit from the electrification of buses, in particular trolleybuses.

### **3.3 Mining Applications for Electric Vehicles**

According to IDTechEx, the global Li-Ion market value in the mining industry is expected to grow from \$0.002 billion in 2016 to \$0.361 billion in 2027 at a CAGR of 64.6%. Experts estimate that approximately 33,000 underground trucks, load-haul dumpsters (“LHDs”), drills and bolters are currently in use in the mining industry, with LHDs comprising the largest vehicle group with around 13,500 units in operation, followed by mining trucks with estimated 8,400 units and drills and bolters with around 11,100 units while in 2030, 30% of the new mining trucks will be fully electric, 40% will abandon a hybrid drive system and 30% will be powered conventionally (Source: *Mining Report 153, 2017, No. 2*).

From a geographic perspective, underground equipment in all mining market segments is expected to grow considerably in the years to come, specifically in the emerging markets, which are currently facing near-exponential population growth and urbanization. Mining companies in developed markets such as North America and Europe are replacing their conventionally powered vehicles and equipment with battery-powered vehicles and equipment in order to comply with increasingly stringent regulations (air pollution, safety and the like) and to improve mine productivity. Moreover, the mining industry sees the current political climate in the United States as beneficial and is willing to invest in equipment upgrades and advanced technology.

We believe the underground mining vehicle market is currently at the beginning of a paradigm shift; with Li-Ion based electrically driven drivetrains replacing conventional diesel and lead-acid based equipment at the end of their respective life cycles with, Li-Ion based equipment to comply with more stringent health and safety regulations, increase mine productivity as well as shield themselves from liability by mitigating toxic-emissions. The mining industry is said to have the most stringent safety requirements and we believe that the investments within this industry further drives growth in mining vehicles utilizing Li-Ion technology, and thus stimulates demand for high-quality battery solutions. Major corporations, such as Komatsu Mining Corp. are seeking to disrupt the market with fully electric LHDs to obtain competitive advantages.

### **3.4 Intralogistics Market Outlook**

We also compete in the intralogistics market (e.g. forklifts and automated guided vehicles) and benefit from growth trends stemming from Li-Ion applications supplanting the current lead-acid battery standard, common

in the intralogistics industry. According to our own estimates, the process of replacing lead-acid battery systems with Li-Ion ones is still in its infancy; currently 99% of the intralogistics market still uses lead-acid battery systems. However, we estimate that by early next decade the majority of new vehicles sold will use Li-Ion battery systems.

According to IDTechEx, the global battery market value (comprising lead-acid and Li-Ion) in forklifts is expected to grow from \$3.2 billion in 2016 to approximately \$16.2 billion in 2027 at a CAGR of 15.8%. Of these, \$2.8 billion are attributable to indoor forklifts and \$0.4 billion to outdoor forklifts in 2016, whereas in 2027 approximately \$12.9 billion are attributable to indoor forklifts and US\$3.3 billion to outdoor forklifts.

According to IDTechEx, it is estimated approximately 401,000 forklifts in the global forklift market use internal combustion engines (“ICE”) in 2017 a figure estimated to decrease to 0 units by 2027. Lead-acid forklifts are projected to contribute approximately 785,000 units to the global vehicle market for forklifts in 2017 but expected to decrease to approximately 400,000 units in 2027, while Li-Ion forklifts are projected to contribute 1,000 units in 2017, whereas in 2027 approximately 1,196,000 units are attributable to Li-Ion forklifts at a CAGR of 103.1% with Li-Ion projected to be the predominant technology utilized in the intralogistics market in the decade to come.

From a geographic perspective the overall intralogistics (mainly forklift) business is predominantly located in East Asia but electrified most in western countries, with Europe as the biggest electric forklift market. Based on our existing technology and infrastructure, Voltabox is set to serve all major global markets.

### **3.5 Market Outlook for Starter Batteries**

We intend to enter the starter-battery market. According to our own estimates, BMW (motorcycles), sales figures increased from 115,200 units in 2013 to 145,000 units in 2016 while sales figures for potential customers and selected motorcycle manufacturers increased from 195,600 units to 242,800 units in the same period, respectively at a CAGR of 7.5%. According to IHS, sales figures for high-performance sports cars by selected high performance car manufacturers which are identified as potential customers are estimated to increase from 83,900 units in 2017 to 138,400 units in 2023 at a CAGR of 8.7% (Source: *IHS Engine Forecast, sports cars, February 2017*).

Both the motorcycle- and automotive markets are expected to grow in the near future due to an increasing population and thus a larger need for mobility. Due to our technological edge, we focus on starter batteries for performance sports cars and will further benefit from the automotive industry’s demand for batteries with higher power output to save weight reducing CO<sub>2</sub>-emissions. We believe that Li-Ion based batteries will become more critical to the automotive and motorcycle supply chains once lead-acid batteries are marginalized.

### **3.6 Electric vehicles for agriculture and construction applications**

We identified a potentially attractive market to electrify agriculture vehicles as well as construction vehicles, as they require high-performance battery systems. As of the date of this Prospectus, we have just stepped into these markets. According to IDTechEx, the global market value for Li-Ion batteries and battery systems in the agriculture and construction industries is expected to grow from approximately \$0.005 billion in 2016 to approximately \$0.9 billion in 2027 at a CAGR of 61.3%.

We consider the value proposition of electrification in the agriculture and construction vehicle industry as attractive platforms to address the trends of electrification and energy efficiency by rolling out current modular kits for customers in these segments. We estimate that 20% to 30% fuel efficiencies can be achieved and we expect a huge potential for battery systems in these markets as both industries have stringent battery systems requirements and sector specific demands especially in terms of productivity, up-time as well as costs.

### **3.7 Volume Market for non-ICE automotive**

The future development of electric vehicles and mild hybrids is influenced by various factors including infrastructure, but also by stringent regulation and the replacement of internal-combustion engines. Current consumer reservations preventing mass-adoption of electric vehicles will subside, once a “range-per-charge”



tipping point is reached. As more consumers adopt EVs, more E-Mobility infrastructure will be built-out, further encouraging more consumers to adopt EVs technology. We expect enormous market potential for EVs and 48V mild hybrids going forward.

According to a study published by PwC, hybrid vehicle sales are expected to increase from 2.69 million units in 2016 to approximately 5.48 million units in 2021 at a CAGR of 15.3% while PHEV vehicles that have both an internal combustion engine and electric motor, will increase from 0.63 million units in 2016 to approximately 2.48 million units in 2021 at a CAGR of 31.5%. EVs will increase from 0.57 million units in 2016 to approximately 2.66 million units in 2021 at a CAGR of 36.1% (Source: *PwC Autofacts, 2017*).

We expect to benefit from the trend towards electrification within the automotive industry as we offer innovative products for mild-hybrid vehicles with 48V batteries and drivetrain components used in electric vehicles. Therefore, we will tackle specialized sub-markets within the electric vehicle market, which is expected to grow over proportionally, without competing with large automotive companies.

Mild hybrids are generally a vehicle equipped with an internal combustion engine and an electric motor. The electric motor provides greater efficiency by replacing the starter and alternator with a single device which assists the drivetrain. Mild hybrids do not require the same level of battery power and do not achieve the same levels of fuel economy improvement as compared to full hybrid models. Compared to a full hybrid vehicle, mild hybrids provide some of the benefits of the application of hybrid technologies, with less of the cost-weight penalty that is incurred by installing a full hybrid series-parallel drivetrain. With the 48 V mild hybrid a new electric motor and 48-volt battery are added onto the combustion engine and a common 12 V battery. We expect that the technology advantages along with 48V mild hybrids, such as costs (fuel price savings), fuel efficiency (by way of emission control) as well as increased drivability by way of offering restart/cold start capabilities are key benefits that we are seeking to benefit from in the future.

# PART L: TECHNICAL BACKGROUND

## 1 Introduction

The following section provides a brief overview of the technological background and advantages that our high performance rechargeable battery systems offer combined with an abstract explanation of selected technical terms and technologies relevant for the understanding of our current and future product offering as set out in the “*Business*” section.

Our high performance rechargeable battery systems are *inter alia* based on Li-Ion cell technology and are based on standardized sets of different cell packs (modules) enabling us to design tailor-made systems, including our proprietary battery management systems (“**BMS**”) with enhanced cell balancing functions.

Batteries are made up of various elements. Specifically, cells are the basis for any battery system. In a module cells are connected together in a series or in parallel strings to achieve the desired voltage and capacity. Depending on the cell’s connection, batteries can be designed for a wide range of applications, from low-power low-capacity batteries for industrial, uses, to high-power high-capacity batteries for use in electric and hybrid electric vehicles.

## 2 Cells mechanisms

A cell is a closed power source, in which energy is stored in chemical form. This energy is released via chemical reactions as electrons flow through an external circuit. Cells are generally constructed in the discharged state. During charging, the cathode (positive electrode) material is oxidized; lithium ions pass across the electrolyte and are intercalated between the graphite layers of the anode by an electrochemical reduction reaction taking place at the anode. When the cell is discharged, an oxidation reaction occurs at the anode (negative electrode); lithium ions are de-intercalated from the anode and migrate across the electrolyte to be re-intercalated into the cathode. Due to the charge balance, the equivalent numbers of electrons travel through the external circuit. A simultaneous electrochemical reduction reaction takes place at the cathode where the transition metal compound accepts electrons from the external circuit.

Li-Ion-battery cells consist of three main components:

- Anode (negative electrode);
- Cathode (positive electrode); and
- Electrolyte.

## 3 Cell chemistries used in battery systems

### 3.1 Lead acid

This chemistry is the predominant battery chemistry used in starter batteries for ICE vehicles. However, lead-acid batteries are heavy and suffer from poor energy density. It is a popular low-cost battery, available in large quantities and in a variety of sizes and designs, has high-performance rates, moderately acceptable performance in extreme temperatures, easy state-of-charge indication, and good charge retention for intermittent charge applications. Cell components are easily recycled. The main drawbacks of these batteries are their comparatively low energy density, long charge time and the need for careful maintenance. It is widely used in battery power for energy storage, emergency power and earlier generations of electric and hybrid vehicles (including off-road vehicles).

### 3.2 Lithium-Ion

Lithium is attractive due to its low equivalent weight and high standard potential and has been used in rechargeable batteries to provide up to six times the energy density of traditional lead-acid rechargeable batteries. The field has seen a drive for increased energy density, rate capability and the ability to provide high power, leading to high cycle life and thermal stability for increased safety. Li-Ion cells have considerably greater energy density than previously-used chemistries. This makes them particularly suitable for automotive or other high performance applications. They are also considered safer, less toxic, and are highly energy

efficient with significantly longer cycle life. Lithium battery technology is still developing, and there is considerable potential for further enhancements.

The main Li-Ion cell chemistries are:

- Lithium-Iron Phosphate (“**LFP**”)
- Lithium Titanium Oxide (“**LTO**”); and
- Lithium – Nickel Cobalt Manganese Oxide (“**NMC**”).

#### ***Selected advantages of Li-Ion compared to lead-acid batteries***

Notwithstanding, the higher density of Li-Ion batteries with up to 240 watt hours per kilogram (“**Wh/kg**”) compared to 40 Wh/kg for lead-acid batteries, Li-Ion batteries benefit from the following advantages:

- No memory effect;
- Very low self-discharge;
- No maintenance;
- No disadvantage at low temperatures;
- Optimum control and monitoring possible; and
- Zero emissions.

We therefore believe that Li-Ion batteries are the clearly superior battery technology and will replace lead-acid batteries – irrespective of regulatory pressure on lead-acid batteries. However, as Li-Ion chemistries are replacing the leading battery technologies of the past like nickel-metal hydride, nickel cadmium and lead-acid we carefully track new lithium-based technologies, such as lithium-air, lithium-sulfur and lithium solid state cells, which are expected to achieve market readiness around 2023.

#### ***Lithium Iron Phosphate (LFP) – $\text{LiFePO}_4$***

Phosphate-based technology possesses superior thermal and chemical stability which provides better safety characteristics than those of other Li-Ion technologies. The key benefits of LFP are its high-current rating and long cycle life as well as good thermal stability, enhanced safety and tolerance if abused. LFP is more tolerant to full charge conditions and is less stressed than other Li-Ion systems if kept at high voltage for a prolonged time. LFP cells are incombustible in the event of mishandling during charge or discharge, they are more stable under overcharge or short circuit conditions and they can withstand high temperatures without decomposing. When abuse does occur, the phosphate-based cathode material will not release oxygen, will not combust and is therefore much less susceptible to thermal runaway. LFP cells also offer a long cycle life (1,000 – 2,500 cycles). LFP batteries have rather low energy density, but they can support high currents and thus great power. LFP has a higher self-discharge than other Li-Ion batteries, which can cause balancing issues as they age. This can be mitigated by buying high-quality cells and/or using sophisticated control electronics, both of which increase the cost of the pack.

We consider the following advantages to apply to LFP:

- Nominal cell voltage: 3.2 volts (“**V**”) to 3.3 V;
- No risk of thermal runaway (in case of an accident);
- High cycle stability of up to 4,000 cycles at 80% depth of discharge (“**DoD**”);
- Large operating temperature range -20/+55 °c;
- High energy density (125 Wh/kg and 292 watt-hour per liter (“**Wh/l**”)); and
- Only a small proportion of rare earths.

Due to the limited risk of thermal runaway, LFP high-energy or high-power cells can be used in public transportation vehicles, such as trolleybuses.

### ***Lithium (NMC) – Nickel Manganese Cobalt***

NMC is the battery of choice for power tools, e-bikes and other electric powertrains. The cathode combination is typically one-third nickel, one-third manganese and one-third cobalt, also known as 1-1-1. This offers a unique blend that also lowers the raw material cost due to reduced cobalt content. Thus, batteries which employ lithium nickel cobalt manganese oxide are a compromise electrochemical performance, for a lower cost. Nickel-based systems have higher energy density, lower cost, and longer cycle life than the cobalt-based cells but they have a slightly lower voltage. From an electrochemical perspective, the performance of NMC is superior to LFP in terms of energy density. In terms of rate capability and therefore power density the electrochemical performance of NMC is not as high as LFP. NMC has good overall performance and excels on specific energy and is said to be the preferred cell chemistry for electric vehicles and has the lowest self-heating rate. This chemistry is increasingly seen as a viable alternative solution to LFP for high energy density packs in particular for electric vehicles.

In our opinion the following advantages apply to NMC:

- Nominal cell voltage: 3.6 V to 3.7 V;
- High cycle stability of at least 6,000 cycles at 80% DoD;
- Great operating temperature range of -30/+60 °C; and
- High energy density (136 - 230 Wh/kg and at least 309 Wh/l).

We currently use NMC cell chemistry in prismatic and pouch cells as high-energy and high-power versions for applications in the intralogistics industry (specifically in equipping forklifts with Li-Ion battery packs) and partly in the mining industry.

### ***Lithium Titanium Oxide (LTO)***

These cells replace the graphite in the anode of a typical Li-Ion battery and the material forms into a spinel structure. This anode is compatible with any of the above cathodes, but is generally used in conjunction with high voltage manganese-based materials due to its higher potential. LTO offers superior rate capability and power combined with wide operating temperature range. These cells are considered a safer alternative to the graphite anode due to higher potential and therefore inbuilt overcharge protection. They also are a “zero-strain” insertion material that does not form a large passivating layer with the electrolyte, thus giving rise to long cycles. However, lithium titanate batteries tend to have a slightly lower energy density than graphite based systems. Typical uses for LTO battery systems are electric powertrains and solar-powered street lighting. We currently use LTO for hybrid buses and we anticipate using LTO battery systems, in part, for the mining industry.

In our opinion the following advantages apply to LTO:

- Nominal cell voltage: 2.3 V;
- Highest cycle stability of up to 30,000 cycles at 80% DoD;
- High level of safety thanks to LTO anode;
- Great operating temperature range of -30/+55 °C;
- Energy density of 96 Wh/kg or 202 Wh/l; and
- Great SoC (as defined in *PART M: 4*) range useable with the highest performances.

LTO cell chemistry uses prismatic cells with capacities of 20 Ah (amp hour, “Ah”) or 23 Ah. The graphics below show the distinct advantages and disadvantages of the main Lithium variants:

### Cell Chemistries

Every Lithium-Ion chemistry has trade offs.  
We work with our customers to provide the best solution for their application.

Chemistry	Cycle Life	Safety	Energy Density	Power Density
NMC	Better	Good	Best	Good
Energy LFP	Good	Better	Better	Good
Power LFP	Better	Better	Better	Best
LTO	Best	Best	Good	Better

(Source: Company Information)

The three technologies – LFP, LTO and NMC – each offer their own distinct advantages, depending on application. We focus on available and proven chemistries, but we track future developments and positions accordingly. Furthermore, we are “cell-agnostic” to ensure optimal adaption to any application; the selection of type, chemistry and manufacturer of a cell is based on the customer’s specific use case.

### 3.3 Types of cells

A key component of a cell is the case. This contains the active chemicals and holds the electrodes in place. Cells can be housed in various ways.

#### **Cylindrical Cells**

Cylindrical cells have a mostly solid, metallic outer shell in which the active layers are inserted as wraps around the inner electrode. In this type of battery, the poles (plus and minus) are located opposite each other.

This design typically is available with different cell chemistries. For LFP-based cells: the use of so-called high-energy variants (HE) is ideal if great ranges are required. High-power cells (HP) are commonly used if high performance is required.

We use Type 26650 as this is a standardized cylindrical design and the type designation describes the outer cell dimensions: 26 mm diameter, 65 mm height.

#### **Prismatical Cells**

Prismatical cells (also known as flat cells) have a solid, metallic casing in a cubic form (“hardcase”). The battery poles are typically arranged on the upper flat side on the outer edges. The large surface of this design allows for good dissipation of heat.

Prismatical cells are available in all common battery chemistries: LFP, NMC, and LTO. For the LFP and NMC variants: the use of so-called high-energy variants (“HE”) is ideal if great ranges are required. High-power cells (“HP”) are commonly used if high performance is required.

#### **Pouch Cells**

In pouch cells, the stacked or folded active layers are enclosed by a flexible outer foil, most commonly made of aluminum. The battery poles (so-called “taps”) are usually thin metallic conductors guided toward the outside. Due to the lack of solid outer casings, pouch cells can be produced in low thicknesses with a low specific weight in almost any size. Their flat shape offers good heat dissipation options.

This design typically is available with different cell chemistries. As regards NMC-based cells, the use of HE is ideal, if great ranges are required. HP is commonly used if high performance is required.

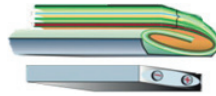
### Commercial battery packaging technologies

- Cylindrical -



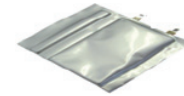
A spirally wound design (jelly-roll). Designated by size, e.g. 26650 cylindrical battery (Diameter: 26mm, length: 65.2mm; code for cylindrical shape: 0)

- Prismatical -



A prismatical design indicate a flat battery design. The stacks can be wound (as shown in the photo) or stacked (with alternating cathode/separator/anode structure). The stacks are usually inserted into rigid casing to form prismatic

- Pouch -



Rather than rigid metallic casing, conductive foil-tabs are welded to the electrodes and seal the battery fully. The tacks inside can be wound or stacked. Swelling and gassing could be a concern for pouch cells

### Comparison of commercial battery packaging technologies

Cell Package	Impedance	Thermal	Tabbing	Cell Cost	Battery Cost
Cylindrical	Poor	Poor	Minimal	Medium	High
Prismatical (Wound)	Poor	Poor	Minimal	Medium	Medium
Prismatical (Stacked)	Good	Poor	High	High	Medium
Pouch (Wound)	Poor	Good	Minimal	Medium	High
Pouch (Stacked)	Good	Good	High	High	High

Source: IDTechEx

## 4 Battery Systems and Battery Management System

Our battery systems are fully equipped batteries that consist of modules containing the cells, a battery management system and electronic equipment such as conductors and fuses as well as cooling components, if needed. In order to protect individual battery cells and the entire battery pack from exothermic reactions, electronic safety circuitry is required. For this purpose, battery management systems (“BMS”) have emerged. A BMS’ primary role within a battery system is to maintain the safety of the battery-system in such a way that the cells contained therein are not operated beyond their voltage and temperature capabilities.

As Li-Ion cells have a high energy density, any abuse of the cell can cause a thermal runaway leading to a potential cell fire and explosion. Thus, a BMS is an essential component within a multiple cell battery pack. It monitors the state of not only the entire battery but of each individual cell; measuring and controlling key operational parameters, and thus ensuring the battery-system’s safety.

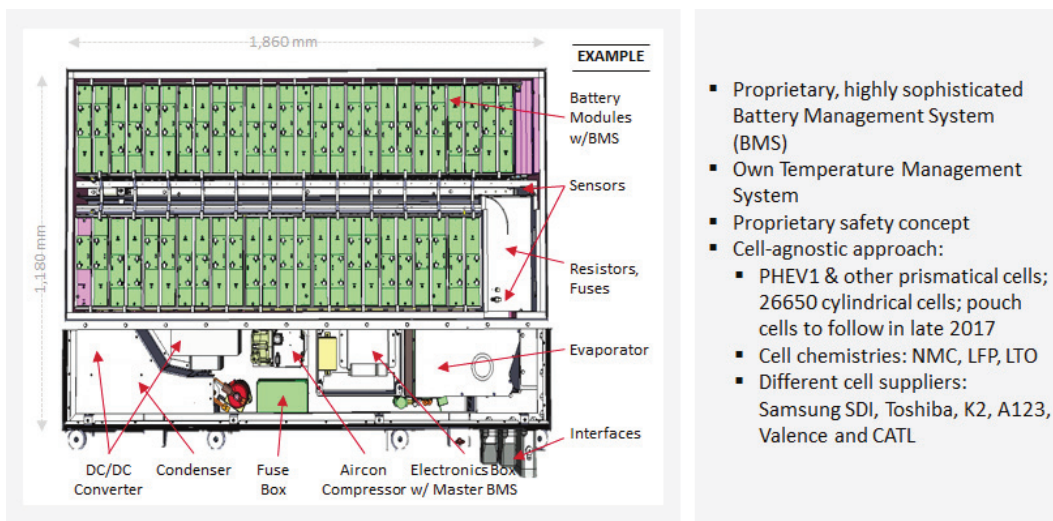
In general, it is understood that a BMS is a system responsible for the supervision, control, and protection of battery cells – either individually or connected together to form battery packs – and these are, in consequence, fundamental tasks for many aspects of an electrified vehicle’s performance; from energy efficiency – and therefore range – to safety, battery life and reliability. Thus, the BMS is battery system’s control unit which supervises the internal status of the system as well as communicates to the vehicle. One can differentiate between a so-called master BMS (“mBMS”) and a so-called slave BMS (“sBMS”). The slave variant is integrated into the modules and measures the cell temperatures and voltages and communicates the values to the mBMS which manages the modules and communicates with the vehicle. In addition the mBMS also controls the electronic components like closing and opening the contactors and operating the integrated cooling system.

Generally, a BMS is an analogue and/or digital electronic device, expected to achieve the following key objectives:

- Prolonging battery life;
- Protecting battery cells from damage;

- Maintaining the battery in a state where it can meet the prospective application’s requirements;
- Ensuring battery system’s safe operation; and
- Interfacing with host application.

There are multiple permutations in connecting several individual cells to form a battery pack as well as multiple permutations when configuring and designing a BMS. Furthermore, the various tasks fulfilled by a BMS can be distributed among different subcomponents. A centralized BMS can have up to three tiers: i) cell monitoring unit; ii) module management unit; and iii) pack management unit. All are combined into one single-printed circuit board, which manages all tasks required from a BMS. This is further directly connected to the battery cells. In a modular BMS, the module management unit is divided into multiple, separate units, which can be placed close to the battery modules, thus reducing the wiring complexity. A further advanced variant of the modular topology is the master-slave-topology as the functions and elements of the slaves are reduced to a minimum and functions that relate to the complete battery system are implemented only by the master.




(Source: Company Information)

During the development of a BMS, there are various aspects to be considered to assure the safe operation of the battery system. The decision to distribute BMS functions across different units or to concentrate it into a single unit, not only applies to hardware parts. The software and the associated processing power needed for the BMS functions can also be structured in different ways. In the centralized BMS topology, which uses only a single microprocessor, the unit is responsible in implementing all software functions in a single-software application. In a modular or master-slave configuration, however, each slave device typically has a microprocessor responsible for voltage and temperature measurement as well as cell balancing. In past decades, safety standards and regulations have emerged addressing the development of hardware and software used in battery systems.

Our battery technology satisfies a variety of uses while fulfilling highest quality and safety requirements. Our modular-kit solutions can be configured into variable battery systems specifically for customized applications. For more information regarding current and future specialized applications, see section “*Business segments and products*”.

Our most sophisticated BMS has a power-usage forecast capability; based on real-time data the BMS predicts future charging capabilities and usage based on the current the discharge and its effect on the battery’s underlying chemistry. The advantage is a higher efficiency battery system. Since our founding, we have developed different BMS generations, which can be seen in greater detail below.

BMS Generation*	Characteristics	VOLTA BOX	Competitors**	
 SYSTEM EFFICIENCY + PERFORMANCE	4.0	<ul style="list-style-type: none"> <li>Foresighted <u>forecast</u> capability</li> <li>Forecasted provision of dynamic currency limits based on real-time data</li> <li>Global alignment of characteristic currency curves when (dis-)charging depending on battery level</li> <li>Battery predicts how it will perform during the <u>next</u> power interval</li> <li>Higher efficiency</li> </ul>	✓	---
	3.0	<ul style="list-style-type: none"> <li>More efficient way of active cell balancing</li> <li>Self-learning system, optimizing individual power demand situations</li> <li>Bi-directional interface</li> <li>Battery informs how it fares <u>now</u></li> </ul>	✓	---
	2.0	<ul style="list-style-type: none"> <li>Active cell balancing (higher efficiency via energy redistribution)</li> <li>Interface existent, however mostly unidirectional</li> </ul>	✓	✓
	1.0	<ul style="list-style-type: none"> <li>Passive cell balancing (excess energy is converted into thermal energy)</li> <li>No interface with vehicle architecture</li> </ul>	✓	✓

\* Terminology by the company \*\* According to management view

(Source: Company Information)

Our fourth generation BMS was recently made public. It allows for very high levels of efficiency, forecasting capabilities, predictive provision of dynamic electricity limits based on real-time data and prediction of battery performance in next power cycle. Given our BMS development cycles, we consider ourselves as an innovation leader and benefit from a first-mover advantage.



## PART M: BUSINESS

### 1 Overview

In 2011, our Parent Company paragon AG formed an E-Mobility business unit, which, in 2014, became an independent entity, Voltabox Deutschland GmbH. Since the formation of Voltabox Deutschland GmbH, in our own estimation, we have established ourselves as an innovator and leading producer of high-quality, reliable and technologically-advanced battery systems based on Li-Ion technology for certain E-Mobility sub-markets. We believe our market position is attributable to our products' high-quality, reliability and technological innovation, supported by our innovation capabilities and in-house research and development activities. As a "Pure Play" E-Mobility specialist, focused on Li-Ion battery technology, we are providing battery systems for demanding industrial applications. We are fully focused on Li-Ion technologies, which actively disrupt the battery market. We benefit from our Parent Company's proven entrepreneurial track record, the comprehensive customer network and almost 30 years of experience in the automotive industry. We believe we are strategically well-positioned to benefit from current trends across our business segments and specialized applications, which are characterized by underlying growth supported by a number of mega trends. The trend towards electrification, the growing global population and urbanization as well as the stricter climate regulations for reducing CO<sub>2</sub> emissions are expected to drive growing demand for E-Mobility applications in various industries and sectors. In particular, the emerging Li-Ion battery market is a disruptive technology for the lead-acid battery market, and we believe the Li-Ion based battery will replace most of the established lead-acid battery applications in the coming years.

Our core business is the development, manufacturing and distribution of high-performance rechargeable battery systems with integrated battery management systems based on Li-Ion technology for a wide range of applications such as in public transportation vehicles, commercial and industrial vehicles as well as intralogistics. In the future, we aim to address sectors such as agricultural and construction vehicles, ground support equipment as well as selected applications in the automotive mass market.

Our business operations are conducted through Voltabox AG (formerly Voltabox Deutschland GmbH) as well as our subsidiary Voltabox of Texas, Inc. and are divided into three business segments:

- **"Voltapower"**: in this business segment we develop, manufacture and distribute high-performance battery solutions for large specialized vehicles where customized, turn-key Li-Ion solutions add maximum value for customers in the public transport, mining and intralogistics sector, for example. Currently, our primary customers are Triathlon Batterien GmbH, Kiepe Electric and Komatsu Mining Corp. (formerly Joy Global Inc.). Voltapower is currently our core business segment which accounted for 100% of our Group revenue and 100% of our Group EBIT in 2016.
- **"Voltaforce"**: under the Voltaforce brand we develop, manufacture and distribute standardized low-voltage batteries for use in distinct segments in the mass battery market where lightweight batteries are particularly relevant and advantageous; for example, starter batteries for motorcycles and 48V mild hybrid solutions. Hence, Voltaforce batteries replace the common lead-acid battery systems such as starter batteries for motorcycles and other vehicles. Voltaforce batteries seek to disrupt the lead-acid battery market by replacing especially established low-voltage lead-acid batteries. Our primary customer will be BMW (motorcycles).
- **"Voltamotion"**: under the Voltamotion brand we develop drivetrain components including power electronics enabling the full electrification of high-performance vehicles and addressing additional individual markets for inverters, chargers, DC/DC-converters, electric machines and the like. The Voltamotion products are currently in the development process and we plan to produce and sell them beginning in 2018.

Our production facilities and corporate headquarters as well as our main research and development center are located at our Delbrück Facility in Delbrück, Germany, which has 72 employees as of June 30, 2017 (including 13 temporary employees) utilizing 2,750 square meters of production and office area. In our Aachen Facility, Germany, we have an additional Voltamotion research and development center for drivetrain components, which currently has three employees utilizing 790 square meters of research and office area with physical and personal proximity to the University of Aachen. Further, we have a development, production and

sales facility near Austin, Texas in the United States which has 16 employees utilizing approximately 2,150 square meters of production and office area.

In fiscal year 2016 we generated revenues of €14.5 million (€7.4 million in fiscal year 2015 and €4.6 million in fiscal year 2014) with an EBITDA of €-2.1 million (€-0.8 million in fiscal year 2015 and €-0.1 million in fiscal year 2014) on the basis of our Combined Financial Statements (IFRS). In the six months ended June 30, 2017, we had revenues of €10.6 million (€4.5 for the six months ended June 30, 2016) and an EBITDA of €0.2 million (June 30, 2016: €-0.8 million) on the basis of our Interim Financial Statements (IFRS).

Up until the six months ended June 30, 2017, Voltapower accounted for our entire revenue. Our Voltaforce segment is expected to generate its first revenues in the second half of fiscal year 2017. Voltamotion is expected to generate its first revenues in 2018 at the earliest.

For the six months period ended June 30, 2017, we had an average workforce of 89.5 employees (including temporary employees).

## 2 Competitive Strengths

We believe the following competitive strengths have driven our growth in the past and will continue to distinguish us from our competitors in the future:

- **“First-mover”-advantage due to early market entrance**

The E-Mobility market is currently being driven by disruptive global trends, such as the substitution of internal-combustion engines with electric drivetrains, urbanization and the need for higher levels of operating and energy efficiency due to political pressure, public policy and a stricter regulatory framework for internal-combustion engines' emissions and efficiency. As a result, the use of drivetrains for E-Mobility purposes is expected to increase dramatically in the coming years. Additionally, in the short to mid-term, we expect the emerging Li-Ion battery technology to replace most of the established lead-acid battery applications. Compared to lead-acid and other battery technologies Li-Ion technology provides clear advantages, including (i) higher energy density (up to 230 Wh/kg compared to 40 Wh/kg); (ii) higher cycle stability (up to approximately ten times more charging & discharging cycles possible); (iii) higher efficiency (up to 95% of the installed energy can be used); (iv) no memory effect and no maintenance; (v) low self-discharge; (vi) potential optimal control and monitoring and (vii) possible high charge and discharge rates.

We have a strong anchorage in paragon Group, a Tier 1 automotive supplier from whom we benefit due to its proven track record, the customer network and almost 30 years of company history in the field of automotive electronics. We were a first mover in Li-Ion technology for E-Mobility in specified specialized applications. With the development of our first modular system using cylindrical lithium iron phosphate (“LFP”) in 2011, E-Mobility became an operating segment of paragon’s business operations. In 2014, Voltabox Deutschland GmbH and Voltabox of Texas, Inc. were founded, while at the same time the mass production of battery modules for trolleybuses started in the U.S., fulfilling the requirements of the Buy America Act & the American Recovery and Reinvestment Act of 2009. Many of our competitors do not have such history, experience or expertise in the Li-Ion battery market.

- **Strong references and “anchor projects” in key segments**

By capitalizing on our first-mover advantage in Li-Ion technology designed for specialized E-Mobility applications, we won first-class customers and reference projects. Our customers typically use our battery systems in specialized markets as capital goods. A brief overview of key milestones we have achieved in approximately five years of operation can be found below.

- Q2 2014: Voltabox concluded a major contract with Kiepe Electric (formerly Vossloh Kiepe) for equipping trolleybuses with batteries;
- Q1 2015: Voltabox started into an exclusive cooperation agreement with Triathlon Batterien GmbH granted us access to the forklift market;
- Q2 2016: Voltabox established a new market segment for our Group as Voltabox of Texas Inc. entered into a strategic partnership with leading mining equipment and services provider Joy Global (legal predecessor of Komatsu Mining Corp.) with exclusive supply terms valid until 2026;

- Q4 2016: Voltabox supports KUKA Roboter GmbH with batteries for automated guided vehicles (AGVs); and
- Q2 2017: Voltabox supplies starter batteries for performance motorcycles of BMW.

Our current main customers are Triathlon Batterien GmbH, Komatsu Mining Corp., Kiepe Electric, FORI AUTOMATION, KUKA and BMW (supplied with starter batteries). We have an order backlog of €805 million as of June 30, 2017 for the planning period July 1, 2017 to December 31, 2022 (of which approximately 77% is attributable to two large customers).

- **Customized systems for specialized applications**

In addition, we believe we have established ourselves as a market leader in the development and manufacture of Li-Ion battery systems for trolleybuses and forklift trucks. We have positioned ourselves to be a leading supplier of motorcycle starter batteries as well as batteries for automated guided vehicles (“AGVs”) and underground mining vehicles. We see further opportunities to apply our technology in complimentary sub-markets to the current E-Mobility applications our technology and batteries support, for example in agricultural and forestry vehicles, utility vehicles for public services, waste disposal vehicles, construction and surface mining vehicles as well as in airport ground support equipment where internal-combustion engines and lead-acid batteries still account for the overwhelming majority of drivetrains.

Our future product strategy also entails providing battery solutions for mild hybrids and Li-Ion based starter batteries in the mass-automotive market. Additional markets we seek to penetrate utilize standardized low-voltage batteries such as sweepers, e-bikes and medical devices. We believe that our battery systems are based on the latest, proven and most common high-performance Li-Ion cells providing maximum service life and cycle stability. Their high efficiency and low to no maintenance translates into a highly-favorable cost-benefit ratio for everyday use. The batteries are designed to be functional, intrinsically safe and environmentally friendly. Our battery systems are supplied ready-to-use with their own integrated battery management system including a communication interface.

- **Technological leadership with Battery management system ahead of competitors**

We believe that we have a leading position in battery systems for a wide-range of E-Mobility applications. Voltabox’ products are not prototypes, but proven, validated, safe, and, above all, immediately available to customers in high-margin sectors that are forecasted to grow due to the expanding use of E-Mobility solutions for a growing number of applications (agriculture, driverless transport systems, autonomous industrial robots).

A core strength of our high-performance Li-Ion battery systems is our proprietary integrated BMS, which allows customers to interface with the vehicle’s electrical architecture, enabling an active and real-time dialog between the battery and the end-user, thus optimizing driving performance, telemetric opportunities, facilitating fleet management, providing online diagnostics as well as remote monitoring via CAN BUS, ISOBUS, wireless and Ethernet communication interfaces as well as advanced predictive functionalities and charging technology.

The production of a safe and reliable BMS requires extensive experience and established expertise in the development, manufacture and maintenance of both battery and BMS hardware and software. Such experience and expertise are well-established core competences of Voltabox as well as our Parent Company, which manufactures the corresponding BMS printed circuit boards (“PCB”). As a result, we believe that our battery management systems provide significant advantages over conventional battery management systems. Most standard battery management systems from other providers only allow for passive cell balancing (where excess energy is converted into thermal energy) and lack the ability to interface with vehicle architecture. Other advanced battery management systems comprise active cell balancing (higher efficiency via energy redistribution between cells) but only provides uni-directional interfaces with vehicle architecture. In our opinion even our competitor’s most advanced battery management systems that include bi-directional interfaces cannot match our battery management solutions which, additionally provide for (i) forecast battery usage capabilities; (ii) predictive provision of dynamic current limits based on real-time data; (iii) global alignment of characteristic current curves when

both charging and discharging, depending on battery level; (iv) predictive performance during the next power interval; and (v) higher efficiency.

For example, we are currently working on a Li-Ion battery with 17% higher energy density than current “best-in-class” solutions and we are currently developing a new 48V battery that will be addressing the automotive mass market for mild hybrids (in collaboration with a university).

- **Modular concept**

Our battery systems can be used in a wide variety of vehicles and industry applications for various end markets. Most battery systems have to be customized according to each customer’s individual requirements applications and product specifications by size, power, shape, cell configuration and chemistry, communication interface and the requisite certifications according to the application requirements. Due to the wide range of possible applications, the level of customization can vary significantly.

To address our customer’s specific requirements we developed a set of battery modules utilizing various cell configurations and cell chemistries based on Li-Ion battery technologies. This modular concept, which, to our knowledge, is unique in the market, has a number of advantages including a large number of possible system configurations, which allow us to tailor our products to each customer’s specific application requirements. We are also able to deliver these modules quickly and to the customer’s exact and unique specifications through mass production on a modular level, providing tailor made solutions at a lower cost than products that need to be produced from scratch.

Currently we are in the final stages of developing our fourth modular system based on Li-Ion pouch cells. Until recently, all current Voltabox systems have been based on modules made from either cylindrical or prismatic cell types. All Voltabox modules are produced using a high-level of automated technology and robotics, thus enabling an efficiently-controlled mass production while ensuring consistent quality standards.

- **Meeting highest safety requirements**

We have stringent safety standards to ensure consistent and safe performance in demanding applications, such as for underground mining equipment or motorcycles. We carefully analyze every application and strive for the safest cell chemistry corresponding to its technical requirements.

Most applications of our battery systems are used for require LFP-technology, in which thermal runaway is impossible. If NMC or LTO technology is used, we aim to prevent chain reactions by means of a patented module design. Also our BMS is part of our safety system by monitoring temperatures, voltages and the like. Further, our BMS tests and validates the functionality of the battery modules; triggering an automatic shutdown before any failure could occur, which would compromise the safety of our battery systems. Additionally, the robust mechanical design of modules and the system enclosures is the base of our whole safety concept. On customers’ request, the battery system is connected with our Voltabox’s headquarters via remote control for optimal monitoring by telemetry.

As opposed to other electric vehicle manufacturers, we refrain from using the aggressive NCA technology due to safety considerations, thus our battery systems are among the safest for use in industries with stringent safety requirements, such as with the U.S. mining industry which is regulated by the Mine Safety and Health Administration (“MSHA”).

- **Proof of concept with strong growth momentum**

We deliver tailor-made and complete battery systems based on individual application needs using proprietary modular kits and on our outstanding technological know-how and Li-Ion battery expertise. We have demonstrated our “proof-of-concept” since our spin-off from paragon in 2014 with strong growth momentum. From 2014 to 2017, our revenue, on a combined basis, is expected to grow at a compound annual growth rate of 76.4%. As of June 30, 2017 our revenues increased to €10.6 million from €4.5 million compared to the first six month period ended on June 30, 2016 at a CAGR of 134.7%, while our order backlog amounts to €805 million as of June 30, 2017. This growth was driven by our continuing focus on high-margin industries and specialized applications.

- **Well-positioned to benefit from current trends**

We believe we are strategically well-positioned to benefit from current trends across our business segments and specialized applications, which are characterized by underlying growth supported by a number of mega trends. The trend towards electrification, the growing global population and urbanization as well as the stricter climate regulations for reducing CO<sub>2</sub> emissions are expected to drive growing demand for E-Mobility applications in various industries and sectors. In addition, the trends toward increasing technological connectivity, which drives the development of new devices, will continue to support demand for our batteries.

- **High level of test automation technology**

Our production automation systems are partially designed and developed internally, which allows us to maintain consistent battery system quality while also protecting our production knowhow and increasing production efficiency to better serve our customers the sub-markets we currently service. Our production automation is based on automotive standards with superior, consistent quality in all stages of the production process and is fully automated and 100% traceable. We use high-end robotics for use in our modern manufacturing technologies and processes. To maximize the flexibility in our production processes, we cloned our manufacturing facility in Delbrück, Germany in Leander, Texas, so they are now indistinguishable from one another. Our innovation and technological expertise is further supported by our research and development as well as our engineering teams. We believe that our technological expertise allows us to continue developing high-quality battery systems and solutions for the specialized markets in which we operate in as well as acting as a strong technological foundation on which to grow our business segments.

- **Close relationship with suppliers**

Our manufacturing operations depend on obtaining raw materials, parts, components, manufacturing equipment and other supplies including services from a selected number of reliable suppliers in adequate quality and quantity in a timely manner.

Our close relationship to and interaction with our suppliers is of utmost importance as our suppliers, from time to time, share their research and development roadmap with us for their products to come enabling us to have an “ear to the ground” for future products, applications or markets for selected specialized applications. Thus, we benefit from close relationships to our international suppliers, particularly our selected cell suppliers.

- **Experienced management team**

We benefit from a strong, established and highly-experienced management team and members of supervisory board vested with extensive experience in the industry.

Mr. Jürgen Pampel our CEO has worked in leading positions for an established company in the electronics industry. With his qualification as Six Sigma Master Black Belt in business innovation and efficiency, Mr. Pampel successfully implemented multiple process development projects for well-known automobile OEMs as well as automotive suppliers. He began his career at paragon AG in 2004 as Head of Business Development. Mr. Pampel is also a member of the Board of Directors of Voltabox of Texas Inc.

Mr. Andres Klasing who is acting as CFO has more than 20 years of experience in controlling, accounting and corporate finance. Prior to his current role, he worked in various positions as head of controlling, finance, *inter alia*, for a Bertelsmann company but also for an automotive supplier. Prior to joining paragon, Mr. Klasing worked as managing director to a machine building company, focusing on general management, organizational development, process design and cost optimization. Mr. Klasing has more than 20 years of experience in leading positions in controlling, finance and IFRS-accounting mainly for publicly listed companies or their affiliates.

Mr. Rick Herndon is the President and CEO of Voltabox of Texas, Inc. and previously served as the Voltabox Texas’ Chief Operating Officer (COO). Prior to joining one of our Parent Company’s U.S. subsidiaries in 2006 he worked in a variety of industries including metal fabrication and electronics manufacturing.

Mr. Klaus Dieter Frers, Voltabox AG's Supervisory Board chairman and founder and CEO of our Parent Company, is also the Chairman of the Board of Voltabox of Texas, Inc. and previously served as the CEO of Voltabox of Texas Inc. and has been the driving force behind paragon for approximately 30 years and Voltabox since its' founding.

Prof. Dr. Martin Winter, who assumes the function as Voltabox AG's Supervisory Board deputy chairman and is one of the most renowned German scientists in the energy-storage field with a focus on Li-Ion batteries. Prof. Dr. Winter is a professor at the Institute of Physical Chemistry at the University of Münster, Germany and is founder and head of the MEET Batteries Research Center in Münster. He was most recently honored with the Braunschweig Research Prize 2016.

### **3 Strategy**

We have a strategic focus on attractive end-markets for high-margin industrial E-Mobility applications. Our goal is to significantly increase our battery system sales volume by further securing and increasing our existing market position, expanding into new specialized markets and by increasing our product offering. The key elements of our strategy in achieving our goals include the following:

- **Expansion of end-markets in core segment with additional growth potential through expansion of portfolio**

We were a first-mover in Li-Ion technology for specialized E-Mobility applications and believe that we established ourselves as a market leader in the provision of Li-Ion battery systems. Based on our market position and our existing relationships with leading customers, we see various applications in future sub-markets and opportunities which we intend to capitalize on in our core segment "Voltapower".

We focus on attractive end markets for high-margin industrial E-Mobility applications and thereby exploiting substitution effects from replacing lead-acid battery systems with our own Li-Ion battery systems. Our growth strategy for our core Voltapower segment has been thus far successful, as demonstrated by our order backlog of approximately €704 million as of June 30, 2017 for the planning period July 1, 2017 to December 31, 2022. Most recently, we focused on specific capital goods sub-markets such as municipal public transport, intralogistics (including forklifts) as well as mining equipment and vehicles. Thus, in September 2016 we began a strategic partnership between Voltabox of Texas, Inc. and Komatsu Mining Corp. (formerly Joy Global), a leading mining equipment and service provider. In the course of this strategic partnership Voltabox of Texas, Inc. develops intelligent battery systems for various vehicles used in underground mining in order to benefit from improved performance and lower costs. Moreover, in October 2016, Voltabox entered into a Supply Agreement with KUKA Roboter GmbH, a leading manufacturer of robotic and automation technologies.

We see further opportunities to apply our technology in sub-markets complimentary to the current battery E-Mobility applications we support, for example in agricultural and forestry vehicles, utility vehicles for public services, waste disposal vehicles, construction and surface mining vehicles as well as in airport ground support equipment where internal-combustion engines and lead-acid batteries still account for the overwhelming majority of drivetrains. We believe that our integrated battery management technology combined with power electronics and drivetrain components enables us to further penetrate distinctive attractive segments of the automotive mass markets for broader use in various E-Mobility markets.

- **Opportunities for horizontal expansion**

In order to further implement our growth strategy, we seek to internationalize our business operations for specific specialized applications to expand into further selected attractive mass markets with our Segment "Voltaforce" which has an order backlog of approximately €101 million, thereof €68 million for performance motorcycles as of June 30, 2017 for the planning period July 1, 2017 to December 31, 2022. We intend to begin mass producing our batteries in China due to the relatively low production costs there. Due to current environmental issues, China has become a frontrunner in E-Mobility technology, specifically the mass applications thereof, such as e-bikes, e-cars and e-buses. We therefore believe China provides a unique market opportunity due to our preexisting expertise and market position in electrifying municipal public

transport. Possible applications for the Chinese market include e-bus battery systems for the emerging Chinese e-bus market as well as access to potential Chinese partners with an interest in the e-bus market. With paragon's existing expertise in Kunshan, China, and our contacts with a number of Chinese technology partners, we believe joint ventures with Chinese partners who provide local network and market knowledge as well as access to production space and funding could be a first step in implementing this strategy.

Given our battery technology knowhow, expertise, experience and proven development capabilities, another market complimentary to our future growth plans we have yet to capitalize on is batteries for medical use. We specifically seek to further expand our product portfolio and client base by manufacturing batteries for medical devices, such as defibrillators, pacemakers, portable diagnostic equipment and the like. In entering this market, we seek to focus on the mass production of standardized low-voltage batteries internationally.

- **Vertical expansion**

We see ourselves as a technological leader in the development of battery systems for specialized E-Mobility applications. Selected mass applications like starter and universal batteries complement our product portfolio. We plan to expand our product portfolio along the value chain becoming a full service provider by including drivetrain solutions by way of vertical expansion with our business segment Voltamotion.

To further secure our position, we intend to invest in the expansion of our research and development as well as our production facilities. This expansion may also include the acquisition of other companies which are either leaders in product technologies we currently do not offer or that have access to markets that we yet have no presence in, or both.

Our future product strategy entails entering the mass automotive market by producing power electronics, electric motors and high-volume batteries while all system components could be optimally fine-tuned to each other for the sake of achieving a better performance, a longer lifetime as well as a higher reliability. In particular, we are currently planning to develop:

- Drivetrain components including power electronics (chargers, DC/DC converters, inverters and electric machines) at our Voltamotion research and development center in our Aachen Facility;
- 48V batteries for mild-hybrid solutions (high volume);
- Low-voltage batteries (standardized, high volume).

We believe that transforming ourselves into a full-system provider will create further barriers to entry for new market players and thereby expand and secure our unique selling proposition. As demanded by our existing customers and as a direct result of our business strategy, we begun developing drivetrain components including power electronics offering a one-stop-shop for the entire drivetrain, thus ensuring that all components interact fluidly with one another in a single vertical eco-system.

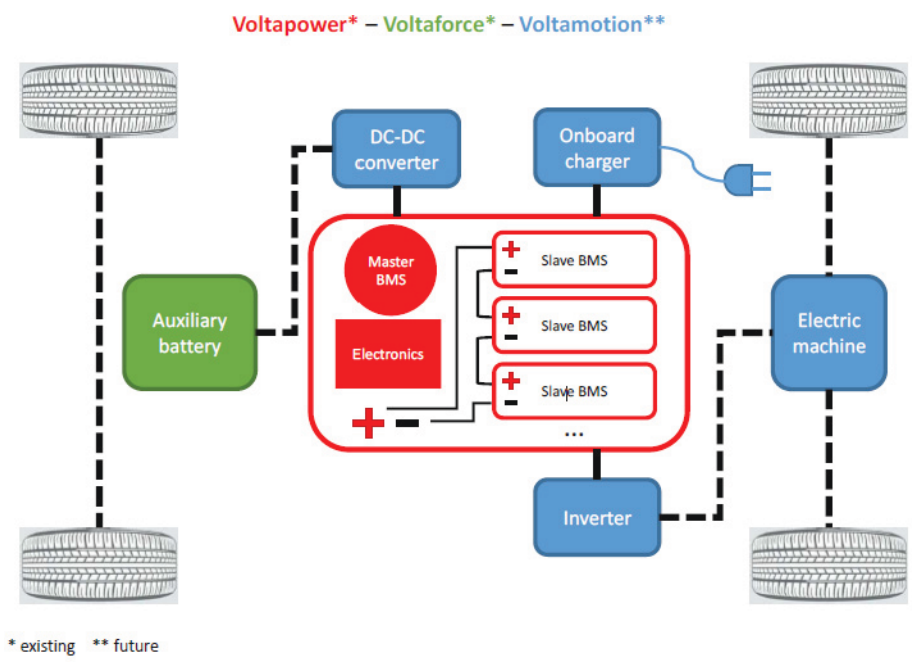
- **Pursuing growth opportunities through selective acquisitions**

We aim to supplement our organic growth with acquisitions, where strategically appropriate while we intend to continuously improve our project management and service capabilities while growing our market share by pursuing targeted acquisitions in existing and new geographic markets, primarily in Germany, Western Europe and the U.S. We believe that such acquisitions could lead to a more vertically-integrated structure while simultaneously improving our sales and distribution channels, allowing us to leverage our increased scale advantages in sales, marketing, procurement and production. We aim to maintain and extend our market position in the battery system segment both, in Europe and in the U.S. to become a market-leading global producer and manufacturer of battery systems. We seek to achieve these goals by further international expansion while simultaneously expanding our presence in the European and North American markets focusing in particular on companies specializing in key technologies (e.g. in the field of power electronics) or to gain market access for our Voltapower segment as well as for Voltaforce and Voltamotion segments. Potential markets in which we may seek to acquire other companies include our primary markets described elsewhere in this prospectus as well as power electronics, electric machines as well as low-voltage batteries. Part of our acquisition strategy is also to play an active role as one of the consolidators in a fragmented market. Due to our established market presence and current market position,

we believe that we are well-positioned to build on our success in the battery system market while expanding our customer base, specifically for battery packs for use in specialized applications to grow our market share in the fragmented markets in Europe and the United States.

#### 4 Business segments and products

Our business is divided into three business segments: Voltapower, Voltaforce and Voltamotion. As of June 30, 2017 our total order backlog for the planning period July 1, 2017 to December 31, 2022 in our business segments is valued at approximately €805 million. Our products can be used in a wide range of specialty applications for all kind of vehicles. The segments represent the different we produce and may be illustrated as follows:



(Source: Company Information)

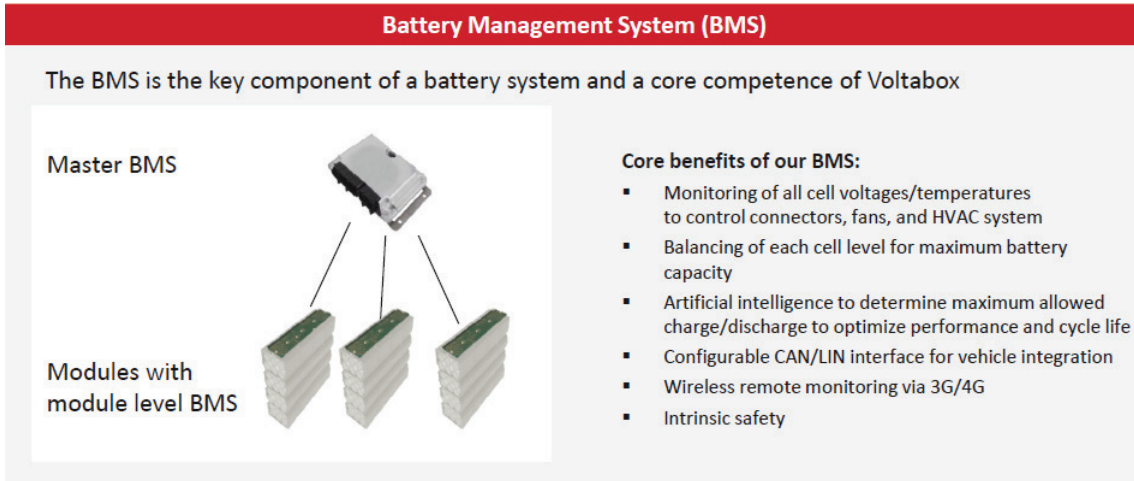
A core feature of our high performance battery systems is our proprietary integrated battery management systems which allow customers to interface with the vehicle’s electrical architecture, telemetric opportunities, fleet management, online diagnostics, monitoring and charging technology via CAN BUS, ISOBUS, LIN BUS, wireless and Ethernet.

Continuous monitoring of various parameters of the Li-Ion technology used is vital for ensuring safe operation and an optimized maximum service life. This includes:

- Monitoring of all cell voltages/temperatures to control connectors, fans, and HVAC system;
- Balancing of each cell level for maximum battery capacity;
- Artificial intelligence to determine maximum allowed charge/discharge to optimize performance and cycle life;
- Configurable CAN/LIN interface for vehicle integration;
- Remote monitoring via 3G/4G; and
- Intrinsic safety.



The following graphic illustrates the concept of modular sets with an integrated BMS:



(Source: Company Information)

The results obtained are used to generate the corresponding state of charge (“SoC”). In addition, artificial intelligence is used to determine maximum allowed charge/discharge to optimize performance and cycle life for each individual battery system. Our BMS solutions also provide configurable CAN/LIN interfaces for vehicle integration and remote monitoring via wireless and/or 3G and 4G LTE as well as built-in safety functions.

A safe and reliable BMS requires extensive experience and established expertise in the development, manufacture and maintenance of both batteries and BMS hardware and software; both of which are long-term core competences of Voltabox and our Parent Company, which also manufactures the corresponding BMS PCBs. As a result, we believe that our battery management solutions provide significant advantages over conventional BMS. Most standard battery management systems from competitors to our knowledge only allow for passive cell balancing (where excess energy is converted into thermal energy) and have no interface with vehicle architecture.

Other more advanced battery management systems comprise active cell balancing (higher efficiency via energy redistribution between cells) but only provide for unidirectional communication with vehicle architecture.

Our battery management solutions additionally provide for:

- Predictive provision of dynamic current limits based on real-time data;
- Global alignment of characteristic current curves when (dis-) charging depending on battery level;
- Battery predicts how it will perform during the next expected power interval; and
- Higher efficiency.

We further believe that our battery systems have diverse potential applications in growing sectors where high-performance batteries are required for equipping trucks and large vehicles, used primarily in the agriculture, mining and construction industries.

Our battery systems are typically based on individual customer requirements and their respective application needs, based on standardized sets of different modules.

#### 4.1 Modular Systems

Our battery systems can be used in a wide variety of vehicles for various end markets and applications. Most battery systems have to be customized according to individual customer requirements and applications or product specifications. This includes battery size, battery power, shape, cell configuration and chemistry, communication interface and the certification according to the requirements defined by customer needs and by law. Due to the wide range of possible applications, the level of customization can vary significantly.

To address these specific requirements we have developed a set of modular battery systems using different cell configurations and different cell chemistries based on Li-Ion battery technologies. This modular concept,

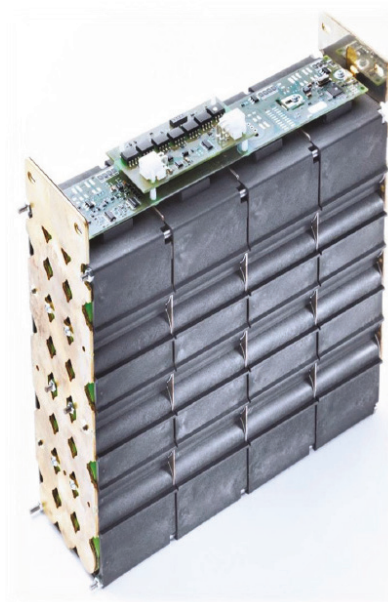

which we see as a clear competitive strength, involves a number of advantages including short time-to-market due to a huge number of possible system configurations corresponding to specific customer and application requirements that can be realized timely due to the readily available module concepts; tailored solutions for customers on system level but at the same time mass production on module level and reduced initial costs for customers because there is no need for specifically developed solutions from the scratch.

A special feature of the battery system is the modular kit consisting of modules with e.g. 64 lithium iron phosphate cells each, and an autonomous battery management system. This principle permits a particularly simple and cost-effective assembly of the modules, so that the desired battery capacities and nominal voltages can be achieved without the usually high development expenditure. The modules are delivered in a special housing with thermal management and superior control, which meets all safety requirements and standards for intrinsically safe systems.

### ***Cylindrical Cells***

A cylindrical cell is a cylinder-shaped cell in a robust metal housing (hardcase). The cell is grouped with serial and parallel connections including integrated battery management system and available in versions ranging from 40 Ah up to 113 Ah capacity per module. Currently, we use cylindrical cells of the type 26650 supplied by Valence, A123 Systems and K2 Energy.

- Grouping of cylindrical cells with serial and parallel connections including integrated battery management system
  - 2x8
  - 3x8
  - 4x9
- 40 Ah up to 113 Ah capacity per module
- Advanced battery management system functions
- Significantly higher mechanical stability due to surrounding plastic body and integrated tie rods

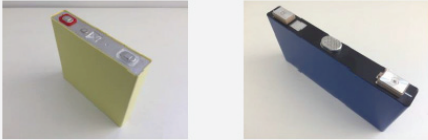
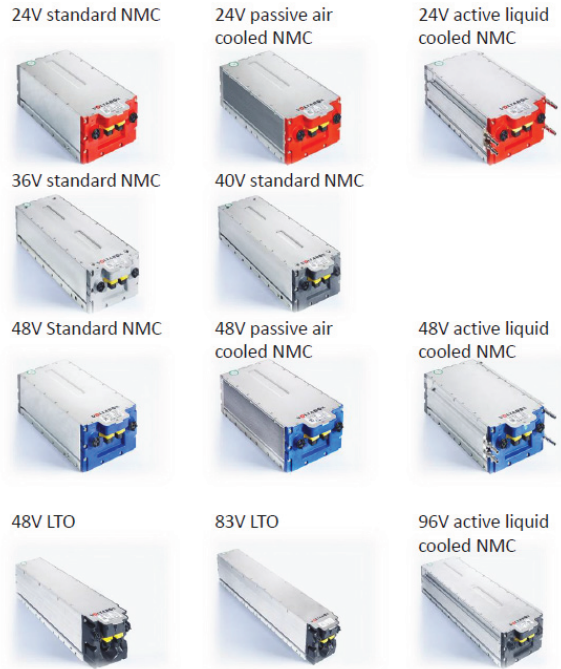


(Source: Company Information)

### Prismatical Cells

We manufacture battery modules based on prismatical cells offering different voltage levels from 24 V – 96 V featuring integrated thermal management with passive air or active liquid cooling. Likewise, the cells are grouped with serial and parallel connections including integrated battery management systems on module level. Currently, we use prismatic cells supplied by Samsung, CATL (both NMC) and Toshiba (LTO).

- Modular System II: NMC-technology
- Modular System III: LTO-technology
- Prismatical cells of different voltage levels from 2.3 – 1000 V
- High power density of up to 2.68 kWh per individual module
- Integrated thermal management with passive air or active liquid cooling
- Grouping of multiple modules with serial and parallel connections including an integrated battery management system

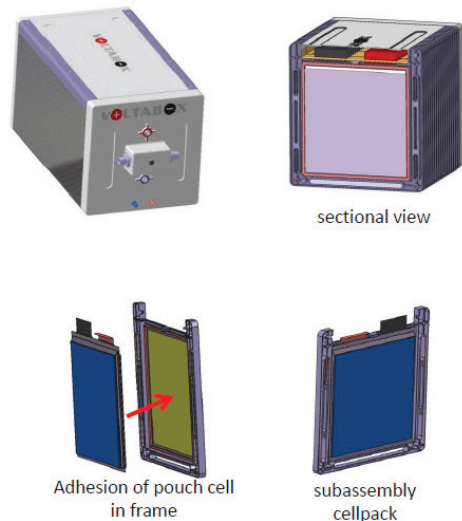



(Source: Company Information)

### Pouch Cells

Our pouch cell based modular system, which is currently in development, provides for a superior energy density of up to 240 Wh/kg. Currently, we use NMC pouch cells supplied by XALT Energy.

- Lighter package in combination with a much simpler structure
- Higher portion of active material, thus unique gravimetric and volumetric energy density
- Highest energy density of 240 Wh/kg
- Excellent heat distribution
- Start of production in late 2017

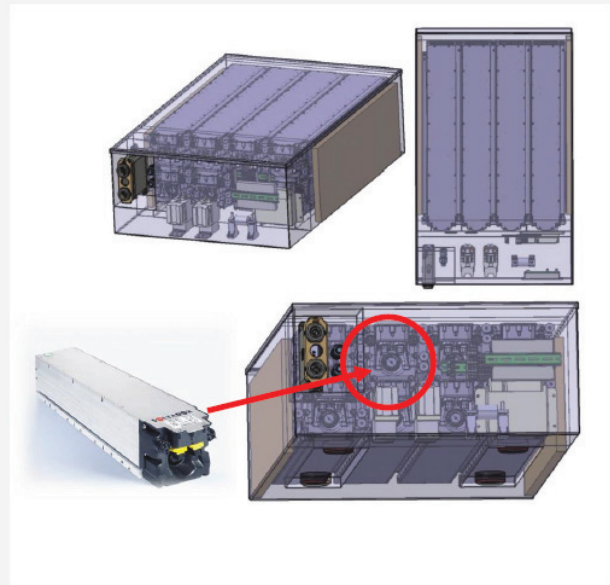
(Source: Company Information)

## 4.2 Standardized Systems Unit

In addition to our battery module level modular kits, we also offer a standardized kit on the battery system level, which provides further specific advantages, in particular where high volumes are required. One of the

standardized system units may act as a stand-alone battery system or can be combined to a group in x-, y-, and z-direction. We see the following advantages from this system approach:

- Easy and fast serial and parallel connection of multiple system units
- Self learning cybernetics to automatically control multiple standardized system units
- Automatic voltage monitoring and supervision of individual units with different voltage levels
- Hot swap capability
- Much lower investment cost for validation processes required for fully electrified vehicles for road traffic (ECE-R 100)



(Source: Company Information)

### 4.3 Voltapower

In our “Voltapower” business segment we develop, manufacture and distribute battery systems in various configurations and chemical compositions. As of June 30, 2017 our order backlog in our Voltapower segment is valued at approximately €704 million for the planning period July 1, 2017 to December 31, 2022. Our core competence is rechargeable high-performance battery systems based on Li-Ion technology grouped in modular units or in standardized units with integrated battery management systems for large specialty vehicles where customized, turn-key Li-Ion solutions add maximum value.

Our battery systems can be used in a wide variety of end-market products and applications due to their modular concept. Our battery systems are currently used in the following E-Mobility sub-markets:

#### ***Products for public transport (Trolleybuses)***

We develop and distribute advanced auxiliary batteries for trolleybuses that replace diesel motors, thus making public transportation more environmentally friendly, in contrast to buses with ICEs. Replacing diesel motors by our battery systems results in significant emissions reductions thus complying with new more stringent environmental protection regulations. Overhead electric cables power trolleybuses and recharge their Li-Ion batteries, which are used to bridge short to medium range distances without overhead electric cables.

We consider the following characteristics apply for public transport buses:

- Cleanest and most economic form of electric mobility in public transportation (efficiency similar to streetcars);
- Zero-emission: major contribution to sustainable development of cities and regions;
- Medium capacity range of up to 8,000 passengers per hour per direction
- High system availability for day-to-day operations;
- Similar scenarios can apply to public transport based on local trains and trams; and
- Current studies of electric trucks with catenary may guide to further potential

Electric buses equipped with our batteries from 23 kWh to 70 kWh operate autonomously without a direct power supply irrespective of the weather, temperature or season due to our integrated thermal management

systems. Our climate-control system allows Voltabox batteries to work in year-round operation. The modular design of the high-performance batteries allows us to tailor the systems to the respective application requirements and so that each customer receives a solution customized for their application. Cell chemistry, design, energy content and thermal management are designed accordingly and suitably configured for given building spaces, weight specifications and named system voltage levels.

Our high-performance battery systems are currently used internationally by municipal trolleybuses with over 300 battery systems on the road, *inter alia*, in Esslingen (Germany), Seattle, Washington, Dayton, Ohio and San Francisco (USA), Linz (Austria), Cagliari (Italy) and Geneva as well as Lucerne (Switzerland) through our strategic partnership with Kiepe Electric, which supplies equipment for buses and we have realized revenues at an amount of €11.4 million from April 2014 until June 30, 2017. Our order backlog within the public transport buses application is valued at €24 million as of June 30, 2017 for the planning period July 1, 2017 to December 31, 2022.

Thus, in our view, and considering the fact that we have installed approximately 7.5MWh, we are a leading supplier of auxiliary power units (APU) for trolleybuses in the North American and European markets. Although our battery systems face varying weather conditions, our proactive climate control system allows the batteries to function without any appreciable effect on range, acceleration or performance. Similar battery solutions to those used in trolleybuses can also be used on other various public transport vehicles, such as local trains and trams. Furthermore, our high-performance battery systems are also compatible for powering battery electric (BEV) buses as well as for hybrid electric (HEV) buses.

### ***Intralogistic Vehicles***

We also offer battery modules for use in logistic areas. Electrically operated transport vehicles, such as forklifts and AGVs reduce long-term costs, improve reliability and reduce unscheduled downtime for manufacturing and logistics companies are replacing diesel engines and lead-acid battery solutions. The total order backlog for our Intralogistic Vehicles applications is valued at €454 million as of June 30, 2017 for the planning period July 1, 2017 to December 31, 2022.

#### *Forklifts*

We offer battery modules for front loaders, high loaders, reach trucks, tractors and more. The battery modules are produced *en masse* via a fully-automatic robotic production facility, which came online in June 2017 at our Delbrück Facility. The high-performance battery stackers and truck conveyors are characterized by their excellent quick-loading capacity and durability. Permanently installed charging infrastructure in buildings is not required. The charging processes can be carried out freely and flexibly at any conventional power outlet. The efficient integration of the loading processes into the production chain increases operational efficiency.

The high-performance batteries vested with 24, 36, 48, 72, and 100 nominal voltages are maintenance-free, cycle-proof and function 24 hours a day in all weather conditions. Designated applications range from conventional forklifts, high-mast forklifts, long-reach forklifts, towing buggies, order-picker trucks as well as pallet lifters of all types. Electric pallet-lifters are key components of any modern, smoothly-running logistics operation. Essential points to consider include: operating efficiency, energy efficiency, suitability for fast/top-up charging, no/low-maintenance, no emissions. We established a strategic partnership with Triathlon Batterien GmbH to equip new forklifts with Li-Ion technology and replace old lead-acid solutions on new and existing machines.

So far, we have delivered around 2,500 battery modules with a total amount of 7.5 MWh installed and revenues of approximately €12.5 million realized from November 2014 until June 30, 2017.

#### *Automated Guided Vehicles (AGV)*

The main application fields for AGVs are continuous transport tasks such as goods receipt or transport from production to warehouse in multi-shift or round the clock operation. AGV providers are currently receiving most of their requests from the manufacturing sector, especially the automotive industry and also companies in the food and packaging industries. As a consequence of the "Industry 4.0" mega trend intelligent autonomous vehicles will equip robots and machines "on the fly" with other tools, enabling production to be

carried out with a previously inconceivable degree of flexibility for customers. We address these customers' demands in this respect and provide tailored electrification for KMP 1500, an AGV for KUKA Roboter GmbH which is suited for car body production facilities while the entire power is supplied by our compact NMC battery packs. Another customer in the field of AGV is FORI AUTOMATION.

The first 96V batteries were delivered in the first quarter of 2017. Revenues for AGVs amount to €0.6 million as of June 30, 2017. With the Industry 4.0 mega trend and due to tailored solutions for automated guided vehicles, we see diverse purposes for use of E-Mobility applications for AGVs which may range from collection and delivery to complex, flexible custom manufacturing processes in the automotive and aviation industries as well as for any kind of pallet transportation.

### ***Mining equipment***

Moreover, we develop manufacture and distribute customized battery systems for vehicles in the mining industry to replace diesel engines and lead-acid battery solutions used in surface and underground mining equipment to reduce emissions, improve ventilation and productivity while reducing costs. With our high-performance Li-Ion battery systems, we offer customers active in the mining industry ideal solutions for situations where conventional internal-combustion engines and solid-state batteries are no longer able to withstand the high demands and stresses commonly placed upon them in the industry. Currently, mining vehicles are traditionally powered by diesel engines and lead-acid battery systems, which can not only make the delivery of fresh air underground to the mining more difficult, but also lack the ability to run for a full eight-hour shift without refueling or recharging. Our battery systems also improve safety, employee health and cost benefits as emissions are dramatically reduced which is considered to be a "game-changer" in the mining industry.

Our specially-designed battery management systems for mining equipment is designed to reduce energy consumption so as to last an entire shift, while simultaneously maximizing the battery's lifespan. Our Li-Ion battery systems are a significant improvement over the lead-acid batteries currently used by mining operators. Voltabox of Texas, Inc. established an exclusive strategic partnership with Komatsu Mining Corp. (formerly Joy Global, USA) on a contractual ten year term to equip haulers and wheel loaders with high-capacity Li-Ion battery systems. Thus, we established a beachhead in the mining sector with initial order volume around €226million (representing the share for mining vehicles attributable to our order backlog for the planning period July 1, 2017 to December 31, 2022) and a contract period of 10 years. Mass-production began in 2017 with LFP, NMC and LTO battery chemistries and load capacities between 150 and 800 kWh. The first systems using LFP battery chemistry have been already delivered. Revenues of approximately €0.3 million were realized as of June 30, 2017.

## **4.4 Voltaforce**

In our Voltaforce business segment we develop, manufacture and distribute standardized low-voltage batteries for vehicles where lightweight batteries are particularly relevant and advantageous for mass markets, for example, starter batteries for motorcycles, 48V batteries for mild-hybrid solutions, and the like. Our Voltaforce batteries are designed to disrupt the lead-acid battery market and to benefit from the replacement of established low-voltage lead-acid battery systems.

As of June 30, 2017, approximately €101 million of the total order backlog for the planning period July 1, 2017 to December 31, 2022 were attributable to our Voltaforce business segment, thereof €68 million for performance motorcycles.

### ***Starter batteries***

We currently manufacture and distribute high-capacity motorsport and standard starter batteries based on LFP Li-Ion technology under the "Voltaforce" brand. These batteries provide higher power and energy densities at lower weights and smaller sizes along with expanded functionality such as wireless and Bluetooth capabilities, allowing for synchronization with smartphone apps. Starter batteries are the technical base for block batteries used e.g. in sweeper machines. We offer trusted automotive quality starter batteries. This includes 12V motorcycle batteries with 5Ah/10Ah. Such batteries are already used in motorcycles and

following the initial deliveries of 5Ah motorcycle starter batteries for BMW, production began in the second quarter of 2017.

#### ***48V batteries for mild-hybrid solutions***

Beyond their ability to be used in a wide range of specialized applications our battery systems are also ideally suited for the integration of 48V systems in automotive applications due to their intrinsic flexibility.

Nowadays, the 48V systems are used in addition to the well-known, old-fashioned 12V onboard voltage for the standard consumers in cars. The advantages of 48V technologies are clear:

- It is a cost-effective alternative to full-hybrid or a pure electric vehicle, as it is not necessary to modify the entire powertrain.
- The 48V technologies are becoming increasingly popular, as it is a component of the OEM strategy to achieve the emission targets for its fleets, in particular for CO<sub>2</sub> emissions, from 2025 on. A 48V mild hybrid battery system supports the reduction of fuel consumption.
- 48V concepts also help to compensate performance losses in the advancing engine downsizing, and can even improve the driving performance.

Our solutions optimally meet the ambitious requirements of this application, not least due to the modern BMS solutions. The 48V batteries based on prismatic LTO cells offer high performance and are ideally suited to the sophisticated driving dynamics of such hybrid solutions. Peak power of more than 10 kW can be obtained at short notice with an energy content of approximately 1 kWh. The very high cycle stability of our LTO systems perfectly complements the high number of cycles required by the application. In extreme cases, several hundred cycles can occur per trip with a low DoD.

As a result, modern 48V lithium-ion battery systems for mild hybrid vehicles provide an exciting market with high potential for the tailor-made solutions already offered by us today. We draw the necessary expertise from a research project with FEV Group, an internationally recognized powertrain and vehicle engineering company, to lay the technological foundations for getting started and has been very promising. This specialized battery can completely compensate for the low-end torque with an additional electric compressor in the air path and supporting drive torque applied to the crankshaft, as well as the greatest possible electrification of auxiliary units close to the engine. The result is a significantly improved drivability and thus a decisive contribution in terms of acceptance on the part of the end customer.

Our Voltaforce brand strategy entails providing universal battery solutions and knowhow for use in sweepers, e-bikes and medical devices.

#### **4.5 Voltamotion**

At our research and development center in Aachen, Germany, our Voltamotion business segment develops drivetrain components including power electronics enabling the complete electrification of high-performance vehicles and integrated solutions and addressing additional individual markets for inverters, chargers, DC/DC-converters, electric machines and the like in line with our future product strategies for entering specific, specialized segments within the drivetrain-component mass market.

#### **4.6 Future applications and submarkets**

Our battery systems can be used in a wide variety of end-market products and applications due to their modular concept. We expect that in the near future our battery systems will be used in the following branches and sub-markets of the E-Mobility market:

##### ***Agricultural and construction vehicles***

We believe that we are perfectly set-up for the emerging agriculture and construction markets and we are a first-mover to define solutions for infrastructure requirements by replacing hydraulic drives leading to a full electrification of agricultural and construction vehicles.

### *Agricultural vehicles*

We believe that our battery systems perfectly address recent trends in the agriculture industry (i.e. smart farming), helping to improve agricultural production processes through automatic machine and plant control while simultaneously reducing costs.

In 2010, the German agricultural industry consumed 2.67% (two billion liters, or 68 petajoule, or 19 terawatt hours) of all energy used in German transportation annually (Source: <http://sesam-project.de>). The long-term financial costs associated with diesel can be material, volatile and unpredictable. As fully-electric agricultural vehicles' electric consumption is more consistent and predictable than their diesel counterparts, energy costs can be better planned for and materially reduced. A material reduction in energy costs makes the value proposition for switching from diesel agricultural vehicles to electrically powered vehicles more appealing, thus expanding our potential market and customer base.

### *Construction vehicles*

In February 2017, the European Commission sent final warnings to various EU member states including Germany for failing to comply with the air pollution limits set out in Directive 2008/50/EC on air quality and cleaner air for Europe requiring EU member states to limit the exposure of citizens to harmful air pollutants. Many existing diesel-based vehicles used in urban construction zones will no longer comply with these regulations. For example, in July 2017 the Stuttgart Administrative Court (*Verwaltungsgericht*) held that air pollution in Stuttgart is, *inter alia*, to be mitigated by way of diesel driving bans. Thus, there is a new and untapped market for electrically powered construction vehicles in urban areas subject to these new regulations. Given our battery technology knowhow, expertise, experience and proven development capabilities with similar equipment used in mining, we believe construction vehicles are a potential growth market for us in the near future.

### ***Municipal utility vehicles***

Similarly as described above, municipal utility vehicles used for refuse collection and road cleaning such as sweepers and snowplows will begin to be electrified in the coming years – especially municipal vehicles used in dense population centers and other urban environments.

In light of this, the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety has initiated the project “Battery-Electric Waste Management with Robotic Support” to promote the use of hybrid and electric vehicles in urban and municipal areas, and they seek to convert the equivalent of approximately 1,400, or 10% of the 14,000 garbage trucks on the road today into either diesel/electric hybrids or fully electric trucks by the end of 2020. Given our battery technology and product portfolio, we believe we can effectively compete for these contracts once they come to market.

### ***Ground support equipment***

We further believe that our battery systems perfectly address recent regulatory trends affecting airport ground support vehicles industry. Regulations in urban and suburban areas continue to make the use of internal-combustion engines more difficult and thus, in the coming years, vehicles used at airports to ground support will begin utilizing hybrid and fully electric drivetrains. Given our battery technology and product portfolio, we believe we can effectively compete for these contracts once they come to market.

## **5 Customers**

We were able to build strong partnerships with leading market players. Our customers in leading market positions act as references providing us access to specialized markets and key projects, which we believe will lay the groundwork for further expansion into new and current markets. As of today we have six main customers of which our largest two customers contributed revenues of €6.0 million and €3.8 million in 2016 (€5.2 million and €2.5 million as of June 30, 2017).

Our main direct and indirect customers are traditionally active in the specialized municipal transport and commercial vehicles markets. Direct customers (such as OEMs) include FORI AUTOMATION and BMW (supplied with starter batteries for motorcycles). In 2016, we successfully expanded our direct customer's



base with new strategic partners such as Komatsu Mining Corp. (formerly Joy Global, USA) and KUKA Roboter GmbH.

Moreover, we benefit from indirect customer access to high-margin markets. Triathlon Batterien GmbH, for example, is our exclusive cooperation partner for distribution within the forklift industry which is considered to have an oligopolistic market structure. Triathlon Batterien GmbH has an established on-site distribution system in Europe and commenced sales in the U.S. in 2016. Additionally, we entered into a strategic partnership with Kiepe Electric, a system integrator and one of the market leading electrical system providers for trains and buses and subsidiary of Knorr-Bremse AG. One of Kiepe Electric's customers is New Flyer, which is reported to be the largest bus OEM in North-America.

Our order backlog demonstrates our customer base's successful expansion and is based on an evaluation method which is presented in the management's discussion and analysis of paragon AG for each fiscal year and is therefore part of the annual audit. Our order backlog is determined on signed orders and framework agreements (100% probability) and also on additional order backlog which is weighted accordingly within a range of 30%-90% probability. Some framework agreements are mere letters of intent with our customers which have to be supplemented by specific orders. The total order backlog for the planning period July 1, 2017 to December 31, 2022 amounts to €805 million of which signed orders and framework agreements amount to €15.4 million as of June 30, 2017 (for the second half of the year 2017). In 2018, the order backlog amounts to €57.1 with signed orders and framework agreements amounting to €47.2 million and an order backlog of €97.6 million in 2019 with signed orders and framework agreements amounting to €85.6 million. In 2020, the order backlog amounts to €171.4 million with signed framework agreements amounting to €154.6 million and in 2021, the order backlog amounts to €224.9 million with signed framework agreements amounting to €191.7 million while in 2022 the order backlog amounts to €236.9 million with signed framework agreements amounting to €195.5 million.

## **6 Suppliers**

We benefit from reliable battery cell supplier access. We only use high-quality cells with a proven reliable performance and quality track record in the production of our battery systems. These cells are procured from a range of seven selected and renowned cell suppliers (A123 Systems, CATL, K2 Energy, Samsung, Toshiba, Valence Technology and XALT Energy), five of which are attributable to 36% of the total purchased volume (cumulated in 2016 and the six month period ended June 30, 2017) and with one supplier attributable to €2.2 million in 2016 and €2.2 million the six month period ended June 30, 2017.

We carry out ongoing quality controls at our suppliers and at Voltabox before processing any cells in our battery systems. Cell supplier and cell performance is selected according to the desired application. The selection process for cell suppliers and the release of new Li-Ion cells for use in Voltabox applications strictly follows our internal procedures to ensure the highest quality for our battery systems for the desired application. We believe that access to reliable and reputable cell suppliers will ensure Voltabox's continuous operation as well as access to our top-supplier's research and development roadmaps.

## **7 Sales, Marketing and Distribution**

As of June 30, 2017, we employed a sales force of approximately five employees, which comprises our sales personnel in our headquarters in Delbrück (Germany) and Austin, Texas (USA).

Marketing is organized broadly between our segments. Marketing supports the expansion of our business through maintaining close contact with our sales force, designs and implements short and mid-term marketing strategies, develops new business opportunities and monitors relevant market trends. The main marketing activities include the attendance at trade shows, such as the Battery Show North America and Europe, APTA's EXPO, IAA and the like as well as publications in professional journals, such as "Electric & Hybrid".

We generally sell and distribute our products directly to customers using third party logistics providers for delivery. However, the Group sells such products through a selected distributor, such as Triathlon Batterien GmbH, a leading assembler of lead-acid batteries with whom we entered into an exclusive partnership and distribution agreement for distribution of our products for the fork-lifter markets in Europe and North-America. Through our partnership and distribution agreement we benefit from market access to a wide range

of industrial applications including electric forklifts and pallet trucks and benefit from Triathlon's solid network of sales and service partners in Germany, Europe and the United States.

## **8 Information Technology**

We rely on a number of IT systems provided by our Parent Company under the terms of an agreement to support our business operations. Our Parent Company has implemented application-specific measures such as stable and redundantly-designed IT systems, backup processes, and virus and access protection and encryption systems as well as standardized IT infrastructure and applications which we currently use.

Our Parent Company regularly tests and updates its IT systems. In addition, our employees receive regular training on information and data protection. Risk management related to IT systems and applications is conducted using standardized applications as well as an internal control system monitored at our Parent Company.

## **9 Intellectual Property**

### **9.1 Patents**

We currently own registered (or in the process of registration) patents such as patent No. EP3093901 (battery module for battery devices comprising a number of such battery modules) registered with the European Patent Register as well as utility models and registered designs worldwide.

Furthermore, we have a number of patents and patent applications for our technologies, which are generally registered or registered through international agreements in all major markets our Parent Company is engaged in. Furthermore, we have a considerable amount of non-patent-protected technological and production knowhow.

We also rely on unpatented proprietary expertise, continuing technological process innovations and other business and trade secrets and knowhow to develop and maintain its competitive position.

### **9.2 Trademarks**

We currently also own registered (or in the process of registration) trademarks worldwide. These trademarks relate, in particular, to our Voltabox, Voltapower, Voltaforce and Voltamotion which are either officially registered or applied for as well as certain other trademarks.

### **9.3 Domains**

The Group is owner of various domains including: [www.voltabox.ag](http://www.voltabox.ag) and [www.voltabox.com](http://www.voltabox.com).

## **10 Insurance**

We will not have our own insurance coverage, but we are insured by paragon's group insurance policy (including D&O, general liability and legal expense cover insurance). Any potential damages suffered by us and paragon may impact such joint policies and may expend the available insurance limits. paragon maintains insurance coverage with agreed limits and liability limitations for various risks related to its and the Group's business. Our Parent Company has taken out insurance policies with different deductibles and maximum limits corresponding to different risks related to the business at paragon and Voltabox. The insurance policies include directors and officers insurance ("D&O"), product liability insurance, all-risk insurance for property damage and disability, group accident insurance and motor vehicle insurance for the Group. There are also several other national and international insurance policies for Voltabox of Texas, Inc. such as transportation insurance, property insurance and business interruption insurance. We believe we have adequate insurance coverage to cover what we believe to be substantial risks. Insurance coverage is regularly verified and adjusted when necessary.

## **11 Legal and arbitration proceedings**

We are currently not, and have not been in the previous three years, the subject of any governmental, legal or arbitration proceedings which may have, or has had in the recent past, significant effects on our financial position or profitability. To the best knowledge of the Management Board, no such proceedings are pending or threatened.

## 12 Employees

In the six months ended June 30, 2017, we employed on average 78 employees (full-time equivalents “FTE” including trainees, apprentices, short-term employees (*Aushilfen*) as well as interns (which are both in general counted as one tenth FTE), while excluding temporary employees (*Leiharbeitnehmer*) and freelancers). At the date of this Prospectus, the number of our employees has not significantly changed.

The following table shows the number of Voltabox employees (including temporary employees) as of the six months ended June 2017 (consolidated) and in fiscal years 2016, 2015 and 2014 (combined), broken down by regions:

Headcount per country (annual average)	Six months	Fiscal year ended		
	ended June 30,	December 31,		
	2017	2016	2015	2014
	(unaudited)	(unaudited)		
	(consolidated)	(combined)		
<b>Delbrück, Germany</b> . . . . .	72	74	51	28
FTEs . . . . .	59	53	47	24
Temporary employees . . . . .	13	21	4	4
<b>Austin, Texas/USA</b> . . . . .	16	14	15	13
<b>Aachen, Germany</b> . . . . .	3	0	0	0
<b>TOTAL</b> . . . . .	<b>91</b>	<b>88</b>	<b>66</b>	<b>41</b>

## 13 Production

### 13.1 Facilities in Germany

Our facilities in Germany are located in Delbrück and Aachen.

#### **Delbrück Facility**

At our Delbrück Facility with 2,250 square meters of production area and 500 square meters office area, we develop, manufacture and distribute high-performance battery systems for the European market.

We completely automated the manufacture of our battery systems utilizing a fully automatic robotic production process enabling us to deliver a superior battery system with consistent, repeatable quality, which is 100% traceable employing end-to-end process monitoring to guarantee consistent quality according to high automotive standards. Additionally, we also perform the majority of our administrative, sales and project management functions at our Delbrück Facility. In General, companywide standards are developed in Delbrück, while application specific engineering takes place at both, our Delbrück Facility and Austin Facility.

Our Delbrück Facility benefits from two new fully-automated production lines for Li-Ion battery modules for cylindrical and prismatic cells from E-Mobility specialist Aumann AG. The prismatic cell production line was constructed in June 2017 at our Delbrück Facility. The line’s final optimization for mass producing lithium nickel manganese cobalt oxide battery modules with nominal voltages of 24V, 36V, 40V and 48V and lithium titanate battery modules with a nominal voltage of 83V guarantees Voltabox a high degree of productivity. With a cycle time of approximately five minutes of mass production of our most important battery modules; specific intralogistic battery modules can be significantly expanded. We are planning to install a production line for pouch cells in 2018 in our Delbrück Facility.

#### **Aachen Facility**

Drivetrain components including power electronics for our business segment “Voltamotion” are being developed in our Aachen Facility to enable the full electrification of high-performance vehicles and integrated solutions as well as to address our future product strategies for entering specific, specialized segments within the drivetrain-component mass market. We have three employees at our Aachen Facility utilizing 790 square meters with physical and personal proximity to RWTH Aachen University (*Rheinisch-Westfälische Technische Hochschule Aachen*) (“**RWTH Aachen University**”). The staff in our Aachen Facility consists of highly experienced specialists in the field of drivetrain components; we believe that the future relationship with

RWTH Aachen University will be fruitful for both, finding new personnel and cooperation in dedicated projects.

### **13.2 Austin Facility**

In June 2015 we opened an administration and production facility near Austin, Texas, on a six-acre site. Voltabox deliberately selected Austin, Texas, the “Birth place of Lithium Iron Phosphate Technology” as its base for developing the North American market. The University of Texas at Austin was the original site of various groundbreaking inventions in the field of Li-Ion technology. As a result several firms established operations in the Austin area and have continued to contribute to the development of the technology and outstanding infrastructure in the field.

We believe being located here, in the “Silicon Valley of the Battery” enables us to attract and retain top talented personnel. Voltabox of Texas, Inc. provides minimal administrative functions and serves the sales and material management for North American projects. Voltabox of Texas, Inc. assembled a highly experienced team of specialists to serve the United States and Canadian markets. This group of specialists, working on the basis of each customer’s specific profile, created the corresponding customized applications and provides support for system integration. The use of already available modular elements allows flexible solutions to be created quickly and cost-effectively for the customer. Currently 16 employees are utilizing approximately 1,300 square meter of production area and approximately 850 square meter of office area.

The Austin Facility already produces modules based on cylindrical cells on an assembly line identical to the Delbrück assembly line. In the first quarter of 2018 the U.S. location will construct a second production line for processing prismatic cells and will then begin mass producing batteries based on prismatic cells in the U.S. The prismatic module production will utilize the degree of automation and end-to-end process monitoring as in the Delbrück facility to guarantee optimum and consistent quality. The high-performance battery systems produced at the Austin Facility are largely made using components of American origin, and therefore fulfill the requirements of the American Recovery and Reinvestment Act of 2009 (“Buy America” Clause).

### **13.3 Planned future development of facilities**

At our Delbrück Facility, paragon AG owns a 33,800 square meters property; giving us the ability to further expand our office and production facilities there based on a lease agreement yet to be concluded with our Parent Company. Voltabox may, however, purchase a significant proportion of the Delbrück property. We are currently negotiating the expansion of our Delbrück Facility’s geographic footprint by approximately 120,000 square meters via a property acquisition, to give us the flexibility to further expand our production facilities as necessary.

It is also envisaged that we significantly increase our production capacity at the Austin Facility in two stages. We first plan to expand the facility to approximately 3,200 square meters by the end of 2018 then to approximately 4,750 square meters by 2020.

Additionally, we may in the future utilize a facility in Kunshan (China) with 27 employees and a 2,000 square meters production area, which are currently operated for automotive operations carried out by our Parent Company. This facility currently has additional space for the production of Voltabox products, should the need arise. Alternatively, and subject to ongoing negotiations, we may rent a facility next to our Parent Company’s production area in Kunshan with approximately 2,000 square meters of production area, parts of which may also be subleased during the start-up period.

Thus, with hubs and production facilities in Germany and the U.S. and further possibilities in China, we believe that we are well-positioned to grow our business internationally.

## **14 Research and Development**

### **14.1 Research and development centers**

Our production facilities in Delbrück, Germany and near Austin, Texas are supported by research and development (“R&D”) teams as well as engineering and design teams of approximately 33 employees for our business segments Voltapower and Voltaforce. At our Aachen Facility three engineers primarily design drivetrain components for our Voltamotion business segment. We conduct our R&D activities with a focus on innovation for mobility, product and process enhancements as well as quality and cost improvements. We

believe that our R&D experience and expertise are key differentiating factors and competitive strengths. We define R&D costs as all costs, internal and external, which were spent for research and development. This includes mainly salaries and wages for own staff as well as external personnel as well as third-party services for necessary R&D support.

In 2016, approximately 23% of our expenses were attributable to our R&D activities, while our R&D amount to T€1,658 as of June 30, 2017.

#### **14.2 Cooperation partners**

Furthermore, we cooperate with the following industrial partners and universities in the field of E-Mobility:

- Artega GmbH;
- BOB Solingen (promoted by the Federal Ministry of Transport and Digital Infrastructure (BMVI));
- FEV Group focusing on projects with respect to 48V batteries;
- RWTH Aachen University;
- University of Bochum;
- the MEET Institute Münster focusing on different research projects regarding E-Mobility; and
- Voltavision Bochum.

#### **14.3 Voltamotion Reference Project - Artega**

Artega GmbH ("**Artega**") is a sports car manufacturer based in Delbrück, founded and currently owned by Klaus Dieter Frers in 2006. In March 2015, the Company, our Parent Company and Artega entered into an agreement relating to technical improvement services for Artegas' show cars, including the supply of battery systems.

As a consequence of our cooperation with Artega we developed complete drivetrain prototypes for two electrical supercars: the Artega Scalo and the Artega Scalo Superelletra.

- Artega Scalo

The Artega Scalo highlights our innovative battery and drivetrain capabilities by utilizing Voltabox electric machines and inverters we provided for the Artega Scalo a high performance sports car, which was based on the latest technologies from the aerospace industries and supported by computer-based analytics. We used the Artega Scalo to demonstrate our technological innovations and knowhow by packing all necessary sophisticated drivetrain components into a fully electric high-performance vehicle.

- Artega Scalo Superelletra

In March 2017, Artega unveiled their newest electric vehicle; the Artega Scalo Superelletra supercar. This car is equipped with two Voltabox synchronous electric motors in the front, which are liquid cooled and provide 380 kW peak output at 12,000 rpm, and two similar motors in the rear with a combined 550 kW peak output. The motors are controlled by four liquid-cooled high-performance inverters. The nominal voltage is 800 V. The vehicle uses the new Voltabox liquid cooled Li-Ion 120 kWh battery system, which is based on NMC pouch cells. This technology is also used in some of our solutions for the mining industry. All components developed for the Artega Scalo Superelletra are suitable for the needs of Voltabox's priority markets.

### **15 Property, Plant and Equipment**

As of December 31, 2016 we had property, plant and equipment in an amount of approximately €9.4 million, assets capitalized under financial leases amounted to €0.15 million) (future lease installments amounted to €1.46 million). The capitalized assets under finance leases whole relate to technical plants and machinery. Advance payments for machinery and equipment amounting to approximately €0.38 million.

The following table provides an overview of our real estate holdings:

Leased or rented sites / Location	Size (sqm)	Owned/Leased
<b>Office</b> .....	<b>2,143</b>	
Delbrück (Germany) .....	500	Leased from paragon AG
Aachen (Germany) .....	790	Leased
Austin (U.S.) .....	853	Owned
<b>Industrial Building</b> .....	<b>3,547</b>	
Delbrück (Germany) .....	2,250	Leased from paragon AG
Aachen (Germany) .....	0	Leased
Austin (U.S.) .....	1,297	Owned

Our property in Austin is encumbered with a land charge (*Grundschuld*) amounting to €3.7 million as a security for a loan granted by the financing bank.

For planned future development of our facilities in Germany, U.S. and potentially in China, see “PART M: BUSINESS – 13.3 Planned future development of facilities”.

## 16 Environmental, Health and Safety Matters

We are committed to environmental protection and we strive to continually improve our performance and management systems. Our environmental management is ISO 14001:2009 certified. ISO 14000 is a standard related to environmental management helping organizations to minimize how their operations negatively affect the environment.

Our operations expose our employees to risk of injury or death. Health and safety laws, regulations and other legislation, including future amendments to such laws, regulations and legislation, may increase our costs of conducting business internationally, restrict our operations, or result in the application of fines, revocation of permits and shutdown of our current production facilities. For a description of certain material regulations applicable to our business operations, see “PART N: REGULATION”.

In order to address and mitigate these risks we have appointed two Fire Prevention Officers who advise the Management Board in undertaking preventive fire protection actions and preparing internal documents for the implementation of our fire protection concept. Moreover, we appointed an Environmental Officer who is responsible for recycling concepts and corresponding documentation. To address any potential safety issues, we appointed a certified electrician responsible for occupational safety of electric installations as well as organizing trainings focusing on electric installations. We further use external occupational safety specialists in terms of general occupational safety.

## 17 Competition

We compete with different groups of competitors based on the product group and market segment in which the customer operates. The selection of the comparative companies is based on the following criteria:

- Competitors that see their core competency in assembling and systematically combining components in the Li-Ion battery market; and
- Competitors should be active in at least one business area in which Voltabox also offers product solutions.

We believe to have a leading market and competitive position which is attributable to our products’ high-quality, reliability and technological innovation, supported by our innovation capabilities and in-house research and development activities. However, as the Li-Ion battery market is relatively young and therefore rapidly evolving we may face new competitors in the years to come. Moreover, we are focusing on high-margin sub-markets for specialized applications within the E-Mobility end markets, such as public transportation, mining vehicles and intralogistics all of which are penetrated by different selected competitors, while other competitors address other (mass) markets with other battery technologies, *inter alia*, lead-acid.

Taking into account these factors, the competitive situation and the expected development in the Li-Ion battery market, we consider the following companies to be deemed for the moment as our main competitors (benchmarking):

- Actia;
- AKASOL;
- Alelion Batteries;
- BMZ;
- EnerSys;
- Forsee;
- Hoppecke Batterien;
- Impact;
- Industrie Automation;
- Johnson Controls;
- Johnson Matthey;
- Microvast;
- Navitas; and
- Saft.

**Actia:** Actia is focused on the development of battery management systems and electrochemical energy storage systems for electric and hybrid vehicles.

**AKASOL:** AKASOL is specialized in public transport applications like EV buses and trams and heavy-duty vehicles as well as stationary energy storage solutions.

**Alelion Batteries:** was founded in 2006 and is focused on tailor-made battery systems for the logistics industry.

**BMZ:** BMZ is specialized in the production of Li-Ion batteries for portable tools and e-bikes.

**EnerSys:** EnerSys manufactures and distributes lead-acid based reserve power and motive power batteries, battery chargers, power equipment and battery accessories.

**Forsee:** Foresee is focused on main business segments are energy storage systems and traction batteries as well as mobile and connected devices.

**Hoppecke:** Hoppecke is focused on energy solutions for emission-free drives, secured power supply, storage of regenerative energies as well as railway and metro-systems.

**Impact:** Impact specializes in Li-Ion energy storage systems development and system integration for public transport, power industry, and telecommunications.

**Industrie Automation:** Industrie Automation is a manufacturer of charging technology for traction applications and integrator of Li-Ion based systems.

**Johnson Controls:** Johnson Controls is specialized on Li-ion batteries for advanced start-stop-functions, hybrid, microhybrid, plug-in hybrid and electric vehicles as well as special solutions.

**Johnson Matthey:** Johnson Matthey develops advanced battery materials and designs battery systems for high performance energy storage applications.

**Microvast:** Microvast has a clean city transit approach includes batteries for EV buses, taxis, vehicles and the charging network needed.

**Navitas:** Navitas provides energy-enabled system solutions, energy storage products and power electronics for commercial, industrial and government agency customers.

**Saft:** Saft has a history as provider for solutions for civil electronics, industrial standby, space & defense, transportation, telecom & grid.

## **18 Material Contracts**

### **18.1 Carve-out and Transitional Service Agreement with paragon AG**

On September 22, 2017, the Company and paragon AG entered into a carve-out and transitional service agreement (“**CTSA**”). The CTSA serves as a transition framework agreement listing all the areas where services will be provided by paragon AG to the Company for a transitional period after the completion of the Offering. This applies particularly to the provision of IT services and personnel capacities, the sub-lease of manufacturing facilities and office space leased or owned by paragon AG, as well as the supply of electronic components. To this end, the CTSA specifies that the terms of such intragroup service agreements are to be set on an arm’s length basis whereas individual arrangements under the CTSA will be entered into separately.

Furthermore, the CTSA specifies that agreements entered into between paragon AG on behalf of paragon group and third parties which are used by the Company are generally to be transferred from paragon AG to the Company by way of a novation or, as required, split up between paragon AG and the Company. This applies particularly to energy supply and insurance contracts. If, for any reason, such transfer or split-up is deemed impossible or unreasonable in light of potential costs, the CTSA serves as a legal framework in order to ascertain the Company’s access to such group agreements. In this case, paragon AG shall serve as a proxy for the benefit of the Company.

Individual arrangements with respect to the CTSA, such as sub-lease agreements, license agreements or services agreements will be entered into separately.

### **18.2 Profit and loss transfer agreement**

On April 23, 2014, the Company and its Parent Company paragon AG have entered into a profit and loss transfer agreement pursuant to § 291 para 1 sentence 1 German Stock Corporation Act which took economic effect as of January 1, 2015. On June 2, 2014 the shareholder’s meeting of the Company approved this profit and loss transfer agreement which was registered in the competent commercial register for the Company on October 1, 2014. In fiscal years 2015 and 2016, under the profit and loss transfer agreement the Parent Company covered losses of the Company amounting to T€4,963 and T€4,456, respectively.

Following the registration of the implementation of the capital increase with respect to the New Shares, the profit and loss transfer agreement will terminate pursuant to § 307 German Stock Corporation Act with effect as of December 31, 2017. In the event the Company generates a negative net profit in its annual financial statements in accordance with the German Commercial Code (HGB), such loss will have to be covered by the Parent Company. In the event the Company generates a positive net profit in its Annual Financial Statements for the 2017 fiscal year in accordance with the German Commercial Code (HGB), the Company would be required to transfer any profit to the Parent Company.

As of January 1, 2018, there will be no further transfers of profits by the Company to its Parent Company or recovery of losses of the Company by its Parent Company.

### **18.3 Spin-off and Transfer Agreement**

Pursuant to a spin-off and transfer agreement (*Ausgliederungs- und Übernahmevertrag*) dated April 23, 2014 between the Parent Company as transferring entity and the Company as receiving entity and corresponding approvals by the shareholders’ meetings of both companies held on April 23, 2014 and June 14, 2014, respectively, the Company assumed ownership over parts of the Parent Company’s assets comprising its E-Mobility business by way of a reorganization via a spin-off (*Umwandlung durch Ausgliederung*), with economic effect as of January 1, 2014. The spin-off was registered in the commercial register of the Company on September 6, 2014, and it was registered with the commercial register of the Parent Company as transferring entity on September 23, 2014 thereby becoming legally valid.



## **18.4 Financing Agreements**

### ***Loan Agreement with Volksbank Lippstadt***

On August 16, 2017, Voltabox AG entered into a current-account credit facility (*Kontokorrentkredit*) with Volksbank Lippstadt of up to €3.0 million, with a variable interest rate, whereas paragon AG has granted a guarantee in favor of the Company in the form of a directly-enforceable suretyship (*selbstschuldnerische Höchstbetragsbürgschaft*) up to €3.0 million. The agreement does not provide for any financial covenants.

### ***Loan Agreement with Texas Capital Bank***

On November 30, 2015, Voltabox of Texas, Inc., entered into a loan agreement with Texas Capital Bank for real estate financing of its Austin Facility in the amount of approximately US\$ 4,0 million with a variable interest rate (3-month Euribor plus 2.75%) which matures on November 30, 2019. The loan is secured by a mortgage on the Austin Facility and contains customary affirmative covenants. Approximately €3.5 million was outstanding as of June 30, 2017. paragon AG has granted a guarantee to Texas Capital Bank in favor of Voltabox Texas, Inc. for the entire loan amount.

### ***Shareholder Financing by paragon AG***

Pursuant to a loan facility agreement dated December 17, 2015, the Parent Company has granted to the Company a revolving loan facility. The loan bears interest at the 3-month Euribor plus 2.0% per annum. The loan facility agreement has a no fixed term.

The parties agreed that all remaining amounts under the loan facility shall be repaid from the proceeds of the Offering, provided that at least €15.7 million of net proceeds are generated by the Company from such initial public offering.

### ***Guarantees by the Parent Company***

Between 2014 and 2016 our Parent Company paragon AG issued guarantees in favor of the Company in the form of a directly-enforceable suretyship for a fixed amount (*selbstschuldnerische Höchstbetragsbürgschaft*) of €506,000.00 and a directly-enforceable suretyship (*selbstschuldnerische Bürgschaft*) of €1,574,000 as of December 31, 2016 vis-à-vis financing banks.

Furthermore, the Parent Company declared vis-à-vis the Company that receivables owed to the Parent Company by the Company amounting to €5.5 million shall be subordinated and shall rank equally with shareholders' equity.

## **18.5 Strategic partnership agreements**

### ***Cooperation Agreement with Triathlon Batterien GmbH***

On November 19, 2014, Voltabox AG entered into a five-year term cooperation agreement with Triathlon Batterien GmbH which may be terminated with at least a year's notice to the end of a year but at the earliest with effect from December 31, 2018 and during which Voltabox exclusively supplies Li-Ion battery packs for some certain intralogistics applications to Triathlon in Germany, across Europe and North America.

### ***Product Development and Master Purchase Agreement with Joy Global***

On June 24, 2016, Voltabox of Texas Inc. entered into a ten-year term product development and master purchase agreement with Joy Global (legal predecessor of Komatsu Mining Corp.) regarding the exclusive development of category-specific custom Li-Ion battery systems for equipping haulers and other underground mining vehicles for purchase by Joy Global.

## PART N: REGULATION

Our products and business operations are subject to a variety of laws, rules and regulations in the jurisdictions in which we operate. Our business activities in Germany and the United States are subject to a wide array of regulatory requirements under German and EU laws, U.S. regulations and UN recommendations.

We expect that laws, rules and regulations will become more comprehensive and stringent in the future. If we fail to comply with any of these laws, rules and regulations, we may be subject to civil liability, administrative orders, fines, or even criminal sanctions. As the regulatory framework applicable to our business operations are subject to revision and continuous development, it is difficult to accurately predict the future cost of compliance with applicable regulatory requirements and technical standards. Additional or more stringent laws, rules, regulations and technical standards could increase our costs or limit our ability to continue business operations in the same manner as we have done in the past.

The following provides only a brief overview of certain selected areas of regulation applicable to our business operations.

### 1 International, EU and National Regulations Relating to the Products

Batteries and energy storage systems are subject to various international, EU and national regulations that govern, *inter alia*, the requirements to place such products on the market or information obligations vis-a-vis consumers regarding the safe handling and disposal of such products. Additionally, regulatory provisions may apply, *inter alia*, in view of the intended use of the product (e.g. the use of batteries in medical devices), the electronic emissions of the product as well as general product safety requirements.

#### 1.1 Battery Specific Legislation

##### ***EU Battery Directive***

The European Directive 2006/66/EC on Batteries and Accumulators and Waste Batteries and Accumulators ("**Battery Directive**") aims to cut the amount of hazardous substances in batteries and accumulators exposed in the environment by reducing, *inter alia*, mercury, cadmium and lead in accumulators and by treating and re-using the amounts used.

Pursuant to the Battery Directive the member states shall prohibit the placement of batteries and accumulators with a certain amount of mercury or cadmium on the market. The Directive 2013/56/EU, which amended the Battery Directive, strengthened the fixed thresholds for these substances.

The Battery Directive further governs the collection, treatment, recycling, and disposal of waste batteries and accumulators in order to ensure that a high proportion of spent batteries and accumulators are collected and recycled. In that regard, producers of batteries and accumulators must, *inter alia*, mark all batteries, accumulators and battery packs with the symbol indicating separate collection and provide end-users with information about the potential environmental and human health impacts of the product, the necessity of separate collection and the collection and recycling schemes in place. The member states shall ensure that producers or third parties acting on their behalf finance the costs associated with the collecting, treatment and recycling of batteries and accumulators and with respective information campaigns. Recently, the fixed targets for collection and recycling activities were enhanced with effect from September 26, 2016 which might impact our costs associated with the disposal of batteries and accumulators.

##### ***German Battery Act***

The German Act Concerning the Placing on the Market, Collection and Environmentally Compatible Waste Management of Batteries and Accumulators (*Batteriegelgesetz*, "**German Battery Act**") implements the European framework laid down in the Battery Directive into German legislation.

The German Battery Act stipulates, in particular, the following:

- prohibition of certain batteries containing harmful substances;
- batteries may only be placed on the market if it is ensured that end-users can return them;

- end-users are required to return used batteries (e.g. to the distributor (*Vertreiber*) or a designated collector);
- distributors are required to inform end-users about their return obligation;
- producers and distributors are required to take back used batteries free of charge;
- producers are required to recycle them and dispose of non-recyclable batteries;
- producers are required to either set up a collective take-back system and to join such system or to set up and operate a manufacturing specific take-back system; and
- producers of batteries are required to label them accordingly.

We believe that we are in compliance with the applicable German Battery Act. In particular, we entered into several agreements with different service providers governing, *inter alia*, the collection, treatment and recycling of inoperable batteries.

### ***End-of-Life Vehicles Directive***

In addition to the Batteries Directive, specific rules concerning batteries in automotive applications are included in Directive 2000/53/EC on end-of life vehicles ("**ELV Directive**"). The ELV Directive shall cover vehicles and end-of life vehicles, including their components and materials and lays down measures which aim, as a first priority, at the prevention of waste from vehicles and, in addition, at the reuse, recycling and other forms of recovery of end-of life vehicles and their components so as to reduce the disposal of waste, as well as at the improvement in the environmental performance of all of the economic operators involved in the life cycle of vehicles and especially the operators directly involved in the treatment of end-of life vehicles. Pursuant to Article 4 of the ELV Directive, Member States shall ensure that materials and components of vehicles put on the market after July 1, 2003 do not contain lead, mercury, cadmium or hexavalent chromium except for exemptions and expiry dates for such exemptions listed in Annex II of the ELV Directive, which are subject to regular review by the European Commission according to technical and scientific progress. The exemption for lead in batteries is expected to be reviewed by the European Commission for 2021 at the latest and may eventually lead to a prohibition of lead-acid batteries in vehicles. If the EU would prohibit or phase out the use of lead-acid batteries in vehicles, we believe such prohibition or phase out would further drive demand for Li-Ion battery technology and our business.

### ***German Ordinance on End-of life vehicles***

The ELV Directive is implemented into German law by the Ordinance on the Transfer, Collection and Environmentally Sound Disposal of End-of-life Vehicles (*Altfahrzeug-Verordnung, "AltfahrzeugVO"*), which is the legal basis for the environmentally sound disposal of end-of-life vehicles (i.e. the proper and safe recovery and disposal compatible with public welfare) in Germany. The exemptions contained in Annex II of the ELV Directive on end-of-life vehicles apply directly in Germany due to the dynamic reference in the German End-of-Life Vehicle Ordinance.

### ***Special legislation on the use of batteries in certain products***

Our batteries and battery systems are partly used in highly regulated industries, such as the public transport, intralogistics and the mining industry. Therefore, laws, rules and regulations concerning, *inter alia*, these industries and sectors might apply in almost all of our target markets which include but are not limited to the jurisdictions we are currently operating in. We expect that the applicable legal framework and rules will become more comprehensive and stringent in the future what might imply, *inter alia*, administrative costs to comply with eventually enhanced product placing requirements.

## **1.2 Regulation regarding Use of Hazardous Substances in Electrical and Electronic Equipment**

### ***EU RoHS Directive***

Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment ("**RoHS Directive**"), as revised by Directive 2015/863/EU, restricts the use of hazardous substances

in products and in individual product components (so called electrical and electronic equipment) in order to protect human health and the environment. At its core, the RoHS Directive requires that newly marketed electrical and electronic equipment may substantially not contain any lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl (“**PBB**”), polybrominated diphenyl ether (“**PBDE**”) and, (generally) as of July 22, 2019, Bis(2-ethylhexyl) phthalate (“**DEHP**”), Butyl benzyl phthalate (“**BBP**”), Dibutyl phthalate (“**DBP**”) and Diisobutyl phthalate (“**DIBP**”). RoHS Directive restrictions generally apply from July 22, 2014 (e.g. for medical devices); the substance restrictions are and, respectively, will gradually be extended to new product categories. Restrictions for certain hazardous substances under the previous RoHS Directive 2002/95/EC generally apply since July 1, 2006

Manufacturers of products covered by the RoHS Directive are required, *inter alia*, to prepare technical documentation and draw up an EU Declaration of conformity and affix the *Conformité Européene* (“**CE**”) marking of conformity on the finished product.

Except for the batteries produced for markets outside the EU, we believe that we are in compliance with the chemical composition requirements of the RoHS Directive. However, since the Battery Directive (and not the RoHS Directive) applies to our batteries, these products are, in principle, not CE marked.

### ***German Ordinance on the Restriction of Hazardous Substances in Electrical and Electronic Equipment***

The RoHS Directive is implemented into Germany law by the Ordinance on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (*Elektro- und Elektronikgeräte-Stoff-Verordnung*, “*ElektroStoffV*”).

We produce batteries with protective circuit boards as well as large energy storage systems falling in the scope of the EMC Directive. For these categories of products, we declare conformity and mark the devices with the CE marking of conformity. Currently, it is for our customers to declare the EMC conformity of most of our products. The responsibility for declaration will change, once we are placing our products directly into the end-market ourselves.

## **1.3 Directive on Waste Electrical and Electronic Equipment**

### ***WEEE Directive***

The Waste Electrical and Electronic Equipment Directive 2012/19/EU (“**WEEE Directive**”) governs prevention and reduction of adverse impacts on human health and the environment resulting from waste from electrical and electronic equipment. The WEEE Directive may generally also apply to batteries, however, there are certain interdependencies with the Battery Directive (e.g. a producer of electrical and electronic equipment containing a battery may also be considered a battery producer in the sense of the Battery Directive; batteries incorporated in waste electrical and electronic equipment will be collected on the basis of the WEEE Directive, however, after collection they will count for the collection targets of the Battery Directive; they are then also subject to the recycling requirements of the Battery Directive).

### ***German Electrical and Electronic Equipment Act***

The WEEE Directive has been implemented into German law by the German Electrical and Electronic Equipment Act (*Elektro- und Elektronikgerätegesetz* – “**ElektroG**”).

## **1.4 Directive regulating the Electromagnetic Compatibility of Equipment**

### ***The EMC Directive***

The Electromagnetic Compatibility Directive 2014/30/EU (“**EMC Directive**”) repealed former Directive 2004/108/EC from April 20, 2016. The EMC Directive regulates *inter alia* general requirements for design and manufacturing of equipment, such as to ensure limitation of electromagnetic emissions from equipment and immunity of equipment so that equipment does not disturb and is not disturbed by radio and telecommunication or other equipment emissions.

### ***German Act on the Electromagnetic Compatibility of Equipment***

The EMC Directive is implemented into German law by the German Act on Electromagnetic Compatibility of Equipment (*Elektromagnetische-Verträglichkeit-Gesetz* – *EMVG*).

We produce batteries with protective circuit boards as well as large energy storage systems falling in the scope of the EMC Directive. For these categories of products, we declare conformity and marked the devices with the CE marking of conformity. Currently, it is for our customers to declare the EMC conformity of most of our products. The responsibility for declaration will change, when products are placed into the end-market ourselves.

## **1.5 General Product Safety Requirements**

### ***General Product Safety Directive and Product Liability Directive***

Directive 2001/95/EC of the European Parliament and the Council of December 3, 2001, as last amended by Regulation (EC) No 596/2009 of the European Parliament and of the Council of June 18, 2009, on general product safety (“GPSD”) applies in the absence of specific provisions among the EU regulations governing the safety of products concerned, or if legislation is insufficient.

Under the GPSD, manufacturers must place on the market only products which comply with the general safety requirement further detailed in the GPSD. Manufacturers must provide consumers with the necessary information in order to assess a product’s inherent threat, particularly when this is not immediately obvious, and take precautions against such risks (*e.g.* withdraw products from the market, inform consumers, recall products, etc.).

Distributors are also obliged to supply products that comply with the general safety requirement, to monitor the safety of products on the market and to provide the necessary documents ensuring that the products can be traced. If the manufacturers or the distributors discover that a product is dangerous, they must notify the appropriate authorities and cooperate with their potential investigation. Unsafe products may be listed in an EU-wide publicly accessible database.

On February 13, 2013, the Commission adopted a proposal for a new regulation on consumer product safety aiming to strengthen the manufacturers’ obligations with respect to the indication of origin and traceability and to achieve a higher level of protection of safety and health of consumers. Currently, the legislative process is interrupted due to disagreements among member states.

We are also subject to provisions on product liability and may therefore be held liable in cases of damage caused by a defective product. Council Directive 85/374 EEC of July 25, 1985 concerning liability for defective products, as amended by Directive 1999/34/EC of the European Parliament and of the Council of May 10, 1999 (“PLD”), applies to movables which have been industrially produced, whether or not incorporated into another movable or into an immovable. It establishes the principle of objective liability, *i.e.* liability without fault of the producer, in cases of damage caused by a defective product. The PLD does not in any way restrict compensation for non-material damage under national legislation.

### ***German Product Safety Act and German Product Liability Act***

In Germany, the GPSD has been implemented via the German Product Safety Act (*Produktsicherheitsgesetz*). Further regulations are included in various governmental ordinances on the safety of specific products and product groups. A violation of the requirements of European and/or national laws may be sanctioned with a fine and, in severe cases, with a criminal sanction. The German Product Liability Act (*Produkthaftungsgesetz*) implements PLD with a limited producer’s total liability to €85 million resulting from a death or personal injury and caused by identical items with the same defect.

## **2 Chemicals Legislation**

### **2.1 REACH Regulation**

The manufacturing, handling, use and trading of chemicals is regulated in the EU and its member states. The EU requires control of the use of chemical products within its borders, requiring all affected industries to ensure and demonstrate the safe manufacture, use and disposal of chemicals. The Regulation (EC) 1907/2006 on Registration, Evaluation, Authorization and Restriction of Chemicals (“REACH Regulation”), which came into effect on June 1, 2007 (partly the REACH Regulation provides for deferred applicability for some provisions), requires the registration of chemical substances on their own, in mixture or articles above a

certain threshold manufactured in the European Union (“EU”) (whenever it is referred to the EU in Sec. 2.1 and 2.2 this shall also cover the other Member States of the European Economic Area, i.e. Norway, Iceland and Liechtenstein) or placed on the EU market (import in the sense of the REACH Regulation shall be deemed to be placing on the market). The registration process may take several years.

Pre-registration of certain chemicals (so called phase-in substances) with the European Chemicals Agency (“ECHA”) has been compulsory since June 1, 2008. For pre-registered substances, three registration deadlines for submission of the registration dossiers to ECHA are applicable, depending on their tonnage and certain hazard criteria. The first two deadlines, November 30, 2010 and May 31, 2013, have already passed. The third deadline for substances in quantities reaching one ton or more per year per manufacturer or per importer is May 31, 2018. Registration involves the submission of various data depending on the tonnage of the substance to be manufactured or imported and the specific risks associated with each substance. Due to the data required, registration of substances with ECHA can impose a substantial financial burden upon chemical manufacturers or importers.

The REACH Regulation requires formal documentation of the relevant data required for hazard assessments for each substance registered as well as development of risk assessments for their registered uses. Under certain circumstances, the performance of a chemical safety assessment is mandatory and a chemical safety report assuring the safe use of the substance must be submitted. If there is no (pre-) registration of the substance, it is impermissible to manufacture this chemical in the EU or to place it on the EU market (i.e. “no data no market” principle). Therefore, registration may generally be a requirement for any substance used in technically important processes by manufacturers or importers.

The data recorded by (potential) registrants, downstream users and third parties are collected in substance information exchange forums (“SIEF”) to allow an exchange of information. The REACH Regulation provides for various information requirements in the supply chain (e.g. purchasers of registered chemicals may be obliged to inform their sellers about the intended use of the chemicals, as the importer or producer may be obliged to add this information to its documentation).

Furthermore, the REACH Regulation establishes legal requirements for substances that are considered as particularly harmful to human health or the environment. Substances of concern might be, *inter alia*, identified as substances of very high concern (“SVHC”) and included in the so-called “candidate list” maintained by ECHA. From the date on which the substance or mixture is first supplied, EU suppliers of such substances have to provide their customers with a safety data sheet.

EU suppliers of articles which contain SVHC on the candidate list in a concentration above 0.1% weight per weight (“w/w”) have to provide sufficient information to allow safe use of the article to the recipient of the article or upon request, to a consumer within 45 days of the receipt of the request. Additionally, EU producers or importers of articles have to notify ECHA if their article contains a substance on the candidate list, provided that the substance is present in those articles in quantities totaling over one ton per producer or importer per year and if the substance is present in those articles above a concentration of 0.1% (w/w). Such notification is not required, if the producer or importer of an article can exclude exposure to humans and the environment during normal or reasonably foreseeable conditions of use including disposal or if the substance has already been registered for that use.

SVHC listed in the candidate list might be transferred to the authorization list of Annex XIV to the REACH Regulation. Once a SVHC is included in the authorization list of Annex XIV, the manufacturer, importer or downstream user must, in principle, no longer place these substances on the market for a use or use it himself, unless such placement on the market or the use of the substance has been authorized by the European Commission (ECHA’s Committees for Risk Assessment and Socio-Economic Analysis adopt opinions on the application for authorisation which will be taken into account by the European Commission in its final decision). The authorization requirement does not apply to the placing on the market or the use of an article which contains an Annex XIV substance. However, in principle, the incorporation of an Annex XIV substance into an article is a use which is subject to the authorization requirement.

To date, we do not supply SVHC included in the candidate list and thus, the obligation to make available any safety data sheets for such substances does not apply to our products. Generally, we produce very few articles that contain candidate SVHC chemicals. We believe that we are in compliance with the information and

notification requirements for SVHC containing articles as established under the REACH Regulation. To date, our products that qualify as articles do not contain any substances that are listed in the Annex XIV to the REACH Regulation. We closely observe legal amendments by the EU, as from time to time additional substances may be added to the candidate list or to the authorization list contained in Annex XIV and trigger notification, information or, respectively, authorization requirements. In the case of an eventual ban of a substance, we would have to substitute the concerned SVHC contained in the article by an alternative substance. If substitution is not feasible, the product could possibly no longer be produced in the EU.

Further, the REACH Regulation restricts or bans the manufacturing, placing on the market or use of certain dangerous substances listed in Annex XVII. To date, our products are in compliance with the current version of Annex XVII of the REACH Regulation. In case of legal amendments, which we closely monitor, we might face costs associated with the substitution of the concerned substance.

## **2.2 CLP Regulation**

In addition, the REACH Regulation was accompanied by the Regulation (EC) No. 1272/2008 on classification, labeling and packaging of substances and mixtures ("**CLP Regulation**"), as amended by Regulation (EU) No. 1297/2014 of December 5, 2014, including comprehensive implementing legislation.

The CLP Regulation seeks to, *inter alia*, ensure that EU workers and consumers are clearly informed of the hazards associated with chemicals by means of a system of classification, labeling and packaging. The aim is to ensure that the same hazards are described and labeled in the same way in all EU countries. The CLP Regulation provides uniform requirements for the classification, labeling and packaging of chemical substances and mixtures according to the United Nations' Globally Harmonized System of classification and labeling of chemicals ("**GHS**"). It requires companies falling under the scope of the CLP Regulation to classify label and package appropriately their hazardous chemicals before placing them on the market.

Only a few of our products are covered by the CLP Regulation. We believe that we are in compliance with the requirements of the CLP Regulation.

## **2.3 German Implementation Legislation**

Both, the REACH Regulation and the CLP Regulation have been implemented into national law by the German Chemicals Act (*Chemikaliengesetz*). The German Chemicals Act mainly establishes additional national requirements (e.g. determination of competent German authorities). The Ordinance on the Prohibition of Certain Hazardous Substances (*Chemikalien-Verbotsverordnung*) contains requirements that must be complied with when placing on the market certain dangerous substances and mixtures, such as proof of competence and notification, information and recording duties. The Chemicals Sanctions Ordinance (*Chemikalien-Sanktionsverordnung*) governs, *inter alia*, sanctions for non-compliance with certain requirements of the REACH Regulation and the CLP Regulation.

# **3 Regulation of production facilities and storage sites**

## **3.1 Emissions**

In many countries, the emission of air pollutants, noise, odors and vibrations is governed by specific laws and regulations. The operation of industrial facilities is typically subject to permits, and operators of these facilities are required to prevent impermissible emissions. Operators of facilities are required to maintain all installations in compliance with the respective permits in terms of the reduction of certain emissions and implementation of safety measures. In some cases, continuous improvement or retrofitting of installations to maintain facilities at "state of the art" safety standards may be required. Compliance with these requirements is monitored by local authorities, and operators may be required to submit emission reports on a regular basis. Non-compliance with maximum emission levels or other requirements imposed by the relevant authority may result in administrative fines, subsequent orders or in severe cases in the withdrawal of the permit by the relevant authority, provided that such measures comply with the principle of proportionality.

We hold various permits under the German Emission Control Act (*Bundes-Immissionsschutzgesetz*, "**BlmschG**") in conjunction with the 4th German Emission Control Ordinance (4. *Bundes-Immissionsschutzverordnung*,

“4. BlmschV”), *inter alia*, for the operation of a zinc powder-/gel mixing plant, for a mixing plant for the production of nickel containing powders, for a plant for the production of electrodes for nickel metal hydride button cells and facilities to store hazardous substances. Changes to the permitted production facilities require us notifying to the appropriate authority. If the change is substantial a revised permit may be needed. Providing a notification and applying for a permit causes administrative costs and might result in additional requirements by the relevant authority and thus additional costs for the improvements or necessary retrofitting.

### 3.2 Regulation of Hazardous Incidents

Operators of facilities storing hazardous goods in larger quantities are required to comply with safety standards set forth in Council Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances (“**Seveso III Directive**”) and the respective national implementing law. As the former Directive 96/82/EC (“**Seveso II Directive**”) before it, the provisions of the Seveso III Directive are designed to prevent major accidents involving dangerous substances, such as emissions, fires and larger explosions, and to limit detrimental consequences in the event of an accident. The degree of additional safety requirements depends on the amounts of various classes also of hazardous substances stored in the relevant facility. The Seveso III Directive aims to increase the rights for citizens to access information and justice as well the public participation in decision-making.

The Seveso III Directive was implemented on December 7, 2016, with the Seveso III transposition law (*Seveso-III Umsetzungsgesetz*). Legislation includes, *inter alia*, the amendment of certain provisions of the German Federal Emission Act, the Environmental Impact Assessment Act (*Umweltverträglichkeitsprüfungsgesetz*) and the Environmental Legal Remedies Act (*Umweltrechtsbehelfsgesetz*). Further legislative changes came into force on January 14, 2017 with the amendment of the twelfth ordinance under the German Federal Emissions Control Act (German Hazardous Incidents Ordinance, *Störfall-Verordnung*).

### 3.3 Production, Possession and Handling of Waste

The Directive 2008/98/EC on waste (the “**Waste Framework Directive**”) governs the collection, transport, recovery and disposal of waste. The Waste Framework Directive requires the EU member states to take appropriate measures for the prevention of waste and to ensure that waste is recovered or disposed of without endangering human health or causing harm to the environment. Member states must include permitting, registration and inspection requirements.

We are subject to statutory provisions regarding waste management. These provisions may govern permissible methods of, and responsibility for, the generation, handling, possession, discharge and recycling of waste depending on the dangers posed by the waste, among other things. In particular, the discharge of waste is often restricted to licensed facilities. Under the German Act on Recycling (*Kreislaufwirtschaftsgesetz*), generators, owners, collectors and transporters of waste must demonstrate to the competent authority and to other parties that they have properly disposed of hazardous waste (*gefährliche Abfälle*) by proof of waste disposal (*Entsorgungsnachweis*). Documentation requirements include certain details regarding the handling, type, amount and origin of hazardous waste. In many European jurisdictions, plants must use licensed contractors for the disposal of hazardous or non-hazardous waste.

We believe that we are in compliance with the waste management laws. In particular, we cooperate with several service providers in waste management matters.

### 3.4 Legislation on the Transport of Dangerous Goods

While the majority of goods transported for and on behalf of us are non-dangerous goods, the absolute volume of dangerous goods is still relevant. In particular, certain categories of batteries (*e.g.* lithium containing batteries) are subject to the regulations for the transport of dangerous goods.

The transport of dangerous goods is governed by international conventions under the auspices of the United Nations Economic Commission for Europe (“**UNECE**”), the European Agreement concerning the International Carriage of Dangerous Goods by Road (“**ADR**”) and the European Agreement concerning the International



Carriage of Dangerous Goods by Inland Waterways (“ADN”), as well as by the Regulations concerning the International Carriage of Dangerous Goods by Rail (“RID”) as set forth in Appendix C to the Convention concerning International Carriage by Rail (“COTIF”). These international treaties contain basic regulations relating, *inter alia*, to the transport of hazardous substances as well as the packaging of these goods in the signatory states. They have been enacted in the EU as part of Directive 2008/68/EC, as amended by Directive (EU) 2016/2309, on the inland transport of dangerous goods.

German law provides for legislation on the carriage of dangerous goods such as the German Act on the Carriage of Dangerous Goods (*Gefahrgutbeförderungsgesetz*) as the framework legislation providing the legal basis for issuing respective ordinances or the Ordinance on the National and International Carriage of Dangerous Goods by Road, Rail, and Inland Waterways (*Gefahrgutverordnung Straße, Eisenbahn und Binnenschifffahrt*) implementing Directive (EU) 2016/2309. The latter regulates transportation of goods, the labeling of packages, the requirements for the construction and identification of containers and tanks, the certificates of qualification and transport documentation, the protection measures during the transport as well as the loading, unloading, handling and carriage procedures.

The transport via aircraft is subject to different standards such as the International Civil Aviation Organization’s (“ICAO”) Technical Instructions for the Safe Transport of Dangerous Goods by Air and, the International Air Transport Association’s Dangerous Goods Regulation (“IATA DGR”).

We believe that we are in compliance with the applicable regulations on the transport of dangerous goods. We closely and proactively monitor amendments to the applicable regulations and, if needed, take appropriate measures. Such measures might include, *inter alia*, changes in the design of our products as well as the production processes.

### **3.5 Environmental Damage Regulation**

We are subject to Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage, as implemented into member state law. The German Environmental Damage Act (*Umweltschadensgesetz*) creates an obligation to prevent damage to the environment and to remedy such damage regardless of fault. Our obligations thereunder reach beyond the rules of German civil liability for ground water and soil contamination and cover environmental losses that may not be eligible for compensation under other laws. The obligations and liabilities under the German Environmental Damage Act constitute public law obligations to avoid or remedy environmental damage. In addition, non-governmental environmental organizations may institute legal proceedings in the event the relevant authority has failed to take the necessary steps for enforcement.

### **3.6 German Act on Environmental Liability**

If damage is caused by one of our facilities to persons or property, we may also be held strictly liable under the German Act on Environmental Liability (*Umwelthaftungsgesetz*). Liability under this statute may arise for damage caused by substances or gases that spread through soil, air or water. The statute applies, *inter alia*, to the nickel metal hydride mix facility and the nickel metal hydride foam facility. Under the statute, there is a presumption that any damage has been caused by a facility if the facility is generally capable of causing the damage in question. Should one of our sites fall under the German Hazardous Incidents Ordinance in the future, we might be required to provide financial security (*Deckungsvorsorge*) for environmental damage on the site.

### **3.7 Health and Safety**

We must comply with applicable laws and regulations to protect employees against occupational injuries in all jurisdictions in which we operate. Under such laws and regulations, employers typically must establish the conditions and the flow for work in a manner that effectively prevents dangers to employees. In particular, employers must observe certain medical and hygienic standards and comply with certain occupational health and safety requirements, such as permissible maximum levels for noise at work, the use of personal protective equipment and requirements relating, *e.g.* relating to the handling of hazardous such as carcinogenic substances.

### 3.8 German Occupational Health and Safety Requirements

German occupational safety regulation is heavily influenced by the requirements of EU law and is contained in the German Act on Occupational Protection (*Arbeitsschutzgesetz*, “ArbSchG”) and in the German Act on Occupational Safety (*Arbeitssicherheitsgesetz*, “ASiG”), which require employers to provide for their employees’ safety. These general obligations are substantiated in several ordinances under the respective laws, which are further detailed in technical guidelines. Germany’s occupational safety regulatory regime also includes the German Ordinance on Facility Safety (*Betriebssicherheitsverordnung*, “BetrSichV”), the German Ordinance on Requirements for Workplaces (*Arbeitsstättenverordnung*, “ArbStättV”) and a number of technical guidelines enacted under these ordinances.

We are subject to the Ordinance on Hazardous Substances (*Gefahrstoffverordnung* “GefStoffV”), which contains provisions regarding the handling and storage of hazardous carcinogenic substances. It particularly sets forth provisions for the protection of employees which deal with hazardous substances and requires compliance with additional notification and safety requirements. The provisions require the priority of technical and organizational measures over personal protective equipment, a principle which is further enhanced by the recent revision of the Ordinance on Hazardous Substances. Ongoing changes, *inter alia*, in the state of the art regarding the handling and storage of hazardous substances might incur costs, *e.g.* for changing operational sequences. Compliance with employment safety regulations is subject to regulatory supervision. We believe that we are in compliance with applicable occupational health and safety law.

### 3.9 Regulation of transports of Li-Ion

The United Nations’ (“UN”) Recommendations on the Transport of Dangerous Goods are contained in the UN Model Regulations prepared by the Committee of Experts on the Transport of Dangerous Goods of the United Nations Economic and Social Council (ECOSOC). They cover the transport of dangerous goods by all modes of transport except by bulk tanker. They are not obligatory or legally binding on individual countries, but have gained a wide degree of international acceptance as they form the basis of several international agreements and many national laws.

### 3.10 Dual Use Export Control Regime

#### **Overview**

Dual-use export controls affect research and development, production and trade of typically high-tech, advanced products across a wide-range of industries – *e.g.* energy, aerospace, defense and security, telecommunications and information security, life sciences, chemical and pharmaceutical industries, material-processing equipment, electronics, semiconductor and computing industries, lasers and navigation. The trade in dual-use items – goods, software and technology that can be used for both civilian and military applications and/or can contribute to the proliferation of Weapons of Mass Destruction (WMD) – is subject to controls to prevent the risks that these items may pose for international security. The controls derive from international obligations (in particular UN Security Council Resolution 1540, the Chemical Weapons Convention and the Biological Weapons Convention) and are in line with commitments agreed upon in multilateral export control regimes.

#### **EU Dual-Use Export Control Regime**

The EU export control regime is governed by Regulation (EC) No 428/2009 (“**EC Dual-Use Regulation**”), which provides for common EU control rules, a common EU control list and harmonized policies for implementation. Under the EU regime, the export of dual-use items is subject to control and dual-use items may not leave the EU customs territory without an export authorisation. The EC Dual-Use Regulation is binding and directly applicable throughout the EU. EU Member States nevertheless need to take certain measures for implementing of some of its provisions, *e.g.* in relation to breaches and applicable penalties. The existence of a common control system allows for the free movement of dual-use items within the EU Single Market: dual-use items may be traded freely within the EU, except for some particularly sensitive items set out in Annex I of the EC Dual-Use Regulation, whose transfer within the EU is subject to prior export authorization. In addition to the export authorisation required for the items listed in Annex I (including lithium) there is also an

authorisation requirement for other dual-use items, if the items in question are or may be intended for use in connection with chemical, biological or nuclear weapons or other nuclear missiles, or as elements of previously illegally exported armaments. On September 28, 2016, the EU Commission adopted a proposal for a modernization of the EU export control system. The Commission proposal will be discussed in the Council and the European Parliament in the course of 2017, as part of the legislative process.

### ***German Dual-Use Export Control Regime***

Pursuant to Article 6 of the EC Dual-Use Regulation and section 2 of the Foreign Trade and Payments Regulation (“**AWV**”) and section 7 of the Foreign Trade and Payments Act (“**AWG**”) the Federal Office of Economics and Export Control (“**BAFA**”) may grant Global Export Licenses (“**SAG**”). SAG authorize a number of exports or transfers to various consignees in one or several countries. They are granted in accordance with the export control legislation and export control policies, in particular with Article 8 EC Dual-Use Regulation, the EU Code of Conduct, section 7 AWG as well as the Political Principles of the Federal Government concerning the export of war weapons and other military equipment of 19 January 2000. SAG may be granted for both, dual-use items (as set out in Annex I of EC Dual-Use Regulation) and Part I Section C of Export List, Annex AL to AWV), and armaments (Part I Section A of AL). In the case of SAG for dual-use items, it should be taken into consideration that no licenses are granted for the export of certain goods or for the export of certain goods to certain countries. Detailed information may be collected from BAFA. SAG for armaments (Part I Section A of AL) are only granted under governmental cooperation programs or other co-operations with state participation. The granting of licenses is basically restricted to NATO and NATO-equivalent countries.

### **3.11 Overview of Regulatory Framework in Other Jurisdictions**

In the jurisdictions in which we operate outside the EU, specifically in the United States, we face a wide range of laws and regulations, the majority of which deal with the same general themes discussed above. These regulations vary from jurisdiction to jurisdiction and may be or may become stricter than the EU and/or German regulatory framework set out above.

## **4 Regulatory Environment in the United States**

There are numerous regulations that govern our facility and operations in the United States. The laws and regulations that apply to our U.S. operations conducted by our subsidiary, Voltabox of Texas, Inc., relate primarily to environmental protection, occupational safety and health, hazardous chemicals safety and export control. Changes in, or violations of, regulations and standards could result in increased costs for our business. The laws and regulations applicable to our U.S. operations are subject to frequent change based on new legislation, new regulations, and administrative agency activities. Administrative agencies regularly inspect our operations and facilities and are authorized in various respects to request additional information when needed. Many of the agency files on regulated facilities are open for inspection by the public. Legal sanctions, including fines, orders as well as civil and criminal penalties, can apply in the case of violations of these permits or applicable laws and regulations. In the United States, certain laws may allow private citizens, in addition to public agencies, to file lawsuits against and seek monetary penalties and other remedies from violators. Resolutions of lawsuits, whether initiated by an agency or by a private party, can include restrictions on our operations or other legal requirements. The following summary highlights some of the key U.S. federal laws and regulations that apply to our business operations in the United States. These are not the only U.S. federal laws that apply to our operations; in some cases, additional (and sometimes more stringent) state and local laws apply. Additionally, some state agencies, and in particular the Texas Commission on Environmental Quality, may have the authority to administer and grant permits, registrations and other authorizations under the U.S. federal laws applicable to our business operations, and we are therefore subject to such state agencies’ interpretation of the U.S. federal laws and regulations in order to receive such permits, registrations and other authorizations.

### **4.1 Mercury-Containing and Rechargeable Battery Management Act**

The Mercury-Containing and Rechargeable Battery Management Act (the “**Battery Act**”) was signed on May 13, 1996, and became immediately effective nationwide on that date. The United States Environmental Protection Agency (“**EPA**”) has not yet issued regulations to implement the Battery Act, but the Battery Act’s requirements are enforceable nonetheless.

The law has two primary goals, the first of which is to limit the mercury content in consumer batteries. The second is to promote recycling and proper disposal of used rechargeable nickel cadmium batteries, sealed small lead-acid batteries, and certain types of rechargeable batteries not widely used in consumer products.

The law expressly does not apply to lead-acid batteries “used to start an internal combustion engine, or as the principal electrical power source for a vehicle.” The law also has been interpreted by the EPA not to apply to nickel metal hydroxide or lithium ion batteries. Based on this, the Battery Act does not apply to the batteries the Company manufactures or distributes.

#### **4.2 Clean Air Act**

The Clean Air Act of 1990, as amended (the “**Clean Air Act**”) regulates emissions of air pollutants. The Clean Air Act establishes national limits for six priority pollutants, carbon monoxide, lead, nitrogen oxides, particulate matter, ozone and sulfur dioxide, and regulates the emission of other designated air pollutants. It also authorizes the EPA to regulate hazardous air pollutants emitted from industrial sources and phases out the production of substances that deplete stratospheric ozone. The Clean Air Act requires emissions sources to obtain permits and to periodically certify compliance with permitted standards. Most of the Group’s manufacturing sites have permits under the Clean Air Act, which include major or minor source permits. Even if facilities do not have permits under the Clean Air Act, they may have permits issued under or otherwise be regulated by similar state and local laws. Owners and operators of facilities that handle quantities of listed flammable and toxic substances above certain threshold limits must implement detailed risk management plans, which are filed with and approved by the EPA. Future additional regulation of greenhouse gases and ozone can be expected under the Clean Air Act as well as under regional, state and local regulatory programs.

#### **4.3 U.S. Resource Conservation and Recovery Act**

Pursuant to the Resource Conservation and Recovery Act of 1976, as amended (the “**RCRA**”), the EPA regulates the generation, transport, treatment, storage and disposal of hazardous waste and universal waste, which include batteries that exhibit a hazardous waste characteristic and are recycled. The RCRA also sets forth a framework for state regulation of non-hazardous waste. Most generators of hazardous waste must register with the EPA, obtain a generator identification number, and follow certain standards for record-keeping, inspections, and short-term storage of wastes based on the amounts of wastes generated on a monthly basis. Generators must also select licensed businesses and facilities to transport, treat and dispose of their waste. Facilities that want to store for more than certain time periods or, treat, or dispose of hazardous wastes on-site are required to obtain a RCRA permit and be classified as a treatment, storage, and disposal facility (“**TSDF**”). TSDFs have additional record-keeping, reporting, inspections, training, and spill response obligations. The RCRA program also requires owners and operators of TSDFs to demonstrate that they have the financial resources to properly close the permitted operations at the end of their useful lives and respond appropriately to any releases of hazardous waste. The transport and disposal of hazardous waste is strictly regulated by the EPA. There are prohibitions against the land disposal of certain hazardous wastes, requiring use of certain treatment methods, such as incineration, prior to land disposal. Generally, any site discovered to be contaminated by hazardous substances, including hazardous waste, is remediated under the RCRA’s corrective action program or the Comprehensive Environmental Response, Compensation, and Liability Act (the “**CERCLA**”) or similar state laws. The EPA and some state regulating agencies have authority to issue compliance orders to, or to initiate legal proceedings against, responsible parties under either law. The RCRA program also has programs for waste minimization and reuse and recycling. Our current facility in Austin generates various hazardous and non-hazardous waste streams, as part of normal operations, and stores them for periods of time that do not require a RCRA TSDF permit. The facility is also not subject to any current permits or orders requiring corrective action or cleanup under RCRA or CERCLA.

#### **4.4 Emergency Planning and Community Right-To-Know Act**

The Emergency Planning and Community Right-To-Know Act (the “**EPCRA**”) establishes recordkeeping, planning, and reporting rules for facilities that store or process certain chemicals above threshold quantities. The EPCRA’s regulations require facilities to coordinate with state and local agencies to plan for chemical emergencies, to notify agencies of chemical releases, and to provide annual public disclosures regarding toxic

and hazardous chemical emissions and usage. These annual reports must also include information on the quantities of chemicals transferred to other facilities for management and disposal. The EPCRA requires specific notification to state emergency response commissions and local emergency planning committees regarding the presence of any “extremely hazardous substances” at facilities in excess of certain thresholds. The EPA maintains the information gathered through these reports in its Toxics Release Inventory database, which is available to the public. Our manufacturing facility is subject to these planning, reporting, and notice requirements.

#### **4.5 The Comprehensive Environmental Response, Compensation, and Liability Act**

The CERCLA contains reporting requirements and liability for investigation and remediation of property contaminated hazardous substances. CERCLA requires any owner or operator of a facility storing or using hazardous substances to immediately report a release of a hazardous substance into the environment above a “reportable quantity” (“RQ”). Each hazardous substance has a unique RQ based on its toxic or hazardous characteristics. The reporting of a release triggers a remediation obligation and the possibility of an agency inspection; the report may or may not result in a fine for a violation. Whether or not subject to reporting, the CERCLA, the RCRA and similar state laws can impose strict, joint and several liabilities on “potentially responsible” parties for the investigation and remediation of property contaminated by past or current releases of hazardous substances. Because the liability is also retroactive, liability may be imposed even if the original release or disposal was lawful at the time. Under the CERCLA, a waste generator, a former or current site owner, lessor or operator, and certain other parties who arrange for disposal of hazardous substances, can each be held individually liable for the entire cost of remediating an active, abandoned or non-operating site that has been contaminated by releases of hazardous substances, regardless of the amount of hazardous substances a party has sent to the site. The EPA has authority under the CERCLA and the RCRA to order responsible parties to investigate and remediate contaminated sites and can seek recovery of the government’s response costs from responsible parties. States have similar legal authority to compel site investigations and clean-ups and to recover costs from responsible parties. Under some state laws, clean-up obligations may be triggered by the transfer or closure of the facility. Both federal and state governments allow, and in some cases establish incentives for, voluntary investigation and remediation under strict guidelines. Under the CERCLA and similar state laws, the U.S. government and states may also sue responsible parties for natural resources damages (e.g. pollution of rivers and wetlands and damage to fish stocks) arising from contamination. At both the federal and state level, a number of agencies are issuing vapor intrusion guidance to evaluate whether vapors from the migration of volatile subsurface pollutants at remediation sites are migrating into overlying buildings and pose an unacceptable risk to human health. While implementation varies by jurisdiction, the guidance is used as a screening tool to determine if additional remedial measures must be taken before a project may be certified as complete. Voltabox has not been identified as a potentially responsible party at any CERCLA site, and the Public Offering is not the sort of transaction that would trigger an investigation of potential contamination under applicable state law.

#### **4.6 Building and zoning laws**

Our production and administration facility in the United States is required to comply with construction, electric and fire codes, and obtain building permits and follow zoning requirements promulgated by applicable federal, state and local agencies. Permit and zoning requirements, which differ based on type of facility and location, define structural specifications and establish limits on building usage. Regulatory authorities are entitled to address non-compliance through enforcement.

#### **4.7 Dual use or military use products, technology and services**

We, like other U.S. manufacturers, must exercise due diligence (e.g. screening of transactions using the Global Trade Service System) in the sale of its products to help ensure through export and re-export that such a U.S. origin product or technology does not end up in the possession of a person, entity or country that is subject to U.S. export control laws and regulations or economic sanctions. Violations of certain export control laws and regulations or economic sanctions can subject a company to administrative sanctions, including seizure of product or debarment from government contracts, and to civil and criminal penalties. The U.S. Export Administration Regulations (the “EAR”) are administered by the U.S. Department of Commerce, Bureau of

Industry and Security. The EAR regulate commercial technology (including equipment, tests, materials, software, technical data and technical assistance), as well as dual use products having both commercial and military application that are listed in the EAR Commerce Control List. The International Traffic in Arms Regulations (the “**ITAR**”) are administered by the U.S. Department of State’s Directorate of Defense Trade Controls (the “**DDTC**”). The ITAR regulates the export and temporary import of defense articles and defense services. Any U.S. company that manufactures, brokers, imports, and exports technology, articles or services designated as a defense article or defense service and included in the U.S. Munitions List must comply with the ITAR. This includes registration with the DDTC and obtaining a license for the export (or temporary import) of the controlled technology, article, or service. Under both the EAR and the ITAR, a prohibited transfer of technology can occur due to a “deemed export” (i.e. a release or disclosure visually, electronically, or in any medium or form to certain foreign nationals who are not U.S. persons inside the United States). An appropriate license or other authorization may be required from the authorizing government agency before the export of the controlled product or technology can occur.

The U.S. Department of Treasury, Office of Foreign Assets Control (“**OFAC**”) administers U.S. embargoes, economic sanctions, prohibitions on certain trade to certain countries, (e.g. Cuba, Iran, the Russian Federation, North Korea, Syria, Sudan and the Crimea region of Ukraine), and transactions with specified persons and entities. The OFAC regulations broadly prohibit any U.S. person from doing business with private or government individuals or entities located in or associated with certain sanctioned countries (Cuba, Iran, the Russian Federation, North Korea, Sudan, Syria, and the Crimea region of Ukraine) (the “**Sanctioned Countries**”). Prohibited transactions include exporting or re-exporting goods, services, or technology to or importing goods, services or technology from individuals or entities located in Sanctioned Countries. U.S. law prohibits even indirect exports to Sanctioned Countries. The Group utilizes the Global Trade Services system to screen orders from, or shipments to, sanctioned targets or restricted parties under the EAR. A shipment is confirmed or denied depending on the screening results. Currently, we do not produce, sell, export or import any ITAR regulated materials. Therefore, at this time, we are not registered with the DDTC.

#### **4.8 Occupational Safety and Health Act of 1970**

The Occupational Safety and Health Act of 1970, as amended (“**OSHA**”), was created to provide U.S. workers with a safe working environment. OSHA is administered through the Department of Labor, but many states have their own occupation safety and health laws or are delegated responsibility to enforce the federal law. In general, OSHA addresses safety and health in workplace environments. OSHA primarily requires employers to:

- allow inspections by the regulating agency without notice and conduct interviews with employees, which, in some instances, may be the result of an employee complaint;
- provide workers with information on protection, through workplace posters and other notifications; and
- provide workers with information on identifying hazardous substances in the workplace and training on how to treat injuries from these substances.

OSHA’s catch-all “general duty” clause requires an employer to provide a safe workplace for all of its employees by managing recognized safety or health hazards. OSHA imposes certain requirements for workplace monitoring and surveillance, including employee monitoring and requiring employers to maintain a log of workplace illnesses and injuries. OSHA also establishes standards for specific hazards and exposure, such as airborne chemical exposure levels and proper use of equipment in the workplace. OSHA’s hazard identification and control requirements cover both physical hazards (such as the potential for explosions) and health hazards (such as equipment safety and electrical hazards). Employers must provide a minimum level of training to ensure that employees are properly equipped to handle chemicals and workplace hazards. The Group provides training to employees and visitors who have access to chemical handling areas. OSHA requires that employers provide their employees with personal protective equipment when other controls are not feasible or effective in reducing the risk of exposure to hazardous substances (or other workplace hazards).

#### **4.9 Buy American Act**

Many U.S. transportation-related projects are funded by units of the federal Department of Transportation (“**DOT**”) through grants, but administered by state, regional, or local transportation agencies. The “Buy

American Act” sets forth origin limitations for iron and steel products, manufactured goods, and certain other categories of items funded by these federal grants. This includes restrictions on “rolling stock” end products, which include buses, vans, cars, railcars, locomotives, trolley cars and buses, ferry boats, as well as vehicles used for support services. The current Buy American Act domestic content requirements mandate that 1) any “rolling stock” end product must be assembled in the U.S. and 2) more than 60 percent, by cost, of the components of any “rolling stock” end product must be produced in the U.S. A component is deemed produced in the U.S. if (i) it is produced in the U.S. and (ii) at least 60 percent, by cost, of its components (i.e. subcomponents) are U.S. subcomponents.

Our Austin Facility currently produces battery modules that are used in buses that are “rolling stock” under the Buy American Act. In order to meet the current Buy American Act domestic content requirements, these battery modules are (i) manufactured in the U.S. at our Austin Facility and (ii) use at least 60 percent U.S. components. Under the Fixing America’s Surface Transportation (FAST) Act of 2015, the Buy American Act domestic content requirements for rolling stock will increase from the current 60 percent to: (i) more than 65 percent for FY2018 and FY2019 federal grant funds; and (ii) more than 70 percent for FY2020 and beyond federal grant funds.

#### **4.10 DOT regulation**

Regulations of the DOT govern the transportation of hazardous materials within and between the 50 states. These regulations generally involve requirements to use transportation shipping papers with the proper shipping name and UN number for the regulated batteries, to properly label, mark, placard and package the batteries, and to provide certain emergency response information and a shipper’s certification. These federal DOT rules preempt state rules on the same topics, and therefore, one need not be concerned with inconsistent or broader state laws.

Among other things, the federal hazardous materials regulations (“HMRs”) regulate both new and used commercial articles, like batteries, that contain hazardous chemicals and that are being transported in commerce, such as to or from manufacturing plants, dealers and service centers. Although manifested hazardous wastes are also subject to the HMRs, hazardous waste batteries generally would not be subject to the HMRs because under the universal waste exemption discussed above they do not have to be shipped with a manifest.

Batteries are regulated under the HMRs if they fit within one of the specified categories of hazardous material batteries that appear in the table of hazardous materials at 49 C.F.R. § 172.101. The categories are:

- Batteries containing sodium.
- Batteries, dry, containing potassium hydroxide solid, electric storage.
- Batteries, wet, filled with acid, electric storage.
- Batteries, wet, non-spillable, electric storage.
- Batteries, dry, not otherwise subject to the requirements of subchapter 172.
- Batteries, wet, filled with alkali, electric storage.
- Lithium battery.

DOT has also issued an interpretative letter stating that a lithium ion battery with particular characteristics is not considered a regulated lithium battery for purposes of the HMR. The battery at issue had a positive electrode of lithium cobaltate and a negative electrode of natural graphite. The electrolyte consisted of ethylene carbonate, lithium hexa fluoro phosphate, and diethyl carbonate. There was no lithium metal present at any time. In addition, lithium ion batteries with small amounts of lithium equivalent content are exempt from regulation.

#### **4.11 Motor Vehicle Safety Act**

Under the U.S. Motor Vehicle Safety Act, a supplier of original or replacement equipment (like batteries) used in motor vehicles that determines that it has a safety-related defect in its products must comply with certain

notification and recall requirements. If the equipment at issue is original equipment installed in the vehicles of more than one vehicle manufacturer that sold the affected vehicles in the U.S., the supplier must file a defect information report with the National Highway Traffic Safety Administration (“**NHTSA**”) with respect to the original equipment they manufactured. Even though the supplier would have a reporting obligation in such a situation, each vehicle manufacturer would also have a reporting obligation with respect to its affected vehicles, and each such vehicle manufacturer would have the recall obligation. If the original equipment is used in the vehicles of only one manufacturer, then either the vehicle or the equipment manufacturer could file the required report, but the vehicle manufacturer would have the obligation to perform the recall. For replacement equipment, the brand name or trademark owner of the equipment (presumably the Company) would have to report any safety-related defect to NHTSA and perform the recall. Defects must be reported to NHTSA within 5 working days of a manufacturer’s determination that: (i) a defect exists; and (ii) the defect causes an unreasonable risk to motor vehicle safety.

#### **4.12 Mine Safety and Health Administration and the Federal Mine Safety and Health Act of 1977**

The Mine Safety and Health Administration (“**MSHA**”) is a United States Department of Labor agency responsible for administering the Federal Mine Safety and Health Act of 1977, as amended. The Federal Mine Safety and Health Act governs mining activities and metal, nonmetal and coal mines, providing safety, inspection and training standards, among others. Specifically, the Mine Safety and Health Act regulates testing and approval of battery assemblies that are used in MSHA-approved equipment. MSHA regulates the technical specifications and a standard for any battery box containing a battery assembly and also regulates diesel-powered equipment that may use our batteries. These regulations require that battery installations in non-permissible diesel equipment meet certain installation and safety standards to prevent internal and external damage to the equipment.

Although MSHA has jurisdiction only over entities the primary purpose of which is the extraction of minerals, battery assemblies and diesel equipment using such batteries used by mineral extraction companies must comply with MSHA regulations, and we are required by certain of our customer contracts to comply with such regulations.



# **PART O: GENERAL INFORMATION ON VOLTABOX AG AND THE GROUP**

## **1 Incorporation, Entry with the Commercial Register, Name**

The Company was formed as a shelf company under the legal name “Blitz 13-493 GmbH”, in the form of a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law pursuant to an incorporation deed dated November 28, 2013. Blitz 13-493 GmbH had its registered office in Munich, Germany, and was registered with the commercial register (*Handelsregister*) kept at the lower court (*Amtsgericht*) of Munich under HRB 208806 on December 4, 2013.

Pursuant to an agreement dated January 17, 2014, the Parent Company purchased all the shares in Blitz 13-493 GmbH from Blitzstart Holding AG. By decision of a shareholders’ meeting dated January 17, 2014, the name of Blitz 13-493 GmbH was changed to “Voltabox Deutschland GmbH” and its legal seat was changed to Delbrück, Germany. Voltabox Deutschland GmbH was registered with the commercial register kept at the lower court of Paderborn, Germany under HRB 11410 on February 21, 2014.

Pursuant to a spin-off and transfer agreement (*Ausgliederungs- und Übernahmevertrag*) dated April 23, 2014 between paragon AG as transferring entity and the Company as receiving entity and corresponding approvals by the shareholders’ meetings of both companies held on April 23, 2014 and June 14, 2014, respectively, the Company has taken over parts of the assets of paragon AG, Delbrück, comprising its E-Mobility business by way of transformation through spin-off (*Umwandlung durch Ausgliederung*), with economic effect as of January 1, 2014. The spin-off was registered in the commercial register of the Company on September 6, 2014, and it was registered with the commercial register of the Parent Company as transferring entity on September 23, 2014 thereby becoming legally valid.

In accordance with the resolution of the shareholders’ meeting dated December 19, 2016 and May 8, 2017, the Company has been transformed into the legal form of a stock corporation (*Aktiengesellschaft*) with the legal name “Voltabox AG”, which was registered with the commercial register kept at the lower court of Paderborn, Germany, under HRB 12895 on May 18, 2017.

## **2 History and Formation of the Group**

The foundations for Voltabox as it is today were laid in 1988 when Klaus Dieter Frers, chairman of the supervisory board and CEO of our Parent Company, founded paragon AG, which is known as a Tier 1 automotive and electronics supplier and which is listed on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) since 2000.

### **2011: E-Mobility becomes operating segment of paragon AG**

With the development of a modular system in 2011, E-Mobility became an operating segment of the paragon business operations with increasing contribution to paragon’s revenue growth in the recent years.

### **2014: Foundation of Voltabox Deutschland GmbH and Voltabox of Texas Inc.**

In 2014, Voltabox Deutschland GmbH and Voltabox of Texas, Inc. were founded as subsidiaries of paragon AG while at the same time the production of battery modules started in the US in order to implement the forthcoming growth in the E-Mobility operating segment. paragon was reorganized in 2014 spinning-off the E-Mobility operating segment (*Ausgliederung*) to Voltabox Deutschland GmbH (now Voltabox AG).

### **2014: Voltabox receives major order for trolleybus batteries**

In May 2014, Voltabox of Texas, Inc. expanded its strategic partnership with traction equipment provider Kiepe Electric (formerly Vossloh Kiepe) for electrical vehicles. The order included an option to expand the purchase to cover a total of 250 electric buses.

### **2015: Voltabox forms strategic cooperation partnership with Triathlon Batterien GmbH**

In March 2015, Voltabox started into a strategic partnership for the European market with Triathlon Batterien GmbH, one of the leading providers in Germany of traditional lead-acid batteries.

In particular, this exclusive agreement encompasses the supply of Li-Ion batteries for use in intralogistic solutions such as electric forklift trucks, driverless transport systems etc.

Under this agreement, Voltabox acts as an exclusive partner manufacturing and supplying to Triathlon Li-Ion batteries. To this end, Voltabox agreed to supply several hundred battery modules to Triathlon in 2015 and increasing the supply to several thousand modules per year from 2016 onwards.

**2016: Exclusive strategic partnership with leading mining equipment and service provider**

In June 2016, Voltabox of Texas, Inc. entered into exclusive strategic partnership with leading mining equipment and service provider Joy Global Inc., now Komatsu Mining Corp. Voltabox then developed smart battery systems for use in some of the Joy Global Inc.'s underground mining equipment.

**2016: Voltabox and KUKA agree on long-term framework agreement**

In October 2016, Voltabox and KUKA Roboter GmbH, a leading global manufacturer of industrial robots, software and controllers, entered into a partnership agreement for the supply of batteries for automated guided vehicles (AGV).

**2017: Voltabox receives new major order for Li-Ion Battery Modules**

The battery modules, using Voltabox's Nickel Manganese Cobalt (NMC) technology and providing 10 megawatt per hour ("MWh") of energy, are produced on the new, highly automated assembly line in Delbrück which has been installed in June 2017.

**2017: Transfer of shares of Voltabox of Texas to Voltabox Deutschland AG and conversion of Voltabox Deutschland GmbH to Voltabox AG**

In 2017, Voltabox Deutschland GmbH was converted into a stock corporation which was resolved upon at the end of 2016, while Voltabox of Texas has become the subsidiary of Voltabox AG. The conversion of Voltabox Deutschland GmbH into Voltabox AG was registered with the commercial register kept at the local court of Paderborn under register number HRB 12895 on May 18, 2017.

**3 Domicile, Legal Form, Legislation, Fiscal Year, Registered Office, Duration, Corporate Purpose**

The Company is a stock corporation (*Aktiengesellschaft*) which has been incorporated in Germany and is subject to the laws of Germany. The Company's fiscal year is the calendar year.

The Company's registered office is Delbrück, Germany. The business address is Artegastraße 1, 33129 Delbrück, Germany (tel: +49 (0)5250 9930-900, www.voltabox.ag).

The Company has been established for an indefinite period of time.

According to Section 2 of the Company's Articles of Association, the purpose of the Company is the development, distribution and production of solutions for electro mobility, in particular Li-Ion battery systems, as well as the administration of patents and licenses.

The Company is entitled to do any business and to provide any services which are suitable to serve the purpose of the Company, as far as no specific authorization is required. The Company is entitled to establish branches in Germany and outside Germany. Further, the Company is authorized to acquire any type of domestic and foreign entities, hold participation interests in the same, to manage or represent other entities as well as to enter into inter-company agreements.



## **6 Publications, Paying Agent**

Pursuant to Section 3.1 of the Articles of Association, the Company's notifications are published in the German Federal Gazette (*Bundesanzeiger*).

In accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), notifications in connection with the approval of this Prospectus or any supplements thereto will be published in the manner of publication provided for in this Prospectus, that is, through publication on the Company's website, [www.voltabox.ag](http://www.voltabox.ag), and the free of charge provision of printed copies at the Company's office at Artegastraße 1, 33129 Delbrück, Germany.

The paying and registration agent (*Zahl- und Anmeldestelle*) is Bankhaus Lampe KG. The address of the paying agent is Jägerhofstraße 10, 40479 Düsseldorf, Germany.

## PART P: SHAREHOLDER STRUCTURE

### 1 Major Shareholders

The direct and indirect shareholders of the Company as of the date of this Prospectus who are known to the Company are:

- paragon AG, registered with the commercial register at the local court of Paderborn under HRB 6726, having its registered office at Schwalbenweg 29, Delbrück, Germany, is the sole direct shareholder holding 100% of the Company's shares.
- The shareholders of paragon AG are:

Shareholders	Number of shares / voting rights <sup>(1)</sup>	% of share capital / voting rights <sup>(1)</sup>
Klaus Dieter Frers <sup>(2)</sup> . . . . .	2,263,134	50% + 1 share
Free float <sup>(3)</sup> . . . . .	2,263,132	49,998%
<b>Total share capital</b> . . . . .	<b>4,526,266</b>	<b>100%</b>

(1) Based on the voting rights reported to paragon AG according to Section 21 WpHG, calculated on the basis of the current share capital in the amount of EUR 4,526,266.00.

(2) Including 30,000 attributed voting rights in accordance with Section 22 WpHG.

(3) Comprising all shareholders with less than 5% in the share capital.

Accordingly, Mr. Klaus Dieter Frers is the indirect Controlling Shareholder of the Company.

### 2 Shareholder Structure Before and After the Offering

The following table provides an overview of the shareholder structure and the participation of the shareholders in the share capital of the Company prior to the Offering and upon completion of the Offering.

Name of shareholder	Before the Offering		Following the completion of the Offering (without exercise of the Greenshoe Option)		Following the completion of the Offering (with full exercise of the Greenshoe Option)	
	Ordinary shares	in%	Ordinary shares	in%	Ordinary shares	in%
paragon AG . . . . .	10,000,000	100	9,500,000	63.33	9,500,000	60.03
Free Float . . . . .	0	0.00	5,500,000	33.67	6,325,000	39.97
<b>Total</b> . . . . .	<b>10,000,000</b>	<b>100.00</b>	<b>15,000,000</b>	<b>100.00</b>	<b>15,825,000</b>	<b>100.00</b>

## **PART Q: DESCRIPTION OF THE COMPANY'S SHARE CAPITAL**

### **1 Share Capital and Shares**

#### **1.1 Current Share Capital of the Company**

The Company's share capital currently amounts to €10,000,000.00. It is divided into 10,000,000 ordinary bearer shares with no par value (*Stückaktien*), each such share with a notional value of €1.00 per share. The share capital has been fully paid up. The shares were created pursuant to German law.

As of the date of this Prospectus, neither the Company nor its subsidiary hold shares in the Company. In addition, no shares in the Company are held on behalf of or for the account of the Company or its subsidiary.

#### **1.2 Share Capital of the Company and Development of Share Capital since the Company's incorporation**

The share capital of the Company as of the date of its incorporation in the legal form of a stock corporation (*Aktiengesellschaft*) on May 18, 2017 amounted to €100,000.00.

By resolution of the Company's extraordinary general shareholders' meeting held on September 6, 2017 and September 20, 2017 the Company's share capital was increased against contributions in-kind from €100,000.00 by €9,900,000.00 to €10,000,000.00. The contribution in-kind consisted of a shareholder loan by our Parent Company paragon AG amounting to €9,900,000.00 which was contributed pursuant to a contribution and transfer agreement dated September 6, 2017. The capital increase was registered with the competent commercial register held at the local court of Paderborn on September 21, 2017.

The contribution in-kind was audited by Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, Germany, as special contribution auditor (*Sacheinlageprüfer*), who confirmed in their audit opinion dated September 8, 2017, that the value of the contributed shareholder loan has met the minimum issue price of €1.00 per new share of the new shares issued in consideration thereto.

#### **1.3 Capital Increases to Implement the Offering**

On September 22, 2017, the Company's extraordinary general shareholders' meeting resolved to increase the Company's share capital by up to €5,000,000.00 to up to €15,000,000.00 against cash contributions through the issuance of up to 5,000,000 new no par value ordinary bearer shares (New Shares).

Registration of the resolution on the capital increase regarding the New Shares in the commercial register is expected to occur on or around October 12, 2017.

Presumably on October 10, 2017, the Management Board will resolve, such resolution to be approved by the Supervisory Board on the same day, on the number of the New Shares to be issued. The implementation of the capital increase regarding the New Shares is expected to be registered in the competent commercial register of the Company on October 12, 2017. All New Shares to be issued prior to commencement of trading will be fully paid up. The New Shares will be entitled to dividends as of January 1, 2017.

Should the Greenshoe Option be exercised in full by the Stabilization Manager on behalf of the Joint Bookrunners and should the corresponding capital increase from authorized capital be implemented, the Company's total share capital will amount to €15,825,000, divided into up to 15,825,000 ordinary bearer shares with no par value (*Stückaktien*). The implementation of the capital increase regarding the Greenshoe Shares is expected to be registered in the commercial register by mid-November 2017. At such time, the Greenshoe Shares will be fully paid up. The Greenshoe Shares will be entitled to dividends as of January 1, 2017.

#### **1.4 Description of the Shares**

Each share entitles the shareholder to one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. Voting rights are the same for all of the Company's shareholders, i.e. there are no different classes of voting rights.

The Company's shares carry full dividend rights as from January 1, 2017, for the remaining fiscal year 2017 and for all subsequent fiscal years.

Apart from liquidation as a result of insolvency proceedings, the Company may be liquidated only with a vote of 75% or more of the share capital represented at the general shareholders' meeting at which such a vote is taken. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of the Company's liquidation, any assets remaining after all of the Company's liabilities have been settled will be distributed among the shareholders in proportion to their shareholdings. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors which must be observed in the event of liquidation.

### **1.5 Certification and Transferability of the Shares**

According to the Company's Articles of Association (*Satzung*), all shares of the Company have to be ordinary bearer shares with no par value (*Stückaktien*). The existing shares of the Company will be represented by one global share certificate without dividend coupons which will be issued and deposited with Clearstream subsequently to the approval of this Prospectus. With respect to the New Shares, one additional global share certificate will be issued and deposited with Clearstream. Section 4.3 of the Company's Articles of Association stipulates that the shareholders' right to receive individual share certificates for their shares shall be excluded.

The shares are freely transferable in accordance with the legal requirements for ordinary bearer shares. There are no restrictions on the transferability of the Company's shares other than the lock-up agreements (see "*PART C: THE OFFERING – 13 Lock-Up Agreements*").

### **1.6 General Provisions Relating to an Increase in the Share Capital**

In accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*), the share capital of a German stock corporation may be increased by a resolution of the general shareholders' meeting. In principle, the resolution requires a majority of at least three quarters of the share capital represented at the passing of the resolution and the simple majority of the votes cast. For the issuance of preference shares without voting rights (Section 182 (1) sentence 2 German Stock Corporation Act (*Aktiengesetz*)) or the exclusion of the shareholders' subscription right at the passing of the resolution on the increase of the share capital (Section 186 (3) German Stock Corporation Act (*Aktiengesetz*)), a majority of three quarters of the share capital represented at the passing of the resolution is also required.

Furthermore, the general shareholders' meeting may approve the issuance of authorized capital. For the approval of the issuance of authorized capital, a resolution with a majority of three quarters of the share capital represented at the passing of the resolution is required by which the management board is authorized to issue shares up to a certain amount within a period not exceeding five years. The nominal value of the authorized capital must not exceed half of the share capital existing at the time of authorization.

The general shareholders' meeting may also resolve to issue contingent capital for the purpose of issuing shares to the holders of convertible notes or other securities which grant a subscription right or for the purpose of issuing shares that serve as consideration for a merger with another company or for the purpose of issuing shares which have been offered to officers and employees, whereas in each case a resolution with a majority of three quarters of the represented share capital is required. The nominal value of the contingent capital must not exceed half or, in the case of contingent capital created for the purpose of issuing shares to officers and employees 10%, of the capital existing at the time of the resolution. In order to protect the holders of conversion or subscription rights, the German Stock Corporation Act (*Aktiengesetz*) provides that, in case of a capital increase from company funds, the contingent capital shall automatically be increased in the same ratio as the share capital.

In accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*), each shareholder has, in principle, a subscription right for new shares to be issued under a capital increase as well as any convertible notes, notes with warrants, profit participation rights or participating notes issued by the Company. Subscription rights are transferable and may normally be traded during a specified period before the expiry of the subscription period at a German stock exchange. With the majority of the votes cast and the majority of at least three quarters of the share capital represented at the passing of the resolution, the general shareholders' meeting may resolve to exclude the subscription right of the shareholders. The exclusion of the

subscription right is, in principle, only permissible, if the interest of the Company in excluding the subscription right outweighs the interest of the shareholders to be granted such subscription right. Without such special justification, an exclusion of the subscription right in the context of the issuance of new shares may be permissible, in particular, if the Company increases the capital against cash contributions and the amount of the capital increase does not exceed 10% of the existing share capital and the issue price of the new shares is not significantly below the market price. The management board shall submit to the general shareholders' meeting a written report indicating the reason for the partial or full exclusion of the subscription right in which the reason for the proposed issue price shall also be stated.

The purpose of the subscription right is to enable shareholders to maintain their existing percentage share in the share capital and maintain their voting power ("protection against dilution"). If the subscription right of shareholders is excluded, the threshold of Section 255 (2) German Stock Corporation Act (*Aktiengesetz*) must always be complied with, i.e. the specified issue price of the new shares must not be "unreasonably low". The new shares may only be issued at a price which fully compensates the loss of the shareholding (*mitgliedschaftliche Vermögenssubstanz*) of the shareholder who is exempt from the subscription right. In this context, the issue price of the new shares must always be determined in consideration of the actual value of the stock corporation.

### **1.7 Authorized Capital**

Pursuant to the resolution of the Company's extraordinary general shareholders' meeting dated September 22, 2017 amending the Company's Articles of Association, the Management Board is authorized, subject to the approval of the Supervisory Board, to increase the share capital on one or more occasions on or before September 21, 2022 by up to €7,500,000.00 by issuing up to 7,500,000 ordinary bearer shares with no par value (*Stückaktien*) against cash and/or contributions in-kind ("**Authorized Capital 2017**"). The registration of this resolution is expected to occur immediately after the registration of the capital increase of €5,000,000.00 to implement the Offering (see 1.3 above), presumably by October 12, 2017. The shareholders are in principle entitled to subscription rights. The new shares may also be taken over by one or more credit institutions or similar companies pursuant to Section 186 (5) German Stock Corporation Act (*Aktiengesetz*) with the obligation to offer them to the shareholders for subscription. However, with the approval of the Supervisory Board, the Management Board is authorized to exclude shareholder subscription rights in the following cases:

- to round off fractional amounts;
- if the Authorized Capital 2017 is exercised by up to €1,000,000 in order to fulfil an option granted to the underwriting banks in the course of the initial public offering to acquire additional shares (so called Greenshoe Option) in order to redeem a share loan granted by the Parent Company to the underwriting banks to effect stabilization measures; in the context of this issuance the issue price has to be identical with the issue price in the initial public offering determined by the Management Board with the approval of the Supervisory Board;
- if the issue price of new shares issued for capital increases in exchange for cash contributions is not significantly lower than the stock market price of already listed shares at the time the final issue price is determined, which should be as close as possible to the time the shares are issued, and the shares issued in total do not exceed 10% of the share capital either at the time this authorization becomes effective or at the time it is exercised. There shall be counted towards this limit of 10% of the share capital the share of the share capital attributable to treasury shares which are sold from the time this authorization becomes effective in direct or analogous application of Section 186 (3) sentence 4 German Stock Corporation Act (*Aktiengesetz*), as well as the share of the share capital attributable to shares relating to conversion and/or option rights and/or conversion obligations from bonds issued with exclusion of subscription rights according to Section 186 (3) sentence 4 German Stock Corporation Act (*Aktiengesetz*) from the time this authorization becomes effective in accordance with the authorization of the extraordinary general shareholders' meeting on September 22, 2017;
- in the event of capital increases in exchange for contributions in-kind in order to acquire companies, divisions or equity interests in companies and other assets;



- to the extent necessary to grant holders, or creditors in the case of registered securities, of option or conversion rights or conversion obligations issued by Voltabox AG or its Group companies subscription rights to new shares as would be due to them as shareholders after exercise of the option or conversion rights or after fulfillment of the conversion obligations.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue. The Management Board is authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions of the share issue. The Supervisory Board is authorized to amend the Articles of Association in accordance with each exercise of the authorized capital and, if the Authorized Capital has not been fully used by September 21, 2022, after expiration of the authorization period.

### **1.8 Authorization to Convertible Bonds and/or Bonds with Warrants; Conditional Capital**

The Company's extraordinary general shareholder's meeting held on September 22, 2017 authorized the Management Board, subject to the approval of the Supervisory Board, to issue on one or more occasions on or before September 21, 2022 convertible bonds or bonds with warrants (together "bonds") in registered or bearer form up to a total par value €250,000,000.00 with a term of up to ten years, and to grant to or impose on the holders or creditors of the bonds conversion rights or conversion obligations or option rights for ordinary bearer shares with no par value (*Stückaktien*) of the Company with a total share of the share capital of up to €5,000,000.00 in accordance with the conditions of these bonds. The bonds can also be issued by a subsidiary of the Company; in this event the Management Board is authorized, with the approval of the Supervisory Board, to guarantee the bonds for the Company and to grant to or impose on the holders or creditors of these bonds option or conversion rights or obligations for ordinary bearer shares with no par value (*Stückaktien*) of the Company. The shareholders are in principle entitled to subscription rights with respect to the bonds. The bonds may also be taken over by one or more credit institutions or similar companies pursuant to Section 186 (5) German Stock Corporation Act (*Aktiengesetz*) with the obligation to offer them to the shareholders for subscription. However, with the approval of the Supervisory Board, the Management Board is authorized to exclude shareholders' subscription rights in the following cases:

- to round off fractional amounts;
- to the extent that the issue price of the convertible bonds or bonds with warrants does not materially fall below the theoretical market value of the bonds using recognized financial mathematical methodologies. This authorization to exclude the subscription right, however, applies only for convertible bonds and bonds with warrants with option rights and conversion rights and/or obligations to exercise options or to convert convertible notes issued in exchange for payment of cash for shares representing a notional amount in the share capital which in total do not exceed 10% of the share capital either on the date when this authorization takes effect or on the date when the convertible bonds or bonds with warrants are issued. There shall be counted towards this limitation of 10% of the share capital the portion in the share capital attributable to new shares issued with exclusion of subscription rights according to Section 186 (3) sentence 4 German Stock Corporation Act (*Aktiengesetz*) from the time this authorization becomes effective in accordance with the authorization of the extraordinary general shareholders' meeting on September 22, 2017 and the portion of the share capital attributable to treasury shares which are sold from the time this authorization becomes effective in direct or analogous application of Section 186 (3) sentence 4 German Stock Corporation Act (*Aktiengesetz*);
- in the event of capital increases in exchange for contributions in-kind in order to acquire companies, divisions or equity interests in companies and other assets;
- to the extent necessary to grant to holders of option or conversion rights or obligations a subscription right to new shares to the extent they would be entitled to it after exercising the option or conversion right or complying with the conversion obligation as shareholders.

The holders of convertible bonds or bonds with warrants shall have the right or, to the extent the terms and conditions of the bonds so provide, are required to exchange their individual bonds for shares in the Company in accordance with the terms and conditions of the convertible bonds or bonds with warrants. The exchange ratio for convertible bonds results from dividing the nominal amount of an individual bond or the issue price

for an individual bond that is lower than the nominal amount by the fixed conversion price for a share in the Company. An additional payment to be rendered in cash can be fixed where appropriate by rounding up or rounding down to a full number on the basis of the exchange ratio. Furthermore, the remainder amounts can be aggregated and/or settled in money. The terms and conditions of the convertible bonds or bonds with warrants can provide that the exchange ratio or the option price or conversion price is fixed within a range to be determined depending on the development of the stock price during the term. The terms and conditions of the convertible bonds or bonds with warrants can also establish a duty to exercise the option for duty to convert at the end of the term or another point in time.

The notional amount in the share capital of the shares to be issued upon exercise of the option or conversion right must not exceed the nominal amount of the convertible bond or bond with warrants. The shares to be issued must include an authorization to participate in dividends for all fiscal years for which the general shareholders' meeting has not yet adopted a resolution on the use of profits.

The option price or conversion price for a share of the Company will be fixed in Euro. In the case of a variable exchange ratio or option price or conversion price, the price must be at least 80% of the average stock exchange price weighted according to turnover for the shares of the Company in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on the five trading days prior to the date when the management board adopts the resolution about the issuance of option notes or convertible notes. This does not affect Section 9 paragraph 1 German Stock Corporation Act (*Aktiengesetz*).

Notwithstanding Section 9 paragraph 1 German Stock Corporation Act (*Aktiengesetz*), the option price or conversion price can be adjusted on the basis of a clause protecting against dilution according to the more detailed provisions in the terms and conditions of the convertible bonds or bonds with warrants if the Company increases the share capital or grants additional convertible bonds or bonds with warrants during the option or conversion period while granting a subscription right to the Company's shareholders and the holders of convertible bonds or bonds with warrants are not granted a subscription right to the extent which they would have upon exercise of the conversion right. The terms and conditions can also provide for an adjustment of option rights or conversion rights in the event of other capital measures or other comparable measures which can lead to a dilution of the value of the issued shares in the Company. A reduction of the option price or conversion price can also be effected by a cash payment upon exercise of the option right or conversion right.

The Management Board is authorized to determine all further details about the issuance and the structuring of the option notes and the convertible notes and their terms and conditions.

The Supervisory Board is authorized to amend the articles of association in accordance with the respective issuance of subscription shares and make all other amendments to the articles of association connected therewith which only relate to the aforementioned version. The same applies in case of the non-exercise of the aforementioned authorization to issue convertible bonds or bonds with warrants after the expiry of the authorization period and in case of the non-exercise of the right to issue contingent capital after the expiry of the periods for exercising option and conversion rights, respectively.

In connection with the authorization to issue convertible bonds or bonds with warrants, pursuant to the Company's Articles of Association, the share capital of the Company is conditionally increased by up to €5,000,000.00 through the issuance of up to 5,000,000 ordinary bearer shares with no par value (*Stückaktien*) ("**Conditional Capital 2017**"). The conditional capital increase may only be implemented to the extent that the holders or creditors of option or conversion rights or holders of warrant or conversion obligations under convertible bonds or bonds with warrants issued or guaranteed pursuant to the authorization of the Management Board by resolution of the extraordinary general shareholders' meeting on September 22, 2017 have exercised their conversion rights or warrants or conversion obligations under such bonds have to be fulfilled and to the extent that no other forms of performance are used. New shares issued under the Conditional Capital 2017 participate in dividends for all fiscal years for which the general shareholders' meeting has not yet adopted a resolution on the use of profits. The Management Board is authorized, subject to the approval of the Supervisory Board, to determine the further details of the conditional capital increase.

## 2 Exclusion of Minority Shareholders

In accordance with the provisions of Section 327a et seq. German Stock Corporation Act (*Aktiengesetz*) on the so-called “squeeze-out”, the general shareholders’ meeting of a stock corporation may, upon request of a shareholder who holds 95% of the share capital (the “**Principal Shareholder**”), resolve to transfer the shares of the remaining minority shareholders to the Principal Shareholder against payment of an adequate cash compensation. The amount of the cash compensation to be granted to the minority shareholders must reflect “the circumstances of the company” at the time the resolution is adopted. The amount of the cash compensation is based on the full value of the company, which is generally determined using the capitalized earnings method.

In case of a merger under the German Transformation Act (*Umwandlungsgesetz*), the aforementioned provisions of Sections 327a et seqq. German Stock Corporation Act (*Aktiengesetz*) also apply if the main shareholder only holds 90% of the stock corporation’s share capital and the Company is merged into the main shareholder. For this purpose, the general shareholders’ meeting of the transferring stock corporation has to pass a resolution pursuant to Section 327a German Stock Corporation Act (*Aktiengesetz*) within a period of three months as of the conclusion of the merger agreement. In consequence of this so-called squeeze-out under the Transformation Act, minority shareholders are excluded from the transferring stock corporation in the course of the merger. The minority shareholders’ compensation claim is governed by the provisions of Sections 327a et seqq. German Stock Corporation Act (*Aktiengesetz*). It is to be stated in the merger agreement or draft merger agreement that, in connection with the merger, it is intended to exclude the transferring stock corporation’s minority shareholders. The merger agreement or draft merger agreement shall be made available to the shareholders for review in accordance with Section 327c (3) German Stock Corporation Act (*Aktiengesetz*). Pursuant to Section 62 (4) sentence 2 German Transformation Act (*Umwandlungsgesetz*), a merger resolution regarding the transferring stock corporation is not required.

In accordance with Sections 39a and 39b German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), within the scope of a public takeover or mandatory offer, a bidder holding at least 95% of the target company’s voting share capital may, within three months as of the expiry of the acceptance period, apply for the remaining voting shares being transferred to it by court order against granting of an adequate compensation. In addition thereto, all non-voting preference shares shall be transferred to the bidder upon request if the bidder at the same time holds 95% of the target company’s share capital. The type of compensation must correspond to the compensation of the takeover or mandatory offer. Alternatively, cash compensation shall be offered. The consideration granted within the scope of a takeover or mandatory offer shall be deemed an adequate compensation if the bidder due to the offer has acquired shares in an amount of at least 90% in the share capital which is subject to the offer. Moreover, after a takeover or mandatory offer, the shareholders who have not accepted the offer may, pursuant to Section 39c German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), accept the offer within a period of three months after the expiry of the acceptance period (‘sell-out’), provided that the bidder is entitled to request the transfer of the outstanding voting shares pursuant to Section 39a German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

In accordance with the provisions on the so-called integration of Section 319 et seq. German Stock Corporation Act (*Aktiengesetz*), the general shareholders’ meeting of a stock corporation may resolve to integrate the company into another company, if the prospective principal company holds 95% of the shares of the company to be integrated. The former shareholders of the company integrated are entitled to adequate compensation, which generally consists of own shares of the principal company. The amount of the compensation is to be determined by the so-called merger value ratio (*Verschmelzungswertrelation*) of both companies, i.e. the exchange ratio which, in case of the merger of both companies, would be deemed adequate.

## 3 Mandatory Takeover Bids

In accordance with the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), anyone whose voting share reaches or exceeds 30% of the voting shares of the company and who, thus, gains control over the company within the meaning of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) is obliged to disclose this fact, including the percentage of voting rights held, without undue delay, however, at the latest within seven calendar days, via the

internet and by means of an electronic information dissemination system and subsequently make a public mandatory offer to all other shareholders of the company, unless granted an exemption.

Comparable with the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*), the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) likewise provides for the attribution of voting rights with respect to the acquisition of a controlling interest.

Any investor failing to make the required notifications shall be precluded from exercising the rights attached to its shares (in particular, voting rights and, under certain circumstances, also the right to dividends) for the duration of such failure. In addition thereto, a statutorily prescribed fine may be imposed if the notification obligations are not complied with.

## **4 Notification and Reporting Obligations regarding Shares held in the Company**

### **4.1 General Provisions**

Upon admission of the Company's shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (or any other regulated market in Germany), the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) governing disclosure requirements for shareholdings apply.

Unless certain exemptions apply, the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) stipulate that any shareholder who by acquisition, disposal or otherwise reaches, exceeds, or falls below a threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights of owned shares in the Company ("**Notifiable Person**") as a domestic issuer within the meaning of the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) is required to inform the Company and the German Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "**BaFin**") by notice without undue delay, however, no later than within four trading days, that he has reached, exceeded or fallen below such thresholds.

Within the meaning of the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*), shares are deemed to be "owned" by a Notifiable Person as soon as any unconditional and immediate claim or respective obligation regarding the transfer of shares exists.

The notice shall be transmitted in writing or by facsimile in the German or English language and shall contain, *inter alia*, the address of the Notifiable Person, the voting rights currently held and the date of the reaching, exceeding or falling below the aforementioned thresholds. A notification via an electronic notification procedure provided by BaFin shall be regarded as equivalent to such transmission.

The period for submission of the voting rights notification commences at the time when a Notifiable Person becomes or must have become aware of the fact that such Notifiable Person's voting rights reach, exceed or fall below the relevant thresholds. With respect to the commencement date of the notification period the Notifiable Person is indisputably deemed to be aware no later than two trading days after the aforementioned thresholds have been reached, exceeded or fallen below. However, if a threshold contact occurs due to events leading to changes in the total amount of voting rights, the period commences once the Notifiable Person becomes aware of the threshold contact, in any case no later than with the publication of the total amount of voting rights of the Company pursuant to Section 26a (1) of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Pursuant to Section 21 (1a) German Securities Trading Act (*Wertpapierhandelsgesetz*), the aforementioned notification obligations also apply to shareholders who, at the time the shares are first admitted to trading on an organized market, hold 3% or more of the voting rights in an issuer whose home state is Germany.

With the exception of the 3% threshold, corresponding notification obligations for direct or indirect holders of financial instruments apply which (i) grant such holders an unconditional right to acquire previously issued shares of the company which carry voting rights or (ii) give discretionary power with respect to the right to acquire such shares or (iii) refer to shares of the company and have a comparable economic effect as the aforementioned instruments, irrespective of whether such instruments confer a right to demand physical delivery of such shares or not. In particular, these instruments include transferable securities, options, futures and forward contracts, swaps, forward rate agreements and contracts for difference. Moreover, such instruments must be aggregated with the shareholdings to be stated in voting rights notifications. Financial

instruments and other instruments the Notifiable Person may acquire by way of a declaration of intent and which, under the German Securities Trading Act (*Wertpapierhandelsgesetz*), are therefore attributable to the voting rights of the Notifiable Person already, shall only be taken into account once for purposes of the aforementioned aggregation.

The Company is required to send a notice it has received in accordance with the aforementioned provisions, without undue delay, however, no later than three trading days after receipt of such notice, to the media for publication, including such media as may be expected to disseminate the information throughout the entire European Union and in the other states which are parties to the Convention on the European Economic Area. The Company is required to simultaneously notify BaFin of the publication and submit the information to the company register for archiving without undue delay, however, not prior to its publication.

In connection with the information obligations described above, the German Securities Trading Act (*Wertpapierhandelsgesetz*) contains various provisions which are to ensure the attribution of voting rights to the person which actually controls the voting rights pertaining to the shares. For example, shares which are held by a third party company are attributed to a company, if the third party company is a subsidiary of the other company. The same applies to shares which are held by a company for the account of another company.

Pursuant to Section 25a German Securities Trading Act (*Wertpapierhandelsgesetz*), the notification obligation of the Notifiable Person in case a voting right threshold of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% is reached, exceeded or fallen below of, shall apply mutatis mutandis to holders of voting rights pertaining to shares held by such person in an issuer whose home state is Germany within the meaning of Section 21 German Securities Trading Act (*Wertpapierhandelsgesetz*) and to holders of instruments pursuant to Sections 25 (1) German Securities Trading Act (*Wertpapierhandelsgesetz*) if the sum of the voting rights in one issuer, which are to be taken into account pursuant to Section 21 (1) or Section 1 (1a) German Securities Trading Act (*Wertpapierhandelsgesetz*) and Section 25 (1) sentence 1 German Securities Trading Act (*Wertpapierhandelsgesetz*), reaches, exceeds or falls below the thresholds set forth in Section 21 (1) sentence 1 German Securities Trading Act (*Wertpapierhandelsgesetz*), except for the threshold of 3%.

If such notification is not made or if an incorrect notification is made, the Notifiable Person will generally be excluded from exercising the rights pertaining to such shares (including the voting right and the right to dividends) for the duration of the breach of such notification obligation. Under certain conditions, in particular, in case of a willful or grossly negligent breach of the notification obligations, the exclusion period of such rights may be extended by another six months. Furthermore, in case of a willful or reckless (*leichtfertig*) breach of the notification obligation a fine may be imposed.

Anyone who is subject to the notification requirement pursuant to Sections 21 and 22 German Securities Trading Act (*Wertpapierhandelsgesetz*) whose shareholding reaches or exceeds the threshold of 10% or a higher threshold for major shareholdings (*wesentliche Stimmrechtsbeteiligungen*) is obliged to disclose the aims underlying the purchase of the voting rights as well as the origin of the funds used to purchase the shareholding. Anyone who is subject to the notification obligation towards the company must fulfil this notification obligation within 20 trading days after the threshold is reached or exceeded. Any changes to the aims initially stated must be notified within 20 trading days. With respect to the intention for the acquisition of voting rights the Notifiable Person has to state whether (i) the investment is aimed at implementing strategic objectives or at generating a trading profit, (ii) such Notifiable Person plans to acquire further voting rights within the next twelve months by means of a purchase or by any other means, (iii) such Notifiable Person intends to exert an influence on the appointment of members of the issuer's administrative, managing and supervisory bodies and (iv) whether such Notifiable Person intends to achieve a material change in the company's capital structure, in particular as regards the ratio between own funds and external funds and the dividend policy. With respect to the origin of the funds used, the Notifiable Person has to indicate whether the funds used by such Notifiable Person for the financing of the acquisition of voting rights were own funds or debt.

A company's articles of association may provide for an exemption from this notification obligation. However, the Company's general shareholders' meeting has not yet made use of this option nor implemented such exemption from the notification obligation in the Company's articles of association. The Company is obliged to publish the information provided to it with respect to major shareholdings in accordance with Section 27a (1)

German Securities Trading Act (*Wertpapierhandelsgesetz*). The Company is also required to make a publication if the notification obligations have not been met by a Notifiable Person. However, the German Securities Trading Act (*Wertpapierhandelsgesetz*) does not provide for any further sanctioning in relation to the breach of the aforementioned notification obligations, in particular, there is no loss of the voting right.

#### **4.2 Disclosure of Transactions of Persons Holding Management Responsibilities**

Persons discharging managerial responsibilities (*Führungsaufgaben*) within the meaning of Article 19 MAR within an issuer and persons closely related to them are obliged to notify the issuer and the BaFin of any transactions they conduct in the shares of the issuer or in financial instruments related to them such as, in particular, derivatives, within three business days.

### **5 Post-Admission Disclosure Requirements**

After the offering, the Company will for the first time be subject to the legal disclosure requirements for stock corporations listed on a public exchange. These disclosure requirements include, among others, periodic financial reporting (disclosure of annual, half-year and interim financial reports), regular calls with securities and industry analysts, and other required disclosures according to the German Securities Trading Act (*Wertpapierhandelsgesetz*) and the MAR.

One of the most significant disclosure requirements under Article 17 MAR provides that the Company must, without undue delay, publish all inside information which directly concerns that Company. Inside information is any specific information about circumstances which are not public knowledge relating to the Company, or to the insider securities themselves, which, if it became publicly known, would likely have a significant effect on the stock exchange or market price of the insider security. Pursuant to Article 17(4) MAR, the Company may be exempt from the publication requirement as long as it is necessary to protect its legitimate interests, provided there is no reason to expect a misleading of the public and the Company is able to ensure that the inside information will remain confidential. Late publication must be effected without undue delay. The Company is obliged to notify BaFin regarding the grounds for exemption, stating the time of the decision concerning the postponement of the publication.

# **PART R: INFORMATION ABOUT THE COMPANY'S CORPORATE BODIES**

## **1 Overview**

The governing bodies of the Company are the Management Board, the Supervisory Board and the general shareholders' meeting (Section 5 of Company's Articles of Association). The Company has a two-tier management and control system, consisting of the Management Board and the Supervisory Board. The powers of these governing bodies are determined by the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association and the internal rules of procedure of both the Management Board and the Supervisory Board.

## **2 Management Board**

### **2.1 General information**

Pursuant to Section 6.1 of the Company's Articles of Association, the Management Board of the Company consists of one or more persons whereas the exact number of the members of the Management Board is to be determined by the Supervisory Board. The internal rules of procedure for the Management Board provide that the delegation of responsibilities to individual Management Board members is established on the basis of a schedule of responsibilities (*Geschäftsverteilungsplan*). The schedule of responsibilities is part of the rules of procedure for the Management Board which was established by the Supervisory Board. In case the Supervisory Board does not issue any internal rules of procedure the Management Board is entitled to adopt its own rules of procedure by unanimous resolution subject to the consent of the Supervisory Board pursuant to Section 7.2 of the Company's Articles of Association.

As the governing body, the Management Board of the Company shall manage the Company and its business in accordance with the laws, the Articles of Association, the rules of procedure for the Management Board and its schedule of responsibilities (*Geschäftsverteilungsplan*). It is obliged to comply with the restrictions laid down in the Articles of Association, the rules of procedure for the Management Board, as well as any restrictions laid down by the Supervisory Board or which are determined by resolution of the general shareholder's meeting pursuant to Section 119 (2) Stock Corporation Act (*Aktiengesetz*).

The Management Board is bound to the interests and the business policy principles of the Company. The Management Board reports to the Supervisory Board comprehensively and on a regular basis about the course of business, strategy and risks. Pursuant to Section 9.2 of the Company's Articles of Association, the applicable internal rules of procedure shall provide that there are certain reserved matters for the Management Board which are subject to approval by the Supervisory Board.

Pursuant to Section 8.1 of the Company's Articles of Association, the Company is legally represented by two members of the Management Board or by one member of the Management Board acting jointly with a holder of statutory power of attorney (*Prokurist*). If the Management Board consists of one person only, that person has sole power of representation. The Supervisory Board may release an individual member, several members or all members of the Management Board from the restrictions of Section 181 2nd alternative German Civil Code (*Bürgerliches Gesetzbuch*).

Pursuant to Section 84 Stock Corporation Act (*Aktiengesetz*), the Supervisory Board shall appoint the members of the Management Board for a period not exceeding five years, whereas reappointment or extensions, each for a maximum period of up to five years, are permissible. The Supervisory Board may revoke the appointment of a Management Board member prior to the expiration of his or her term for good cause, such as a gross breach of fiduciary duty, or if the general shareholders' meeting passes a vote of no confidence with respect to such member unless the no-confidence vote was clearly unreasonable. The Supervisory Board is also responsible for entering into, amending and terminating employment agreements with Management Board members and, in general, for representing the Company in and out of court against the Management Board.

## 2.2 Members of the Management Board

The table below lists the current members of the Company's Management Board as well as their respective responsibilities:

Name (date of birth)	Member since	Appointed until	Responsibilities
Jürgen Pampel . . . . . (December 8, 1964)	August 9, 2017	August 8, 2022	Chief Executive Officer (CEO)
Andres Klasing . . . . . (May 1, 1965)	August 9, 2017	August 8, 2022	Chief Financial Officer (CFO)

### **Jürgen Pampel, CEO**

Our CEO Mr. Jürgen Pampel is a Mechanical Engineering graduate and served in the military in Lüneburg, Germany, as technical instructor for vehicle engineering after his graduation in 1987. In this position, he executed training relating to propulsion and chassis technology as well as onboard power systems. He continued his career as Director of Development and Technical Design and as Head of Product Line Management at Weidmüller Interface GmbH & Co. KG from 1989 to 2003. With his qualification as Six Sigma Master Black Belt in business innovation and efficiency Mr. Pampel successfully implemented multiple process development projects for well-known automobile OEMs as well as automotive suppliers. He began his career at paragon AG in 2004 as Director of Business Development. In the following years, he became Managing Director of paragon finesse GmbH and took responsibility for the development of a new sports car as Head of Development for Artega Automobil GmbH & Co. KG. In 2014, Mr. Pampel became CTO of Voltabox which led to his next position as Vice President Sales of Voltabox in 2014 where he was in charge of sales, development and project management for high performing batteries and propulsion systems. In August 2017, Mr. Pampel was appointed as CEO of Voltabox and is a member of the board of directors of Voltabox of Texas Inc.

### **Andres Klasing, CFO**

Our CFO Mr. Andres Klasing is both a Business Administration (VWA) and a Engineering (FH) graduate and has more than 20 years of experience in leading positions in controlling, accounting and corporate finance. Prior to his current role, he worked in various positions as Head of Controlling / Finance, inter alia for a Bertelsmann company but also for an automotive supplier. From 2013 to 2015, Mr. Klasing worked as Managing Director for mabu-pressen GmbH, a machine building company, focusing on general management, organizational development, process design and cost optimization. Prior to his appointment as CFO of Voltabox in August 2017, Mr. Klasing was Head of Controlling and Accounting at paragon AG from April 2016.

## 2.3 Management Service Agreements

The Company entered into management service agreements with each of the Management Board members on August 9, 2017. In accordance with their five year terms of appointment as members of the Management Board, the management service agreements have a fixed term until August 8, 2022. Apart from this, both, the Company or any Management Board member may terminate the respective service agreement for cause in accordance with Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch*).

The agreements provide, *inter alia*, for a market standard directors and officers (“D&O”) insurance for the benefit of both Mr. Pampel and Mr. Klasing, covering financial losses arising from a breach of duty on the part of a Management Board member in the course of its duties. The D&O policy provides for a deductible in accordance with the German Stock Corporation Act (*Aktengesetz*), i.e. 10% per claim, limited by 150% of the annual fixed remuneration. The limitation of indemnity is €10 million per claim and for all claims during the policy period.

## 2.4 Remuneration and Other Benefits of the Management Board Members

In the fiscal year 2016, for his services rendered to the Company as Vice President Sales, Mr. Pampel received compensation in the total amount of €144,800 (fixed and variable components).



The management service agreements provide for a fixed annual remuneration and a variable remuneration (“bonus”) as well as a share price related incentive component.

The current fixed remuneration of the members of the Management Board is €316,000.00 per annum (accumulated for both members).

The variable remuneration depends on the degree of target achievement of certain individual financial targets for the Company, agreed between the Supervisory Board and each member of the Management Board on an annual basis. The Supervisory Board establishes the financial targets and the prerequisites for the target achievement by each member of the Management Board as well as the achievable bonus at the beginning of each fiscal year (or another planning period if a fiscal year is not appropriate from the point of view of the Supervisory Board). The respective bonus is determined by the Supervisory Board in each case in connection with the approval of the consolidated financial statements for the past fiscal year for which the target agreement has been concluded. In determining the individual bonus, the Supervisory Board has to take into account the extent to which the Company has achieved the Company targets in the last fiscal year. The total bonus to be determined shall not exceed 20% of the fixed remuneration (cap). Out of the bonus so determined by the Supervisory Board, there shall only be paid out up front 30% to the respective Management Board member and the remaining balance shall be credited to a virtual bonus account of the respective Management Board member. To the extent a certain minimum threshold for an individual fiscal year determined by the Supervisory in the target agreement is not achieved by a Management Board member, there shall be deducted a penalty amount (so called “malus”) from the respective Management Board member’s bonus account depending on the degree of failure in achieving the minimum target. A payment from the bonus account shall be made for the first time two years after the initial bonus determination. The positive balance of the bonus account resulting therefrom and in subsequent fiscal years shall be paid out at one-third ten days after approval of the consolidated financial statements by the Supervisory Board. The balance of the bonus account must be paid out at the latest upon termination of the management service agreement.

The share price related incentive component is based on the stock market price of the Company’s share in a certain fiscal year. If the share price per share has increased in such fiscal year by more than 20% and 30% per annum, respectively, the share price related incentive component is 10% and 15%, respectively, of the fixed remuneration. The starting point for the target achievement for the share price related incentive component is the issue price in the course of the Company’s initial public offering and, in future years, the stock market price of the Company’s share at the end of a fiscal year. The share price related incentive component, if earned, is payable ten days after the approval of the consolidated financial statements by the Supervisory Board.

The Supervisory Board of the Company is entitled to reduce the total remuneration of a Management Board member without the consent of the member if the financial position of the company deteriorates materially after the remuneration has been set in a manner that the continuation of remuneration pursuant would be unreasonable to the Company.

The management service agreements also provide for usual benefits, such as company cars, as well as contributions to accident insurance policies. In the event of extraordinary achievements of a Management Board member and corresponding benefits to the Company, the Supervisory Board may grant an additional voluntary bonus on top of the already agreed remuneration. In case of a premature termination of the management service contracts, each of the members of the Management Board will receive the outstanding remunerations and compensations under the management service contracts, and, should the remaining term last less than 24 months in the event of a premature termination following a change of control, the remuneration and compensation for the period of two years.

Due to the conversion of Voltabox Deutschland GmbH into a stock corporation, which has been registered in the commercial register kept at the local court of Paderborn on May 18, 2017, no fixed annual remuneration was paid and no variable remuneration component has been paid to the Management of Voltabox Deutschland GmbH until the registration of the conversion and to the Management of Voltabox AG since the registration of the conversion as of June 30, 2017.

## **2.5 Potential Conflicts of Interest**

There are no conflicts of interest or potential conflicts of interest of the members of the Management Board vis-a-vis the Company with respect to their private interests, memberships in governing bodies of companies or other obligations.

## **2.6 Further information on the members of the Management Board**

In the last five years, none of the members of the Management Board have been convicted in relation to any fraudulent offences. None of the members of the Management Board have been associated with any bankruptcies, receiverships or liquidations during the last five years. No official public incriminations by statutory authorities or regulatory authorities (including designated professional bodies) have been made and/or sanctions imposed against any member of the Management Board during this period. None of the members of the Management Board have been considered by a court to be unfit to qualify as a member of an administrative, management or supervisory body of any issuer or from acting in the management or conduct of the affairs of any issuer during the last five years.

The members of the Management Board can be reached at the Company's office in Delbrück, Germany.

## **3 Supervisory Board**

### **3.1 General information**

The Company's Supervisory Board consists of three members in accordance with Section 10.1 of the Articles of Association.

Members of the Supervisory Board, or any substitutes of such members, are appointed by resolution of the general shareholders' meeting. In general, the term of office of each Supervisory Board member expires at the end of the annual general shareholders' meeting ratifying the activities of the Supervisory Board for the fourth fiscal year following the commencement of the member's term of office, unless the general shareholders' meeting has set a shorter term of office.

However, the term of office of the members of the Company's first Supervisory Board expires at the end of the general shareholders' meeting ratifying the activities of the Supervisory Board for the first (short) fiscal year.

Pursuant to Section 101 (3) Stock Corporation Act (*Aktiengesetz*), a substitute member (*Ersatzmitglied*) can be elected simultaneously with the appointment of a member of the Supervisory Board; the substitute member will automatically replace the appointed Supervisory Board member if such member resigns prior to the expiration of his/her term of office and no successor has been appointed. Pursuant to Section 10.3 of the Company's Articles of Association, the appointment of such substitute member expires at the earlier of the appointment of a successor at the next general shareholders' meeting or the expiration of the term of office for which the member was elected.

Pursuant to Section 10.4 of the Company's Articles of Association, the members of the Supervisory Board can resign at any time upon giving two week's written prior notice to the Management Board. Pursuant to Section 11.1 of the Company's Articles of Association, the term of office of the chairman corresponds to his/her appointment as member of the Supervisory Board unless another Supervisory Board member is elected chairman in his stead.

### 3.2 Members of the Supervisory Board

The table below lists the current members of the Supervisory Board of the Company:

Name (date of birth)	Member since	Appointed until	Member of administrative, management or supervisory bodies or partner in the previous five years (outside the Group)
Klaus Dieter Frers . . . . . (February 25, 1953)	August 10, 2017	2022	<ul style="list-style-type: none"> <li>• Member of the management board, paragon AG, Delbrück (ongoing)</li> <li>• Managing Director, Artega GmbH, Delbrück (ongoing)</li> <li>• Sole limited partner (<i>Kommanditist</i>) of Frers Grundstücksverwaltungs GmbH &amp; Co. KG, Delbrück; Managing Director of Frers Grundstücksverwaltungs GmbH acting as General Partner (<i>Komplementärin</i>) (ongoing)</li> <li>• Managing Director / Liquidator of con-seq Unternehmensberatung GmbH, Delbrück (ongoing)</li> </ul>
Prof. Dr. Martin Winter . . . (August 7, 1965)	September 6, 2017	2022	<ul style="list-style-type: none"> <li>• none</li> </ul>
Hermann Börnemeier . . . (October 22, 1955)	May 18, 2017	2022	<ul style="list-style-type: none"> <li>• Member of the supervisory board, paragon AG, Delbrück (ongoing)</li> <li>• Managing Director, Treu-Union Treuhandgesellschaft mbH, Paderborn (ongoing)</li> <li>• Managing Director, Börnemeier &amp; Loh GmbH, Delbrück (ongoing)</li> </ul>

#### **Klaus Dieter Frers**

Chairman of the Supervisory Board

After graduating with a degree in mechanical engineering, Klaus Dieter Frers worked for AEG-Telefunken in Frankfurt am Main, Germany, and Seligenstadt, Germany, in several positions.

From 1983 to 1987 he was in charge of Nixdorf Computer AG's electronics manufacturing plant as production manager. In 1988, Mr. Frers founded paragon electronic GmbH and in 1999 paragon AG, in which paragon electronic GmbH merged after going public on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Mr. Frers received numerous awards for his entrepreneurial activities.

In 2000, Mr. Frers was awarded the "*Oskar des Mittelstands*", a highly respected German award for medium-sized enterprises of the Oskar-Patzelt-Foundation. In 2006, Mr. Frers received the nomination as "*Entrepreneur of the Year*" by Ernst & Young, as well as the distinction as "*Premier*" of the Oskar-Patzelt-Foundation. In 2010, he received the "*Kunststoff-Oscar*" by the Society of Plastic Engineers (SPE) Europe for the innovative Belt-Mic.

In 2014, the Company's Parent Company paragon AG spun-off its electric mobility division to then 100% subsidiary Voltabox Deutschland GmbH, the Company's legal predecessor before transformation into a stock corporation (*Aktiengesellschaft*). In parallel, Mr. Frers founded Voltabox of Texas, Inc. based in Austin, Texas, United States, which is now a 100% subsidiary of the Company.

Mr. Frers is the Chairman of the Supervisory Board of the Company and CEO of the Company's Parent Company as well as Chairman of the Board of the Company's subsidiary Voltabox of Texas, Inc.

Further, Mr. Frers is the managing director of Artega GmbH, a sports car manufacturer and cooperation partner of Voltabox (see: “PART M: BUSINESS - 14.2 - Cooperation partners”).

Furthermore, Mr. Frers is the sole limited partner (*Kommanditist*) of Frers Grundstücksverwaltungs GmbH & Co. KG, Delbrück, which is represented by its general partner (*Komplementär*), Frers Grundstücksverwaltungs GmbH, with Mr. Frers acting as its Managing Director.

Moreover, since August, 7, 2014, Mr. Frers was the managing director of con-seq Unternehmensberatung GmbH, Delbrück, Germany and is now assuming the function as the company’s liquidator. On June 14, 2017 con-seq Unternehmensberatung GmbH was dissolved.

Other than as stated above, Mr. Frers has not been a member of any administrative, management or supervisory body or a partner of any other company or partnership outside the Group in the previous five years.

Prior to the Offering, as of the date of this Prospectus, Mr. Frers holds 50% plus one share (including 30,000 voting rights attributed to him pursuant to Section 22 WpHG) in the Parent Company, and is therefore our ultimate Controlling Shareholder.

#### ***Prof. Dr. Martin Winter***

Vice Chairman of the Supervisory Board

Prof. Dr. Martin Winter is one of the most renowned German scientists in the field of energy storage with a focus on Li-Ion batteries. He holds a professorship at the Institute of Physical Chemistry at the University of Münster, Germany and is founder and head of the MEET Batteries Research Center in Münster. Prof. Dr. Winter was most recently honored with the Braunschweig Research Prize 2016.

#### ***Hermann Börnemeier***

Member of the Supervisory Board

Mr. Hermann-Josef Börnemeier, member of the Supervisory Board, is shareholding director of Treu-Union Treuhandgesellschaft mbH, a tax consultancy. Furthermore, Mr. Börnemeier is Managing Director of the auditing company (*Wirtschaftsprüfungsgesellschaft*) Börnemeier & Loh GmbH, Delbrück. He is long-term advisor to the Parent Company paragon AG and has been the Deputy Chairman of paragon AG’s supervisory board since 2010. Mr. Börnemeier worked for the local tax authorities from 1975 to 1984, and after that earned his certification as tax advisor in 1985.

### **3.3 Supervisory Board Committees**

As of the date of this Prospectus, there are no Supervisory Board committees.

### **3.4 Remuneration of the Supervisory Board**

In his role as CEO of Voltabox of Texas, Inc., Mr. Frers received remuneration in the amount of \$75,000 in the fiscal year 2016. In 2016, and thus, prior to his appointment as the Company’s deputy chairman of the Supervisory Board, Prof. Dr. Winter received an amount of €14,000.00 as honorarium for rendered consulting services and travel cost reimbursement of €4,384.12. Moreover, in the fiscal year 2016, Treu-Union Treuhandgesellschaft mbH with Mr. Börnermeier as shareholding director received an amount of €6,437.66.

Other than that, the members of the Supervisory Board have not received any remuneration or benefits in kind from the Company or its subsidiary in the last fiscal year.

Since the transformation into a stock corporation (*Aktiengesellschaft*) the remuneration of the first Supervisory Board has to be determined by the ordinary shareholders’ meeting resolving on the retroactive discharge of the members thereof. With respect to the new members of the Supervisory Board, the remuneration of the members of the Supervisory Board will comprise an annual fixed remuneration of €20,000 for the chairman, €15,000 for the deputy chairman and €10,000 for a member.

### **3.5 Benefits upon Termination of Employment**

Except for the Company's entitlement to grant each member of the Management Board paid leave of absence (*Freistellung*), no member of the Management Board or the Supervisory Board has entered into an agreement for services with the Company or any company of the Group providing for benefits upon termination.

### **3.6 Family Relationships**

There are no family relationships between the members of the Management Board and the Supervisory Board of the Company.

### **3.7 Potential Conflicts of Interest**

The chairman of our Supervisory Board, Mr. Klaus Dieter Frers, is a member of the management board and CEO of our Parent Company paragon AG and the Controlling Shareholder of the Parent Company and therefore also an ultimate controlling shareholder. Accordingly, conflicts of interest may arise between Mr. Frers in his role as member of the management board and CEO of our Parent Company and us.

Mr. Hermann Börnemeier, is also a member of the supervisory board of our Parent Company. Accordingly, conflicts of interest may arise between Mr. Börnemeier in his role as member of the supervisory board of our Parent Company and us.

Prof. Dr. Martin Winter is also founder and head of the MEET Batteries Research Center in Münster a battery research center at Münster University for research and development activities connected with E-Mobility (second life solutions for end-of-life batteries) and cooperation partner of Voltabox. Accordingly, conflicts of interest may arise between his role at the MEET Batteries Research Center and us.

Except as disclosed above, there are no further conflicts of interest or potential conflicts of interest of the members of the Supervisory Board vis-a-vis the Company and their private interests, memberships in governing bodies of companies or other obligations.

### **3.8 Further Information on the members of the Supervisory Board**

In the last five years, none of the members of the Supervisory Board have been convicted in relation to any fraudulent offences. None of the members of the Supervisory Board have been associated with any bankruptcies, receiverships or liquidations during the last five years. No official public incriminations by statutory authorities or regulatory authorities (including designated professional bodies) have been made nor have any sanctions been imposed against any member of the Supervisory Board during this period. None of the members of the Supervisory Board have been considered by a court to be unfit to qualify as a member of an administrative, management or supervisory body of any issuer or from acting in the management or conduct of the affairs of any issuer during the last five years.

The members of the Supervisory Board can be reached at the Company's office in Delbrück, Germany.

## **4 General Shareholders' Meetings**

Pursuant to Section 18 et seq. of the Company's Articles of Association, general shareholders' meetings are convened by the Management Board, or - in legally prescribed cases - by the Supervisory Board. Depending on the choice of the convening body, general shareholders' meetings take place at the Company's registered office or in a German city with more than 100,000 inhabitants.

The general shareholders' meeting can be convened at the request of the Management Board, the Supervisory Board, or shareholders whose shares together total at least 5% of the Company's share capital. If the best interests of the Company require it, the Supervisory Board must convene a general shareholders' meeting. The annual general shareholders' meeting takes place within the first eight months of every fiscal year. Neither German law nor the Articles of Association restrict the right to own shares or to exercise the associated voting rights for German non-residents or for foreign owners of shares.

### **4.1 Adopting resolutions**

Resolutions of the general shareholders' meeting are generally adopted with a simple majority of the votes cast unless the Articles of Association or provisions stipulated by law provide otherwise. If the German Stock

Corporation Act (*Aktiengesetz*) also requires a majority of the share capital represented in order to adopt a resolution, the simple majority of the share capital represented when adopting the resolution is sufficient to the extent permitted by law. According to mandatory provisions stipulated by law, especially capital increases excluding the subscription right, reductions of capital, dissolution, conversion of corporate form or a merger of the Company, the transfer of the Company's assets and the approval of corporate group agreements within the meaning of Sections 291 et seq. German Stock Corporation Act (*Aktiengesetz*) require a majority of at least three quarters of the share capital represented when adopting the resolution. In case of a tie vote, except in case of elections to office, a proposal is deemed to have been rejected. If the simple majority is not reached in the first round of voting in an election, there is a run-off vote between the two persons receiving the most votes. In case of a tie vote in the second round of voting, lots drawn by the chairman of the general shareholders' meeting shall decide.

Each of the Company's shares carries one vote at the general shareholders' meeting. The voting right begins upon complete contribution. The voting right may also be exercised by proxy. If neither a credit institution nor a shareholders' association has been granted proxy, the proxy as well as the proof of grant of proxy must be issued and revoked with regard to the Company in text form (Section 126b German Civil Code (*BGB*)). The details about issuing this proxy will be announced together with the invitation to the general shareholders' meeting in the corporate publications. The exercise of the power of attorney by one of the voting rights representatives designated by the Company is excluded if the power of attorney is not based on an individual instruction.

Each shareholder has a personal right to speak and pose questions at the general shareholders' meeting which is subject to various limitations, especially in the interests of confidentiality for the Company and the proper and efficient conduct of the general shareholders' meeting. Under certain prerequisites, as set forth in the German Stock Corporation Act (*Aktiengesetz*), shareholders and members of the management board and the supervisory board are entitled to challenge resolutions of the general shareholders' meeting in a complaint to the District Court (*Landgericht*) having jurisdiction based on various legal aspects or to have the nullity of the resolution declared by the court.

#### **4.2 Areas of responsibility**

The general shareholders' meeting adopts resolutions in those situations expressly determined in the law and the Articles of Association and accordingly decides, among other issues, about the appointment of the members of the Supervisory Board to the extent they are not required to be otherwise appointed to the Supervisory Board, about the use of the balance sheet profit, the ratification of actions by the members of the Management Board and the Supervisory Board, the appointment of the auditor, any amendments to the Articles of Association, measures to procure capital and reduce capital, the appointment of auditors to examine matters involving management or the dissolution of the Company.

### **5 Corporate Governance**

The German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) (the "**Code**"), includes statutory regulations for the management and supervision of German listed companies and contains, in the form of recommendations and suggestions, internationally and nationally acknowledged standards for good and responsible corporate governance relating to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and the auditing of financial statements. While the recommendations or suggestions of the Code are not mandatory, the German Stock Corporation Act (*Aktiengesetz*) requires the management and supervisory boards of a listed company to disclose each year which recommendations were and will be followed and which recommendations were not or will not be followed. This disclosure must be made permanently accessible to shareholders. However, deviations from the suggestions contained in the Code need not be disclosed.

As of the date of this Prospectus, the Company is under no obligation to issue a declaration relating to the Code, accordingly the Company's Management Board and the Supervisory Board have not yet made a declaration pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*).

The Company will fully comply with its obligations arising from its future stock exchange listing and make a corresponding declaration pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*) in the

course of fiscal year, publish this declaration and will make it permanently accessible to shareholders. The Company's Management Board and the Supervisory Board identify with the objectives of the Code to foster a responsible and transparent corporate management style and control directed toward achieving a sustained increase in shareholder value. The Company therefore intends in its disclosure pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*) to declare that it will comply with the recommendations of the Code with the following exceptions:

The Code includes statutory regulations for the management and supervision of German listed companies and contains, in the form of recommendations and suggestions, internationally and nationally acknowledged standards for good and responsible corporate governance relating to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and the auditing of financial statements. While the recommendations or suggestions of the Code are not mandatory, the German Stock Corporation Act (*Aktiengesetz*) requires the management and supervisory boards of a listed company to disclose each year which recommendations were and will be followed and which recommendations were not or will not be followed. This disclosure must be made permanently accessible to shareholders. However, deviations from the suggestions contained in the Code need not be disclosed.

As of the date of this prospectus the Company is under no obligation to issue a declaration relating to the Code, accordingly the Company's Management Board and the Supervisory Board have not made a declaration pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*).

However, the Company will fully comply with its obligation arising from a stock exchange listing to make a corresponding declaration pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*) in the course of the fiscal year, to publish this declaration and to make it permanently accessible to shareholders. The Company's Management Board and the Supervisory Board identify with the objectives of the Code to foster a responsible and transparent corporate management style and control directed toward achieving a sustained increase in shareholder value. The Company therefore intends to declare in its disclosure pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*) that it will comply with the recommendations of the Code with the following exceptions:

#### ***Item 5.3 of the Code***

The Company's Supervisory Board has not established committees as it only consists of three members.

#### ***Item 5.4.1 of the Code***

The Company's Supervisory Board does not have any concrete objectives regarding its composition; therefore there is no publication of the concrete objectives or the standards of the implementation. The Supervisory Board strives to have members with different, complementary professional experiences and skills. In addition, the intention is to adequately represent women in the Supervisory Board in the future. It is intended to hold an election on six members of the Supervisory Board in a new election.

From the Supervisory Board's point of view, the establishment of concrete objectives would too strongly limit the flexibility of the Supervisory Board to search for candidates with the required expertise and experience. Therefore, the Company refrains from establishing an age limit of the members of the Supervisory Board. Thus, no concrete objectives, but the intentions expressed herein shall be considered in election decisions of the Supervisory Board.

#### ***Item 7.1.2 of the Code***

The Company publishes the consolidated financial statements and the interim financial statements in accordance with the legal requirements and also strives to comply with the periods recommended by the Code (90 days for the annual financial statements, 45 days for interim financial statements). However, for organizational reasons these deadlines could be exceeded.

## **PART 5: TRANSACTIONS AND RELATIONSHIPS WITH RELATED PARTIES**

*In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that is in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's Combined Financial Statements (IFRS). Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management.*

*The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.*

*The Company is a direct 100% subsidiary of paragon AG, Delbrück, Germany, whose majority shareholder is Klaus Dieter Frers (including 30,000 attributed voting rights in accordance with Section 22 WpHG). Accordingly, the Company is included in the consolidated financial statement of paragon AG in accordance with IFRS, with Klaus Dieter Frers as the ultimate controlling party.*

*Therefore, all subsidiaries and associates of paragon AG as well as persons and companies that directly or indirectly control paragon AG (such as Mr. Klaus Dieter Frers by virtue of his majority shareholding in paragon AG), or exercise significant influence on paragon AG are therefore related parties of the Company in accordance with IAS 24. Accordingly, the active members of the Management Board and the Supervisory Board of paragon AG and other key management personnel of paragon AG and their close family members as well as the subsidiaries, associates and joint ventures of paragon AG are defined as related parties.*

*As part of its business, the Company has entered into several transactions with related parties. All such transactions are or have been conducted on arm's length terms.*

*Set forth below is a summary of such transactions with related parties for the fiscal years ended December 31, 2016, 2015, 2014, the six months ended June 30, 2017 and up to and including the date of this Prospectus.*

*Further information, including quantitative amounts, of related party transactions are contained in the notes to the Company's Combined Financial Statements (IFRS) as of and for the fiscal years ended December 31, 2016, 2015 and 2014, which are included in the Section "Financial Information" of this Prospectus on page F-1 et seq.*

*Business relationships between companies of the Group, which are consolidated in the consolidated financial statements, are not included. Those companies which are directly or indirectly controlled by the Company are listed in the Section "Financial Information" of this Prospectus on page F-13 of the notes to the Company's Combined Financial Statements (IFRS) as of and for the fiscal years ended December 31, 2016, 2015 and 2014.*

### **1 Transactions with paragon AG, subsidiaries outside the scope of combination and consolidation, associates and other investments of paragon AG**

#### **1.1 Overview**

Prior to the initial public offering we have been a wholly-owned direct subsidiary of paragon AG. In addition, prior to the contribution of all the shares in Voltabox of Texas, Inc. by paragon AG, we were a sister company of Voltabox of Texas, Inc.

As a wholly-owned subsidiary we had various business relationships with paragon AG and have received certain services from paragon AG, which acts as management holding for paragon group, relating to IT, intellectual property, legal, compliance, global insurance coverage, finance and treasury, factoring, risk management, human resources, logistics, real estate, procurement, export control and customs, and other areas. In addition, we have used certain manufacturing facilities and other assets, and have occupied real estate, owned or leased by paragon AG.



Where necessary, some of these services, in particular relating to IT, investor relations, logistics and human resources will continue for a transitional period after the completion of the Offering while we have already built up our own resources for other areas such as legal, compliance, risk management, insurance, finance and treasury, factoring, human resources, procurement, export control and customs.

To the extent we have used real estate, manufacturing facilities or other assets leased or owned by paragon AG such assets are now, or, respectively, will be leased by us directly from the owners or sub-leased from paragon at arm's length terms.

Likewise, as a replacement of the shareholder financing which will remain in place until the successful implementation of our initial public offering we have entered into several loan facility agreements with banks (see "*PART M:18.4 Financing Agreements*").

## **1.2 Carve-out and Transitional Service Agreement**

On September 22, 2017, the Company and paragon AG entered into the CTSA (see section "*PART M: 18.1 Carve-out and Transitional Service Agreement with paragon AG*"), which serves as a transition framework agreement listing all the areas where services will be provided by paragon AG to the Company for a transitional period after the completion of the Offering. This applies particularly to the provision of IT services and personnel capacities, the sub-lease of manufacturing facilities and office space leased or owned by paragon AG, as well as the supply of electronic components. To this end, the CTSA specifies that the terms of such intragroup service agreements are to be set on an arm's length basis whereas individual arrangements under the CTSA will be entered into separately.

Furthermore, the CTSA specifies that agreements entered into between paragon AG on behalf of paragon group and third parties which are used by the Company are generally to be transferred from paragon AG to the Company by way of a novation or, as required, split up between paragon AG and the Company. This applies particularly to energy supply and insurance contracts. If, for any reason, such transfer or split-up is deemed impossible or unreasonable in light of potential costs, the CTSA serves as a legal framework in order to ascertain the Company's access to such group agreements. In this case, paragon AG shall serve as a proxy for the benefit of the Company.

## **1.3 Description of Other Agreements**

During the last three fiscal years, there have been the following agreements between the Company and its subsidiary and paragon group:

### ***Profit and Loss Transfer Agreement***

On April 23, 2014, the Company and its Parent Company paragon AG entered into a profit and loss transfer agreement pursuant to § 291 para 1 sentence 1 German Stock Corporation Act which took economic effect as of January 1, 2015. On June 2, 2014 the shareholder's meeting of the Company approved this profit and loss transfer agreement which was registered in the competent commercial register for the Company on October 1, 2014. In fiscal years 2015 and 2016, under the profit and loss transfer agreement the Parent Company covered losses of the Company amounting to T€4,963 and T€4,456, respectively.

Following the registration of the implementation of the capital increase with respect to the New Shares, the profit and loss transfer agreement will terminate pursuant to § 307 German Stock Corporation Act with effect as of December 31, 2017. In the event the Company generates a negative net profit in its Annual Financial Statements for the fiscal year 2017 in accordance with the German Commercial Code (HGB), such loss will have to be covered by the Parent Company. In the event the Company generates a positive net profit in its Annual Financial Statements for the 2017 fiscal year in accordance with the German Commercial Code (HGB), the Company would be required to transfer any such profit to the Parent Company.

As of January 1, 2018, there will be no further transfers of profits by the Company to its Parent Company or recovery of losses of the Company by the Parent Company.

### ***Contribution Agreement relating to Voltabox of Texas, Inc.***

On December 14, 2016, the Company (then Voltabox Deutschland GmbH) and the Parent Company entered into a contribution agreement pursuant to which the Parent Company transferred with immediate effect all

the shares in Voltabox of Texas, Inc. to the Company as a contribution in kind. In a corresponding shareholders' meeting, the Parent Company as sole shareholder of the Company resolved a capital increase from €50,000.00 by €50,000.00 by issuing 50,000 new shares with a nominal value of €1.00 each, out of which 49,900 shares were issued to the Parent Company against cash contribution and 100 shares were issued to the Parent Company against contribution in kind comprising all the aforementioned shares in Voltabox of Texas, Inc. The capital increase against cash contribution and contribution in kind was registered with the competent commercial register at the local court of Paderborn on March 15, 2017.

#### ***Guarantees by the Parent Company***

In November 2014, June 2014, December 2014, November 2015, March 2016 and December 2016, our Parent Company paragon AG issued guarantees in favor of the Company in the form of a directly-enforceable suretyship for a fixed amount (*selbstschuldnerische Höchstbetragsbürgschaft*) of €506,000.00 and a directly-enforceable suretyship (*selbstschuldnerische Bürgschaft*) of €1,574,000 as of December 31, 2016 vis-à-vis financing banks.

#### ***Shareholder Financing by the Parent Company***

Pursuant to a loan facility agreement dated December 17, 2015, the Parent Company has granted to the Company a revolving loan facility. The loan bears interest at the 3-month Euribor plus 2.0% per annum. The loan facility agreement has no fixed term.

The parties agreed that all remaining amounts under the loan facility shall be repaid from the proceeds of an initial public share offering of the Company, provided that up to €15.7 million of net proceeds are generated by the Company from such initial public offering.

#### ***Spin-off and Transfer Agreement***

Pursuant to a spin-off and transfer agreement (*Ausgliederungs- und Übernahmevertrag*) dated April 23, 2014 between the Parent Company as transferring entity and the Company as receiving entity and corresponding approvals by the shareholders' meetings of both companies held on April 23, 2014 and June 14, 2014, respectively, the Company has taken over parts of the assets of the Parent Company comprising its E-Mobility business by way of transformation through spin-off (*Umwandlung durch Ausgliederung*), with economic effect as of January 1, 2014. The spin-off was registered in the commercial register of the Company on September 6, 2014, and it was registered with the commercial register of the Parent Company as transferring entity on September 23, 2014 thereby becoming legally valid.

#### ***Indemnification Agreement in connection with the Offering***

Voltabox AG and paragon AG have internally agreed to share liabilities from prospectus liability claims under the terms of an agreement on the sharing of costs and indemnification from prospectus liability dated September 25, 2017 regarding claims that have been either determined by a final judgment or settled by mutual agreement in a certain proportion based on stock corporation law considerations and taking into account the existing case law.

#### ***Consignment Warehouse Agreement***

On December 30, 2016 we entered into a consignment warehouse agreement with our Parent Company relating to the establishment of a consignment warehouse in Suhl, Germany, by our Parent Company and the jointly defined management of certain parts and components in order to minimize delivery times and avoid production stoppages. The agreement took effect as of January 1, 2017 and may be terminated by either party pursuant to 30 days' notice per the end of a calendar month. Our revenue in the six months ended June 30, 2017 included T€2,454 with our Parent Company under this agreement.

### **1.4 Financial Information on Related Party Transactions**

As set out above, we received various services from paragon group in the past and we have conducted other business with paragon group as well as purchases of goods and services and other expense to and from the paragon group.

The following table provides an overview of outstanding liabilities and receivables from the purchase and sale of goods and services and other business transactions with our ultimate controlling company, paragon AG, subsidiaries outside the scope of combination/consolidation, associates and other investments of paragon AG as of December 31, 2016, 2015, and 2014 and June 30, 2017:

	June 30,	December 31,		
	2017	2016	2015	2014
	in €million			
	(unaudited) (consolidated)	(audited) (combined)		
<b>Receivables</b> .....	3,9	2,5	1,8	1,1
<b>Liabilities</b> .....	<b>3,9</b>	<b>5,6</b>	<b>1,9</b>	<b>3,9</b>

In the period beginning on July 1, 2017 until and including the date of this Prospectus we had no other transactions with our ultimate controlling company, paragon AG, and its subsidiaries (other than Voltabox Group) outside the scope of consolidation, associates and other investments of paragon AG on the basis of the existing agreements.

Transactions under these agreements have not significantly changed in this period.

## **2 Transactions with Individuals**

During the fiscal years 2014, 2015 and 2016 and until August 10, 2017, the Company's current chairman of the Supervisory Board, Mr. Klaus Dieter Frers, acted as director and (after conversion into a stock corporation) sole member of the Company's Management Board (*Vorstand*) of the Company, while, at the same time, he was a member of the Management Board and CEO and thus legal representative of paragon AG.

In addition, from June 1, 2014 until July 31, 2017 Mr. Frers' wife was an employee of the Company.

## PART T: INFORMATION ON MAJOR HOLDINGS OF VOLTABOX AG

The following table provides an overview of the holdings of the Company as of the date of this Prospectus. For a Group structure chart see “PART O: GENERAL INFORMATION ON VOLTABOX AG AND THE GROUP - 4 Structure of the Group”.

<b>Name and registered office of the company</b>	<b>Main activity</b>	<b>Held portion of the voting rights</b>
Voltabox of Texas, Inc., Austin, Texas, United States	Development, production and sales of Li-Ion based battery systems	100%

## PART U: UNDERWRITING

### 1 Subject of and Arrangements on Underwriting

The Company, the Parent Company and the Joint Bookrunners entered into an underwriting agreement on September 25, 2017, with respect to the offer and sale of the Offer Shares which are the subject of this Prospectus (the “**Underwriting Agreement**”).

The Offering relates to a total of 6,325,000 ordinary bearer Shares of the Company with no par value (*Stückaktien*), each such Share having a notional value of €1.00 in the share capital and full dividend rights as of January 1, 2017, comprising (i) 5,000,000 newly issued ordinary bearer shares with no par value from a capital increase against cash contributions resolved by an extraordinary General Shareholders’ Meeting of the Company on September 22, 2017 (the “**New Shares**”), and (ii) 500,000 existing ordinary bearer shares with no par value from the holdings of the Parent Company (the “**Sale Shares**”) and 825,000 existing ordinary bearer shares with no par value from the holdings of the Parent Company under a securities loan in connection with a possible over-allotment by the Joint Bookrunners (the “**Over-Allotment Shares**”, together with the New Shares and the Sale Shares, the “**Offer Shares**”), to be finally covered by a yet to be exercised capital increase from authorized capital of the Company resolved by the extraordinary general shareholders’ meeting on September 22, 2017 (the “**Greenshoe Shares**”). The Offering comprises initial public offerings in the Federal Republic of Germany and in the Grand Duchy of Luxembourg and offerings exempt from the prospectus requirement (private placements) in certain jurisdictions outside the Federal Republic of Germany, the Grand Duchy of Luxembourg and the United States of America. Outside the United States of America, the Offer Shares are being offered in “offshore transactions” within the meaning of, and in reliance on Regulation S of the United States Securities Act of 1933 as amended (the “**Securities Act**”) as amended. In the United States the Offer Shares are being offered to qualified institutional buyers as defined in and in reliance on Rule 144A under the Securities Act. The offering will commence on September 26, 2017 and is expected to end on October 10, 2017. The Offer Price per Offered Share will be determined using the order book prepared during the bookbuilding process. Pricing is expected to take place on or about October 10, 2017.

Under the terms of the Underwriting Agreement and subject to certain conditions, each Joint Bookrunner will be obliged to acquire the maximum number of Offer Shares set forth below opposite such Underwriters’ name:

<b>Joint Bookrunner/Underwriter</b>	<b>Maximum number of Offer Shares to be acquired<sup>1</sup></b>	<b>Percentage of shares (in %)<sup>1</sup></b>
Bankhaus Lampe KG, . . . . . Jägerhofstraße 10, 40479 Düsseldorf, Germany	4,111,250	65.0
Hauck & Aufhäuser Privatbankiers AG, . . . . . Kaiserstraße 24, 60311, Frankfurt am Main, Germany	2,213,750	35.0
<b>Total</b> . . . . .	<b>6,325,000</b>	<b>100.00</b>

<sup>1</sup> Including Greenshoe Shares based on the assumption that the Greenshoe Option (as defined below) is exercised in full.

In the Underwriting Agreement, and subject to certain conditions, Bankhaus Lampe KG has agreed to underwrite, in its own name but for the account of the Joint Bookrunners, for the New Shares und the Greenshoe Shares offered hereby at the lowest issue price of €1.00 per share on October 10, 2017, and the Joint Bookrunners have agreed to acquire the Offer Shares with a view to offering them to investors in the Offering, subject to certain conditions. The Joint Bookrunners have agreed to remit to the Company the difference between the offer price of the New Shares and Greenshoe Shares and the issue price less agreed commissions and certain expenses to be borne by the Company at the time the New Shares and the Greenshoe Shares are delivered. In addition the Joint Bookrunners have agreed to acquire the Sale Shares from the Parent Company and to sell such shares as part of the Offering.

The obligations of the Joint Bookrunners are subject to various conditions, including, amongst other things, (i) the conclusion of a pricing agreement, (ii) the absence of a material adverse change (e.g. a material loss or

interference with respect to the Company or the Group's business from fire, explosion, flood or other calamity, or from any labor dispute or court or governmental action, order or decree, or a material change to the Company's share capital or the long-term debt of the Group or a material adverse change or any development involving a prospective material adverse change, in or affecting the condition, business, prospects, management, financial position, shareholders' equity or results of operations of the Group, or a suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange), (iii) receipt of customary certificates, legal opinions and letters, and (iv) the making of necessary filings and the receipt of necessary approvals in connection with the offering.

## **2 Commissions**

Subject to the terms and conditions of the Underwriting Agreement, the Joint Bookrunners will offer the Offer Shares at the Offer Price. Each of the Company and the Parent Company will pay the Joint Bookrunners a commission of 3.50% of the corresponding gross proceeds from the sale of the New Shares (in respect of the Company) and the Sale Shares (in respect of the Parent Company) sold by each of them before deduction of any fees and expenses (the "**Base Fee**"). In addition, to the extent the Greenshoe Option is exercised, the Joint Bookrunners shall receive a commission of 3.50% of the aggregate gross sale proceeds of the Greenshoe Shares (the "**Greenshoe Fee**"). In addition, the Company and the Parent Company will, at the Company's and/or the Parent Company's sole discretion, pay the Joint Bookrunners a discretionary fee of up to 1.00% of the gross proceeds from the sale of the New Shares and the Sale Shares, respectively, sold by each of them and of the aggregate gross sale proceeds of Greenshoe Shares before deduction of any fees and expenses (the "**Discretionary Fee**"). The Company has agreed to pay the portion of the Base Fee and the Discretionary Fee attributable to the New Shares placed in the Offering and to the Greenshoe Shares. The Parent Company has agreed to pay the portion of the Base Fee and the Discretionary Fee attributable to the Sale Shares placed in the Offering. After deduction of a 20% management fee in favor of the Sole Global Coordinator, the Base Fee will be split among the Joint Bookrunners at a ratio of 65:35. Payment of the Discretionary Fee, if any, and its allocation to the Joint Bookrunners will be entirely at the discretion of the Company for the portion of the Discretionary Fee attributable to the New Shares and the Greenshoe Shares and at the discretion of the Parent Company for the portion of the Discretionary Fee attributable to the Sale Shares sold. The Discretionary Fee may be distributed amongst the Joint Bookrunners in proportions that differ from their purchase commitments. The Company and Parent Company will decide on allocation, and arrange for the payment, of the Discretionary Fee (if any) within five days after the end of the Stabilization Period.

The Company and the Parent Company have also agreed to reimburse the Joint Bookrunners for certain expenses incurred by them in connection with the Offering.

## **3 Greenshoe Option and Securities Loan**

To cover a potential over-allotment, the Parent Company will make available up to 825,000 additional shares to the Joint Bookrunners free of charge by way of a share loan. In addition, the Company will grant the Joint Bookrunners the option of acquiring up to 825,000 new shares a yet to be exercised capital increase from authorized capital of the Company resolved by the extraordinary general shareholders' meeting on September 22, 2017 at the Offer Price, less agreed commissions (the "**Greenshoe Option**"). This Greenshoe Option will terminate 30-calendar days after commencement of the trading of the shares on the regulated segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). For further information, see "*PART C: THE OFFERING 9 Stabilization Measures, Over-Allotment and Greenshoe Option*".

## **4 Termination/Indemnification**

The Underwriting Agreement provides that the Joint Bookrunners may terminate the Underwriting Agreement under certain circumstances, in particular if one of the conditions described above is not met, including after the shares have been allotted and listed, up to delivery and settlement.

If the Underwriting Agreement is terminated, the Offering will not take place. Any allotments already made to investors will be invalidated. In such case, no claim to delivery exists. Claims relating to any subscription fees already paid and costs incurred by any investor in connection with the subscription are controlled solely by

the legal relationship between the investor and the institution to which the investor submitted its order. Investors, who engage in short selling bear the risk of being unable to satisfy their delivery obligations.

The Company and the Parent Company have undertaken in the Underwriting Agreement to indemnify the Joint Bookrunners against certain liabilities arising in connection with the Offering.

## 5 Selling Restrictions

In the Underwriting Agreement, each of the Joint Bookrunners has undertaken vis-à-vis the Company and the Parent Company to comply with certain selling restrictions.

### ***Member state of the European Economic Area***

In relation to each member state of the European Economic Area which has implemented the Directive No. 2003/71/EC as amended by the Directive No. 2010/73/EC of the European Parliament and the Council (the “**Prospectus Directive**” and each of the aforementioned member states a “**Relevant Member State**”) no communication will be made in any form and by any means of sufficient information on the terms of the offer and any Offer Shares (an “Offer to the public”) in that Relevant Member State other than the offers contemplated in the Prospectus in Germany and the Grand Duchy of Luxembourg, except that an offer to the public can be made by the Company, the Parent Company and the Joint Bookrunners in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to any qualified investor as defined in the Prospectus Directive,
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Bookrunners for any such offer, or
- (iii) in any other circumstances falling within Article 3 (2) of the Prospectus Directive;

provided that no such offer (as described above under (i) to (iii)) of Offer Shares shall result in a requirement for the publication of a further prospectus or the notification of the Prospectus to another authority by the Company, the Parent Company or any Joint Bookrunner pursuant to Article 3 of the Prospectus Directive.

For the purposes of this section, an “offer to the public” with respect to the Offer Shares in a Relevant Member State shall mean a communication to persons in any form and by any means presenting sufficient information about the terms of the offer and the shares to be offered so as to enable an investor to decide whether to purchase or subscribe for these shares. As a result of the measures to implement the Prospectus Directive in such Member State, deviations may arise in this State. The term Prospectus Directive includes any amendment thereto, including the Directive 2010/73/EU which amends the Prospectus Directive to the extent implemented in the Relevant Member State and any and all relevant implementation measures in each Relevant Member State.

### ***United Kingdom***

The sale of the Offer Shares in the United Kingdom of Great Britain and Northern Ireland (the “**United Kingdom**”) is also subject to restrictions. This document is directed only at persons who: (i) are qualified investors within the meaning of the Financial Services and Markets Act 2000 (as amended) and any relevant implementing measures and/or are outside the United Kingdom or (ii) have professional experience in matters relating to investments who fall within the definition of “investment professionals” contained in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**Order**”) or are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or fall within another exemption to the Order (all such persons referred to in (i) and (ii) above together being referred to as “**Relevant Persons**”). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

***United States***

The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

Accordingly, the Offer Shares may not be offered, sold, pledged or otherwise transferred within the United States, unless they are registered under the Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. The Offer Shares are being offered in (i) in the United States only to QIBs pursuant to Rule 144A under the Securities Act or another exemption from registration under the Securities Act and (ii) outside the United States in “offshore transactions” within the meaning of, and in reliance on, Regulation S under the Securities Act.

Neither the Company nor the Parent Company intends to register the Offer Shares or a part thereof under the Securities Act, or to conduct a public offering of Offer Shares in the United States.



## PART V: TAXATION IN GERMANY

*The following information is basic in nature and represents a general description of the principles of taxation in the Federal Republic of Germany which may be relevant when acquiring, holding and selling shares under German law as of the date of this Prospectus. The following information does not purport to be a complete description of all potential tax considerations which might be important when making an investment decision. It may not include certain tax considerations which arise from rules of general application or are assumed to be generally known by the shareholders. This summary is based on the laws in force in Germany on the date of this Prospectus and is subject to changes in law, court decisions, changes of the administrative practice or other changes that may be made after such date. The following information is not intended to be and should not be regarded as legal or tax advice. Prospective shareholders should consult their tax and legal advisors as to the particular legal consequences which may arise from their personal situation and the laws applicable to them.*

### **1 Taxation of the Company**

#### **1.1 Corporate income tax**

The Company is not subject to special tax law provisions. The Company is a German corporation having its registered office and management in Germany, therefore, it is in general subject to corporate income tax with its taxable income at a standard rate of, at present, 15% plus 5.5% solidarity surcharge (*Solidaritätszuschlag*) on the corporate income tax obligation (in total, 15.825%). Dividends or other profit shares which the Company receives from German or foreign corporations are generally not taken into account when determining the Company's income provided that, at the beginning of the calendar year, a direct participation of at least 10% of the nominal or share capital was held; if there is no nominal or share capital, the participation in the assets or, in case of cooperative societies (*Genossenschaften*), the participation in the business assets (*Geschäftsguthaben*) is decisive. To the extent that dividends or other profit shares are not taken into account, 5% of the respective income are treated as non-deductible operating expenses and, as such, increase the Company's income. The same applies to the Company's gains from the disposal of shares in a German or foreign corporation. The minimum holding of 10%, however, does currently not apply, and the gains from alienation of shares (*Veräußerungsgewinne*) are not taken into account in this regard, whereas, also in this case, 5% of the respective income are treated as non-deductible operating expenses and, thus, increase the Company's income. Losses from the sale of such shares are not deductible for tax purposes.

Interest expenses are deductible without any restrictions up to the amount of the interest income. The interest barrier, however, limits deductibility for tax purposes. According thereto, the tax deduction of the net interest expense is limited to 30% of the earnings before interest, taxes and depreciations determined pursuant to tax law (tax EBITDA). However, the interest barrier does not apply if the amount of interest expenses exceeds the amount of interest income by less than €3 million (exemption limit – *Freigrenze*). The interest barrier does not apply if the Company does not belong to a corporate group and there is no situation involving harmful shareholder debt financing. If the business belongs to a corporate group, the interest barrier does not apply either if the equity capital ratio of the business wanting to deduct interest expenses is no less than two percentage points below the corporate group equity capital ratio. Amounts which cannot be deducted may generally be carried forward to future years.

#### **1.2 Trade tax**

Corporations are also generally subject to trade tax on the taxable income generated by their operations or domestic permanent establishments. In order to determine the trade tax assessment basis, the profit determined for purposes of corporate income tax is adjusted by add-backs and deductions. According thereto, certain financing expenses (to the extent deductible for corporate income tax purposes) are only deductible to a limited extent for trade tax purposes. For example, consideration for debt must be added-back in an amount of 25%, rent expenses and leasing installments for certain economic assets are added-back in an amount of 5%, leasing installments for immovable assets need to be added-back in an amount of 12.5%, royalties must be added-back in an amount of 6.25% and certain other expenses are added if and to the extent that all such expenses in total exceed an amount of €100,000 per year.

Also for trade tax purposes, 95% of gains from sales of shares in another corporation are generally exempt from trade tax. Dividends, however, are 95% tax-exempt only if the Company holds at least 15% of the shares in a distributing German corporation at the beginning of the assessment period or at least 10% of the shares in a distributing non-German EU corporation within the meaning of Council Directive 90/435/EEC of 23 July 1990 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states (the “**Parent Subsidiary Directive**”) in the respectively applicable version. In case of a distributing foreign non-EU Company, one of the prerequisites for the 95% trade tax exemption of dividends is that the Company continuously has held at least 15% of the shares in that foreign corporation since the beginning of the assessment period. Additional prerequisites are to be complied with in case of dividends of distributing non-EU corporations. A taxation relief for dividends may also be possible under the provisions of a double taxation treaty (“**DTT**”).

The amount of trade tax depends on the municipality or municipalities in which the Company has permanent establishments. The standard tax assessment factor is 3.5%, to which the respective municipality applies the assessment rate (*Hebesatz*) applicable to such municipality. The trade tax rate resulting therefrom is at least 7% and otherwise varies depending on the assessment rate of the municipality in which the permanent establishment is located. At present, the nominal trade tax rate is between 7% and approximately 17.15%.

### **1.3 Use of losses**

The Company is limited in its ability to use its losses. Losses may be carried back only for corporate income tax purposes and only to the immediately preceding assessment period up to an amount of €1.0 million. A loss carry forward is possible for both corporate income tax and trade tax purposes without any time limit. However, loss carry forwards to subsequent tax periods are fully deductible only up to a maximum total amount of income or earnings for trade tax purposes of €1.0 million. To the extent the total amount of income or trade tax earnings of the Company exceeds €1.0 million, loss carry forwards may only be deducted in an amount of 60% of the excess amount (minimum taxation – *Mindestbesteuerung*). Unused loss carry forwards may generally be carried forward for tax purposes without any time limit and be deducted in subsequent assessment periods subject to the described restrictions.

Tax loss carry forwards and a tax loss carry back may be limited or excluded by specific indirect or direct transfers of subscribed capital, membership rights, ownership interests or voting rights in the Company or comparable situations (harmful acquisition of shares – *schädlicher Beteiligungserwerb*). Certain conversions of corporate form (mergers, spin-offs, splits etc.) may also eliminate loss carry forwards or restrict their use.

In addition to the already existing exemptions (the so-called group clause or the so-called hidden reserves clause) a new provision applies to all harmful acquisition of participations after December 31, 2015 at the taxpayer's request. This new section permits the preservation of unused losses if the business operations of the corporation are sustained after the date of the harmful acquisition of participation and any other use of the so-called continuation-bound loss carry forwards are excluded. The amendment applies to all harmful acquisition of participations after December 31, 2015.

## **2 Taxation of Shareholders**

### **2.1 Income tax**

#### ***Capital gains tax***

The Company does not assume any responsibility for deducting withholding tax (*Kapitalertragsteuer*). Withholding tax on dividends of German stock corporations where shares are kept in collective safe custody in Germany within the meaning of section 5 of the German Safe Custody Act (*Depotgesetz – DepotG*) or in individual safe custody according to section 2 DepotG, will be deducted by the (domestic) credit institution or financial services institution, including the German branch or branch office of a foreign undertaking within the meaning of sections 53 and 53b of the German Banking Act (*Kreditwesengesetz*), the domestic securities trading firm or the domestic securities trading bank (the “**Domestic Depository Bank**”) paying out or crediting the dividends. The withholding tax will be withheld by the securities clearing and deposit bank (*Wertpapiersammelbank*) to the extent that such bank has been entrusted with the collective safe custody of the shares and pays the capital gains to a foreign agent, or by the debtor of the capital gains, to the extent

that the securities clearing and deposit bank that has been entrusted with the collective safe custody of the shares does not perform a settlement of dividends (*Dividendenregulierung*).

For this purpose, the domestic depository bank receives the full amount of the dividend from the Company, withholds the tax at a rate of 25% for the shareholder, plus the solidarity surcharge of 5.5% thereon, pays it to the competent tax office and pays the remaining net amount to the shareholder.

All foreign corporate bodies may be reimbursed for two fifths of the capital gains tax withheld and paid for dividends upon request to the Federal Central Tax Office (*Bundeszentralamt für Steuern*).

To the extent shareholders meet the requirements of an applicable DTT or the so-called “Parent Subsidiary Directive” (Council Directive 90/435/EEC of 23 July 1990, as amended from time to time) (the “PSD”) as it has been transformed into German law, they may be eligible for an exemption of the general rule that tax will be withheld. In the case of shareholders which are fully liable to taxation in Germany, and in the case of shareholders domiciled outside of Germany and holding their shares as business assets of a German permanent establishment or fixed base in Germany or as business assets for which a permanent representative was appointed in Germany, any withholding tax withheld and paid will be credited towards the income or corporate income tax liability or a surplus amount, if any, will be refunded. The same applies to the solidarity surcharge.

The aforementioned exemptions or reimbursement proceedings provided by German law are subject to certain substance requirements which must be met at the time of dividend distribution.

In addition, the following provisions apply to distributions to shareholders domiciled outside of Germany: If Germany entered into a DTT with the country of domicile of the shareholder, and if the shareholder holds its shares neither as assets of a permanent establishment or fixed base in Germany nor as business assets, for which a permanent representative was appointed, which is regarded as permanent establishment according to the provisions of the applicable DTT, the rate applicable to the capital gains tax may be reduced in accordance with the applicable DTT. In principle, a capital gains tax reduction is granted in such manner that the difference between the total amount withheld, including the solidarity surcharge, and the capital gains tax which is actually due in accordance with the applicable DTT (usually 15%) is, upon request, refunded by the German fiscal authorities. Forms for the refund procedure may be obtained from the Federal Central Tax Office, An der Kuppe 1, 53225 Bonn, Germany, and the German embassies and consulates and may be downloaded from the website of the Federal Central Tax Office under [www.bzst.bund.de](http://www.bzst.bund.de).

For Shareholders who are subject to church tax and hold their Shares as private assets, church tax on capital gains, which are subject to flat income tax, is withheld automatically. This means that the members of a tax-charging religious community do not have to take any further steps in order to comply with their church tax obligations in connection with flat income tax. In preparation of the automatic deduction of church tax on flat income tax, all bodies obliged to withhold tax from capital gains will inquire the Shareholders’ religious affiliation from the Federal Central Tax Office (*Bundeszentralamt für Steuern, BZSt*) once a year. On the basis of the information provided to the withholding bodies by the Federal Central Tax Office, the church tax attributable to the flat income tax is then withheld and paid to the tax office. If the Shareholder for whom the withholding body inquires information from the Federal Central Tax Office is not a member of a tax-charging religious community or if the Shareholder by way of a blocking notice (*Sperrvermerk*) has filed an objection to automated data retrieval, the Federal Central Tax Office will report a neutral “zero value” to the inquirer. In consequence of a zero value, a Shareholder being a member of a religious community is obliged – as also in case of an insufficient withholding of capital gains tax – to report the capital gains that are subject to church tax subsequently within the scope of his income tax return.

#### ***Withholding tax on capital gains***

If the shares are kept in safe custody, managed or sold by a Domestic Depository Bank, the Domestic Depository Bank is required to withhold the withholding tax on the gains from the disposal of shares sales at the above-mentioned rates.

If the capital gains tax is not withheld by the Domestic Depository Bank, for example because the shares are kept in safe custody in the securities account of a foreign bank, the shareholder is required to include the

capital gains in the annual income tax return. The income tax on the capital gains will then be determined in the assessment procedure at the flat tax rate described below.

If the shares have been kept in safe custody or managed by the same domestic depositary bank since their acquisition, the withholding tax will be calculated on the basis of the difference between the selling price less the selling costs which are directly and materially related to the sales transaction and the acquisition price for the shares. Under certain conditions, earlier payments made from the tax deposit account may result in reduced acquisition costs for the shares held as private assets and thus increase the taxable capital gains. If the Domestic Depositary Bank has been changed after the acquisition of the shares and if evidence of the acquisition costs has not been given or is not permissible, the basis of assessment for the capital gains tax deduction will be 30% of the capital gains of the shares.

The lump-sum saver's allowance in the amount of €801 (€1,602 for married couples filing jointly and civil unions) will be taken into account within the scope of withholding the capital gains tax, if the shareholder gave an exemption order to the Domestic Depositary Bank.

Please refer to the above explanation of church tax in the withholding process.

## **2.2 Taxation of shareholders domiciled in Germany and holding their shares as private assets**

### ***Taxation of dividends***

In the case of individuals who are fully liable to taxation in Germany (usually persons having their domicile or usual residence in Germany) and hold their shares as private assets, the dividends are considered as capital income. Dividends are generally subject to a special rate with a fixed income tax rate of 25% plus solidarity surcharge of 5.5% thereon (26.375% in total (plus church tax at the above-mentioned rates, if any), the so called flat income tax regime (*Abgeltungsteuer*)).

Expenses incurred in connection with the dividends cannot be claimed as tax deductible expenses for tax purposes; only a lump-sum saver's allowance in the amount of €801 (€1,602 in case of married couples or partners in a civil unions filing jointly) may be deducted. In case of dividends, the income tax is satisfied by way of withholding the withholding tax from the dividends. Capital investment income may, however, be included in the shareholder's tax return, for example in order to utilize unused amounts of the lump-sum saver's allowance. In such a case, the income included in the assessment will be taxable with a flat income tax rate of 25% (plus solidarity surcharge and church tax, if any, thereon). In addition, the taxpayer may request that its dividends be taxed at the standard progressive income tax rate (plus solidarity surcharge and church tax, if any) if this results in a lower tax burden (*Günstigerprüfung*). Also in this case, the gross amounts of all income from capital investments less the lump-sum saver's allowance in the amount of €801 (€1,602 in the case of married couples or partners in a civil union filing jointly) will be taken into account for the taxation and the deduction of the actual expenses incurred is excluded. In this case, the withholding tax withheld will be credited against the income tax levied in the assessment procedure or refunded, in case of a surplus amount. The respective shareholder will be required to provide certain documentary evidence.

Upon election of the respective shareholder, the flat tax regime does not apply, if the shareholder directly or indirectly holds a participation of 25% or more in the share capital of the Company or holds a participation of at least one per cent and has a significant entrepreneurial influence on the business activities of the Company due to a professional involvement with the Company in the tax assessment period in which the request is made. Upon such election, the dividends in an amount of 60% of the gross dividend are subject to the progressive income tax rate of up to 45% plus solidarity surcharge of 5.5% and church tax, if any, thereon (so-called partial income taxation - *Teileinkünfteverfahren*). Accordingly, expenses in connection with the dividends, such as expenses for debt financing of the participation, may be deducted in an amount of 60%. The deduction of the lump-sum saver's allowance is not available in this case. The election remains valid for the year it is made for and the next four years unless it is repealed by the shareholder. If it is repealed it is not available for the respective investment in future periods.

Special provisions apply to dividend payments made from the capital contribution account for tax purposes (*steuerliches Einlagenkonto*).

### ***Taxation of capital gains from the disposal of the shares***

Gains from the sale of shares by an individual who is fully liable to taxation in Germany and holds the shares as private assets, are also generally subject to the flat income tax at a rate of 25% plus solidarity surcharge of 5.5% thereon (26.375% in total plus church tax at the above-mentioned rates, if any) applicable to capital income (*Einkünfte aus Kapitalvermögen*), if the shares have been acquired after 31 December 2008, irrespective of any lock-up period (*Haltefrist*). As mentioned above, abolishing the current system of the flat income tax regime for private investors is currently under discussion.

Sales costs, if any, reduce the amount of taxable gains. Losses from the sale of the shares may only be set-off against gains from the sale of shares, but not against other income from capital assets, such as dividends, or income from other sources of income. Losses of the current year which have not been set-off may be carried forward to future years, where they can be set-off against gains from shares.

If capital gains have been subject to withholding tax, the shareholder may, upon request, include them in the assessment procedure, in order to use a loss carry forwards for example. The income tax will then be assessed with the rate applicable to the flat tax regime plus solidarity surcharge and church tax (if applicable).

In addition, the shareholder may request to be taxed at the respective progressive income tax rate (*Günstigerprüfung*), if this results in a lower tax burden (cf. the explanations given under “*Taxation of shareholders domiciled in Germany and holding their shares as private assets*” – “*Taxation of dividends*”). Also in this case, the gross amounts minus the lump-sum saver’s allowance in the amount of €801 (€1,602 in the case of married couples or partners in a civil union filing jointly) will be taken into account to determine the tax and a deduction of the actual expenses is not available. Withholding tax previously withheld will be credited against the collective income tax or refunded in case of a surplus amount, if any, in the assessment procedure subject to documentary evidence being provided.

If a shareholder being a private individual and owning at least 1% of the share capital within a period of five years prior to the disposal (or the predecessor in case shares being acquired free of charge) the flat tax regime does not apply. In such case 60% of the capital gains are subject to taxation at an individual, progressive income tax rate plus solidarity surcharge (partial income taxation). Accordingly, only 60% of the expenses commercially related to the sale may be deducted. If a loss is incurred from the disposal of the shares further restrictions may apply. In this case, also the capital gains from the sale of a subscription right will be subject to the partial income taxation.

Withholding tax which has been deducted is credited against the income tax liability. Therefore, the shareholder is obliged to state such capital gains in the annual income tax return.

### **2.3 Taxation of shareholders domiciled in Germany and holding their shares as business assets**

#### ***Taxation of dividends***

In case of shares which are attributable to the business assets of a shareholder, the capital gains tax to be withheld according to the above principles has no discharging effect. In such cases, the withholding tax including the solidarity surcharge (and church tax, if any) withheld will instead be credited against the income tax or corporate income tax liability (including the solidarity surcharge and church tax, if any) of the shareholder or refunded in case of surplus amounts.

Apart from this, the taxation depends on whether the shareholder is a corporate body, an individual (sole trader) or a partnership (co-entrepreneurship).

#### ***Corporation***

If the shareholder is a corporate body domiciled in Germany for tax purposes, the dividend is generally exempt from the corporate income tax and the solidarity surcharge, if it held a direct participation of at least 10% in the share capital at the beginning of the calendar year. 5% of the dividends are considered as expenses, however, which cannot generally be deducted as operating expenses and are therefore subject to the corporate income tax plus solidarity surcharge thereon. Expenses actually incurred which are directly related to the dividends may generally be deducted in their full amount, subject to other limitations of deduction. If it held a direct participation of less than 10% in the share capital at the beginning of the calendar year, the dividend will be fully subject to the corporate income tax.

The dividends are also exempt from trade tax after deduction of the expenses commercially related to them, if the corporate body held a participation of at least 15% in the Company's share capital at the beginning of the relevant tax assessment period (trade tax participation exemption - *gewerbsteuerliches Schachtelprivileg*). In this case, the 95% tax exemption granted for corporate income tax purposes will usually also apply mutatis mutandis to the trade tax. If it held a participation of less than 15% in the share capital at the beginning of the calendar year, the dividend is fully subject to trade tax.

#### *Sole trader*

If the shareholder is a sole trader (individual) domiciled in Germany for tax purposes and holding the shares as business assets, only 60% of dividend payments are subject to income tax plus solidarity surcharge (partial income taxation). In accordance therewith, only 60% of the operating expenses economically related to such dividend income are - subject to other deduction restrictions, if any, tax-deductible. In addition thereto, the dividends are fully subject to trade tax unless the shareholder held a participation of at least 15% in the Company's share capital at the beginning of the relevant tax assessment period (trade tax participation exemption). In the latter case, there is no trade tax payable on the dividends at all. Operating expenses related therewith result in a decrease of the amount of reduction and are therefore generally not deductible for trade tax purposes. Subject to the municipal trade tax rate and personal tax situation, any trade tax which is payable may, in general, be deducted in whole or in part from the shareholder's income tax by way of a lump sum imputation procedure (*pauschaliertes Verfahren*).

#### *Partnership*

If the shareholder is a commercial partnership (*gewerblich tätige Personengesellschaft*) or deemed to be a commercial partnership (*gewerblich geprägte Personengesellschaft*) (co-entrepreneurship – *Mitunternehmerschaft*), income tax or corporate income tax is levied at the level of each partner rather than at partnership level. In this case, the taxation of the individual shareholder depends on whether the shareholder is a corporate body or an individual. If the shareholder is a corporate body, dividends are, in general, 95% tax-exempt (cf. above). When calculating the 10% threshold, participations held by way of a co-entrepreneurship are attributable to the co-entrepreneurs on a pro rata basis. If the shareholder is an individual, 60% of the dividend income is subject to income tax plus solidarity surcharge (cf. above).

In the event that the shares are attributable to a domestic permanent establishment of a partnership's commercial business, dividends are, after deduction of the expenses economically related to them, fully subject to trade tax unless the partnership held at least a 15% participation in the Company's share capital at the beginning of the relevant tax assessment period (trade tax participation exemption – *gewerbsteuerliches Schachtelprivileg*). In the latter case, dividends are not subject to trade tax if and to the extent individuals participate in the partnership. If corporate bodies participate in the partnership, however, in general, 5% of the dividends qualify as non-deductible operating expenses and, as such, are subject to trade tax on partnership level. In case of private individuals who are shareholders, trade tax paid by the partnership and attributable to their interest is generally - in consideration of the municipal collection rate and personal tax situation - credited against their individual income tax liability in whole or in part in accordance with a lump sum imputation procedure.

#### *Special provisions*

Special provisions, which are described below, apply to credit institutions, financial services institutions, financial undertakings, life and health insurance companies and pension funds.

Moreover, there are special provisions regarding dividend payments made from the Company's tax deposit account.

With respect to church tax payers, the principles set forth above ("*Taxation of dividend income of shareholders domiciled in Germany holding their shares as private assets*") apply correspondingly, whereas it is to be considered that, in case of shares held for business purposes, the deduction of capital gains tax in general has no discharging effect and church tax is determined correspondingly on the basis of the generally applicable tax rate.

## ***Taxation of capital gains***

In case of a sale of shares held as business assets, the taxation of capital gains, if any, depends on whether the shareholder is a corporate body, an individual (sole trader) or a partnership:

### *Corporation*

In case of corporate bodies domiciled in Germany, capital gains are generally exempt from corporate income tax, solidarity surcharge and trade tax. 5% of such gains, however, are generally regarded as non-deductible operating expenses and are therefore subject to corporate income tax plus solidarity surcharge thereon and trade tax. Operating expenses actually incurred in connection with the sale of shares, however, may be deducted in full when determining the taxable profit. Any depreciation in value of the shares or losses from sale is irrelevant for tax purposes. In this context, "capital gains" means the amount by which the selling price less selling costs exceeds the book value of the sold shares.

### *Sole trader*

If shares are held by sole traders, 60% of capital gains from a sale of shares are subject to income tax plus solidarity surcharge thereon. In this case, the individual progressive income tax rate applies. In accordance therewith, operating expenses economically related to the gains from sales as well as depreciations in value of the shares and losses from sale are only deductible to 60% (partial income taxation). If the shares are attributable to a domestic permanent establishment of a shareholder's commercial business, 60% of capital gains from sales are subject to trade tax; losses from sale reduce the trade tax assessment basis by 60%. Trade tax may generally be deducted (in full or in part) from a shareholder's personal income tax by way of a lump sum imputation procedure.

### *Partnership*

If a shareholder is a commercial partnership or deemed to be a commercial partnership (co-entrepreneurship) income or corporate income tax is levied on the level of the respective partner rather than on the level of the partnership. Taxation depends on whether the respective shareholder is a corporate body or an individual. If the shareholder is a corporate body, 95% of the capital gains, as described above, are generally exempt from corporate income tax and solidarity surcharge on the level of the shareholder. If the shareholder is an individual, 60% of the capital gains are generally subject to income tax plus solidarity surcharge. In accordance therewith, only 60% of the operating expenses economically related to such gains from sales are tax-deductible.

In addition thereto, capital gains are subject to trade tax in an amount of 60% on the level of the partnership to the extent there is a participation of individuals and in an amount of 5% to the extent there is a participation of corporate bodies. According to the principles above, losses from sale and other profit reductions related to the sold shares are not, or only to a limited extent, tax-deductible. If the shareholder is an individual, the trade tax paid by the commercial partnership may generally on a pro rata basis be credited against the shareholder's personal income tax in whole or in part by way of a lump sum imputation procedure taking into account the municipal collection rate and the shareholder's personal tax situation.

### *Capital gains tax and special provisions*

Gains from the sale of shares are generally not subject to capital gains tax if the shares are sold by a (domestic) corporate body which is fully liable to tax, whereas, however, certain types of corporate bodies are required to prove their status beforehand by presentation of a corresponding certification of the tax office. In addition thereto, capital gains from the sale of shares are not subject to capital gains tax if they pertain to the operating sales of a German business and if the domestic depository bank received a confirmation to this effect on an official form.

To the extent that the withholding tax was withheld by a Domestic Depository Bank, this does not settle the income tax liability: The withholding tax, which was withheld and paid (including solidarity surcharge and church tax, if any), will be credited against the income or corporate income tax liability or refunded in case of a surplus amount, if any.

Special provisions, which are described below, apply to credit institutions, financial services institutions, financial undertakings, life and health insurance companies and pension funds.

With respect to church tax, the information provided under “— 2.3 Taxation of shareholders domiciled in Germany and holding their shares as business assets” above applies mutatis mutandis.

## **2.4 Taxation of shareholders domiciled outside of Germany**

### ***Taxation of dividends***

In the case of foreign shareholders (individuals and corporate bodies) not holding the shares as business assets of a domestic permanent establishment or fixed base or as business assets for which a permanent representative was appointed in Germany, the tax burden in Germany is generally deemed as having been discharged by the withholding of the capital gains tax (possibly reduced according to a DTT or the Parent Subsidiary Directive). In the cases described above under the headline “Capital gains tax”, it is possible to not withhold the capital gains tax or to refund capital gains tax withheld.

For shareholders holding the shares through a domestic permanent establishment or fixed base or as business assets, for which a permanent representative was appointed in Germany, the above provisions applying to shareholders domiciled in Germany apply mutatis mutandis.

### ***Taxation of capital gains***

If shares are sold by an individual domiciled outside of Germany and not fully liable to taxation in Germany (i) who holds its shares as business assets of a domestic permanent establishment or fixed base or as business assets for which a permanent representative was appointed in Germany or (ii) who himself or his legal predecessor(s), in case of a free-of-charge acquisition of the shares, directly or indirectly held at least 1% of the Company’s share capital at any time within the last five years prior to the sale of the shares, 60% of the capital gains realized in Germany shall be subject to German income tax at the individual tax rate of the shareholder, plus the 5.5% solidarity surcharge thereon. In addition, 60% of the capital gains shall be subject to trade tax, if the shares are attributable to a domestic permanent establishment of the individual’s commercial business. Trade tax may be deducted (in full or in part) from a shareholder’s personal income tax by way of a lump sum imputation procedure. Most of the DTT provide for a full exemption from German taxation for the case described in (ii) above.

Capital gains from sales of participations meeting the above conditions and realized by a corporation domiciled outside of Germany and not fully liable to taxation in Germany, are generally exempt from the corporate income tax and the trade tax at the extent of 95%. 5% of the capital gains are generally regarded as non-deductible operating expenses and are therefore subject to corporate income tax (plus solidarity surcharge) and possibly to trade tax. For shares not held as business assets of a domestic permanent establishment or a fixed base, or as business assets for which a permanent representative was appointed, a full exemption from German taxation is provided for by most of the DTT.

## **2.5 Special provisions on taxation of special shareholders (credit institutions, financial services institutions, financial undertakings as well as life and health insurance companies and pension funds)**

To the extent that credit institutions and financial services institutions hold or sell shares attributable to the trading book portfolio according to art. 4 sub-section 1 no 85, 86 of the Capital Requirements Regulation, the 40% exemption from the income tax (commonly referred to as partial income taxation) or the 95% exemption from the corporate income tax, and possibly the trade tax with corresponding exemption from the solidarity surcharge apply neither to dividends nor to capital gains, meaning that dividend income and capital gains shall be fully taxable. The same applies to shares which have been acquired by financial undertakings within the meaning of the German Banking Act for the purpose of achieving a short-term proprietary trading profit. The same is true for credit institutions, financial services institutions and financial undertakings domiciled in another member state of the European Union or in another member state party to the European Economic Area treaty. The above principles also apply to life and health insurance companies whose shares are attributable to the capital investments. The same principles apply to pension funds.



However, dividends are exempt from trade tax, in the cases described above, if the shareholder held a participation of at least 15% in the Company's share capital at the beginning of the relevant tax assessment period. This exemption does not apply to life and health insurance companies with regard to shares which are attributable to the capital investments; the exemption does not apply to pension funds either. Certain exceptions may also be made for corporate bodies domiciled outside Germany in another member state of the EU, if the Parent Subsidiary Directive (Council Directive 90/435/EEC of 24 July 1990 as amended from time to time) is applicable to them.

## **2.6 Gift and inheritance tax**

Such part of an enrichment obtained by acquisition of shares due to death or gift *intervivos*, which exceeds the respective allowances, is generally subject to German inheritance or gift tax, provided that the decedent at the time of death, the donor when making the gift or the acquirer when the tax is incurred has its domicile, usual residence, management or registered office in Germany. Exemptions apply to certain German citizens living outside of Germany and former German citizens.

Should a DTT with respect to gift and inheritance tax be in effect in the individual case, however, German taxation provisions may be restricted thereby.

## **2.7 Other taxes**

In principle, no other taxes, such as capital transfer tax, VAT or similar taxes, are payable in Germany in connection with a purchase, disposal or other form of transfer of shares. At present, wealth tax (*Vermögenssteuer*) is not imposed in Germany either.

In Germany, a sale or transfer of shares is currently not subject to any stock transfer tax (*Börsenumsatzsteuer*). In this context, the European Commission has released the proposal for a directive introducing a financial transaction tax ("**FTT**") on 14 February 2013 in relation to which the negotiations between the member states of the European Union which originally intended to introduce the FTT have failed. While Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**") have later resumed the still on-going negotiations regarding the introduction of the FTT, the scope of such tax and the timing of its implementation still remain unclear. According to the initial proposal, participating member states may impose a EU financial transaction tax on all financial transactions under which (i) at least one of the parties to the transaction is domiciled in a participating member state and (ii) a financial institution domiciled in the territory of a participating member state is party to the transaction and acts either for its own account or for the account of another person or in the name of one of the parties to the transaction. The proposal for the directive covers a wide range; according thereto, financial transaction tax may even be incurred if none of the parties is deemed to be domiciled in one of the member states but the respective financial instrument is issued in one of the member states. In this case, both parties shall be considered domiciled in the respective participating member state. Hence, under the circumstances described above, earnings from securities may be affected by the implementation of this tax. The rate of such tax, which is intended to be deducted by the financial institutions, shall, at minimum, amount to 0.01% of the nominal value in case of financial transactions in derivative contracts and 0.1% of the consideration or market price in case of all other taxable financial transactions. To date, however, these plans have not yet been put into practice and the further progress of the proceedings for implementing a common financial transaction tax system cannot be foreseen.

## **PART W: TAXATION IN LUXEMBOURG**

*The following information is basic in nature and represents a general description of the principles of taxation in Luxembourg which may be relevant when acquiring, holding and selling shares under Luxembourg law as of the date of this Prospectus. The following information does not purport to be a complete description of all potential tax considerations which might be important when making an investment decision. It may not include certain tax considerations which arise from rules of general application or are assumed to be generally known by the shareholders. This summary is based on the laws in force in Luxembourg on the date of this Prospectus and is subject to changes in law, court decisions, changes of the administrative practice or other changes that may be made after such date, even with retroactive or retrospective effect. The following information is not intended to be and should not be regarded as legal or tax advice. Prospective shareholders should consult their tax and legal advisors as to the particular legal consequences which may arise from their personal situation and the laws applicable to them.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi) as well as personal income tax (impôt sur le revenu des personnes physiques). Corporate taxpayers may further be subject to net wealth tax (impôt sur la fortune), as well as other duties, levies and taxes. Corporate income tax, municipal business tax, net wealth tax and the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and solidarity surcharge. Under certain circumstances, where individual taxpayers act in the course of the management of a professional or business undertaking, municipal business tax may apply as well.*

### **1 Tax Residency**

A shareholder will not become resident, nor be deemed to be resident, in Luxembourg by reason only of the holding and/or disposal of the Company's shares or the execution, performance, delivery and/or enforcement of rights thereunder unless the shareholder has either a permanent establishment or a permanent representative in Luxembourg or a fixed place of business to which or whom the Shares are attributable.

### **2 Withholding Taxes**

Dividends paid to shareholders by a non-resident company, such as the Company, as well as liquidation proceeds and capital gains derived from the Company's shares are not subject to withholding tax in Luxembourg. Therefore the non-resident company has no responsibility to withhold tax in Luxembourg, even if the payments are made through a Luxembourg-based paying agent, provided that the latter is not considered as being the beneficial owner of the incomes.

### **3 Income Tax**

For the purposes of this paragraph, a disposal may include a sale, an exchange, a contribution, redemption and any other kind of alienation of the Company's shares.

#### **3.1 Non-resident shareholders**

Non-resident shareholders not having a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Company's shares or income therefrom are attributable, are not subject to Luxembourg income tax on income nor on capital gains realized on the disposal or redemption of the Company's shares. Non-residents shareholders who have a permanent establishment, a permanent representative, or a fixed place of business in Luxembourg to which the Company's shares or income therefrom are attributable are subject to Luxembourg income tax on income received under the Company's shares and on any gains realized upon the sale or disposal of the Company's shares.

### **3.2 Luxembourg resident individuals**

Dividends and other payments derived from the Company's shares by a resident individual shareholder, who acts in the course of the management of either his private wealth or his professional or business activity, is subject to income tax at the ordinary progressive rates (with a current effective marginal rate of up to 42%). Such income tax rate is increased by 7% for income not exceeding EUR 150,000 for single taxpayers and EUR 300,000 for couples taxed jointly, and by 9% for income above these amounts. In addition, a 1.4% dependence insurance contribution is due. A tax credit may be granted, under certain circumstances, for foreign withholding taxes.

Under current Luxembourg tax law, 50% of the gross amount of dividends received by resident individual shareholders from the Company can be exempt from income tax under certain circumstances. In addition, a total lump-sum of EUR 1,500 (which is doubled for taxpayers who are jointly taxable) is deductible from the total of dividends received during the tax year.

Capital gains realized upon the disposal of the shares by a resident individual shareholder, who acts in the course of the management of his private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the Company's shares.

- (i) Capital gains are deemed to be speculative and are thus subject to income tax at ordinary progressive tax rates if the Company's shares are disposed of within six months after their acquisition.
- (ii) A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his spouse or partner and / or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a substantial participation in the hands of the alienator (or the alienators, in case of successive transfers free of charge within the same five-year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof are taxed according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation) and may benefit from an allowance of up to EUR 50,000 granted for a ten-year period (which is doubled for taxpayers who are jointly taxable).

Capital gains realized upon the disposal of the Company's shares by a resident individual shareholder, who acts in the course of his professional or business activity, are subject to income tax at ordinary progressive rates. Taxable gains are determined as being the difference between the price for which the Company's shares have been disposed of and the lower of their cost or book value.

### **3.3 Luxembourg fully-taxable corporate residents**

#### ***Dividends***

Dividends and other payments made by the Company to a Luxembourg fully-taxable company or to a Luxembourg permanent establishment of a foreign company or of non-resident individuals are generally subject to a combined corporate income tax rate of 27.08% (for resident corporate taxpayers established in Luxembourg City), unless the conditions of article 166 of the Luxembourg income tax law, as amended, ("**LITL**") in relation to the Luxembourg participation exemption, as described below, are satisfied.

If the conditions of the participation exemption are not met, 50% of the gross amount of dividends received by Luxembourg resident fully-taxable companies from the Company can be exempt from income tax under certain circumstances.

A tax credit may under certain conditions, be granted for foreign withholding taxes if levied by the country of residency of the Company.

Under the Luxembourg participation exemption, dividends derived from the Company's shares may be exempt from income tax at the level of the corporate resident shareholder if cumulatively (i) the shareholder is (a) a

Luxembourg fully-taxable resident collective entity taking one of the forms listed in the appendix to paragraph 10 of article 166 LITL, or (b) a fully taxable resident corporation not listed in the appendix to paragraph 10 of article 166 LITL, or (c) a Luxembourg permanent establishment of a company covered by article 2 of the Parent-Subsidiary Directive, or (d) a Luxembourg permanent establishment of a foreign company resident in a country having a tax treaty with Luxembourg, or (e) a Luxembourg permanent establishment of a collective entity or a cooperative company, resident in the EEA other than a EU Member State, (“Qualified Parent” or “Qualified Permanent Establishment”), and (ii) the Company is a collective entity referred to in article 2 of the Parent-Subsidiary Directive, and (iii) at the time the dividend is put at the shareholder’s disposal, the shareholder has held or commits to hold for an uninterrupted period of at least twelve months a qualified shareholding (“**Qualified Shareholding**”). A Qualified Shareholding means shares representing a direct participation of at least 10% in the share capital of the Company or a direct participation of an acquisition price of at least EUR 1.2 million.

The above exemption is not applicable if the dividends distributed (i) would be tax deductible in the country of residence of the Company; or (ii) have been granted within the frame of an arrangement or a series of arrangements which, having been put into place for the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the Parent–Subsidiary Directive, are not genuine having regard to all relevant facts and circumstances. An arrangement or a series of arrangements shall be regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality.

Expenses, including interest expenses and impairments, in direct economic relation with the shareholding held by a resident corporate shareholder should not be deductible for income tax purposes up to the amount of any exempt dividend derived during the same fiscal year. Expenses exceeding the amount of the exempt dividend received from such shareholding during the same fiscal year should remain deductible for income tax purposes.

If the conditions of the Luxembourg participation exemption, as described above, are not met, 50% of the gross amount of dividends may however be exempt from corporate income tax in accordance with article 115 paragraph (15a) LITL if such dividends are received from the Company that is referred to in article 2 of the Parent-Subsidiary Directive. A tax credit may further be granted for German withholding taxes, provided it does not exceed the corresponding Luxembourg corporate tax on the dividends and other payments derived from German source income.

### ***Liquidation proceeds***

Liquidation proceeds when received are assimilated to a received dividend and may be exempt under the same conditions as above explained under “- Dividends”.

### ***Capital gains***

Capital gains realized by a Luxembourg fully-taxable resident company on the disposal of the Company’s shares are subject to income tax at ordinary rates, unless the conditions of the participation exemption are satisfied. Under the participation exemption, capital gains realized on the Company’s shares may be exempt from income tax at the level of the shareholder if cumulatively (i) the shareholder is a Qualified Parent, and (ii) at the time the capital gain is realized, the shareholder has held or commits to hold for an uninterrupted period of at least twelve months shares representing a direct participation of at least 10% in the share capital of the Company or a direct participation of an acquisition price of at least EUR 6 million. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

Capital gains realized upon the disposal of shares should remain taxable for an amount corresponding to the sum of the expenses related to the shareholding and impairments recorded on the shareholding that reduced the taxable basis of the resident corporate shareholder in the year of disposal or in previous fiscal years.

For the purposes of the participation exemption explained above under “- Dividends” and “- Capital gains”, shares held through a Luxembourg tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity. Whether a foreign entity can also be considered as tax transparent from a Luxembourg tax perspective for the purpose of this rule needs to be analyzed on a case by case basis.

### 3.4 Luxembourg residents benefiting from a special tax regime

Shareholders, who are Luxembourg resident companies benefiting from a special tax regime, such as (i) an undertaking for collective investment governed by the law of December 17, 2010 (as amended), (ii) a specialized investment fund governed by the law of February 13, 2007 (as amended) or (iii) a family wealth management company governed by the law of May 11, 2007 (as amended) or (iv) a company governed by the law of July 23, 2016 on reserved alternative investment funds not having elected for the regime of investment company in risk capital as referred to in the law of June 15, 2004 on venture capital vehicles (as amended) are exempt from income tax in Luxembourg. Dividends and capital gains derived from the Company's shares are thus not subject to Luxembourg income tax in the hands of such shareholders.

## 4 Net Wealth Tax

Whilst non-resident corporate taxpayers may only be subject to net wealth tax on their Luxembourg wealth, resident corporate taxpayers are in principle subject to net wealth tax at the rate of 0.5% for net wealth up to EUR 500 million and at 0.05% for net wealth exceeding this threshold, unless a double tax treaty provides for an exemption or the asset may benefit from the Luxembourg participation exemption regime. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at 1 January of each year. The unitary value is basically calculated as the difference between (a) assets estimated at their fair market value and (b) liabilities vis-à-vis third parties, unless one of the exceptions mentioned below are satisfied.

A resident corporate shareholder will be subject to net wealth tax on shares, except if the shareholder is (i) a resident individual taxpayer, (ii) an undertaking for collective investment subject to the law of December 17, 2010 (as amended), (iii) a securitization company governed by the law of March 22, 2004 (as amended), (iv) a company governed by the law of June 15, 2004 on venture capital vehicles (as amended), (v) a specialized investment fund governed by the law of February 13, 2007 (as amended) (vi) a pension-saving company as well as a pension-saving association, both governed by the law of 13 July 2005 (as amended) or (vii) a family wealth management company governed by the law of May 11, 2007 (as amended) or (vi) a company governed by the law of July 23, 2016 on reserved alternative investment funds. Under the participation exemption, a Qualified Shareholding held in the Company by a Qualified Parent or attributable to a Qualified Permanent Establishment may be exempt from net wealth tax.

A resident corporate shareholder may further be subject to either a minimum net wealth tax of €4,815 or to a progressive minimum net wealth tax from €535 to €32,100, which depends on the total assets on their balance sheet. The minimum net wealth tax of €4,815 will be applicable for a resident corporate shareholder, which has a minimum of 90% of fixed financial assets, transferable securities and cash at bank on its balance sheet, except if its accumulated fixed financial assets do in addition not exceed €350,000, in which case it may benefit from the a minimum net wealth tax of €535. Items (e.g. real estate properties or assets allocated to a permanent establishment) located in a treaty country, where the latter has the exclusive tax right, are not considered for the calculation of the 90% threshold.

A specialized investment fund governed by the law of February 13, 2007 (as amended) on specialized investment funds, or a family wealth management company governed by the law of May 11, 2007 (as amended) on family estate management companies, or an undertaking for collective investment governed by the law of December 17, 2010 (as amended) on undertakings for collective investment, or a reserved alternative investment fund governed by the law of July 23, 2016 which does not invest in risk capital is not subject to minimum net wealth tax.

## 5 Other Taxes

There is, in principle, no Luxembourg registration tax, stamp duty or other similar tax or duty payable by the shareholders in Luxembourg by reason only of the issuance or transfer of the Company's shares.

However a registration duty may be due in the case where (i) the deed acknowledging the issuance/disposal of shares is either attached (*annexé*) to a deed subject to a mandatory registration in Luxembourg (e.g. public deed) or lodged with a notary's records (*déposé au rang des minutes d'un notaire*), or (ii) in case of a registration of such deed on a voluntary basis.

Gift tax may be due on a gift or donation of the Company's shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

## **6 Automatic exchange of information**

The European Union Savings Directive (Council Directive 2003/48/EC) has been repealed as from January 1, 2016 to prevent overlap with a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the Field of Taxation as amended by Council Directive 2014/107/EU ("**DAC II**"). DAC II establishes the Common Reporting Standard ("**CRS**") and extends the automatic exchange of information. Relationships with non-EU countries are ruled by means of multilateral agreements. Luxembourg, as a European Union Member State, has implemented DAC II and CRS in its national legislation by the Law of December 18, 2015 (the "**CRS Law**"). This law is in force since January 1, 2016. The first report was due by June 30, 2017 with respect to the 2016 calendar year.

The CRS requires Luxembourg financial institutions to collect and report to the Luxembourg tax authorities' information on financial accounts held directly or indirectly, by account holders that are tax residents in a CRS jurisdiction. The Luxembourg tax authorities will in turn communicate this information to the tax authorities in the country or countries in which each account holder is tax resident.

Holders of Shares are hereby informed that the ownership of the Shares may be object of reporting under the CRS and the multilateral agreement entered into by Luxembourg.

## **PART X: RECENT DEVELOPMENTS AND OUTLOOK**

Voltabox has established itself as an innovative and leading manufacturer of high-quality, reliable and high-performance battery systems based on Li-Ion technology in certain E-Mobility submarkets. Voltabox expects to be able to grow significantly in the 2017 fiscal year, as a result of its current competitive position and the extensive investments made in recent years, being the expansion of our core business, the development, manufacturing and marketing of rechargeable high-performance battery systems with integrated battery management systems based on Li-Ion technology. These high-performance battery systems are used in a broad spectrum of applications including, public transportation vehicles, commercial and industrial vehicles as well as intralogistics applications (such as forklifts).

The Management Board expects Voltabox Group's revenue to grow from approximately €14.5 million in the 2016 fiscal year (based on the Combined Financial Statements (IFRS) for the 2016 fiscal year) to approximately €25 million in the 2017 fiscal year and expects a positive EBIT (earnings before interest and taxes) for the Voltabox Group.

The Management Board further expects to invest approximately €7 million in the 2017 fiscal year, consisting of own work capitalized (€5 million) as well as new and replacement investments in machinery (€2 million).

By resolution of the Company's extraordinary general shareholders' meeting held on September 6, 2017 and September 20, 2017 the Company's share capital was increased against contributions in-kind from €100,000.00 by €9,900,000.00 to €10,000,000.00. The contribution in-kind consisted of a shareholder loan by our Parent Company paragon AG amounting to €9,900,000.00 which was contributed pursuant to a contribution and transfer agreement dated September 6, 2017. The capital increase was registered with the competent commercial register held at the local court of Paderborn on September 21, 2017.

Apart from this, there have been no significant changes to the financial condition and results of operations of the Company since June 30, 2017 until the date of this Prospectus. No further significant change in the Group's financial or trading position has occurred since June 30, 2017.

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## PART Y: FINANCIAL SECTION

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**Voltabox AG**  
**Unaudited Condensed Interim Consolidated Financial**  
**Statements of Voltabox AG as of and for the six months ended**  
**June 30, 2017 (IFRS)**

**Condensed Interim Consolidated Financial Statements:  
Consolidated Statement of Comprehensive Income of Voltabox AG, Delbrück  
for the Period from January 1 to June 30, 2017 (IFRS)**

in € thousands	1/1– 6/30/2017	1/1– 6/30/2016*
<b>Revenue</b> .....	<b>10,594</b>	<b>4,514</b>
Other operating income .....	71	133
Increase or decrease in inventory of finished goods and work in progress .....	845	747
Other own work capitalized .....	2,059	1,713
<b>Total operating performance</b> .....	<b>13,569</b>	<b>7,107</b>
Cost of materials .....	-7,291	-4,594
<b>Gross profit</b> .....	<b>6,278</b>	<b>2,513</b>
Personnel expenses .....	-2,803	-1,792
Depreciation of property, plant and equipment and amortization of intangible assets .....	-945	-757
Impairment of property, plant and equipment and intangible assets .....	0	0
Other operating expenses .....	-3,277	-1,507
<b>Earnings before interest and taxes (EBIT)</b> .....	<b>-747</b>	<b>-1,543</b>
Financial income .....	0	0
Financial expenses .....	-258	-137
<b>Financial result</b> .....	<b>-258</b>	<b>-137</b>
<b>Earnings before taxes (EBT)</b> .....	<b>-1,005</b>	<b>-1,680</b>
Income taxes .....	375	-155
Profit transfer .....	0	0
<b>Consolidated net income</b> .....	<b>-630</b>	<b>-1,835</b>
<b>Other comprehensive income</b>		
Currency translation reserve .....	75	0
<b>Total comprehensive income</b> .....	<b>-555</b>	<b>-1,835</b>

\* Since Voltabox group started its business January 1, 2017, comparative figures for the prior year period were derived from the Combined Financial Statements (IFRS) of Voltabox AG for the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014 and the comparability of these figures is therefore limited.

**Condensed Interim Consolidated Financial Statements:  
Consolidated Balance Sheet of Voltabox AG, Delbrück  
for the Period from January 1 to June 30, 2017 (IFRS)**

in € thousands	6/30/2017	12/31/2016
<b>ASSETS</b>		
<b>Noncurrent assets</b>		
Intangible Assets	14,334	12,908
Goodwill	3,187	3,187
Property, plant and equipment	8,238	9,377
	<b>25,759</b>	<b>25,472</b>
<b>Current assets</b>		
Inventories	4,667	3,955
Trade receivables	6,620	5,776
Receivables from related parties	3,927	2,539
Income tax assets	21	–
Other assets	515	343
Cash and cash equivalents	2,380	940
	<b>18,130</b>	<b>13,553</b>
<b>Total assets</b>	<b>43,889</b>	<b>39,025</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Equity</b>		
Subscribed capital	100	100
Capital reserve	1,244	1,244
Profit/loss carried forward	4,630	4,337
Consolidated net income	-630	-228
Currency translation differences	75	–
	<b>5,419</b>	<b>5,453</b>
<b>Noncurrent provisions and liabilities</b>		
Noncurrent finance lease liabilities	50	107
Noncurrent loans	3,910	4,539
Deferred tax liabilities	1,009	1,385
	<b>4,969</b>	<b>6,031</b>
<b>Current provisions and liabilities</b>		
Current portion of finance lease liabilities	16	39
Current loans and current portion of noncurrent loans	654	651
Trade payables	2,555	3,361
Liabilities to related parties	29,532	22,671
Other provisions	36	6
Other current liabilities	708	814
	<b>33,501</b>	<b>27,542</b>
<b>Total equity and liabilities</b>	<b>43,889</b>	<b>39,025</b>

**Condensed Interim Consolidated Financial Statements:  
Consolidated Statement of Cash Flows of Voltabox AG, Delbrück  
for the Period from January 1 to June 30, 2017 (IFRS)**

in € thousands	1/1-6/30/2017 <sup>1</sup>
<b>Earnings before taxes (EBT)</b> . . . . .	<b>-1,005</b>
Depreciation/amortization of noncurrent assets . . . . .	945
Financial result . . . . .	258
Gains (-) / losses (+) from the disposal of property, plant and equipment and financial assets . .	-8
Increase (+) / decrease (-) in other provisions . . . . .	30
Other non-cash income and expenses . . . . .	1,046
Increase (-) / decrease (+) in trade receivables, other receivables, and other assets . . . . .	-2,428
Impairment of intangible assets . . . . .	0
Increase (-) / decrease (+) in inventories . . . . .	-712
Increase (+) / decrease (-) in trade payables and other liabilities <sup>2</sup> . . . . .	6,533
Interest paid . . . . .	-258
Income taxes . . . . .	0
<b>Cash flow from operating activities</b> . . . . .	<b>4,401</b>
Cash receipts from disposals of property, plant and equipment . . . . .	0
Cash payments for investments in property, plant and equipment . . . . .	-376
Cash payments for investments in intangible assets . . . . .	-2,106
Interest received . . . . .	0
<b>Cash flow from investing activities</b> . . . . .	<b>-2,482</b>
Cash payments for loan repayments . . . . .	-769
Cash proceeds from loans taken out . . . . .	321
Cash payments for finance lease liabilities . . . . .	-31
Cash inflow from equity contributions . . . . .	0
<b>Cash flow from financing activities</b> . . . . .	<b>-479</b>
Cash-effective change in liquidity . . . . .	1,440
Cash and cash equivalents at beginning of period . . . . .	940
Cash and cash equivalents at end of period . . . . .	2,380

1 Since Voltabox group started its business as a consolidated group of companies only on January 1, 2017, comparative figures of the cash flow statement for the six months ended June 30, 2016 are not available because at such time Voltabox Group did not yet exist. The presented figures were derived from the Combined Financial Statements (IFRS) of Voltabox AG for the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014 and the comparability of these figures is therefore limited.

2 The increase (+) / decrease (-) in trade payables and other liabilities, which are disclosed by the company within the cash flow from operating activities also include the change in liabilities of shareholder loans, payables and profit/loss agreements in the amount of TEUR 2,406. If these amounts would be disclosed in the cash flow from financing activities, it would increase to TEUR 1,927, whereas the cash flow from operating activities would decrease to TEUR 1,995.

**Condensed Interim Consolidated Financial Statements:  
Consolidated Statement of Changes in Equity of Voltabox AG, Delbrück  
for the Period from January 1 to June 30, 2017 (IFRS)**

in € thousands	Subscribed capital	Capital reserve	Currency translation reserve	Balance sheet profit		Total
				Profit carried forward	Consolidated net income	
<b>January 01, 2017</b> . . . . .	<b>100</b>	<b>1,244</b>	<b>0</b>	<b>4,108</b>	<b>0</b>	<b>5,452</b>
Consolidated net income . . . . .	0	0	0	0	-630	-630
Currency translation . . . . .	0	0	75	0	0	75
Other comprehensive income . . . . .	0	0	0	522	0	522
<b>June 30, 2017</b> . . . . .	<b>100</b>	<b>1,244</b>	<b>75</b>	<b>4,630</b>	<b>-630</b>	<b>5,419</b>

## **Condensed Notes to the Consolidated Interim Financial Statements as of June 30, 2017**

### **Accounting Principles**

The consolidated interim financial statements of Voltabox AG as of June 30, 2017, have been prepared in accordance with uniform accounting and valuation principles issued by the International Financial Reporting Standards (IFRS), which were also applied in the consolidated financial statements as of December 31, 2016. The Standards of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid as of the end of the reporting period shall apply.

The form and content of the consolidated half-year report comply with the reporting requirements of the Deutsche Börse. The existing scope of consolidation includes Voltabox of Texas, Inc.

### **Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows**

The chapters "Financial Position and Net Assets" and "Financial Performance" provide a detailed overview and specific explanations regarding the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows of Voltabox AG.

### **Management Board and Supervisory Board**

As of June 30, 2017, there have been no changes in the composition of the management and supervisory bodies compared to December 31, 2016.

### **Events After the Balance Sheet Date**

No material events occurred after the balance sheet date.

### **Related Party Disclosures**

As of June 30, 2017, there have been no changes in the composition of related parties compared to December 31, 2016.

**Voltabox AG**  
**Audited Combined Financial Statements of Voltabox AG as of**  
**and for the fiscal years ended**  
**December 31, 2016, 2015 and 2014 (IFRS)**



### Consolidated Income Statement of Voltabox AG, Delbrück

in € thousands	Note	1/1-12/31/2016	1/1-12/31/2015	1/1-12/31/2014
<b>Revenue</b> . . . . .	6	<b>14,493</b>	<b>7,405</b>	<b>4,554</b>
Other operating income . . . . .	7	67	1,207	368
Increase or decrease in inventory of finished goods and work in progress . . . . .		-197	594	321
Other own work capitalized . . . . .	8	6,035	5,308	2,276
<b>Total operating performance</b> . . . . .		<b>20,398</b>	<b>14,514</b>	<b>7,519</b>
Cost of materials . . . . .	9	-13,405	-8,282	-4,077
<b>Gross profit</b> . . . . .		<b>6,993</b>	<b>6,232</b>	<b>3,442</b>
Personnel expenses . . . . .	10	-4,113	-3,155	-1,521
Depreciation of property, plant and equipment and amortization of intangible assets . . . . .	12	-1,540	-1,079	-292
Impairment of property, plant and equipment and intangible assets . . . . .	12	0	-6	0
Other operating expenses . . . . .	11	-5,015	-3,865	-2,045
<b>Earnings before interest and taxes (EBIT)</b> . . . . .		<b>-3,675</b>	<b>-1,873</b>	<b>-416</b>
Financial income . . . . .		0	0	0
Finance expenses . . . . .		-534	-466	-22
<b>Financial result</b> . . . . .	13	<b>-534</b>	<b>-466</b>	<b>-22</b>
<b>Earnings before taxes (EBT)</b> . . . . .		<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Income taxes . . . . .	14	-475	-637	-169
Profit transfer* . . . . .		4,456	4,963	0
<b>Consolidated net income</b> . . . . .		<b>-228</b>	<b>1,987</b>	<b>-607</b>

### Consolidated Statement of Comprehensive Income of Voltabox AG, Delbrück

in € thousands	Note	1/1-12/31/2016	1/1-12/31/2015	1/1-12/31/2014
<b>Consolidated net income</b> . . . . .		<b>-228</b>	<b>1,987</b>	<b>-607</b>
<b>Total comprehensive income</b> . . . . .		<b>-228</b>	<b>1,987</b>	<b>-607</b>

\* Profit and loss transfer agreement with paragon AG as of 1/1/2015

### Consolidated Balance Sheet of Voltabox AG, Delbrück

in € thousands	Note	12/31/2016	12/31/2015	12/31/2014
<b>ASSETS</b>				
<b>Noncurrent assets</b>				
Intangible assets . . . . .	15.17	12,908	7,388	2,465
Goodwill . . . . .	17	3,187	2,417	924
Property, plant and equipment . . . . .	16.17	9,377	9,343	3,918
		<b>25,472</b>	<b>19,148</b>	<b>7,307</b>
<b>Current assets</b>				
Inventories . . . . .	18	3,955	3,304	1,100
Trade receivables . . . . .	19	5,776	4,191	3,812
Receivables from related parties . . . . .		2,539	1,814	1,109
Other assets . . . . .	20	343	258	170
Cash and cash equivalents . . . . .	21	940	771	726
		<b>13,553</b>	<b>10,338</b>	<b>6,916</b>
<b>Total assets</b> . . . . .		<b>39,025</b>	<b>29,486</b>	<b>14,223</b>
<b>LIABILITIES AND EQUITY</b>				
<b>EQUITY</b> . . . . . 22				
Subscribed capital . . . . .		100	50	50
Capital reserve . . . . .		1,244	494	494
Profit/loss carried forward . . . . .		4,337	1,804	1,052
Consolidated net income . . . . .		-228	1,987	-607
		<b>5,453</b>	<b>4,335</b>	<b>989</b>
<b>Noncurrent provisions and liabilities</b>				
Noncurrent finance lease liabilities . . . . .	23	107	63	0
Noncurrent loans . . . . .	24	4,539	4,718	1,071
Deferred tax liabilities . . . . .		1,385	910	273
		<b>6,031</b>	<b>5,691</b>	<b>1,344</b>
<b>Current provisions and liabilities</b>				
Current portion of finance lease liabilities . . . . .	23	39	31	81
Current loans and current portion of noncurrent loans . . . . .	24	651	581	465
Trade payables . . . . .		3,361	2,882	675
Liabilities to related parties . . . . .		22,671	15,434	10,585
Other provisions . . . . .		6	22	4
Other current liabilities . . . . .	25	814	510	80
		<b>27,542</b>	<b>19,460</b>	<b>11,890</b>
<b>Total equity and liabilities</b> . . . . .		<b>39,025</b>	<b>29,486</b>	<b>14,223</b>

**Consolidated Statement of Cash Flows of Voltabox AG, Delbrück**

in € thousands	Note	1/1-12/31/2016	1/1-12/31/2015	1/1-12/31/2014
<b>Earnings before taxes (EBT)</b> . . . . .		<b>-4,209</b>	<b>-2,339</b>	<b>-438</b>
Depreciation/amortization of noncurrent assets . . . . .		1,540	1,079	292
Financial result . . . . .		534	466	22
Gains (-) / losses (+) from the disposal of property, plant and equipment and financial assets . . . . .		199	-8	-4
Increase (+) / decrease (-) in other provisions . . .		-15	18	4
Other non-cash expenses and income . . . . .		-1,786	-1,530	-1,595
Increase (-) / decrease (+) in trade receivables, other receivables, and other assets . . . . .		2,559	-1,822	-5,090
Impairment of intangible assets . . . . .		0	6	0
Increase (-) / decrease (+) in inventories . . . . .		-652	-2,204	-1,100
Increase (+) / decrease (-) in trade payables and other liabilities* . . . . .		8,951	14,492	13,099
Interest paid . . . . .		-534	-466	-23
Income taxes . . . . .		0	0	104
<b>Cash flow from operating activities</b> . . . . .	29	<b>6,588</b>	<b>7,692</b>	<b>5,271</b>
Cash received from disposals of property, plant and equipment . . . . .		0	9	9
Cash paid for investments in property, plant, and equipment . . . . .		-1,306	-6,410	-3,862
Cash paid for investments in intangible assets . . .		-4,904	-4,988	-2,147
Interest received . . . . .		0	0	0
<b>Cash flow from investing activities</b> . . . . .	29	<b>-6,210</b>	<b>-11,389</b>	<b>-6,000</b>
Cash paid for loan repayments . . . . .		-499	-397	-97
Cash proceeds from loans taken out . . . . .		321	4,161	1,633
Cash paid for finance lease liabilities . . . . .		-31	-22	-82
Cash inflow from equity contributions . . . . .		0	0	0
<b>Cash flow from financing activities</b> . . . . .	29	<b>-209</b>	<b>3,742</b>	<b>1,454</b>
Cash-effective change in liquidity . . . . .		169	45	726
Cash and cash equivalents at beginning of period . . . . .		771	726	0
Cash and cash equivalents at end of period . . . . .		940	771	726

\* The Increase (+) / decrease (-) in trade payables and other liabilities, which are disclosed by the company within the cash flow from operating activities also include the change in liabilities of shareholder loans, payables and profit/loss agreements in the amount of TEUR 2,275 (2015: TEUR 4,848; 2014: TEUR 10,585). If these amounts would be disclosed in the cash flow from financing activities, it would increase to TEUR 2,066 (2015: TEUR 8,590; 2014: TEUR 12,039), whereas the cash flow from operating activities would decrease to TEUR 4,313 (2015: TEUR 2,844; 2014: TEUR -5,314).

**Statement of Changes in Equity of Voltabox AG, Delbrück**

in € thousands	Subscribed capital	Capital reserve	Balance sheet profit		Total
			Profit carried forward	Consolidated net income	
<b>January 1, 2014</b> .....	<b>50</b>	<b>494</b>	<b>1,052</b>	<b>0</b>	<b>1,596</b>
Consolidated net income .....	0	0	0	-607	-607
Other comprehensive income .....	0	0	0	0	0
<b>December 31, 2014</b> .....	<b>50</b>	<b>494</b>	<b>1,052</b>	<b>-607</b>	<b>989</b>

in € thousands	Subscribed capital	Capital reserve	Balance sheet profit		Total
			Profit carried forward	Consolidated net income	
<b>January 1, 2015</b> .....	<b>50</b>	<b>494</b>	<b>445</b>	<b>0</b>	<b>989</b>
Consolidated net income .....	0	0	0	1,987	1,987
Other comprehensive income/PPA .....	0	0	1,359*	0	1,359
<b>December 31, 2015</b> .....	<b>50</b>	<b>494</b>	<b>1,804</b>	<b>1,987</b>	<b>4,335</b>

in € thousands	Subscribed capital	Capital reserve	Balance sheet profit		Total
			Profit carried forward	Consolidated net income	
<b>January 1, 2016</b> .....	<b>50</b>	<b>494</b>	<b>3,790</b>	<b>0</b>	<b>4,334</b>
Consolidated net income .....	0	0	0	-228	-228
Other comprehensive income/PPA* .....	0	0	547*	0	547
Capital increase .....	50	750	0	0	800
<b>December 31, 2016</b> .....	<b>100</b>	<b>1,244</b>	<b>4,337</b>	<b>-228</b>	<b>5,453</b>

\* These adjustment entries result from the consolidation entries necessary to prepare the combined financial statements of Voltabox AG. The increase in profit carried forward is mainly due to the write-ups to goodwill recognized directly in equity, which resulted in the elimination of the balance sheet item currency differences from the translation of the local Voltabox of Texas Inc. and an increase of the profit carried forward item. Further information can be found in the section *Consolidation Methods*.

## Notes to the Combined Financial Statements of Voltabox AG

### Information about Voltabox AG

#### (1) General Information

Voltabox Aktiengesellschaft (hereafter “Voltabox AG” or “Voltabox”) is a joint stock corporation incorporated under German law. The company’s headquarters are located at Artegastrasse 1, Delbrück, Germany. Voltabox AG is registered in the commercial register of the district court of Paderborn (HRB 12895). Voltabox develops and manufactures battery systems for the field of electromobility.

### Accounting Principles

#### (2) Application of International Financial Reporting Standards (IFRS)

The combined consolidated financial statements of Voltabox AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, as adopted by the European Union (EU) and applicable on the balance sheet date, and in accordance with the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC). The IFRSs do not contain any specific rules for the preparation of combined financial statements. For this reason, IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (IAS 8) is to be used for the preparation of combined financial statements.

For the combined financial statements of Voltabox AG presented below, the method of book value continuation was applied in accordance with the rules on business combinations under common control. The combined financial statements of Voltabox AG comprise the Voltabox companies and the business activities assigned to Voltabox as they were historically included in the consolidated financial statements (IFRS) of paragon AG. In doing so, Voltabox AG generally uses the same accounting principles and values for the preparation of the combined financial statements that were also applied to the preparation of the consolidated financial statements (IFRS) of paragon AG. Adjustments to this approach were made with regard to transactions with paragon Group companies. Transactions between Voltabox AG and the rest of the paragon Group were accounted for in accordance with IFRS and classified as transactions with related parties. IFRS accounting standards, which were applied for the first time by paragon AG in fiscal years 2014 to 2016, were also applied in the combined financial statements of Voltabox AG according to their respective initial application dates at paragon.

The consolidated financial information of the combined companies and business activities of Voltabox AG (IFRS) are respectively prepared in accordance with the reporting date of the combined financial statements. The valuation period of the combined financial statements is the same as that of paragon’s consolidated financial statements.

#### Scope of Consolidation

Name and Location of the Company	Shareholdings	Consolidation Status
<b>USA</b>		
Voltabox of Texas, Inc. . . . .	100%	Consolidated subsidiary

In addition to the parent company, Voltabox AG, Delbrück, Germany, one subsidiary is fully consolidated. The balance sheet date for all companies is December 31.

#### Consolidation Methods

The consolidated financial statements are based on the financial statements of the companies included in the Group, which were prepared using uniform accounting policies under IFRS as of December 31, 2016.

The capital consolidation is performed using the acquisition method in accordance with IAS 27.22 in conjunction with IFRS 3. The carrying amount for the investments in associates recorded by the parent companies is replaced by the fair value of the assets and liabilities of the associates included in the consolidation. As a result, the equity of the subsidiaries is compared with the carrying amount of the investment recorded by the parent company. Any remaining excess from consolidation is reported as goodwill under noncurrent assets. The initial consolidation of the Voltabox AG subgroup took place on January 1, 2017 / December 31, 2016. In these combined financial statements, the initial consolidation is retroactively applied to the previous three fiscal years as though the Voltabox subgroup had existed during this period. On the basis of this assumption, goodwill was determined as follows:

	<u>1/1/2017 / 12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€	€
Stake in Voltabox AG . . . . .	100	100	100
Equity of Voltabox Texas, Inc . . . . .	-3,186,628	-2,416,651	-923,919
Difference/goodwill . . . . .	3,186,728	2,416,751	924,019

Due to the retroactive determination of goodwill, the goodwill was not subject to an impairment test pursuant to IFRS 3 in conjunction with IAS 36.

The elimination of the equity of Voltabox Texas mainly relates to the currency translation differences and profit carried forward items. In addition, debt consolidation was carried out, as was consolidation of income and expenses. The differences arising from the consolidation of income and expenses were offset through profit or loss.

Assets arising from intercompany deliveries that are recognized in noncurrent assets and inventories were adjusted for interim profit and loss.

**(3) Currency Translation**

In Voltabox’s consolidated financial statements, receivables and liabilities denominated in foreign currencies are measured at the transaction rate in effect at the date they are initially recognized, and subsequently adjusted to the exchange rate applicable as of the balance sheet date. Exchange rate gains and losses are recognized in profit and loss under other operating income or other operating expenses.

Exchange rate losses of € 77 thousand (2015: € 49 thousand; 2014: € 13 thousand) and exchange rate gains of € 111 thousand (2015: € 1,145 thousand; 2014: € 54 thousand) from operating activities are contained in the consolidated income statement. These exchange rate differences are reported in other operating expenses and other operating income, respectively.

The difference from the conversion of the annual financial statements of Voltabox Texas Inc. prepared in USD to EUR is fully consolidated directly in equity within the scope of the consolidation entries and is part of goodwill.

The exchange rates of the currencies significant to the Voltabox Group were as follows:

	Avg. balance sheet exchange rate as of 12/31	Avg. income statement exchange rate	Avg. balance sheet exchange rate as of 12/31	Avg. income statement exchange rate	Avg. balance sheet exchange rate as of 12/31	Avg. income statement exchange rate
	Jan-Dec 2016		Jan-Dec 2015		Jan-Dec 2014	
Foreign currency for 1 EUR						
US dollar (USD) . . . . .	1,0520	1,0538	1,0907	1,1103	1,2155	1,3293

**(4) Description of Accounting Policies and Measurement Methods**

The consolidated financial statements were prepared in euros (€). The reporting currency as defined in IAS 21 “The Effects of Changes in Foreign Exchange Rates” is the euro. Unless stated otherwise, all amounts are

stated in thousands of euros (€ thousand). The reporting period for Voltabox includes the period from January 1 to December 31, 2016, and the reference periods 2015 and 2014 in these combined financial statements. Individual items in the balance sheet and the consolidated statement of comprehensive income have been combined in order to provide better clarity and transparency. Where this has occurred, the items are explained individually in the notes to the financial statements. The consolidated statement of comprehensive income is presented using the nature of expense method, as in previous periods. Assets and liabilities are classified into noncurrent and current assets and liabilities in the balance sheet; further details on their maturity are presented in the notes. Assets and liabilities are recognized as current if they mature within twelve months.

The consolidated financial statements comprise the consolidated balance sheet, the consolidated statement of comprehensive income, the notes to the consolidated financial statements, the consolidated cash flow statement, and the consolidated statement of changes in equity.

### **Intangible Assets**

Intangible assets acquired for monetary consideration are recognized in the balance sheet at their acquisition cost, taking into account ancillary costs and any purchase price reductions.

Research costs are recognized as expenses in the period in which they are incurred. Costs incurred in connection with the development of patents and customer-specific solutions are only recognized as intangible assets at their production cost when the costs are clearly attributable to the asset as required by IAS 38 "Intangible Assets," the technical feasibility and marketability or use is assured, and when the anticipated realization of future economic benefits has been demonstrated. The costs of production comprise all costs that are directly or indirectly attributable to the development process, as well as a proportionate share of necessary project-related overhead costs. If the asset recognition requirements are not fulfilled, development costs are directly expensed in profit or loss within other operating expenses in the year in which they are incurred. Subsequent to initial recognition, development costs are reported in the balance sheet at cost less cumulative amortization and cumulative impairment losses.

Intangible assets that have limited useful lives are amortized on a straight-line basis over their useful economic lifetimes. Amortization starts as soon as the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Intangible assets with indefinite useful lives are subject to annual impairment tests. At each balance sheet date, the carrying amounts of such intangible assets are examined in order to determine whether there are indications that the value of the asset may be impaired. An impairment test pursuant to IAS 36 "Impairment of Assets" was performed where there are such indicators. The residual values, useful lives, and amortization methods are reviewed at the end of each fiscal year and amended as necessary.

The useful lives for internal development costs correspond to the expected product life cycles and amount to between three to four years. The useful lives for licenses, patents, and software range from three to ten years.

### **Property, Plant and Equipment**

Additions to property, plant and equipment are measured at cost plus incidental acquisition costs and any purchase price reductions received. If the cost of individual components of an item of property, plant and equipment is significant when measured against the item's total purchase cost, then such components are recorded as separate assets and depreciated individually. Depreciation is recorded on a straight-line basis. The useful life for depreciation purposes ranges from 20 to 33 years for buildings, five to ten years for technical plants, and three to ten years for other equipment, operating and office equipment.

Fully depreciated noncurrent assets are presented under cost and accumulated depreciation until the asset is retired. Amortized cost and accumulated depreciation are deducted from the sales proceeds generated on disposal. Gains and losses generated on disposal (disposal proceeds less residual carrying amounts) are shown in the consolidated statement of comprehensive income under other operating income or other operating

expenses. All residual values, useful lives, and depreciation methods are reviewed annually and amended as necessary.

At each balance sheet date, the carrying amounts of property, plant and equipment (which are depreciated in accordance with their useful lives) are examined in order to determine whether there are indications that the value of the asset may be impaired. If such indicators exist, an impairment test is performed.

### **Leases**

Leases are classified as finance leases if all the risks and rewards associated with beneficial ownership of an asset are substantially transferred to Voltabox. Property, plant and equipment held under finance lease arrangements in accordance with IAS 17 “Leases” are capitalized at the lower of their fair value and the present value of the minimum lease payments at the beginning of the usage period. A liability is recognized in the balance sheet for the same amount, and, subsequent to initial recognition, measured at amortized cost using the effective interest method. The amortization methods and useful lives correspond to those of similar assets acquired under purchase arrangements.

A sale and leaseback transaction involves the sale of an asset owned and already used by the future lessee to the lessor, and the subsequent continued use of the asset by the lessee under a lease agreement. In this respect, two economically interdependent agreements are involved (purchase agreement and lease agreement). The transaction is accounted for as a single transaction, either as an operating lease or a finance lease, depending on the nature of the leaseback agreement.

### **Impairment of Nonfinancial Assets**

At each balance sheet date, an assessment takes place to ascertain whether there are any indications that the value of nonfinancial assets (in particular intangible assets with definite useful lives) are impaired. If there are indications of impairment, an estimation of the recoverable amount of the relevant asset is made. In accordance with IAS 36.6 “Impairment of Assets,” the recoverable amount reflects the higher of fair value less cost to sell and value in use of the asset or an identifiable group of assets that represent a cash-generating unit (CGU). If the carrying amount of an asset or a CGU exceeds the recoverable amount, the asset is impaired and written down to its recoverable amount.

For property, plant and equipment and intangible assets other than goodwill, an assessment is made at each balance sheet date to establish whether there is any indication that a previously recognized impairment loss no longer exists or has decreased. If there are such indications, an estimate of the recoverable amount of the asset or the CGU is made. A previously recognized impairment loss is reversed only if the assumptions used in determining the recoverable amount have changed since the last impairment loss was recognized. The reversal of the impairment loss is limited in that the carrying amount of an asset may not exceed its recoverable amount or the carrying amount that would have resulted after taking depreciation and amortization into account if no impairment loss had been recorded for the asset in earlier years.

### **Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A necessary requirement is that the rights or obligations are financial in nature, based on legal transactions in the form of agreements or contracts.

Financial assets primarily include cash and cash equivalents, trade receivables, loan receivables, other receivables, and primary and derivative financial assets held for trading. Financial assets are measured at either fair value or amortized cost depending on their classification. The fair values recorded in the balance sheet are generally measured using the market prices of the financial assets. Where no market prices are available, fair value is calculated using recognized valuation models and by referring to current market parameters.



Financial assets and derivative financial instruments held for trading are measured at fair value. Financial instruments classified as loans and receivables are accounted for at amortized cost. Amortized cost takes into account payments of principal and the amortization of any possible difference between the cost and the anticipated payment inflows at maturity, using the effective interest rate method, less any possible decreases from impairment due to uncollectibility.

As a rule, financial liabilities are contractual obligations to deliver cash or another financial asset. Pursuant to IAS 39 "Financial Instruments: Recognition and Measurement," this particularly includes trade payables, other current liabilities and liabilities to banks at Voltabox. Voltabox classifies financial liabilities under the measurement category of loans and receivables and measures these at amortized cost, taking into account principal payments and the amortization of any difference between the acquisition cost and the payment obligation due at maturity using the effective interest rate method.

Financial assets are derecognized once the contractual right to obtain cash flows from these financial assets has expired, or once Voltabox has transferred its contractual rights to obtain cash flows from the financial asset to a third party or has taken on a contractual obligation for immediate payment of the cash flow to a third party as part of an agreement that fulfills the conditions in IAS 39.19 (pass-through arrangement). If financial assets are transferred, it is important to take into account whether Voltabox has either (1) transferred all substantial risks and rewards connected with a financial asset, or (2) neither transferred nor retained any substantial risks or rewards associated with the financial asset, but has transferred the power to control the asset.

Voltabox recognizes a new asset, if (1) all contractual rights to cash flows from the asset have been transferred to Voltabox, or (2) the substantial risks and rewards associated with the asset have neither been transferred nor retained, but Voltabox has received the power to control the asset.

Financial liabilities are derecognized if the underlying obligation has been fulfilled, canceled or has expired. If an existing financial liability is replaced by another financial liability to the same creditor with significantly new contract terms, or if the terms of an existing liability are fundamentally changed, this replacement or change is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognized in profit or loss.

Financial assets and financial liabilities that are not denominated in euros are initially recognized at the average rate applicable on the transaction date and subsequently remeasured at each balance sheet date. Any currency translation differences that arise are recognized in profit or loss.

Financial assets and financial liabilities are shown as current in the balance sheet if they are either classified as held for trading or if they are expected to be settled within twelve months of the balance sheet date.

### **Income Taxes**

Income taxes contain both taxes that are payable on income and deferred taxes.

Income taxes payable for current and earlier periods are measured at the amount at which a refund from or payment to fiscal authorities is anticipated. The calculation of that amount is based on the current status of tax legislation and therefore on the tax rates that are in effect or that have been announced as of the balance sheet date.

Deferred taxes are recognized using the balance sheet liability method in accordance with IAS 12 "Income Taxes." Deferred tax assets and liabilities are recognized to reflect temporary differences between the carrying amount of a specific balance sheet item in the IFRS consolidated financial statements and its tax base (temporary concept). Deferred taxes are also recognized for future tax refund claims.

Deferred tax assets on deductible temporary differences and tax refund claims are recognized to the extent it can be assumed that they can be expected to be used in future periods, based on the availability of adequate taxable income.

The calculation of current and deferred taxes is based on judgments and estimates. If actual events deviate from these estimates, this could have a positive or negative impact on the assets, financial position and earnings. A deciding factor for the recoverability of deferred tax assets is the estimate of the probability of reversal of measurement differences or the usability of the tax loss carryforwards or tax benefits that led to recognition of the deferred tax assets. This is in turn dependent on the generation of future taxable profits during the period in which the tax loss carryforwards can be used. Deferred taxes are measured using the tax rates applicable at the time of realization based on the current legal situation as of the balance sheet date.

Current income tax assets and liabilities and deferred income tax assets and liabilities are only offset if it is legally permissible to do so and the deferred tax assets and liabilities relate to income taxes that have been levied by the same tax authority and if there is a legally enforceable right to offset current tax refund claims against current tax liabilities. Deferred taxes are reported as noncurrent in accordance with IAS 1.70.

### **Inventories**

Inventories were measured at the lower of cost or net realizable value. In accordance with IAS 2 "Inventories," the costs of conversion include all costs directly related to the products as well as a systematic allocation of fixed and variable production overheads. In addition to direct materials and direct labor, they therefore also contain proportional indirect materials and overheads. Administration and social welfare expenses are taken into account provided they can be attributed to production. Financing costs are not recognized as part of the cost of acquisition or conversion because the assets do not meet qualification criteria. Inventory risks resulting from the storage period and reduced usability were taken into account during the calculation of the net realizable value by applying appropriate write-downs. Lower values at the end of the reporting period resulting from reduced selling prices were also taken into account. Raw materials, consumables, and supplies as well as merchandise are primarily measured using the moving average method.

### **Trade Receivables and Other Current Assets**

Trade receivables are classified as loans and receivables and recognized at amortized cost less any necessary write-downs. Write-downs in the form of specific valuation allowances take sufficient account of the expected default risks. Specific defaults lead to the derecognition of the receivables concerned. The calculation of write-downs for doubtful receivables is primarily based on estimates and evaluations of the creditworthiness and solvency of the respective customer.

Other current assets are measured at amortized cost, taking into account necessary write-downs sufficient to cover the expected default risks. If recourse to the courts is made for the collection of these receivables, Voltabox firmly expects that the amounts recognized in the balance sheet will be fully enforceable. Where these represent financial assets (financial instruments), they are classified as loans and receivables.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash and bank balances with original maturities of up to three months. They are measured at nominal value. Foreign currency items are measured at fair value. The total of cash and cash equivalents reported in the cash flow statement corresponds to the cash and cash equivalents stated in the balance sheet (cash and bank balances). As of December 31, 2016, the Group reported receivables of € 61 thousand (2015: € 0 thousand; 2014: € 360 thousand) relating to factoring agreements under cash and cash equivalents.

### **Other Provisions**

Other provisions are recognized in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets," when paragon has a legal or constructive present obligation to third parties as a result of a past event that is likely to lead to an outflow of resources. Provisions are measured based on a best estimate of the expenditure needed to discharge the liability. Reimbursement claims are not offset against these amounts. Each situation is evaluated separately to determine the probability that pending proceedings will be

successful, or to qualify the possible amount of the payment obligations. In each case, the most probable settlement amount has been taken into account. Noncurrent provisions have been measured at their discounted settlement amount as of the balance sheet date.

Due to the uncertainty associated with these evaluations, the actual settlement obligation or the actual outflow of resources embodying economic benefits may deviate from the original estimates and, accordingly, from the amounts of the provisions made. In addition, estimates may change based on subsequent new information, which may have a substantial impact on the future earnings position.

#### **Financial Liabilities and Equity Instruments**

Financial liabilities are classified in accordance with the economic substance of the underlying agreements.

#### **Trade Payables and Other Current Liabilities**

Trade payables and other current liabilities do not bear interest and are recognized at their nominal amounts.

#### **Recognition of Income and Expenses**

Income is recognized when it is probable that economic benefits will flow to Voltabox and the amount of the income can be measured reliably. Income is measured at the fair value of the consideration received. Sales tax and other levies are not included. If transactions provide for a declaration of acceptance on the part of the purchaser, the related revenue is only recognized once such a declaration has been issued. If the sale of products and services includes multiple delivery and service components (multiple element arrangements), such as varying remuneration agreements in the form of prepayments, milestone payments and similar payments, a review takes place to ascertain whether revenue should be recognized separately for partial sales at different points in time. Contractually agreed prepayments and other non-recurring payments are deferred and reported in profit or loss over the period during which the contractually agreed service is performed.

Income from the sale of products is recognized once the significant risks and rewards associated with ownership of the products sold have been transferred to the purchaser. This normally occurs upon shipment of the products, consistent with the agreements entered into with customers. Revenue is shown after the deduction of discounts, rebates and returns.

#### **(5) Use of Estimates and Assumptions**

The preparation of the consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made that impact on the assets and liabilities recorded, the disclosure of contingent liabilities as of the balance sheet date and the presentation of income and expenses during the period under review. If actual events deviate from these estimates, this could have a positive or negative impact on the assets, financial position and earnings.

When applying the accounting policies, the following estimates and assumptions were made that significantly influenced the amounts contained in the financial statements:

#### **Measurement of the Fair Values of the Assets Acquired and Liabilities Assumed in Business Combinations**

The fair values as well as the allocation of acquisition costs to the assets acquired and liabilities assumed were determined on the basis of experience and estimates regarding future cash inflows. The actual cash inflows may differ from the estimated amounts.

#### **Capitalized Development Costs**

In order to measure capitalized development costs, assumptions have been made about the amount of anticipated future cash flows from assets, about the discount rates to be used and about the period of time during which these assets will generate anticipated future cash flows. The assumptions made regarding the timing and amount of future cash flows are based on expectations of the future development of orders on hand from those customers with whom development projects are being conducted.

### **Inventories**

In specific cases, inventories are measured based on anticipated revenue less the estimated costs to completion and the estimated selling costs required. Actual revenue and the actual costs to completion may deviate from anticipated amounts.

Information about the measurement discounts can be found in the comments on inventories in the previous section.

### **Other Assets and Liabilities**

Assumptions and estimates are also necessarily made when calculating allowances for doubtful receivables, when estimating contingent liabilities and other provisions, and when determining the fair value of long-lived assets included in property, plant and equipment and intangible assets.

In individual cases, actual values may deviate from the assumptions and estimates made, thereby requiring an adjustment of the carrying amounts of the assets or liabilities concerned.

### **Deferred Tax Assets**

Deferred tax assets are only recorded if a positive tax result is expected in future periods and as a result their realization appears sufficiently assured. The actual taxable income situation in future periods may deviate from the estimate made at the time the deferred tax assets were recognized.

Domestic deferred taxes were calculated as of December 31, 2016, at a combined income tax rate of 30.0% (2015: 30.0%; 2014: 30.0%). This includes a corporate tax rate of 15% and a solidarity surcharge of 5.5%. The income tax rate also reflects trade taxes, taking into account the breakdown of the trade tax assessment rates among the municipalities in which the company's branches are located.

Foreign deferred taxes were calculated as of December 31, 2016, at a combined income tax rate of 34.6% (2015: 34.6%; 2014: 34.6%).

This results in a combined income tax rate of 32.3% (2015: 32.3%; 2014: 32.3%).

### **Other Provisions**

The recognition and measurement of other provisions was based on the estimated probability of the future outflow of benefits and on experience values, and on the facts and circumstances known as of the balance sheet date. The subsequent actual outflow of benefits may therefore differ from the amount recorded within other provisions as of the balance sheet date.

### **Legal Risks**

From time to time, Voltabox Group companies may become parties to legal disputes. Management regularly analyzes the latest information available for these cases and, where necessary, recognizes provisions to cover probable obligations, including the estimated amount of associated legal costs. External attorneys are consulted in the process of making these assessments. In determining the need for provisions, the Management Board accounts for the probability of an unfavorable outcome and whether the obligation can be measured with sufficient reliability. The filing of a lawsuit, the formal assertion of a claim or the presence of a disclosure for legal dispute in the notes does not automatically mean that a provision for the respective risk is appropriate.

## **Notes on Individual Items in the Consolidated Income Statement**

### **(6) Revenue**

Revenue consists of the proceeds from sales of products, sales rights and services less any sales reductions. The total revenue for the period under review amounted to € 14,493 thousand (2015: € 7,405 thousand; 2014: € 4,554 thousand). Of this, € 10,782 thousand (2015: € 3,578 thousand; 2014: € 1,174 thousand) were generated domestically, and € 3,710 thousand (2015: € 3,827 thousand; 2014: € 3,380 thousand) abroad.

**(7) Other Operating Income**

Other operating income mainly contains exchange rate differences of € 63 thousand (2015: € 1,145 thousand; 2014: € 280 thousand), income from the use of company cars by employees of € 26 thousand (2015: € 24 thousand; 2014: € 13 thousand) and income from the disposal of fixed assets of € 0 thousand (2015: € 8 thousand; 2014: € 4 thousand).

**(8) Other Own Work Capitalized**

For development projects which meet the requirements of IAS 38.21 and IAS 38.57 in the reporting period and for which project-related development costs have been capitalized, the capitalized development costs have been recognized in other own work capitalized. The amounts capitalized are recognized under intangible assets. Other own work capitalized also includes costs incurred in manufacturing test equipment.

in € thousands	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
Project-related development costs . . . . .	6,012	4,931	1,976
Production costs for test equipment . . . . .	23	377	300
<b>Other own work capitalized . . . . .</b>	<b>6,035</b>	<b>5,308</b>	<b>2,276</b>

**(9) Cost of Materials**

in € thousands	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
Raw materials and supplies . . . . .	12,675	8,099	3,836
Expenses for services procured . . . . .	730	183	241
<b>Cost of materials . . . . .</b>	<b>13,405</b>	<b>8,282</b>	<b>4,077</b>

**(10) Personnel Expenses**

Personnel expenses (incl. expenses for part-time employees) amounted to € 4,113 thousand in the period under review (2015: € 3,155 thousand; 2014 € 1,521 thousand) and breaks down as follows:

in € thousands	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
Wages and salaries . . . . .	3,559	2,731	1,321
Social contributions / pensions . . . . .	554	424	200
<b>Personnel expenses . . . . .</b>	<b>4,113</b>	<b>3,155</b>	<b>1,521</b>

The number of employees has changed as follows in comparison to the prior year:

	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
Salaried full-time employees . . . . .	41	33	41
Wage-earning employees . . . . .	26	29	0
<b>Number of employees . . . . .</b>	<b>67</b>	<b>62</b>	<b>41</b>

**(11) Other Operating Expenses**

Other operating expenses primarily includes intragroup allocations and Group services (2016: € 2,167 thousand; 2015: € 1,056 thousand; 2014: € 0 thousand), third-party development costs (2016: € 991 thousand; 2015: € 787 thousand; 2014: € 507 thousand), building rental expenses and premises costs (2016: € 331 thousand; 2015: € 290 thousand; 2014: € 89 thousand), as well as freight and packaging costs (2016: € 319 thousand; 2015: € 526 thousand; 2014: € 191 thousand).

**(12) Depreciation, Amortization and Impairment**

Depreciation, amortization and impairment of intangible assets and property, plant and equipment breaks down as follows:

in € thousands	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
Amortization on capitalized development costs . . . . .	399	162	38
Impairments on capitalized development costs due to IAS 38 . . . . .	0	6	0
Depreciation of property, plant and equipment . . . . .	1,141	917	254
<b>Depreciation and amortization . . . . .</b>	<b>1,540</b>	<b>1,085</b>	<b>292</b>

**(13) Financial Result**

in € thousands	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
<b>Financial income . . . . .</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest income . . . . .	0	0	0
<b>Financing expenses . . . . .</b>	<b>-534</b>	<b>-466</b>	<b>-22</b>
Other financial and interest expenses . . . . .	-534	-466	-22
<b>Financial result . . . . .</b>	<b>-534</b>	<b>-466</b>	<b>-22</b>

Other financial and interest expenses includes interest expenses to banks of € 334 thousand (2015: € 307 thousand; 2014: € 21 thousand).

**(14) Income Taxes**

in € thousands	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
<b>Current taxes . . . . .</b>	<b>0</b>	<b>0</b>	<b>0</b>
Current domestic taxes . . . . .	0	0	0
Current foreign taxes . . . . .	0	0	0
<b>Deferred taxes . . . . .</b>	<b>475</b>	<b>637</b>	<b>169</b>
Deferred domestic taxes . . . . .	1,344	1,421	597
Deferred foreign taxes . . . . .	-869	-784	-428
<b>Income taxes . . . . .</b>	<b>475</b>	<b>637</b>	<b>169</b>

Deferred tax assets and liabilities were recognized for the following items:

in € thousands	12/31/2016		12/31/2015		12/31/2014	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Intangible assets . . . . .	0	3,465	0	2,114	0	686
Property, plant and equipment . . .	0	0	0	0	0	0
Receivables and other assets . . . .	0	1	0	8	0	16
Other provisions . . . . .	0	0	0	0	0	0
Liabilities . . . . .	0	148	0	143	0	61
Losses carried forward . . . . .	2,230	0	1,356	0	489	0
<b>Deferred tax assets and liabilities before offsetting . . . . .</b>	<b>2,230</b>	<b>3,614</b>	<b>1,356</b>	<b>2,265</b>	<b>489</b>	<b>763</b>
Offsetting . . . . .	-2,230	-2,230	-1,356	-1,356	-489	-489
<b>Deferred tax assets and liabilities after offsetting . . . . .</b>	<b>0</b>	<b>1,384</b>	<b>0</b>	<b>909</b>	<b>0</b>	<b>274</b>

Tax losses in Germany can be carried forward and used for an indefinite period of time, subject to minimum taxation rules. Foreign tax losses carried forward relate to Voltabox of Texas, Inc., and their use is limited to a period of twenty years.

In accordance with IAS 12.81, the actual tax expense must be reconciled to the tax charge that would have resulted if the theoretical tax rates were applied to the reported pre-tax earnings. The following table shows a reconciliation of the computed tax expense to the actual tax expense.

in € thousands	1/1 - 12/31/2016	1/1 - 12/31/2015	1/1 - 12/31/2014
<b>Earnings before taxes</b> . . . . .	<b>4,209</b>	<b>2,339</b>	<b>438</b>
Computed tax expense at a tax rate of 32.3% (prior year: 32.3 %) . . . . .	1,360	755	141
Tax expenses relating to other periods . . . . .	0	0	0
Non-recognition of deferred tax assets on losses carried forward . . . . .	0	0	0
Other . . . . .	-885	-118	28
<b>Actual tax expense</b> . . . . .	<b>475</b>	<b>637</b>	<b>169</b>

Tax expenses in the fiscal years result exclusively from the recognition of deferred tax assets and liabilities. The large difference between the theoretical tax expenses and the actual tax expenses mainly results from the capitalization of development activities in accordance with IAS 38. A prohibition on capitalization for development activities exists for the tax balance sheet and therefore the income from the capitalization of IAS 38 development costs (2016: € 6,012 thousand; 2015: € 4,931 thousand; 2014: € 1,976 thousand) – less the corresponding deferred tax liabilities – does not impact taxable income. Since January 1, 2015, Voltabox AG has been operating as a consolidated tax group with paragon AG for purposes of income tax. Any tax expenses from the years 2015 and 2016 are therefore reported as tax expenses for paragon AG.

**Notes on Individual Items in the Consolidated Balance Sheet**

The changes in and analysis of intangible assets, property, plant and equipment, and financial assets is shown in the consolidated statement of noncurrent assets.

**(15) Intangible Assets**

**Capitalized Development Costs**

Intangible assets include capitalized development costs of € 12,660 thousand (2015: € 7,048 thousand; 2014: € 2,285 thousand). Internal development costs of € 6,012 thousand (2015: € 4,931 thousand; 2014: € 1,976 thousand) were capitalized as intangible assets in the reporting period.

Amortization in the reporting period amounted to € 399 thousand (2015: € 162 thousand; 2014: € 38 thousand).

The capitalized development costs were subject to an impairment test in accordance with IAS 36. The impairment charge pursuant to IAS 36 totaled € 0 thousand in the reporting period (2015: € 6 thousand; 2014: € 0 thousand).

The recoverable amount of internally generated intangible assets is determined based on the calculation of the value-in-use using estimated cash flows, which are in turn derived from sales forecasts approved by the Management Board. The sales forecasts cover a period of five years. For each product a growth rate is determined based on market analyses. A risk-adjusted discount factor of 4% is applied to the estimated cash flows.

**(16) Property, Plant and Equipment**

Depreciation in the reporting period amounted to € 1,540 thousand (2015: € 1,079 thousand; 2014: € 292 thousand). The land and building in the US are subject to property charges as collateral for long-term bank loans.

Certain items of movable fixed assets are financed by finance leases. Generally these leases have terms of four to five years. The corresponding payment obligations for future lease installments are recognized as liabilities. The net carrying amount of assets capitalized under financial leases amounted to € 145 thousand as of December 31, 2016 (2015: € 94 thousand; 2014: € 80 thousand). The corresponding payment obligations for future lease installments amounted to € 146 thousand (2015: € 94 thousand; 2014: € 81 thousand) and are recognized as liabilities at their present value. The capitalized assets under finance leases wholly relate to technical plants and machinery. The majority of these lease arrangements provide for the transfer of ownership without further payments after full settlement of all obligations during the basic lease period (full amortization). No firm agreements have been entered into concerning the further use of the leased assets following expiry of the basic lease period. Nevertheless Voltabox assumes that the leased assets can be acquired at a favorable price after the basic lease period has expired or may continue to be used at a favorable lease rate.

Advance payments for machinery and equipment amounting to € 379 thousand were made in the reporting year (2015: € 85 thousand; 2014: € 1,430 thousand).

The loss on disposal of property, plant and equipment amounted to € 199 thousand (2015: € 1 thousand; 2014: € 5 thousand).



**(17) Consolidated Statement of Noncurrent Assets**

Voltabox AG, Consolidated Statement of Noncurrent Assets 12/31/2016

	Acquisition cost		Depreciation, amortization and impairment losses				Carrying amounts				
	Foreign currency translation adjustment		Foreign currency translation adjustment								
	01/01/2016	12/31/2016	01/01/2016	12/31/2016	Transfers	12/31/2016	31.12.2015	31.12.2016			
<b>I. Intangible assets</b>											
1. Industrial rights and similar rights and assets as well as licenses to such rights and assets	581	3	65	2	55	0	1	123	179	517	386
2. Good will	2.417	0	0	0	0	0	0	0	924	2.417	3.187
3. Capitalized development costs	7.109	2	238	144	388	0	0	770	2.285	6.871	12.522
<b>Total intangible assets</b>	<b>10.107</b>	<b>11</b>	<b>302</b>	<b>146</b>	<b>443</b>	<b>0</b>	<b>1</b>	<b>892</b>	<b>3.389</b>	<b>9.805</b>	<b>16.095</b>
<b>II. Property, plant and equipment</b>											
1. Land and buildings	6.283	230	59	2	148	0	0	209	0	6.224	6.304
2. Technical equipment and machines	2.789	6	715	3	575	4	-6	1.283	1.902	2.074	1.772
3. Other equipment, furniture and fixtures	1.394	9	434	2	374	182	5	633	586	960	923
4. Advance payments	85	0	0	0	0	0	0	0	1.430	85	379
<b>Total property, plant and equipment</b>	<b>10.551</b>	<b>246</b>	<b>1.209</b>	<b>7</b>	<b>1.097</b>	<b>186</b>	<b>-1</b>	<b>2.125</b>	<b>3.918</b>	<b>9.342</b>	<b>9.377</b>
<b>Total noncurrent assets</b>	<b>20.658</b>	<b>257</b>	<b>1.511</b>	<b>153</b>	<b>1.540</b>	<b>186</b>	<b>0</b>	<b>3.018</b>	<b>7.307</b>	<b>19.147</b>	<b>25.472</b>

**(18) Inventories**

Inventories consist of the following:

in € thousands	31.12.2016	31.12.2015	31.12.2014
Raw materials and supplies . . . . .	2,285	2,232	659
Finished goods, work in progress and services . . . . .	1,670	1,035	441
Advance payments on inventories . . . . .	0	37	0
<b>Inventories . . . . .</b>	<b>3,955</b>	<b>3,304</b>	<b>1,100</b>

No reversals were recognized in the reporting period, as in the prior year. Impairments on inventories of € 107 thousand (2015: € 16 thousand; 2014: € -0 thousand) were performed in the period under review. At the balance sheet date, inventories of € 0 thousand (2015: € 0 thousand; 2014 € 0 thousand) served as collateral for liabilities.

**(19) Trade Receivables**

The carrying value of trade receivables is derived as follows:

in € thousands	31.12.2016	31.12.2015	31.12.2014
Trade receivables (gross) . . . . .	5,777	4,194	3,812
Less impairments . . . . .	-1	-3	0
<b>Trade receivables . . . . .</b>	<b>5,776</b>	<b>4,191</b>	<b>3,812</b>

The maturity structure of trade receivables for which no impairment allowances have been recorded as of the balance sheet date is as follows:

in € thousands	Carrying amount	Of w hich not impaired or overdue	Of w hich overdue, but not impaired			
			0 - 30 days	30 - 60 days	60 - 90 days	> 90 days
<b>31.12.2016</b>						
Trade receivables . . . . .	<b>5,776</b>	5,542	21	98	0	116
<b>31.12.2015</b>						
Trade receivables . . . . .	<b>4,191</b>	3,069	760	37	102	226
<b>31.12.2014</b>						
Trade receivables . . . . .	<b>3,812</b>	696	3,116	0	0	0

There were no indications as of the balance sheet date that debtors with receivables which are neither impaired nor overdue will fail to meet their payment obligations.

**(20) Other Current Assets**

Other current assets were as follows:

in € thousands	31.12.2016	31.12.2015	31.12.2014
<b>Other current assets</b>			
Purchase price retention from factoring . . . . .	222	121	40
Prepaid expenses . . . . .	22	72	0
Other assets . . . . .	99	65	130
<b>Other current assets . . . . .</b>	<b>343</b>	<b>258</b>	<b>170</b>

The overdue amounts included in other current assets as at the balance sheet date were as follows:

in € thousands	Carrying amount	Of which not impaired or overdue	Of which overdue, but not impaired			
			0 - 30 days	30 - 60 days	60 - 90 days	> 90 days
	<b>31.12.2016</b>					
Other current assets . . . . .	<b>343</b>	343	0	0	0	0
	<b>31.12.2015</b>					
Other current assets . . . . .	<b>258</b>	258	0	0	0	0
	<b>31.12.2014</b>					
Other current assets . . . . .	<b>170</b>	170	0	0	0	0

As of December 31, 2016, there were no indications that significant amounts included in other current assets would not be collectible.

**(21) Cash and Cash Equivalents**

Cash on hand and bank deposits are recognized at their nominal amounts. Cash and cash equivalents include € 1 thousand (2015: € 0 thousand; 2014 € 2 thousand) in cash on hand and € 939 thousand (2015: € 771 thousand; 2014: € 724 thousand) in bank deposits.

**(22) Equity**

The changes in the individual components of equity for the fiscal years from January 1 to December 31, 2015, and January 1 to December 31, 2014 as well as for the reporting period from January 1 to December 31, 2016, are presented in the consolidated statement of changes in equity.

**Subscribed Capital**

Voltabox AG's share capital as of December 31, 2016, amounted to € 100 thousand (2015: € 50 thousand; 2014: € 50 thousand).

**(23) Finance Lease Obligations**

Liabilities under finance leasing arrangements primarily relate to technical equipment and are recorded at their present value or amortized cost in accordance with IAS 17. The repayment obligations reported here are derived as follows:

in € thousands	Term to maturity			31.12.2016	31.12.2015	31.12.2014
	Term to maturity < 1 year	between 1 and 5 years	Term to maturity > 5 years			
Minimum lease payments . . . . .	43	113	0	156	99	82
Future interest payments . . . . .	-4	-6	0	-10	-5	-1
<b>Finance lease obligations (repayment obligations) . . . . .</b>	<b>39</b>	<b>107</b>	<b>0</b>	<b>146</b>	<b>94</b>	<b>81</b>
Of which recognized under noncurrent liabilities . . . . .				107	63	0
Of which recognized under current liabilities . . . . .				39	31	81

**(24) Liabilities to Banks**

Current and noncurrent liabilities to banks totaled € 5,190 thousand (2015: € 5,299 thousand; 2014: € 1,536 thousand), and collateral for liabilities to banks was provided in the amount of € 5,190 thousand (2015: € 5,299 thousand; 2014: 1,536 thousand).

Liabilities to banks are secured by property charges for loan liabilities in the amount of € 3,808 thousand (2015: € 3,639 thousand; 2014: € 0 thousand) and by the assignment of property, plant and equipment in the amount of € 1,382 thousand (2015: € 1,660 thousand; 2014: € 0 thousand) as collateral. The collateralization of raw materials and supplies and of work in progress and finished products dated June 16, 2010, was ended in August 2014.

Liabilities to banks mature as follows:

in € thousands	Term to	Term to	Term	31.12.2016	31.12.2015	31.12.2014
	maturity < 1 year	maturity between 1 and 5 years	to maturity > 5 years			
<b>Liabilities to banks</b> . . . . .	<b>651</b>	<b>4,539</b>	<b>0</b>	<b>5,190</b>	5,299	1,536
Of which recognized under noncurrent liabilities . . . . .				4,539	4,718	1,071
Of which recognized under current liabilities . . . . .				651	581	465

Noncurrent liabilities relate primarily to the financing of the building in Texas. Current liabilities include the short-term portion of investment loans.

There is no exposure to interest rate risk for the loans with fixed interest rates. Loans with floating interest rates (€ 3,808 thousand) are subject to interest rate risk (see note 38 Interest Rate Risks).

**(25) Other Liabilities**

Other liabilities were as follows:

in € thousands	31.12.2016	31.12.2015	31.12.2014
Other liabilities . . . . .	162	114	137
Liabilities from other taxes . . . . .	652	396	-57
<b>Other liabilities</b> . . . . .	<b>814</b>	<b>510</b>	<b>80</b>

Deferrals mainly contain personnel-related obligations.

Other liabilities mature as follows:

in € thousands	Term to	Term to	Term to	31.12.2016	31.12.2015	31.12.2014
	maturity < 1 year	maturity between 1 and 5 years	to maturity > 5 years			
<b>Other liabilities</b> . . . . .	<b>814</b>	<b>0</b>	<b>0</b>	<b>814</b>	510	80
Of which recognized under noncurrent liabilities . . . . .				0	0	0
Of which recognized under current liabilities . . . . .				814	510	80

**(26) Additional Disclosures on Financial Instruments**

This section provides an overview of financial instruments in use at Voltabox AG. The tables below show the carrying amounts (CA) and fair values/market values (FV) of financial assets and financial liabilities as of December 31, 2016 and December 31, 2015:

in €thousands	December 31, 2016			
	Nominal value		Amortized cost	
	Carrying amount	FV	Carrying amount	FV
<b>ASSETS</b>				
Cash and cash equivalents	940	940		
Trade receivables			5,776	5,776
Other assets			343	343
<b>Total assets</b>	<b>940</b>	<b>940</b>	<b>6,119</b>	<b>6,119</b>
<b>EQUITY AND LIABILITIES</b>				
Liabilities to banks			5,190	5,195
Finance lease obligations			145	147
Trade payables			3,361	3,361
Other liabilities			814	814
<b>Total equity and liabilities</b>	<b>0</b>	<b>0</b>	<b>9,510</b>	<b>9,517</b>

in €thousands	December 31, 2015			
	Nominal value		Amortized cost	
	Carrying amount	FV	Carrying amount	FV
<b>ASSETS</b>				
Cash and cash equivalents	771	771		
Trade receivables			4,191	4,191
Other assets			258	258
<b>Total assets</b>	<b>771</b>	<b>771</b>	<b>4,449</b>	<b>4,449</b>
<b>EQUITY AND LIABILITIES</b>				
Liabilities to banks			5,299	5,310
Finance lease obligations			94	94
Trade payables			2,882	2,882
Other liabilities			510	510
<b>Total equity and liabilities</b>	<b>0</b>	<b>0</b>	<b>8,785</b>	<b>8,796</b>

in € thousands	December 31, 2014			
	Nominal value		Amortized cost	
	Cash reserves		Loans and receivables	
	Carrying amount	FV	Carrying amount	FV
<b>ASSETS</b>				
Cash and cash equivalents . . . . .	726	726		
Trade receivables . . . . .			3,812	3,812
Other assets . . . . .			170	170
Financial assets . . . . .				
<b>Total assets</b> . . . . .	<b>726</b>	<b>726</b>	<b>3,982</b>	<b>3,982</b>
<b>EQUITY AND LIABILITIES</b>				
Liabilities to banks . . . . .			1,537	1,537
Finance lease obligations . . . . .			81	80
Trade payables . . . . .			675	675
Other liabilities . . . . .			80	80
<b>Total equity and liabilities</b> . . . . .	<b>0</b>	<b>0</b>	<b>2,373</b>	<b>2,372</b>

The receivables from and liabilities to related parties pertain solely to the parent company, paragon AG. The carrying amounts correspond to the fair value of the receivables and liabilities. Since this does not relate to items outside the Group, further disclosures with regard to these receivables and liabilities are omitted in this and the following section.

**Determining Market Values**

The market value of cash and cash equivalents, current receivables, other assets, trade payables and other liabilities approximate their carrying amounts due to their short term to maturity.

Voltabox measures noncurrent receivables and other assets based on specific parameters such as interest rates and the customer’s credit standing and risk structure. Based on these factors, Voltabox recognizes allowances for anticipated defaults on receivables.

Voltabox determines the fair value of liabilities under finance leases and the fair value of liabilities to banks by discounting the anticipated future cash flows using the interest rates applicable for similar financial liabilities with a comparable term to maturity.

A hierarchical classification was used to measure fair value in accordance with IAS 39.A71 et seq. The hierarchical fair value levels and their application to Voltabox’s financial assets and liabilities are as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets
- Level 2: Measurement factors other than quoted market prices that are directly (for instance, from prices) or indirectly (for instance, derived from prices) observable for assets or liabilities
- Level 3: Measurement factors for assets and liabilities not based on observable market data

### Net Gains and Losses

Realized net gains and losses from financial instruments were as follows:

in € thousands	1/1 - 31/12/2016	1/1 - 12/31/2015	1/1 - 31/12/2014
Receivables . . . . .	-31	98	41
<b>Net gains and losses . . . . .</b>	<b>-31</b>	<b>98</b>	<b>41</b>

The net gain/loss from receivables includes changes in impairment allowances, gains and losses from derecognition as well as payment inflows and reversals of impairment losses on receivables previously written down, which were recorded in profit or loss in the consolidated income statement.

### (27) Management of Risks Associated with Financial Instruments

Market price fluctuations can involve substantial cash flow and profit risks for Voltabox. Changes in exchange rates and interest rates influence business operations as well as investing and financing activities. In order to optimize the Group’s financial resources, the risks associated with changes in interest rates and exchange rates are analyzed on an ongoing basis and used to manage and supervise current business and financial market activities. These risks are managed with the assistance of derivative financial instruments.

Fluctuations in currency exchange rates and interest rates can result in significant profit and cash flow risks.

Voltabox has implemented an internal sensitivity analysis system based on a variety of risk analysis and risk management methods. The use of sensitivity analyses enables the Group to identify risk positions within the segments. Sensitivity analyses quantify the risks that can arise within given assumptions when certain parameters are changed in a defined range. They include the following assumptions:

- An appreciation of the euro against all foreign currencies by 10 percentage points
- A parallel shift in interest rate curves of 100 basis points (one percentage point)

The potential effects of the sensitivity analysis are estimates and are based on the assumption that the supposed negative market changes will occur. The actual effects may differ significantly if market developments deviate from assumptions made.

### Foreign Currency Risks

Due to the international nature of its operations, Voltabox’s ongoing business operations are exposed to foreign currency risk. Exchange rate fluctuations can lead to undesirable earnings and liquidity fluctuations. For Voltabox, the risk arises on foreign currency positions and possible changes in the relevant exchange rates. The uncertainty involved in future trends is referred to as exchange rate risk. Voltabox limits this risk by primarily settling purchases and sales of goods and services in the respective national currency.

The sensitivity to potential fluctuations in foreign currency exchange rates is determined by aggregating the net currency position of the operating business that is not denominated in the Group’s functional currency. Sensitivity is calculated by simulating a 10% depreciation of the euro in relation to all foreign currencies. The simulated appreciation of the euro would have resulted in a change in future payment inflows in the amount of € -55 thousand as of December 31, 2016 (2015: € -150 thousand; 2014: € 0 thousand). To the extent that future purchases are not hedged against currency exchange risks, a depreciation of the euro against other currencies would have a negative effect on the financial position and earnings because the Group’s outflows in foreign currencies exceed its foreign currency cash inflows.

The following table provides an overview of the net foreign currency exchange risk by currency as of December 31, 2016:

in € thousands	31.12.2016		31.12.2015		31.12.2014	
	USD	Other	USD	Other	USD	Other
<b>Transaction-related currency risk</b>						
Currency risk from balance sheet items . . . . .	-489	-10	-1,348	0	0	0
Currency risk from pending business . . . . .	0	0	0	0	0	0
	<b>-489</b>	<b>-10</b>	<b>-1,348</b>	<b>0</b>	<b>0</b>	<b>0</b>
Items hedged via derivatives . . . . .	0	0	0	0	0	0
<b>Net exposure to foreign currency positions . . . . .</b>	<b>-489</b>	<b>-10</b>	<b>-1,348</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in foreign currency positions due to a 10% appreciation of the euro . . . . .	-54	-1	-150	0	0	0

**Interest Rate Risks**

Interest rate risk refers to any change in interest rates that impacts earnings or equity. Interest rate risk primarily arises in connection with financial liabilities.

The significant interest-bearing financial liabilities relate mainly to those with fixed interest rates. Accordingly, changes in the interest rate would only have an effect if the financial instruments were recorded at fair value. As this is not the case, the financial instruments with fixed interest rates are not subject to interest rate risks within the meaning of IFRS 7.

The interest rate risks associated with variable-rate financial liabilities are measured using cash flow sensitivity techniques. The Voltabox Group had variable-rate financial liabilities of € 3,808 thousand as of December 31, 2016. A change in interest rates (+1%/-1%) is associated with the following cash flow risk:

in € thousands	31.12.2016		31.12.2015		31.12.2014	
	+1%	-1%	+1%	-1%	+1%	-1%
<b>Cash flow risk</b>						
From financial instruments with variable interest rates . . . . .	-38	38	-37	37	0	0

**Liquidity Risk**

Liquidity risk, i.e., the risk that Voltabox might not be able to meet its payment obligations as they fall due, is managed by means of flexible cash management. As of December 31, 2016, Voltabox had cash and cash equivalents of € 940 thousand (2015: € 771 thousand; 2014: € 726 thousand) at its disposal. Unused credit lines totaling € 0 thousand were available as of December 31, 2016 (2015 € 0 thousand; 2014: € 0 thousand). In addition to the instruments providing assurance of liquidity described above, the Group follows developments on financial markets on an ongoing basis in order to take advantage of attractive financing opportunities as they become available.



The following table shows the maturity date of installments, repayments and interest arising on the financial liabilities recorded in the balance sheet as of December 31, 2016:

in € thousands	2017	2018 - 2021	2022 and beyond
<b>Non-derivative financial liabilities</b>			
Liabilities to banks . . . . .	651	4,404	135
Finance lease obligations . . . . .	39	107	0
Trade payables . . . . .	3,361	0	0
Other financial liabilities . . . . .	814	0	0
<b>Total:</b> . . . . .	<b>4,865</b>	<b>4,511</b>	<b>135</b>

The net liquidity and net borrowing are derived from the sum of cash and cash equivalents less liabilities to banks and liabilities under finance leasing arrangements as shown in the balance sheet.

in € thousands	31.12.2016	31.12.2015	31.12.2014
Cash and cash equivalents . . . . .	940	771	726
<b>Total liquidity</b> . . . . .	<b>940</b>	<b>771</b>	<b>726</b>
Current financial liabilities and current portions of noncurrent financial liabilities . . . . .	651	581	466
Noncurrent financial liabilities . . . . .	4,539	4,718	1,071
<b>Total financial liabilities</b> . . . . .	<b>5,190</b>	<b>5,299</b>	<b>1,537</b>
<b>Net debt</b> . . . . .	<b>-4,250</b>	<b>-4,528</b>	<b>-811</b>

**Credit Risks**

Credit risk is defined as the financial loss that arises when a contract partner fails to meet its payment obligations. The maximum risk of default is therefore equal to the positive fair value of the respective interest rate instruments. The effective monitoring and control of credit risk is a core task of the risk management system. Voltabox performs credit checks for all customers requiring credit limits exceeding predefined amounts. The Group monitors credit risk on an ongoing basis.

**(28) Commitments, Contingent Assets, Contingent Liabilities and Other Financial Obligations**

There were no commitments or off-balance sheet contingent assets or contingent liabilities as of December 31, 2016. Other financial liabilities are as follows:

in € thousands	Term to maturity < 1 year	Term to maturity between 1 and 5 years	Term to maturity greater than 5 years	31.12.2016	31.12.2015	31.12.2014
Purchase commitment . . . . .	3,806	0	0	3,806	4,014	3,419
Obligations from rental agreements . . . . .	39	107	0	146	5	27
Other obligations . . . . .	0	0	0	0	0	0
<b>Other financial obligations</b> . . . . .	<b>3,845</b>	<b>107</b>	<b>0</b>	<b>3,952</b>	<b>4,019</b>	<b>3,446</b>

The purchase commitment includes purchase order items from fixed assets and inventories.

**(29) Notes to the Consolidated Cash Flow Statement**

The consolidated cash flow statement shows the cash flows within a given fiscal year in order to present information about movements in the company’s cash and cash equivalents in accordance with IAS 7 “Statement of Cash Flows.” The consolidated cash flow statement has been prepared pursuant to the indirect method as defined in IAS 7.18 b. Cash flows are classified separately as cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Since the 2012 reporting year, the current cash inflows and outflows resulting from the factoring agreement entered into in 2011 with GE Capital Bank have been allocated to the cash flow from operating activities.

The cash and cash equivalents shown in the consolidated cash flow statement include all cash and cash equivalents reported in the balance sheet that are available for use at short notice.

in € thousands	31.12.2016	31.12.2015	31.12.2014
Bank balances . . . . .	939	771	724
Cash on hand . . . . .	1	0	2
<b>Total cash and cash equivalents . . . . .</b>	<b>940</b>	<b>771</b>	<b>726</b>

**(30) Directors and Officers**

In the period from January 1 to December 31, 2016, the Management Board of Voltabox AG comprised the Chief Executive Officer, Klaus Dieter Frers. The following persons were members of the Supervisory Board:

Name	Occupation
<b>Hermann Börnemeier</b> Chairman	Tax Advisor and Managing Director of Treu-Union Treuhandgesellschaft mbH
<b>Walter Schäfers</b>	Attorney and Partner at Societät Schäfers Rechtsanwälte und Notare
<b>Brigitte Frers</b>	Employee at paragon AG

**(31) Related Party Disclosures**

Related parties as defined in IAS 24 “Related Party Disclosures” include members of the Management Board, the Supervisory Board and their immediate families as well as affiliated companies.

Mr. Klaus Dieter Frers is the CEO of paragon AG and Managing Partner of Artega GmbH.

Brigitte Frers is employed under an employment contract consistent with market terms and conditions.

The outstanding balances for related parties were immaterial as of the reporting date.

paragon AG has assumed a directly enforceable fixed liability guarantee to a maximum amount of € 318 thousand and a directly enforceable guarantee of € 1,816 thousand for Voltabox AG. In view of the over-indebtedness of Voltabox AG (formerly Voltabox Deutschland GmbH), paragon AG has provided a qualified subordination for an amount of € 5,506 thousand for fiscal year 2014. A profit and loss transfer agreement has been in place between paragon AG and Voltabox Deutschland GmbH since fiscal year 2015.

There are two loan agreements (framework agreements) between paragon AG and Voltabox AG as well as between paragon AG and Voltabox of Texas, Inc. The loans bear interest at the 3-month Euribor rate plus 2% p.a. and have a cancellation period of one month.

In addition, there are other agreements with subsidiaries of paragon AG which are handled according to the arm’s-length principle.

**(32) Auditor’s Fee**

No fees were incurred during the reporting period.

# Independent Auditor's Report

*Note: This is a translation of the German text.*

To Voltabox AG, Delbrück (formerly: Voltabox Deutschland GmbH, Delbrück)

We have audited the accompanying combined financial statements, which comprise the combined balance sheet as at December 31, 2016, 2015 and 2014, the combined statement of income, combined statement of recognized income and expenses, the changes in equity (net assets) and combined cash flows for the years then ended and the notes to the combined financial statements, prepared by Voltabox AG, Delbrück (formerly: Voltabox Deutschland GmbH, Delbrück) for the business of Voltabox AG of paragon AG group as described in Notes 1 and 2 of the notes to the combined financial statements ("Voltabox Business").

## *Management's responsibility for the combined financial statements*

Voltabox AG's management is responsible for the preparation and fair presentation of these combined financial statements in accordance with International Financial Reporting Standards, as adopted by the EU, as well as for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

## *Auditor's responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Voltabox Business as at December 31, 2016, 2015, and 2014, and its financial performance and its cash flow for the years then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

## *Emphases of Matter*

Without modifying our opinion, we draw attention to the fact that, as described in Note 2 of the notes to the combined financial statements, the Voltabox Business included in the combined financial statements has not operated as a separate group of entities. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the Voltabox Business had been a separate stand-alone group of entities during the years presented or future results of the Voltabox Business.

Düsseldorf, August 4, 2017

Baker Tilly GmbH

Wirtschaftsprüfungsgesellschaft

(original German version signed by:)

Gloth

Wirtschaftsprüfer

(German Public Auditor)

Tyralla

Wirtschaftsprüfer

(German Public Auditor)

**Voltabox GmbH**  
**Audited Annual Financial Statements as of and for the fiscal year**  
**ended December 31, 2016 (HGB)**

# Voltbox Deutschland GmbH

## Balance sheet as of December 31, 2016

ASSETS	12/31/2016 EUR	12/31/2015 EUR
<b>Noncurrent assets</b>		
<b>Intangible Assets</b>		
Concessions, industrial and similar rights and assets and licenses	66,848.00	89,363.00
	66,848.00	89,363.00
<b>Property, plant and equipment</b>		
Technical equipment and machines	1,578,181.00	1,942,785.00
Plant and equipment	668,326.00	754,445.00
Advance payments and assets under construction	378,586.09	84,977.27
	2,625,093.09	2,782,207.27
<b>Financial assets</b>		
Shares in affiliated companies	100.00	0.00
	100.00	0.00
<b>Current assets</b>		
<b>Inventories</b>		
Raw materials and supplies	1,153,920.00	982,844.23
Unfinished goods and services	509,184.00	665,153.06
Finished goods	328,365.00	369,405.00
Advance payments on inventories	0.00	36,961.06
Fixed value	231,702.22	160,645.87
	2,223,171.22	2,215,009.22
<b>Receivables and other assets</b>		
Trade receivables	5,497,255.84	3,285,209.11
Receivables from affiliated companies	7,668,328.13	3,511,142.96
Other assets	266,062.52	133,213.47
	13,431,646.49	6,929,565.54
<b>Cash and cash equivalents</b>		
Cash	542.53	392.49
Volksbank	791,491.26	125,965.19
Sparkasse	109,062.50	16,401.62
GE Capital	6,030.49	0.00
	907,126.78	142,759.30
<b>Prepaid expenses</b>	406.67	0.00
<b>Deficit not covered by equity</b>	0.00	594,817.03
	19,254,392.25	12,753,721.36

LIABILITIES AND EQUITY	12/31/2016 EUR	12/31/2015 EUR
<b>Equity</b>		
<b>Subscribed capital</b>		
Subscribed capital	100,000.00	50,000.00
	100,000.00	50,000.00
<b>Capital reserve</b>		
Other additional contributions to equity	1,243,989.11	493,989.11
	1,243,989.11	493,989.11
<b>Net profit</b>	-1,138,806.14	-1,138,806.14
Profit/Loss carried forward	-1,138,806.14	-1,138,806.14
<b>Deficit not covered by equity</b>	0.00	594,817.03
	205,182.97	0.00
<b>Provisions</b>		
Other provisions	138,447.87	88,834.73
	138,447.87	88,834.73
<b>Liabilities</b>		
Liabilities due to banks	1,381,264.90	1,558,881.67
Accounts payables	2,935,419.01	2,276,168.25
Liabilities to affiliated companies	13,938,408.39	8,429,727.43
Other liabilities	655,669.11	400,109.28
	18,910,761.41	12,664,886.63
<b>Deficit not covered by equity</b>		
	19,254,392.25	12,753,721.36

**Voltabox Deutschland GmbH**  
**Profit and Loss statement for the period**  
**from January 1 until December 31, 2016**

	2016 EUR	2015 EUR
Revenue	14,182,589.90	3,965,703.29
Increase or decrease in inventory of finished goods and work in progress	-197,009.06	593,562.06
Other own work capitalized	23,468.09	376,699.79
<b>Total operating performance</b>	<b>14,009,048.93</b>	<b>4,935,965.14</b>
<b>Other operating income</b>	<b>151,501.56</b>	<b>212,621.83</b>
<b>Cost of materials</b>		
Raw materials and supplies and expenses for goods procured	-10,450,610.41	-4,236,151.10
Raw material intragroup	-730,439.66	-183,110.05
	<b>-11,181,050.07</b>	<b>-4,419,261.15</b>
<b>Personnell expenses</b>		
Wages and salaries	-2,276,649.84	-1,793,298.54
Social contributions/pensions	-444,914.60	-316,399.73
	<b>-2,721,564.44</b>	<b>-2,109,698.27</b>
<b>Depreciation</b>		
Depreciation of intangible and tangible assets	-869,719.06	-747,709.47
	<b>-869,719.06</b>	<b>-747,709.47</b>
<b>Other operating expenses</b>	<b>-3,602,150.99</b>	<b>-2,635,159.30</b>
<b>Operational result</b>	<b>-4,213,934.07</b>	<b>-4,763,241.22</b>
Financial income	0.00	485.65
Financial expenses	-241,411.92	-199,574.41
<b>Financial result</b>	<b>-241,411.92</b>	<b>-199,088.76</b>
<b>Profit (loss) in ordinary activities</b>	<b>-4,455,345.99</b>	<b>-4,962,329.98</b>
<b>Extraordinary result</b>	<b>0.00</b>	<b>0.00</b>
Income tax	0.00	-128.09
Other tax	-118.00	-168.00
Transfer of losses	4,455,463.99	0.00
<b>Profit transfer</b>	<b>0.00</b>	<b>4,962,626.07</b>

## **Voltabox Deutschland GmbH**

### **Condensed notes for disclosure purposes of the financial year 2016**

## **Voltabox Deutschland GmbH, Delbrück**

### **Condensed notes for disclosure purposes of the financial year 2016**

#### **General information on the content and structure of the annual financial statement**

The annual financial statements of Voltabox Deutschland GmbH for the fiscal year 2016 was prepared pursuant to the provision of the German Commercial Code (HGB) und the Law on Limited Liability Companies (GmbHG).

The balance sheet has been structured in accordance with § 266 of the HGB, the income statement using the cost-of production method in vertical form in accordance with § 275 of the HGB.

Notes are provided in accordance with the statutory regulations, if they are not already been disclosed in the balance sheet or income statement by exercising option rights.

The regulations for small capital companies apply. Size dependent simplifications for reporting and disclosure purposes in accordance with §§ 276 sec. 2, 288 sec. 1 and 326 HGB were used.

The financial statements have been prepared in thousand euros (EUR).

#### **Description of accounting policies and measurement methods**

##### **Intangible assets**

Intangible assets acquired for monetary consideration are recognized in the balance sheet at their acquisition cost, reduced by regular depreciation. The useful life ranges from three to ten years.

##### **Property, plant and equipment**

Property, plant and equipment are measured at acquisition costs respectively production costs. Depreciation is recorded on a straight-line basis over their useful lives. The useful life depreciation purpose ranges from 20 to 33 years for buildings, five to ten years for tenant fixtures and for other non-real estate fixed assets depending on their useful life from three to ten years.

Low-value assets of the fixed assets are fully depreciated in the year of acquisition.

Additionally batteries have been produced for fair presentations in the financial year. These additions have been recognized at production costs, which are disclosed as other own work capitalized in the income statement.

The manufacturing costs of self-developed property include production material and labor costs, special direct production costs as well as overheads for materials, manufacturing and administration including production related depreciation; interest is not included.

##### **Current assets**

###### **Inventories**

Inventories, mainly components for the battery production are measured at the lower of cost and net realizable value.

Raw materials, consumables, and supplies are measured using the moving average method or at lower market prices on balance sheet date. Work in progress and finished goods are measured at production costs, goods at averaged acquisition costs respectively lower replacement costs at balance sheet date. Part of the production costs are besides the costs for material and production wages, overhead costs and general administrative costs and depreciation. Interest is not included in the production costs.

Inventory risks arising from reduced marketability or obsolescence are accounted for by adequate valuation allowances.

## **Voltabox Deutschland GmbH**

### **Condensed notes for disclosure purposes of the financial year 2016**

Advance payments on inventories are reported at nominal value. Payments received from customers for projects are being offset in the inventories up to the production costs. Exceeding payments are being reported on the liabilities side of the balance sheet.

#### **Receivables and other assets**

Receivables and other assets are valued at the nominal amount less appropriate write-downs for recognizable individual risks.

Receivables from affiliated companies include shortterm receivables from Voltabox of Texas, Inc. Austin in the amount of TEUR 5,130 (prev. year TEUR 1,697), from trade receivables TEUR 1,621 (prev. year TEUR 1,098) and services TEUR 3,509 (prev. year 599). Furthermore Voltabox Deutschland GmbH disclosed a current receivable against its holding company, paragon AG, Delbrück in the amount of TEUR 552 (prev. year TEUR 330) as well as material deliveries in the amount of TEUR 115 (prev. year 114).

Invoicing is primarily done in Euro.

Other assets comprise mainly of an insurance claim from a fire damage.

#### **Cash and cash equivalents**

The company discloses cash in hand and at banks, which are measured at nominal value.

#### **Equity**

The subscribed capital amounts to TEUR 100 (prev. year TEUR 50) at balance sheet date and is paid in full.

#### **Provisions**

Other provisions are measured to the extent to cover all recognizable risks and contingent obligations.

#### **Liabilities**

In principle, liabilities are recognized at their settlement amount.

Liabilities in foreign currencies are translated at the average spot exchange rate at their booking date and each balance sheet date. Liabilities under finance leasing arrangements are disclosed under accounts payable.

Liabilities in the amount of TEUR 9,855 (prev. year TEUR 11,533) have a residual term of up to one year.

The interest rate for liabilities to bank amounts between 1.8% and 3.3% and is fixed for all loans. There is no interest rate risk. The liabilities to banks are secured by assignment of tangible assets in the amount of TEUR 1,381 (prev. year TEUR 1,558).

Liabilities from hire-purchase agreements usually have a term of five years and are recognized under the accounts payables.

Liabilities to affiliated companies comprise at balance sheet date in the amount of TEUR 13,777 (prev. year TEUR 8,429) against the holding company paragon AG, thereof TEUR 5,725 (prev. year TEUR 1,618) from trade payables.

Liabilities to affiliated companies have been reduced due to the loss transfer according to the profit-and-loss transfer agreement from the holding company amounting to TEUR 4,455 (prev. year TEUR 4,963) Furthermore trade liabilities from Voltabox of Texas Inc, amount to TEUR 161 (prev. year TEUR 10).

#### **Other Explanations**

##### **Company relations**

Parent company is the sole owner paragon AG, Delbrück.

Voltabox Deutschland GmbH was spun off paragon AG by a notarized spin-off and takeover agreement dated April 23, 2014, with retrospective effect as of January 1, 2014 (UR 191/2014).



## **Voltabox Deutschland GmbH**

### **Condensed notes for disclosure purposes of the financial year 2016**

The company, as a 100 % subsidiary, is fully included in the consolidated financial statements of paragon AG. The consolidated financial statements are entered in the commercial register of the district court of Paderborn (HRB 11410). The consolidated financial statements for the period from January 1 to December 31, 2016 are published in the electronic Federal Gazette in accordance with § 325 sec.1 HGB.

Voltabox GmbH and paragon AG have signed a profit and loss transfer agreement according to § 291 sec. 1 sent. 1 AktG has been signed on April 23, 2014, with effective date of January 1, 2015. The general meeting consented this agreement on June 2, 2014. It was entered in the commercial register of the district court October 1, 2014.

Given, that the profit and loss transfer agreement has an effective date of January 1, 2015, income from profit and loss transfer agreements at balance sheet date amount to TEUR 4,455 (prev. year 4,963).

#### **Contingent liabilities**

There are no contingent liabilities in accordance with § 251 HGB as of December 31, 2016.

The paragon AG (holding company) issued a directly enforceable guarantee limited to TEUR 506 and an absolute guarantee of TEUR 1,574.

#### **Management**

Mr. Klaus Dieter Frers, Delbrück, Director (since January 17, 2014). He is also the CEO of the Holding company paragon AG, Delbrück;

Mr. Jürgen Pampel, Vlotho, Director (since May 26, 2014).

Delbrück, February 26, 2017

Frers  
Director

Pampel  
Director

## **Unqualified Auditor's Report on Statutory Audits of Annual Financial Statements**

*Note: This is a translation of the German text contained in the Appendix 1 of IDW PS 400.*

### **Independent Auditor's Report**

To Voltabox AG, Delbrück (formerly: Voltabox Deutschland GmbH, Delbrück)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Voltabox Deutschland AG (formerly: Voltabox Deutschland GmbH) for the business year from January 1, 2016 to December 31, 2016. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, based on our audit.

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

Our audit has not led to any reservations.

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

Düsseldorf, August 11, 2017

Baker Tilly GmbH  
Wirtschaftsprüfungsgesellschaft  
(original German version signed by:)

Gloth  
Wirtschaftsprüfer  
(German Public Auditor)

Tyralla  
Wirtschaftsprüfer  
(German Public Auditor)

## PART Z: GLOSSARY

A .....	Ampere, often shortened to “Amp”, is the base unit of electric current.
Ah .....	The Ah or Ampere/hour capacity is the charge a battery can provide over a specified period of time, e.g. 100Ah means the battery can provide 10 Amps for 10 hours or 100 Amps for 1 hr.
Anode .....	Negative electrode or terminal on a battery; the electrode of an electrochemical cell at which oxidation occurs.
Combined Financial Statements (IFRS) .....	The audited combined financial statements as of and for the fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014 prepared in accordance with IFRS as adopted by the European Union.
BaFin .....	German Federal Financial Supervisory Authority ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> ).
Battery .....	A number of cells connected together in series or parallel strings.
Battery Charger .....	Battery charger – also called recharger – is a device used to put energy into a secondary cell or rechargeable battery.
Battery System .....	A fully equipped battery consisting of modules containing the cells, a battery management system, electronic equipment like contactors, fuses etc. and, if necessary, the cooling components.
Battery Management System (BMS) .....	The electronics package that maintains safe operation, controls the battery and extends its life and durability. A Battery Management System supervises the internal status of the system and controls the communication to the vehicle. Battery Management Systems are further distinguished between master BMS (mBMS) and slave BMS (sBMS). The slave BMS is integrated into the modules and measures the cell temperatures and voltages and communicates the values to the mBMS which supervises the modules and communicates with the vehicle. In addition, the mBMS also controls the electronic components such as the closing and opening of the contactors and operates the integrated cooling system, if any.
BIPM .....	The International Bureau of Weights and Measures (French: <i>Bureau international des poids et mesures</i> ) is an international standards organization, one of three such organizations established to maintain the International System of Units (SI) under the terms of the Metre Convention ( <i>Convention du Mètre</i> ). The organization is usually referred to by its French acronym, BIPM.
CAGR .....	Compounded annual growth rate.
CAN-Bus .....	A vehicle bus standard designed to allow microcontrollers and devices to communicate with each other within a vehicle without a host computer.
Cathode .....	Positive electrode or terminal on a battery; the electrode of an electrochemical cell at which reduction occurs.

Cell .....	A combination of two electrodes arranged in a way that an overall oxidation-reduction reaction produces an electromotive force. A cell as the basis for any battery system contains the chemistry that enables (dis-)charging processes. Different chemistries and types are available, namely cylindrical cells such as 18650, 26650, 2170, prismatic and pouch cells. The main Li-Ion cell chemistries are Lithium Iron Phosphate (LFP), Lithium Titanate (LTO), Lithium Nickel Cobalt Manganese Oxide (NMC) and Lithium Nickel Cobalt Aluminum Oxide (NCA).
Company .....	Voltabox AG, Delbrück, Germany.
Controlling Shareholder .....	Mr. Klaus Dieter Frers.
C-rate .....	Used to signify a charge or discharge rate equal to the capacity of the cell or battery divided by 1 hour e.g. 1C for a 100Ah cell would be 100A, C/2 would be 50A and 5C would be 500A.
CSSF .....	Commission de Surveillance du Secteur Financier.
Cycle .....	A full charge and discharge of the battery is one cycle.
Cycle life .....	The number of cycles completed until the battery has reached 80% of its original capacity, typically 1,000-2,500 cycles.
DC-DC-Converter .....	A DC-DC-Converter is an electronic circuit or electromechanical device that converts a source of direct current (DC) from one voltage level to another. It is a type of electric power converter.
EBIT .....	Earnings before interest and taxes as shown in the Company's financial statements
EBITDA .....	Earnings before interest and taxes, depreciation and amortization; see " <i>PART I: MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS – 5 Non-GAAP Financial Measures</i> ".
Electrolyte .....	A non-metallic ionic conductor between the positive and negative electrodes of a battery.
Energy storage system (ESS) .....	Synonym for battery system, sometimes used to describe stationary batteries.
EU .....	European Union.
EV .....	Short for "Electric Vehicle". Any vehicle that is powered, in part or in full, by a battery that can be directly plugged into the mains.
Financial Statements .....	Both the Combined Financial Statements (IFRS) and the Interim Financial Statements (IFRS).
Global Coordinator .....	Bankhaus Lampe KG, Düsseldorf, Germany.
Greenshoe Option .....	In connection with a possible over-allotment, the Company will grant the Joint Bookrunners an option exercisable by the Stabilization Manager on behalf of the Joint Bookrunners to acquire up to 825,000 additional shares from the holdings of the shareholder of the Company for purposes of covering.

Group .....	Voltabox AG, Delbrück, Germany, together with its direct and indirect subsidiaries.
HEV .....	Short for “Hybrid Electric Vehicle”. A vehicle with more than one power source, such as an electric motor and an internal-combustion engine. The battery is internal and is not plugged-in to recharge.
HVFE .....	High voltage front end – the power management interface between the cells and the battery external power output.
IFRS .....	International Financing Reporting Standards as issued by the International Accounting Standards Board and as adopted by the EU.
Inductive charging .....	Inductive charging uses an electromagnetic field to transfer energy between two objects. This is usually done with a charging station. Energy is sent through inductive coupling to an electrical device, which then can use that energy to charge batteries.
International System of Units .....	The International System of Units (abbreviated as SI) is the modern form of the metric system, and is the most widely used system of measurement. It comprises a coherent system of units of measurement built on seven base units. The system also establishes a set of twenty prefixes to the unit names and unit symbols that may be used when specifying multiples and fractions of the units.
Inverter .....	An inverter – also called power inverter – is an electronic device or circuitry that changes direct current (DC) to alternating current (AC).
ISIN .....	International Securities Identification Number.
Joint Bookrunners .....	Bankhaus Lampe KG, Düsseldorf, Germany and Hauck & Aufhäuser Privatbankiers AG, Frankfurt am Main, Germany.
Joule .....	The joule (abbreviated as J) is a derived unit of energy in the International System of Units. It is equal to the energy transferred to (or work done on) an object when a force of one newton acts on that object in the direction of its motion through a distance of one meter (1 newton meter or Nm). It is also the energy dissipated as heat when an electric current of one ampere passes through a resistance of one ohm for one second.
KBA .....	Federal Motor Transport Authority ( <i>Kraftfahrtbundesamt</i> )
Kilowatt hour (kW h) .....	The kilowatt hour is a composite unit of energy equivalent to one kilowatt (1 kW) of power sustained for one hour. One watt is equal to 1 J/s. One kilowatt hour is 3.6 mega-joules, which is the amount of energy converted if work is done at an average rate of one thousand watts for one hour.  The base unit of energy within the International System of Units (SI) is the joule. The hour is a unit of time “outside the SI”, making the kilowatt hour a non-SI unit of energy. The kilowatt hour is not listed among the non-SI units accepted by the BIPM for use with the SI, although the hour, from which the kilowatt hour is derived, is.

	The unit kilowatt hour used for the measurement of battery energy. Battery energy is determined by multiplying the battery voltage by the Ah capacity, e.g. a 3.2V 200Ah cell has an energy of 640Wh, whereas a 256V 200Ah battery has an energy of 51.2kWh.
LFP .....	Lithium iron phosphate
LHDs .....	Load-haul dumpsters
Mega-joule .....	The mega-joule (MJ) is equal to one million (10 <sup>6</sup> ) joules, or approximately the kinetic energy of a one mega-gram (ton) vehicle moving at 160 km/h. One kilowatt hour of electricity is 3.6 mega-joules.
Mild hybrids .....	Mild hybrids are essentially conventional fossil-fuel vehicles equipped with a large electric machine (one motor/generator in a parallel configuration) allowing the engine to be turned off whenever the car is coasting, braking, or stopped, yet restart quickly. Mild hybrids may employ regenerative braking and some level of power assist to the ICE, but mild hybrids do not have an exclusive electric-only mode of propulsion. A start-stop system or stop-start system automatically shuts down and restarts the internal-combustion engine to reduce the amount of time the engine spends idling, thereby improving fuel economy and reducing emissions.
Module .....	A module is a set of cells from one cell type with identical chemistry and format. Within such module the cells are connected in series or parallel to achieve certain voltage levels.
New Shares .....	Up to 5,000,000 newly issued ordinary bearer shares with no par value ( <i>Stückaktien</i> ) from a capital increase against cash contributions resolved by an extraordinary general shareholders' meeting of the Company held on September 22, 2017.
Offer Shares .....	The New Shares, the Sale Shares and the Over-Allotment Shares together.
Over-Allotment Shares .....	825,000 existing ordinary bearer shares with no par value ( <i>Stückaktien</i> ) from the holdings of paragon AG for the purpose of a possible over-allotment.
Parent Company .....	paragon AG, Delbrück, Germany.
PHEV .....	Short for "Plug-in Hybrid Electric Vehicle". A vehicle with a plug-in battery and an internal-combustion engine. Typical PHEVs will have a Pure EV range of approximately 10 miles.
Prospectus .....	This prospectus.
Pure EV .....	A vehicle that is operated solely by a battery that is charged from mains electricity. Typical Pure EVs will offer a range of approximately 100 miles. Also known as Electric, All Electric, BEV (Battery Electric Vehicle) and Fully Electric.
Rechargeable battery .....	Also called "secondary cell" or "accumulator" is an electrical battery that can be charged and discharged many times.

REEV .....	Short for “Range-Extended Electric Vehicle”. A vehicle where the battery propels the vehicle and the internal-combustion engine is a backup generator. REEVs are like EVs but with a smaller battery range of around 40 miles; range is extended by an on board generator providing hundreds of additional miles of mobility. The propulsion technology is always electric.
Rule 144 .....	Regulation 144A under the Securities Act, as amended.
Sale Shares .....	500,000 shares from holdings of the Parent Company.
Securities Act .....	United States Securities Act of 1933, as amended.
Separator .....	Physical insulator between the anode and the cathode. The separator is porous to allow ionic transfer.
Stabilization Manager .....	Bankhaus Lampe.
Stabilization Period .....	Period commencing on the date of listing of the Shares on the Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> ) until 30 days thereafter.
Interim Financial Statements (IFRS) .....	The unaudited condensed consolidated interim financial statements of Voltabox AG prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (“ <b>IFRS</b> ”) for interim financial reporting (IAS 34), as of and for the six months ended June 30, 2017.
Underwriting Agreement .....	The underwriting agreement between the Company, the Shareholder and each of the Joint Bookrunners, expected to be entered into on September 25, 2017.
VTBMS .....	Voltage/temperature BMS.
WpHG .....	German Securities Trading Act ( <i>Wertpapierhandelsgesetz</i> )
WKN .....	German Securities Code ( <i>Wertpapierkennnummer</i> ).

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# **SIGNATURES**

Delbrück, Düsseldorf, Frankfurt am Main, September 25, 2017

## **Voltabox AG**

Signed by:  
Jürgen Pampel

Signed by:  
Andres Klasing

## **Bankhaus Lampe KG**

Signed by:  
Patrick Weiden

Signed by:  
Stephan Averdung

## **Hauck & Aufhäuser Privatbankiers AG**

Signed by:  
Christian von Dreising

Signed by:  
Dr. Christian Weber

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