Prospectus
for the Public Offer of

1,562,500 newly issued ordinary bearer shares with no-par value (*Stückaktien*) resulting from a capital increase against contribution in cash with exclusion of subscription rights of the existing shareholders expected to be resolved by the Management Board on 26 November 2019 and to be approved by the Supervisory Board on the same day, as resolved by an extraordinary general shareholders' meeting of the Company held on 10 November 2019

and of

234,375 existing ordinary bearer shares with no-par value (*Stückaktien*) from the holdings of the Lending Shareholder in connection with a possible over-allotment

as well as

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

up to 1,562,500 newly issued ordinary bearer shares with no-par value (*Stückaktien*) resulting from a capital increase against contribution in cash with exclusion of subscription rights of the existing shareholders expected to be resolved by the Management Board on 26 November 2019 and to be approved by the Supervisory Board on the same day, as resolved by an extraordinary general shareholders' meeting of the Company held on 10 November 2019

and of

4,823,400 ordinary bearer shares with no-par value (*Stückaktien* (existing share capital),

each such share with a notional value of EUR 1.00 and full dividend rights from 1 January 2019

of

DiaMonTech AG

Berlin, Germany

Price Range: EUR 32.00 – EUR 38.00

International Securities Identification Number (ISIN): DE000A255G44
German Securities Identification Number (WKN): A25 5G4
Ticker Symbol: 3XW

Sole Global Coordinator and Sole Bookrunner

MainFirst Bank AG

(A Stifel Company)

13 November 2019

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1. SUMMARY OF THE PROSPECTUS

A. INTRODUCTION CONTAINING WARNINGS

This prospectus (the "**Prospectus**") relates to ordinary bearer shares with no-par value, International Securities Identification Number ("**ISIN**"): DE000A255G44 of DiaMonTech AG (formerly DiaMonTech GmbH), Berlin, Federal Republic of Germany ("**Germany**") (the "**Company**", the "**Issuer**", "**DiaMonTech**" or "**we**", "**our**", or "**us**"). The Issuer has its registered office at Boxhagener Str. 82a, 10245 Berlin, Germany (tel.: +49 30 501 759 36; website: www.diamontech.de). The Issuer's legal entity identifier ("**LEI**") is 894500ZYAM3S6TCDPU10.

MainFirst Bank AG, Kennedyallee 76, 60596 Frankfurt am Main, Germany (tel.: +49 69 78808 175; website: www.mainfirst.com) ("**MAINFIRST**" or the "**Sole Global Coordinator**") acts as the offeror of this public offering and, together with the Company, will apply for admission of the shares in the Company to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The LEI of MAINFIRST is 529900MC68RTGHKI4F05.

The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**"), Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany (tel.: +49 228 4108 0; website: www.bafin.de) has approved this Prospectus as competent authority under Regulation (EU) 2017/1129 on 13 November 2019.

This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on a consideration of this Prospectus as a whole by the investor. Investors in the shares in the Company could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national law, have to bear the costs of translating this Prospectus before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the shares in the Company.

B. KEY INFORMATION ON THE ISSUER

1. Who is the issuer of the securities?

Issuer information

The Issuer has its registered office at Boxhagener Str. 82a, 10245 Berlin, Germany, and is a German stock corporation (*Aktiengesellschaft*), incorporated under and governed by German law. The Company is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany under number HRB 212017 B. The Issuer's LEI is 894500ZYAM3S6TCDPU10.

Principal activities

The Issuer is a medical technology company focused on the design, development and commercialisation of medical diagnostics devices on the basis of its laser-based proprietary photothermal detection technology. The Company's first-generation non-invasive blood glucose monitoring ("**BGM**") solution is designed to accurately measure glucose levels without finger pricking, blood or pain, simply by placing a finger on an optical interface for some seconds. The Company believes that its non-invasive BGM solution will provide people with diabetes with an extremely convenient method to monitor their glucose levels in comparison to the other currently available methods of monitoring blood glucose.

Major shareholders

The following table shows all shareholders (together with the number of shares held) who, directly, have an interest in the Company's capital or voting rights which equals to or exceeds 3 % in the total voting rights:

	As the date of the Prospectus	
Name of the current shareholders	**numbers of shares**	**shares in %**
Prof. Dr. Werner Mäntele	1,125,000	23.32
Thorsten Lubinski	1,050,000	21.77
Bioventure Club Deal Eleven GmbH & Co. KG[1]	325,000	6.74
Jindong Capital (HK), Ltd.[2]	222,100	4.60
MOre-invest GmbH[3]	186,500	3.87
DS Invest GmbH[4]	175,000	3.62
TD Verwaltungs-GmbH	154.000	3.19
Christian Mäntele	150,000	3.11

Alexander Zahn	146,400	3.04
Other shareholders	1,289,400	26.73
	4,823,400	100

[1] General partner of Bioventure Club Deal Eleven GmbH & Co. KG is Bioventure Verwaltungs GmbH, Göttingen, Germany. The sole controlling shareholder of Bioventure Verwaltungs GmbH is Dr. Erik Hoppe.

[2] The sole shareholder of Jindong Capital (HK), Ltd., Hong Kong, is VATS Group Inc., British Virgin Island. The sole shareholder of VATS Group Inc., British Virgin Island, is Mr. Xiangdong Wu.

[3] The sole shareholder of MOre-invest GmbH, Nuremberg, Germany, is Mr. M. Oschmann.

[4] The sole shareholder of DS Invest GmbH, Dusseldorf, Germany, is Mr. R. Gith.

Control There is no direct or indirect control over the Issuer.

Management board The Company's management board (*Vorstand*) consists of Thorsten Lubinski (Chief Executive Officer) and Enrico Just (Chief Financial Officer) (the "**Management Board**").

Statutory auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Friedrich-Ebert-Anlage 35–37, 60327 Frankfurt am Main (registered seat), Germany, through its Berlin office, Kapelle-Ufer 4, 10117 Berlin, Germany ("**PwC**").

2. What is the key financial information regarding the issuer?

The financial information contained in this Prospectus, other than where otherwise indicated, and in the following tables is taken or derived from the Company's unaudited condensed interim financial statements as of and for the nine-months period ended 30 September 2019 (the "**Unaudited Interim Financial Statements (IFRS)**") and the Company's audited financial statements as of and for the financial years ended 31 December 2018, 31 December 2017 and 31 December 2016 (the "**Audited Financial Statements (IFRS)**"). The Audited Financial Statements (IFRS) have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and the Unaudited Interim Financial Statements (IFRS) have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**").

Selected information from the statements of comprehensive income

	01 Jan 2019 – 30 Sept 2019	**01 Jan 2018 – 30 Sept 2018**	**01 Jan 2018 – 31 Dec 2018**	**01 Jan 2017 – 31 Dec 2017**	**01 Jan 2016 – 31 Dec 2016**
	(in EUR) (unaudited)		**(in EUR) (audited)**		
Total comprehensive loss for the period	1,496,686	477,972	622,131	270,059	294,754
Loss from operating activities	1,496,025	477,972	622,131	270,059	294,754
Net loss for the period	1,496,686	477,972	622,131	270,059	294,754
Basic and diluted net loss per company share	36.30	12.64	16.24*	8.02*	10.23*

**Calculated on the basis of a weighted average number of shares of 38,318 for the year 2018, 33,679 for the year 2017 and 28,822 for the year 2016.*

Selected information from the statements of financial position

	30 Sept 2019	**31 Dec 2018**	**31 Dec 2017**	**31 Dec 2016**
	(in EUR) (unaudited)	**(in EUR) (audited)**		
Total assets	10,290,851	3,956,336	2,414,094	479,546
Total shareholders' equity	9,323,945	3,600,631	2,169,583	369,789

Selected information from the statements of cash flows

	01 Jan 2019 – 30 Sept 2019	**01 Jan 2018 – 30 Sept 2018**	**01 Jan 2018 – 31 Dec 2018**	**01 Jan 2017 – 31 Dec 2017**
	(in EUR) (unaudited)		**(in EUR) (audited)**	
Cash flows from operating activities	(1,044,272)	(284,845)	(452,482)	(90,894)
Cash flows from investing activities	(979,724)	(588,304)	(873,108)	(628,382)
Cash flows from financing activities	7,172,200	1,774,968	2,016,638	2,050,162

3. What are the key risks that are specific to the issuer?

Risks specific to the Issuer

Risks Relating to the Company's Technology

- Our non-invasive blood glucose monitoring solution, could prove to be unsuitable for the intended purpose which could render development and expansion plans obsolete.
- The development of our first commercial device, the D-Pocket, is subject to numerous uncertainties, could prove more timely and/or costlier than we currently expect or may not be possible at all.
- The mass production of the Quantum Cascade Laser for our devices has not yet been tested and can therefore significantly delay the Company's development and expansion process.

Risks Relating to the Company's Business Activities and Industry

- If we are unable to successfully develop, commercialise and gain market acceptance for our laser-based diagnostic device D-Pocket or if we experience significant delays in doing so, our sales potential and strategic objectives could be negatively impacted.
- Competitive products may render our devices less competitive or obsolete.
- We operate in a very competitive industry and if we fail to compete successfully against our potential competitors, many of whom have greater resources than we have, we will not be able to position our diagnostic devices in the market and achieve our strategic goals.

Risks Relating to the Company's Financial Situation

- We have incurred significant operating losses since inception and cannot assure that we will generate sufficient revenues or ever achieve profitability.
- If we are unable to generate significant sales with the intended launch of our D-Pocket, the significant research and development and other costs incurred so far will not be offset which would harm our financial position and hinder us from becoming profitable.

Risks specific to the Issuer's Industry and the Regulatory Environment

Legal and Regulatory Risks

- If we are unable to successfully receive regulatory clearance, approval or certification mark for our upcoming laser-based diagnostic device D-Pocket, or if we experience significant delays in doing so, we may incur additional cost.
- Our products and business activities are subject to extensive governmental regulation, and failure to comply with applicable requirements could cause our business to suffer.
- There is a risk that the Study 100[1] conducted by us and used in this Prospectus could be classified as a clinical trial subject to approval, which would result in the payment of a fine.

Risks related intellectual property rights

- Due to the increased dependence on our intellectual property and proprietary technology (especially patents for our non-invasive blood glucose monitoring solution) we try to protect the information through patent registration and individual confidentiality agreements. But our ability to protect our intellectual property and proprietary technology is uncertain.
- The medical device industry is characterised by patent litigation, and we could become subject to litigation that could be costly, result in the diversion of management's time and efforts, stop our development and commercialisation measures, harm our reputation or require us to make significant payments to compensate claimants for damages.

C. KEY INFORMATION ON THE SECURITIES

1. What are the main features of the securities?

Type, class, The shares offered and admitted to trading are ordinary bearer shares with no-par value

1 The Issuer conducted a long-term clinical study with 100 persons from March 2018 until March 2019, in order to determine the accuracy of our non-invasive BGM solution ("**Study 100**").

ISIN	(*Stückaktien*). ISIN: DE000A255G44
Currency	The shares are denominated in EUR.
Par value, number of securities	Each such share represents a notional value of EUR 1.00. At the date of the Prospectus, the share capital of the Company amounts to EUR 4,823,400 and is divided into 4,823,400 ordinary bearer shares with no-par value (*Stückaktien*). The share capital will be increased by up to 1,562,500 newly issued ordinary bearer shares which are the subject of the offering. The securities have no maturity.
Rights attached	Each share of the Company entitles the shareholder to one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. The shares of the Company carry full dividend rights in EUR as of 1 January 2019.
Seniority	The shares of the Company are subordinated to all other securities and claims in case of an insolvency of the Company.
Restriction on the free transferability	The shares of the Company are freely transferable in accordance with the legal requirements for ordinary bearer shares (*Inhaberaktien*). There are no restrictions on the transferability of the Company's shares other than certain lock-up agreements entered into between the existing shareholders and the Sole Global Coordinator.
Dividend or pay-out policy	The Company intends to retain all available funds and any future earnings to support operations and to finance growth and development of its business and currently does not intend to pay dividends in the foreseeable future. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, financial condition, contractual restrictions and capital requirements.

2. Where will the securities be traded?

All shares in the Company are expected to be admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

3. What are the key risks that are specific to the securities?

Risks attached to the securities

- Our existing shareholders will still hold the majority of the shares in the Company after the initial public offering. Should these existing shareholders decide to sell shares in the Company, this could materially adversely affect the price of the Company's shares.
- Prior to this initial public offering, there was no public market for the Company's shares. The offer price for the shares offered in this offering will be determined by way of a book building process. Due to the fact, that the Company's shares have not been previously publicly traded, there is no guarantee that an active and liquid market for these shares will develop.

D. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

1. Under which conditions and timetable can I invest in this security?

Offer conditions	The offer relates to a public offering of 1,796,875 ordinary bearer shares of the Company with no-par value (*Stückaktien*), each such share representing a notional value of EUR 1.00 and with full dividend rights in EUR from 1 January 2019 (the "**Offering**"), consisting of (i) 1,562,500 newly issued ordinary bearer shares with no-par value (*Stückaktien*) (the "**New Shares**") resulting from a capital increase against contribution in cash (the "**IPO Capital Increase**") with exclusion of subscription rights of the existing shareholders expected to be resolved by the Management Board on 26 November 2019 and to be approved by the Supervisory Board on the same day, as resolved by the extraordinary general shareholders' meeting of the Company on 10 November 2019; and (ii) 234,375 existing ordinary bearer shares with no-par value (*Stückaktien*) from the holdings of Thorsten Lubinski (the "**Lending Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and together with the New Shares, the "**Offer Shares**").
Scope of the Offering	The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States of America, the Offer Shares will be offered and sold only to "accredited investors" ("**Accredited Investors**") as defined in Rule

501 under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") pursuant to the exemptions from the registration requirements of the Securities Act provided by Rule 506 under the Securities Act. Outside the United States, the Offer Shares will be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**"). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and any representation to the contrary is a criminal offence.

The Offer Shares have not been and will not be registered under the Securities Act, or with any other securities regulatory authority of any state or other jurisdiction in the United States.

Timetable of the offer

The following is the expected timetable of the Offering, which may be extended or shortened:

13 November 2019..	Publication of the approved Prospectus on the Company's website www.diamontech.de under section "Investor Relations"
14 November 2019..	Commencement of the period during which investors may submit purchase orders for the Offer Shares ("**Offer Period**")
	Commencement of possibility to submit subscription offers via the Subscription Functionality
26 November 2019..	Expiration of the Offer Period at 14:30 noon (CET) for retail investors via the Subscription Functionality and at 16:30 (CET) for institutional investors
	Determination of the Offer Price, the final number of Offer Shares to be allocated, including the final number of New Shares
	Publication of the results of the Offering in form of an ad-hoc announcement through an electronic information dissemination system across the entire European Economic Area (*Medienbündel*) and on the Company's website (www.diamontech.de) under the "Investor Relations" section
27 November 2019..	Registration of the consummation of the IPO Capital Increase in the commercial register of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany, and creation of the New Shares to be delivered at closing
29 November 2019..	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
29 November 2019..	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

Admission to trading

The Company intends to apply for admission of the New Shares and all of the Company's existing shares (entire current share capital) to trading on the regulated market segment (regulierter Markt) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about 13 November 2019. The admission of the shares in the Company is expected to be granted on 27 November 2019.

Plan for distribution

The delivery of the Offer Shares against payment of the Offer Price and customary securities commissions payable to the depositary banks is expected to take place on 29 November 2019.

Dilution

According to the Unaudited Interim Financial Statements (IFRS), the net asset value of the Company as at 30 September 2019 amounted to EUR 9,323,945. The net asset value as at 30 September 2019 corresponds to total assets of EUR 10,290,851 less total non-current liabilities of EUR 4,520 and total current liabilities of EUR 962,386. The net asset value per share (equity attributable to the Company's shareholders per Share), which corresponds to the net asset value divided by the number of outstanding shares in the Company immediately prior to the Offering, would amount to EUR 1.93 per Share based on 4,823,400 outstanding shares in the Company immediately prior to the Offering. Assuming an Offer Price of EUR 35.00 at the mid-point of the Price Range, the Offer Price would exceed the net asset value attributable to shareholders upon implementing of the Offering by EUR 24.79 or 242.8 %, assuming 6,620,275 outstanding shares of the Company (including placement of all Over-Allotement Shares and full exercise of the greenshoe option in the amount of 234,375 shares in the Company) upon completion of the Offering.

Assuming the issuance and placement of all 1,796,875 Offer Shares in the Offering, the total voting rights and total statutory capital (*Grundkapital*) of the holders of the existing 4,823,400

Company's shares prior to the Offering will be reduced from 100 % to 72.86 % of all voting rights and of the total statutory capital (*Grundkapital*) in the Company upon implementation of the Offering.

Total expenses

The costs of the Company related to the Offering and listing of the Company's entire share capital are expected to total approximately EUR 4.64 million (assuming full placement of all Offer Shares, full exercise of the greenshoe option in the amount of 234,375 shares in the Company and an Offer Price at the mid-point of price range of EUR 35.00 per Offer Share, the gross proceeds to the Company would amount to EUR 62.89 million).

Expenses charged to investors

Investors will not be charged expenses by the Company or the Sole Global Coordinator in connection with its role as underwriter. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

2. Who is the offeror and/or the person asking for admission to trading?

Offerors/ Applicant

MAINFIRST acts as the offeror of this public offer. The application for admission of the securities to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) will be carried out jointly by the Company and MAINFIRST.

3. Why is this prospectus being produced?

Use and estimated net amount of the proceeds

The Company intends to use the net proceeds (assuming placement of all Offer Shares at the mid-point of the price range of EUR 35.00 per Offer Share and full exercise of the greenshoe option) in the amount of approximately EUR 58.25 million from the Offering in the following priority: (i) approximately EUR 15.14 million for investments in the product development and prototyping (including development of smaller and cheaper quantum cascade laser ("**QCL**") and detector, to enable them to fit into the pocket device) as well as in their research and development (*e.g.* patient trials), (ii) approximately EUR 22.14 million for investments in the structural expansion (*e.g.* expansion of sales and distribution structure or in workforce expansion) and (iii) approximately EUR 20.97 million for investments in the Company's operating assets (*e.g.* working capital, lab equipment or intellectual property), potentially including the payment of EUR 10 million to Frankfurt University to be released from the obligation to royalty payments.

Underwriting agreement

On 13 November 2019, the Sole Global Coordinator, the Lending Shareholder and the Company entered into an underwriting agreement relating to the offer and sale of the Offer Shares in connection with the Offering (the "**Underwriting Agreement**"). In the Underwriting Agreement, the Sole Global Coordinator has agreed, subject to certain conditions, to underwrite and purchase the Offer Shares at the Offer Price with a view to offering them to investors in the Offering.

Interests material to the issue/offer including conflicting interests

In connection with the Offering and the admission to trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Sole Global Coordinator has formed a contractual relationship with the Company and the Lending Shareholder. The Sole Global Coordinator acts for the Company and the Lending Shareholder on the Offering and coordinates the structuring and execution of the Offering. MAINFIRST has been appointed to act as designated sponsors for the Company's shares and as paying agent. Upon successful implementation of the Offering, the Sole Global Coordinator will receive a commission, which is dependent on the size of the Offering and the Offer Price. As a result of these contractual relationships, the Sole Global Coordinator has a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, the Sole Global Coordinator and any of its respective affiliates, acting as an investor for their own account, may acquire the Company's shares in the Offering and in that capacity may retain, purchase or sell for its own account such shares in the Company or related investments and may offer or sell such Company's shares or other investments otherwise than in connection with the Offering. In addition, the Sole Global Coordinator or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Sole Global Coordinator or its affiliates may from time to time acquire, hold or dispose of the Company's shares.

The Sole Global Coordinator or its affiliates have, and may from time to time in the future continue to have, business relations with our Company or may perform services for our Company in the ordinary course of business.

The Company will receive the net proceeds from the sale of the New Shares (after deduction

of fees and commissions) and will gain access to the equity capital markets. Furthermorre, the Company will receive the proceeds from the sale of the Over-Allotment Shares if and to the extent the greenshoe option is exercised.

Since the Company will receive the net proceeds from the Offering (including, if the Over-Allotment Shares are sold and the greenshoe option is exercised, the net proceeds resulting from the sale of the Over-Allotment Shares) and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company, in particular the existing shareholders of the Company have an interest in the implementation of the capital increase to which the Offering relates.

Thorsten Lubinski has a personal interest in the implementation of the Offering, due to his position as a shareholder of the Company and his entitlement to receive a bonus payment of EUR 200,000. Enrico Just has a personal interest in the Offering as he intend to submit purchase orders in the Offering which are subject to preferential allocation.

Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering.

2. ZUSAMMENFASSUNG DES PROSPEKTS

A. EINLEITUNG MIT WARNHINWEISEN

Dieser Prospekt (der "**Prospekt**") bezieht sich auf nennwertlose Inhaberaktien (Stückaktien), internationale Wertpapier-Identifikationsnummer (*International Securities Identification Number*, "**ISIN**") DE000A255G44 der DiaMonTech AG (vormals DiaMonTech GmbH), Berlin, Bundesrepublik Deutschland ("**Deutschland**") (die "**Gesellschaft**", die "**Emittentin**", "**DiaMonTech**" oder "**wir**", "**uns**" oder "**unsere**"). Die Emittentin hat ihren satzungsmäßigen Sitz in der Boxhagener Str. 82a, 10245 Berlin, Deutschland (Tel.: +49 30 501 759 36; Website: www.diamontech.de). Die Rechtträgerkennung ("**LEI**") der Emittentin lautet 894500ZYAM3S6TCDPU10.

MainFirst Bank AG, Kennedyallee 76, 60596 Frankfurt am Main, Deutschland (Tel.: +49 69 78808 175; Website: www.mainfirst.com) ("**MAINFIRST**" oder der "**Sole Global Coordinator**") tritt als Anbieter diesen öffentlichen Angebots auf und wird gemeinsam mit der Gesellschaft den Antrag auf Zulassung der Aktien der Gesellschaft zum Handel im regulierten Markt der Frankfurter Wertpapierbörse stellen. Die LEI von MAINFIRST lautet 529900MC68RTGHKI4F05.

Die Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**"), Marie-Curie-Str. 24 - 28, 60439 Frankfurt am Main, Deutschland (Tel.: +49 228 4108 0; Website: www.bafin.de) hat diesen Prospekt als zuständige Behörde gemäß Verordnung (EU) 2017/1129 am 13. November 2019 gebilligt.

Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Anleger sollten sich bei der Entscheidung, in die Aktien der Gesellschaft zu investieren, auf diesen Prospekt als Ganzes stützen. Anleger, die in die Aktien der Gesellschaft investieren, könnten ihr gesamtes angelegtes Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien der Gesellschaft für die Anleger eine Entscheidungshilfe darstellen würden.

B. BASISINFORMATIONEN ÜBER DIE EMITTENTIN

1. Wer ist die Emittentin der Wertpapiere?

Informationen über die Emittentin

Die Emittentin hat ihren satzungsmäßigen Sitz in der Boxhagener Str. 82a, 10245 Berlin, Deutschland und ist eine deutsche Aktiengesellschaft, die nach deutschem Recht gegründet wurde. Die Gesellschaft ist im Handelsregister des Amtsgerichts Charlottenburg (Berlin), Deutschland, unter der HRB 212017 B eingetragen. Die LEI der Emittentin lautet 894500ZYAM3S6TCDPU10.

Haupttätigkeiten

Die Emittentin ist ein Medizintechnikunternehmen, das sich auf das Design, die Entwicklung und die Vermarktung von medizinischen Diagnosegeräten auf der Grundlage seiner laserbasierten, proprietären photothermischen Detektionstechnologie konzentriert. Die nicht-invasive Blutzuckermesslösung ("**BZM**") des Unternehmens der ersten Generation wurde entwickelt, um den Blutzuckerspiegel ohne Stechen, Blut oder Schmerzen, durch die Auflage eines Fingers auf eine optische Schnittstelle für einige Sekunden, präzise zu messen. Das Unternehmen ist davon überzeugt, dass seine nicht-invasive BZM-Lösung Menschen mit Diabetes eine äußerst praktische Methode zur Überwachung ihres Glukosespiegels im Vergleich zu anderen derzeit verfügbaren Methoden zur Überwachung des Blutzuckerspiegels bieten wird.

Hauptanteilseigner

Die folgende Tabelle zeigt alle Aktionäre (zusammen mit der Anzahl der gehaltenen Aktien), die direkt eine Beteiligung am Eigenkapital oder an den Stimmrechten der Gesellschaft haben, die 3 % der Gesamtstimmrechte entspricht oder überschreitet:

	Zum Datum dieses Prospekts	
Name der aktuellen Gesellschafter	**Anzahl der Anteile**	**Anteile in %**
Prof. Dr. Werner Mäntele	1.125.000	23,32
Thorsten Lubinski	1.050.000	21,77
Bioventure Club Deal Eleven GmbH & Co. KG[1]	325.000	6,74
Jindong Capital (HK), Ltd.[2]	222.100	4,60

MOre-invest GmbH[3]	186.500	3,87
DS Invest GmbH[4]	175.000	3,62
TD Verwaltungs-GmbH	154.000	3,19
Christian Mäntele	150.000	3,11
Alexander Zahn	146.400	3,04
Weitere Anteilseigner	1.289.400	26,73
	4.823.400	100

[1] Komplementärin der Bioventure Club Deal Eleven GmbH & Co. KG ist die Bioventure Verwaltungs GmbH, Göttingen, Deutschland. Der alleinige Hauptgesellschafter der Bioventure Verwaltungs GmbH ist Dr. Erik Hoppe.

[2] Der alleinige Gesellschafter der Jindong Capital (HK), Ltd., Hong Kong, ist die VATS Group Inc., British Virgin Island. Der alleinige Gesellschafter der VATS Group Inc., British Virgin Island, ist Herr Xiangdong Wu.

[3] Der alleinige Gesellschafter der MOre-invest GmbH, Nürnberg, Deutschland, ist Herr M. Oschmann.

[4] Der alleinige Gesellschafter der DS Invest GmbH, Düsseldorf, Deutschland, ist Herr R. Gith.

Beherrschung Es besteht keine unmittelbare oder mittelbare Beherrschung.

Vorstand Der Vorstand der Gesellschaft besteht aus Thorsten Lubinski (*Chief Executive Officer)* und Enrico Just (*Chief Financial Officer*) (der "**Vorstand**").

Abschlussprüfer PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Friedrich-Ebert-Anlage 35–37, 60327 Frankfurt am Main (eingetragener Firmensitz), Deutschland, durch das Berliner Büro, Kapelle-Ufer 4, 10117 Berlin, Deutschland ("**PwC**").

2. Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Die Finanzinformationen in diesem Prospekt, soweit nicht anders angegeben, und in den folgenden Tabellen wurden dem ungeprüften verkürzten Zwischenabschluss der Gesellschaft für den zum 30. September 2019 endenden Neunmonatszeitraum (der "**Ungeprüfte Zwischenabschluss (IFRS)**") und dem geprüften Jahresabschluss der Gesellschaft für die zum 31. Dezember 2018, 31. Dezember 2017 und 31. Dezember 2016 endenden Geschäftsjahre (der "**Geprüfte Jahresabschluss (IFRS)**") entnommen. Der Geprüfte Jahresabschluss (IFRS) wurde nach International Financial Reporting Standards, wie sie in der europäischen Union anzuwenden sind ("**IFRS**") erstellt, und der Ungeprüfte Zwischenabschluss (IFRS) wurde nach International Accounting Standard 34 ("**IAS 34**") erstellt.

Ausgewählte Informationen aus der Gesamtergebnisrechnung

	01 Jan 2019 – 30 Sept 2019	**01 Jan 2018 – 30 Sept 2018**	**01 Jan 2018 – 31 Dez 2018**	**01 Jan 2017 – 31 Dez 2017**	**01 Jan 2016 – 31 Dez 2016**
	(in EUR) (ungeprüft)		**(in EUR) (geprüft)**		
Gesamtverlust der Periode	1.496.686	477.972	622.131	270.059	294.754
Verlust der operativen Tätigkeit	1.496.025	477.972	622.131	270.059	294.754
Jahresfehlbetrag für die Periode	1.496.686	477.972	622.131	270.059	294.754
Unverwässerter und verwässerter Jahresfehlbetrag je Gesellschaftsanteil	36,30	12,64	16,24*	8,02*	10,23*

**Berechnet auf Basis eines gewichteten Durchschnitts der Anteile von 38.318 für das Jahr 2018, 33.679 für das Jahr 2017 und 28.822 für das Jahr 2016.*

Ausgewählte Informationen aus der Bilanz

	30 Sept 2019	**31 Dez 2018**	**31 Dez 2017**	**31 Dez 2016**
	(in EUR) (ungeprüft)	**(in EUR) (geprüft)**		
Vermögenswerte insgesamt	10.290.851	3.956.336	2.414.094	479.546
Eigenkapital insgesamt	9.323.945	3.600.631	2.169.583	369.789

Ausgewählte Informationen aus der Kapitalflussrechnung

	01 Jan 2019 – 30 Sept 2019	**01 Jan 2018 – 30 Sept 2018**	**01 Jan 2018 – 31 Dez 2018**	**01 Jan 2017 – 31 Dez 2017**
	(in EUR) (ungeprüft)		**(in EUR) (geprüft)**	
Cashflow aus laufender Geschäftstätigkeit	(1.044.272)	(284.845)	(452.482)	(90.894)
Cashflow aus Investitionstätigkeit	(979.724)	(588.304)	(873.108)	(628.382)
Cashflow aus Finanzierungstätigkeit	7.172.200	1.774.968	2.016.638	2.050.162

3. Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

Besondere Risiken der Emittentin

Risiken in Bezug auf die Technologie des Unternehmens

- Unsere nicht-invasive Blutzuckermesslösung könnte sich als ungeeignet für den beabsichtigten Zweck erweisen, was die Entwicklungs- und Expansionspläne überflüssig machen könnten.
- Die Entwicklung unseres ersten kommerziellen Geräts, des D-Pocket, ist mit großen Unsicherheiten behaftet, könnte sich als zeitaufwändiger und/oder teurer erweisen, als wir es derzeit erwarten oder gar nicht möglich sein.
- Die Massenproduktion des Quantenkaskadenlasers für unsere Geräte ist noch nicht getestet und kann daher den Entwicklungs- und Expansionsprozess des Unternehmens erheblich verzögern.

Risiken in Bezug auf die Geschäftstätigkeit und die Branche des Unternehmens

- Wenn wir nicht in der Lage sind, unser laserbasiertes Diagnosegerät D-Pocket erfolgreich zu entwickeln, zu vermarkten und die Marktakzeptanz zu erhalten, oder wenn wir dabei erhebliche Verzögerungen feststellen, können sich unsere Umsatzpotenziale und strategischen Ziele negativ auswirken.
- Konkurrierende Produkte könnten die Wettbewerbsfähigkeit unserer Geräte verringern oder veraltet erscheinen lassen.
- Wir sind in einer sehr wettbewerbsintensiven Branche tätig, und wenn wir es nicht schaffen, erfolgreich mit unseren potenziellen Wettbewerbern zu konkurrieren, von denen viele über größere Ressourcen verfügen als wir, werden wir nicht in der Lage sein, unsere diagnostischen Geräte auf dem Markt zu positionieren und unsere strategischen Ziele zu erreichen.

Risiken in Bezug auf die finanzielle Situation des Unternehmens

- Wir haben seit Beginn erhebliche operative Verluste erlitten und können nicht garantieren, dass wir ausreichende Einnahmen erzielen oder jemals eine Rentabilität erreichen werden.
- Wenn es uns nicht gelingt, mit der beabsichtigten Markteinführung unseres D-Pocket erhebliche Umsatzerlöse zu erzielen, werden unsere bislang aufgelaufenen erheblichen Forschungs- und Entwicklungsausgaben sowie sonstigen Kosten nicht ausgeglichen werden, was unsere finanzielle Lage beeinträchtigen und uns davon abhalten würde, profitabel zu werden.

Spezifische Risiken für die Branche der Emittentin und das regulatorische Umfeld

Rechtliche und regulatorische Risiken

- Wenn wir für unser kommendes laserbasiertes Diagnosegerät D-Pocket keine behördliche Genehmigung, Zulassungs- oder Zertifizierungskennzeichnung erhalten können oder wenn wir erhebliche Verzögerungen feststellen, können uns zusätzliche Kosten entstehen.
- Unsere Produkte und Geschäftsaktivitäten unterliegen umfangreichen staatlichen Vorschriften, und die Nichteinhaltung der geltenden Vorschriften kann zu Beeinträchtigungen unseres Unternehmens führen.
- Es besteht das Risiko, dass die von uns durchgeführte und in diesem Prospekt verwendete Studie 100[2] als genehmigungspflichtige klinische Studie eingestuft wird, was zur Zahlung einer Geldbuße führen würde.

Risiken im Zusammenhang mit geistigen Eigentumsrechten

- Aufgrund der zunehmenden Abhängigkeit von unserem geistigen Eigentum und unserer proprietären Technologie (insbesondere Patente für unsere nicht-invasive Blutzuckermesslösung) versuchen wir, die Informationen durch Patentanmeldungen und individuelle Vertraulichkeitsvereinbarungen zu schützen. Jedoch ist unsere Fähigkeit, unser geistiges Eigentum und unsere proprietäre Technologie zu schützen, ungewiss.
- Die Medizinprodukteindustrie ist durch Patentstreitigkeiten gekennzeichnet, und wir könnten in Streitigkeiten verwickelt werden, die kostspielig sein könnten, zur Ablenkung von Zeit und Mühe des Managements führen, unsere Entwicklungs- und Kommerzialisierungsmaßnahmen einstellen, unseren Ruf schädigen oder von uns verlangen, wesentliche Zahlungen zu leisten, um den Klägern den Schaden zu ersetzen.

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2 Die Emittentin führte von März 2018 bis März 2019 eine klinische Langzeitstudie mit 100 Personen durch, um die Genauigkeit unserer nicht-invasiven BZM-Lösung zu ermitteln ("**Studie 100**").

C. BASISINFORMATIONEN ÜBER DIE WERTPAPIERE

1. Welches sind die wichtigsten Merkmale der Wertpapiere?

Art, Gattung und ISIN	Die angebotenen und zum Handel zuzulassenden Aktien sind auf den Inhaber lautenden Stammaktien ohne Nennbetrag (*Stückaktien*). ISIN: DE000A255G44.
Währung	Die Aktien sind in EUR denominiert.
Nennwert, Anzahl	Jede einzelne Aktie hat einen anteiligen Betrag am Grundkapital von EUR 1,00. Zum Datum des Prospekts beträgt das Grundkapital der Gesellschaft EUR 4.823.400 und ist in 4.823.400 auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien) eingeteilt. Das Grundkapital wird um bis zu 1.562.500 neu auszugebene, auf den Inhaber lautende Stammaktien erhöht, die Gegenstand des Angebots sind. Die Aktien haben keine Laufzeit.
Verbundene Rechte	Jede Aktie der Gesellschaft berechtigt zu einer Stimme auf der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Die Aktien der Gesellschaft sind ab dem 1. Januar 2019 in voller Höhe in EUR gewinnanteilsberechtigt.
Rang	Die Aktien der Gesellschaft sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig.
Beschränkungen der freien Handelbarkeit	Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Anforderungen für Inhaberaktien frei übertragbar. Es bestehen keine Beschränkungen für die Übertragbarkeit der Aktien der Gesellschaft mit Ausnahme bestimmter Lock-up-Vereinbarungen zwischen den bestehenden Aktionären und dem Sole Global Coordinator.
Dividenden- bzw. Ausschüttungspolitik	Die Gesellschaft beabsichtigt derzeit, alle verfügbaren Mittel und zukünftigen Gewinne zur Unterstützung ihrer Geschäftstätigkeit und zur Finanzierung des Wachstums und der Entwicklung ihres Geschäftseinzubehalten und beabsichtigt derzeit nicht, in absehbarer Zukunft Dividenden auszuschütten. Jeder zukünftige Beschluss zur Ausschüttung von Dividenden wird in Übereinstimmung mit geltendem Recht gefasst werden und wird unter anderem vom Geschäftsergebnis, der Finanzlage, vertraglichen Beschränkungen und dem Kapitalbedarf der Gesellschaft abhängen.

2. Wo werden die Wertpapiere gehandelt?

Es wird erwartet, dass alle Aktien der Gesellschaft zum Handel am regulierten Markt mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse zugelassen werden.

3. Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

Risiken im Zusammenhang mit den Wertpapieren

- Unsere Altaktionäre werden auch nach dem Börsengang noch die Mehrheit der Aktien der Gesellschaft halten. Sollten sich diese Altaktionäre entschließen, Aktien der Gesellschaft zu veräußern, könnte dies den Kurs der Aktien der Gesellschaft erheblich negativ beeinflussen.
- Vor dem Börsengang gab es keinen öffentlichen Markt für die Aktien der Gesellschaft. Der Angebotspreis für die im Rahmen dieses Angebots angebotenen Aktien wird im Rahmen eines Bookbuilding-Verfahrens festgelegt. Aufgrund der Tatsache, dass die Aktien der Gesellschaft bisher nicht öffentlich gehandelt worden sind, gibt es keine Garantie dafür, dass sich ein aktiver und liquider Markt für diese Aktien entwickeln wird.

D. BASISINFORMATIONEN ÜBER DAS ÖFFENTLICHE ANGEBOT VON WERTPAPIEREN UND DIE ZULASSUNG ZUM HANDEL AN EINEM GEREGELTEN MARKT

1. Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Angebotsbedingungen	Das Angebot bezieht sich auf ein öffentliches Angebot der 1.796.875 auf den Inhaber lautenden Stammaktien ohne Nennbetrag (*Stückaktien*) der Gesellschaft, jeweils mit einem anteiligen Betrag des Grundkapitals von EUR 1,00 und voller Gewinnanteilsberechtigung ab dem 1. Januar 2019 (das "**Angebot**") bestehend aus (i) 1.562.500 neu ausgegebenen, auf den Inhaber lautenden Stammaktien ohne Nennbetrag (*Stückaktien)* (die "**Neuen Aktien**") aus einer Kapitalerhöhung gegen Bareinlage unter Ausschluss von Bezugsrechten der bestehenden Aktionäre

(die "**IPO Kapitalerhöhung**"), die vom Vorstand voraussichtlich am 26. November 2019 beschlossen und vom Aufsichtsrat am selben Tag genehmigt werden wird, wie es von der außerordentlichen Hauptversammlung der Gesellschaft am 10. November 2019, beschlossen wurde; und (ii) 234.375 bestehende auf den Inhaber lautende Stammaktien ohne Nennbetrag (*Stückaktien*) aus dem Bestand von Thorsten Lubinski (der "**Verleihende Aktionär**"), um mögliche Mehrzuteilungen abzudecken (die "**Mehrzuteilungsaktien**" und zusammen mit den Neuen Aktien, die "**Angebotsaktien**").

Umfang des Angebots

Das Angebot besteht aus einem erstmaligen öffentlichen Angebot in Deutschland sowie Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands. In den Vereinigten Staaten von Amerika werden die Angebotsaktien nur "akkreditierten Anlegern" ("**Akkreditierte Anleger**") im Sinne von Rule 501 des US Securities Act von 1933 in der jeweils geltenden Fassung ("**Securities Act**") gemäß den im Rule 506 des Securities Act vorgesehenen Ausnahmen von den Registrierungsanforderungen des Securities Act angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Angebotsaktien im Rahmen von Offshore-Transaktionen in Übereinstimmung mit Regulation S nach dem Securities Act ("**Regulation S**") angeboten und verkauft. Die Angebotsaktien wurden nicht und werden nicht gemäß dem Securities Act oder durch eine Wertpapieraufsichtsbehörde eines Staates oder einer anderen Jurisdiktion der Vereinigten Staaten von Amerika registriert.

Zeitplan des Angebots

Nachstehend ist der voraussichtliche Zeitplan des Angebots dargestellt, das verlängert oder verkürzt werden kann:

13. November 2019..	Veröffentlichung des gebilligten Prospekts auf der Website der Gesellschaft www.diamontech.de unter dem Unterpunkt "Investor Relations"
14. November 2019..	Beginn des Zeitraums, in dem Anleger Kaufangebote für die Angebotsaktien abgeben können ("**Angebotsperiode**")
	Beginn der Möglichkeit Zeichnungsangebote über die Zeichnungsfunktion abzugeben
26. November 2019..	Ablauf der Angebotsfrist um 14:30 Uhr (MEZ) für Privatanleger über die Zeichnungsfunktionalität und um 16:30 Uhr (MEZ) für institutionelle Anleger
	Festlegung des Angebotspreises, der endgültigen Anzahl der zuzuteilenden Angebotsaktien, einschließlich der endgültigen Anzahl der neuen Aktien
	Veröffentlichung der Ergebnisse des Angebots in Form einer Ad-hoc-Mitteilung durch ein elektronisches Informationsverbreitungssystem im gesamten Europäischen Wirtschaftsraum (Medienbündel) und auf der Website der Gesellschaft (www.diamontech.de) unter dem Abschnitt "Investor Relations"
27. November 2019..	Eintragung der Durchführung der Kapitalerhöhung im Handelsregister des Amtsgerichts Charlottenburg (Berlin) und Schaffung der neuen Aktien, die bei Abschluss des Börsengangs zu liefern sind
29. November 2019..	Aufnahme des Handels in Aktien der Gesellschaft an der Frankfurter Wertpapierbörse
29. November 2019..	Buchmäßige Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises (Settlement und Closing)

Zulassung zum Handel

Die Gesellschaft beabsichtigt die Zulassung der Neuen Aktien und aller bereits bestehenden Aktien der Gesellschaft (gesamtes derzeitiges Grundkapital) zum Handel zum regulierten Markt mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse am oder um den 13. November 2019 zu beantragen. Der Zulassungsbeschluss für die Aktien der Gesellschaft wird voraussichtlich am 27. November 2019 erteilt.

Plan für den Vertrieb

Die Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises und der üblichen an die Depotbanken zu zahlenden Wertpapierprovisionen wird voraussichtlich am 29. November erfolgen.

Verwässe-

Gemäß dem ungeprüften Zwischenabschluss (IFRS) betrug der Nettobuchwert der Gesellschaft

rung	zum 30. September 2019 EUR 9.323.945. Der Nettobuchwert zum 30. September 2019 entspricht einer Bilanzsumme von EUR 10.290.851 abzüglich der langfristigen Verbindlichkeiten von EUR 4.520 und der kurzfristigen Verbindlichkeiten von EUR 962.386. Der Nettobuchwert pro Aktie (Eigenkapital, das den Aktionären der Gesellschaft pro Aktie zusteht), der dem Nettobuchwert dividiert durch die Anzahl der ausstehenden Aktien der Gesellschaft unmittelbar vor dem Angebot entspricht, würde sich auf Basis der 4.823.400 ausstehenden Aktien der Gesellschaft unmittelbar vor dem Angebot auf EUR 1,93 pro Aktie belaufen. Unter der Annahme eines Angebotspreises von EUR 35,00 als Mittelwert der Preisspanne würde der Angebotspreis den auf die Aktionäre nach Durchführung des Angebots entfallenden Nettobuchwert um EUR 24,79 oder 242,8 % übersteigen, unter der Annahme, dass nach Abschluss des Angebots 6.620.275 ausstehende Aktien der Gesellschaft (inklusive Platzierung aller Mehrzuteilungsaktien und vollständiger Ausübung der Greenshoe Option in Höhe von 234.375 Aktien der Gesellschaft) ausgegeben werden. Unter der Annahme, dass die Ausgabe und Platzierung aller 1.796.875 Angebotsaktien im Rahmen des Angebots erfolgt, werden die Gesamtstimmrechte und das gesamte Grundkapital der Inhaber der bestehenden 4.823.400 Aktien der Gesellschaft vor dem Angebot von 100 % auf 72,86 % aller Stimmrechte und des gesamten Grundkapitals der Gesellschaft nach Durchführung des Angebots reduziert.
Gesamtkosten	Die Kosten der Gesellschaft im Zusammenhang mit dem Angebot und der Börsennotierung des sämtlicher Aktien der Gesellschaft werden sich voraussichtlich auf rund EUR 4,64 Mio. belaufen (unter der Annahme einer Platzierung aller Angebotsaktien, vollständige Ausübung der Greenshoe Option in Höhe von 234.375 Aktien der Gesellschaft und eines Angebotspreises in der Mitte der Preisspanne von EUR 35,00 je Angebotsaktie, würde der Bruttoemissionserlöses der Gesellschaft EUR 63,89 Mio. betragen)
Kosten, die Anlegern in Rechnung gestellt werden	Anlegern werden von der Gesellschaft oder dem Sole Global Coordinator im Zusammenhang mit ihrer Rolle als Konsortialbank keine Kosten in Rechnung gestellt. Anleger können jedoch die üblichen Transaktions- und Abwicklungsgebühren, welche ihr depotführendes Finanzinstitut in Rechnung stellt, zu tragen haben.

2. Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Anbieter/Antragsteller	MAINFIRST tritt als Anbieter dieses öffentlichen Angebots auf. Den Antrag auf Zulassung der Wertpapiere zum Handel im Regulierten Markt der Frankfurter Wertpapierbörse wird die Gesellschaft gemeinsam mit MAINFIRST stellen.

3. Weshalb wird dieser Prospekt erstellt?

Zweckbestimmung der Erlöse und geschätzte Nettoerlöse	Die Gesellschaft beabsichtigt, den Nettoemissionserlös (unter der Annahme, dass alle Angebotsaktien zur Mitte der Preisspanne von EUR 35,00 je Angebotsaktie platziert werden und die Greenshoe Option vollständig ausgeübt wird) in Höhe von rund EUR 58,25 Mio. aus dem Angebot in der folgenden Priorität zu verwenden: (i) rund EUR 15.14 Mio. für Investitionen in die Produktentwicklung und das Prototyping (einschließlich der Entwicklung kleinerer und kostengünstigerer Quantum-Cascade-Laser ("**QCL**") und Detektoren, damit sie in die Geräte in Taschengröße passen) sowie in deren Forschung und Entwicklung (z. B. Patientenstudien), (ii) rund EUR 22,14 Mio. für Investitionen in den strukturellen Ausbau (z. B. Erweiterung der Vertriebsstruktur oder des Personalaufbaus) und (iii) rund EUR 20,97 Mio. für Investitionen in das Betriebsvermögen der Gesellschaft (z. B. Betriebsmittel, Laborausstattung oder geistiges Eigentum), möglicherweise einschließlich der Zahlung von EUR 10 Mio. an die Universität Frankfurt, die von der Verpflichtung zur Lizenzzahlung freigestellt werden soll.
Übernahmevertrag	Am 13. November 2019 haben der Sole Global Coordinator, der Verleihende Aktionär und die Gesellschaft im Zusammenhang mit dem Angebot und dem Verkauf der Angebotsaktien einen Übernahmevertrag abgeschlossen (der "**Übernahmevertrag**") unter dem sich der Sole Global Coordinator unter bestimmten Bedingungen verpflichtet, die Angebotsaktien zu übernehmen. In dem Übernahmevertrag hat sich der Sole Global Coordinator, vorbehaltlich bestimmter Bedingungen, verpflichtet, die Angebotsaktien zum Angebotspreis zu erwerben, um sie Investoren im Rahmen des Angebots zum Kauf anzubieten.
Wesentliche Interessen an der Emissi-	Im Zusammenhang mit dem Angebot und der Zulassung der Aktien der Gesellschaft zum Handel an der Frankfurter Wertpapierbörse hat der Sole Global Coordinator eine vertragliche Beziehung mit der Gesellschaft und dem Verleihenden Aktionär geschlossen. Der Sole Global

on/ dem Angebot einschließlich Interessenkonflikten

Coordinator handelt bei dem Angebot für die Gesellschaft und dem Verleihenden Aktionär und koordinieren die Strukturierung und Durchführung des Angebots. MAINFIRST wurde als Designated Sponsor für die Aktien der Gesellschaft und als Zahlstelle benannt. Der Sole Global Coordinator erhält nach erfolgreicher Durchführung des Angebots eine Provision, die von der Höhe des Angebots und des Angebotspreises abhängig ist. Aufgrund dieser vertraglichen Beziehungen hat der Sole Global Coordinator ein finanzielles Interesse an einem erfolgreichen Angebot.

Weiterhin kann, im Zusammenhang mit dem Angebot, der Sole Global Coordinator und jedes seiner jeweiligen verbundenen Unternehmen als Anleger auf eigene Rechnung Aktien der Gesellschaft aus dem Angebot kaufen und in dieser Funktion solche Aktien oder ähnliche Beteiligungen auf eigene Rechnung halten, kaufen oder verkaufen und solche Aktien der Gesellschaft oder ähnliche Beteiligungen außerhalb des Angebots anbieten oder verkaufen. Zusätzlich kann der Sole Global Coordinator oder seine verbundenen Unternehmen Finanzierungsvereinbarungen (einschließlich Swaps oder Differenzgeschäfte) mit Anlegern abschließen, in deren Rahmen der Sole Global Coordinator oder dessen verbundene Unternehmen zeitweise Aktien der Gesellschaft erwerben, halten oder veräußern können.

Der Sole Global Coordinator oder mit ihm verbundene Unternehmen haben oder können in Zukunft mitunter weiterhin Geschäftsbeziehungen mit unserer Gesellschaft unterhalten oder können Dienstleistungen für unsere Gesellschaft im Rahmen der gewöhnlichen Geschäftstätigkeit erbringen.

Die Gesellschaft wird die Nettoemissionserlöse vom Verkauf der Neuen Aktien (nach Abzug der Gebühren und Provisionen) erhalten und wird Zugang zum Eigenkapitalmarkt erlangen. Darüberhinaus wird die Gesellschaft die Einnahmen aus dem Verkauf der Mehrzuteilungsaktien erhalten, sofern und in der Größenordnung wie die Greenshoe Option ausgeübt wird.

Da die Gesellschaft die Nettoemissionserlöse aus dem Angebot vereinnahmen wird (einschließlich, wenn die Mehrzuteilungsaktien verkauft werden und die Greenshoe Option ausgeübt wird, des Nettoerlöses aus der Veräußerung der Mehrzuteilungsaktien) und diese die Eigenkapitalbasis der Gesellschaft stärken werden, haben alle Anteilseigner, die unmittelbar oder mittelbar eine Beteiligung an der Gesellschaft halten, insbesondere die bestehenden Aktionäre der Gesellschaft, ein Interesse an der Durchführung der Kapitalerhöhung, die Gegenstand des Angebots ist.

Aufgrund seiner Stellung als Aktionär der Gesellschaft sowie seiner Berechtigung im Falle der Durchführung des Angebots eine Bonuszahlung von EUR 200.000 zu erhalten, hat Thorsten Lubinski ein persönliches Interesse an der Durchführung des Angebots. Enrico Just hat ein persönliches Interesse an dem Angebot, da er beabsichtigt Kaufaufträge, die von einer bevorrechtigten Zuteilung profitieren, im Rahmen des Angebots abzugeben.

Abgesehen von den oben beschriebenen Interessen bestehen keine weiteren wesentlichen Interessen, und insbesondere keine wesentlichen Interessenkonflikte, in Bezug auf das Angebot.

3. RISK FACTORS

*Investing in the shares of DiaMonTech AG, Berlin, Federal Republic of Germany ("**Germany**") (the "**Company**", "**DiaMonTech**", or "**we**", "**us**", "**our**", and all shares of the Company, together, the "**Shares**" and each share, a "**Share**") involves a high degree of risk. The factors described below represent those risks which are material and specific to us and/or our Shares being offered or admitted to trading. We have assessed the materiality of the risk factors on the basis of the probability of their occurrence and the expected magnitude of their negative impact. We consider the first risk factor within each category as the most material of the risk factors contained in the relevant category.*

3.1 Risks Relating to the Company's Technology

3.1.1 Our non-invasive blood glucose monitoring solution, could prove to be unsuitable for the intended purpose which could render development and expansion plans obsolete.

We are a medical technology company focused on the design, development and commercialisation of medical diagnostics devices on the basis of our proprietary photothermal detection technology. We have developed a new laser technology platform to detect molecules in liquid and in soft matter like skin. Our first application of this technology is a non-invasive blood glucose monitoring ("**BGM**") solution that is designed to accurately measure glucose levels without finger pricking, blood or pain, simply by placing a finger on a detection crystal for some seconds. Although we have been able to demonstrate the accuracy of our solution in clinical tests, its suitability for the daily use by diabetes patients is still subject to numerous uncertainties. The clinical study that we conducted was on a small scale (100 patients) and measurements were taken in a laboratory. We cannot exclude that a device containing our non-invasive BGM solution in a miniaturised format for the use of the diabetes patients itself will not produce sufficiently accurate measurements results.

For example, it cannot be excluded that in the future user-related problems may occur that could either have a negative impact on the use of the device or prevent further expansion of our business. Our technology measures the blood glucose levels through the skin using a quantum cascade laser ("**QCL**"). Due to the fact that the measurement will be performed through the skin of the fingers, it is possible that the measurements will be affected by external influences, such as unexpected skin variations or unexpected changes of the skin.

A successful measurement requires that we reach the glucose molecules in the interstitial layer for which the laser penetrates through different skin layers. In our tests to date, we have only been able to test this on a small number of different skin types. It cannot be ruled out, that for example a tattooed skin has significantly different characteristics than non-tattooed skin or that scarring interferes with the measuring process. Furthermore, just as there are different skin types in different people, the skin of a person can change over time and thus disturb the measuring process of our device. An example is an employee with an office job who works in the garden on weekends, causing calluses that change the skin characteristics to such an extent that we cannot compensate them. Both cases could cause our device to display incorrect results. If our non-invasive BGM solution proved unsuitable for the use by diabetes patients, we would not be in a position to generate revenues for the foreseeable future which could lead to our insolvency and/or over-indebtedness.

3.1.2 The development of our first commercial device, the D-Pocket, is subject to numerous uncertainties, could prove more timely and/or costlier than we currently expect or may not be possible at all.

Our laser-based diagnostic device D-Base is only for use as demonstration object but not for commercial sale. The shoebox-sized D-Base is only used to perform clinical trials with our technology.

The focus of our efforts and the investment of our financial resources are and have been on the development of our laser-based diagnostic device D-Pocket, a portable, smartphone-sized, version of the D-Base. Our D-Pocket helps users to measure their blood glucose levels more frequently, as the measurement is performed through the skin using a miniaturised QCL. Our future success is highly dependent on launching our D-Pocket into commercial markets and achieving and maintaining market acceptance. We currently expect to be able to offer the D-Pocket on certain European markets by the end of 2020. However, this is subject to a number of uncertainties and variables.

We are currently at the beginning of the development process and it is not certain how long it will take to finalise this process, if ever. As we have already developed the D-Base showing the functioning of our BGM solution as such, the main uncertainties lie in the downsizing of the D-Base to the D-Pocket. In particular, QCLs have not been produced with a sufficiently small size before. We currently develop a QCL with the requisite size and

wavelength together with a leading QCL producer under a joint development agreement. The integration of such QCL into the D-Pocket with its compact design may lead to technical problems that we currently do not foresee or that we currently underestimate. In particular, QCLs have a high temperature and impact sensitivity. The closer proximity of the other components than in the D-Base could therefore negatively affect the accuracy of the QCL. Developing a cooling system could significantly delay the product development process or prove impossible. Further technical difficulties could also arise in connection with battery management and prolong the development process. Therefore, it cannot be ruled out that we may have to postpone production and launch of our D-Pocket or that such product launch will not occur at all.

If we were unable to launch the D-Pocket by the end of 2020 or at all, we could generate revenues only later than currently envisaged or not at all for the foreseeable future, which could lead to our insolvency and/or over-indebtedness.

3.1.3 The mass production of the QCL for our devices has not yet been tested and can therefore significantly delay the Company's development and expansion process.

Our technology bases on the use of miniaturised QCLs. QCLs are currently still unique pieces that have to be calibrated very precisely and adapted to our requirements. In mass production, it must be ensured that the miniaturised QCLs are only manufactured with very small and defined error tolerances. Due to the hitherto unknown susceptibility to errors in the mass production of QCLs required for our devices, it cannot be ruled out that errors may occur, especially in the initial period, but also later, which delay the entire production and also prevent the planned deliveries. As a result, our development and expansion plans would be seriously disrupted and would have to be realigned both in terms of time and funding, in which case we could be in a position to generate revenues only at a later stage than currently anticipated, which could lead to our insolvency and/or over-indebtedness.

3.1.4 The purchase price of a QCL required for our D-Pocket could prove to be permanently high or fall more slowly than we currently expect, which would mean that we could not offer the D-Pocket at a competitive price.

A central component of our D-Pocket and our technology is the tuneable QCL, which is not yet manufactured on an industrial scale and is usually ordered, manufactured and delivered as a tailor-made product. A single cascade laser therefore costs almost EUR 30,000 today. According to our own market research, we currently assume that the price development of QCL will be similar to that of other high technologies (computer chips, memory chips) with an increased number of units and a massive drop in prices. We are confident on the back of discussions with producers of QCLs and laser experts that a unit price below USD 500 is achievable in mass-production of 10,000 units and more. However, this estimation is subject to significant uncertainty. It cannot be ruled out, that our assumption of a steady price reduction for QCL will not be realised in the near future and that it will therefore not be possible to produce our devices at competitive prices.

3.1.5 Technological innovations for the monitoring, treatment or prevention of diabetes could reduce the potential market for our upcoming D-Pocket.

Our primary competitors, as well as a number of other companies, medical researchers and existing medical device companies are pursuing new delivery devices, delivery technologies, sensing technologies, procedures, drugs and other therapies for the monitoring, treatment and prevention of diabetes. Any technological breakthroughs in diabetes monitoring, treatment or prevention could result in more precise, more attractive to use and/or cheaper possibilities for monitoring blood glucose which could significantly reduce the demand for our upcoming D-Pocket.

3.1.6 Potential complications from our upcoming D-Pocket may not be revealed by our clinical experience and undetected errors or defects could harm our reputation, decrease the market acceptance of our D-Pocket or expose us to product liability claims.

Based on our experience, complications from the use of our upcoming D-Pocket may include sensor errors, sensor failures or broken sensors.

If such complications arose, the D-Pocket would not measure the blood glucose level of the end-user correctly. Disruptions or other performance problems with our D-Pocket may harm our reputation. If that occurs, we may incur significant costs, the attention of our key personnel could be diverted, or other significant customer relations problems may arise. We may also be subject to warranty and liability claims for damages (in particular, with regard to health problems of the end-user resulting from incorrect measurements) related to errors or defects

in our D-Pocket. The occurrence of such complications and/or material liability claims could harm our reputation or decrease market acceptance of our D-Pocket, which could harm our business and operating results. This risk exists even if a device is cleared or approved for commercial sale and manufactured in facilities licensed and regulated by the respective regulatory authority. Our products are designed to affect, and any future analysis products will be designed to affect, important bodily functions and processes. Any side effects, manufacturing defects, misuse or abuse associated with our D-Pocket could result in patient injury. The medical device industry has historically been subject to extensive litigation over product liability claims, and we cannot offer any assurance that we will not face product liability lawsuits.

The sale and use of our upcoming D-Pocket could lead to the filing of product liability claims if someone were to allege that our D-Pocket contained a design or manufacturing defect. A product liability claim could result in substantial damages and be costly and time consuming to defend, either of which could materially harm our business or financial condition. Product liability claims may be brought against us by people with diabetes, healthcare providers or others selling or otherwise coming into contact with our devices, among others. If we cannot successfully defend ourselves against product liability claims, we will incur substantial liabilities and reputational harm. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- costs of litigation;
- distraction of management's attention from our primary business;
- the inability to commercialise our D-Pocket;
- decreased demand for our D-Pocket;
- damage to our business reputation;
- product recalls or withdrawals from the market;
- withdrawal of clinical trial participants;
- substantial monetary awards to patients or other claimants; or
- loss of revenues.

While we may have obtained insurance coverage against damages from product liability by the time of the commercial launch of the D-Pocket, we cannot assure that such insurance would adequately protect our assets from the financial impact of defending a product liability claim. Any product liability claim brought against us, with or without merit, could increase our product liability insurance rates or prevent us from securing such insurance coverage in the future.

3.2 Risks Relating to the Company's Business Activities and Industry

3.2.1 If we are unable to successfully develop, commercialise and gain market acceptance for our laser-based diagnostic device D-Pocket or if we experience significant delays in doing so, our sales potential and strategic objectives could be negatively impacted.

In order for us to sell our upcoming D-Pocket to people with diabetes, we must convince them, their caregivers and healthcare providers that our D-Pocket is an attractive alternative to products for the monitoring of glucose levels. BGM systems are intended for testing people with diabetes as a blood glucose monitoring tool. The goal of the system is to collect information about blood glucose levels at different times to enable maintenance of a more constant glucose level by more precise regimens. The BGM system can be used to aid in the adjustment of a therapeutic regimen in response to blood glucose values and to help patients adjust their dietary intake, physical activity, and insulin dose to improve glycaemic control on a day-to-day basis.

Market acceptance and adoption of our upcoming D-Pocket depends, amongst others, on educating people with diabetes, as well as their caregivers and healthcare providers, as to the distinct features, ease-of-use, positive lifestyle impact, and other perceived benefits of our D-Pocket as compared to competitive products. Achieving and maintaining market acceptance of our non-invasive BGM solution could be negatively impacted by many factors, including:

- the failure of our upcoming D-Pocket to achieve wide acceptance among people with diabetes, their caregivers, healthcare providers, third-party payors and key opinion leaders in the diabetes treatment community;

- lack of evidence supporting the accuracy, duration, safety, ease-of-use or other perceived benefits of our D-Pocket over competitive products or other currently available diabetes management therapies;
- perceived risks associated with the use of similar products or technologies generally;
- postponement of the planned market launch of our D-Pocket which is expected by the end of 2020, due to delays in the current development process (*e.g.* miniaturisation) and the production of the prototype, or within the framework of the approval process that will then be pending;
- inadequate planning in ensuring the supply of necessary components for our D-Pocket as well as its assembly in an industrial scale;
- production costs (*e.g.* supply costs of the QCLs) turn out to be significantly higher than what we currently expect;
- the introduction of new technologies and devices that end-users deem more attractive and the rate of acceptance of those products as compared to our upcoming D-Pocket;
- adverse results of clinical trials relating to our D-Pocket or similar competitive products; and
- loss of regulatory approval for our D-Pocket, adverse publicity or other adverse events including any product liability lawsuits.

In addition, our D-Pocket may be perceived by people with diabetes, their caregivers or healthcare providers to be more complicated, less effective or less precise than traditional BGM methodologies and people may be unwilling to change their current regimens.

Moreover, healthcare providers tend to be slow to change their medical treatment practices because of perceived liability risks arising from the use of new products and the uncertainty of third-party reimbursement. Accordingly, healthcare providers may not recommend our D-Pocket unless and until there is sufficient evidence to convince them to alter the treatment methods they typically recommend, such as receiving recommendations from prominent healthcare providers or other key opinion leaders in the diabetes treatment community.

If we are not successful in convincing people with diabetes of the benefits of our upcoming DMT Pocket, or if we are unable to achieve the support of caregivers and healthcare providers or widespread market acceptance for our device, then our sales potential and strategic objectives could be negatively impacted.

3.2.2 Competitive products may render our devices less competitive or obsolete.

According to the International Diabetes Federation round about 425 million adults were living with diabetes in 2017 and it is expected that this number will increase to around 629 million adults by 2045. Because of the size of the diabetes market, we anticipate that companies will continue to dedicate significant resources to developing competitive products. The frequent introduction by competitors of products that are, or claim to be, superior to our devices may create market confusion that may make it difficult to differentiate the benefits of our devices over competitive products. In addition, the entry of multiple new products may lead some of our competitors to employ very aggressive pricing strategies that could adversely affect the competitiveness of our devices. If a competitor develops a product that competes with or is perceived to be superior to our D-Pocket, or if a competitor employs strategies that place downward pressure on pricing within our industry, our expected sales may decline significantly or may not increase in line with our expectations. It cannot be excluded that the potential market for our upcoming D-Pocket will be lower than originally expected or that the competitive products will render our D-Pocket less competitive or obsolete altogether, which would significantly reduce our potential sales.

3.2.3 We operate in a very competitive industry and if we fail to compete successfully against our potential competitors, many of whom have greater resources than we have, we will not be able to position our diagnostic devices in the market and achieve our strategic goals.

Due to its immense growth potential, the market for BGM systems is very competitive, subject to rapid change and significantly affected by new product introductions. We believe competitors have historically dedicated and will continue to dedicate significant resources to promote their products or develop new products or methods to manage diabetes. We expect to compete with well-capitalised companies, some of which are publicly-traded, including Medtronic, Inc., or Medtronic, Dexcom, Inc., or Dexcom, Senseonics Holding Inc., or Senseonics, and Abbott Diabetes Care, a division of Abbott Laboratories, or Abbott. Each of these companies has received approval from the FDA for their respective BGM systems.

As the industry evolves, we anticipate encountering increasing competition from companies that integrate continuous glucose monitoring ("**CGM**") with insulin pumps. We are aware of three companies, Johnson & John-

son, Medtronic and Tandem Diabetes Care, Inc., which have received FDA approval for CGM-integrated insulin pumps.

In addition to CGM device providers, we will also compete with providers of traditional BGM systems. Four companies currently account for substantially all of the worldwide sales of traditional BGM systems: Roche Diabetes Care, a division of Roche Diagnostics; LifeScan, Inc., a division of Johnson & Johnson; Abbott; and Ascensia Diabetes Care (former Bayer Diabetes Care). We also compete with companies, including Roche Diagnostics and Abbott, developing next generation real-time CGM or sensing devices and technologies, as well as several other companies that are evaluating CGM products to measure a user's blood glucose level. For example, Abbott is already marketing its FreeStyle Libre Flash Glucose Monitoring System, a minimally invasive device which was launched in the U.S. market in 2017 and which has received the CE mark in Europe in 2014. The device eliminates the need for routine finger sticks by reading glucose levels through a transcutaneous sensor. The Dexcom G6 Continuous Glucose Monitoring System (Dexcom G6 System) from Dexcom Inc. works according to similar principles as the FreeStyle Libre Flash Glucose Monitoring System. The Dexcom G6 System is a real time, continuous glucose monitoring device that provides continuous glucose readings which are updated every five minutes providing glucose levels, trends, and alerts. Like the Freestyle Libre, the Dexcom G6 System is intended to replace fingerstick blood glucose testing for diabetes treatment decisions. The Dexcom G6 sensor probe continuously measures glucose concentration in interstitial fluid and can be worn for up to 10 days. In 2018, the Dexcom G6 System was launched in the U.S. market and has received the CE mark in Europe. There are also a number of academic and other institutions involved in various phases of our industry's technology development. Many of these competitors enjoy several advantages over us, including:

- greater financial and human resources for sales and marketing, and product development;
- established relationships with healthcare providers and third-party payors;
- established reputation and name recognition among healthcare providers and other key opinion leaders in the diabetes industry;
- an established base of long-time customers;
- products supported by long-term clinical data;
- larger and more established sales, marketing and distribution networks;
- greater ability to cross-sell products or provide incentives to healthcare providers to use their products; and
- more experience in conducting R&D, manufacturing, clinical trials, and obtaining regulatory approval or clearance.

In addition, mergers and acquisitions in the diabetes sector, such as the acquisition of Bayer's diabetes care unit by Panasonic Healthcare Holdings, may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies, such as the cooperation between the U.S. medical technology company Senseonics Holdings Inc. and the and the Swiss company Roche Diagnostics International AG. These competitors also compete with us in establishing clinical trial sites and subject registration for clinical trials, as well as in acquiring technologies complementary to, or that may be necessary for, our devices. If we are unable to effectively compete with our competitors, we will not be able to position our upcoming D-Pocket and future diagnostic devices in the market and achieve our strategic goals.

3.2.4 Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

As of the date of this Prospectus, the Company consists of 8 employees and two members of the management board. The registered office of the Company is in Berlin, from where all activities of the Company are controlled. Our future success depends on our ability to recruit, train, retain and motivate key personnel, including the Company's R&D, science and engineering, manufacturing and sales and marketing personnel.

In particular, we are highly dependent on the R&D, clinical and technology expertise of our founder Prof. Dr. Werner Mäntele and on the management, R&D, clinical, financial and business development expertise of our founder Mr. Thorsten Lubinski.

Recruiting and retaining qualified scientific and clinical personnel and, as we progress the development of our product pipeline toward scaling up for commercialisation, manufacturing and sales and marketing personnel, will also be critical to our success. The loss of the services of our management board members or other key employees could impede the achievement of our research, development and commercialisation objectives and seriously

harm our ability to successfully implement our business strategy. Furthermore, replacing management board members and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialise our products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous medical device companies for similar personnel, many of which have greater financial and other resources dedicated to attracting and retaining personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialisation strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high quality personnel, our ability to pursue our growth strategy will be limited.

3.2.5 Failure to secure or retain adequate coverage or reimbursement for our upcoming D-Pocket or future medical diagnostics devices, by third-party payors could have a negative impact on their sales.

We currently plan to derive our revenues from sales of our upcoming D-Pocket, if approved, in Germany and in other member states of the European Economic Area ("**EEA**"), the United States of America ("**U.S.**" or "**United States**"), China, Japan and eventually worldwide. We expect to do so for the next several years. Patients who receive treatment for their medical conditions and their healthcare providers generally rely on third party payors, such as statutory or private health insurance companies, to reimburse all or part of the costs associated with their medical treatment, including healthcare providers' services. As a result, access to adequate coverage and reimbursement for our D-Pocket and our future medical diagnostics devices by third-party payors is essential to the acceptance of our devices by people with diabetes. Similarly, healthcare providers may choose not to order a product unless health insurance companies pay a substantial portion of the product. Coverage determinations and reimbursement levels of our products are critical to the commercial success of our product, and if we are not able to secure positive coverage determinations and reimbursement levels for our products by respective third-party payors, our business would be materially adversely affected.

In Germany, the two largest political parties have recently discussed a reform of the statutory healthcare insurance system, which could result in merging the statutory and the private healthcare insurance into one so-called civil healthcare insurance (*Bürgerversicherung*) with uncertain consequences for the budgets of health insurance companies and reimbursements.

Furthermore, there is no uniform policy on reimbursement among third-party payors, and we cannot be sure that third-party payors in the countries in which our future devices are sold will reimburse our customers for procedures using our devices at a level that will enable us to achieve or maintain adequate sales and price levels. Without adequate support from third-party payors, the market for our devices may be limited and adversely impacted.

If third-party coverage and reimbursement of devices for which we may receive regulatory approval is not available or adequate in either European or international markets the demand for our devices will be significantly lower than would otherwise be the case, as many potential end-users could not afford to bear the costs of purchasing or leasing our devices themselves, or if our production costs increase faster than reimbursement levels rise, we may be unable to sell our D-Pocket or future medical diagnostics devices profitably.

3.2.6 Our letters of intent with distributors in China, Japan, and Argentina with the aim of concluding distribution agreements could not be realised and could lead to a delay in marketing or a complete discontinuation of the distribution plans.

At the date of this Prospectus, we entered into legally non-binding letters of intent with Jindong Investment Group to market our D-Pocket in China, with Macnica, Inc. in Japan and with Global Agri Solutions LLC in Argentina (together the "**Distributors**") to enter into distribution agreements. We are currently not marketing, selling or distributing our D-Pocket.

Under the planned distribution agreements, following regulatory approval, the Distributors will generally be responsible for the sale and distribution of our D-Pocket in the respective markets. A range for the price at which the Distributors purchase the devices from us during the first year of the intended partnership are set forth in the respective letters of intent. Although the letters of intent stipulate that the Distributors enjoy sales exclusivity of an already determined amount within an already determined period to distribute our D-Pocket in the respective territories, the letter of intent do not require the Distributors to sell our devices exclusively, and therefore, the Distributors are free to sell products of our competitors. Because we have so far not developed a marketable

device, we are not yet able to assess the Distributor's performance in distributing our D-Pocket in the respective territories, and it may take an extended period of time for us to accurately assess their performance under the intended distribution agreements. Additionally, because the letters of intent with the Distributors are legally non-binding, there can be no assurance that the Distributors will actually distribute our products in the envisaged volumes or at all. If the Distributors do not distribute the D-Base, marketing in these areas could be significantly delayed or could lead to a termination of the distribution plans.

3.2.7 If we are unable to establish distribution arrangements for our upcoming D-Pocket, we may have to alter our distribution and commercialisation plans outside Europe.

To commercialise our upcoming D-Pocket in countries outside Europe, we plan to establish arrangements with third-party distributors. In addition to Japan, China and Argentina, our target markets for the distribution of our D-Pocket and future medical diagnostics devices outside Europe include, amongst others, the United States and Latin America. Aside from our legally non-binding letters of intent to enter into distribution agreements with the Distributors with respect to China, Japan and Argentina, we have not entered into any further letters of intent or distribution agreements to date. We may face significant competition in seeking appropriate distribution arrangements. Whether we reach a definitive distribution agreement will depend, among other things, upon our assessment of the distributor's resources and expertise, the terms and conditions of the proposed agreement and the proposed distributor's evaluation of a number of factors. The distributor may also consider alternative non-invasive BGM solutions or technologies that may be available if such an arrangement could be more attractive than the one with us for our D-Pocket. We expect that none of our third-party distributors will be required to sell our devices exclusively and each of them may freely sell the products of our competitors.

Distribution arrangements are complex and time-consuming to negotiate and document. We may not be able to establish distribution arrangements for our upcoming D-Pocket on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the distribution of our upcoming D-Pocket, delay its potential commercialisation in countries outside Europe or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake distribution or commercialisation activities at our own expense. If we elect to increase our expenditures to fund distribution or commercialisation activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all.

In addition, if a third-party distributor does not effectively sell our devices, or if it engages in certain activities or ceases to distribute our products, we may not be able to maintain or increase our revenues or enter into new countries and our sales would be adversely affected. In such a situation, we may need to seek alternative third-party distributors or increase our reliance on our other third-party distributors, which may harm our sales.

3.2.8 If we are unable to establish a sales and marketing infrastructure, we may not be successful in commercialising our upcoming D-Pocket in Germany and other EEA member states, even if we receive regulatory approval.

We have not yet commercialised our D-Pocket and we do not have experience in marketing and selling our devices or training healthcare providers and people with diabetes on the use of our D-Pocket. For the sale and marketing of our D-Pocket and future medical diagnostics devices in Germany and other EEA member states we intend to mainly carry out a direct-distribution. The planned marketing channels include our website, e-commerce platforms and pharmacies. We regard Germany, France, Italy and Spain as well as Belgium, the Netherlands and Luxembourg (together the "**BeNeLux**") as our target markets within Europe. To achieve commercial success in Germany and other EEA member states for our upcoming D-Pocket, we will need to establish and expand our sales and marketing infrastructure to initiate sales of our D-Pocket and we plan to include a team of diabetes educators that will train healthcare providers and people with diabetes on the use of our D-Pocket.

We intend to develop programs to help with retention aimed at customers, their caregivers and healthcare providers, which include training specific to our upcoming D-Pocket, ongoing support by sales and clinical employees and technical support and customer service.

If our sales and marketing representatives or diabetes educators fail to achieve their objectives or if we are not able to recruit and retain a network of diabetes educators, we may not be able to successfully train healthcare providers and people with diabetes on the use of our upcoming D-Pocket, which could delay new sales and harm our reputation.

As we increase our sales and marketing expenditures with respect to our upcoming D-Pocket, we will need to hire, train, retain and motivate skilled sales and marketing representatives with significant industry-specific knowledge in various areas, such as diabetes treatment techniques and technologies. Our success will depend largely on the competitive landscape for our devices and the ability of our sales personnel to obtain access to healthcare providers and persuade those healthcare providers to recommend our D-Pocket to people who manage

their diabetes. Newly hired sales representatives require training and take time to achieve full productivity. We cannot be certain that new hires will become as productive as may be necessary to maintain or increase our sales. In addition, the expansion of our sales and marketing personnel will place significant burdens on our management team.

We anticipate that we will derive our revenues in Germany and other EEA member states from the sales of our upcoming D-Pocket and that this will continue for the next several years. As a result, our financial condition and operating results will be highly dependent on the ability of our sales representatives to adequately promote, market and sell our upcoming D-Pocket and the ability of our diabetes educators to train healthcare providers and people with diabetes on the use of our device. If we are unable to establish and expand our sales and marketing capabilities, we may not be able to successfully commercialise our D-Pocket, even if we receive regulatory approval.

3.2.9 We have no operating history as a commercial-stage company and may face difficulties encountered by companies early in their commercialisation in competitive and rapidly evolving markets.

At the date of this Prospectus, we have not commercialised any products. We expect the D-Pocket to be the first product that we bring to market. If approved, we expect to be able to offer the D-Pocket on certain European markets by the end of 2020. However, this is subject to a number of uncertainties and variables. Accordingly, we have no operating history as a commercial-stage company upon which to evaluate our business, future sales expectations and operating results. In assessing our business prospects, the various risks and difficulties frequently encountered by companies early in their commercialisation in competitive and rapidly evolving markets, particularly companies that develop and sell medical devices. These risks include our ability to:

- obtain regulatory clearance or approval to commercialise our devices;
- perform clinical trials with respect to our upcoming D-Pocket;
- implement and execute our business strategy;
- implement appropriate governance-structures including IT-security standards to manage growth in terms of number of employees, external partners and customers;
- expand and improve the productivity of our sales and marketing infrastructure to grow sales of our D-Pocket or future medical diagnostics devices;
- increase awareness of our brand and our D-Pocket and build loyalty among people with diabetes, their caregivers and healthcare providers;
- manage expanding operations;
- expand the capabilities and capacities of our third-party manufacturers, including increasing production of current products efficiently and having our vendors adapt their manufacturing facilities to the production of new products;
- respond effectively to competitive pressures and developments;
- to further develop our D-Pocket and develop future medical diagnostics devices; and
- attract, retain and motivate qualified personnel in various areas of our business.

Due to our lack of operating history as a commercial-stage company, we may not have the institutional knowledge or experience to be able to effectively address these and other risks that may face our business. In addition, we may not be able to develop insights into trends that could emerge and negatively affect our business and may fail to respond effectively to those trends. As a result of these or other risks, we may not be able to execute key components of our business strategy.

3.2.10 We intend to contract with third parties for the manufacture of our upcoming D-Pocket for clinical testing and expect to continue to do so for commercialisation. Risks associated with the future manufacturing of our D-Pocket could have a negative impact on the envisaged sales of our D-Pocket.

Our current intentions are to offer the D-Pocket for purchase at a price containing a margin of approximately 50 % on the production costs. However, should production costs turn out to be significantly lower or higher than what we currently expect, we could be in a position to calculate the product price on the basis of a higher gross profit margin without a significantly detrimental effect on demand or could be forced to calculate the product

price on the basis of a smaller gross profit margin for competitive reasons. As we still are in the early product development phase, it is difficult for us to reliably forecast future costs of mass-producing the D-Pocket.

We do not have and do not intend to establish any manufacturing facilities or hire any direct manufacturing personnel. If our D-Pocket receives regulatory approval, we expect to rely on third parties for the manufacture of our D-Pocket. Therefore, our business strategy depends on our potential third-party manufacturers' ability to manufacture our upcoming D-Pocket in sufficient quantities and on a timely basis so as to meet consumer demand, while adhering to product quality standards, complying with regulatory requirements and managing manufacturing costs. We expect to be subject to numerous risks relating to our reliance on the manufacturing capabilities of our future third-party manufacturers, including:

- quality or reliability defects in our D-Pocket;
- inability to secure product components in a timely manner, in sufficient quantities or on commercially reasonable terms;
- failure to increase production of our D-Pocket to meet demand;
- inability to modify production lines to enable us to efficiently produce our D-Pocket or implement changes in response to regulatory requirements;
- difficulty identifying and qualifying alternative manufacturers in a timely manner;
- inability to establish agreements with third-party manufacturers or to do so on acceptable terms; or
- potential damage to or destruction of our manufacturers' equipment or facilities.

These risks are likely to be exacerbated by our limited experience with our D-Pocket and its manufacturing process and may have a negative impact on the envisaged sales of our D-Pocket. As demand for our D-Pocket increases, the potential third-party manufacturer will need to invest additional resources to purchase components, hire and train employees, and enhance their manufacturing processes. If the manufacturer fails to increase production capacity efficiently, our sales may not increase in line with our expectations and our operating margins could fluctuate or decline. In addition, although we expect some of our future medical diagnostics devices, to share product features and components with our upcoming D-Pocket, manufacturing these future medical diagnostics devices may require the modification of production lines, the identification of new manufacturers for specific components, or the development of new manufacturing technologies. It may not be possible for us to manufacture these products at a cost or in quantities sufficient to make these future medical diagnostics devices commercially viable.

3.2.11 We intend to contract with third-party suppliers for the components of our upcoming D-Pocket and the loss of any of these suppliers, or their inability to provide us with an adequate supply of materials, could disrupt the manufacturing of our D-Pocket and limit our ability to meet our sales commitments.

We will only be able launch the D-Pocket to the market if and when we will have been successful in securing the supply of all components of the D-Pocket and its assembly in an industrial scale and on terms and conditions that allow us to price the D-Pocket competitively.

We intend to conclude a supplier contract for the components of our D-Pocket. For our business strategy to be successful, our future suppliers must be able to provide us with components in sufficient quantities, in compliance with regulatory requirements and quality control standards, in accordance with agreed upon specifications, at acceptable costs and on a timely basis. Future increases in sales of our D-Pocket, if approved, whether expected or unanticipated, could strain the ability of the suppliers to deliver an increasingly large supply of components and D-Pockets in a manner that meets these various requirements.

We expect to use a small number of suppliers of components for our products. Depending on a limited number of suppliers exposes us to risks, including limited control over pricing, availability, quality and delivery schedules. We do not expect to conclude any long-term supply agreements with the potential suppliers and, we intend to make our purchases on a purchase order basis. The potential suppliers may encounter problems that limit their ability to supply components for us, including financial difficulties, damage to their manufacturing equipment or facilities, or devices discontinuations. As a result, there is a risk that certain components could be discontinued and no longer available to us. We may be required to make significant last time purchases of component inventory that is being discontinued by the potential supplier to ensure supply continuity. If we fail to obtain sufficient quantities of high-quality components to meet demand for our devices in a timely manner or on terms acceptable to us, we would have to seek alternative sources of supply. Because of factors such as the proprietary nature of our devices, our quality control standards and regulatory requirements, we may not be able to quickly engage

additional or replacement suppliers for some of our critical components. Failure of any of our future suppliers to deliver components at the level our business requires could disrupt the manufacturing of our D-Pocket and limit our ability to meet our sales commitments.

3.2.12 The implementation of a new quality management system could cause disruption to our daily business.

We are in the process of implementing a new quality management system ("**QM-System**") for medical devices with ISO 13485:2016. This standard represents the requirements for a comprehensive quality management system and is intended for use by medical device manufacturers and suppliers. It will define standardised processes that ensure that customer requirements are precisely defined, products or services are suitably developed and produced or rendered, among others. Compliance with this standard ensures European regulatory requirements.

QM-System implementations are complex projects that require significant investment of capital and human resources, the reengineering of many business processes and the attention of many employees who would otherwise be focused on other aspects of our business. Any disruptions, delays or deficiencies in the design and implementation of the improvements to our QM-System may result in potentially much higher costs than anticipated and may adversely affect our ability to develop and launch solutions, fulfil contractual obligations, file reports in a timely manner or otherwise operate our business and our controls environment. Moreover, despite our security measures, our information technology systems, including the QM-System, are vulnerable to damage or interruption from fires, floods and other natural disasters, terrorist attacks, computer viruses or hackers, power losses and computer system or data network failures, which could result in significant data losses or theft of sensitive or proprietary information. Any of these consequences could cause disruption to our daily business.

3.2.13 We expect to expand our development and regulatory capabilities and potentially implement sales, marketing and distribution capabilities, and as a result, we may encounter difficulties in managing our growth, which could delay the execution of our business plans or disrupt our operations.

As of 31 December 2018, we had 12 employees (including freelancers). As our development progresses, we expect to experience significant growth in the number of our employees and the scope of our operations, particularly in the areas of research, product development, regulatory affairs and, if our D-Pocket receives regulatory approval, sales, marketing and distribution. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations.

3.2.14 If we do not enhance our product offerings through our research and development efforts, we may fail to effectively compete or become profitable.

In order to capture and grow market share in the diabetes market, we will need to enhance and broaden our product offerings in response to the evolving demands of people with diabetes and healthcare providers, as well as competitive pressures and technologies. We may not be successful in developing, obtaining regulatory approval for, or marketing our upcoming D-Pocket.

Notwithstanding our market research efforts, our future product offering may not be accepted by the users of appropriate therapies, their caregivers, healthcare providers or third-party payors who reimburse the respective users and healthcare providers for their services. The success of our devices for the diabetes market depends on numerous factors, including our ability to:

- identify the product features that people with diabetes, their caregivers and healthcare providers are seeking in a BGM system for our D-Pocket and successfully incorporate those features into our devices;
- develop and introduce future generations of our D-Pocket;
- adequately protect our intellectual property and avoid infringing upon the intellectual property rights of third-parties;
- demonstrate the accuracy and safety of our analysis;
- obtain adequate coverage and reimbursement for our devices; and

- obtain the necessary regulatory approvals for our D-Pocket and future medical diagnostics devices.

If we fail to generate demand by developing products that incorporate features requested by people with diabetes, their caregivers or healthcare providers, or if we do not obtain regulatory clearance or approval for our D-Pocket or future medical diagnostics devices for the diabetes market in time to meet market demand, we may fail to generate sales sufficient to achieve or maintain profitability. We may in the future experience delays in various phases of product development and commercial launch, including during research and development ("**R&D**"), manufacturing, limited release testing, marketing and customer education efforts. Any delays in our anticipated product launches may significantly impede our ability to successfully compete in our markets. In particular, such delays could cause customers to delay or forego purchases of our devices, or to purchase our competitors' products. Even if we are able to successfully distribute our D-Pocket when anticipated, these products may not produce sales in excess of the costs of development, and they may be quickly rendered obsolete by the changing preferences of people with diabetes or the introduction by our competitors of products embodying new technologies or features.

3.2.15 If important assumptions we have made about what people with diabetes are seeking in a non-invasive BGM solution are inaccurate, our strategy of focusing on the diabetes market may limit our ability to increase sales.

Our business strategy was developed based on a number of important assumptions about the diabetes industry in general, any one or more of which may prove to be inaccurate. For example, we believe that the benefits of non-invasive BGM solution will continue to drive increased rates of market acceptance for products in this space. However, this trend is uncertain and limited sources exist to obtain reliable market data.

Another key element of our business strategy is utilising market research to understand how people with diabetes are seeking to improve their diabetes therapy management. This strategy underlies our entire product design, marketing and customer support approach and is the basis on which we developed our upcoming D-Pocket. However, our market research is based on interviews, that represent only a small percentage of the overall managed diabetes market. As a result, the responses we received may not be reflective of the broader market and may not provide us accurate insight into the desires of people with diabetes. In addition, understanding the meaning and significance of the responses received during our market research necessarily requires that analysis be conducted, and conclusions be drawn. We may not be able to perform an analysis that yields meaningful results, or the conclusions we draw from the analysis could be misleading. Moreover, even if our market research has allowed us to better understand the features people with diabetes are seeking in a non-invasive BGM solution for our D-Pocket to improve the management of their diabetes, there can be no assurance that people with diabetes will actually purchase our devices. As such, our strategy of focusing on the diabetes market may have limited our ability to increase sales.

3.2.16 The sales potential in the market for non-invasive BGM solutions has not been established and may be smaller than we estimate, possibly materially. If our estimates and projections overestimate the potential of this market, it may impair our projected sales growth.

On the basis of our inhouse market studies for non-invasive BGM solutions and related products in conjunction with third-party studies, reports and estimates, we estimate the medium-term sales potential to be greater than EUR 500 million per year. In addition, our internal estimates are based in large part on current treatment patterns by healthcare providers using BGM systems and our belief that the incidence of diabetes in Europe, the United States and worldwide is increasing. While we believe these factors have historically provided and may continue to provide us with effective tools in estimating the total market for non-invasive BGM solutions and related products and our devices, these estimates may not be correct and the conditions supporting our estimates may change at any time, thereby reducing the predictive accuracy of these underlying factors. The actual incidence of diabetes, and the actual demand for our devices or competitive products, could differ materially from our projections if our assumptions are incorrect. As a result, our estimates of the sales potential in the market for our non-invasive BGM solutions may prove to be incorrect. If the actual number of people with diabetes who would benefit from our non-invasive BGM solutions and the sales potential in the market for our non-invasive BGM solutions is smaller than we have estimated, it may impair our projected sales growth.

3.2.17 If there are significant performance failures in our or our service provider' information technology systems, this could disrupt our entire operation.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage marketing data, accounting and financial functions, inventory management, product development tasks, R&D data, and technical support functions. Our information technolo-

gy systems are vulnerable to damage or interruption from earthquakes, fires, floods and other natural disasters, terrorist attacks, attacks by computer viruses or hackers, power losses, and computer system or data network failures. In addition, our data management application and a variety of our software systems, including the software in our smart transmitter, are hosted by third-party service providers whose security and information technology systems are subject to similar risks, which could be subject to computer viruses or hacker attacks.

If our or our third-party service provider's security systems are breached or fail, unauthorised persons may be able to obtain access to sensitive data. If we or our third-party service providers were to experience a breach compromising sensitive data, our brand and reputation could be adversely affected, and the use of our products could decrease.

The failure of our or our service providers' information technology systems or our transmitter's software to perform as we anticipate or our failure to effectively implement new information technology systems could disrupt our entire operation.

3.2.18 Various factors outside our direct control may adversely affect manufacturing and distribution of our D-Pocket.

We expect the manufacture and distribution of our D-Pocket to be a challenge due to the laser technology behind it and the sales network still to be expanded. Changes that our future suppliers may make outside the purview of our direct control can have an impact on our processes, quality of our products and the successful delivery of products to our customers. Mistakes and mishandling are not uncommon and can affect supply and delivery. Some of these risks include:

- transportation and import and export risk, particularly given the international nature of our intended supply and distribution chains;
- risks due to trade tariffs and quotas for certain products, that could lead to rising production costs;
- delays in analytical results or failure of analytical techniques that we will depend on for quality control and release of products; and
- latent defects that may become apparent after products have been released and that may result in a recall of such products.

If any of these risks were to materialise, our ability to distribute our products to customers on a timely basis would be adversely impacted.

3.3 Risks Relating to the Company's Financial Situation

3.3.1 We have incurred significant operating losses since inception and cannot assure that we will generate sufficient revenues or ever achieve profitability.

Since our inception, we have not generated revenues from product sales and expect not to do so, until the development of our first product, the D-Pocket, is finalised, the necessary regulatory approvals have been obtained, the component supply and assembly infrastructure is set up and the marketing and distribution organisation is in place. We have incurred significant net losses under IFRS, including net losses of EUR 294,754 and EUR 270,059 for the years ended 31 December 2016 and 2017, respectively. For the year ended 31 December 2018 we had a net loss under IFRS of EUR 622,131. For the nine month period ended 30 September 2019 we had a net loss under IFRS of EUR 1,496,686. To date, we have financed our operations primarily through sales of our equity securities. We have devoted substantially all of our resources to the research and development of our products, including conducting clinical trials.

To implement our business strategy we need to, among other things, conduct clinical trials and gain regulatory approval in Europe, the United States and other regions where we intend to sell our laser-based diagnostic device, D-Pocket, establish our sales and marketing infrastructure to initiate sales of our device in Germany and other EEA member states, establish additional distribution relationships, amongst others, in China, LATAM, Japan and the United States to enable our commercial launch, and develop future generations of our upcoming D-Pocket.

Our ability to generate revenues from our D-Pocket will depend on its successful development, regulatory approval and eventual commercialisation. The success of our upcoming D-Pocket and any future medical diagnostics devices that we develop will depend on several factors, including:

- successful completion of our clinical trials;

- receipt of timely marketing approvals from the competent regulatory authorities with subsequent launch of the commercial sale of our D-Pocket;
- our ability to procure suppliers and manufacturers of the components for our upcoming devices;
- market acceptance of our devices, if approved, by people with diabetes, the medical community and third-party payors;
- our ability to obtain adequate coverage and reimbursement for our devices;
- successful education of healthcare providers and people with diabetes about the benefits, administration and use of our devices;
- the prevalence and severity of adverse events experienced with our devices;
- the perceived advantages, cost, safety, convenience and accuracy of alternative diabetes management therapies;
- obtaining and maintaining patent, trademark and trade secret protection and regulatory exclusivity for our devices and otherwise protecting our rights in our intellectual property portfolio;
- maintaining compliance with regulatory requirements; and
- maintaining a continued acceptable accuracy, safety, duration and convenience profile of our D-Pocket in daily use following approval.

In case we are successful in obtaining regulatory approval to market our D-Pocket, our revenues will be dependent, in part, upon the size of the markets in the territories for which we gain regulatory approval, the accepted price for the device, the ability to obtain coverage and reimbursement and whether we own the commercial rights for that territory. If the number of people with diabetes we target is not as significant as we estimate, or the treatment population is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenues from sales of such device, even if approved.

We have never been profitable and do not expect to be profitable in the foreseeable future. We expect our expenses to increase significantly as we pursue these objectives. The extent of our future operating losses and the timing of profitability are highly uncertain, and we expect to continue incurring significant expenses and operating losses over the next several years. Any additional operating losses may have an adverse effect on our stockholders' equity, and we cannot assure that we will ever be able to achieve profitability. Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our company and could impair our ability to raise capital, expand our business, maintain our development efforts, obtain regulatory approvals, diversify our product offerings or continue our operations.

3.3.2 We will need to generate significant sales to achieve profitable operations.

We intend to increase our operating expenses substantially in connection with the intended launch of our D-Pocket on certain European markets by the end of 2020, establishment of our sales and marketing infrastructure, our ongoing research and development activities, and the commensurate development of our management and administrative functions. We will need to generate significant sales to achieve profitability, and we might not be able to do so. Even if we do generate significant sales, we might not be able to achieve, sustain or increase profitability on a quarterly or annual basis in the future. If our sales grow more slowly than we expect, or if our operating expenses exceed our expectations, our financial performance and operating results will be adversely affected.

3.3.3 Our future capital needs are uncertain, and we may need to raise substantial additional funds in the future, and these funds may not be available on acceptable terms or at all. A failure to obtain this necessary capital when needed could force us to delay, limit, scale back or cease some or all operations.

The continued growth of our business, including the establishment of our sales and marketing infrastructure, and research and development activities will significantly increase our expenses. In addition, the amount of our future product sales is difficult to predict, and actual sales may not be in line with our expectations. As a result, we may be required to seek substantial additional funds in the future. Our future capital requirements will depend on many factors, including:

- the cost of obtaining and maintaining regulatory clearance or approval for our D-Pocket or future medical diagnostics devices;

- the costs associated with developing and commercialising our devices;
- any change in our development priorities regarding our future medical diagnostics devices;
- the revenues generated by sales of our D-Pocket and our future medical diagnostics devices;
- the costs associated with expanding our sales and marketing infrastructure;
- any change in our plans regarding the manner in which we choose to commercialise our products in Germany, other EEA member states and the United States;
- the cost of ongoing compliance with regulatory requirements;
- expenses we incur in connection with potential litigation or governmental investigations;
- anticipated or unanticipated capital expenditures; and
- unanticipated general and administrative expenses.

As a result of these and other factors, we do not know whether and to which extent we may be required to raise additional capital. We may in the future seek additional capital from public or private offerings of our capital stock, borrowings under credit lines or other sources. If we issue equity or debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. In addition, if we raise additional funds through collaborations, licensing, joint ventures, strategic alliances, partnership arrangements or other similar arrangements, it may be necessary to relinquish valuable rights to our potential future medical diagnostics devices or proprietary technologies or grant licenses on terms that are not favourable to us.

If we are unable to raise additional capital, we may not be able to establish and expand our sales and marketing infrastructure, enhance our D-Pocket or future medical diagnostics devices, take advantage of future opportunities, or respond to competitive pressures, changes in supplier relationships, or unanticipated changes in customer demand. Moreover, we may be unable to meet our obligations to repay all amounts, and we may be forced to liquidate our assets. In such a scenario, the values we receive for our assets in liquidation or dissolution could be significantly lower than the values reflected in our financial statements.

3.3.4 Our operating results may fluctuate significantly from quarter to quarter or year to year.

We plan to begin commercial sales of D-Pocket, if approved, in Germany and other EEA member states by the end of 2020. We have no operating history as a commercial-stage company and we anticipate that there will be meaningful variability in our operating results among years and quarters, as well as within each year and quarter. Our operating results, and the variability of these operating results, will be affected by numerous factors, including:

- regulatory clearance or approvals affecting our products or those of our competitors;
- our ability to increase sales of our D-Pocket and to commercialise and sell our future medical diagnostics devices, and the number of our devices sold in each quarter;
- our ability to establish and grow an effective sales and marketing infrastructure and third-party distribution network;
- acceptance of our devices by people with diabetes, their caregivers, healthcare providers and third-party payors;
- the pricing of our products and competitive products, and the effect of third-party coverage and reimbursement policies;
- the amount of, and the timing of the payment for, insurance deductibles required to be paid by our customers and potential customers under their existing insurance plans;
- interruption in the manufacturing or distribution of our devices;
- seasonality and other factors affecting the timing of purchases of our D-Pocket;
- timing of new product offerings, acquisitions, licenses or other significant events by us or our competitors;
- results of clinical research and trials on our devices in development;

- the ability of our suppliers to timely provide us with an adequate supply of components and non-invasive BGM solutions that meet our requirements; and
- the timing of revenues recognition associated with our product sales pursuant to applicable accounting standards.

As a result of our lack of operating history as a commercial-stage company, and due to the complexities of the industry and regulatory framework in which we operate, it will be difficult for us to forecast demand for our future medical diagnostics devices and to forecast our sales with any degree of certainty. For example, many of the devices we will seek to develop and introduce in the future will require regulatory approval or clearance and import licenses before we can sell such devices and given that the timing of such approvals, clearances or licenses may be uncertain, it will be difficult for us to predict sales projections for these products with any degree of certainty before such approvals, clearances or licenses are obtained. In addition, we will be significantly increasing our operating expenses as we expand our business. Accordingly, we may experience substantial variability in our operating results from year to year and quarter to quarter. If our quarterly or annual operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly or annual fluctuations in our operating results may, in turn, cause the price of our common stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

3.3.5 The Company does not expect to pay any dividends in the foreseeable future.

The Company has not yet paid any dividends and currently does not intend to pay dividends for the foreseeable future. Under German corporate law, dividends may only be distributed from the net retained profit (*Bilanzgewinn*) of the Company. The net retained profit is calculated based on the Company's unconsolidated annual financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), in material respects.

The Company's ability to pay dividends therefore depends upon the availability of sufficient net retained profits. In addition, the Company's future financing arrangements may contain, covenants which impose restrictions on its business and on its ability to pay dividends under certain circumstances.

Any determination to pay dividends in the future will be at the discretion of the Company's management board and will depend upon the Company's results of operations, financial condition, contractual restrictions, including restrictions imposed by future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant.

Consequently, the Company may not be able to pay dividends in the foreseeable future, or at all.

3.3.6 An investment in the Company's shares by an investor whose principal currency is not the euro may be affected by exchange rate fluctuations.

The Company's shares are, and any dividends to be paid in respect of the Company's shares will be, denominated in EUR. An investment in the Company's shares by an investor whose principal currency is not the euro expose such investor to foreign currency exchange rate risk. Any depreciation of the euro in relation to an investor's principal currency of the respective investor will reduce the value of the investment in the Company's shares or any dividends in relation to such currency.

3.4 Legal and Regulatory Risks

3.4.1 If we are unable to successfully receive regulatory clearance, approval or certification mark for our upcoming laser-based diagnostic device D-Pocket, or if we experience significant delays in doing so, we may incur additional cost.

Once we have finalised the development process and created a prototype of the D-Pocket, the applicable regulatory requirements will have to be fulfilled before we can commence marketing the D-Pocket. The length of these regulatory processes constitutes an additional variable for the timing of the launch of the D-Pocket.

Whether regulatory clearance or approval will be granted is unpredictable and depends upon numerous factors, including the substantial discretion of the regulatory authorities. Our success in clinical trials will not guarantee regulatory approval.

In EEA countries, we cannot assure that we will be able to obtain marketing clearance, approval or certification mark ("**CE marking**") for our upcoming D-Pocket. A CE marking is a European marking of conformity that

indicates that a product meets the essential requirements of the EU's Council Directive 93/42/EEC concerning medical devices and Directive 98/79/EC of the European Parliament and of the Council on *in vitro* diagnostic medical devices (as amended, together the "**Medical Device Directives**"), as transposed into applicable laws and regulations, such as the German Medical Device Act (*Medizinproduktgesetz*, "**MPG**"). This conformity to the Medical Device Directives is done through self-declaration and is, depending of the classification of the medical device, verified by an independent organisation appointed by the respective Member State (the "**Notified Body**"). A Notified Body would, during the course of reviewing a device application, typically audit and examine the quality system of the manufacturer, as well as design and validation of a device before issuing a certification demonstrating compliance with the relevant essential requirements. Once the CE marking is affixed, the Notified Body will regularly audit us to ensure that we remain in compliance with the applicable European laws and regulations. By affixing the CE marking to our medical diagnostic device, we are certifying that the product complies with the laws and regulations required by the EEA countries, thereby allowing the free movement of the medical device within the countries that comprise the EEA and others that accept CE marking standards. If we cannot support our performance claims and demonstrate compliance with the applicable European laws and Medical Device Directives, we would lose our right to affix the CE marking to our devices, which would prevent us from selling our products within the EEA territory and in other countries that recognise the CE marking.

Even if we do obtain such clearance, approval or CE marking, it may take a significant amount of time and require the expenditure of substantial resources. Further, such clearance, approval or CE marking might involve stringent testing requirements, modifications, repairs or replacements of our D-Pocket, and could result in limitations on the proposed uses of our device. Regulatory premarket clearance, approval or conformity declaration requirements may affect or delay our ability to market our upcoming D-Pocket.

The competent authority in or outside Germany may require that we conduct additional clinical trials, provide additional data, take additional manufacturing steps, or require other conditions before they will grant us approval. In these cases, we would incur increased costs and delays in the marketing approval process, which may require us to expend more resources than we have available. In addition, the respective regulatory authority may not consider sufficient any additional required clinical trials, data or information that we perform and complete or generate. We may experience numerous unforeseen events during the regulatory clearance or approval process or as a result of clinical trials that could delay or prevent our ability to receive marketing approval or commercialise our D-Pocket, including:

- regulators may not authorise us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or fail to reach, agreement on acceptable clinical trial contracts with third parties or clinical trial protocols with prospective trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different trial sites;
- clinical trials of our D-Pocket may produce negative or inconclusive results, including failure to demonstrate statistical significance, and we may decide, or regulators may require us, to conduct additional clinical trials or abandon our development programs;
- the number of people with diabetes required for clinical trials of our D-Pocket may be larger than we anticipate, enrolment in these clinical trials may be slower than we anticipate or people with diabetes may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than we anticipate;
- our products may have undesirable side effects or other unexpected characteristics, causing us or our investigators, regulators or institutional review boards to suspend or terminate the trials;
- our third-party contractors conducting the clinical trials may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators may require that we or our investigators suspend or terminate clinical development for various reasons, including non-compliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our devices may be greater than we anticipate; and
- the supply or quality of our D-Pocket or other materials necessary to conduct clinical trials of our device may be insufficient or inadequate.

If we are required to conduct additional clinical trials or other testing of our D-Pocket beyond those that we currently contemplate, if we are unable to successfully complete clinical trials of our D-Pocket or other testing, if the results of these trials or tests are not favourable or if there are safety concerns, we may:

- not obtain marketing approval at all;
- be delayed in obtaining marketing approval for our D-Pocket in Germany, other EEA member states, the United States or elsewhere;
- be subject to additional post-marketing testing requirements; or
- have our D-Pocket removed from the market after obtaining marketing approval.

Our development costs will also increase if we experience delays in testing or marketing approvals. We do not know whether any of our clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant clinical trial delays also could allow our competitors to bring innovative products to market before we do and impair our ability to successfully commercialise our products.

As medicine devices are developed through clinical trials towards approval and commercialisation, it is common that various aspects of the development program, such as manufacturing methods and configuration, are altered along the way in an effort to optimise processes and results. Any changes we make carry the risk that they will not achieve the intended objectives. Any of these changes could cause our products to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered device. Such changes may also require additional testing, regulatory notification or regulatory approval. This could delay completion of clinical trials, increase costs, delay approval of our future medical diagnostics devices and jeopardise our ability to commence sales.

Approval or clearance in a member state of the EEA, the United States or by a regulatory agency in another country does not guarantee approval by the regulatory authorities in other countries or jurisdictions or ensure approval for the same conditions of use. In addition, clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. It is possible that D-Pocket will never obtain regulatory approval in Germany, other EEA member states or the United States, even if we spend substantial time and resources seeking such approval. If we do not achieve one or more of these approvals in a timely manner or at all, we could experience significant delays or an inability to fully commercialise our upcoming D-Pocket.

Both before and after a device is commercially released, we will have ongoing responsibilities under various laws and regulations, in particular monitoring, corrective and preventive action and reporting responsibilities. If a regulatory authority were to conclude that we are not in compliance with applicable laws or regulations, or that any of our devices and solutions are ineffective or pose an unreasonable health risk for the users, such authority could ban these products, suspend or cancel our marketing authorisations, impose "stop-sale" and "stop-import" orders, refuse to issue export certificates, detain or seize adulterated or misbranded products, order a recall, repair, replacement, correction or refund of such products, or require us to notify health providers and others that the products present unreasonable risks of substantial harm to the public health. Discovery of previously unknown problems with our product's design or manufacture may result in restrictions on the use of our products, restrictions placed on us or our suppliers, or withdrawal of an existing regulatory clearance for our products. The respective authority may also impose operating restrictions, enjoin and restrain certain violations of applicable law pertaining to medical devices, assess civil or criminal penalties against us, or recommend criminal prosecution of our Company. Adverse regulatory action may restrict us from effectively marketing and selling our devices.

Any delay in, or failure to receive or maintain, clearance or approval for our upcoming D-Pocket could prevent us from generating revenues or achieving profitability. Additionally, the relevant regulatory authorities have broad enforcement powers. Regulatory enforcement or inquiries, or other increased scrutiny on us, could dissuade some people with diabetes from using our DMT Pocket and adversely affect our reputation and the perceived accuracy and safety of our products.

3.4.2 Our products and business activities are subject to extensive governmental regulation, and failure to comply with applicable requirements could cause our business to suffer.

Our future diagnostic devices and our business activities, including services and solutions we provide, are subject to rigorous regulation in the jurisdictions in which we intend to operate. In particular, these laws govern the protection of the health and safety of patients and users of our diagnostic devices as well as, among other things, the following activities in which we and our future manufacturers, future testing laboratories and future suppliers may be involved, including: product development, product testing (including clinical evaluations or clinical investigations), product manufacturing, product labelling, product safety, product marketing clearance and approval, product advertising and promotion, product import and export, product sales and distribution, and prod-

uct performance/effectiveness. Accordingly, our business may be affected by changes in any such laws and regulations. Further, our business may be affected by new laws and regulations, in particular laws and regulations that may govern innovative products and business activities, including services and solutions.

While the various European agencies that enforce the Medical Device Directives, FDA in the United States is the regulatory authority affecting us most prominently with respect to the commercialisation of our upcoming D-Pocket outside the EEA. There are numerous other regulatory schemes at the international, national and sub-national levels to which we are subject. These regulations can be burdensome and subject to change on short notice, exposing us to the risk of increased costs and business disruption. Regulatory authorities and legislative bodies are continuously increasing their scrutiny of the healthcare industry, and there are ongoing regulatory efforts to reduce healthcare costs that may intensify in the future and adversely affect reimbursement of our products and services. Our business is also sensitive to any changes in tort and product liability laws.

The medical device industry is regulated extensively by governmental authorities, principally the corresponding state regulatory agencies and notified bodies in the EEA and the United States as well as the corresponding notified bodies in countries outside EEA and the United States. The regulations are very complex and are subject to rapid change and varying interpretations. Regulatory restrictions or changes could limit our ability to carry on or expand our operations or result in higher than anticipated costs or lower than anticipated sales. These governmental authorities enforce laws and regulations that are meant to assure product safety and effectiveness, including the regulation of, among other things:

- product design and development;
- pre-clinical studies and clinical trials;
- product safety;
- establishment registration and product listing;
- labelling and storage;
- marketing, manufacturing, sales and distribution;
- pre-market clearance or approval;
- servicing and post-market surveillance;
- advertising and promotion; and
- recalls and field safety corrective actions.

The regulations to which we are subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated revenues.

Failure to comply with applicable regulations could jeopardises our ability to sell our products and result in enforcement actions such as fines, civil penalties, injunctions, warning letters, recalls of products, delays in the introduction of products into the market, refusal of the regulatory agency or other regulators to grant future clearances or approvals, and the suspension or withdrawal of existing approvals by such regulatory agencies. Any of these sanctions could result in higher than anticipated costs or lower than anticipated sales and harm our reputation.

We are also subject to laws and regulations that apply to laws and regulations of general applicability relating to matters such as manufacturing practices and other matters. In some countries, we will rely on our foreign distributors to assist us in complying with foreign regulatory requirements, and we cannot be sure that they will always effectively do so.

There can be no assurance that our employees or business partners comply and will comply with all relevant rules for obtaining relevant clearances or approvals and with all regulatory requirements. If we or any of our suppliers, distributors or customers fails to comply with applicable international regulatory requirements or are perceived to potentially have failed to comply, we may, in addition to ending our business relationships with such parties, face, amongst others:

- investigations by governmental authorities;
- fines, debarment, injunctions, civil penalties and criminal prosecutions;
- increased difficulty in obtaining required approvals in foreign countries;
- losses of clearances or approvals already granted;

- the inability to sell our D-Pocket in or to import our D-Pocket into such countries; and
- adverse publicity affecting both us and our customers.

3.4.3 There is a risk that the Study 100 conducted by us and used in this Prospectus could be classified as a clinical trial subject to approval, which would result in the payment of a fine

In 2018, we conducted a study with the aim of improving and testing a method for non-invasive glucose measurement in the skin as an indicator of blood glucose concentration in diabetics using infrared spectroscopy (the "**Study 100**"). The Study 100 was completed in 2019. The data obtained in the Study 100 should answer the question as to whether the non-invasive glucose measurement method developed is suitable for replacing the now widely used invasive measurement systems in diabetics' self-monitoring in the future.

We did not intend to use the Study 100 to comply with any legal requirements and therefore did not consider the general requirements for a clinical trial (*klinische Prüfung*) according to para. 20 of the MPG. According to the MPG, a clinical trial (*klinische Prüfung*) may only be initiated once the responsible ethics authority has given its consent to the measure and the responsible federal authority has granted approval. In the case of a negligent act, the MPG provides that it is an administrative offence that can be punished with a fine of up to EUR 30,000.

It cannot be ruled out that the regulatory authority will not follow our legal opinion with regard to the conduct and use of our Study 100 and that we will be fined.

3.4.4 As a result of a current tax audit by the German tax authorities, we could be obliged to pay additional taxes, accrued interest and penalties

We are currently subject to a tax audit pertaining to corporate income tax (*Körperschaftsteuer*), trade tax (*Gewerbesteuer*) value added tax (*Umsatzsteuer*), determination of the remaining loss deduction (*Verlustabzug*) and determination of the loss of business to be carried forward (*Gewerbeverlust*) for the financial years 2015, 2016, 2017 and 2018. The German tax authority has reserved the right to extend the audit to other tax types and periods. As a result of the audit, the taxes actually assessed could reduce our loss carry-forward or exceed taxes already paid by us, which could result in us having to make significant additional tax payments. Further, the tax authority could revise original tax assessments, for example, by refusing to recognise our entitlement to recover invoiced value-added taxes. Any tax assessments that deviate from our expectations could lead to an increase in our tax obligations and, additionally, could give rise to interest being payable on the additional amount of taxes as well as late filing penalties.

3.4.5 We may be liable if the competent regulatory authority concludes that we have engaged in the off-label promotion of our products.

Regulatory authorities strictly regulate the indications for use and associated promotional safety and effectiveness claims. In particular, a medical device may not be promoted for uses that are not consistent with the product's approved or cleared labelling. Any labelling approved or cleared by regulatory agencies for our products may include restrictions on use, warnings, precautions, and contraindications. If we receive marketing approval or clearance for our D-Pocket and for any future diagnostic device, physicians may nevertheless lawfully choose to use such products on their patients in a manner that is inconsistent with the approved or cleared label, as FDA, for example, does not restrict or regulate a physician's choice of treatment within the practice of medicine

Our promotional materials and training methods must therefore comply with the applicable laws and regulations of the country where the respective application for approval would be submitted, including the prohibition of the promotion of the off-label use of our products. If the competent authority determines that our promotional materials or training constitute promotion of an off-label use, it could request that we modify our training or promotional materials or subject us to regulatory or enforcement actions, including the issuance of an untitled letter, a warning letter, injunction, seizure, civil fine and criminal penalties. Furthermore, the competent authority might take action if they consider our promotional or training materials to constitute promotion of an unapproved use, which could result in significant fines or penalties. Although we intend to train our marketing and direct sales force to not promote our products for uses outside of their cleared uses and our policy will be to refrain from statements that could be considered off-label promotion of our products, the competent authority could disagree and conclude that we have engaged in off-label promotion. In addition, the off-label use of our future medical diagnostics devices may increase the risk of product liability claims. Product liability claims are expensive to defend and could result in substantial damage awards against us.

Further, the advertising and promotion of our products is subject to the laws of EEA Member States implementing Directive 93/42/EEC concerning medical devices, Directive 2006/114/EC concerning misleading and com-

parative advertising, and Directive 2005/29/EC on unfair commercial practices, as well as other EEA Member State legislation governing the advertising and promotion of medical devices. EEA Member State legislation may also restrict or impose limitations on our ability to advertise our products directly to the general public. In addition, voluntary EU and national codes of conduct provide guidelines on the advertising and promotion of our products to the general public and may impose limitations on our promotional activities with healthcare providers.

3.4.6 A recall of our products, or the discovery of serious safety issues with our products, could have a significant negative impact on us.

The relevant competent authority, such as the Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*, "**BfArM**") in Germany, could have the authority to require the recall of commercialised products in the event of material deficiencies or defects in design or manufacture or in the event that a product poses an unacceptable risk to health. Our third-party suppliers may, under their own initiative, recall a product if any material deficiency in a device is found. A government-mandated or voluntary recall by us or one of our third-party distributors could occur as a result of an unacceptable risk to health, component failures, manufacturing errors, design or labelling defects or other deficiencies and issues. Recalls of any of our products would divert managerial and financial resources and have an adverse effect on our reputation, financial condition and operating results, which could impair our ability to produce our products in a cost-effective and timely manner.

3.4.7 Off-label use of our product by patients could lead to product liability claims and regulatory action.

Currently marketed BGM systems (including our D-Pocket, if approved) are not intended to provide definitive data regarding a patient's blood glucose levels for purposes of self-medication with insulin. Rather, the device is intended to help patients obtain a confirmation of their blood glucose level by non-invasive real-time measurement before administering insulin. The BGM system manufacturer has no control over whether patients adhere to labelling instructions and confirm blood glucose levels prior to administering insulin. If a patient fails to do so and has an adverse reaction to self-medication, the patient might make a claim against the device manufacturer. While we do not believe that, as a general matter, such a claim would have merit, the possibility of an adverse result to the BGM system manufacturer cannot be dismissed, and in any event the BGM system manufacturer could incur significant defence costs. Also, if there should be widespread off-label use of BGM systems by patients, and resulting adverse medical events, the competent regulatory bodies might require BGM system manufacturers, including us, if we commercialise our D-Pocket, to implement additional measures to reduce off-label use, which could be costly or reduce adoption of our D-Pocket.

3.4.8 Our insurance cover for potential product liability claims could be inadequate or even non-existent, so that we would have to pay for the damages ourselves.

Our business exposes us to potential product liability claims that are inherent in the design, manufacture, testing and sale of medical devices. We could become subject of product liability lawsuits alleging that component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product- related information resulted in an unsafe condition, injury or death to customers. In addition, the misuse of our products or the failure of customers to adhere to operating guidelines could cause significant harm to customers, including death, which could result in product liability claims. Product liability lawsuits and claims, safety alerts or product recalls, with or without merit, could cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our core business, harm our reputation and adversely affect our ability to attract and retain customers.

Although we maintain third-party product liability insurance coverage, it is possible that claims against us may exceed the coverage limits of our insurance policies. Even if any product liability loss is covered by an insurance policy, these policies typically have substantial deductibles for which we are responsible. Product liability claims in excess of applicable insurance coverage would negatively impact our business, financial condition and operating results. In addition, any product liability claim brought against us, with or without merit, could result in an increase of our product liability insurance premiums. Insurance coverage varies in cost and can be difficult to obtain, and we cannot guarantee that we will be able to obtain insurance coverage in the future on terms acceptable to us or at all.

3.4.9 Legislative or regulatory healthcare reforms may make it more difficult and costly for us to obtain regulatory clearance or approval of our products.

Recent political, economic and regulatory influences are subjecting the healthcare industry to fundamental changes. The sales of our devices depend in part on the availability of coverage and reimbursement from third-party payors such as government health administration authorities, private health insurers, health maintenance organisations and other healthcare-related organisations. Governments around the world continue to propose and pass new legislation and regulations designed to contain or reduce the cost of healthcare. This legislation and regulation may result in decreased reimbursement for medical devices, which may further exacerbate industry-wide pressure to reduce the prices charged for medical devices. This could harm our ability to market our devices and generate sales.

In addition, regulations and guidance are often revised or reinterpreted by the respective legislator in ways that may significantly affect our business and our products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of our products. While the goal of healthcare reform is to expand coverage to more individuals, it also involves increased government price controls, additional regulatory mandates and other measures designed to constrain medical costs.

On 5 April 2017, two new EU Regulations on medical devices were adopted. They entered into force on 25 May 2017 and will subsequently replace the existing Medical Device Directives:

- Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No. 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC (the "**Regulation on medical devices**"); and
- Regulation (EU) 2017/746 of the European Parliament and of the Council of 5 April 2017 on *in vitro* diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU (the "**Regulation on in vitro diagnostic medical devices**").

The new Regulations will only apply after a transitional period, namely three years after entry into force for the Regulation on medical devices (spring 2020) and five years after entry into force (spring 2022) for the Regulation on *in vitro* diagnostic medical devices. The new regulations will apply directly in all EU Member States without requiring any national laws or regulations to transpose them into national law. The new regulations put greater emphasis on clinical data and require more extensive documentation and product monitoring efforts. Thus, time to market will likely increase as well as related costs due to the need for additional clinical trials, and a significant increase in mandatory involvement of Notified Bodies during the conformity assessment of *in vitro* medical devices ("**IVD**") is expected.

Foreign governmental regulations have become increasingly stringent and more extensive, and we may become subject to even more rigorous regulation by foreign governmental authorities in the future. Penalties for a company's non-compliance with foreign governmental regulation could be severe, including revocation or suspension of a company's business license and civil or criminal sanctions. In some jurisdictions, such as Germany, any violation of a law related to medical devices is also considered to be a violation of unfair competition law. In such cases, governmental authorities, our competitors and business or consumer associations may then file lawsuits to prohibit us from commercialising D-Pocket in such jurisdictions. Our competitors may also sue us for damages.

In addition, the relevant authority may change its clearance and approval policies, adopt additional regulations or revise existing regulations, or take other actions which may prevent or delay approval or clearance of our products under development or impact our ability to modify our currently cleared or approved products on a timely basis.

3.4.10 A reclassification of our D-Base due to changes in the legal framework could lead to new legal requirements which would require both time and financial resources.

According to the MPG in conjunction with the German Regulation on Medical Devices (*Medizinprodukte-Verordnung*, "**MPV**") and the European Directives, medical devices are divided into four different classes with different approval requirements, including in particular the conformity declaration procedures. The scope of the requirements depends on the potential risk of the corresponding medical device. *In vitro* diagnostic medical devices are currently not assigned to any of these classes. *In vitro* diagnostic medical devices are also divided into different classes for the purpose of allocating the conformity declaration procedures to be applied. The risk class determines the proportion of external inspections or (external) certification of the conformity assessment procedure (procedure for proving compliance with all legal product requirements) by a notified body, which also increases with the class level.

According to the Directive 98/79/EC of the European Parliament and of the Council on *in vitro* diagnostic medical devices, the large majority of *in vitro* diagnostic medical devices do not constitute direct risk to patients and are used by competently trained professionals, and the results obtained can often be confirmed by other means the conformity declaration procedures can be carried out, as a general rule, under the sole responsibility of the manufacturer, which is comparable to the conformity declaration requirements for a class 1 medical device, pursuant to the MPV in conjunction with the Council Directive 93/42/EEC concerning medical devices. Within the framework of the conformity declaration procedure, our D-Base was classified as an *in vitro* diagnostic medical product of class 1.

Due to the forthcoming changes in the legal framework conditions within the European Union for medical devices, it cannot be ruled out that our D-Base will continue to be regarded and classified as a class 1 medical device in the future. A reclassification would mean that we would have to subject ourselves to stricter and more time-consuming controls or carry out a new conformity declaration procedure as a whole. Such a procedure would create additional costs and tie up human resources that would be lacking elsewhere.

3.4.11 Our employees, independent contractors, consultants, manufacturers and distributors may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements.

We are exposed to the risk that our employees, independent contractors, consultants, manufacturers and distributors may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include intentional, reckless or negligent conduct or disclosure of unauthorised activities to us that violates applicable regulations, including those laws requiring the reporting of true, complete and accurate information to the FDA, manufacturing standards, federal and state healthcare laws and regulations, and laws that require the true, complete and accurate reporting of financial information or data. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Misconduct by these parties could also involve the improper use of individually identifiable information, including, without limitation, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, including, without limitation, damages, fines, disgorgement of profits, imprisonment, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations.

3.5 Risks Related to the Intellectual Property Rights

3.5.1 Our ability to protect our intellectual property and proprietary technology is uncertain.

We rely primarily on patent, trademark and trade secret laws, as well as confidentiality and non-disclosure agreements, to protect our proprietary technologies. As of 30 September 2019, we held a total of 21 issued patents that relate to our non-invasive BGM solution and 27 pending applications, each belonging to one of five patent families.

We have filed patent applications in Europe, Germany, the United States, Canada, China, Japan, India, Korea, Russia, Mexico and Brazil. Our already granted patents expire between 2022 and 2035, subject to paying annuities. If patents are issued on our pending patent applications, the resulting patents are projected to expire on dates ranging from 2035 to 2038. Although we believe that we are in each case the legitimate owner of the patents and although we are aware of patent ownership risks and have acted with high level of diligence, it cannot be ruled out that co-inventors might claim to be the owner or co-inventors of any of the patents formally owned by us.

We have applied for patent protection relating to certain existing and proposed products and processes. Currently, several of our issued patents as well as various pending patent applications relate to the structure and operation of our non-invasive BGM solution which are important to the functionality of our products. If we fail to timely file a patent application in any jurisdiction, we may be precluded from doing so at a later date. Furthermore, we cannot assure that any of our patent applications will be approved in a timely manner or at all. The rights granted to us under our patents, and the rights we are seeking to have granted in our pending patent appli-

cations, may not provide us with any meaningful commercial advantage. In addition, those rights could be opposed, contested or circumvented by our competitors, or be declared invalid or unenforceable in judicial or administrative proceedings. The failure of our patents to adequately protect our technology might make it easier for our competitors to offer the same or similar products or technologies. Even if we are successful in receiving patent protection for certain products and processes, our competitors may be able to design around our patents or develop products that provide outcomes which are comparable to ours without infringing on our intellectual property rights. Due to differences between foreign and German patent laws, our patented intellectual property rights may not receive the same degree of protection in foreign countries as they would in Germany. Even if patents are granted outside Germany, effective enforcement in those countries may not be available.

We rely on our DiaMonTech trademarks, company name and company sign to distinguish ourselves from our competitors, and have registered these trademarks in 2017. For example, we have registered our name DiaMonTech and our logo. We cannot assure that competitors will not infringe upon our trademarks, or that we will have adequate resources to enforce our trademarks.

We also rely on trade secrets, know-how and technology, which are not protectable by patents, to maintain our competitive position. We try to protect this information by entering into individual confidentiality agreements and transfer agreements with our officers, employees, temporary employees and consultants regarding our intellectual property and proprietary technology. In the event of unauthorised use or disclosure or other breaches of those agreements, we may not have an adequate remedy to compensate us for our trade secrets or other proprietary information. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our commercial partners, collaborators, employees and consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in the related or resulting know-how and inventions. If any of our trade secrets, know-how or other technologies not protected by a patent were to be disclosed to or independently developed by a competitor, we might be forced to raise funds to remedy this condition that would be needed elsewhere.

If a competitor infringes one of our patents, trademarks or other intellectual property rights, enforcing those patents, trademarks and other rights may be difficult and time consuming. Patent law relating to the scope of claims in the industry in which we operate is subject to rapid change and constant evolution and, consequently, patent positions in our industry can be uncertain. Even if successful, litigation to defend our patents and trademarks against challenges or to enforce our intellectual property rights could be expensive and time consuming and could divert management's attention from managing our business. Moreover, we may not have sufficient resources or desire to defend our patents or trademarks against challenges or to enforce our intellectual property rights. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third-parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially material. The occurrence of any of these events may harm our reputation.

3.5.2 Patent litigation is common in the medical device industry and we could become subject to litigation that could be costly, result in the diversion of management's time and efforts, stop our development and commercialisation measures, harm our reputation or require us to make significant payments to compensate claimants for damages.

Our success will depend in part on not infringing the patents or violating the other proprietary rights of third-parties. Significant litigation regarding patent rights exists in our industry. Our competitors in Germany, the United States and abroad, many of which have substantially greater resources and have made substantial investments in competing technologies, may have applied for or obtained or may in the future apply for and obtain, patents that will prevent, limit or otherwise interfere with our ability to produce, sell, and import as well as export our devices. Furthermore, it could also result in our future suppliers being prevented from supplying necessary parts by third parties, which in turn could have a negative impact on our production and sales. The large number of patents, the rapid rate of new patent issuances, and the complexities of the technology involved increase the risk of patent litigation.

The medical device industry in general, and the glucose testing sector of this industry in particular, are characterised by the existence of a large number of patents and frequent litigation based on assertions of patent infringement. We are aware that numerous patents have been issued to third parties in the field of glucose testing and continuous glucose monitoring, some of which may relate to the technology used in our business. Each of these patents contains multiple claims, any one of which may be independently asserted against us. The owners of these patents may assert that the manufacture, use, sale or offer for sale of our devices infringes one or more claims of their patents. Furthermore, there may be additional patents issued to third parties of which we are presently unaware that may relate to aspects of our technology that such third parties could assert against us and

materially and adversely affect our business. In addition, because patent applications can take many years to issue, there may be patent applications that are currently pending and unknown to us, which may later result in issued patents that third parties could assert against us and harm our business.

In preparation for commercialising our D-Pocket, we are performing an analysis, the purpose of which is to review and assess publicly available information to determine whether third parties hold any valid patent rights that we would, or might be claimed to, infringe by commercialising our products. We have not previously performed an exhaustive review of this type, and we cannot be certain that it will not result in our locating valid patent rights relating to our products.

In the future, we could receive communications from various industry participants alleging our infringement of their intellectual property rights. Any potential intellectual property litigation could force us to do one or more of the following:

- stop selling our products or using technology that contains the allegedly infringing intellectual property;
- incur significant legal expenses;
- pay substantial damages to the party whose intellectual property rights we are allegedly infringing;
- redesign those products that contain the allegedly infringing intellectual property; or
- attempt to obtain a license to the relevant intellectual property from third-parties, which may not be available on reasonable terms or at all, and if available, may be non-exclusive, thereby giving our competitors access to the same technology.

Patent litigation can involve complex factual and legal questions, and its outcome is uncertain. Any litigation or claim against us, even those without merit, may cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our core business, stop our development and commercialisation measures and harm our reputation. Further, as the number of participants in the diabetes market increases, the possibility of intellectual property infringement claims against us increases.

3.5.3 We may be subject to damages resulting from claims that we, or our employees, have wrongfully used or disclosed alleged trade secrets of our competitors or are in breach of non-competition or non-solicitation agreements with our competitors.

We may in the future be subject to allegations that we caused an employee to breach the terms of his or her non-competition or non-solicitation agreement. Litigation may be necessary to defend against these claims. Even if we successfully defend against these claims, litigation could cause us to incur substantial costs, and could place a significant strain on our financial resources, divert the attention of management from our core business and harm our reputation. If our defence to those claims fails, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. There can be no assurance that this type of litigation will not occur, and any future litigation or the threat thereof may adversely affect our ability to hire additional direct sales representatives. A loss of key personnel or their work product could hamper or prevent our ability to commercialise our D-Pocket or future devices.

3.5.4 We are subject to the patent laws of different countries, which may not offer the same level of patent protection and whose rules could seriously affect how we draft, file, prosecute and maintain patents, trademarks and patent and trademark applications.

Many countries, including certain countries in Europe, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties (for example, the patent owner has failed to "work" the invention in that country, or the third party has patented improvements). In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of the patent. Moreover, the legal systems of certain countries, particularly certain developing countries, do not favour the aggressive enforcement of patent and other intellectual property protection which makes it difficult to stop infringement.

We cannot be certain that the patent or trademark offices will not implement new rules that increase costs for drafting, filing, prosecuting and maintaining patents, trademarks and patent and trademark applications or that any such new rules will not restrict our ability to file for patent protection. For example, we may elect not to seek patent protection in some jurisdictions in order to save costs. We may be forced to abandon specific patents due to a lack of financial resources.

3.5.5 Our intellectual property rights do not necessarily address all potential competitive threats or confer meaningful competitive benefits.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain any competitive advantage. The following examples are illustrative:

- third-parties may be able to make devices that are similar to our D-Pocket but that are not covered by the claims of the patents that we own;
- we or any collaborators might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own and, therefore, we may be unable to enforce them;
- we might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications will not lead to issued patents;
- issued patents that we own may not provide us with any competitive advantages, or may be held invalid or unenforceable as a result of legal challenges;
- our competitors might conduct research and development activities in Europe, the United States and other countries that provide a safe harbour from patent infringement claims for certain research and development activities, as well as in countries where we do not have patent rights, and then use the information learned from such activities to develop competitive products for sale in our major commercial markets; and
- we may not develop additional proprietary technologies that are patentable.

The regulations to which we are subject are complex and have tended to become more stringent over time. Regulatory changes could result in restrictions on our ability to carry on or expand our operations, higher than anticipated costs or lower than anticipated revenues.

Failure to comply with applicable regulations could jeopardise our ability to sell our D-Pocket and result in enforcement actions such as fines, civil penalties, injunctions, warning letters, recalls of products, delays in the introduction of our D-Pocket into the market, refusal of the regulatory agency or other regulators to grant future clearances or approvals, and the suspension or withdrawal of existing approvals by such regulatory agencies.

3.6 Risks Attached to the Securities

3.6.1 Future sales by major shareholders could materially adversely affect the price of the Company's shares.

Shareholders may sell all or some of their shares in the Company, including in order to diversify their investments. If one or more of the Company's major shareholders were to sell a substantial number of the Company's shares, or if market participants believe that such sales are about to occur, the market price of the Company's shares as well as our ability to raise new equity financing could be adversely affected.

3.6.2 The Company's shares have not been previously publicly traded, and there is no guarantee that an active and liquid market for these shares will develop.

Prior to this initial public offering (the "**Offering**"), there was no public market for the Company's shares. The offer price for the shares offered in this Offering (the "**Offer Price**") will be determined by way of a book building process. There is no guarantee that this Offer Price will correspond to the price at which the Company's shares will be traded on the stock exchange after this Offering.

In addition, the Offer Price may fail to accurately reflect our value. In the course of past financing rounds we received investments for shares in the Company based on valuations of our business by individual investors at the relevant time. Such individual valuations were not confirmed by independent experts (*e.g.*, accounting firms or investment banks) and reflect the personal valuation criteria of the relevant investor as well as the specific circumstances under which these investments were made. Consequently, these valuations may have exceeded the valuations at which other parties would have been willing to invest in the Company. Potential investors should therefore not place undue reliance on past valuations.

There is no guarantee that following the listing, an active and liquid market for the Company's shares will develop and persist. If such liquid market fails to develop, this could adversely affect the market price of the Company's shares and such market price could even decline below the Offer Price.

Consequently, investors may not be in a position to sell their shares in the Company at or above the Offer Price in a timely manner, or at all.

3.6.3 Following this Offering, the Company's existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company and its other shareholders.

Following the successful completion of this Offering, the Company's existing shareholders will continue to own approximately 72.86 % of the Company's total share capital (assuming full placement of all new shares and full exercise of the greenshoe option granted in the course of this Offering) and therefore retain a majority of the votes in the Company's shareholders' meeting. The interests of the Company's existing shareholders may deviate from the Company's interests or those of other shareholders. Certain measures and transactions as well as dividend payments may be impossible to implement without the support of the Company's existing shareholders. In addition, some of the Company's existing shareholders hold various interests in a number of companies, including companies active in the medical diagnostic device industry, and conflicts of interests may arise between these investments and the interests of the Company.

Conflicts between the interests of the Company's existing shareholders and those of the Company or its other shareholders may have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

3.6.4 The Company's shares could only be admitted to the General Standard segment of the Frankfurt Stock Exchange instead of the intended Prime Standard segment.

The Prime Standard is a segment of the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with additional post-admission obligations. However, the legal requirements for the regulated market also apply in the General Standard. Nevertheless, there are admission obligations, such as the provision of quarterly reports or the corporate calendar, or also post-admission obligations, such as the holding of an information event for analyst and investors (Analysts' conference) or the submission of the annual financial report to Deutsche Börse AG, which only apply to the issuers of the Prime Standard, but not to those of the General Standard.

Although we intend to admit the shares of the Company to the Prime Standard, it cannot be excluded that we will not be able to meet the necessary admission or post-admission requirements for issuers of the Prime Standard as of the date of this Prospectus. This would have the consequence that the admission of the shares of the Company to the sub-segment of the regulated market with additional post-admission obligations would not take place (Prime Standard) and we would therefore apply for admission of the Company's shares to the General Standard. The reduced attention in the General Standard segment could have a negative effect on the offer price as well as on the development of our future stock exchange price.

3.6.5 The Issuer does not expect to pay any dividends in the foereseeable future.

The Issuer has not yet paid any dividends to its shareholders and does not currently intend to pay dividends for the foreseeable future. Under German corporate law, a company may only pay dividends if it has unappropriated retained earnings in its unconsolidated annual financial statements prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch* (HGB)). Certain reserves must be established by law and have to be deducted when calculating the distributable profit. The Issuer's ability to pay dividends therefore depends upon, among other things, its results of operations, financing and investment requirements, as well as the availability of distributable profit. In addition, the Issuer's current financing arrangements contain, and the Issuer's future financing arrangements may contain, covenants which impose restrictions on its business and on its ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict the Issuer's ability to pay dividends.

3.6.6 As a result of the planned listing on the regulated market and the sub-segment of the regulated market with additional post-admission obligations of the Frankfurt Stock Exchange, the issuer will face additional administrative requirements, including the obligation to issue half-year interim financial statements.

Following the planned listing of the Issuer's shares on the regulated market and the sub-segment of the regulated market with additional post-admission obligations of the Frankfurt Stock Exchange (*Frankfurter Wertpa-*

pierbörse), the Issuer will for the first time be subject to the legal requirements of German companies listed on a public stock exchange. These requirements include public disclosures of financial results and information, such as ad hoc notices. The Issuer has to prepare financial statements or financial information in line with capital market requirements and expectations and compliance with regulatory requirements may result in significant additional expenditures and/or expose the Issuer to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conduct of general shareholders' meetings and the Issuer's regular communications with shareholders and potential investors will entail substantially greater expenses. The Issuer's management team, which has not managed a public company before, will need to devote time to these additional requirements that it could otherwise devote to other aspects of managing the Issuer's operations. Any inability to manage the additional demands placed on the Issuer in the process of becoming or being a company with publicly traded shares, as well as any costs resulting therefrom, could negatively impact our business plans and our reputation as a listed company.

3.6.7 The share price could fluctuate significantly, and investors could lose all or part of their investment.

Following this offering, the Issuer's share price will be affected primarily by the supply and demand for the Issuer's shares and could fluctuate significantly in response to numerous factors, many of which are beyond the Issuer's control, including, but not limited to, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on the Issuer or its subsidiaries, changes in trading volumes in the Issuer's shares, changes in macroeconomic conditions, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception in us or the industry in which we operate, changes in the statutory framework in which we operate and other factors, and can therefore be subject to substantial fluctuations. In addition, general market conditions and fluctuations of share prices and trading volumes generally could lead to pricing pressures on the Issuer's shares, even though there may not be a reason for this based on the business performance or earnings outlook of us. Further, investors in the secondary market may view our organisational structure more critically than investors in the IPO, which could depress the price of the Issuer's shares. In particular, public perception of us as internet, e-commerce or technology companies could result in the Issuer's share price moving in line with the prices of other shares in similar companies, which have traditionally tended to be more volatile than the share prices of companies operating in other industries. If the Issuer's share price or the trading volume in the Issuer's shares decline as a result of the realisation of any or all of these events, investors could lose part or all of their investment in the Issuer's shares.

3.6.8 The Issuer may invest or spend the proceeds of this offering in ways with which shareholders may not agree or in ways which may not yield a return or enhance the price of shares.

The Issuer may decide to use the net proceeds the Issuer receives from the offering differently from his intention as of the date of this Prospectus. The Issuer's management will have considerable discretion in the application of the net proceeds, and shareholders will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used appropriately. At the mid-point of the price range of EUR 32.00 to EUR 38.00 (the "**Price Range**") and assuming that the maximum number of new shares of the Issuer (1,562,500 shares) is placed, the over-allotment shares are sold and the greenshoe option is exercised in full (234,375 shares), the Issuer will at the mid-point of the Price Range, receive net proceeds of approximately EUR 58.25 million. Any failure to use the net proceeds from this offering effectively could have a material adverse effect on our development and expansion plans as well as on our reputation.

4. GENERAL INFORMATION

4.1 Responsibility Statement

DiaMonTech AG (formerly DiaMonTech GmbH) (the "**Company**", the "**Issuer**", "**DiaMonTech**" or "**we**", "**our**", or "**us**"), with its registered office at Boxhagener Str. 82a, 10245 Berlin, Germany, a German stock corporation (*Aktiengesellschaft*) registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany (the "**Commercial Register**"), under number HRB 212017 B, together with MainFirst Bank AG, Kennedyallee 76, 60596 Frankfurt am Main, Germany (tel.: +49 69 78808 175; website: www.mainfirst.com) ("**MAINFIRST**" or the "**Sole Global Coordinator**") have assumed responsibility for the information given in this Prospectus pursuant to Article 11 of the Prospectus Regulation (EU) No 2017/1129 of 14 June 2017 (the "**EU Prospectus Regulation**").

The Issuer declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and that this Prospectus makes no omission likely to affect its import.

The information in this Prospectus will not be updated subsequent to the date hereof except for any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the securities and which arises or is noted between the time when this Prospectus is approved and the closing of the offer period or the time when trading on the regulated market begins, whichever occurs later. These updates must be disclosed in a prospectus supplement in accordance with Article 23(1) EU Prospectus Regulation without undue delay.

4.2 Purpose of this Prospectus

This Prospectus relates to the offering of 1,796,875 ordinary bearer shares of the Company with no-par value (*Stückaktien*), each such share representing a notional value of EUR 1.00 and with full dividend rights from 1 January 2019, (the "**Offering**"), consisting of:

- 1,562,500 newly issued ordinary bearer shares with no-par value (*Stückaktien*) (the "**New Shares**") resulting from a capital increase against contribution in cash (the "**IPO Capital Increase**") with exclusion of subscription rights of the existing shareholders expected to be resolved by the management board on 26 November 2019 and to be approved by the Supervisory Board on the same day, as resolved by the extraordinary general shareholders' meeting of the Company on 10 November 2019; and
- 234,375 existing ordinary bearer shares with no-par value (*Stückaktien*) from the holdings of Thorsten Lubinski (the "**Lending Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**", and together with the New Shares, the "**Offer Shares**").

Furthermore, for the purposes of the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (Prime Standard) and the simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) this Prospectus relates to up to 1,562,500 New Shares.

4.3 Notice

This Prospectus has been approved solely by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht)*, Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany (tel.: +49 228 4108 0; website: www.bafin.de) ("**BaFin**") as competent authority under the EU Prospectus Regulation. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. This approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus or as an endorsement of the quality of the securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

4.4 Forward-Looking Statements

This Prospectus contains 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 our future earnings capacity, plans and expectations regarding our business growth and profitability, and the general economic conditions to which we

are exposed. Statements made using words such as "predicts", "forecasts", "plans", "intends", "endeavours", "expects" or "targets" may be an indication of forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause our actual results, including our financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found in the sections "*3. Risk Factors*","*11. Management's Discussion and Analysis of Financial Condition and Results of Operations—11.2 Key Factors Affecting our Results of Operations— 11.2.2 Future key factors*", "*12. Industry*", "*14. Business*", "*22. Recent Developments and Outlook*" and wherever information is contained in this Prospectus regarding our plans, intentions, beliefs, or current expectations relating to our future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand for our products as well as the economic and regulatory environment which we are subject to. Even if future results of the Company meet the expectations expressed herein, they may not be indicative of the results of any succeeding periods.

DiaMonTech's 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. In consideration of the risks, uncertainties and assumptions the future events mentioned in the Prospectus may also not occur. Neither DiaMonTech nor its management can therefore guarantee the future accuracy of the opinions presented in this Prospectus or the actual occurrence of the forecasted developments.

Moreover, DiaMonTech assumes no obligation to update such forward-looking statements or to adjust these to future events or developments, unless it is legally required to do so. Such a legal obligation exists pursuant to Article 23(1) EU Prospectus Regulation with regard to important new circumstances or material misstatements or inaccuracies of the Prospectus, which have to be mentioned in a supplement.

4.5 Sources of Market Data

This Prospectus contains forecasts, statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets. The Company operates 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 and the Joint Bookrunner's own analysis of multiple sources, including information obtained from customers, industry publications or reports.

The following sources were used in the preparation of this Prospectus:

- Fortune Business Insights, Blood Glucose Monitoring Systems Market, Global Market Analysis, Insights and Forecast, 2019-2025, 2019, ("**Fortune, 2019**");
- Gonzales, Mobashsher and Abbosh, The Progress of Glucose Monitoring—A Review of Invasive to Minimally and Non-Invasive Techniques, 15 February 2019, https://www.ncbi.nlm.nih.gov/pubmed/30781431, ("**Gonzales, 2019**"), last access 28 August 2019;
- International Diabetes Federation ("**IDF**"), Idf Diabetes Atlas, Eighth edition 2017, https://idf.org/e-library/epidemiology-research/diabetes-atlas.html, ("**IDF Atlas 2017**"), last access 27 August 2019;
- Siegel, Tang, Virbila, Kim, Chang and Pikov, Compact Non-Invasive Millimeter-Wave Glucose Sensor, Infrared Millimeter and Terahertz waves (IRMMW-THz) 2015 40th International Conference, https://core.ac.uk/download/pdf/33124530.pdf, ("**Siegel, 2015**"), last access 28 August 2019;
- Utkarsh and Raihan, Disruption in the diabetic device care market, 2 February 2018, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5799850/, ("**Utkarsh, 2018**"), last access 28 August 2019; and
- World Health Organization ("**WHO**"), Global Report on Diabetes, 2016, https://www.who.int/diabetes/global-report/en/, ("**WHO Report 2016**"), last access 27 August 2019.

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. When such information contained in this Prospectus has been derived from third-party sources, it is stated that the information has been sourced from such third party. Such information has been accurately reproduced by the Company in this Prospectus, and, as far as the Company is aware and is able to ascertain from such information,

no facts have been omitted that would render the information provided inaccurate or misleading. Nevertheless, prospective Investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party studies has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase, or take any other action whatsoever with respect to, shares in the Company.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Joint Bookrunners (see "*—4.1 Responsibility Statement*"), neither the Company nor the Joint Bookrunners have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Joint Bookrunners make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

4.6 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available for inspection during regular business hours at the Company's offices at Boxhagener Str. 82a, 10245 Berlin, Germany (tel.: +49 30 501 759 36):

- the Company's articles of association (the "**Articles of Association**");
- the unaudited condensed interim financial statements of the Company, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), on interim financial reporting (IAS 34) as of and for the nine-months period ended 30 September 2019 (the "**Unaudited Interim Financial Statements (IFRS)**");
- the audited financial statements of the Company (prior to its change in legal form and name, DiaMonTech GmbH) prepared in accordance with IFRS as of and for the financial years ended 31 December 2018, 31 December 2017, and 31 December 2016 (together, the "**Audited Financial Statements (IFRS)**"); and
- the audited annual financial statements of the Company (prior to its change in legal form and name, DiaMonTech GmbH) prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*, "**HGB**") as of and for the financial year ended 31 December 2018 (the "**Audited Annual Financial Statements (HGB)**".

The aforementioned documents and this Prospectus, as well as any supplements thereto, are also available on the Company's website at www.diamontech.de under the section "Investor Relations". The Company's and annual financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website www.diamontech.de and information accessible via this website is neither part of, nor incorporated by reference into this Prospectus.

4.7 Note on Financial Information and Information on Currencies

4.7.1 Financial Information

The financial information contained in the Prospectus is mainly taken or derived from the Audited Financial Statements (IFRS) and the Audited Annual Financial Statements (HGB), which are included in Section "*24. Financial Section*". The Audited Financial Statements (IFRS) have been prepared in accordance with IFRS. The Audited Annual Financial Statements (HGB) have been prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*).

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Friedrich-Ebert-Anlage 35–37, 60327 Frankfurt am Main, (registered seat), Germany, through its Berlin office, Kapelle-Ufer 4, 10117 Berlin, Germany ("**PwC**"), was appointed as the auditor of (i) our Audited Annual Financial Statements (HGB) and (ii) our Audited Financial Statements (IFRS) and has issued an English language unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) on the Audited Annual Financial Statements (HGB) and an English language independent auditor's report (*Bestätigungsvermerk des unabhängingen Abschlussprüfers*) on the Audited Financial Statements (IFRS).

PwC is a member of the Chamber of Public Accountants (*Wirtschaftsprüfungskammer*), Rauchstraße 26, 10787 Berlin, Germany.

There has been no change of the auditor so far.

For further details on the financial information in this Prospectus, see "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*".

4.7.2 Information on currencies

The amounts set forth in this Prospectus in "**EUR**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

The Company's principal functional currency is the Euro, and the Company prepares the Company's financial statements in Euro.

4.7.3 Note regarding figures and technical terms

Numerical figures contained in this Prospectus in units of thousands, millions or billions as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in tables may differ minimally from figures provided elsewhere in the Prospectus, which have not been rounded off. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the tables or mentioned elsewhere in the Prospectus. In respect of financial data set out in the Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but is, or has been rounded to, zero.

A glossary of certain technical and financial terms and abbreviations used in this Prospectus is provided at the end of the Prospectus under the heading "*23. Glossary*".

5. THE OFFERING

5.1 Subject Matter of the Offering

This Prospectus relates to the Offering of 1,796,875 ordinary bearer shares of the Company with no-par value (*Stückaktien*), each such share representing a notional value of EUR 1.00 and with full dividend rights from 1 January 2019, consisting of:

- 1,562,500 New Shares; and
- 234,375 Over-Allotment Shares.

The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States of America, the Offer Shares will be offered and sold only to "accredited investors" ("**Accredited Investors**") as defined in Rule 501 under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") pursuant to the exemptions from the registration requirements of the Securities Act provided by Rule 506 under the Securities Act. Outside the United States, the Offer Shares will be offered and sold in offshore transactions in compliance with Regulation S under the Securities Act ("**Regulation S**"). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and any representation to the contrary is a criminal offence.

The Offer Shares have not been and will not be registered under the Securities Act, or with any other securities regulatory authority of any state or jurisdiction of the United States. MAINFIRST acts as the offeror of this public offering. The LEI of MAINFIRST is 529900MC68RTGHKI4F05.

5.2 Price Range, Offer Period, Offer Price and Number of Shares

5.2.1 Price Range

The Offer Shares are offered for sale by the Sole Global Coordinator.

The price range set for the Offering within which purchase orders may be placed is EUR 32.00 to EUR 38.00 per Offer Share (the "**Price Range**").

5.2.2 Offer Period

The period during which investors may submit purchase orders for the Offer Shares will begin on 14 November 2019 and is expected to end on 26 November 2019 (the "**Offer Period**"). On the last day of the Offer Period, purchase offers may be submitted until 14:30 (noon) Central European Time ("**CET**") by retail investors and until 16:30 (CET) 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 cents, except for order placed via the Subscription Functionality (as defined below) to which such restrictions do not apply. Multiple purchase orders are permitted. They are freely revocable until the respective Offer Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.

5.2.3 Direct Place

As from 14 November 2019, retail investors can make subscription offers in the Public Offering in Germany 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 depositary banks between 14 November 2019 and 26 November 2019, at 14:30 (noon) (CET). This requires that the depositary 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 authorised 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 depositary bank, a "**Trading Participant**").

Upon the investor's request, the Trading Participant will submit a subscription offer on behalf of the investor via the Subscription Functionality. Wolfgang Steubing AG Wertpapierdienstleister, Goethestraße 29, 60313 Frankfurt am Main, Germany ("**Steubing**"), 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. At the end of the Offer Period, Steubing, in its capacity as order book manager, will close the order book.

5.2.4 Changes of terms of the Offering

Subject to the publication of a supplement to this Prospectus, if required, the Company, the Lending Shareholder and the Sole Global Coordinator reserve the right to reduce the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range or an extension or shortening of the Offer Period will not invalidate any offers to purchase Offer Shares that have already been submitted. If such changes require the publication of a supplement to this Prospectus, investors who submitted purchase orders prior to the publication of the supplement have the right to withdraw these offers to purchase within two business days following the publication of such supplement (Article 23 EU Prospectus Regulation). Instead of withdrawing their offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days following the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media such as Reuters or Bloomberg and, if required by Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended ("**MAR**"), or the German Securities Trading Act (*Wertpapierhandelsgesetz* ("**WpHG**")) as an ad-hoc release via an electronic information dissemination system, on the Company's website www.diamontech.de under the "Investor Relations" section and as a supplement to this Prospectus. Investors who have submitted purchase orders will not be notified individually. Under certain conditions, the Sole Global Coordinator may terminate the underwriting agreement, entered into between the Company , the Lending Shareholder and the Sole Global Coordinator on 13 November 2019 (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see section "*20. Underwriting—20.5 Termination/ lndemnification*"). Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

5.2.5 Determination of the Offer Price and the final number of Offer Shares to be placed

The Offer Price and the final number of Offer Shares placed in the Offering will be determined at the end of the bookbuilding process by the Company after consultation with the Sole Global Coordinator. 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 prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the expected investment horizons of the respective investors. This method of setting the number of Offer Shares that will be placed at the Offer Price is, in principle, aimed at achieving the highest Offer Price. Consideration will also be given to whether the Offer Price and the number of Offer Shares to be placed allow for the reasonable expectation that the share price will demonstrate a steady performance in the secondary market given the demand for the Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors interested in purchasing shares at a particular price, but also to the composition of the Company's shareholder structure that would result at a given price, and expected investor behaviour. The Company and the Lending Shareholder will not specifically charge any expenses and taxes related to the Offering to investors.

The Offer Price and the final number of Offer Shares placed in the Offering (*i.e.*, the results of the Offering) are expected to be set on 26 November 2019. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the purchase orders then available. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on 26 November 2019 by means of an ad-hoc release on an electronic information dissemination system and on the Company's website www.diamontech.de under the "Investor Relations" section. Investors who have placed orders to purchase Offer Shares with the Sole Global Coordinator can obtain information from the Sole Global Coordinator about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of trading. Should the placement volume prove insufficient to satisfy all orders placed at the Offer Price, the Sole Global Coordinator reserves the right to reject orders, or to only accept them in part.

5.3 Expected Timetable for the Offering

The following is the expected timetable of the Offering, which may be extended or shortened:

13 November 2019...	Approval of the Prospectus by the BaFin
	Publication of the approved Prospectus on the Company's website www.diamontech.de under the "Investor Relations" section
	Application for admission of the New Shares and all of the Company's existing shares (entire current share capital) to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
14 November 2019...	Commencement of the Offer Period
	Commencement of possibility to submit subscription offers via the Subscription Functionality
26 November 2019...	Expiration of the Offer Period at 14:30 noon (CET) for subscription offers for retail investors via the Subscription Functionality and at 16:30 (CET) for institutional investors
	Determination of the Offer Price, the final number of Offer Shares to be allocated, including the final number of New Shares
	Publication of the results of the Offering form of an ad-hoc announcement through an electronic information dissemination system across the entire European Economic Area (*Medienbündel*) and on the Company's website (www.diamontech.de) under the "Investor Relations" section
27 November 2019...	Registration of the consummation of the IPO Capital Increase in the commercial register of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany, and creation of the New Shares to be delivered at closing
	Approval of admission to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and publication of the approval of admission on the Frankfurt Stock Exchange's website (www.boerse-frankfurt.com).
29 November 2019...	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
29 November 2019...	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

The Prospectus (and any supplements thereto) will be published on the Company's website at www.diamontech.de. In addition, copies of the printed Prospectus (and any supplements thereto) will be available at the Company's offices at Boxhagener Str. 82a, 10245 Berlin, Germany (Tel.: +49 30 501 759 36) during regular business hours.

Information on the Company's website (www.diamontech.de) and information accessible via the Company's website is neither part of nor incorporated by reference into this Prospectus.

5.4 Information on the Shares in the Company

5.4.1 Voting Rights

Each share in the Company carries one vote at the Company's general shareholders' meeting. All of the Company's shares have equal voting rights. There are no restrictions on voting rights.

5.4.2 Dividend and Liquidation Rights

The Offer Shares carry full dividend rights from 1 January 2019. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

5.4.3 Form, Certification of the Company's Shares and currency of the Securities Issue

As of the date of this Prospectus, all of the Company's shares are ordinary bearer shares with no-par value (*Stückaktien*). The Company's shares will be represented by one or more global share certificates (the "**Global Share Certificate(s)**"), which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthaleralle 61, 65760 Eschborn, Germany ("**Clearstream**"). The Global Share Certificate for the existing Company's shares and the New Shares is expected to be delivered to Clearstream on 26 November 2019.

The Company's shares are denominated in euros.

5.4.4 Delivery and Settlement of the Offer Shares

The delivery of the Offer Shares against payment of the Offer Price and customary securities commissions payable to the depositary banks is expected to take place on 29 November 2019. The New Shares will be made available to the shareholders as co-ownership interests (*Miteigentumsanteile*) in the Global Share Certificate deposited with Clearstream.

The Offer Shares purchased in the Offering will be credited to a securities deposit account maintained by a German bank with Clearstream.

5.4.5 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN):	DE000A255G44
German Securities Code (Wertpapierkennnummer) (WKN):	A25 5G4
Ticker Symbol:	3XW

5.5 Identification of Target Market

Solely for the purpose of fulfilling the requirements of Article 24 para. 2 of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, the following criteria characterising the target market for shares in the Company have been identified: (i) target clients include retail clients, professional clients and eligible counterparties, (ii) who should be able and willing to carry losses of up to the total amounts invested, (iii) who have a mid-term or long-term investment horizon bearing in mind that acquisition costs reduce the potential earnings, (iv) who have a medium to high-risk tolerance and are willing to accept price fluctuations, (v) who have an investment strategy focused on the overall accumulation of wealth and optimisation of wealth, (vi) who possess basic knowledge and experience with respect to capital markets or shares, and (vii) who exploit any type of distribution strategy (*e.g.* investment advice, portfolio management, non-advised sales and pure execution services). The shares are deemed incompatible for clients which are fully risk averse. For the avoidance of doubt, this assessment does not constitute an assessment of the suitability or appropriateness of an investment in shares of the Company, or a recommendation to any investor to purchase, sell or take any other action with respect to the Company's shares.

5.6 Transferability of the Shares

The shares in the Company are freely transferable in accordance with the legal provisions applicable to bearer shares. Except for the restrictions set forth in section "*—5.10 Lock-up Agreement, Limitations on Disposal*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

5.7 Information on the Company's Existing Shareholders

It is expected that the Company's existing shareholders will continue to hold approximately 72.86 % of the Company's share capital upon completion of the Offering (assuming full exercise of the greenshoe option). For further information on the Company's existing shareholders, see section "*15. Shareholder Information*".

5.8 Allotment Criteria

The allotment of the Offer Shares to retail and institutional investors will be decided by the Company in consultation with the Sole Global Coordinator. There are no agreements in place among the Company and the Sole Global Coordinator as to the allotment procedure.

Allotments to institutional investors will be made on the basis of the quality of the individual institutional investors (including with respect to their 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 after consultation with the Sole Global Coordinator. With respect to the subscription offers by retail investors (including subscription offers made through the Subscription Functionality), the Company and the Sole Global Coordinator will adhere to the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued on 7 June 2000 by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). "Qualified investors" (*qualifizierte Anleger*) according to the EU Prospectus Regulation 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 retail investors (including subscription offers via the Subscription Functionality) will be stipulated after expiration of the Offer Period and published in accordance with the allotment principles. For further information regarding allotment criteria see section "*—5.2.5 Determination of the Offer Price and the final number of Offer Shares to be placed*".

5.9 Preferential Allocation

The Company intends to accord Enrico Just, a member of the management board of the Company, a preferential allocation of purchase orders that he submits in the Offering for up to such number of Offer Shares corresponding to a total purchase price (i.e. number of Offer Shares multiplied by the Offer Price) of EUR 20,000. Furthermore, the Company intends to accord all employees of the Company and their spouses pursuant to Section 1353 of the German Civil Code (*Bürgerliches Gesetzbuch*, "**BGB**") and relatives in the first degree pursuant to Section 1589 BGB (*in gerader Linie verwandt*) that submit a purchase order in the Offering a preferential allocation for up to such number of Offer Shares corresponding to a total purchase price (i.e. number of Offer Shares multiplied by the Offer Price) of EUR 45,500 for all purchase orders from employees and their family members. The maximum portion of the Offer Shares for which the Company grants a preferential allocation amounts to 0.12 % of the Offer Shares (assuming a placement of 1,796,875 Offer Shares at the lower end of the Price Range).

5.10 Stabilisation Measures, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, MainFirst will act as the Stabilisation Manager and may, as Stabilisation Manager, make over-allotments and take stabilisation measures in accordance with legal requirements (Article 5 para. 4 and 5 MAR in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), to provide support for the market price of the Company's shares, thus alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares.

The Stabilisation Manager is under no obligation to take any stabilisation measures. Therefore, stabilisation may not necessarily occur and may cease at any time. Such measures may be taken on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) from the date when trading in the shares of the Company is commenced on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after this date (the "**Stabilisation Period**").

Stabilisation transactions are intended to support for the price of the Company's shares during the Stabilisation Period. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level. Stabilisation measures may not be executed above the Offer Price.

In connection with these stabilisation measures, investors may, in addition to the New Shares, be allocated up to 234,375 Over-Allotment Shares as part of the allocation of the Offer Shares ("**Over-Allotment**"). For the purpose of such potential Over-Allotments, the Stabilisation Manager will be provided with up to 234,375 Over-Allotment Shares from the holdings of the Lending Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15 % of the sum of the final number of placed New Shares. The Company will grant the Sole Global Coordinator the option of acquiring up to a number of shares in the Company equal to the number of the Over-Allotment Shares against payment of the Offer Price less commissions (the "**Greenshoe Option**") for the sole purpose of enabling the Stabilisation Manager to perform

its redelivery obligation under the securities loan with the Lending Shareholder. The Greenshoe Option may be exercised only during the Stabilisation Period by the Sole Global Coordinator as Stabilisation Manager and will terminate 30 calendar days after commencement of the stock exchange trading of the Company's shares.

The Stabilisation Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Offering. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Stabilisation Manager on the date when the Greenshoe Option is exercised, if such shares were acquired by the Stabilisation Manager in the context of stabilisation measures. To the extent that the Greenshoe Option is exercised, the Company will implement a capital increase from authorised capital increasing its statutory capital (*Grundkapital*) by the respective number of shares.

Public announcements regarding stabilisation measures will be made (i) prior to the start of the Offering, (ii) by the end of the seventh daily market session following the date any stabilisation measures were taken, and (iii) within one week after the end of the Stabilisation Period.

Within one week of the end of the Stabilisation Period, the Stabilisation Manager will ensure adequate public disclosure as to whether stabilisation measures were taken, the date on which stabilisation measures started and last occurred, and the price range within which stabilisation measures were carried out, for each of the dates during which stabilisation measures were carried out and the trading venue(s) on which the stabilisation measures were carried out, where applicable.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including the date of exercise of the Greenshoe Option and the number and nature of Over-Allotment Shares involved, in accordance with Article 8 (f) of the Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016.

5.11 Lock-up Agreement, Limitations on Disposal

In the Underwriting Agreement, between the Company, the Lending Shareholder and the Sole Global Coordinator, dated 13 November 2019, the Company agreed with the Sole Global Coordinator that during the period commencing on the date of the Underwriting Agreement and ending six months after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company, to the extent legally permissible, will not, and will not agree to:

- announce or effect an increase of the share capital of the Company out of authorised capital,
- submit a proposal for a capital increase to any meeting of the shareholdersfor resolution,
- announce to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company, with option rights for shares of the Company, or
- enter into a transactions or perform any actions economically similar to those described above.

For a further period of six months, the Company will take any of the aforementioned actions only with the prior written consent of the Sole Global Coordinator.

The Lending Shareholder, as well as the existing shareholders under a separate lock-up agreement, agreed with the Sole Global Coordinator that, during the period during the period commencing on the date of the Underwriting Agreement and ending six months after the commencement of trading of the Company's shares, except as otherwise stated in the Underwriting Agreement, they will not:

- sell, distribute, transfer or otherwise dispose of any of their shares or securities in the Company,
- grant, issue or sell any option or conversion rights on the Company's shares,
- vote in favour of a proposed increase of the share capital of the Company or issuance of financial instruments that carry conversion or option rights to shares in the Company, or
- enter into other transactions or perform any actions economically similar to those described above.

For a further period of six months, the Lending Shareholder and the existing shareholders will take any of the aforementioned actions only with the prior written consent of the Sole Global Coordinator. The lock-up shall not apply to disposals of shares in the Company within the framework of a public takeover bid pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*)

Except from the restrictions just mentioned, there are no restrictions on the transferability of the shares of the Company.

5.12 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company expects to apply for the admission of its shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about 13 November 2019. The listing approval (*Zulassungsbeschluss*) for the Company's shares is expected to be granted on 27 November 2019. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on 29 November 2019.

5.13 Designated Sponsor

MAINFIRST have been mandated as designated sponsors of the Company's shares traded on the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement between the designated sponsor and the Company, the designated sponsor will, among other things, place limited buy and sell orders for the Company's 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 Company's shares.

5.14 Interests of Parties Participating in the Offering

In connection with the Offering and the admission to trading of the Company's share on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Sole Global Coordinator has formed a contractual relationship with the Company and the Lending Shareholder. The Sole Global Coordinator acts for the Company and the Lending Shareholder on the Offering and coordinate the structuring and execution of the Offering. MAINFIRST has been appointed to act as designated sponsors for the Company's share and as paying agent. Upon successful implementation of the Offering, the Sole Global Coordinator will receive a commission, which is dependent on the size of the Offering and the Offer Price. As a result of these contractual relationships, the Underwriter has a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, the Sole Global Coordinator and any of its respective affiliates, acting as an investor for their own account, may acquire the Company's shares in the Offering and in that capacity may retain, purchase or sell for its own account such Company's shares or related investments and may offer or sell such Company's shares or other investments otherwise than in connection with the Offering. In addition, the Sole Global Coordinator or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriter or its affiliates may from time to time acquire, hold or dispose of Company's shares.

The Sole Global Coordinator or its affiliates have, and may from time to time in the future continue to have, business relations with our Company or may perform services for our Company in the ordinary course of business.

The Company will receive the net proceeds from the sale of the New Shares (after deduction of fees and commissions) and will gain access to the equity capital markets. Furthermore, the Company will receive the proceeds from the sale of the Over-Allotment Shares if and to the extent the Greenshoe Option is exercised.

Since the Company will receive the net proceeds from the Offering (including, if the Over-Allotment Shares are sold and the Greenshoe Option is exercised, the net proceeds resulting from the sale of the Over-Allotment Shares) and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company, in particular the existing shareholders of the Company have an interest in the implementation of the capital increase to which the Offering relates.

Thorsten Lubinski has a personal interest in the implementation of the Offering, due to his position as a shareholder of the Company and his entitlement to receive a bonus payment of EUR 200,000 (see "*18. Management—18.2 Management Board—18.2.2 Compensation and Other Benefits of the Management Board Members"*). Enrico Just has a personal interest in the Offering as he intend to submit purchase orders in the Offering which are subject to preferential allocation (see "*—5.9 Preferential Allocation*").

Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering.

6. PROCEEDS OF THE OFFERING AND COSTS OF THE OFFERING AND LISTING

The Company will receive the proceeds of the Offering resulting from the sale of the New Shares after deduction of fees and commissions. Furthermore, the Company will receive the proceeds from the sale of the Over-Allotment Shares from the holdings of the Lending Shareholder, if and to the extent the Greenshoe Option is exercised.

Assuming full placement of the Offer Shares, full exercise of the Greenshoe Option and an Offer Price at the mid-point of Price Range of EUR 35.00 per Offer Share, the total gross proceeds from the Offering would amount to EUR 62.89 million, which are fully attributable to the Company.

Assuming full placement of the Offer Shares, full exercise of the Greenshoe Option and an Offer Price at the mid-point of Price Range of EUR 35.00 per Offer Share (excluding tax effects), the estimated total costs of the offering are expected to total approximately EUR 4.64 million (thereof EUR 3.14 million of commissions payable to the Sole Global Coordinator), which have to be entirely borne by the Company.

Assuming full placement of the Offer Shares, full exercise of the Greenshoe Option and an Offer Price at the mid-point of Price Range of EUR 35.00 per Offer Share (excluding tax effects), the estimated total net proceeds of the Offering are expected to total approximately EUR 58.25 million, which the Company would receive in their entirety.

Investors will not be charged expenses by the Company or the Sole Global Coordinator. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

7. REASONS FOR THE OFFERING AND LISTING AND USE OF PROCEEDS

7.1 Reasons for the Offering

The Company intends to sell the New Shares to receive the net proceeds from such sale and list its Company's shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to receive the net proceeds from the Offering and to gain access to the capital markets.

Moreover, the Lending Shareholder intends to make part of its shares in the Company available as securities loan to the Stabilisation Manager, to facilitate stabilisation measures. To the extent that the Greenshoe Option is exercised, the Company will implement a capital increase from authorised capital increasing its statutory capital (*Grundkapital*) by the respective number of shares.

7.2 Use of Proceeds

The Company intends to use the net proceeds (assuming placement of all Offer Shares at the mid-point of the Price Range of EUR 35.00 per Offer Share and full exercise of the Greenshoe Option) in the amount of approximately EUR 58.25 million from the Offering in the following priority: (i) approximately EUR 15.14 million for investments in the product development and prototyping (including development of smaller and cheaper QC laser and detector, to enable them to fit into the pocket device) as well as in their research and development (*e.g.* patient trials), (ii) approximately EUR 22.14 million for investments in the structural expansion (*e.g.* expansion of sales and distribution structure or in workforce expansion) and (iii) approximately EUR 20.97 million for investments in the Company's operating assets (*e.g.* working capital, lab equipment or intellectual property), potentially including the payment of EUR 10 million to Frankfurt University to be released from the obligation to royalty payments (see "*14. Business—14.17 Material Contracts*").

8. DIVIDENDS, DIVIDEND POLICY AND EARNINGS PER SHARE

8.1 Dividends

In the past, the Company has not made any dividend payments.

Shareholders have a share in the Company's distributable profits determined in proportion to their interest in the Company's share capital. Section 5.3 of the Articles of Association stipulates that, in the case of an issuance of new shares, the beginning of the entitlement to dividends for new shares can be determined in deviation from Section 60 para. 2 of the German Stock Corporation Act (*Aktiengesetz*).

Distributions of dividends on Company's shares for a given financial year are generally determined by a process in which the Management Board and the Supervisory Board submit a proposal for the distribution of dividends to the annual general shareholders' meeting held within the first eight months of the subsequent financial year. The general shareholders' meeting then adopts a resolution on such distribution with simple majority of the votes cast without being bound by the proposal of the Management Board and the Supervisory Board. Under German law, dividends can only be resolved upon and paid if the unconsolidated annual financial statements of the Company show distributable profits (*Bilanzgewinn*). In contrast to the Company's financial statements, which are prepared in accordance with IFRS, the unconsolidated annual financial statements are prepared in accordance with the accounting principles of the German Commercial Code (*Handelsgesetzbuch*) and other applicable German law. These accounting regulations differ from IFRS in material respects. The unconsolidated annual financial statements of the Company are approved by the Management Board and the Supervisory Board unless the Management Board and the Supervisory Board refer the approval to the general shareholders' meeting. In determining the distributable profits, the profit or loss for the financial year is adjusted for profits or losses carried forward from previous financial years as well as for withdrawals from and transfers to reserves. Certain reserves must be formed by law and must be deducted when calculating the distributable profits. Subject to certain statutory restrictions, the general shareholders' meeting is entitled to transfer additional amounts to the reserves or carry them forward. Subject to applicable statutory law, the general shareholders' meeting may resolve to pay dividends in kind (*Sachdividende*) in accordance with Section 58 para. 5 of the German Stock Corporation Act (*Aktiengesetz*) in addition to or in lieu of a cash distribution. If the Management Board and the Supervisory Board approve the unconsolidated annual financial statements, they may, pursuant to Section 58 para. 2 of the German Stock Corporation Act (*Aktiengesetz*), transfer up to 50 % of the profit for the financial year remaining after deducting any transfers to statutory reserves and any losses carried forward to non-statutory reserves. Dividends resolved by the general shareholders' meeting are due and payable three business days after the relevant general shareholders' meeting, unless otherwise provided in the dividend resolution or in the Articles of Association, in compliance with the rules of the respective clearing system. Under German law, the right to dividend payments is generally time-barred after three years for the benefit of the Company.

The Offer Shares carry full dividend rights as of and for the financial year beginning on 1 January 2019 and for all subsequent financial years. The dividends will be paid out in accordance with the rules of the clearing system of Clearstream. Details on dividend payments and the respective payment agent will be published in the German Federal Gazette (*Bundesanzeiger*) after the respective general shareholders' meeting. Neither German law nor the Articles of Association provide for a special procedure for the exercise of dividend rights by shareholders not resident in Germany.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For more information on the taxation of dividends, see section "*21. Taxation in Germany*".

8.2 Dividend Policy and Earnings per Share

We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Therefore, we currently do not intend to pay dividends in the foreseeable future. Any future decision to pay dividends will be made in accordance with applicable laws and will depend upon, among other things, our results of operations, financial condition, contractual restrictions and capital requirements. Our ability to pay dividends may also be limited by the terms of our existing and future financial liabilities or preferred securities should the Company decide to issue such preferred securities in the future.

No distribution of profits or reserves were made to the Company's shareholders in the years ended 31 December 2016, 2017 and 2018, respectively, or between 1 January 2019 and the date of this Prospectus.

9. CAPITALISATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables show the Company's capitalisation and indebtedness as well as the net financial indebtedness before and as adjusted for the Offering as of 30 September 2019.

Investors should read these tables in conjunction with "*11. Management's Discussion and Analysis of Financial Condition and Results of Operation*", and the Unaudited Interim Financial Statements (IFRS), including the notes thereto, which are included in this Prospectus, beginning on page F-3.

9.1 Capitalisation

	Actual as of 30 September 2019		
	Before the Offering	**After the capital increase(1)**	**After the Offering(9)**
	(unaudited) (in EUR)		
Total current debt(2)	**962,386**	**962,386**	**962,386**
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/ unsecured	962,386	962,386	962,386
Total non-current debt (excluding current portion of non-current debt)(3)	**4,520**	**4,520**	**4,520**
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/ unsecured	4,520	4,520	4,520
Shareholder's equity(4)	**9,323,945**	**9,323,945**	**67,578,597**
Share capital(5)	48,234	4,823,400	6,620,275
Legal reserves(6)	12,026,574	7,251,408	63,709,185
Other reserves(7)	(2,750,863)	(2,750,863)	(2,750,863)
Total(7)	**10,290,851**	**10,290,851**	**68,545,503**

(1) By resolution of the Company's shareholders meeting held on 16 October 2019, the Company's subscribed capital was increased from the Company's fund by EUR 4,775,166 from EUR 48,234 as of 30 September 2019 to EUR 4,823,400. This capital increase was registered with the Commercial Register on 1 November 2019.

(2) Corresponds to "Total current liabilities" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(3) Corresponds to "Total non-current liabilities" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(4) Corresponds to "Total shareholders' equity" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(5) Corresponds to "Subscribed capital" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(6) Corresponds to "Capital reserves" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(7) Corresponds to "Retained earnings" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(8) Total is the sum of Total current debt, Total non current debt and Shareholder's equity and corresponds to "Shareholder's equity and liabilities" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(9) Assuming a placement of 1,796,875 Offer Shares at the mid-point of the Price Range, full exercise of the Greenshoe Option and generation of net proceeds of the Company of approximately EUR 58.25 million.

9.2 Indebtedness

	Actual as of 30 September 2019		
	Before the Offering	**After the capital increase[1]**	**After the Offering[5]**
	(unaudited) (in EUR)		
Liquidity			
A. Cash[2]	7,247,436	7,247,436	65,502,088
B. Cash equivalents	-	-	-
C. Trading securities	-	-	-
D. Liquidity (A) + (B) + (C)	**7,247,436**	**7,247,436**	**65,502,088**
E. Current financial receivable	-	-	-
F. Current bank debt	-	-	-
G. Current portion of non-current debt	-	-	-
H. Other current financial debt[3]	65,511	65,511	65,511
I. Current financial debt (F) + (G) + (H)	**65,511**	**65,511**	**65,511**
J. Net current financial indebtedness (I) – (E) - (D)	**(7,181,925)**	**(7,181,925)**	**(65,436,577)**
K. Non-current bank loans	-	-	-
L. Bonds issued	-	-	-
M. Other non-current loans[4]	4,520	4,520	4,520
N. Non-current financial indebtedness (K) + (L) + (M)	**4,520**	**4,520**	**4,520**
O. Net financial indebtedness (J) + (N)	**(7,177,405)**	**(7,177,405)**	**(65,432,057)**

(1) By resolution of the Company's shareholders meeting held on 16 October 2019, the Company's subscribed capital was increased from the Company's fund by EUR 4,775,166 from EUR 48,234 as of 30 September 2019 to EUR 4,823,400. This capital increase was registered with the Commercial Register on 1 November 2019.

(2) Corresponds to "Cash and cash equivalents" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(3) Corresponds to "Current other financial liabilities" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(4) Corresponds to "Non-current other financial liabilities" as referred to in the Company's statement of financial position of the Unaudited Interim Financial Statements (IFRS).

(5) Assuming a placement of 1,796,875 Offer Shares at the mid-point of the Price Range, full exercise of the Greenshoe Option and generation of net proceeds of the Company of approximately EUR 58.25 million.

9.3 Statement of Working Capital

The Company is of the opinion that it 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.

9.4 No Significant Change in Financial and Trading Position

Between 30 September 2019 and the date of this Prospectus, there have been no significant changes in the Company's financial or trading position.

10. DILUTION

According to the Unaudited Interim Financial Statements (IFRS), the net asset value of the Company as at 30 September 2019 amounted to EUR 9,323,945. The net asset value as at 30 September 2019 corresponds to total assets of EUR 10,290,851 less total non-current liabilities of EUR 4,520 and total current liabilities of EUR 962,386. The net asset value per share (equity attributable to the Company's shareholders per Share), which corresponds to the net asset value divided by the number of outstanding shares in the Company immediately prior to the Offering, would amount to EUR 1.93 per Share based on 4,823,400 outstanding shares in the Company immediately prior to the Offering.

The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price exceeds the net asset value per share after completion of the Offering and assuming the Offering had been completed on 30 September 2019. In this respect, the net asset value attributable to shareholders as at 30 September 2019 is adjusted for the effects of the Offering, assuming (i) the execution of the IPO Capital Increase for the maximum number of offered New Shares, (ii) placement of all Over-Allotement Shares and full exercise of the Greenshoe Option and (iii) an increase in the net asset value attributable to shareholders at the mid-point of the Price Range of EUR 58.25 million. The assumed increase is based on the expected net proceeds not considering any tax effects. The adjusted net asset value attributable to shareholders is expressed as a per share figure, assuming 6,620,275 outstanding shares in the Company upon completion of the Offering (this per share figure being referred to as the "**Post-IPO Equity attributable to shareholders per share**").

Equity attributable to shareholders per share as at 30 September 2019 (assuming 4,823,400 outstanding Company's shares immediately prior to the Offering) (in EUR)	1.93
Offer Price per share at the mid-point of the Price Range (in EUR)	35.00
Total gross proceeds to the Company, assuming placement of all Offer Shares and full exercise of the Greenshoe Option (in EUR million)	62.89
Estimated total costs of the Offering to be borne by the Company (including underwriting and placement commissions payable to the Sole Global Coordinator and assuming further payment in full of the discretionary fee), assuming placement of all Offer Shares and full exercise of the Greenshoe Option (in EUR million)	4.64
Total net proceeds to the Company, assuming placement of all Offer Shares and full exercise of the Greenshoe Option (in EUR million)	58.25
Post-IPO Equity attributable to shareholders per share (in EUR)	10.21
Amount by which the Offer Price per share exceeds the Post-IPO Equity attributable to shareholders per share (immediate dilution to the new shareholders of the Company per share) (in EUR)	24.79
Percentage by which the Offer Price per share exceeds the Post-IPO Equity attributable to shareholders per share (in %)	242.8
Amount by which the Post-IPO Equity attributable to shareholders per share exceeds the net asset value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company per share) (in EUR)	8.28
Percentage by which the Post-IPO Equity attributable to shareholders per share exceeds the net asset value per share immediately prior to the Offering (in %)	429.00

Each of the New Shares will have the same voting rights as the Company's existing shares.

Assuming the issuance and placement of all 1,796,875 Offer Shares in the Offering and full exercise of the Greenshoe Option, the total voting rights and total statutory capital (*Grundkapital*) of the holders of the existing 4,823,400 Company's shares prior to the Offering will be reduced from 100 % to 72.86 % of all voting rights and of the total statutory capital (*Grundkapital*) in the Company upon implementation of the Offering.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following selected financial data of the Company as of and for the years ended 31 December 2018, 2017 and 2016 is taken or derived from the Audited Financial Statements (IFRS), the Unaudited Interim Financial Statements (IFRS), the Audited Annual Financial Statements (HGB) and our internal reporting system.

*PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, with registered seat in Frankfurt am Main, Germany, through its Berlin office, Kapelle-Ufer 4, 10117 Berlin, Germany ("**PwC**"), has audited and issued an independent auditor's report with respect to the Company's Audited Financial Statements (IFRS) and an unqualified auditor's report with respect to the Company's Audited Annual Financial Statements (HGB).*

Where financial information in the following tables is labelled "audited", this means that it has been taken from the Audited Financial Statements (IFRS) mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the Audited Financial Statements (IFRS), but was either taken from the Unaudited Interim Financial Statements (IFRS) or the Company's internal reporting system, or has been calculated based on figures from the aforementioned sources.

All of the financial information presented in the tables and discussion below is shown in Euro (EUR), except as otherwise stated. Where "TEUR" is stated, it means Euro thousand. Certain financial information, including percentages, has been rounded according to established commercial standards. Changes and percentage changes are calculated based on the rounded figures and commercially rounded to full numbers. As a result, the aggregate amounts (sum totals or sub totals or differences or if numbers are put in relation) may not correspond in all cases to the aggregate amounts of the underlying (unrounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals contained in the tables in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available but has been rounded to zero.

Investors should read the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" in conjunction with the section entitled "General Information" as well as the Audited Financial Statements (IFRS), including the notes thereto, contained in this Prospectus.

This discussion and analysis contain forward-looking statements that reflect the Company's current views with respect to future events and financial performance. The Company's actual results may differ materially from those anticipated in the forward-looking statements as a result of any number of factors, including those set forth under "4. General Information—4.4 Forward-Looking Statements" and "3. Risk Factors". In addition, investing in the Company's shares involves risks. Investors can find a discussion of such risks under "3. Risk Factors".

11.1 Overview

We are a medical technology company focused on the design, development and commercialisation of medical diagnostics devices on the basis of our laser-based proprietary photothermal detection technology. Our first-generation non-invasive blood glucose monitoring ("**BGM**") solution is designed to accurately measure glucose levels without finger pricking, blood or pain, simply by placing a finger on an optical interface for some seconds. We believe that our non-invasive BGM solution will provide people with diabetes with an extremely convenient method to monitor their glucose levels in comparison to other currently available methods of monitoring blood glucose. Our non-invasive BGM solution was CE certified in March 2019.

A clinical study with 100 persons that we conducted with the photothermal detection technology showed an accuracy level of 99.1 %[3]. As a proof of concept and in order to demonstrate the safety and accuracy of our non-invasive BGM solution, we have developed the D-Base, a shoebox-sized table top device. We do not intend to market this device.

3 The accuracy level was determined in accordance with the consensus error grid method (see "*14. Business—14.3 Our non-invasive blood glucose monitoring (BGM) solution*"). Investors should note that this study was not conducted in accordance with the legal requirements set out in the German Medical Devices Act as it was not conducted and is not used for assessing the conformity with regulatory requirements for certification purposes and was therefore not approved by the Federal Institute for Drugs and Medical Devices (*Bundesanstalt für Arzneimittel und Medizinprodukte*).

We aim to initially market our non-invasive BGM solution with the D-Pocket, a smartphone-sized version of the D-Base for the personal use of diabetes patients. We have commenced developing the D-Pocket in June 2019 and expect to be able to launch it on the European market by the end of 2020. We intend to sell the D-Pocket directly through online marketing and through distributors (such as pharmacies) in Europe (Benelux, France, Germany, Italy and Spain) and indirectly through distributors in certain markets outside of Europe (China, Japan, Latin America and the US).

In the next product development cycle, we intend to develop an even smaller version of our non-invasive BGM solution that can be integrated into other wearable computing devices such as fitness and health trackers or smartphones. This could open the market of our non-invasive BGM solution for use not only by diabetes patients, but by everyone. We believe that in the near future people will monitor their blood glucose levels the same way as they are currently tracking their movement, blood pressure, or heartbeat.

Beyond glucose measurement, our photothermal detection technology platform can generally be used for the detection and quantitative analysis of molecules in liquids and soft matter. We intend to develop additional medical diagnostics devices on the basis of our technology (*i.e.*, devices for the real-time analysis of blood or urine or for purposes of real-time therapeutic drug monitoring). As a next step, we envisage to expand the usage of our photothermal detection technology platform into other sectors such as the life style (for example, for blood analysis at home or the constant monitoring of other biomarkers such as lactate), the pharmaceutical (for example, to rapidly test pharmaceutical products) and the industry sector (for example, for the analysis of process fluids).

We believe that a strong intellectual property ("**IP**") position (*i.e.* our intellectual property rights taken as a whole) is critical to our success and have placed great emphasis on the comprehensive protection of inventions underlying our technologies and devices. We have filed patents for five patent families. Geographically, we aim for protection in our core target markets Europe, the US, China, Japan, South Korea, and India. For our main patent family we also applied for protection in Russia, Mexico, Canada, and Brazil.

11.2 Key Factors Affecting Results of Operations

11.2.1 Key factors for 2018, 2017 and 2016 and the first half year of 2019

The key factors discussed below have significantly affected our losses from operating activities (EBIT) for 2018, 2017 and 2016 as well as for the first nine months of 2019.

Business Activity focussed on Research & Development

So far, we have not generated revenues from product sales and expect not to do so, until the development of our first product, the D-Pocket, is finalised, the necessary regulatory approvals have been obtained, the component supply and assembly infrastructure is set up and the marketing and distribution organisation is in place. In the years 2016 to 2018 and the first nine months of 2019, our EBIT was therefore mainly driven by the expense items cost of materials, personnel expenses and other operating expenses. On the income side, the only significant items were own work capitalised and, in 2017, other income in the form of prize money for winning the Start Me Up Award. Capitalised own work comprises development costs, including purchased services and materials, in connection with our development activity relating to our non-invasive BGM solution.

Cost of Materials

Cost of materials was our largest expense item in the years 2016 to 2018 and the first nine months of 2019. These accrued in connection with our Research & Development activity for the services and materials purchased for testing purposes and to produce the D-Base. Significant contributors to this expense item were engineering services purchased for the construction of the D-Base and, to a lesser extent, the purchase of various tuneable Quantum Cascade Lasers (QCL) which is the central component of our technology. As they are not yet manufactured on an industrial scale, QCLs are usually ordered, manufactured and delivered as a unique product which makes them quite expensive.

Personnel Expenses

The average number of our employees increased from 2 in 2016 to 3 in 2017, to 6 in 2018 and to 7 in the first nine months of 2019. These employees were mainly active in Research & Development. Personnel expenses also include share-based payments. Personnel expenses increased in accordance with the number of employees and freelancers.

11.2.2 Future key factors

We expect the key factors discussed below to significantly affect our profit/loss from operating activities in the foreseeable future:

Costs for the product development of the D-Pocket, team expansion and ramp-up of marketing and distribution

We expect our R&D and other expenses to continue to increase in the foreseeable future which, if and to the extent we cannot activate these expenses as own work capitalised will negatively affect our results of operations. The development of the D-Pocket will require significant expenses in the near future. A significant part of these expenses will be attributable to the development of a miniaturised QCL, in particular, payments to be made under a development agreement with a leading producer of QCLs for developing and producing QCLs tailored to the use in the D-Pocket and suitable for mass production. Subsequently, we expect to incur significant expenses in connection with conducting clinical studies with the D-Pocket for certification purposes and building a sales and distribution infrastructure (mainly related to building sales and distribution teams) to prepare for the market launch of the D-Pocket. We also expect to incur significant expenses in R&D in connection with further miniaturizing our non-invasive BGM solution for the D-Band and in the development of additional diagnostics devices on the basis of our technology (for example, devices for the real-time analysis of blood or urine or for purposes of real-time therapeutic drug monitoring). We also expect an increase in expenses to result from further expanding our IP position and the additional workforce necessary to comply with the obligations arising from being a publicly listed company.

Timing of market launch of our D-Pocket

We expect the D-Pocket to be the first product that we bring to market. We will not generate material revenues before the market launch of the D-Pocket. We expect to be able to offer the D-Pocket on certain European markets by the end of 2020. However, this is subject to a number of uncertainties and variables.

We are currently in the middle of the product development process and it is not certain how long it will take to finalise this process. As we have already developed the D-Base showing the functioning of our BGM solution as such, the main uncertainties lie in the downsizing of the D-Base to the D-Pocket. In particular, QCLs have not been produced with a sufficiently small size before. Although, we have ordered, received and tested a QCL in accordance with the necessary specifications, the integration into the D-Pocket with its compact design may lead to technical problems that we currently do not foresee or that we currently underestimate. In particular, QCLs have a high temperature and impact sensitivity. The closer proximity of the other components than in the D-Base and its lower weight, could therefore negatively affect the accuracy of the QCL. Should this be the case, we would have to develop and design a cooling system which could significantly delay the product development process. Technical difficulties could also arise in connection with battery management and prolong the development process. Technical difficulties could even render the development of the D-Pocket impossible.

Once we have finalised the development process and created a prototype of the D-Pocket, the applicable regulatory requirements will have to be fulfilled before we can commence marketing the D-Pocket. For example, we expect that we will have to involve a so-called Notified Body and conduct a clinical study to perform a conformity assessment for purposes of obtaining a CE certification that is necessary for marketing the D-Pocket within the EEA and in certain non-EEA countries that recognise the CE mark. Access to our other target markets is subject to comparable or even more stringent regulatory requirements. The length of these regulatory processes constitutes an additional variable for the timing of the launch of the D-Pocket.

Finally, we will only be able launch the D-Pocket to the market if and when we will have been successful in securing the supply of all components of the D-Pocket and its assembly in an industrial scale and on terms and conditions that allow us to price the D-Pocket competitively.

Demand for the D-Pocket

The higher the demand for our D-Pocket, the higher the revenues that we can generate from its sale. Assuming a positive gross margin, higher revenues would also increase our profit from operations. The demand for the D-Pocket is driven by various factors. The future increase in the population affected by diabetes will drive the overall demand for glucose self-monitoring devices. The specific demand for the D-Pocket will be influenced by the relative attractiveness of the D-Pocket relative to other devices available for glucose monitoring for end-users. It would increase the demand for our D-Pocket, if many end-users deemed it a more attractive option to self-monitor their blood sugar level than the currently available traditional invasive or minimally invasive methods. In contrast, it would reduce the demand for the D-Pocket, if only few potential end-users were of this opinion. The demand for the D-Pocket could also be reduced due to the introduction of new technologies and devices that end-users deem more attractive. The more competitive we will price the D-Pocket, the higher will likely be the demand. In addition, demand for the D-Pocket will be influenced by whether or not end users will be reimbursed for the purchase lease of the D-Pocket by health insurance schemes in our target markets.

Production costs and pricing

Our current intentions are to offer the D-Pocket for purchase at a price containing approximately 50 % mark-up on the production costs. However, should production costs turn out to be significantly lower or higher than what

we currently expect, we could be in a position to calculate the product price on the basis of a higher gross profit margin without a significantly detrimental effect on demand or could be forced to calculate the product price on the basis of a smaller gross profit margin for competitive reasons. As we still are in the early product development phase, it is difficult for us to reliably forecast future costs of mass-producing the D-Pocket. This is particularly true for the supply costs of the QCLs. As QCLs are currently not mass produced on an industrial scale but are tailormade individual products, they cost almost EUR 30,000 per unit. While we are confident on the back of discussions with producers of QCLs that a unit price of below USD 500 is achievable in mass-production of 10,000 units and more, it is very difficult to predict a more precise supply price.

Royalties payable to Frankfurt University

We have acquired intellectual property rights underlying certain registered patents and patent filings with regard to two patent families from Johann Wolfgang Goethe Universität, Frankfurt, ("**Frankfurt University**") (see "*14. Business—14.17 Material Contracts*"). Under these agreements we are obligated to make royalty payments for the use of the purchased intellectual property rights. For the main patent family for our photothermal detection technology which will be the basis of all our devices for the foreseeable future, we are obligated to make royalty payments in the amount of 3 % of the revenues (net of sales related costs) generated with the use of the purchased intellectual property rights for a non-invasive BGM solution. These royalties are subject to a maximum amount calculated as 10 % of our annual net income resulting from the use of the purchased intellectual property rights for a non-invasive BGM solution. Should we grant licenses for the use of the purchased intellectual property rights, Frankfurt University is entitled to royalty payments in an amount of 15 % of the license fees after deduction of external costs of licensing. With regard to the use of the purchased intellectual property rights for additional applications, Frankfurt University is entitled to annual royalties in the amount of 5 % of revenues (net of sales related costs) generated from such additional applications. We have the option to be released from the obligations to pay royalties against a one-time payment of EUR 10 million.

The obligation to make royalty payments will negatively affect our results from operations once we commence to generate revenues from the sale of products. Should we exercise the option to be released from the obligations to pay royalties against a one-time payment, there will be a negative one-time effect on our cashflow of EUR 10 million.

Virtual Stock Option Arrangements

We concluded virtual options agreements with two former and one current employees and one advisor (see "*17. Description of Share Capital and Related Information—17.3 Virtual Option Agreements*") These agreements entitle the beneficiaries to profit participations in the case of an exit event, including an IPO. In case of an IPO the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by granting Company's shares. For accounting purposes, the agreements are partly classified as cash-settled and partly classified as equity-settled. The fair value of the amount payable to the beneficiaries in respect of cash-settled share-based payment arrangements is recognised as an expense with a corresponding increase in provisions over the period during which the beneficiaries become unconditionally entitled to payment. The provisions are re-measured at each reporting date and at settlement date based on the fair value of the awards. Any changes in the provisions are recognised in profit or loss. In case of the IPO, the three (former) employee beneficiaries from the stock option arrangements will be entitled to either (i) a cash payment corresponding to the value of (in Euro) of 85,800 Company's shares (valued at the Offer Price) minus EUR 858 or (ii) a respective number of Company's shares against payment of EUR 858. The external advisor beneficiary will be entitled to either (i) a cash payment corresponding to the value (in Euro) of 70,400 Company's shares (valued at the Offer Price) minus EUR 704 or (ii) a respective number of Company's shares against payment of EUR 704. Assuming an Offer Price per share at the mid-point of the Price Range of EUR 35.00 and a settlement of all entitlements in cash, the total sum of cash payments to be paid to the four beneficiaries is EUR 5,465,438. This would be made from existing cash and cash equivalents, resulting from the equity financing rounds in July and August 2019. Due to the higher valuation of the Company in the IPO than in the previous equity financing rounds, the provisions as at 30 September 2019 of EUR 694,153 will only partly cover this amount. The beneficiary entitlements under our virtual stock option arrangements will, in case of the IPO, therefore have a significantly detrimental effect on our results of operations in the fourth quarter of 2019.

11.2.3 Basis of Presentation

Our Audited Financial Statements have been prepared in accordance with IFRS.

11.3 Results of Operations

The following table sets forth our statements of comprehensive income for the years ended 31 December 2018, 2017 and 2016 and the nine months ended 30 September 2019 and 30 September 2018:

	For the nine month period ended 30 September		For the financial year ended 31 December		
	2019	2018	2018	2017	2016
	(in EUR) (unaudited)		(in EUR) (audited)		
Own work capitalised	899,820	565,733	839,993	507,047	166,853
Other income	953	647	1,318	100,038	0
Cost of materials	(766,775)	(457,950)	(712,083)	(516,957)	(214,171)
Personnel expenses	(405,634)	(274,511)	(355,575)	(198,547)	(160,031)
Depreciation and amortisation	(80,943)	(27,482)	(42,470)	(24,371)	(1,839)
Other operating expenses	(1,143,446)	(284,409)	(353,314)	(137,269)	(85,567)
Loss from operating activities	**(1,496,025)**	**(477,972)**	**(622,131)**	**(270,059)**	**(294,754)**
Financial income	-	-	-	-	-
Financial expense	(661)	-	-	-	-
Earnings before taxes (EBT)	**(1,496,686)**	**(477,972)**	**(622,131)**	**(270,059)**	**(294,754)**
Income taxes	-	-	-	-	-
Net loss for the period	**(1,496,686)**	**(477,972)**	**(622,131)**	**(270,059)**	**(294,754)**
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	**(1,496,686)**	**(477,972)**	**(622,131)**	**(270,059)**	**(294,754)**

11.3.1 First nine months of 2019 compared with first nine months of 2018

Own work capitalised

Own work capitalised increased from EUR 565,733 in the nine months period ended 30 September 2018 by EUR 334,087, or 59 %, to EUR 899,820 in the nine months ended 30 September 2019 due to an increase in costs of materials and, to a lesser extent, in personnel expenses made for development purposes in connection with our non-invasive BGM solution mainly due to the ongoing development of the D-Base and the commencement of the development of the D-Pocket.

Cost of materials

Cost of materials increased from EUR 457,950 in the nine months period ended 30 September 2018 by EUR 308.825 or 67 %, to EUR 766,775 in the nine months ended 30 September 2019 due to an increase in the costs of third-party services and, to a lesser extent, of raw materials and supplies that accrued mainly in connection with our development activity.

Personnel expenses

Personnel expenses increased from EUR 274,511 in the nine months period ended 30 September 2018 by EUR 131,123 or 48 % to EUR 405,634 in the nine months ended 30 September 2019 due to an increase in our headcounts.

Other operating expenses

Other operating expenses increased from EUR 284,409 in the nine months period ended 30 September 2018 by EUR 859,037 or 302% to EUR 1,143,446 in the nine months ended 30 September 2019 mainly due to an increase in cash-settled share based payment obligations and IPO-related advisory costs. The IPO-related advisory costs results from consultancy activites in connection with the existing shares of the Company.

Net loss for the period

Net loss for the period increased from EUR 477,972 in the nine months period ended 30 September 2018 by EUR 1,018,714 or 213% to EUR 1,496,686 in the nine months ended 30 September 2019 as a result of the development of the aforementioned positions.

11.3.2 2017 compared with 2018

Own work capitalised

Own work capitalised increased from EUR 507,047 in 2017 by EUR 332,946, or 66 %, to EUR 839,993 in 2018 due to an increase in cost of materials, personnel expenses and other operating expenses made for development purposes in connection with our non-invasive BGM solution mainly due to intensified development activity with regard to the D-Base and increased costs of protecting our intellectual property.

Cost of materials

Cost of materials increased from EUR 516,957 in 2017 by EUR 195,126, or 38 %, to EUR 712,083 in 2018 due to a significant expansion of our R&D activity in 2018. In particular, an increase in the costs of engineering services for the construction of the D-Base, the costs of software related third party services for the D-Base in 2018 (and no such costs in 2017) and an increase in costs for the purchase of QCLs contributed significantly to this increase.

Personnel expenses

Personnel expenses increased from EUR 198,547 in 2017 by EUR 157,028 or 79 % to EUR 355,575 in 2018 due to an increase in our average full-time employees from 3 in 2017 to 6 in 2018.

Other operating expenses

Other operating expenses increased from EUR 137,269 in 2017 by EUR 216,045 to EUR 353,314 in 2018 mainly due to an increase in costs of legal and consulting services, costs in connection with patent filings and registrations, an increase in share-based payments for an external advisor under a share-based compensation arrangement and an increase in costs of the office rent.

Net loss for the period

Net loss for the period increased from EUR 270,059 in 2017 by EUR 352,072 to EUR 622,131 in 2018 mainly due to the developments mentioned above.

11.3.3 2016 compared with 2017

Own work capitalised

Own work capitalised increased from EUR 166,853 in 2016 by EUR 340,194 to EUR 507,047 in 2017 due to an increase in cost of materials, personnel expenses and other operating expenses made for development purposes in connection with our non-invasive BGM solution.

Other income

The increase in other income of EUR 100,038 to EUR 100,038 in 2017 was attributable to prize money for winning the Start Me Up Award.

Cost of materials

Cost of materials increased from EUR 214,171 in 2016 by EUR 302,786 to EUR 516,957 in 2017 mainly due to an increase in purchased services. This increase mainly resulted from the costs of third-party engineering services for the construction of the D-Base which accrued for the first time in 2017.

Personnel expenses

Personnel expenses increased from EUR 160,031 in 2016 by EUR 38,516 or 24 % to EUR 198,547 in 2017 mainly due to an increase in our average full-time employees from 2 in 2016 to 3 in 2017.

Other operating expenses

Other operating expenses increased from EUR 85,567 in 2016 by EUR 51,702 or 60 % to EUR 137,269 in 2017 mainly due to an increase in marketing costs, travelling expenses and increase in share-based payments for an external advisor under a share-based compensation arrangement.

Net loss for the period

Net loss for the period decreased from EUR 294,754 in 2016 by EUR 24,695 or 8 % to EUR 270,059 in 2017 due to the factors described above.

11.4 Liquidity and Capital Resources

Our past liquidity requirements related primarily to the funding of research and development expenses. Historically, we were funded exclusively through the issuance of shares to venture capital and strategic investors in a number of equity financing rounds:

In the seed stage at the end of 2015 and in 2016, we issued additional shares with a nominal amount of EUR 4,498 recognised in 2016 taking our total subscribed capital (*Stammkapital*) to EUR 29,498 as at 31 December 2016 with mainly natural persons as investors.

In January and September 2017, we closed financing rounds and issued additional shares with a nominal amount of EUR 5,850 (lead investor Jingdong Capital (HK) Ltd.) and EUR 1,690 recognised in 2017, respectively, taking our total subscribed capital (*Stammkapital*) to EUR 37,038 as at 31 December 2017.

In June and July 2018, we closed financing rounds and issued additional shares with a nominal amount of EUR 2,524 (investors Macnica Investments Parterns and VC Fonds Technologie Berlin GmbH) and EUR 1,387 (investors AT Creative Capital UG and MEDI-SPEZIAL Arzt- und Praxisservice GmbH) recognised in 2018, respectively, taking our total subscribed capital (*Stammkapital*) to EUR 40,949 as at 31 December 2018.

In the aforementioned financing rounds we raised total gross proceeds in the amount of EUR 4.8 million (all reflected in the capital reserve as at 31 December 2018). In July and August 2019, we closed financing rounds and issued additional shares with a nominal amount of EUR 4,035 (against payment of EUR 4,035,000 (including premium)) and EUR 3,250 (against payment of EUR 3,250,000 (including premium)) recognised in the first nine months of 2019, respectively, taking our total subscribed capital (*Stammkapital*) to EUR 48,234 as at 30 September 2019.

Our capital management is geared towards ensuring the continuation of our operations. In this regard we focus on ensuring that the shareholders' equity remains positive and enough liquid funds (cash and cash equivalents) are available in order to finance our development projects and all other cash outflows from operating and investing activities.

The following schedule provides an overview of the development of shareholders' equity as well as the available liquid funds.

	30 September 2019	**31 December 2018**	**31 December 2017**	**31 December 2016**	**01 January 2016**
	(in EUR) (unaudited)	**(in EUR) (audited)**			
Shareholders' Equity	9,323,945	3,600,631	2,169,583	369,789	(18,997)
Liquid funds	7,247,436	2,099,231	1,408,182	77,296	407,133

Our net losses in the nine months period ended 30 September 2019 amounted to EUR 1,496,686. We expect to continue incurring losses over the next few years.

As of 31 December 2018 and 30 September 2019, we held EUR 2,099,231 and EUR 7,247,436, respectively, as cash and cash equivalents.

11.4.1 Cash Flows

The following table summarises our statements of cash flows for the years ended 31 December 2018, 2017 and 2016 and the nine months ended 30 September 2019 and 30 September 2018:

	For the nine month period ended 30 September		**For the financial year ended 31 December**		
	2019	**2018**	**2018**	**2017**	**2016**
	(in EUR) (unaudited)		**(in EUR) (audited)**		
Cash flows from operating activities	(1,044,272)	(284,845)	(452,482)	(90,894)	(118,529)
Cash flows from investing activities	(979,724)	(588,304)	(873,108)	(628,382)	(357,445)
Cash flows from financing activities	7,172,200	1,774,968	2,016,638	2,050,162	146,137
Change in cash and cash equivalents	5,148,205	901,819	691,049	1,330,887	(329,837)

	For the nine month period ended 30 September		For the financial year ended 31 December		
	2019	2018	2018	2017	2016
	(in EUR) (unaudited)		(in EUR) (audited)		
Cash and cash equivalents at the beginning of the period	2,099,231	1,408,182	1,408,182	77,296	407,133
Cash and cash equivalents at the end of the period	7,247,436	2,310,002	2,099,231	1,408,182	77,296

First nine months of 2019 compared with first nine months of 2018

Cash flows from operating activities

Cash flows from operating activities increased from an outflow of EUR 284,845 in the nine months period ended 30 September 2018 by EUR 759,427 to an outflow of EUR 1,044,272 in the nine months period ended 30 September 2019 mainly due to an increase in our loss from operating activities and a decrease in other assets during the first nine months of 2019, the effect of which was only partly offset by a significant increase in provisions in the first nine months of 2019.

Cash flows from investing activities

Cash flows from investing activities increased from an outflow of EUR 588,304 in the nine months period ended 30 September 2018 by EUR 391,420 to an outflow of EUR 979,724 in the nine months ended 30 September 2019 mainly due to an increase in development activity and costs (in connection with D-Base and D-Pocket) that led to an increase in additions to intangible assets.

Cash flows from financing activities

Cash flows from financing activities increased from an inflow of EUR 1,774,968 in the nine months period ended 30 September 2018 by EUR 5,397,232 to an inflow of EUR 7,172,200 in the nine months ended 30 September 2019 mainly due to the equity financing round in August / September 2019.

2017 compared with 2018

Cash flows from operating activities

Cash flows from operating activities increased from an outflow of EUR 90,894 in 2017 by EUR 361,588 to an outflow of EUR 452,482 in 2018 mainly due to an increase in our loss from operating activity.

Cash flows from investing activities

Cash flows from investing activities increased from an outflow of EUR 628,382 in 2017 by EUR 244,726 or 39 % to an outflow of EUR 873,108 in 2018 due to intensified development activity with regard to the D-Base and increased costs of protecting our intellectual property which led to a corresponding increase in additions to intangible assets. This effect was partly offset by a decrease in additions to office furniture and equipment.

Cash flows from financing activities

Cash flows from financing activities decreased slightly from an inflow of EUR 2,050,162 in 2017 by EUR 33,524 or 2 % to an inflow of EUR 2,016,638 in 2018 as a result of the net proceeds obtained from respective equity financing rounds in 2017 and 2018.

2016 compared with 2017

Cash flows from operating activities

Cash flows from operating activities decreased from an outflow of EUR 118,529 in 2016 by EUR 27,635 or 23 % to an outflow of EUR 90,894 in 2017 due to a higher increase in provisions, trade payables and other liabilities and depreciation and amortisation and a lower decrease in other assets. This effect was partly offset by an increase in the loss from operating activities.

Cash flows from investing activities

Cash flows from investing activities increased from an outflow of EUR 357,445 in 2016 by EUR 270,937 or 76 % to an outflow of EUR 628,382 in 2017 mainly due to intensified development activity with regard to the D-Base which lead to a corresponding increase in addition to intangible assets.

Cash flows from financing activities

Cash flows from financing activities increased from an inflow of EUR 146,137 in 2016 by EUR 1,904,025 to an inflow of EUR 2,050,162 in 2017 due to the net proceeds obtained from our equity funding rounds in 2017.

11.5 Financial Position

The following table sets forth certain data from our statements of financial position as of 31 December 2018, 2017 and 2016 and the nine months period ended 30 September 2019:

		As of 30 September 2019	As of 31 December 2018	2017	2016
		(in EUR) (unaudited)	(in EUR) (audited)		
A.	**Non-current assets**				
I.	Intangible assets	2,622,071	1,721,328	883,247	345,850
II.	Office furniture and equipment	125,965	68,927	76,370	9,756
III.	Right-of-use assets	58,346	-	-	-
IV.	Non-current financial assets	18,681	18,681	-	-
	Total non-current assets	**2,825,063**	**1,808,936**	**959,617**	**355,606**
B.	**Current assets**				
I.	Other current assets	218,353	48,169	46,294	46,644
II.	Cash and cash equivalents	7,247,436	2,099,231	1,408,182	77,296
	Total current assets	**7,465,788**	**2,147,400**	**1,454,476**	**123,940**
	Total assets	**10,290,851**	**3,956,336**	**2,414,094**	**479,546**

		As of 30 September 2019	As of 31 December 2018	2017	2016
		(in EUR) (unaudited)	(in EUR) (audited)		
A.	**Shareholders' Equity**				
I.	Subscribed capital	48,234	40,949	37,038	29,498
II.	Capital reserves	12,026,574	4,813,859	2,764,592	702,279
III.	Retained earnings	(2,750,863)	(1,254,177)	(632,047)	(361,988)
	Total shareholders' equity	**9,323,945**	**3,600,631**	**2,169,583**	**369,789**
B.	**Non-current liabilities**				
I.	Non-current provisions	-	-	110,485	56,865
II.	Other financial liabilities	4,520	-	-	-
	Total non-current liabilities	**4,520**	**-**	**110,485**	**56,865**
C.	**Current liabilities**				
I.	Current provisions	694,153	184,976	-	-
II.	Trade payables	90,946	134,794	112,407	44,991
III.	Other financial liabilities	65,511	17,608	1,546	53

IV.	Other non-financial liabilities	111,777	18,328	20,072	7,847
	Total current liabilities	**962,386**	**355,705**	**134,026**	**52,891**
	Total shareholders' equity and liabilities	**10,290,851**	**3,956,336**	**2,414,094**	**479,546**

11.5.1 Statement of Financial Position as of 31 December 2018, 2017 and 2016 and for the first nine months of 2019

Total non-current assets

Total non-current assets increased by EUR 1,016,127 from EUR 1,808,936 as at 31 December 2018 to EUR 2,825,063 as at 30 September 2019 due to an increase in intangible assets which resulted from own development work and costs capitalised pertaining to the development of D-Base and D-Pocket.

Total non-current assets increased by EUR 849,319 or 89 % from EUR 959,617 as at 31 December 2017 to EUR 1,808,936 as at 31 December 2018 mainly due to an increase in intangible assets which, in turn, resulted from own work capitalised. Own work capitalised mainly consisted of software and hardware related services and materials for the D-Base prototype and costs of filing and registering patents.

Total non-current assets increased by EUR 604,011 from EUR 355,606 as at 31 December 2016 to EUR 959,617 as at 31 December 2017 due to the same reasons as given above for the increase from 31 December 2017 to 31 December 2018.

Total current assets

Total current assets increased by EUR 5,318,388 from EUR 2,147,400 as at 31 December 2018 to EUR 7,465,788 as at 30 September 2019 due to cash and cash equivalents obtained from the equity financing rounds in August / September 2019.

Total current assets increased by EUR 692,924 or 48 % from EUR 1,454,476 as at 31 December 2017 to EUR 2,147,400 as at 31 December 2018 due to an increase in cash and cash equivalents resulting from the net proceeds obtained from equity financing rounds in 2018.

Total current assets increased by EUR 1,330,536 from EUR 123,940 as at 31 December 2016 to EUR 1,454,476 as at 31 December 2017 due to an increase in cash and cash equivalents resulting from the net proceeds obtained from equity financing rounds in 2017.

Total shareholders' equity

Total shareholders' equity increased by EUR 5,723,314 from EUR 3,600,631 as at 31 December 2018 to EUR 9,323,945 as at 30 September 2019 due to contributions to subscribed capital and capital reserves made in the equity financing rounds in August / September 2019.

Total shareholders' equity increased by EUR 1,431,048 or 66 % from EUR 2,169,583 as at 31 December 2017 to EUR 3,600,631 as at 31 December 2018 due to contributions to subscribed capital and capital reserves resulting from equity financing rounds in 2018.

Total shareholders' equity increased by EUR 1,799,794 from EUR 369,789 as at 31 December 2016 to EUR 2,169,583 as at 31 December 2017 due to contributions to subscribed capital and capital reserves resulting from equity financing rounds in 2017.

Total current liabilities

Total current liabilities increased by EUR 606,681 from EUR 355,705 as at 31 December 2018 to EUR 962,386 as at 30 September 2019 due to an increase in provisions which mainly results from an increase in provisions for the obligations vis-à-vis the beneficiaries of virtual options.

Total current liabilities increased by EUR 221,679 from EUR 134,026 as at 31 December 2017 to EUR 355,705 as at 31 December 2018 mainly due to an increase in current provisions and, to a lesser extent, an increase in trade payables and other financial liabilities. The current provisions of EUR 184,976 as at 31 December 2018 resulted from the re-classification of a share-based compensation of an external advisor from non-current to current.

Total current liabilities increased by EUR 81,135 from EUR 52,891 as at 31 December 2016 to EUR 134,026 as at 31 December 2017 mainly due to an increase in trade payables.

11.6 Investments

In the years 2016, 2017 and 2018 we made investments particulary in the form of additions to own work capitalised in an amount of EUR 357,445, EUR 628,382 and EUR 873,108, respectively. In the first nine months of 2019 and 2018, additions to own work capitalised amounted to EUR 979,724 and EUR 588,304. These investments were equity financed and related to the development of our non-invasive BGM solution and the development of the prototype of the D-Base. In the first nine months of 2019 investments were also made into the development of the D-Pocket. Between 30 September 2019 and the date of the Prospectus, we have made no significant investments.

As of the date of the Prospectus, there are no material investments in progress and we have not bindingly committed to make future material investments.

11.7 New Accounting Standards

In January 2016, the IASB issued a new standard on the accounting of leases. IFRS 16 replaces the previous standard IAS 17 and the interpretations IFRIC 4, SIC-15 and SIC-27. The application of the new regulations is mandatory as of 1 January 2019. We will adopt the standard for the fiscal year beginning as of 1 January 2019 making use of the modified retrospective approach. For the Unaudited Interim Financial Statements (IFRS) IFRS 16 was applied for the first time. The main changes under IFRS 16 relate to lessee accounting. A lessee recognises a right-of-use asset and a corresponding discounted lease liability, representing its obligation to make lease payments. The distinction between finance and operating leases, previously required under IAS 17, will therefore no longer apply to the lessee. Exemptions are granted for low value asset leases and for short-term leases. Based on our current analysis, there is only one substantial lease agreement which is for the lease of our office in Berlin.

11.8 Financial Risk Management

We are exposed to various financial risks as part of our business operations. As part of our risk management system risks are identified, assessed and actively managed on an ongoing basis by the management. We do not make use of derivative financial instruments.

11.8.1 Interest Rate Risk

Interest rate risk is the risk of a possible fluctuation in the fair value or future cash flows of a financial instrument because of changes in market interest rates. Our financial liabilities are non-interest bearing. In the years 2016 to 2018 and the first nine months of 2019, we were not exposed to interest rate risks.

11.8.2 Currency Risk

Currency risk is the risk of a possible fluctuation in the fair value or future cash flows of a financial instrument because of changes in foreign exchange rates. All our substantial transactions are concluded and executed in the Eurozone, mainly in Germany, without an exchange rate risk. Possible risks arise from transactions outside the Eurozone, if purchases of materials or services are denominated in a foreign currency. Income from foreign currency translation amounted to EUR 717 in 2018 (2017: EUR 38; 2016: nil), expenses from foreign currency translation amounted to EUR 974 in 2018 (2017: EUR 221; 2016: nil). At 30 September 2019, we were not exposed to any exchange rate risks.

11.8.3 Credit Risk

Credit risk is a risk that our business partners will not be able to meet their contractual obligations and we will suffer financial losses. All our financial assets (a deposit made and included in non-current financial assets as well as cash and cash equivalents) are considered to be in level 1 for impairment purposes in all reporting periods. We have not recognised any impairment for financial assets in the fiscal years 2016 to 2018 and the first nine months of 2019. The amounts recognised in the statements of financial position reflect the maximum credit risk.

11.8.4 Liquidity risk

The liquidity risk, *i.e.* the risk of our inability to meet our financial obligations, are managed by ensuring the required financial flexibility and an effective cash management. No liquidity shortages occurred in the years 2016 to 2018 and the first nine months of 2019. We had at our disposal sufficient liquid funds to finance our development projects and all other cash outflows from operating and investing activities.

The amounts of the financial liabilities (EUR 152,402 as of 31 December 2018; EUR 113,953 as of 31 December 2017; EUR 45,044 as of 31 December 2016 and EUR 480,501 as of 1 January 2016) recognised in the statements of financial positions are all free of interest and have a due date of less than one year as at the end of the reporting period. Except of the payments with an amount of EUR 480,000 related to the capital increase agreed upon at the end of 2015, all financial liabilities are arising from the ordinary delivery of goods and services with no special payment terms and a due date of less than one month (EUR 152,402 as of 31 December 2018; EUR 113,953 as of 31 December 2017; EUR 45,044 as of 31 December 2016 and EUR 501 as of 1 January 2016). The payments related to the capital increase agreed upon at the end of 2015 were reclassified to equity in February 2016 after the entry in the commercial register.

11.9 Critical Accounting Policies & Estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the reporting dates and the reported amounts of income and expenses for the years presented. Actual amounts may significantly differ from these estimates, judgments and assumptions. Estimates and underlying assumptions are reviewed at each reporting date. Revisions to estimates are recognised in profit or loss in the period in which the estimate is revised.

Estimates, judgments and assumptions are particularly necessary in the following areas:

11.9.1 Intangible assets

The expected useful life of intangible assets and the related amortisation schedules are based on past experiences, plans and estimates. This includes estimates of the period and allocation of future cash inflows derived from the investments made. Impairment tests are performed for assets if specific indicators point towards a possible impairment loss. In the case of a possible impairment, an estimate must be made of the recoverable amount of the affected asset that corresponds to the higher of either the fair value less costs of disposal or the value in use. To ascertain the value in use the discounted future cash flows of the affected asset must be determined, containing significant assumptions such as those regarding future selling prices, sales volumes, costs, and discount rates. This is particularly relevant in view of the fact that we have not yet made any revenue with our products in development. Judgement is also applied in regards of the recognition criteria of development cost in accordance with IAS 38 as well as the annual impairment test for intangible assets not yet available for use.

11.9.2 Impairment of financial assets

In respect of the impairment of financial assets assumptions and estimates are applied to the expected credit loss model.

11.9.3 Share-based payments

In respect of the accounting of virtual options, assumptions and estimates are made for the development of performance conditions, service conditions and non-vesting conditions as well as for the determination of the fair value of the underlying company shares and the implied options. These are determined using option pricing models.

11.9.4 Provisions

In respect of recognition and measurement there are uncertainties with regard to the provisions resulting from share-based payments. Furthermore, there are uncertainties with regard to the amount, date and probability of the utilisation of the respective provisions.

11.9.5 Deferred taxes

We have tax loss carry-forwards in Germany that have the potential to reduce tax payments in the future. Deferred tax assets have been recognised to the extent that their recovery is probable taking into account the projected future taxable income and currently available tax strategies. At the end of each reporting period we assess whether the probability of future tax benefits being realised is sufficient to recognise deferred tax assets.

11.10 Additional Information from the Annual Financial Statements (HGB)

Our total shareholders' equity pursuant to the Audited Annual Financial Statements (HGB) increased from EUR 1,624,771 as at 31 December 2017 by EUR 654,444 or 40 % to EUR 2,279,214 as at 31 December 2018

due to the contributions to subscribed capital and capital reserves resulting from equity financing rounds in 2018. This effect was partly offset by increases in net loss and loss carried forward.

12. 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 for which it is difficult to obtain precise industry and market information. Unless otherwise indicated, such information is based on the Company's own analyses of various 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 Sole Global Coordinator 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 in which we operate, market developments, growth rates and market trends 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 and have not been checked or verified externally.

12.1 Background

Diabetes mellitus, more simply called diabetes, is a chronic disease that occurs either when the pancreas does not produce enough insulin (a hormone that regulates blood sugar, or glucose) or when the body cannot effectively use the insulin it produces. Insulin is a hormone that regulates blood glucose. The lack of insulin or the inability of the cells to respond to insulin leads to high levels of blood glucose, or hyperglycaemia, which is a common effect of uncontrolled diabetes and which over time leads to serious damage to many body organs, especially the nerves and blood vessels. Besides gestational diabetes mellitus, which is a type of diabetes that affects pregnant women, type 1 diabetes and type 2 diabetes are the most common forms of this disease:

Type 1 Diabetes:

This type of diabetes is caused by an autoimmune reaction in which the body's immune system attacks the insulin-producing beta cells in the islets of the pancreas. As a result, the body produces no to very little insulin with a relative or absolute insulin deficiency. The causes of this destructive process are a combination of genetic susceptibility and environmental triggers such as viral infections, toxins or some dietary factors. Although the disease can develop at any age, type 1 diabetes is most common in children and adolescents. People with type 1 diabetes need daily insulin injections in order to maintain a glucose level in the proper range. (Source: IDF Atlas 2017)

Type 2 Diabetes:

This kind of diabetes is the most common form of diabetes and accounts for about 90 % of all cases of diabetes. (Source: IDF Atlas 2017) In type 2 diabetes, hyperglycaemia is the result of inadequate insulin production and the body's inability to respond fully to insulin, which is called "insulin resistance". During the state of insulin resistance, insulin is ineffective and therefore initially leads to an increase in insulin production in order to reduce the increase in glucose levels, but a state of relatively inadequate insulin production may develop over time. It is most commonly seen in older adults but it is increasingly also observed in children, adolescents and younger adults. The cornerstone of type 2 diabetes treatment is healthy lifestyle which includes the adoption of a healthy diet, increased physical activity, cessation of smoking and maintenance of a healthy body weight. (Source: IDF Atlas 2017)

Diabetes bring about substantial economic loss to affected persons and their families, and to health systems and national economies through direct medical costs and loss of work and wages. Major cost drivers are hospitals and outpatient care. (Source: WHO Report 2016) The starting point for living well with diabetes is an early diagnosis. WHO therefore recommends that easy access to basic diagnostics, such as blood glucose testing, should therefore be available in primary health-care settings. (Source: WHO Report 2016)

12.2 Market

12.2.1 Global Diabetes Market

Diabetes is a global issue and one of the largest global health emergencies of the 21st century. (Source: IDF Atlas 2017) A key factor in the challenge of diabetes is that 30-80 % of people with diabetes are not diagnosed. The number of diabetes patients aged between 20 and 79 years was 425 million in 2017. (Source: IDF Atlas

2017) The IDF estimates that there will be about 629 million patients with diabetes in the same age group by 2045, which would mean an increase of about 48 %. The following chart illustrates the expected development of patients with diabetes between the age of 20 and 79 between 2017 and 2045:

	Number of people with diabetes in 2017	Number of people with diabetes in 2045	Increase in %
Europe	58 million	67 million	16 %
North America & Caribbean	46 million	62 million	35 %
Western Pacific	159 million	183 million	15 %
South & Central America	26 million	42 million	62 %
South East Asia	82 million	151 million	84 %
Middle East & North Africa	39 million	82 million	110 %
Africa	16 million	41 million	156 %

Source: IDFAtlas 2017

From the perspective of individual countries China, with approximately 114.4 million people affected, was the country with the highest number of people with diabetes in 2017, followed by India with 72.9 million and the United States with 30.2 million. (Source: IDF Atlas 2017) It is expected that in 2045, India with 134.3 million people with diabetes will replace China at the top, which is then expected at 119.8 million, followed by the USA with 35.6 million. (Source: IDF Atlas 2017) The following overview shows the top ten countries that have or are expected to have the highest number of people with diabetes (20-79 years) in 2017 or probably in 2045:

2017		
Rank	**Country**	**Number of people with diabetes**
1	China	114.4 million
2	India	72.9 million
3	United States	30.2 million
4	Brazil	12.5 million
5	Mexico	12.0 million
6	Indonesia	10.3 million
7	Russian Federation	8.5 million
8	Egypt	8.2 million
9	Germany	7.5 million
10	Pakistan	7.5 million

2045		
Rank	**Country**	**Number of people with diabetes**
1	India	134.3 million
2	China	119.8 million
3	United States	35.6 million
4	Mexico	21.8 million
5	Brazil	20.3 million
6	Egypt	16.7 million
7	Indonesia	16.7 million
8	Pakistan	16.1 million
9	Bangladesh	13.7 million
10	Turkey	11.2 million

Source: IDF Atlas 2017

12.2.2 Blood Glucose Monitoring Market

Blood glucose self-monitoring can help patients keep their blood glucose levels within an appropriate range. The general principle of the current self-monitoring procedure is to perform a finger prick test to obtain a drop of blood applied to a test strip and read by an automated device. However, each test strip can only be used once and thus bears a significant economic burden for patients. In recent years, minimally invasive and non-invasive technologies for glucose detection have been developed as alternatives to traditional self-monitoring procedures. Minimally invasive technologies are those that need to access a form of fluid from the body (*e.g.* tears and interstitial fluid) to measure glucose concentration through an enzymatic reaction. (Source: Gonzales, 2019) One of the most successful products on the market of minimally invasive glucose detection devices is the Freestyle Libre from Abbott. Non-invasive technologies are based exclusively on some form of radiation without the need for access to body fluids. (Source: Gonzales, 2019) Although there have been and still are numerous projects to develop and commercialise a clearly non-invasive method for self-monitoring blood glucose levels, no such method with significant revenues is currently visible in the market for blood glucose measurement.[4] A non-invasive glucose monitoring solution has the potential to achieve significant efficiency savings. Higher acquisition costs for the device would be offset by greater cost savings with a reusable and more accurate solution over an extended period of time. (Source: Utkarsh, 2018) Besides the mid infrared technology, that we are using, there are a couple of other novel techniques that are under evaluation to create the next generation of painless and accurate glucose monitoring of diabetes. The following overview provides a summary of the non-invasive glucose measurement technologies that are currently under development:

4 Fortune reports global revenues of USD 4.4 million for 2018 and estimates global revenues of USD 9.1 million for 2019.

Mode of operation	Comment
Near infrared Spectroscopy	Measurements in the near infrared ("**NIR**") spectrum are complicated by a complex overlapping of overtones from vibrations of tissue components and water. Moreover, NIR bands are temperature-dependent and require rigorous thermostating of the measuring site. In spite of many attempts to use NIR spectroscopy for glucose analysis, no reliable relation to blood glucose levels was obtained.
Optical Rotation	Target site is the aqueous humour fluid surrounding the eye lens. Major obstacle is the feasibility to measure accurately enough to detect small changes of glucose in this fluid. Moreover, glucose in aqueous humour fluid equilibrates very slowly with blood glucose levels leading to a delay of around 45 minutes - much too long for diabetes patients.
Raman Spectroscopy	Raman spectroscopy is a technique complementary to infrared spectroscopy which can circumvent, to some extent, the high absorption of water in the infrared region. However, Raman scattering of glucose is very weak and superimposed by fluorescence of skin components. Furthermore, skin pigments can show resonance enhanced scattering that renders the glucose scattering even weaker. The US company C8 medisensors had proposed Raman spectroscopy for glucose analysis and announced a device in 2012 that never made its way to the market. The Danish medical devices company RSP systems in Denmark continues R&D along this line.
Terahertz Spectroscopy	With a wavelength range between about 1 and 0.1 mm, this region can yield meaningful data for pure compounds or mixtures in large amounts but has yet to be applied successfully to complex biological samples. Researchers at Cambridge University published papers indicating that glucose might be measured in this spectral region, and the Spire Corporation in Massachusetts also explored it for glucose measurements, but neither appeared to succeed.
Millimetre Wave	Measurements of anesthetised rats' ears at 33-37 GHz showed "a strong reduction in MMW power absorption through the rat ear with increasing glucose levels in the blood." (Source: Siegel, 2015) However, like other radiofrequency ("**RF**") and microwave impedance measurements, this is typically a response to bulk properties of tissue fluid without meaningful specificity for glucose.
Photoacoustic Spectroscopy	Photoacoustic spectroscopy ("**PAS**") differs from photothermal spectroscopy in that it picks up the sound wave generated by the absorbance of light in tissue at the skin surface. There has been successful demonstration of PAS with infrared excitation by quantum cascade lasers for the measurement of skin glucose in the laboratory. However, the technique suffers from losses caused by the acoustic impedances from skin to the sound transducers or microphones.

12.2.3 Key Market Drivers and Restraints

There are some fundamental drivers that are expected to drive the blood glucose monitoring market going forward but also market restraints that could prevent the steady expansion of market demand:

Market Drivers

- **Availability of cost reimbursement, especially in developed countries:** The cost of blood glucose monitoring for patients with diabetes consists of consumables for self-monitoring blood glucose systems including lancets, strips and other consumables, and the cost of necessary tools such as sensors for continuous blood glucose monitoring systems. Depending on the BGM method chosen, costs can range from USD 2,400 to USD 5,200 per patient per year. (Source: Fortune, 2019) Due to the significant costs, the coverage of BGM systems by public and private health insurers is crucial for the market growth. As a result, an important factor in the growth of the global BGM market is the availability of reimbursement policies to promote blood glucose monitoring, which lead to lower treatment costs associated with diabetes.
- **Rising prevalence of diabetes worldwide:** Rapid urbanisation, growth in sedentary lifestyle, obesity or lack of awareness regarding the disease, are only some of many factors currently responsible for the rapidly increasing prevalence of diabetes. The prevalence of diabetes is particularly high among the elderly population. The burden of diabetes is expected to increase as the world population ages. The expected doubling of the world population aged 60 and over from 960 million in 2017 to 2.1 billion in 2050 is expected to increase the incidence of diabetes in the next seven years. (Source: Fortune, 2019) The increasing prevalence of diabetes worldwide, combined with the introduction of new BGM devices, and rising health care spending, have increased the global demand for and introduction of blood glucose monitoring systems.

Market Restraints

- **High proportion of undiagnosed diabetes population:** Globally, almost every second person suffering from diabetes is currently not diagnosed. In patients with type 2 diabetes, this is due to the lack of symp-

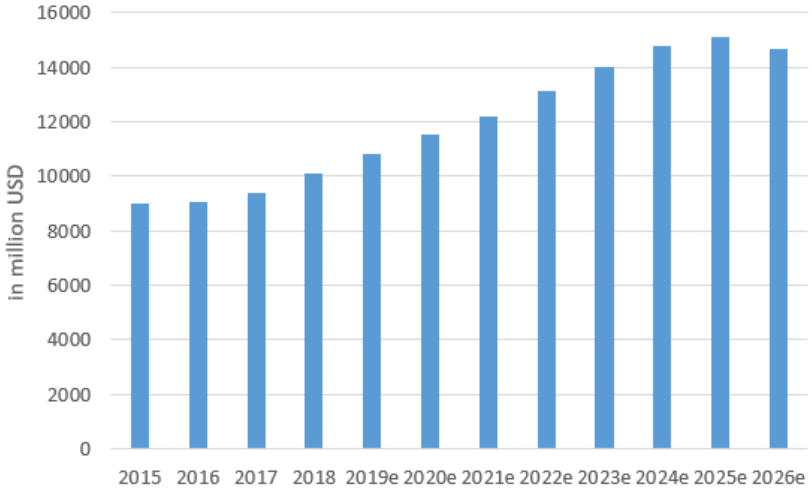
toms, which in turn leads to a long pre-detection period. Another key factor is the lack of awareness among the population and physicians in developed, emerging and low-income countries. Especially in the emerging and low-income countries, the increased proportion of an undiagnosed population is due to the population's lack of awareness of diseases and the lower emphasis on early detection of chronic diseases by national and regional governments. Due to the high proportion of undiagnosed patients with diabetes, the demand and adoption of BGM systems on the global market is limited. However, increasing government participation in awareness- programs and rising health expenditure per capita are expected to lead to a decline in the percentage of undiagnosed populations globally over the period from 2019 to 2026. (Source: Fortune, 2019)

12.2.4 Blood Glucose Monitoring Market Forecast

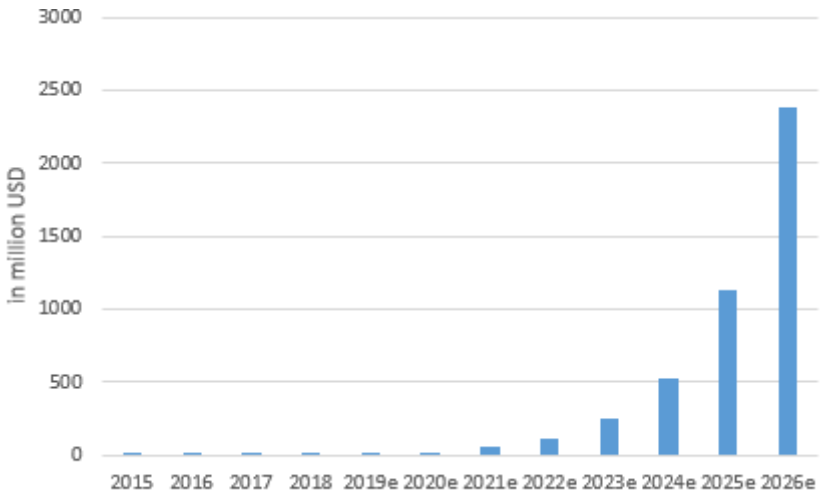
In 2018, the invasive blood glucose monitoring systems (in the following market data, in each case including minimally invasive monitoring systems) dominated the global glucose monitoring systems market. In the future, it is expected that the invasive segment looses in market share. (Source: Fortune, 2019) One of the most important factors expected to drive growth in the market for invasive blood glucose monitoring systems is, in particular, the use of (minimally invasive) self-monitoring blood glucose monitoring devices. Non-invasive devices have not achieved meaningful revenues in recent years due to the lack of available products on the market. They captured approximately 0.044 % of the global market in terms of value in 2018 and are expected to reach 14.0 % by the end of 2026. (Source: Fortune, 2019)

In 2019, the global market volume of BGM systems is expected to consist of revenues of approximately USD 10.8 billion for invasive devices and USD 9.1 million for non-invasive devices. (Source: Fortune, 2019)

The invasive segment of the BGM system market is projected to reach approximately USD 14.7 billion by 2026, representing a compound annual growth rate ("**CAGR**") of 4.5% for the period 2019 to 2026. The general market for invasive devices is expected to grow until 2025e, as availability of non-invasive devices is expected to remain limited while the general population of diabetes patients is expected to keep growing. One of the most important factors in driving growth in this segment is the comparatively low cost of invasive BGM devices. (Source: Fortune, 2019)



The non-invasive segment is expected to reach approximately USD 2.4 billion, by 2026, representing a CAGR of 121.5% for the period 2019 to 2026. (Source: Fortune, 2019) The market launch of new products in the non-invasive devices and patient-friendly BGM systems segments are some of the main reasons for driving growth in this BGM system segment. However, it is expected that the first non-invasive solutions for the mass market will not be viable as initial prices for end-customers may be too high. Another factor, that could limit the uptake of non-invasive solutions is expected to be of regulatory nature.



12.3 Competition

The market for blood glucose monitoring devices is intensely competitive, subject to rapid change and significantly affected by new product introductions. Roche, LifeScan, Inc., a division of Johnson & Johnson, Abbott Laboratories and Ascensia, a spin off from the Bayer Corporation, currently account for essentially the worldwide sales of self-monitoring glucose testing systems. These competitors' products use a meter and disposable test strips to test blood obtained by pricking the finger or, in some cases, the palm or forearm.

With the D-Pocket Base, we expect to compete with both non-invasive and invasive devices as well as minimally invasive devices. According to our observation, the following are prevailing self-monitoring devices on the market:

Invasive solutions:

- The Accu-Chek meter are designed to be used with the Accu-Chek test strip to quantitatively measure glucose in fresh venous, arterial, neonatal, and capillary whole blood as an aid in monitoring the effectiveness of glucose control. Capillary whole blood for testing of blood glucose can be obtained from fingertip and approved alternative sites, such as forearm. The blood glucose monitoring system comprises the meter and test strips and is suitable for self-testing and for professional use. The Accu-Chek meter is a product by Roche Diabetes Care Inc.
- The Eversense Continuous Glucose Monitoring System is an invasive device that provides real-time glucose monitoring every five minutes for up to 90 days at a time for people ages 18 years and older with diabetes. The system consists of a fluorescence-based sensor, a smart transmitter worn over the sensor to facilitate data communication, and a mobile app for displaying glucose values, trends and alerts. A sensor is implanted below the patient's skin. A fluorescent chemical coating on the outside of the sensor generates a small amount of light in response to the amount of sugar that is present in fluid under the skin (interstitial glucose). This light signal is converted into a glucose reading and transmitted wirelessly to a compatible mobile device (smart phone, tablet, etc.) for display to a user. The associated Eversense mobile app can alert the user to low and high sensor glucose values based on alert settings programmed by the user. The system must be calibrated at least two times per day by testing a fingertip blood sample with a blood glucose meter. Eversense is a product by Senseonics Holdings Inc.

Minimally invasive solutions:

- The Freestyle Libre Flash Glucose Monitoring System is a glucose monitoring device indicated for the management of type 1 or type 2 diabetes in persons age 18 and older. The system detects trends and tracks patterns aiding in the detection of episodes of hyperglycemia and hypoglycemia, facilitating both acute and long-term therapy adjustments. The device uses an electrochemical sensor to monitor glucose levels in interstitial fluid. The user assembles and applies the sensor, which contains a needle, to the back of the upper arm, and uses a reader to activate the sensor. The sensor can be worn for up to 14 days following the initial 12-hour warm-up period. The sensor automatically stores glucose data every fifteen minutes. During a scan, the preceding eight hours of glucose data are transferred to a reader, where those data are logged and may be viewed by the user. Freestyle Libre is a product by Abbot Diabetes Care Inc.
- The Dexcom G6 is an integrated continuous glucose monitoring system for determining blood glucose levels in children aged two and older and adults with diabetes. The system is a patch device, that is ap-

plied to the skin of the abdomen and contains a small sensor that continuously measures the amount of glucose in body fluid. The device transmits real-time glucose readings every five minutes to a compatible display device such as a mobile medical app on a cell phone and will trigger an alarm when a patient's blood glucose enters a danger zone soaring too high or dropping too low. If it's integrated with an automated insulin dosing system, a rise in blood sugar would trigger the release of insulin from the pump. The patch device should be replaced every 10 days. The Dexcom G6 is a product by Dexcom Inc.

Non-invasive solution:

- The GlucoTrack is a non-invasive monitoring device for measuring glucose levels in people with type 2 diabetes and pre-diabetes. It rapidly measures and displays an individual's glucose level in about a minute. The device features a small sensor that clips to the earlobe and measures the user's glucose level using sensor technologies is intended for use by adults (over the age of 18 years old). The measured signals are analysed with a proprietary algorithm and a calculated glucose value is then displayed on a small handheld device the size of a small mobile phone. GlucoTrack is a product by Integrity Applications Inc.

13. REGULATORY AND LEGAL ENVIRONMENT

In each of the countries in which we intend to market our products, we must comply with applicable local regulations. A summary of the most important regulations in the European Economic Area, the US and China, as the markets we intend to target first, is set out below.

13.1 European Union

In Europe, we intend to mainly sell our products on the markets of Member States of the EEA, where we expect them to be classified as medical devices or, with regard to certain potential future applications of our photothermal detection technology beyond blood glucose monitoring, as in vitro diagnostic devices. The regulatory framework concerning the commercialisation of medical and in vitro diagnostic medical devices is largely harmonised by EU Directives (as implemented into the respective national laws and regulations of the EU Member States). Namely Council Directive 93/42/EEC concerning medical devices (the "**Medical Device Directive**") and Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices (the "**IVD Directive**"). Each Member State of the EEA has implemented the Medical Device Directive and the IVD Directive into its respective national legislation.

Our D-Base falls within the scope of the Medical Device Directive, and we expect this is also to be the case for our next planned device, the D-Pocket. In order to commercialise medical devices anywhere within the EEA and in certain non-EEA countries that recognise the CE mark[5], a CE mark based on the successful completion of a conformity assessment (a "**Conformity Declaration**") needs to be lawfully affixed to them. This requires that they comply with the essential requirements of the Medical Device Directive or the IVD Directive. In order to demonstrate compliance with the essential requirements, medical devices and in vitro diagnostic medical devices must undergo a conformity assessment procedure, which varies according to the type of device and its classification. The European Commission has adopted various guidelines, consensus statements and interpretative documents aimed at ensuring the uniform application of the provisions of the Medical Device Directive and the IVD Directive.

Except for low-risk medical devices, where the manufacturer can in principle issue a Conformity Declaration based on a self-assessment of the conformity of its medical device with the essential requirements of the Medical Device Directive or the IVD Directive, a conformity assessment procedure requires the involvement of an independent organisation appointed by the respective Member State (a "**Notified Body**") to conduct such conformity assessment. A Notified Body would, during the course of reviewing a device application, typically audit and examine the quality system of the manufacturer, as well as design and validation of a device before issuing a certification demonstrating compliance with the relevant essential requirements. Based on the same quality system certifications and depending on the risk class of the medical device or in vitro diagnostic medical device, additional certificates under European law (*e.g.* EC Declaration of Conformity, according to Annex II Medical Device Directive) are issued as a prerequisite to drawing up a Conformity Declaration.

For low-risk medical devices, however, the conformity procedure in principle involves the manufacturer issuing a Conformity Declaration based on a self-assessment of the conformity of its device with the relevant essential requirements of the Medical Device Directive or the IVD Directive. Should the product be classified as a Class I medical device with measuring function, the Notified Body would have to be involved to a certain extent.

The European classification of medical devices is outlined in Annex IX of the Medical Device Directive. It depends on rules that involve the medical device's duration of use, invasive character, use of an energy source, effect on the central circulation or nervous system, diagnostic impact, or incorporation of a medicinal product. We believe that the D-Base as a non-invasive active device intended for diagnosis is to be classified as a Class I medical device pursuant to Section 3.3 Annex IX of the Medical Device Directive. Accordingly, we issued a Conformity Declaration on 14 March 2019 based on a self-assessment of the conformity of the D-Base with the relevant essential requirements of the Medical Device Directive. We registered the D-Base with the German Medical Device Information System through the German Institute of Medical Documentation and Information (*Deutsches Institut für Medizinische Dokumentation und Information*, "**DIMDI**") website on 9 May 2019.

On 5 April 2017, two new EU Regulations on medical devices were adopted. They entered into force on 25 May 2017 and will replace the Medical Device Directive and IVD Directive:

5 Additional national requirements of the respective Member States may also apply (*e.g.*, in France).

- Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No. 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC (the "**MDR**"); and
- Regulation (EU) 2017/746 of the European Parliament and of the Council of 5 April 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU (the "**IVDR**").

The new regulations as a whole will apply after a transitional period. Namely three years (26 May 2020) after entry into force for the MDR and five years (26 Mai 2022) after entry into force for the IVDR. The new regulations will apply directly in all EU Member States with the intention to provide more legal certainty as compared to directives that EU Member States have to transpose into national law.

The new regulations will be relevant to our future devices once they become applicable. They stipulate additional requirements, including but not limited to:

- Reassessment of products regarding their intended purpose and risk class, leading for certain product types to up-classification and, consequently, increased involvement of Notified Bodies.
- Extension of retention period to ten years for related documents.
- Technical documentation to contain more detailed information and requirements to provide information in the languages of the EU Member States targeted for sales will be widened.
- Additional regulatory responsibilities will be extended to importers, distributors and persons responsible for regulatory compliance.
- A system for product registrations, the Unique Device Identifier (UDI), and for the identification of the persons with regulatory responsibilities will be established.
- Content on label and promotional materials needs to be expanded, *e.g.*, intended purpose in instructions for use.
- Combinations of products must be identified and marked as such.
- Post market surveillance plans (as part of the products' technical documentation) need to be established for the entire life cycle of a product.
- In addition, post market surveillance reports and periodic safety update reports are to be implemented. A system of trend codes must be put in place. A 15-day reporting timeline for serious incidents (formerly 30 days) needs to be followed.
- Broadened requirements on clinical/performance evaluation.

A change that will likely have a significant impact on us is the new classification system. Under the current Medical Devices Directive, the D-Base is, according to our assessment, to be classified as a low-risk medical device pursuant to Class I of Annex IX of the Medical Device Directive allowing for a self-certification. However, we expect the new classification system defined in the MDR to have the effect that our medical devices, especially the D-Pocket, may fall into a higher class no longer allowing a self-certification, but requiring the conformity assessment by a Notified Body and additional clinical studies.

13.2 Germany

13.2.1 Regulation of Medical Devices

The German Medical Devices Act (*Medizinproduktegesetz*) transposes the Medical Device Directive and the IVD Directive into German law. Thus, until the MDR becomes applicable, the prerequisites for the lawful commercialisation of medical devices in Germany are primarily regulated by the German Medical Devices Act and the ordinances passed thereunder (*Rechtsverordnungen*), including but not limited to:

- Ordinance on Medical Devices (*Verordnung über Medizinprodukte*);
- Ordinance on the Provision of Medical Devices (*Verordnung zur Regelung der Abgabe von Medizinprodukten*);
- Ordinance on Clinical Trials with Medical Devices (*Verordnung über klinische Prüfungen von Medizinprodukten*);

- Ordinance on the Installation, Operation and Use of Medical Devices (*Verordnung über das Errichten, Betreiben und Anwenden von Medizinprodukten*);
- Ordinance on the Identifying, Analyzing and Counteractive Measures (*Verordung über die Erfassung, Bewertung und Abwehr von Risiken bei Medizinprodukten*);
- Ordinance on the Database-Supported Information System of the German Institute for Medical Documentation and Information for Medical Devices (*Verordnung über das datenbankgestützte Informationssystem über Medizinprodukte des deutschen Instituts für medizinische Dokumentation und Information*); and
- Ordinance on the Fees linked to the Medical Devices Act and the Ordinances passed thereunder (*Gebührenverordnung zum Medizinproduktegesetz und den zu seiner Ausführung ergangenen Rechtsverordnungen*).

Both the German Medical Devices Act and the ordinances refer back to the Medical Device Directive and the IVD Directive in many parts.

Finally, the European guidelines for the medical devices vigilance system, which have been adopted by the European Commission and drafted through a process of consultation with various interested parties, are of high practical relevance.

The German Medical Devices Act requires that evidence of the suitability of general medical devices for the specified intended purpose shall be provided through a clinical evaluation ("**Clinical Evaluation**") based on existing clinical data, unless, in exceptional cases with good reason, other data are sufficient. Class III devices require that clinical investigations ("**Clinical Investigation**") are performed to generate new clinical data unless it is duly justified to rely on existing clinical data. The objectives of clinical investigations are to verify that, under normal conditions of use, the performance of the devices conforms to that intended by the manufacturer and to determine any undesirable side-effects and assess whether they constitute risks that when weighed against the clinical benefits of the device are unacceptable. Clinical Investigations require a favourable opinion by the ethics committee as well as an authorisation by the competent federal authority, the Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*). The German Medical Devices Act also contains numerous preconditions to perform clinical investigations on human beings. In particular, the patient's informed consent must be obtained personally and in writing.

Once the MDR and the IVDR become applicable, they will to a large extent replace the German Medical Devices Act and apply directly also in Germany.

13.3 United States

With the intended marketing of our D-Pocket in the US, we expect to become subject to extensive and rigorous regulation by the U.S. Food and Drug Administration ("**FDA**") and other federal, state and local authorities. The FDA regulates, among other things, the research, development, testing, design, manufacturing, approval, labelling, storage, recordkeeping, advertising, promotion and marketing, distribution, post-approval monitoring and reporting as well as the import and export of medical devices in the US to assure they are safe and effective for their intended use.

13.3.1 Requirement for Premarket Notification or Approval

Medical Devices are classified in one of three classes (Class I, II or III) depending on risk and the extent of controls the FDA determines are necessary to reasonably ensure their safety and efficacy. The classification of a medical device determines the appropriate premarket process.

- Class I: general controls, such as registration, listing, labelling and adherence to quality system regulations; generally, exempt from the premarket notification (510(k)) requirement;
- Class II: general controls, and special controls such as performance standards, patient registries and/or post-market surveillance; generally subject to 510(k) requirements; and
- Class III: general controls; generally subject to PMA requirements.

510(k) Marketing Clearance Pathway

Pursuant to a process under Section 510(k) of the Federal Food, Drug and Cosmetic Act ("**FACE**"), a person who wants to market certain Class I, most Class II (or some Class III) devices intended for human use in the US with reference to a predicate device must submit a 510(k) premarket notification to the FDA at least 90 days before marketing the device (unless the device is exempt from the 510(k) requirements). The FDA will then review the 510(k) premarket notification and determine whether the proposed device is "substantially equiva-

lent" to a previously cleared 510(k) device, a device which has been reclassified from Class III to Class II or I, or a device that was in commercial distribution before 28 May 1976, for which the FDA has not yet called for the submission of PMA applications, referred to as a "predicate" device. Following receipt of a 510(k) application, FDA conducts an administrative review to determine whether the application is sufficiently complete to permit a substantive review. If it is not considered complete, the agency will refuse to accept the application. If it is considered complete, FDA will accept the 510(k) application for filing and begin the review. FDA has a performance goal to make decisions regarding 510(k) applications within 90 calendar days following receipt of a complete submission, excluding days the submission was placed on hold for additional information requests. In practice, however, FDA's 510(k) clearance process may take significantly longer. FDA may require additional information, including clinical data, to make a determination regarding substantial equivalence.

If FDA agrees that the device is substantially equivalent to a predicate device, it will grant 510(k) clearance to commercially market the device. If FDA determines that the device is "not substantially equivalent" to a previously cleared device, the applicant may resubmit another 510(k) with new data, request a Class I or Class II designation through the "De Novo" process (described below), file a reclassification petition with FDA or submit a PMA.

After a device receives 510(k) marketing clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change or modification in its intended use, requires a new 510(k) marketing clearance or, depending on the modification, a de novo classification or PMA approval. FDA requires each manufacturer to determine whether the proposed change requires submission of a 510(k) or a PMA in the first instance, but FDA can review any such decision and disagree with a manufacturer's determination.

De Novo Classification Process

Medical device types that FDA has not previously classified as Class I, II, or III are automatically classified into Class III regardless of the level of risk they pose. The Food and Drug Administration Modernisation Act of 1997 established a route to market for low-to-moderate risk medical devices that are automatically placed into Class III due to the absence of a predicate device, called the "Request for Evaluation of Automatic Class III Designation," or the *De Novo* classification procedure. This procedure allows a manufacturer whose novel device is automatically classified into Class III to request down-classification of its medical device into Class I or Class II on the basis that the device presents low or moderate risk, rather than requiring the submission and approval of a PMA application. FDA is required to classify the device within 120 days following receipt of the *De Novo* application. If the manufacturer seeks reclassification into Class II, the manufacturer must include a draft proposal for special controls that are necessary to provide a reasonable assurance of the safety and effectiveness of the medical device. In addition, FDA may reject the *De Novo* application if it identifies a legally marketed predicate device that would be appropriate for a 510(k) premarket notification or determines that the device is not low to moderate risk or that general controls would be inadequate to control the risks and special controls cannot be developed.

The PMA Approval Process

The FDA has implemented more stringent clinical investigation and PMA requirements for devices that are classified as Class III. Pursuant to the PMA process, the relevant person who wants to market the device in the US would be required to provide clinical and laboratory data that establishes that the new device is safe and effective using clinical outcome measures rather than proving substantial equivalence to another legally marketed product or pre-amendment device. Information about the device and its components, device design, manufacturing and labelling, among other information, must also be included in the PMA. As part of the PMA review, the FDA will inspect the device manufacturer's facilities for compliance with quality system regulation ("**QSR**") requirements, which govern design, testing, control, documentation and other aspects of quality assurance with respect to manufacturing. The FDA will approve the new device for commercial distribution if it determines that the data and information in the PMA constitute valid scientific evidence and that there is reasonable assurance that the device is safe and effective for its intended use(s). The PMA can include post-approval conditions including, among other things, restrictions on labelling, promotion, sale and distribution, or requirements to do additional clinical studies post approval. Even after approval of a PMA, a new PMA or PMA supplement is required to authorise certain modifications to the device, its labelling or its manufacturing process.

The Investigational Device Process

If a relevant person wants to market a device in the US and wants to test it in a clinical study in the US prior to obtaining 510(k) or PMA approval, that person will have to obtain an approved IDE unless the device is exempt. An approved IDE allows an investigational device to be used in a clinical study in order to collect safety and effectiveness data to support a PMA or 510(k) clearance application.

Post-Approval Regulation

After a device is cleared, or approved for marketing by the FDA, numerous and pervasive regulatory requirements continue to apply. These include compliance with, but are not limited to:

- regulation on registration of the manufacturer and listing of the device in the FDA database when starting commercial distribution;
- the QSR, which governs, among other things, how manufacturers design, test, manufacture, exercise quality control over and document manufacturing of their products;
- compliance with FDA required e-records of documents in the manufacturer's quality system defined as "in scope";
- labelling and claims regulations, which prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labelling;
- advertising and promotion in accordance with the requirements of the FACE and its implementing regulations and FDA guidance, including FDA guidance on off-label dissemination of information and responding to unsolicited requests for information;
- medical device reporting regulation, which requires reporting to the FDA certain adverse experiences associated with the use of the product;
- complaint handling regulations designed to track, monitor and resolve complaints related to the device;
- in some cases, on-going monitoring of the device's performance and periodic reporting to the FDA of such performance results; and
- the federal Physician Sunshine Payment Act and various state laws on reporting remunerative relationships with healthcare customers.

13.3.2 D-Pocket and US Regulation

On the basis of advice from external advisors, we believe that a 510k submission for the D-Pocket is not the correct regulatory path. We intend to submit pre-Sub to the FDA for them to confirm De Novo recommendation.

13.4 China

We also intend to market the D-Pocket in China through a distributor, with whom we have already signed a legally non-binding Letter of Intent. Marketing and selling medical devices is subject to extensive regulation in China.

13.4.1 Product Registration with NMPA

Medical devices are regulated by the Chinese National Medical Products Administration ("**NMPA**") (formerly Chinese Food and Drug Administration Authority ("**CFDA**")). Market authorisation is mandatory before selling or distributing medical devices in China. Strict requirements for submission documentation, additional testing, and clinical data apply.

Depending on the classification of the medical device, there are two different routes to access the market: Class I medical devices require simple filing, class II and class III medical devices require product registration. During the process, the safety and effectiveness of the medical device to be sold and used in China is systematically evaluated. The main steps necessary for obtaining the registration are: type testing process, clinical trial (if applicable) and a formal registration process including a technical evaluation. After approval the medical device shall be manufactured according to the specific technical requirements forming part of the approval and shall be compliant with the applicable mandatory GB/YY standards. Over the years, the control over products, manufacturers, distribution and supervision of medical devices has been increasingly tightened.

13.4.2 Post-market Surveillance

After the NMPA or its provincial offices permit a device to enter commercial distribution in China, numerous regulatory requirements continue to apply. In recent years, the NMPA has enhanced post-market surveillance via, inter alia, additional requirements or additional inspections on the compliance of quality management systems, labelling and identification, advertising and promotion. Activities to post-market supervision of medical device in-use are under the main responsibility of the NMPA. This is not limited to adverse event and recall handling, but also includes field inspections and systematic sample inspections. If inconsistencies are detected

between the device registered and the device being inspected at customer site or re-tested, monetary fines as well as withdrawal of the approval for distribution may be imposed.

13.5 Other Territories

In our other target markets (*i.e.* Japan, South Korea, and India) comparable regulatory requirements apply. In accordance with our distribution strategy, we intend to develop a country specific regulatory strategy for each country together without distribution partners.

14. BUSINESS

14.1 Overview

We are a medical technology company focused on the design, development and commercialisation of medical diagnostics devices on the basis of our laser-based proprietary photothermal detection technology. Our first-generation non-invasive blood glucose monitoring ("**BGM**") solution is designed to accurately measure glucose levels without finger pricking, blood or pain, simply by placing a finger on an optical interface for some seconds. We believe that our non-invasive BGM solution will provide people with diabetes with an extremely convenient method to monitor their glucose levels in comparison to other currently available methods of monitoring blood glucose. Our non-invasive BGM solution was CE certified in March 2019.

A clinical study with 100 persons that we conducted with the photothermal detection technology showed an accuracy level of 99.1 %[6]. As a proof of concept and in order to demonstrate the safety and accuracy of our non-invasive BGM solution, we have developed the D-Base, a shoebox-sized table top device. We do not intend to market this device.

We aim to initially market our non-invasive BGM solution with the D-Pocket, a smartphone-sized version of the D-Base for the personal use of diabetes patients. We have commenced developing the D-Pocket in June 2019 and expect to be able to launch it on the European market by the end of 2020. We intend to sell the D-Pocket directly through online marketing and through distributors (such as pharmacies) in Europe (Benelux, France, Germany, Italy and Spain) and indirectly through distributors in certain markets outside of Europe (China, Japan, Latin America and the US).

In the next product development cycle, we intend to develop an even smaller version of our non-invasive BGM solution that can be integrated into other wearable computing devices such as fitness and health trackers or smartphones. This could open the market of our non-invasive BGM solution for use not only by diabetes patients, but by everyone. We believe that in the near future people will monitor their blood glucose levels the same way as they are currently tracking their movement, blood pressure, or heartbeat.

Beyond glucose measurement, our photothermal detection technology platform can generally be used for the detection and quantitative analysis of molecules in liquids and soft matter. We intend to develop additional medical diagnostics devices on the basis of our technology (*i.e.*, devices for the real-time analysis of blood or urine or for purposes of real-time therapeutic drug monitoring). As a next step, we envisage to expand the usage of our photothermal detection technology platform into other sectors such as the life style (for example, for blood analysis at home or the constant monitoring of other biomarkers such as lactate), the pharmaceutical (for example, to rapidly test pharmaceutical products) and the industry sector (for example, for the analysis of process fluids).

We believe that a strong IP position (*i.e.* our intellectual property rights taken as a whole) is critical to our success and have placed great emphasis on the comprehensive protection of inventions underlying our technologies and devices. We have filed patents for five patent families. Geographically, we aim for protection in our core target markets Europe, the US, China, Japan, South Korea, and India. For our main patent family we also applied for protection in Russia, Mexico, Canada, and Brazil.

14.2 Blood Glucose Measurement

Diabetes is a chronic, life-threatening disease for which there is no known cure. The disease is caused by the body's inability to produce or effectively utilise the hormone insulin. Insulin regulates blood glucose levels and allows cells to access glucose, the primary source of energy for cells. Glucose must be maintained at certain concentrations in the blood in order to permit optimal cell function and health. For people with diabetes, the inability to produce sufficient levels of insulin, or the failure to utilise insulin effectively, causes blood glucose levels to rise above the optimal range. If diabetes is not managed properly, it can lead to serious health conditions and complications, including heart disease, limb amputations, loss of kidney function, blindness, seizures, coma and even death.

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6 The accuracy level was determined in accordance with the consensus error grid method (see "*—14.3 Our non-invasive Blood Glucose Monitoring (BGM) Solution*"). Investors should note that this study was not conducted in accordance with the legal requirements set out in the German Medical Devices Act as it was not conducted and is not used for assessing the conformity with regulatory requirements for certification purposes and was therefore not approved by the Federal Institute for Drugs and Medical Devices (*Bundesanstalt für Arzneimittel und Medizinprodukte*).

If people with diabetes manage to maintain their blood glucose levels within normal limits, they can significantly mitigate the negative effects of diabetes. Despite the clinically demonstrated benefits of maintaining blood glucose levels within the normal range, doing so can be challenging and inconvenient for people with diabetes. Blood glucose levels are affected by many factors, including the carbohydrate and fat content of meals, exercise, stress, illness or impending illness, hormonal releases, variability in insulin uptake rates and changes in the effects of insulin on the body. As a result, people with diabetes often experience unpredictable and significant fluctuations in their glucose levels above the normal range, which is referred to as hyperglycaemia, or below the normal range, which is referred to as hypoglycemia. While longer hyperglycemia mainly bears the risk of serious health conditions and complications on a long-term perspective, serious hypoglycemic situations can readily lead to coma and, eventually, to death.

In order to maintain blood glucose levels within the normal range, people with diabetes must first accurately measure their blood glucose levels and, if necessary, make therapeutic and dietary adjustments. When blood glucose levels are high, people with diabetes often administer insulin in an effort to decrease blood glucose levels. In contrast, when blood glucose levels are low, people with diabetes often ingest carbohydrates in an effort to raise blood glucose levels. As these adjustments are made, additional blood glucose measurements may be necessary to gauge the individual's response to the adjustments.

In an attempt to maintain blood glucose levels within the normal range, many people with diabetes seek to actively monitor their blood glucose levels. Outside of laboratory testing, real-time in-hospital testing is the most accurate method of measuring blood glucose levels. However, it is not a practical solution for the daily monitoring of glucose levels by people with diabetes, so self-monitoring of blood glucose is a constant issue in the life of diabetics.

The traditional, most accurate and prevalent methods of glucose self-monitoring are termed "invasive". They comprise lancing the fingertip, commonly referred to as "finger pricking", multiple times per day and night to obtain a drop of blood to be applied to a test strip fitting into a blood glucose meter. This method of monitoring glucose levels is inconvenient, painful, and bears some risk of infection. Moreover, because each measurement represents a single blood glucose value at a single point in time, it provides limited information regarding trends, high's and low's in blood glucose levels.

Alternative methods, termed "minimally invasive", allow for the close-meshed self-monitoring of blood glucose levels. The technologies that are currently available on the market measure blood glucose levels through sensors implanted or inserted into the human body to measure glucose levels in the skin, in interstitial (*i.e.* extracellular fluid that surrounds cells, providing them with nutrients and removing their waste products) and typically relay the data, through a transmitter, to an external receiver (such as a smartphone) in fixed intervals or upon demand. The frequent measurements provided by these methods help people with diabetes reduce the risk of hypoglycemic and hyperglycemic events by providing them with real-time glucose readings, glucose trend information and alerts.

Although there have been and still are numerous projects to develop and commercialise a clearly non-invasive method for self-monitoring blood glucose levels (see "*12. Industry—12.3 Competition*"), no such method is currently visible in the market for blood glucose measurement to a significant extent.[7]

14.3 Our non-invasive Blood Glucose Monitoring (BGM) Solution

The first and most relevant application of our photothermal detection technology (see "*—14.10 Our Photothermal Detection Technology Platform*") is a non-invasive BGM method allowing the measurement of blood glucose levels without finger pricking, blood or pain. The method uses the photothermal detection technology to measure the glucose concentration in the interstitial fluid of human skin. Interstitial fluid is extracellular fluid that surrounds cells, providing them with nutrients and removing their waste products. It is found in skin layers beneath the *Stratum corneum*, the uppermost layer of human skin. The glucose concentration in the interstitial fluid correlates well with blood glucose for skin sites that are well capillarised, thus leading to a fast interchange of blood glucose with interstitial fluid glucose. Suitable measuring sites on the human body which can be used to measure glucose concentration in the interstitial fluid are for example finger, thumb, wrist, lip, or earlobe. Our first device works with a finger sensor.

Our measuring principle for glucose in skin follows the 3S principle for sensors ("specificity", "sensitivity", "stability"). The highly specific absorption bands of glucose in the mid-infrared, the "glucose fingerprint", and the analysis with continuously tuned or a set of discrete infrared wavelengths form the basis for the specificity of

7 Fortune reports global revenues of USD 4.4 million for 2018 and estimates global revenues of USD 9.1 million for 2019.

our non-invasive BGM. The optical detection of the absorption-related heat by the combination of an internal reflection element and a probe beam form the basis for the sensitivity of our non-invasive BGM. A stable optics design forms the basis for the stability of our glucose sensor.

From a user's perspective, the device works like a fingerprint sensor on a mobile phone. Users put their finger on the prism and keep it still for some seconds as in the following illustration and the blood glucose value is shown on a display.

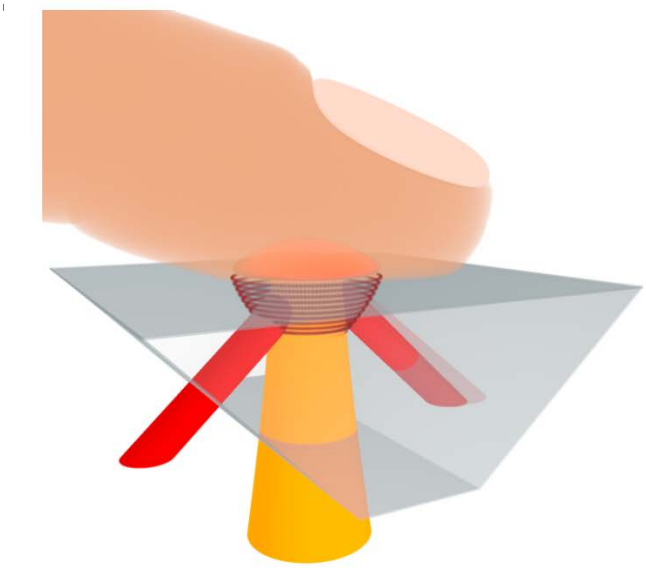


Figure 1: Finger on the detection crystal, excitation with a mid-infrared laser as a pump beam (here yellow), thermal lens deflects red laser beam used as probe beam (Source: Company).

Skin properties can differ from patient to patient. Even the skin properties of one and the same patient may change over time, for example, when hands become calloused from manual labour. Cosmetics and skin moisture can also lead to changes in skin properties. Our non-invasive BGM solution addresses this problem by using a laser beam with different modulation frequencies. This "depth profiling" or "depth tomography", protected in our patent portfolio, allows a selective detection of the infrared spectrum of the upper (0- approx. 40 µm) and the deeper (40 to approx. 100 µm) layers of the skin. By that, the influence of the upper skin layer which is variable and may influence the measurement by, for example, cosmetics and moisture, can be largely compensated. Our patent application with the publication number of the PCT (international patent) WO2017097276A1 pertains to this depth profiling method (see "*—14.14 Intellectual Property Rights*").

Study 100

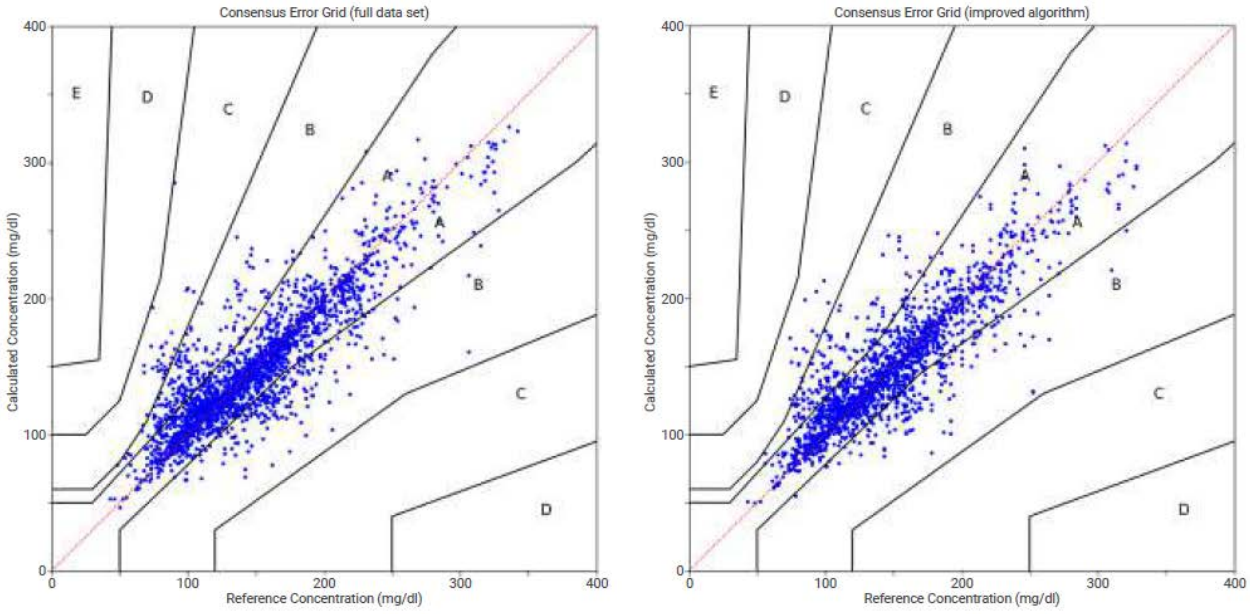
In order to determine the accuracy of our non-invasive BGM solution, we conducted a pilot study with 100 people from March 2018 until March 2019 (the "**Study 100**"). The Study 100 was a single centre, lab-based study to evaluate the accuracy of blood glucose measurements using our non-invasive BGM solution. The measurements with the non-invasive BGM were taken with a laboratory setup. Over a two hours period, subjects underwent photothermal detection approximately every five minutes and, in parallel, finger prick blood glucose measurements using the established HemoCue® Blood Glucose Analyser (HemoCue, Ängelholm, Sweden) as a clinical reference. The study population consisted of 100 subjects (59 healthy and 41 diabetic) aged 18 years and older. Volunteers were asked to start the test with fasting glucose level (<100 mg/dl for healthy volunteers), if possible. Different procedures were used for manipulating blood glucose in healthy and diabetic subjects. For healthy subjects, the blood glucose was manipulated via consumption of a 300 ml drink containing 75 g of sugar in water. For diabetic subjects, no manipulation of blood glucose was applied, but a normal post prandial increase in blood glucose after eating was used. One subject cancelled the test after the first invasive measurement, so we removed it from the test and replaced that test with a second measurement from another subject. During the analysis of the data an improved algorithm was implemented to detect low quality spectra and discard them. For end users this would lead to an error message and a repeated measurement. Of 2,379 non-invasive measurement (the "**full data set**"), 436 (18%) measurements were discarded due to low quality which led to 1,943 predictions as a result of using the improved algorithm. The accuracy of the measurements was measured by (i) comparing the absolute relative difference (*i.e.* average % disagreement) between the measurements of our non-invasive BGM solution and of the HemoCue® Blood Glucose Analyser (HemoCue, Ängelholm, Sweden) as a clinical reference device and (ii) the proportion of the measurement results with our non-invasive BGM solution within the HemoCue reference and (iii) a so-called consensus error grid analysis (a useful tool and scientifically recog-

nised method for evaluating accuracy of clinical performance of glucometers) pursuant to which the measurements of our non-invasive BGM solution were plotted against the reference data and the error grid divided into 'accuracy' zones.

With regard to the average % disagreement with the finger prick HemoCue reference, the mean difference was 12.1 % and the median difference 6.5 % for the full data set (11.3 % and 6.4 % for the improved algorithm) indicating a low disagreement between the two methods. The differences decreased with increasing blood glucose reference levels.

A high proportion (82.6 % for the full data set and 84.3 % for the improved algorithm) of the measurements with our non-invasive BGM solution were within 20 % of the HemoCue finger prick reference.

The consensus error grid analysis showed that 98.8 % of measurements of the full data set (99.1% for the improved alogorithm) with our non-invasive BGM solution were within Zones A and B of the grid, indicating a high level of accuracy. The below illustration shows the consensus error grid resulting from the Study 100:



The results of the Study 100 show that our non-invasive BGM solution has a comparable accuracy as minimally invasive devices like the FreeStyle Libre Pro System (Abbott Diabetes Care Ltd, Oxfordshire). It should be noted that we did not conduct the Study 100 in accordance with the legal requirements set out in the German Medical Devices Act (*Medizinproduktegesetz*), as it is not used for assessing the conformity with regulatory requirements for certification purposes and was therefore not approved by the Federal Institute for Drugs and Medical Devices (*Bundesanstalt für Medizinprodukte*).

14.4 Competitive Strengths

- Highly accurate non-invasive BGM solution addressing the global multi-billion USD diabetes management market.

  With 425 million diabetes patients worldwide in 2017 (Source: IDF Atlas 2017), our non-invasive BGM solution addresses a very large market. In comparison to the currently available BGM solutions, we believe that our non-invasive BGM solution will provide the following important advantages:

  - Our BGM solution is fully non-invasive. When measuring glucose levels there is no pain, discomfort or irritation and no risk of an infection.
  - Our non-invasive BGM solution is intuitive to use and produces a result within some seconds.
  - According to the Study 100, our non-invasive BGM solution produces accurate measurement results that are comparable to established minimally invasive methods.
  - It is a very cost-efficient way to monitor one's blood glucose level. The end-user will not have to purchase consumables used in the measurement. While currently prevailing minimally invasive devices need to be replaced very frequently (for example, the leading minimally invasive solution, the Free-

Style Libre, needs to be replaced after two weeks of use), we expect that the devices using our non-invasive BGM solution can be used for years.

- The initial device basing on our non-invasive BGM solution, the D-Pocket, will only measure the blood glucose concentration, if and when the end-user put its finger on the detection crystal. However, in a next development cycle we plan to develop an even smaller version of our non-invasive BGM solution (D-Band) that can be integrated into other wearable computing devices such as fitness and health trackers or smartwatches. This will allow for the continuous monitoring of the blood glucose concentration without the end-user even having to spend one thought on it.
- Our non-invasive BGM solution can easily be integrated into data-driven health solutions

- Innovative proprietary diagnostics platform with a broad range of applications

  The potential use of our innovative photothermal detection technology is not limited to the non-invasive BGM solution. It can generally be used for the detection and quantitative analysis of molecules in all liquids and soft matters. We believe that the technology can form the basis of a vast range of measuring devices, not only for medical diagnostic purposes, but also in other areas, such as the measurement of components in process fluids used in industrial production.

- Strong IP position

  It is of utmost importance to us to be the sole owner of all intellectual property, in particular the patents, that cover the technology that is developed by or for us. We continuously monitor our R&D for ideas worth being protected. Accordingly, we have built a strong IP position which bases on intellectual property rights underlying patents and patent filings that are the result of Prof. Dr. Mäntele's scientific research of almost 20 years and that we have acquired from Frankfurt University. In addition, we have filed patent applications for the protection of intellectual property rights for four more patent families for inventions we made when further advancing and the exploring of applications of the photothermal detection technology for medical devices through our own research and development team.

- Sound scientific background based on over 20 years of R&D

  The photothermal detection technology is the result of 20 years of scientific research of Prof. Dr. Mäntele together with a team of other scientists.

- Highly experienced technological and management team

  We have a highly experienced technological and management team. Besides the sound scientific background of Prof. Dr. Mäntele, we can build on the vast experience of our CEO, Thorsten Lubinski, who holds a master's degree in business administration and a bachelor's degree in computer science and business administration with successfully leading and growing start-up enterprises, for example, as chief technology officer for iLove GmbH, Berlin and Jamba GmbH, Berlin and founder of SixDoors Inc, San Francisco, USA, of Plinga GmbH, Berlin. Our CFO, Enrico Just, has more than 25 years' experience in executive management positions of traditional companies and start-ups in various industry sectors *e.g.* airline-industry, media/publishing industry, healthcare. Finally, our research and development team include members who specialise in physics and in electrical, mechanical and software engineering, many of whom have considerable experience in founding and successfully growing start-up companies.

14.5 Strategy

We intend to pursue the following strategic goals:

- Initial focus on diabetes

  In order not to dissipate our limited resources, we intend to initially fully focus on the development of marketable devices for our non-invasive BGM solution. To this end, we are currently developing the D-Pocket and expect to be able to bring it to the market in Europe by the end of 2020. In a next development cycle, we plan to develop an even smaller version of our non-invasive BGM solution (D-Band) that can be integrated into other wearable computing devices such as fitness and health trackers or smartwatches. We currently expect that we will be able to commence a regulatory certification process and conduct clinical studies for the D-Band by 2023 or 2024. We also intend to spend the majority of the net proceeds from this Offering in connection with the development, certification and distribution of the D-Pocket and the D-Band.

- Subsequent expansion into other applications (for example blood and urine analysis and therapeutic drug monitoring)

In a next step, we aim to expand the use of our proprietary photothermal detection technology into other applications. Beyond glucose measurement, photothermal detection technology can be generally used for the detection and quantitative analysis of molecules in liquids or soft matter. We currently plan to put our initial focus in this area on the development of an application for point-of-care blood analysis. We intend to commence first pilot projects in 2021 with a table-top prototype that can determine 10-12 relevant blood parameters at clinical precision from a single drop of blood. Building on the application for blood analysis, we plan to subsequently develop applications for urine analysis and therapeutic drug monitoring. Finally, we envisage to expand the usage of our photothermal detection technology into other sectors such as the life style, pharmaceutical and industry sector.

- Internet-based direct-distribution in Europe and distribution partnerships for China, Japan, LATAM, Mexico and USA

  We intend to distribute the D-Pocket directly in Europe and indirectly through distributors in certain markets outside of Europe. However, we may enter into distribution partnerships with strong distribution partners for dedicated channels in Europe on an opportunistic basis. In Europe we intend to initially focus our distribution activity to the large key markets Benelux, France, Germany, Italy and Spain. We intend to use our website and e-commerce as the main distribution channels.

  Outside of Europe, we plan to co-operate with third-party distributors with a strong distribution network and experience with selling health care devices. We initially intend to focus on China, Japan, LATAM and the US. To date, we have signed legally non-binding letters of intent with distributors for Argentina, China and Japan.

- Outsourced production

  We are a technology and R&D focussed company without significant experience in mass-producing electronic devices. We therefore do not intend to invest into own production capacity, but to co-operate with a manufacturing partner with significant experience in mass-producing electronic devices on a large scale on an international basis.

- Expansion of our team

  We intend to expand our team to build sales and distribution infrastructure (mainly related to building sales and distribution teams) to prepare for the market launch of the D-Pocket. To this end, we intend to establish a central marketing and sales team in Berlin, complemented by additional sales teams located in important foreign markets. We also intend to expand our R&D team working on the development of the D-Pocket.

14.6 History of the Company

The major milestones of the development of our photothermal detection technology and our corporate development are the following:

1997: Start of R&D work in the lab of Prof. Dr. Mäntele at the Johann Wolfgang Goethe-Universität Frankfurt on infrared-based sensors for biotechnology and medicine

2001: First R&D work on the IR based analysis of body fluid, for example blood, urine, and dialysis fluid

2012: Proof or principle for photothermal detection with an IRE as an optical interface

2015: Diamontech was founded by Prof. Dr. Werner Mäntele, CEO Thorsten Lubinski, Dr. Rainer Gith and Christian Mäntele

2017: Diamontech wins prestigious Start Me Up Award

2018: Start of Study 100

2019: D-Base is CE certified

2019: Finalisation of "Study 100"

14.7 D-Base

The D-Base is a shoebox-sized table top device. We have developed it in order to conduct clinical trials and to demonstrate the accuracy and ease of use of our non-invasive BGM solution to potential distributors, customers, payors and suppliers as well as investors. Although the D-Base measures the exact blood glucose concentration,

it only displays blood glucose levels in categories like "low", "normal" or "high". We do not intend to market the D-Base. We consider providing it to pharmacies and health insurers for demonstration purposes.

We developed the D-Base in 2018. Based on a self-assessment of the conformity of the D-Base with the relevant essential requirements of the Medical Device Directive, we issued a Conformity Declaration as class 1 medical device on 14 March 2019 and registered the D-Base with the German Institute of Medical Documentation and Information (*Deutsches Institut für Medizinische Dokumentation und Information*). On 9 May 2019, the Regional Office for Health and Social Affairs Berlin (*Landesamt für Gesundheit und Soziales Berlin*) confirmed registration with the German Institute of Medical Documentation and Information.

The following illustration shows the D-Base:

(Source: Company)

14.8 D-Pocket

We aim for the D-Pocket to be the first device marketed for our non-invasive BGM solution. The D-Pocket is a mobile, battery driven version of the D-Base. It will be a device for the personal use of diabetes patients. Diabetes patients will be able to use it day and night to monitor their blood glucose levels by placing their fingertip on the D-Pocket for some seconds.

We have commenced the development of the D-Pocket in June 2019. As the D-Pocket is basically a smaller version of the D-Base, the main challenge is to downsize the components of the D-Base. While smaller versions of most of the components of the D-Base already exist, a quantum cascade laser ("**QCL**") of the suitable size has to be adapted for the integration into the D-Pocket. Currently, as the technology is still rather new, QCLs are individually designed and produced items. QCLs will need to be miniaturised, tailored to the use in our BGM solution and suitable for mass production. Under a development agreement, a leading producer of QCLs has provided us with existing QCLs with the required size but with a different wavelength than required. The wavelength of these existing QCLs are suitable to measure isopropanol (secondary alcohol) concentrations. We use these QCLs to test, inter alia, the thermal influence of component arrangement on the measurement results (in this case of the isopropanol concentration in the sample) and the effects on battery management which we expect to be same in case of the use of a QCL with the required wavelength that is not yet available. While, in the D-Base, standard optical components (*e.g.* mirrors, apertures or lenses) are used, we are designing proprietary integrated optics for the D-Base with the help of external experts.

We just finished the development of a mock-up device of the D-Pocket that includes a display, a central processing unit, software, battery and a casing. We are still working on a miniaturised passive cooling concept for the QCL in the D-Pocket required for optimal laser operation and a smaller version of our detection unit. We have also developed an inhouse software solution for the D-Pocket applying artificial intelligence ("**AI**") methods for the calculation of glucose concentration and the compensation of skin variance. We also intend to develop a data backend through which we want to collect the anonymised data of end-users of the D-Pocket that have consented to such collection and use of their data.

We currently expect to have a prototype available by the end of the first half year of 2020 which we would then use for certification purposes, in particular, for conducting clinical trials. We intend to be able to launch the D-Pocket in the European market by the end of 2020.

The following illustration may serve as an indication of the approximate size of the D-Pocket:

(Source: Company)

14.9 D-Band

In a next development cycle, we plan to develop an even smaller version of our non-invasive BGM solution (D-Band) that can be integrated into other wearable computing devices such as fitness and health trackers or smartwatches.

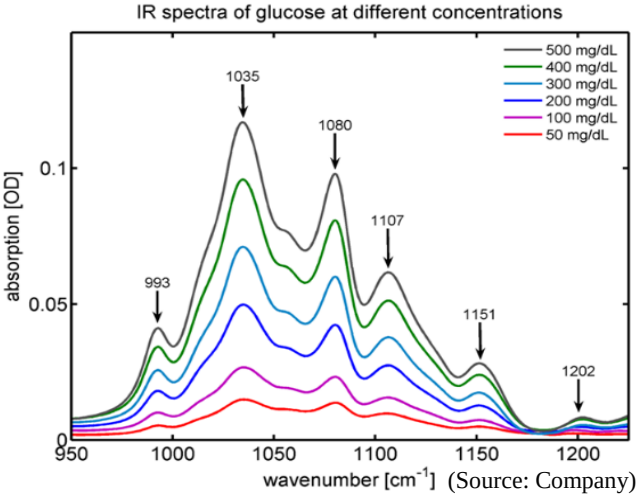
This could open the market of our non-invasive BGM solution for use not only by diabetes patients, but by everybody. We believe that in the near future people will monitor their blood glucose levels the same way as they are currently monitoring their movement, blood pressure, or heartbeat. We currently do not intend to develop our own wearable device, but to offer our non-invasive BGM solution as a component that can be integrated into wearables of third parties.

The integration of our non-invasive BGM solution into fitness and health trackers or smartwatches requires further miniaturisation. To achieve the necessary size, we will have to undertake numerous development steps successfully. We currently expect that we will be able to commence a regulatory certification process and conduct clinical studies by 2023 or 2024.

14.10 Our Photothermal Detection Technology Platform

Our proprietary photothermal detection technology platform can detect molecules in complex liquids and in soft matter and reliably determine their concentrations.

The following table shows the specific absorption of glucose solutions at different concentrations in the mid-infrared (approx. 8-11 µm):



(Source: Company)

In the following, the technology is explained by way of describing its use for the detection of glucose molecules as an example. Glucose as a molecule does not exhibit a specific colour; it cannot be detected by visible light. However, in the mid-infrared spectral regime, at wavelengths from approx. 7 to 11 µm (10-20 times higher than visible light), glucose exhibits a specific signature. This signature arises from the vibrations of the chemical bonds at the glucose molecule; it is extremely specific for the conformation and structure and is thus sometimes termed "glucose fingerprint". It is this "glucose fingerprint" that we target with our photothermal detection technology. We make use of the fact that any infrared light absorbed by glucose molecules results in a specific heat signature. The "glucose fingerprint" enables a specific measurement of the glucose molecules – even if other molecules are around – and the amount of heat measured at the specific wavelengths enables to precisely determine their concentration.

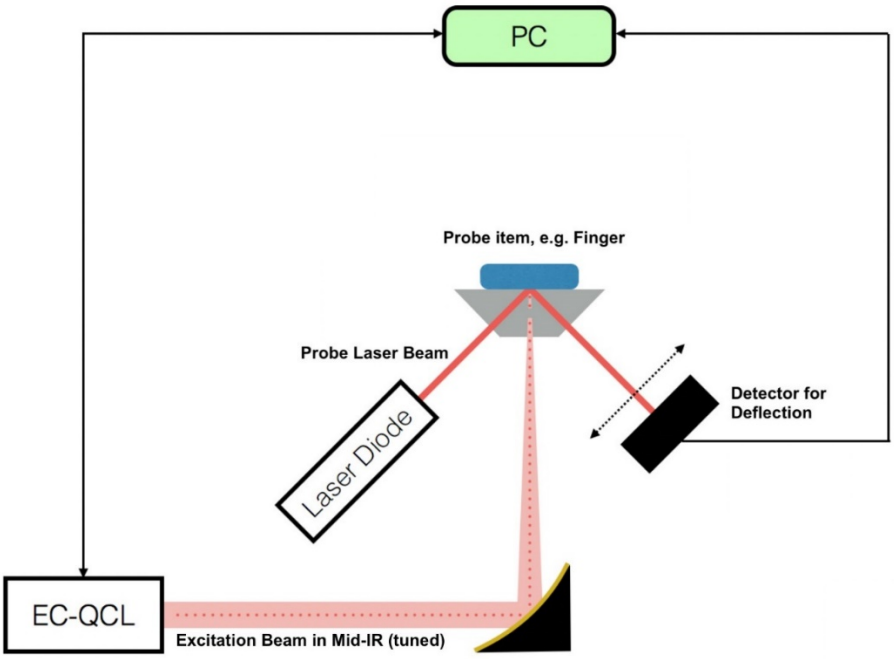
The practical measurement of glucose in skin is performed by placing for example the finger on the optical interface – a prism that is optically transparent and biologically inert – we term it an "internal reflection element" (IRE). A QCL emits light in the glucose fingerprint range in the mid infrared, either at several discrete wave-

lengths or tuneable trough this wavelength range. This QCL, termed the "pump beam", is focused onto the skin. The low-power infrared light cannot be felt by the patient nor does it alter or harm the skin.

In skin, absorbance of infrared light from the QCL pump beam generates a tiny amount of heat, specific for the glucose molecule and its concentration. This tiny amount of heat migrates to the skin surface and into the optical interface. The material of this interface is locally warmed at the contact surface with skin, and changes its optical properties, in particular its refractive index. This is called a "thermal lens", comparable to the mirage effect that can be observed for the air above an asphalt road in summer. A second laser beam (termed the "probe beam") is sent through this thermal lens. Its deflection for excitation at specific wavelengths is measured with a position-sensitive photodetector. Laser pulses from the QCL pump beam are synchronised with the wavelength drive of the QCL and with the output of the position sensitive detector. Thus, at all times of the measurement process, the deflection of the probe beam is correlated with the pump beam pulses at a specific wavelength.

Beyond glucose measurement, this technology can be generally used for the detection and quantitative analysis of molecules in liquids or soft matter. The only requirement is that the molecules to be analysed exhibit distinct molecular vibrations, and that the exciting QCL can emit infrared light in the range where these vibrations lead to infrared absorbance. The photothermal detection technology with excitation by QCL can thus be considered a universal detection technology platform for complex liquids in process analytics, biotechnology and medicine.

The following chart illustrates the photothermal detection technology:



(Source: Company)

The research on the photothermal detection technology was started in the first years of this century at Frankfurt University by Prof. Dr. Werner Mäntele. Glucose measurement using the photothermal detection technology with an internal reflection element (IRE) was invented there and brought to the proof-of-principle level.

A patent family pertaining to the photothermal detection technology as such was filed by Frankfurt University. A further patent family pertaining to a predecessor method of the photothermal detection technology was registered for Frankfurt University. Frankfurt University transferred the intellectual underlying these patents and patent filings to us under two patent purchase agreements (see "*—14.17 Material Contracts*"). We refined the technology in the last years and filed four more patents.

Beyond glucose measurement, our photothermal detection technology can generally be used for the detection and quantitative analysis of molecules in liquids and soft matter. We intend to develop additional medical diagnostics devices on the basis of our technology.

We currently plan to put our initial focus in this area on the development of an application for point-of-care blood analysis. We intend to commence first pilot projects in 2021 with a table-top prototype that can determine 10-12 relevant blood parameters at clinical precision from a single drop of blood. The advantages of blood analysis on the basis of our photothermal detection technology are that as little as a drop of blood suffices as a sample, reagents and sample preparation are not necessary and results are delivered instantaneously (in less than one minute). We intend for the device to be able to measure up to 10-12 different, clinically relevant biomarkers.

Building on the application for blood analysis, we plan to subsequently develop an application for urine analysis. As the hardware will be quite comparable to that of the device for the blood analysis except for a different optical interface and a flow-through cell, we believe to be able to develop this device rather quickly. The device is also intended to produce results for various biomarkers in real time.

Again, building on the device for blood analysis, we plan to develop a device for the use in therapeutic drug monitoring. In therapeutic blood monitoring, medication concentrations in blood are measured during treatment in order to determine the bioavailability and to determine the optimal dose by adjusting the medication accordingly. We believe that our photothermal detection technology could measure drug concentrations in blood in real-time allowing for very fast dose adjustments.

As a next step, we envisage to expand the usage of our photothermal detection technology into other sectors such as the life style sector (for example, for blood analysis at home or the constant monitoring of other biomarkers such as lactate), the pharmaceutical sector (for example, to quickly test pharmaceutical products) and the industry sector (for example, for the analysis of process fluids).

14.11 Research & Development

Our research and development team includes members who specialise in physics and in electrical, mechanical and software engineering, many of whom have considerable experience in founding and successfully growing start-up companies. While the scientific basis for our photothermal detection technology was laid at Frankfurt University, its further advancement and the exploration of applications for medical devices is conducted by our own research and development team.

Our research and development activity currently focuses on the development of the D-Pocket, including different design configurations to enhance product functionality for future generations.

In the years 2016, 2017 and 2018 our own work capitalised under IFRS amounted to EUR 166,853, EUR 507,047 and EUR 839,993, respectively. Capitalised own work comprises development costs, including purchased services and materials, in connection with our development activity relating to our non-invasive BGM solution.

We incurred additional development costs that were not capitalised in the amount of TEUR 132 in 2016, TEUR 103 in 2017 and TEUR 184 in 2018.

14.12 Marketing and Distribution

The initial focus of our marketing and distribution activity will be to commercialise the D-Pocket. We intend to distribute the D-Pocket directly in Europe and indirectly through distributors in certain markets outside of Europe. However, we may enter into distribution partnerships with strong distribution partners for dedicated channels in Europe on an opportunistic basis.

In Europe we intend to initially focus our distribution activity to the large key markets Benelux, France, Germany, Italy and Spain. We intend to use our website and e-commerce as the main distribution channels.

Outside of Europe, we plan to co-operate with third-party distributors with a strong distribution network and experience with selling health care devices. We initially intend to focus on China, Japan, Mexico and the US. To date, we have signed legally non-binding letters of intent with distributors for Argentina, China and Japan, which include pre-orders of 40,000 D-Pocket devices in Argentina, of 100,000 D-Pocket devices in China and of 10,000 D-Pocket devices in Japan.

We intend to establish a central marketing and sales team in Berlin, complemented by additional sales teams located in important foreign markets.

Our marketing efforts will be centred around our positioning as a technology-focused company. Our marketing activity will particularly focus on digital communication platforms and support groups for diabetes patients. End-users with a positive user experience function as product ambassadors, which we expect to help us to increase awareness, reach and consequently impose positive pressure through word of mouth on regulatory institutions, healthcare providers and payers. In parallel we intend to approach and educate the medical community and healthcare providers actively on the advantages of our non-invasive GMS solution.

We aim to establish a global comprehensive customer relations and management system. We plan to provide fast response services to provide support and assistance from experts, answering technical and clinical applications questions remotely and, as individual markets grow, also via on-site assistance. We also intend to establish a customer care organisation to provide ongoing support to and interact with diabetes patients and health care providers.

14.13 Manufacturing and Supply

We intend to outsource the manufacturing of all components of the D-Pocket and to have the assembly conducted by a contract manufacturer. The most important component of the D-Pocket will be the miniaturised QCL.

14.14 Intellectual Property

We consider a strong IP position as a strategic instrument that is critical to our future success. Since our inception, we have placed a great emphasis on the protection of our inventions through patents.

14.14.1 IP Policy

It is of utmost importance to us to be the sole owner of all IP, in particular the patents, that cover the technology that is developed by or for us (for example in cooperations or under development agreements).

We continuously monitor our R&D for ideas worth being protected. In this, we take a value-oriented approach. This means that we only seek protection for ideas that create value for our customers in order to fully safeguard our value proposition to the customer at reasonable costs. This allows us to file for protection in all important markets with the highest absolute numbers of people suffering from diabetes in the world. In addition, we also protect trademarks and designs.

In some cases, we have achieved a fast patent grant, but we have immediately filed continuation applications in order to keep an examination process open and to be able to create additional protection for a scope that may change to some extent. This gives us the opportunity to further shape our protection and align it to current or future competitor products.

14.14.2 IP Portfolio

Our intellectual property rights centre around our photothermal detection technology. It is grouped in five patent families. The first two patent families (with eight patents granted, a recently allowed but not yet issued European patent and nine filed patent applications as of 30 September 2019) were transferred to us by the Frankfurt University (see "*—14.17 Material Contracts*"). The patents belonging to the other three patent families were filed by us.

The following descriptions contain rough information about the existing patent portfolio. The descriptions of technical content of the single patent families shall give some technical information about the solutions which form a part of the respective patent family. They are not intended to inform about the scope of protection which is in some cases still subject to national or regional patent examination procedures and might also be different for different countries. Our patent applications are generally drafted in a form that allows for a shaping of the scope of protection during the examination process and in some cases, we have decided to aim for a fast patent grant and to file in addition a continuation or divisional application in order to further prosecute a member of the same patent family and aim at a second or possibly third patent grant with different scopes of protection. The scope of protection of the individual patent applications and patents is usually visible in the publicly accessible data bases of patent authorities.

The patent protection according to current patent law in most countries may be maintained up to 20 years after the filing date, *i.e.* up to 21 years after the priority date of the first filing of the patent family.

Core technology that allows for non-invasive measurement applications based on "photothermal detection technology"

This patent family is the core patent family for our non-invasive photothermal detection technology and for devices constructed on this basis. According to this patent family, an exciting radiation/laser beam is directed through an optical medium to a sample that is in contact with the optical medium. Wavelength-specific absorption of the modulated exciting beam leads to a periodical temperature increase in the sample and also in the optical medium. The periodical temperature increase in the optical medium is measured by a second beam which is directed through the optical medium and which is deflected according to the temperature increase and a respective change of the refractive index of the material of the optical medium. The degree of deflection of the measurement beam is a measure for the absorption of the exciting beam of the specific wavelength in the sample and hence for the concentration of a material in the sample which is absorbing radiation at the specific wavelength. As of 30 September 2019, this patent family consisted of two patents and nine patent applications. The priority date of the patent family is 16 June 2014. The publication number of the PCT (international patent) application is WO2015193310A1. Based on the PCT patent application, national patent applications have been filed for Brazil, Canada, China, Europe, Germany, India, Japan, Mexico, Russia and South Korea. A patent No DE10 2014 108424 has already been granted by the German patent office (date of publication of the notice of grant: 11 June

2015) and the European Patent Office has published its intention to grant a patent on 16 May 2019. In addition, the patent has been issued in Russia.

Infrared measuring device based on "Attenuated Total Reflection (ATR)"

This patent family protects an ATR (attenuated total reflection) measuring method for in-vitro-diagnostics, a predecessor of our photothermal detection technology. This ATR measuring method is not useable for non-invasive blood glucose measurements in skin but detects molecules in liquids like a drop of blood or urine. An infrared laser beam is led through an ATR crystal and interacts with a probe that is in contact with the ATR crystal. Attenuation of the laser beam depends on the wavelength and absorption of the radiation of the specific wavelength in the material of the probe. This allows for measuring of an absorption spectrum of the sample. The priority date is 3 April 2002. The publication number of the PCT (international patent) application is WO2003083458A2. Patents are currently in force in Germany, France, Great Britain, Canada, Japan and the USA.

Better signal data though "depth-profiling" of the sample (for example skin)

This patent family is based upon a technology that allows for depth profiling of the concentration of a material in a sample, as for example in skin. This can be generalised to samples consisting of different layers, as for example for meat in a plastic package that is to be controlled for food safety. Depth profiling can be used to address different layers of the sample and to subtract/compensate irrelevant information, *e.g.* from the plastic package. In the case of non-invasive blood glucose analysis, depth profiling is important for the measurement to reduce noise levels and amplify the glucose signal for better predictions.

This technology is part of our non-invasive BGM solution. According to this method, the measurement is carried out for different modulation frequencies of the exciting radiation/laser and the different measurement results are combined. Different modulation frequencies have different sensitivities for different depth ranges of the sample. The depth profiling process therefore allows for a selective detection of the infrared spectrum of upper and lower layers of the skin. Thereby, in case of an application to glucose measurement in the human skin, the influence of the upper skin layer which does not contribute to the desired measurement of glucose concentration in the "living" part of the skin can be eliminated at least partially.

As of 30 September 2019, this patent family includes two granted European patents EP3359948 B1 and EP3359949 B1, with the publication of the mention of the grant taking place on 27 February 2019 and 6 March 2019, respectively. Each of the granted European patents is valid in Germany, France, Great Britain, Austria and Switzerland. A US patent US10261011B2 was likewise issued. The priority date is 9 December 2015. The publication number of the PCT (international patent) application is WO2017097276A1. Two patent applications were also filed for each of China, India, Japan and South Korea and are currently pending. Moreover, two further European applications (divisionals) and two further US applications are currently pending. The examination process of these additional applications will not affect the European patents and the US patent that have already been granted but are intended to obtain additional patent protection in Europe and the US for the same patent family.

Ways to miniaturise our non-invasive BGM solution

This patent family protects devices and methods that make it possible to miniaturise our non-invasive BGM solution. According to this technology, a measurement similar to the one described under the chapter "Core technology" is carried out, that is likewise non-invasive and is based on absorption of a modulated excitation beam. A time-dependent and wavelength-dependent response signal to this absorption is evaluated. For this purpose, the response signal is detected by means of a measurement body that can be brought in contact with the probe and comprises a material whose electrical properties change in response to a change in pressure or temperature, for example a piezo-electric material. Electrical signals can then be detected which reflect the changing electrical properties, without need for a second measurement laser beam which is employed in the above-mentioned deflection measurement, thereby facilitating miniaturisation of the device.

As of 30 September 2019, this patent family included two international patent applications WO2019/110084A1 and WO 2019/110597A2. The priority date of both applications is 4 December 2017. Both applications can still be nationalised in all PCT member states.

New approach for a detection mechanism

In November 2018, an international patent application has been filed which is directed to a new approach to a detection mechanism for the periodic temperature increase in a measurement body. This aims at a miniaturisation of our device. The implementation of this technology will be tested in short time. This international patent application will be published by the patent authorities in summer 2020.

14.15 Employees

The average number of our employees increased from 2 in 2016 to 3 in 2017, to 6 in 2018 and to 7 in the first nine months of 2019. These employees were mainly active in Research & Development.

In 2016, 2017 and 2018 we had one, four and six persons, respectively, working for us on a freelance basis. In the first nine months of 2019 3 persons worked for us on a freelance basis.

14.16 Property and Leases

We rent office space at Boxhagener Str. 82 A, Berlin. We do not hold real estate.

14.17 Material Contracts

The following section provides an overview of contracts that are material to our business or profitability. Apart from the agreements summarised below there are no other industrial, commercial or financial contracts which are material to our business.

In a patent purchase agreement dated 30 November 2016, Frankfurt University sold and transferred all rights to the registered German patent DE 10 2014 108 424 (*Nicht-Invasive Stoffanalyse*) and all corresponding property rights with regard to PCT-application number PCT/EP 2015 063 470 and all corresponding property rights with regard to PCT-application number PCT/EP 2015 063 470 to us. This pertains to the intellectual property described above under the caption "Core technology that allows for non-invasive measurement applications based on "photothermal detection technology" (see "*—14.14 Intellectual Property*"). Besides one-time payments, DiaMonTech granted Frankfurt University rights to annual royalties in the amount of 3 % of the revenues (net of sales related costs) generated with the use of the purchased property rights for a non-invasive BGM solution. The royalties are subject to a maximum amount calculated as 10 % of our annual net income resulting from the use of the purchased property rights for a non-invasive BGM solution. Should we grant licenses for the use of the purchased property rights, Frankfurt University is entitled to royalty payments in an amount of 15 % of the license fees after deduction of external costs of licensing. With regard to the use of the purchased property rights for additional applications, Frankfurt University is entitled to annual royalties in the amount of 5 % of revenues (net of sales related costs) generated from such additional applications. Additionally, Frankfurt University is entitled to a participation which is calculated as a high single digit percentage of the proceeds attributable to the founding shareholders or the Company in case of an exit. An exit is defined as (i) the acquisition of more than 50 % of shares in the Company by one or more acquirers at the same time or in close temporal connection or (ii) the payment of dividends to shareholders upon the Company disposing of more than 50 % of its assets. We have the option to be released from the obligations to pay royalties and grant an exit participation against a one-time payment of EUR 10 million.

In a second patent purchase agreement dated 1 December 2017, Frankfurt University sold and transferred all rights to the registered European patent No 1493019 (*Infrarotmessvorrichtung für die Spektrometrie wässriger und nicht-wässriger Systeme*) with a validation for Germany, France and the United Kingdom, the Canadian patent No. 2,480,739, the US-patent No. 7812312 B2 and the Japanese patent No. 4638153 to us. These patents are described above under the caption "Infrared measuring device based on "Attenuated Total Reflection (ATR)"" (see "*—14.14 Intellectual Property*"). Besides one-time payments, DiaMonTech granted Frankfurt University rights to annual royalties in the amount of 3 % of the revenues (net of sales related costs) generated with the use of the purchased property rights. Should we grant licenses for the use of the purchased property rights, Frankfurt University is entitled to royalty payments in an amount of 25 % of the net license fees. We have the option to be released from the obligations to pay royalties against a one-time payment of EUR 750,000.

14.18 Legal Proceedings

We are not currently a party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware), during the last 12 months preceding the date of this Prospectus that have had in the recent past or may have significant effects on our financial position or profitability, or provide an appropriate negative statement.

14.19 Insurance

We have entered into a business liability insurance (*i.e.* an insurance that covers damage that we cause to third-parties when conducting our business) which is subject to a maximum cover.

15. SHAREHOLDER INFORMATION

15.1 Shareholder Structure

Before completion of the Offering, all of the Company's shares are held by the Company's existing shareholders. In addition, the Lending Shareholder will provide (for the account of the Sole Global Coordinator) up to 234,375 Over-Allotment Shares to cover possible over-allotments.

The following table shows all shareholders (together with the number of shares held) who, directly have an interest in the Company's capital or voting rights which equals to or exceeds 3 % in the total voting rights.

	Shareholdings					
	Immediately prior to the Offering		**Following Settlement (without exercise of Greenshoe Option)**		**Following Settlement (with exercise of Greenshoe Option)**	
Name of Shareholder	**Shares/ voting rights**	**in %**	**Shares/ voting rights**	**in %**	**Shares/ voting rights**	**in %**
Prof. Dr. Werner Mäntele	1,125,000	23.32	1,125,000	17.62	1,125,000	16.99
Thorsten Lubinski	1,050,000	21.77	1,050,000	16.44	1,050,000	15.86
Bioventure Club Deal Eleven GmbH & Co. KG[1)]	325,000	6.74	325,000	5.09	325,000	4.91
Jindong Capital (HK), Ltd.[2)]	222,100	4.60	222,100	3.48	222,100	3.35
MOre-invest GmbH[3)]	186,500	3.87	186,500	2.92	186,500	2.82
DS Invest GmbH[4)]	175,000	3.62	175,000	2.74	175,000	2.64
TD Verwaltungs-GmbH	154.000	3.19	154.000	2.41	154.000	2.33
Christian Mäntele	150,000	3.11	150,000	2.35	150,000	2.27
Alexander Zahn	146,400	3.04	146,400	2.29	146,400	2.21
Other Shareholders / Public float	1,289,400	26.73	2,851,900	44.66	3,086,275	46.62
Total	4,823,400	100	6,385,900	100	6,620,275	100

1 General partner of Bioventure Club Deal Eleven GmbH & Co. KG is Bioventure Verwaltungs GmbH, Göttingen, Germany. The sole controlling shareholder of Bioventure Verwaltungs GmbH is Dr. Erik Hoppe.

2 The sole shareholder of Jindong Capital (HK), Ltd., Hong Kong, is VATS Group Inc., British Virgin Island. The sole shareholder of VATS Group Inc., British Virgin Island, is Mr. Xiangdong Wu.

3 The sole shareholder of MOre-invest GmbH, Nuremberg, Germany, is Mr. M. Oschmann.

4 The sole shareholder of DS Invest GmbH, Dusseldorf, Germany, is Mr. R. Gith.

15.2 Controlling interest

There is no direct or indirect control over the Issuer.

Following completion of the Offering and assuming (i) full placement of all 1,796,875 Offer Shares and (ii) full exercise of the Greenshoe Option, the existing shareholders will continue to hold approximately 72.86 % of the Company's share capital.

16. GENERAL INFORMATION ON DIAMONTECH AKTIENGESELLSCHAFT

16.1 Formation, Incorporation, Commercial Name and Registered Office

The Company's legal predecessor was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law by memorandum of association dated 21 April 2015. Its legal name was DiaMonTech GmbH with its registered office in Berlin, Germany and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany, under docket number HRB 166753 B.

By resolution of the general shareholders' meeting of 16 October 2019, the Company changed its legal form from a limited liability company (*Gesellschaft mit beschränkter Haftung*) to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to DiaMonTech AG. The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany, under the registration number HRB 212017 B on 8 November 2019. The Issuer's LEI is 894500ZYAM3S6TCDPU10.

As a company registered in Germany, DiaMonTech is subject to German law applicable to a German stock corporation (*Aktiengesellschaft*). Thus, the AktG, governing, amongst others, capital measures of the Company (*e.g.* capital increases and reductions) and the Company's shareholder' meeting, as well as other laws applicable to German stock corporations (in particular the German Transformation Act (*Umwandlungsgesetz*, "**UmwG**"), the HGB, the WpHG and the WpÜG apply to DiaMonTech.

The Company's legal name is DiaMonTech AG. The Company primarily operates under the commercial name "DiaMonTech".

The Company has its business address at Boxhagener Straße 82a, 10245 Berlin, Germany (tel.: +49 30 501 759 36; website: www.diamontech.de), and is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany under the registration number HRB 212017 B.

16.2 Fiscal Year, Duration, Corporate Purpose and Announcements

The Company's fiscal year is the calendar year. The Company has been established for an unlimited duration.

The object of the Company is the development, production and distribution of medical measuring devices.

Company notices are published in the Federal Gazette (*Bundesanzeiger*) in accordance with Section 3.1 of the Articles of Association. To the extent that information must be disclosed to shareholders of the Company or holders of other securities issued by the Company which are admitted to trading on a regulated market pursuant to Section 2 para. 5 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), according to Section 3.2 of the Articles of Association the information can, with the consent of the recipient, also be transmitted by means of electronic media, in particular, e-mail.

Notices relating to the approval of this Prospectus or any supplements thereto will be published in the form contemplated for this Prospectus in compliance with the provisions of the EU Prospectus Regulation, in particular by way of publication at the Company's website: www.diamontech.de. Printed copies of this Prospectus can be obtained from the Company free of charge during normal business hours at the following address: Boxhagener Str. 82a, 10245 Berlin, Germany.

16.3 Company Structure

The Company does not have subsidiaries.

16.4 Paying Agent

The paying agent is MAINFIRST, Kennedyallee 76, 60596 Frankfurt am Main, Germany.

17. DESCRIPTION OF SHARE CAPITAL AND RELATED INFORMATION

17.1 Provisions Relating to the Share Capital

17.1.1 Current Share Capital and Shares

As of the date of this Prospectus, the share capital of the Company amounts to EUR 4,823,400. The share capital is divided into 4,823,400 ordinary bearer shares with no-par value (*Stückaktien*), each such share representing a notional value of EUR 1.00. The share capital has been fully paid in. The Company's shares were created pursuant to German law.

Each Share carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights.

The Management Board with the approval of the Supervisory Board determines the form of the share certificates as well as the dividend coupons. Global certificates may be issued. Pursuant to Section 6.2 of the Articles of Association, shareholders are not entitled to receive definitive share certificates (*Aktienurkunden*) for their Company's shares.

The Company's share capital together with the New Shares will be represented by one global share certificate without dividend coupons, which is held with Clearstream.

17.1.2 Development of the Subscribed Capital

The Company's subscribed capital has developed as follows:

The Company was initially incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) with a share capital of EUR 25,000. Thereafter, the Company's subscribed capital has been increased in several stages to the amount of EUR 4,823,400 at the date of this Prospectus.

The following table sets forth the increases of the Company's subscribed capital up until the transformation of the Company into a German stock corporation (*Aktiengesellschaft*):

Date of the shareholder resolution	Nominal amount of capital increase[(2)]	Resulting subscribed capital	Date of registration in the commercial register
	(in EUR)		
15 December 2015[(1)]	4,498	29,498	9 February 2016
27 January 2017[(1)]	5,850	35,348	7 April 2017
7 September 2017[(1)]	1,690	37,038	3 November 2017
6 June 2018[(1)]	2,524	39,562	23 July 2018
31 July 2018[(1)]	1,387	40,949	5 October 2018
29 July 2019	4,035	44,984	16 September 2019
29 August 2019	3,250	48,234	24 September 2019
16 October 2019	4,775,166	4,823,400	1 November 2019

(1) The shares were issued against contributions in cash in an amount of EUR 1.00 per share.

(2) Recognised in the respective period in subscribed capital, in which registration in the commercial register has been conducted.

In July and August 2019, we closed financing rounds and issued additional shares with a nominal amount of EUR 4,035 (against payment of EUR 4,035,000 (including premium)) and EUR 3,250 (against payment of EUR 3,250,000 (including premium)) recognised in the first nine months of 2019, respectively, taking our total subscribed capital (*Stammkapital*) to EUR 48,234 as at 30 September 2019.

On 16 October 2019, the shareholders of the Company resolved on an increase of the share capital of the Company from company funds from EUR 48,234 by EUR 4,775,166 to EUR 4,823,400. The capital increase was registered in the Commercial Register (*Handelsregister*) on 1 November 2019.

The extraordinary general shareholders' meeting dated 10 November 2019 resolved to increase the Company's share capital from EUR 4,823,400 by up to EUR 1,562,500 to EUR 6,385,900 and with an exclusion of the

subscription rights of the shareholders for the purposes of the Offering. It is expected to be resolved by the Management Board on 26 November 2019 and to be approved by the Supervisory Board on the same day. The consummation of the IPO Capital Increase is expected to be registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg (Berlin), Germany, on or about 27 November 2019.

To the extent that the Greenshoe Option of up to 234,375 shares in the Company is exercised, the Company will implement a capital increase from authorised capital increasing its statutory capital (*Grundkapital*) by the respective number of shares.

17.2 Authorised Capital

As the date of this Prospectus, the Articles of Association provide for the following authorised capital.

17.2.1 Authorised Capital 2019/I

Pursuant to Section 4.3 of the Articles of Association, the Management Board is authorised to increase the share capital of the Company until 15 October 2024, with the consent of the Supervisory Board once or repeatedly, by up to a total of EUR 2,325,900 through the issuance of up to 2,325,900 new no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) against contributions in cash or in kind (the "**Authorised Capital 2019/I**"). The Management Board is also authorised, with the consent of the Supervisory Board, to decide on the exclusion of the subscriptions rights of the shareholders. However, an exclusion of the subscriptions rights of the shareholders is only permitted in the following cases:

a) to compensate for fractional amounts;

b) if the shares are issued against contributions in kind in order to acquire companies, interests in companies (also as part of mergers), parts of companies or other assets, including rights and claims;

c) if the capital increase is effected against cash contributions and the total pro rata amount of the share capital attributable to the new shares for which the subscription right is excluded does not exceed 10 % of the share capital existing at the time the authorisation is entered in the commercial register or - if this amount is lower - at the time the new shares are issued, and the issue price of the new shares does not substantially exceed the stock exchange price of the already listed shares of the same class and features at the time the issue price is finally determined by the Management Board within the meaning of § 203 (1) of the German Stock Corporation Act ("**AktG**"). 1 and 2, 186 (3) sentence 4 AktG; in calculating the 10 % limit, the proportionate amount of the share capital attributable to new or repurchased shares that have been issued since 15 October 2019 with a simplified exclusion of subscription rights in accordance with or pursuant to § 186 (3) sentence 4 AktG shall be used. 3 sentence 4 AktG, as well as the pro rata amount of the share capital to which option and/or conversion rights or obligations under bonds relate that have been issued since 15 October 2019 in analogous application of Section 186 (3) sentence 4 AktG;

d) if the capital increase takes place against cash contributions for the purpose of introducing new shares of the Company on domestic and/or foreign stock exchanges; and

to the extent necessary to grant the holders of convertible bonds or convertible profit participation rights or option rights a subscription right to the extent to which they would be entitled as shareholders after exercising their conversion or option rights.

In addition, the subscription right of the shareholders is excluded for one or more capital increases in the context of the Authorised Capital 2019/I,

a) if the utilisation of the Authorised Capital 2019/I occurs in order to offer the new shares by way of a public offer in the Federal Republic of Germany and by way of a private placement in other jurisdictions outside of the Federal Republic of Germany at a sale price to be determined by the Management Board which requires the consent of the Supervisory Board or of a committee formed by the Supervisory Board, in each case together with a listing of the Company's shares at a German stock exchange ("**Initial Public Offering**"); and/or

b) if the utilisation of the Authorised Capital 2019/I occurs in order to fulfil an option for the acquisition of additional new shares (Greenshoe Option) agreed on with the issuing banks in the context of an Initial Public Offering of the Company if the issuing banks are provided with existing shares of existing shareholders in the course of a potential over-allotment of shares and the issuing banks do not acquire a sufficient amount of shares in the market in the course of stabilisation measures in order to reduce these securities lendings; the issue price is required to correspond with the offer price (less banking commissions) of the shares of the Company in the Initial Public Offering.

The Management Board, with the consent of the Supervisory Board, decides on the further content of the share rights and the conditions of the share issue.

17.2.2 Authorised Capital 2019/II

Pursuant to Section 4.4 of the Articles of Association, Management Board is authorised to increase the registered share capital of the Company until 15 October 2024, with the consent of the Supervisory Board once or repeatedly, by up to a total of EUR 85,800 by the issuance of up to 85,800 new no par value bearer shares against contributions in cash (the "**Authorised Capital 2019/II**"). The subscription rights of the shareholders are excluded.

The Authorised Capital 2019/II serves to secure subscription rights (option rights) as to shares in the Company that have been granted by the Company prior to the conversion of the Company into a stock corporation to employees and advisors in accordance with the agreement dated 01 October 2015, 11 April 2018 and 16 January 2018. The shares which will be created from the Authorised Capital 2019/II may only be issued for this purpose. A capital increase may be implemented only to the extent the holders of the option rights exercise their option rights. The new shares shall bear the right to participate in the profits of the Company beginning with 1 January of the year in which they have been issued.

The Management Board is authorised to determine any further details of the capital increase and its implementation, subject to the consent of the Supervisory Board.

17.3 Virtual Option Agreements

The Company concluded virtual options agreements with employees and advisors. These agreements entitle the beneficiaries to profit participations in the case of an exit event, particularly an IPO. In case of an IPO the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by granting Company's shares. For accounting purposes, the agreements are partly classified as cash-settled and partly classified as equity-settled. The fair value of the amount payable to the beneficiaries in respect of cash-settled share-based payment arrangements is recognised as an expense with a corresponding increase in provisions over the period during which the beneficiaries become unconditionally entitled to payment. The provisions are re-measured at each reporting date and at settlement date based on the fair value of the awards. Any changes in the provisions are recognised in profit or loss. For equity-settled share-based payment arrangements, the Company estimates the fair value of the services received by reference to the fair value of the equity instruments granted at grant date. The fair value is recognised as an expense with a corresponding increase of capital reserves over the vesting period.

The Company has the following outstanding share-based payment arrangements:

- On 1 October 2015 (grant date) the Company established a virtual options program. The Company concluded virtual options agreements with two employees. These agreements entitle the beneficiaries to profit participations in the case of an exit event, particularly an IPO. In case of an IPO the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by granting shares in the Company. In case of an asset deal or share deal exit, the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by way of a consideration in kind, which the Company or its shareholders have received as consideration in the course of the exit event. The amount of profit participation relates to the subscription price in the event of an IPO or the exit proceeds (less transaction costs and costs for advisors) in the event of an exit via share or asset deal, less a base price of EUR 1.00. The agreements include a vesting period of thirty-six months. However, in case the employment relationship is terminated during the first six months after the effective date, the beneficiary is not entitled to any profit participation. The agreements concluded on 1 October 2015 comprised 750 virtual options.
- On 1 March 2016 (grant date) the Company concluded a similar virtual options agreement with an external advisor. The agreement also includes a vesting period of thirty-six months. However, in case the involvement of the advisor is terminated during the first six months after the effective date, the beneficiary is not entitled to any profit participation. The agreement comprised 360 virtual options. At the end of the fiscal years 2016 and 2017 1,110 virtual options were outstanding.
- On 16 January 2018 (grant date) the Company concluded a similar virtual options agreement with an employee. The agreement comprised 92 virtual options. On 11 April 2018 agreements were concluded, which resulted in a transfer of 16 virtual options by the external advisor to two of the employees. At the end of the fiscal year 2018 1,202 virtual options were outstanding.
- On 23 February 2019 a further 360 option rights were granted to the external advisor.

As a result of the increase in the statutory capital of the Company through the conversion of capital reserves (see section "*17. Description of Share Capital and Related Information – 17.1.2 Development of the Subscribed Capital*") with the factor 100, the number of virtual option rights under the aforementioned virtual options agreements also increased by the factor 100 as provided for in a respective provision in the virtual options agreements.

In case of the IPO, the three employee beneficiaries will therefore be entitled to either (i) a cash payment corresponding to the value of (in Euro) of 85,800 Company's shares (valued at the Offer Price) minus EUR 858 or (ii) a respective number of Company's shares against payment of EUR 858. The external advisor beneficiary will be entitled to either (i) a cash payment corresponding to the value (in Euro) of 70,400 Company's shares (valued at the Offer Price) minus EUR 704 or (ii) a respective number of Company's shares against payment of EUR 704. Assuming an Offer Price per share at the mid-point of the Price Range of EUR 35.00 and a settlement of all entitlements in cash, the total sum of cash payments to be paid to the four beneficiaries is EUR 5,465,438. This would be made from existing cash and cash equivalents, resulting from the equity financing rounds in July and August 2019.

17.4 General Provision Governing Allocation of Profits and Dividend Payments

Section 60 of the German Stock Corporation Act (*Aktiengesetz*) contains provisions on the distribution of profits. Pursuant to Section 60 para. 2 sentence 3 of the German Stock Corporation Act (*Aktiengesetz*), contributions to share capital, which have been made during the course of the financial year, shall be taken into account in proportion to the time which has elapsed since the date of such contributions. Section 5.3 of the Articles of Association stipulates that, in the case of an issuance of new shares in the Company, the beginning of entitlement to dividends for new shares in the Company can be determined in deviation from Section 60 para. 2 of the German Stock Corporation Act (*Aktiengesetz*).

17.5 General Provisions Governing a Liquidation of the Company

Apart from liquidation as a result of insolvency proceedings, the Company may be liquidated only with a vote of at least three-quarters of the share capital represented at the general shareholders' meeting at which such 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 *pro rata* among its shareholders. The German Stock Corporation Act (*Aktiengesetz*) provides certain protections for creditors that must be observed in the event of liquidation.

17.6 General Provisions Governing a Change in the Share Capital

According to the German Stock Corporation Act (*Aktiengesetz*), the share capital of a stock corporation (*Aktiengesellschaft*) may be increased against contributions in cash or in kind by resolution of the general shareholders' meeting which must be adopted by a simple majority of the votes cast and a majority of at least three-quarters of the share capital represented at the adoption of the resolution, unless the corporation's articles of association require a different majority; if the share capital is increased by issuing non-voting preference Company's shares or the subscription rights of the shareholders are excluded, the articles of association may only require a larger majority.

The general shareholders' meeting may also create authorised capital. The creation of authorised capital requires a resolution with a majority of three-quarters of the share capital represented at the adoption of the resolution which authorises the management board to issue Company's sharesup to a certain amount within a period of no more than five years. The nominal amount of the authorised capital may not exceed 50 % of the share capital existing at the time of the authorisation.

In addition, the general shareholders' meeting may create conditional capital for the issuance of Company's shares to holders of convertible bonds or other securities that grant the holder the right to subscribe for shares in the Company, of Company's shares that serve as consideration in a merger with another company, or of Company's shares that were offered to executives and employees; a resolution with a majority of three-quarters of the share capital represented is required in each case. The nominal amount of the conditional capital may not exceed 10 %, if the conditional capital is created for the purpose of issuing Company's shares to executives and employees, or, in all other cases, 50 % of the share capital existing at the time the resolution is adopted.

A resolution on the reduction of the share capital requires a majority of three quarters of the share capital represented when the resolution is adopted.

If a change in the share capital results in an increase or decrease in the voting rights, the total number of voting rights as well as the date of effectiveness of the increase or decrease must be published by the company and the BaFin must be informed, as required by Section 41 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), immediately, at the latest within two trading days. The shareholders may be subject to disclosure requirements according to the German Securities Trading Act (*Wertpapierhandelsgesetz*).

Pursuant to Section 27.1 of the Articles of Association, capital measures require a resolution of the general shareholders' meeting to be passed by a simple majority of the votes cast, as well as, if required by law, a simple majority of the share capital represented at the time the resolution is passed.

17.7 General Provisions Governing Subscription Rights

According to the German Stock Corporation Act (*Aktiengesetz*), each shareholder has, in principle, a right to subscribe for the new shares issued within the scope of a capital increase (including securities convertible into shares, securities with warrants to purchase shares, securities with profit participation or participation certificates) to maintain its existing share in the share capital. Subscription rights are freely transferable and may be traded on German stock exchanges during a fixed period before the expiration of the subscription period. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the subscription period may not be shorter than two weeks. The general shareholders' meeting may exclude subscription rights with a majority of the votes cast and, at the same time, at least three-quarters of the share capital represented at the adoption of the resolution. An exclusion of subscription rights further requires a report of the management board, which must show, in order to justify the exclusion of subscription rights, that the company's interest in excluding the subscription rights outweighs the interest of the shareholders in the subscription rights being granted. In the absence of such objective justification, an exclusion of subscription rights may be permissible for an issuance of new shares if the company increases the capital against cash contributions, the amount of the capital increase does not exceed 10 % of the existing share capital and the issuance price of the new shares is not substantially lower than the stock exchange price.

It is not considered an exclusion of subscription rights if new shares are acquired by a credit institution, which undertakes to offer the new shares to those persons who would otherwise have subscription rights.

17.8 Exclusion of Minority Shareholders

Pursuant to the provisions of Sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called "squeeze-out" process, the general shareholders' meeting of a stock corporation may resolve upon the request of a shareholder holding at least 95 % of the share capital (the "**Main Shareholder**") on the transfer of the shares of the remaining minority shareholders to the Main Shareholder in exchange for granting reasonable cash compensation.

The amount of the cash compensation to be granted to the minority shareholders must take into account "the circumstances of the company" at the time the resolution is adopted by the general shareholders' meeting. The amount of the compensation is determined by the full value of the enterprise which is normally determined using the capitalised earnings method (*Ertragswertverfahren*).

The shareholding requirements for a squeeze-out are lowered if the squeeze-out takes place in connection with the merger of a subsidiary into the parent company. According to Section 62 (para. 5) of the German Transformation Act (*Umwandlungsgesetz*), the general shareholders' meeting of a transferring stock corporation may, within three months after the signing of the merger agreement, adopt a squeeze-out resolution in accordance with Section 327a of the German Stock Corporation Act (*Aktiengesetz*) if the acquiring company is a German stock corporation, partnership limited by shares (*Kommanditgesellschaft auf Aktien*) or European public company (*Societas Europea*) that holds at least 90 % of the registered share capital. After registration of the squeeze-out with the Commercial Register, the merger can be implemented without a further resolution by the general shareholders' meeting of the subsidiary.

In addition to the squeeze-out process under the German Stock Corporation Act (*Aktiengesetz*) summarised above, Sections 39a and 39b of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) permit the so-called squeeze-out under the law on takeovers. Under these provisions, a bidder holding at least 95 % of the voting share capital in a target company (within the meaning of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*)) after a public takeover offer or a mandatory offer can generally file a motion with the district court (*Landgericht*) of Frankfurt am Main for the transfer of the outstanding voting shares in exchange for the grant of reasonable compensation by means of a court order within three months after expiration of the acceptance period. A resolution of the general shareholders' meeting is not necessary. The type of compensation must correspond to the consideration offered in the

takeover offer or the mandatory offer; cash compensation must always be offered as an alternative. The consideration offered in connection with the takeover or mandatory offer is deemed to be reasonable if the bidder has acquired shares equal to at least 90 % of the share capital affected by the offer. In addition, shareholders have a sell-out right. During squeeze-out proceedings under the law on takeovers initiated upon the motion of the bidder, the provisions on a squeeze-out under stock corporation law do not apply, and they are only applicable after a final conclusion of the squeeze-out proceedings under takeover law.

Pursuant to the provisions in Sections 319 et seq. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called integration process (*Eingliederung*), the general shareholders' meeting of a stock corporation can resolve upon the integration into another company if the future principal company holds at least 95 % of the shares in the company to be integrated. The existing shareholders in the integrated company have a claim for reasonable compensation which must as a general rule be granted in the form of own shares in the principal company. The amount of the compensation must be determined using the so-called merger value ratio (*Verschmelzungswertrelation*) between the two companies, *i.e.*, the exchange ratio which would be considered reasonable in the event of merging the two companies. In contrast to the rules governing squeeze-outs, integration is only possible if the future principle company is a stock corporation domiciled in Germany.

17.9 Shareholder Notification Requirements; Mandatory Takeover Bids

Once the Company's shares are admitted to trading on the regulated market of Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*) governing disclosure requirements for significant shareholdings and the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Pursuant to Section 33 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), anyone who acquires, disposes of or whose shareholding in any other way reaches, exceeds or falls below 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 50 % or 75 % of the total number of voting rights in the Company is required to notify the Company and BaFin at the same time. Notifications must be submitted without undue delay, and no later than within four trading days. The four-trading-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances, should have had knowledge of his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The German Securities Trading Act (*Wertpapierhandelsgesetz*) contains a conclusive presumption that the person or entity subject the notification requirement has knowledge two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim for transfer related to such shares pursuant to Section 33 para. 1 b) of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In the case a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Further, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting in concert generally requires a consultation on the exercise of voting rights or other efforts designed to affect a permanent and material change in the business strategy of the Company. Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting in concert. Coordination in individual cases however, is not considered as acting in concert.

Similar obligations to notify the Company and the BaFin apply pursuant to Section 38 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) to anyone who reaches, exceeds or falls below the aforementioned thresholds, except for the 3 % threshold, by directly or indirectly holding instruments either (i) giving their holder the unconditional right or discretion to acquire already issued Shares to which voting rights are attached, or (ii) relating to such shares and having a similar economic effect, whether or not conferring a right to a physical settlement. Pursuant to Section 38 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), such instruments include, in particular, transferable securities, options, futures, swaps, forward rate agreements and contracts of difference.

In addition, anyone whose aggregate number of voting rights and instruments pursuant to Sections 33 para. 1 and 38 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) reaches, exceeds or falls below the

aforementioned thresholds, except for the 3 % threshold, has to notify the Company and the BaFin pursuant to Section 39 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*).

If any of the aforementioned reporting obligations are triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the Securities Trading and Insider List Regulation (*Wertpapierhandelsanzeige- und Insiderverzeichnisverordnung*). The notice can be submitted either in German or English, in writing or via fax. The notice must include, irrespective of the event triggering the notification, (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by or attributed to the notifying person or entity. In addition, the notice must include certain attribution details, among other things, the first name and surname of the notifying individual or the legal name, seat and state of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and, whether voting rights or instruments are attributed.

As a domestic issuer, the Company must publish such notifications without undue delay, but no later than three trading days of receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire EU and in the non-EU member states that are parties to the agreement on the EEA. The Company must also transmit the publication to the BaFin, specifying the time of publication and the media used and to the German Company Register (*Unternehmensregister*) for storage.

There are certain exceptions to the notification requirements. For example, a person required to make a notification is exempt from its notification obligation if its parent company, or if its parent company is itself a subsidiary, the parent's parent company, has filed a group notification pursuant to Section 37 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the EU or in a non-EU Member State that is a party to the agreement on the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided that (i) they are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5 % of the voting shares, do not grant the right to acquire more than 5 % of the voting shares, or do not have a similar economic effect and (iii) it is ensured that the voting rights held by them are not exercised or otherwise made use of.

If a shareholder fails to file a notice or provides false information with regard to shareholdings pursuant to Sections 33 and 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), the rights attached to shares held by or attributed to such shareholder, particularly voting and dividend rights, do not exist for the duration of the failure. This does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted wilfully and have since been made. If the shareholder fails to disclose the correct proportion of voting rights held and the shareholder acted wilfully or was grossly negligent, the rights attached to shares held by or attributed to such shareholder do not exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation in the proportion of the voting rights notified in the preceding incorrect notification was less than 10 % of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds pursuant to Section 33 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) was omitted. The same rules apply to shares held by a shareholder, if such shareholder fails to file a notice or provides false information with regard to holdings in instruments or aggregate holdings in shares and instruments pursuant to Sections 38 para. 1, 39 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In addition, a fine may be imposed for failure to comply with notification obligations.

A shareholder who reaches or exceeds the threshold of 10 % of the voting rights, or a higher threshold, is obligated to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of voting rights, as well as regarding the source of the funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. There are no provisions in the Articles of Association governing the ownership threshold above which shareholder ownership must be disclosed. In calculating whether the 10 % threshold has been reached or exceeded, the attribution rules mentioned above apply.

Furthermore, pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), every person whose share of voting rights reaches or exceeds 30 % of the voting shares of the Company is obligated to publish this fact on the internet and by means of an electronically operated system for disseminating financial information, unless an exemption from this obligation has been granted by the BaFin. If no exemption has been granted, this publication has to be made within seven calendar days and include the total amount of voting rights held by and attributed to such person and, subsequently, such person is further required to submit a mandatory public tender offer to all holders of shares in the Company. The German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting

rights attached to the shares, comparable to the attribution rules described above for shareholdings pursuant to Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). If a bidder fails to give notice of reaching or exceeding the 30 % threshold or fails to submit the mandatory tender offer, the bidder is barred from exercising the rights associated with these shares, including voting rights, for the duration of the delinquency. In case of wilful failure to publish the notice of acquisition of control over another company or submission of a mandatory tender offer or wilful failure to subsequently send those notices in a timely fashion, the bidder is also not entitled to dividends. A fine may also be imposed in case of non-compliance with the notification obligations described above.

17.10 Disclosure of Transactions by Persons Discharging Managerial Responsibilities

Since 3 July 2016, the new European legal regime under the MAR is in effect and will be directly applicable to the Company and its shareholders as of the application to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) to list the Shares on the regulated market.

Pursuant to Article 19 of the MAR, persons discharging managerial responsibilities within the Company and, as applicable, persons who are closely associated with such persons ("**persons closely associated with a person discharging managerial responsibilities**") must notify the BaFin and the Company of all transactions conducted on their own account and relating to the shares of the Company or debt instruments of the Company (if any) which are admitted to trading on an EU regulated market or multilateral trading facility or to derivatives or other financial instruments linked thereto unless the aggregate amount of all transactions within a calendar year does not exceed EUR 5,000. The disclosure must be made promptly and no later than three business days following the completion of each individual transaction. The Company shall ensure that such information is made public promptly and no later than three business days after the transaction. The Company is required pursuant to Section 15 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) to submit such published information to the company register (*Unternehmensregister*) and to inform the BaFin of the publication.

For the purpose of the MAR, "persons discharging managerial responsibilities within the Company" include (i) members of the administrative, management or supervisory bodies of the Company and (ii) senior executives having regular access to inside information relating, directly or indirectly, to the Company, and the power to make managerial decisions affecting the future developments and business prospects of the Company. Persons closely associated with a person discharging managerial responsibilities within the Company include the following persons:

- the spouse of the person discharging managerial responsibilities, or any partner of that person considered by national law as equivalent to the spouse,
- according to national law, dependent children of the person discharging managerial responsibilities,
- other relatives of the person discharging managerial responsibilities, who have shared the same household as that person for at least one year on the date of the transaction concerned,
- a legal person, trust, or partnerships, whose managerial responsibilities are discharged by a person discharging managerial responsibilities within the Company or by another person closely associated with such person, or which is directly or indirectly controlled by such a person, or which is set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such a person.

17.11 Disclosure of Short Selling Position

Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (the "**EU Short Selling Regulation**"), the Regulation (EU) No. 918/2012, Regulation (EU) No. 827/2012, Regulation (EU) No. 826/2012, Regulation (EU) No. 919/2012, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of 15 November 2012 only permit the short selling of shares when specific criteria are met. Under the provisions of the EU Short Selling Regulation, significant net short selling positions in shares must be reported to the BaFin and also published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of 17 December 2012. The net short selling positions are calculated by offsetting the short positions a natural person or legal entity has in the shares issued by the issuer concerned with the long positions such person or entity has in such securities. The details are regulated in the EU Short Selling Regulation and the other regulations the European Commission has enacted on short selling. In certain situations described in detail in the EU Short Selling Regulation, the BaFin may restrict short selling and comparable transactions after notifying the European Securities Market Association.

18. MANAGEMENT

18.1 Overview

The Company's governing bodies are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the general shareholders' meeting (*Hauptversammlung*). The powers vested in these bodies are set forth in the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association (*Satzung*) and the internal rules of procedure (*Geschäftsordnungen*) for the Management Board and the Supervisory Board.

The Management Board manages the Company's business in accordance with the provisions of the relevant statutes, the Articles of Association and the internal rules of procedure for the Management Board including the business distribution plan (*Geschäftsverteilungsplan*). It represents the Company in its dealings with third parties.

The Management Board is responsible for the management of the entire Company and decides on fundamental questions of business policy, company strategy and on annual long-term planning. Further, it bears responsibility for the preparation of the quarterly and half-year reports and the annual financial statements of the Company and the financial statements, ensures compliance with the legal provisions and the Company's internal guidelines, and works towards adherence to these. In particular, it ensures that adequate risk management and risk control systems are set up within the Company.

The Management Board is obligated to report to the Supervisory Board on a regular basis, in detail and in a timely manner on the business situation, in particular the business policy, the company planning, including financial, investment and personnel planning, the profitability of the Company, the course of business, the Company's risk situation and risk management as well as on transactions significant to profitability and liquidity.

The Supervisory Board appoints the members of the Management Board and is authorised to remove them from office for cause (*aus wichtigem Grund*). The Supervisory Board is required to supervise the Management Board in its management of the Company. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board is not authorised to perform management tasks. Pursuant to the rules of procedure of the Management Board (*Geschäftsordnung für den Vorstand*), which is adopted by the Supervisory Board, certain actions or transactions require the prior written approval of the Supervisory Board by a simple majority of the Supervisory Board members taking part in the adoption of the resolution. Amongst others, the following actions or transactions are included:

- acquisition, encumbrance and sale of real property and equivalent rights as well as relevant transactions imposing a legal obligation;
- establishment and closure of branches, acquisition, sale and disposal of shareholdings held by the Company in other companies or enterprises, including the takeover of other enterprises, if the acquisition costs or the value of the participation to be disposed of exceeds EUR 500,000;
- conclusion, rescission and amendment of corporate contract;
- conclusion, rescission and amendment of contracts by means of which the personal liability, management or representation of another enterprise is to be assumed;
- grant, cancellation and modification of participations in the assets, turnover and/or profit of the Company, particularly in the case of dormant partnerships or lenders with profits;
- sale, transfer or leasing of the business of the Company or any substantial parts of the business whereby the firm name shall be considered as substantial part of the Company;
- raise and increase of loans or incurrence of any other liabilities amounting to/by more than EUR 500,000;
- assumption or increase of sureties or any other guarantees, the grant or increase of any other securities of any kind with a value of more than EUR 500,000;
- appointment or dismissal of agents with authority to represent the company in the entire scope of its business, *Prokuristen* (authorised signatories) and leading positions;
- disposal of the Company's copyrights and intellectual property rights, except for the granting of licenses in the ordinary course of business; and
- establishment, amendment and termination of employee stock option plans.

The Supervisory Board may also provide for further transactions which require its consent.

The members of the Management Board and the Supervisory Board are subject to fiduciary duties and duties of care towards the Company. The members of these bodies must take a wide range of interests into consideration, including those of the Company, its shareholders, its employees, its creditors and, to a limited extent, the general public. In addition, the Management Board must consider the shareholders' rights to equal treatment and equal information. In the event that the members of the Management Board or the Supervisory Board breach their duties, they are jointly and severally liable to the Company. Under German law, however, a shareholder generally does not have standing to sue members of the Management Board or Supervisory Board directly if he or she believes that these have breached their duties to the Company. Only the Company has the right to claim damages from the members of the Management Board or Supervisory Board, in which case the Company is represented by the Management Board when claims are made against members of the Supervisory Board and the Supervisory Board when claims are made against members of the Management Board. According to a ruling of the German Federal Court of Justice (*Bundesgerichtshof*), the Supervisory Board is obligated to assert claims for compensatory damages against the Management Board that are likely to be successful, unless important company interests conflict with such an assertion of claims and such grounds outweigh, or are at least comparable to, the grounds in favour of asserting the claims. In the event that the relevant body with powers to represent the company decides not to pursue such claims, then such claims of the company for compensatory damages must nevertheless be asserted against members of the Management Board or the Supervisory Board if the general shareholders' meeting of the Company passes a resolution to this effect by a simple majority vote. Such general shareholders' meeting of a company may appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate holdings amount to at least 10 % or EUR 1,000,000 of a Company's share capital may apply to the court to appoint a special representative to assert claims for compensatory damages. In the event of such an appointment, the special representative becomes solely responsible for asserting the claims of the Company for compensatory damages in lieu of the otherwise competent governing body of the Company. In addition, if there are facts supporting the claim that the Company has been damaged by fraud or gross breaches of duty, shareholders whose aggregate holdings amount to at least 1 % or EUR 100,000 of the Company's share capital have the option, under certain circumstances, of being granted permission by the competent court to file a lawsuit in their own name, but on account of the Company for compensatory damages to the company against members of the governing bodies. Such a lawsuit will be dismissed if the Company itself files a lawsuit for compensatory damages.

The Company may only waive claims for compensation against members of the Management Board and the Supervisory Board, or settle such claims, three years after such claim has arisen but only (a) if the shareholders resolve to do so in a general shareholders' meeting by resolution with simple majority and (b) where a majority of the shareholders, together holding shares which represent at least 10 % of the share capital, do not object to this in the minutes of the meeting.

Under Section 142 of the German Stock Corporation Act (*Aktiengesetz*), the general shareholders' meeting of the Company may appoint, by a majority resolution, an auditor (a "**Special Auditor**", *Sonderprüfer*) to review procedure, in particular in relation to management. If the general shareholders' meeting of the Company rejects a motion to appoint a Special Auditor, the court must appoint a Special Auditor at the request of shareholders whose aggregate holdings amount to at least 1 % or EUR 100,000 of the Company's share capital in case the facts justify the suspicion that irregularities or gross violations of the law or of the articles of association have been committed. If the general shareholders' meeting of the Company does appoint a Special Auditor, the court, however, must appoint a second Special Auditor if such appointment appears to be appropriate considering the qualifications of the first auditor and is requested by shareholders whose aggregate shareholding amounts to at least 1 % or EUR 100,000 of the Company's share capital.

In accordance with Section 127a of the German Stock Corporation Act (*Aktiengesetz*), shareholders and shareholder associations can use the shareholder forum (*Aktionärsforum*) of the German Federal Gazette (*Bundesanzeiger*), which is available through the Company Register's (*Unternehmensregister*) website, to call upon other shareholders to jointly, or through third party representation, request a special audit, appoint a special representative, demand that a general shareholders' meeting of the Company is convened or exercise their voting rights in a general shareholders' meeting of the Company. German law prohibits individual shareholders (or any other person) from exercising their influence on the Company so as to cause a member of the Management Board or Supervisory Board to act in a manner that would be detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause the Company to act against its interests unless a domination agreement (*Beherrschungsvertrag*) exists between the shareholder and the Company and the influence is exercised within the scope of certain mandatory statutory provisions or the damages are compensated for. Anyone who uses his or her influence to cause a member of the Management Board or Supervisory Board, a procurated officer (*Prokurist*), or an authorised agent (*Handlungsbevollmächtigter*) to act in a manner that would be detrimental to the Company or its shareholders is liable for the damage incurred by the Company and its shareholders as a result thereof. Moreover, if members of the Management Board or the Supervisory Board breach their duties they are jointly and severally liable for the resulting damages.

18.2 Management Board

The Company is managed by the Management Board. According to the Articles of Association, the Management Board consists of one or more members. The members of the Management Board shall be appointed by the Supervisory Board. The Supervisory Board shall also determine the number of members of the Management Board, their remuneration and the terms of their office. Currently, the Management Board consists of two members, Thorsten Lubinski and Enrico Just, appointed by the Supervisory Board.

The members of the Management Board may be elected for a term of up to five years. The members of the Management Board shall be eligible for re-appointment. A member of the Management Board may be removed with or without cause and/or be replaced, at any time, by a resolution adopted by the Supervisory Board.

The Management Board is vested with the broadest powers to perform, or to cause to be performed, all acts of disposal and administration in the Company's interest. All powers not expressly reserved by the German Stock Corporation Act (*Aktiengesetz*) to the general shareholders' meeting or the Supervisory Board fall within the competence of the Management Board.

Pursuant to the Rules of Procedure of the Management Board, the individual members of the Management Board manage their respective business segments on their own responsibility.

The members of the Management Board shall coordinate the daily business with regards to the management of the Company. Controversial issues shall be resolved in meetings of the Management Board. Meetings of the Management Board shall take place regularly but at least twice per month. In meetings of the Management Board, decisions shall only be made if all members have been invited and at least one half of its members is present or represented. Decisions are made by the majority of the votes of the members present or represented. If a member of the Management Board abstains from voting or does not participate in a vote in respect of a proposed resolution, this abstention or non-participation is taken into account in calculating the majority as a vote against the proposed resolution. Meetings of the Management Board may be held by conference call or video conference in accordance with the rules of procedure of the Management Board. If the Chairman of the Management Board demands, resolution of the Management Board may also be passed in writing and must be signed by each member of the Management Board.

The Management Board must inform the Supervisory Board regularly on the status of the Company's business activities and development and, in addition, of any events that might have a noticeable effect on the Company's situation.

The following table lists the current members of the Management Board, their age, the date on which they were first appointed, the date on which their current appointment is scheduled to end, their position as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Company during the past five years:

Member of the Management Board	**Age**	**Member since**	**Appointed until**	**Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years (current memberships unless otherwise indicated)**
Thorsten Lubinski	45	2019	2024	• since 2004 managing director of Celar GmbH, Lüneburg, Germany • until 2015 chief technical officer of SixDoors Inc., San Francisco, USA
Enrico Just	60	2019	2020	• until 2019 managing director (CEO) of bio.logis Group, Frankfurt am Main, Germany

Thorsten Lubinski

Our CEO, Thorsten Lubinski, was born in 1974 in Neuss, Germany. He has over 15 years' experience in the start-up sector as serial founder, *e.g.* of Alazar GmbH & Co. KG, Plinga GmbH or SixDoors Inc. Mr. Lubinski holds a diploma in business administration and a bachelor degree in computer science and business administration. After completing his studies, Mr. Lubinski worked between 2000 and 2001 as director of technical marketing for datango AG, Berlin, between 2002 and 2003 as freelance consultant for Wincor Nixdorf (today Diebold Nixdorf Holding Germany Inc. & Co. KGaA), Paderborn and between 2003 and 2004 as chief

technology officer for iLove GmbH, Berlin and Jamba GmbH, Berlin. In 2004, Mr. Lubinski founded Alazar GmbH & Co. KG, a company that focuses on software development, hardware sale, and licensing of intellectual property. In 2004, Mr. Lubinski was co-founder of Plinga GmbH, a company with the purpose of developing and offering online games, where he was one of the managing directors until 2012. Between 2013 and 2015, Mr. Lubinski was co-founder and chief technical director of SixDoors Inc., San Francisco, USA, an e-commerce company that supports local vendors by giving them access to the same online tools and delivery options like big-box stores. In April 2015, Mr. Lubinski founded DiaMonTech GmbH together with Prof. Dr. Werner Mäntele, Dr. Rainer Gith and Christian Mäntele and has been the managing director of the Company ever since. Thorsten Lubinski was appointed as chief executive officer of DiaMonTech AG in 2019.

Enrico Just

Our CFO, Enrico Just, was born in 1959 in Marl, Germany. He has over 25 years' experience in executive management positions of traditional companies and start-ups in various industry sectors *e.g.* airline-industry, media/publishing industry, healthcare. Mr. Enrico Just holds a diploma in business economics. After completing his studies, Mr. Just worked between 1982 and 1993 as head of schedule planning and publication for Lufthansa AG, Frankfurt and between 1993 and 1998 as group finance director for IP Deutschland GmbH, Kronberg i.Ts.). In 1998, he started as managing director for finance at the Verlagsgruppe Milchsstrasse GmbH (today Burda Publishing Group) Hamburg, where he was active until 2000. Between 1999 and 2001, Mr. Enrico Just worked as chief financial officer (*Finanzvorstand*) for Tomorrow Internet AG, Hamburg and between 2001 and 2006 on the same position for Tomorrow Focus AG, München (today HolidayCheck Group AG). In 2007, he moved to 4G Systems GmbH, Hamburg, where he acted as managing director until 2008. Between 2008 and 2009, Enrico Just worked as managing director for allesklar media GmbH, Siegburg and between 2009 and 2013 in the same position and co-founder of for inzumi GmbH, Frankfurt. inzumi GmbH is developing and operating IT-systems for the automatic generation of personalised travel guides. In 2014, Enrico Just started his activity at bio.logis Group as managing director (CEO) until 2019. Enrico Just was appointed as chief financial officer of DiaMonTech AG in 2019.

The members of the Management Board can be contacted at the Company's address.

18.2.1 Management Service Agreements

The Company entered into management service agreements with each of the Management Board members. The service agreement between Mr. Thorsten Lubinski and the Company was entered into on 17. October 2019. The agreement of Thorsten Lubinski expires on 16 October 2024. The service agreement between Mr. Enrico Just and the Company was entered into on 17 October 2019. The agreement expires on 30. September 2020.

Each service agreement could be extended by the period of time for which the Management Board member's term as a member of the Management Board is extended by resolution of the Supervisory Board. The Supervisory Board will decide on an extension of the Management Board member's term of office (reappointment) at the latest six months prior to the end of the appointment.

18.2.2 Compensation and Other Benefits of the Management Board Members

Under their current service agreements, each member of the Management Board receives a fixed annual remuneration as a base salary. Thorsten Lubinski is entitled to a fixed annual gross remuneration of EUR 120,000 per annum. Furthermore, Thorsten Lubinski is entitled to a one-time bonus payment of EUR 200,000, in the event of an implementation of the Offering. Enrico Just receives a fixed annual gross remuneration of EUR 144,000 per annum.

Prior to the conversion of the Company into a German stock corporation (*Aktiengesellschaft*), the Company was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*). The managing director (*Geschäftsführer*) of DiaMonTech GmbH, Thorsten Lubinski, received a fixed gross remuneration of EUR 90,298 in the financial year ending 31 December 2018 and EUR 70,000 in the financial year ending 31 December 2017.

In addition to the fixed remuneration, the management service agreements require the Company to reimburse the members of the Management Board for all out-of-pocket expenses, including travel expenses, incurred in the interest of the Company.

Furthermore, Enrico Just is entitled to the payment of the monthly leasing installments for a company car in the amount of EUR 600 per month for business and private use as well as the usual maintenance costs for the duration of the appointment.

The members of the Management Board are also covered by D&O insurance policies with reasonable coverage and a deductible for the members of the Management Board in line with the respective provisions of the German

Stock Corporation Act (*Aktiengesetz*) of 10 % of the damage but not exceeding 150 % of the fixed annual remuneration. The D&O insurance policies cover financial losses arising from a breach of duty on part of the members of the Management Board.

18.2.3 Shareholdings of the Management Board Members

The Company's Management Board member Mr. Thorsten Lubinski is a shareholder of the Company. The direct participation held by Thorsten Lubinski amounts to 21.77 % of all Company's shares.

Mr. Enrico Just does not hold any Company's shares or options on Company's shares.

18.2.4 Potential conflicts of interest of the Management Board Members

Thorsten Lubinski's interests as a major shareholder of the Company and his entitlement to a bonus payment of EUR 200,000 in case of the implementation of the Offering could conflict with his duties as a Management Board member.

Enrico Just's interest in the implementation of the Offering due to his intention to submit purchase orders for Offer Shares with a total countervalue of up to EUR 20,0000 that are subject to preferential allocation could conflict with his duties as a member of the Management Board.

Except as disclosed above, there are no conflicts of interest or potential conflicts of interest of the Management Board members with respect to their duties to the Company on the one hand and their private interests or other obligations on the other.

18.2.5 Certain Other Information on the Members of the Management Board

None of the members of the Management Board has been convicted in relation to fraudulent offences in the last five years. During this period, no member of the Management Board has been associated in his capacity as a member of an administrative, management or supervisory board, as a partner with unlimited liability, founder or senior manager with any bankruptcies, receiverships or liquidations. No public incriminations and/or sanctions have been brought against the members of the Management Board by statutory or regulatory authorities (including designated professional bodies) in the last five years, nor have these individuals ever been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or the conduct of affairs of any company.

No family relationships exist between the members of the Management Board or between the members of the Management Board and members of the Supervisory Board. The Company has not granted any loans to members of the Management Board or assumed any sureties or guarantees for them. There are no agreements with principal shareholders, customers, suppliers or other persons under which a member of the Management Board is appointed to the Management Board.

18.3 Supervisory Board

The Supervisory Board currently consists of 5 members. It is not subject to employment co-determination as provided by the German One-Third Employee Representation Act (*Drittelbeteiligungsgesetz*) or the German Co-determination Act (*Mitbestimmungsgesetz*). The members of the Supervisory Board were elected by the shareholders at the general shareholders' meeting of 16 October 2019 in accordance with the provisions of the Articles of Association and of Sections 95 and 96 of the German Stock Corporation Act (*Aktiengesetz*).

The Supervisory Board members are elected pursuant to the Company's Articles of Association in conjunction with Section 102 of the German Stock Corporation Act (*Aktiengesetz*) for a maximum period ending upon termination of the general shareholders' meeting that resolves on the discharge (*Entlastung*) of the Supervisory Board members for the fourth financial year after the commencement of their term of office. The financial year in which their term of office has commenced does not count for purposes of calculating such period. Supervisory Board members may be re-elected.

According to the Company's Articles of Association, the members of the Supervisory Board may resign from office, with or without cause, in the latter case with a notice period of at least four weeks by submitting a written notice to the Management Board and to the chairman of the Supervisory Board. The observance of the notice period may be waived with the consent of the chairman of the Supervisory Board and the Management Board. Resignation for cause can be made with immediate effect.

At the same time as appointing the members of the Supervisory Board, the general shareholders' meeting of the Company may appoint substitute members for each Supervisory Board member, who, in accordance with specific determinations by the general shareholders' meeting of the Company, may become members of the Superviso-

ry Board if elected Supervisory Board members leave office before the end of their term and no successor has been appointed. The term of the substitute member expires at the end of the general shareholders' meeting of the Company during which a successor for the departing Supervisory Board member is elected, but no later than the expiration of the departing Supervisory Board member's term.

The Supervisory Board elects a chairman and a deputy chairman from among its members. This election is to be held at the Supervisory Board meeting following the general shareholders' meeting at which the Supervisory Board members have been newly elected; this meeting does not need to be convened separately. If the chairman or the deputy chairman retires from office prematurely, the Supervisory Board must hold new elections without undue delay.

Under mandatory statutory provisions and the Articles of Association, the Supervisory Board is authorised to establish internal rules of procedure and form committees from among its members. The internal rules of procedure of the Supervisory Board (*Geschäftsordnung für den Aufsichtsrat*) is dated 17 October 2019.

German Stock Corporation Act (*Aktiengesetz*) provides that at least one member of the supervisory board of a publicly listed company has have expertise in the fields of accounting or auditing. The member of the Supervisory Board, Christian Seegers, is considered to have such an expertise.

As a rule, the Supervisory Board shall hold one meeting within each calendar quarter and shall hold two meetings within each half calendar year. A meeting of the Supervisory Board shall also be convened whenever this is requested by a member of the Supervisory Board or by the Management Board, stating purpose and reasons for the meeting. Meetings of the Supervisory Board are called by its chairman, and by his deputy in the event the chairman is indisposed, in written or oral form or by telefax, e-mail or other means of electronic communication with at least 14 days' advance notice. The day on which the notice is sent and the day of the meeting itself are not included when calculating this period. In urgent cases, the chairman may shorten the notice period and convene the meeting orally. The chairman acts as chair of the meetings and determines the order in which the items on the agenda are discussed and the method and sequence of voting. Section 16.2 of the Articles of Association provides that the Supervisory Board has a quorum, if at least the half of the Supervisory Board members participate in voting on a resolution. Any member who is present but abstains from voting is deemed to have participated in the vote. Absent members may participate in the casting of votes by having their votes submitted in writing via other members of the Supervisory Board. Unless otherwise provided by mandatory law or the Articles of Association, Supervisory Board resolutions are adopted by a simple majority of the votes cast. Section 16.3 of the Articles of Association provides that resolutions may be passed without a meeting in writing, by telex, telecopy, telephone or telegraph, or by e-mail or videoconference, provided that it has been determined for the individual case by the chairman of the Supervisory Board.

18.3.1 Supervisory Board of the Company

The following table lists the current members of the Supervisory Board, their age, the date on which they were first appointed, as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Company over the past five years.

Member of the Supervisory Board	**Age**	**Member since[(1)]**	**Appointed until[(2)]**	**Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years (current memberships unless otherwise indicated)**
Dr. Erik Hoppe (Chairman)	52	2019	2022	• since 2017 chairman of the supervisory board of Aptarion Biotech AG • since 2018 managing partner of Bioventure Management GmbH • since 2004 managing partner of Bioventure Consulting GmbH
Dr. Stefan Golkowsky (Deputy Chairman)	51	2019	2022	• since 2002 Partner at Pfenning, Meinig & Partner mbB
Rolf Nied	66	2019	2022	• since 2009 member of the supervisory board of Sparkasse Tauberfranken • until 2016 chief executive officer of ECOM Instruments GmbH

Dr. Daniel Brueggemann	39	2019	2022	• since 2011 chief executive officer of Cambbia Group Limited (Hong Kong) • until 2016 vice president of Beijing Taogu Tech Co. Ltd.
Christian Seegers	43	2019	2022	n.a.

(1) Appointed as members of the Supervisory Board in connection with the conversion of the Company from a limited liability company into a stock corporation on 16 October 2019.

(2) The members of the Supervisory Board are appointed for a period until the conclusion of the extraordinary general shareholders' meeting of the Company that resolves on the formal discharge (*Entlastung*) for the second financial year of the Company following the commencement of their term in office, not including the year in which the term in office commenced.

Dr. Erik Hoppe

Dr. Erik Hoppe was born in 1967 in Hamburg, Germany. He holds a diploma and a doctorate in chemistry from Freie Universität Berlin. After his studies, Dr. Erik Hoppe worked between 1998 and 2004 as an independent advisor in the field of bioventure consulting. In 2000, he worked for several months as interim managing director of MoBiTec GmbH, Göttingen, Germany, a trading and manufacturing company specialising in the commercialisation of biotechnologies. Dr. Erik Hoppe has been a managing partner of Bioventure Consulting GmbH, Göttingen, Germany, since 2004. Since 2018, he has also been a managing partner of Bioventure Management GmbH, Göttingen, Germany. In 2017, Dr. Erik Hoppe was appointed chairman of the supervisory board of Aptarion Biotech AG.

Dr. Stefan Golkowsky

Dr. Stefan Golkowsky was born in 1968 in Göttingen, Germany. After graduating in mechanics and physics at the Technische Universität Berlin he went on to take a doctorate in fluid mechanics, which he completed in 1997 as a doctor of engineering. Stefan Golkowsky has been a patent attorney since 2000 and a partner at the Pfenning, Meinig & Partner law firm since 2002. Since 2015, Mr. Golkowsky is a shareholder of the Company.

Rolf Nied

Mr. Rolf Nied was born in 1953 in Assamstadt, Germany. Mr. Nied holds a diploma in engineering. After completing his studies, Mr. Nied worked between 1981 and 1983 as sales engineer for WEE Electronics GmbH, Wertheim, between 1983 and 1985 as research and development director for Palux GmbH, Bad Mergentheim, and between 1985 and 1986 as head of research and development for Bartec GmbH, Bad Mergentheim. In 1986 he founded ECOM Instruments GmbH, a technology company in the field of explosion protection for mobile devices, where he acted as chief executive officer until 2016.

Dr. Daniel Brueggemann

Dr. Daniel Brueggemann was born in 1980 in Frankfurt am Main, Germany. After achieving a degree in medicine and a medical doctorate from Heidelberg University, Dr. Brueggemann started his career in clinical medicine working as a physician in old age medicine and psychiatry in the United Kingdom. After moving to China in 2008 he founded a healthcare consultancy company before becoming partner and vice president of business development at mobile health technology company Beijing Taogu Technology Co., Ltd.. He is the European representative of the Jindong Capital Group, China. Dr. Brueggemann has first hand experience and networks in the Chinese and European healthcare markets having assumed different roles from healthcare delivery to start-up founder to private equity investor.

Christian Seegers

Mr. Christian Seegers was born in 1976 in Krefeld, Germany. Mr. Christian Seeger holds a diploma in business administration. Mr. Seegers has been working for IBB Beteiligungsgesellschaft mbh, Berlin, since 2003. He is a senior investment manager with more than 15 years of venture capital management experience. Mr. Seegers specializes in the life science segment, in particular medical technology, biotechnology, healthcare services and digital health.

All members of the Supervisory Board may be reached at the Company's address.

18.3.2 Compensation and Other Benefits of the Supervisory Board Members

On the basis of the resolution of the general shareholders' meeting dated 16 October 2019, as from 2019, the chairman of the Supervisory Board receives, a remuneration in the amount of EUR 15,000 p.a., and the other members of the Supervisory Board receive a remuneration in the amount of EUR 7,500 p.a.

18.3.3 Shareholdings of the Supervisory Board Members

The Company's Supervisory Board member Dr. Erik Hoppe is the managing director of Bioventure Verwaltungs GmbH which is the personally liable partner of Bioventure Club Deal Eleven GmbH & Co. KG, which is a shareholder of the Company. The direct participation held by Bioventure Club Deal Eleven GmbH & Co. KG amounts to 6.74 % of all Company's shares.

The Company's Supervisory member Dr. Stefan Golkowsky is a shareholder of the Company. The direct participation held by Dr. Stefan Golkowsky amounts to 1.34 % of all Company's shares.

The wife of the Supervisory Board member, Rolf Nied, is a shareholder of the Company. The direct participation held by Ulrika Nied amounts to 1.02 % of all Company's shares.

The Company's Supervisory Board member Dr. Daniel Brueggemann is the European investment partner (representative) and holds a power of attorney with respect to the holdings of Jindong Capital (HK), Ltd., which is a shareholder of the Company. The direct participation held by Jindong Capital (HK), Ltd. amounts to 4.60 % of all Company's shares.

18.3.4 Potential conflicts of interest of the Management Board Members

Dr. Erik Hoppe, Dr. Stefan Golkowsky, Rolf Nied, Dr. Daniel Brueggemann and Christian Seegers are representatives of shareholders of the Company which could subject them to conflicts of interest between their duties as Supervisory Board members and their interests as shareholder representatives.

Except as disclosed above, there are no conflicts of interest or potential conflicts of interest of the Supervisory Board members with respect to their duties to the Company on the one hand and their private interests or other obligations on the other.

18.3.5 Certain Information Regarding the Supervisory Board

None of the members of the Supervisory Board has been convicted in relation to fraudulent offenses over the last five years. During this period, no member of the Supervisory Board has been associated in his capacity as a member of an administrative, management or supervisory board, as a partner with unlimited liability, founder or senior manager with any bankruptcies, receiverships or liquidations. No public incriminations and/or sanctions have been brought against the members of the Supervisory Board by statutory or regulatory authorities (including designated professional bodies) in the last five years nor have these individuals ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

18.3.6 Supervisory Board Committees

As of the date of this Prospectus, there are no Supervisory Board committees.

18.4 General Shareholders' Meeting

General shareholders' meetings (ordinary and extraordinary) are held at the registered office of the Company. Each bearer share (*Inhaberaktie*) entitles the shareholder to one vote in the respective general shareholders' meetings.

Unless otherwise provided by mandatory law and the Company's Articles of Association, resolutions are adopted by a simple majority of the votes cast and, if a capital majority is required, with the simple majority of the share capital represented at the adoption of a resolution. According to mandatory law, resolutions of fundamental importance require, in addition to the majority of votes cast, a majority of three-quarters of the share capital represented at the adoption of the resolution. Resolutions of fundamental importance include in particular:

- changes of the corporate purpose of the Company
- share capital increases, if preference shares are issued, and share capital decreases;
- creation of authorised or conditional share capital;
- exclusion of the subscription rights of shareholders;
- mergers, split-ups, spin-offs as well as the transfer of all assets of the Company;
- an agreement to transfer all of the Company's assets pursuant to Section 179a of the German Stock Corporation Act (*Aktiengesetz*);

- entering into inter-company agreements (*Unternehmensverträge*) (in particular domination agreements and profit and loss transfer agreements (*Beherrschungs- und Ergebnisabführungsverträge*));
- change of the corporate form of the Company; and
- dissolution of the Company.

General shareholders' meetings are convened by the Management Board. The Supervisory Board must convene a general shareholders' meeting whenever the interests of the Company so require. Upon request of shareholders holding an aggregate of 5 % or more of the registered share capital, the Management Board is obligated to call a general shareholders' meeting. This demand must be made in writing, stating the purpose of the meeting and be directed to the Management Board. Using the same procedure, shareholders whose aggregated shares constitute at least 5 % of the Company's share capital or an interest of EUR 500,000 may demand that items be submitted for vote at a general shareholders' meeting of the Company. In addition, shareholders must prove that they have owned their shares for at least three months and that they will hold their shares until their motion has been decided upon. If the demand is not met by the Company, a court may authorise the shareholders who issued the demand to convene the general shareholders' meeting of the Company. The convening notice or publication must make reference to such authorisation. Shareholders or shareholders associations can use the shareholder forum of the German Federal Gazette (*Bundesanzeiger*), which is available through the Company Register's (*Unternehmensregister*) website, to either put forward a joint request or to put forward a request on behalf of the shareholders for a general shareholders' meeting.

The annual general shareholders' meeting, which decides on the discharge of the Management Board and the Supervisory Board, profit distributions, appointment of the auditor and the approval of the annual accounts, must be held within the first eight months of each financial year.

The German Stock Corporation Act (*Aktiengesetz*) requires the Company to publish notices of general shareholders' meetings in the Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the meeting. When calculating the notice period the day on which the invitation is sent and the day of the shareholders' meeting are disregarded.

Pursuant to Section 23 of the Articles of Association, shareholders who wish to attend the general shareholders' meeting and exercise their right to vote must register with the Company and provide proof of their authorisation. This registration must be made in written form (*Schriftform*) in accordance with Section 126 of the German Civil Code (*Bürgerliches Gesetzbuch*) or in text form (*Textform*) in accordance with Section 126b of the German Civil Code (*Bürgerliches Gesetzbuch*) in German or English and must reach the Company at the address stated in the invitation at least six days prior to the general shareholders' meeting. The day of the receipt of the registration and the day of the general shareholders' meeting are not counted for this purpose.

Neither German law nor the Company's Articles of Association restrict the right of non-resident or foreign shareholders to hold shares or to exercise any voting rights attached to these shares.

18.5 Corporate Governance

The Company takes good corporate governance to mean responsible enterprise management and supervision geared to sustainable value creation. In particular, the Company strives to foster the trust placed in it by investors, business partners and employees, and the public at large. The Company also attaches great importance to the efficient conduct of their work by the Management Board and Supervisory Board, to good cooperation between these bodies and with the Company's employees, and to open and transparent corporate communications.

The corporate structure of the Company is based on the responsible, transparent and efficient leadership and control of the Company. The Company therefore identifies itself with the objectives of the German Corporate Governance Code as adopted on 26 February 2002 and last amended on 7 February 2017 (the "**Governance Code**"). The Management Board and the Supervisory Board as well as all management personnel and employees of the Company are required to comply with these objectives. The Management Board of the Company is responsible for compliance with the principles of corporate governance. The Governance Code includes recommendations (*Empfehlungen*), that the Company "shall" (*soll*) follow, and suggestions (*Anregungen*), that the Company "should" (*sollte* or *kann*) follow, for the management and supervision of companies listed on German stock exchanges with regard to good corporate governance. Topics include shareholders and general shareholders' meetings, management and supervisory boards, transparency, accounting and the auditing of financial statements. The current version of the Governance Code is available on the website of the Commission of the German Corporate Governance Code (http://www.corporate-governance-code.de). While suggestions of the Governance Code are not mandatory, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) requires the management and supervisory boards of a listed company to annually disclose which

recommendations have been complied with, and in the event of noncompliance, to provide the reason for such non-compliance. This declaration must be made permanently accessible to shareholders. The contents of the declaration do not bind the Management Board or Supervisory Board for the future, however, any deviation from the previous declaration triggers the obligation to submit, publish and provide shareholders with an amended declaration in due course. In contrast, deviations from the suggestions contained in the Governance Code need not be disclosed.

The main recommendations of the Governance Code in the current version include the following:

- The remuneration of members of the management board should contain a fixed component and a component based on economic performance, and a cap should be specified and individual information is to be provided in the notes to the financial statements in reference to remuneration of the individual members of the management board.
- The members of the management board shall disclose any conflicts of interest to the supervisory board.
- The supervisory board shall form committees; in particular, an audit committee should be set up to deal with issues of accounting and risk management, the necessary independence of the auditor, and the awarding of audit engagements to auditors, as well as the determination of the special areas emphasised in the audit and the agreement on fees.
- The number of former members of the management board on the supervisory board shall be limited, and services on governing entities of major competitors of the company and advisory activities for major competitors of the company by members of the supervisory board shall be restricted.
- Transparency in dealings with shareholders shall be ensured; this includes the use of appropriate communication media such as the Internet and publication of the most important dates for regularly recurring announcements to shareholders with sufficient advance notice, additional use of English on websites, and the issuance of interim reports.
- Transactions with related parties shall be disclosed in the notes to the financial statements.
- A declaration of independence concerning business, financial, personal, or other relationships between the auditor and the company shall be obtained before engaging the auditors, and regular reports shall be made concerning the independence of the auditors.

Prior to the listing of the shares in the Company on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is not subject to the obligation to render a declaration as to compliance with the Governance Code. In accomplishing its goal of sustainably enhancing its value, the Company is guided extensively by the principles of the Governance Code, with the aid of which it has largely brought itself into line with the standards applicable to German listed companies. The Company currently complies and intends to comply after the listing of the Company's shares with all recommendations of the Governance Code, except for the following:

- No. 4.2.3 para. 2 Sentence 2 of the Governance Code: According to the Governance Code's recommendations, the monetary remuneration of Management Board members shall comprise fixed and variable components. Due to the development of business since its foundation and the focus on product development, no variable compensation has been agreed to date.
- No. 4.1.3 sentence 3 of the Governance Code: According to the Governance Code's recommendations, employees should be granted the opportunity, in a protected manner, to report suspected breaches of the law within the Company. Due to the small extent of the Company's business activity and the small number of employees, compliance with the recommendation does not seem necessary at this stage.
- No. 5.1.2 para. 2 sentence 3 of the Governance Code: According to the Governance Code's recommendations, the Supervisory Board shall specify an age limit for the members of the Management Board. The Company does not provide a strict age limit and it does not believe that it is necessary or practical as well as a regular limit of length of membership since the ability to carry out the work of the respective corporate responsibility area does not necessarily end by a certain age or a certain length of membership, but depends solely on the respective individual skills. Also in light of the demographic development, particularly age limits are in conflict with the general interest of the Company which is to fill the positions in its corporate boards the best possible way.
- No. 5.3.1, 5.3.2 para. 2 sentence 1 and 5.3.3 of the Governance Code: According to the Governance Code's recommendations, the Supervisory Board shall form professionally qualified committees, such as an Audit Committee or a Nomination Committee, depending on the specific circumstances of the Company and the number of its members. The Supervisory Board has not formed any committees. It is of the

opinion that the formation of committees is, due to the currently small extent of the Company's business activity, not necessary at this stage.

- No. 5.4.1 para. 2 sentence 1 and 2 of the Governance Code: According to the Governance Code's recommendations, the Supervisory Board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Supervisory Board composition. Within the company specific situation, the composition shall reflect appropriately the international activities of the Company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of number 5.4.2, an age limit and a regular limit to Supervisory Board members' term of office, both to be specified, as well as diversity. The Company believes that relevant selection criteria for the appointment of the Supervisory Board are also suitability, experience and qualification. A determination of age limits and length of membership would be an inappropriate limitation of suitable Supervisory Board candidates.
- No. 5.4.2 sentence 1 of the Governance Code: According to the Governance Code' recommendations, the Supervisory Board shall include what it considers to be an appropriate number of independent members, thereby taking into account the shareholder structure. In the opinion of the Supervisory Board, the shareholder structure is thus adequately taken into account. As explained in Section 5.4.1, the composition of the Supervisory Board focuses knowledge, skills, and professional expertise required to properly perform all duties, which is why Supervisory Board members may also be suitable in deviation from Section 5.4.2 even if they do not meet the criteria for independence specified therein.

19. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are, inter alia, members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as companies in the Company's audited financial statements. 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.

Set forth below is a summary of such transactions with related parties for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 as well as for the current year 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 Audited Financial Statements, which are included in the section "24. Financial Section" of this Prospectus beginning on page F-1.

19.1 Compensation of Key Management Personnel

Key management personnel has been represented by Mr. Thorsten Lubinski for all the reporting periods and Mr. Enrico Just together with Mr. Thorsten Lubinski for the year 2019.

Mr. Thorsten Lubinski was appointed as managing director of the Company with effect from 1 March 2017. Services previously rendered for the Company were invoiced to Alazar GmbH & Co. KG, which is owned by Mr. Thorsten Lubinski.

The compensation of the key management personnel for the nine months of 2019 and the financial years 2016, 2017 and 2018 was as follows:

	30 September 2019	**2018**	**2017**	**2016**
	(in EUR) (unaudited)	**(in EUR) (audited)**		
Thorsten Lubinski	89,576	90,298	70,000	-
Enrico Just	-	-	-	-
Total key management benefits	89,576	**90,298**	**70,000**	**-**

In addition to the compensation expenses with an amount of EUR 3,257 in 2016, EUR 14,850 in 2017, EUR 8,322 in 2018 and EUR 3,437 in the nine-month period ended 30 September 2019 were reimbursed by the Company. The reimbursements related to expenses incurred for the services of Alazar GmbH & Co. KG in 2016 and partially in 2017 as well as for Mr. Thorsten Lubinski as managing director in 2017, 2018 and in the nine-month period ended 30 September 2019. Alazar GmbH & Co. KG, a company controlled by Thorsten Lubinski, provided consulting services to DiaMonTech GmbH. The compensation amounted to EUR 36,000 in 2016 and EUR 6,000 in 2017.

19.2 Other Related Party Transactions

Prof. Dr. Werner Mäntele, co-founder of DiaMonTech GmbH and also one of the major shareholders of the Company has concluded a consulting agreement with DiaMonTech GmbH since February 2016. The purpose of the consulting agreement is to advise the Company on the development of a product for non-invasive blood glucose monitoring. The remuneration was fixed at EUR 3,000 per month plus additional expenses such as travel expenses.

The following table shows revenue from related party transactions other than compensation of the members of the Management Board and the Supervisory Board for the financial years 2016, 2017 and 2018:

	Transaction Values			
	30 September 2019	**2018**	**2017**	**2016**
	(in EUR)(unaudited)	**(in EUR)(audited)**		
Consulting Services	27,000	36,000	36,000	36,000

In addition to that service consulting expenses the Company reimbursed an amount of EUR 6,057 in the nine-month period ended 30 September 2019, EUR 6,160 in 2018, EUR 1,373 in 2017 and EUR 2,892 in 2016. The reimbursements related to expenses incurred for the consulting service of Prof. Dr. Werner Mäntele, a shareholder with significant influence over the Company, in 2016, 2017 and 2018.

20. UNDERWRITING

20.1 General

On 13 November 2019, the Company, the Lending Shareholder and the Underwriter entered into the Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

The Offering consists of public offerings in Germany and private placements of the Offer Shares in certain jurisdictions outside Germany.

In the United States of America, the Offer Shares will only be offered for sale to Institutional Accredited Investors in reliance on an exemption from the registration requirement under the under the Securities Act. The Offer Period is expected to commence on 14 November 2019 and is expected to end on 26 November 2019. Outside the United States, the Offer Shares will be offered in "offshore transactions" within the meaning of, and in reliance on Regulation S under the Securities Act.

Under the Underwriting Agreement, the Underwriter is acting exclusively for the Company and the Lending Shareholder and no one else in connection with the Offering. The Underwriter will not regard any other person (whether or not a recipient of this document) as their respective clients in relation to the Offering and will not be responsible to anyone other than the Company and the Lending Shareholder for providing the protections afforded to their respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

The Offer Price for each Offer Share is expected to be determined jointly by the Company and the Sole Global Coordinator on or about 26 November 2019 on the basis of an order book prepared during the bookbuilding process.

Under the terms of the Underwriting Agreement and subject to certain conditions, the Underwriter is obliged to acquire such number of Offer Shares as set forth in the volume agreement and in the pricing agreement, but in any case only up to the maximum number of Offer Shares set forth below opposite such Underwriters' name:

Underwriter	**Maximum number of Offer Shares to the underwritten**	**Underwriting Commitment of Offer Shares**
MAINFIRST Bank AG	1,796,875	100%
Total		

20.2 Underwriting Agreement

In the Underwriting Agreement, the Sole Global Coordinator acting as settlement agent agreed to subscribe for the 1,562,500 New Shares at the lowest issue price on or about 26 November 2019, and the Sole Global Coordinator agreed to acquire the New Shares with a view to offering them to investors in this Offering subject to certain conditions. The Sole Global Coordinator agreed to remit to the Company the difference between the Offer Price per New Share and the lowest issue price, being EUR 1.00 per Offer Share, minus commissions, costs and expenses, at the time the New Shares are delivered, which is expected to be one business day after the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Lending Shareholder agreed to provide the Sole Global Coordinator with up to 234,375 Over-Allotment Shares with regard to a potential Over-Allotment, which may sell such shares as part of the Offering. The Sole Global Coordinator agreed to remit the purchase price of any sold Over-Allotment Shares minus commissions and costs to the Company if and to the extent the Greenshoe Option is exercised.

The obligations of the Sole Global Coordinator are subject to various conditions, including, among other things, (i) the conclusion of a volume agreement and a pricing agreement, (ii) the absence of a material adverse change (*e.g.*, a material loss or interference with respect to the Company's business from fire, explosion, flood or other calamity, or from any labour dispute or court or governmental action, order or decree, or a material change to the Company's share capital or the non-current debt of the Company 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 Company, 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), which, in any such case described in this clause (ii), in the reasonable judgment of the Sole Global Coordinator would make it impractical or inadvisable to proceed with the Offering or the delivery of the offered shares on the terms and in the manner contemplated in the Prospectus,

(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.

The Sole Global Coordinator have provided and may, from time to time, provide services to the Company and the existing shareholders in the ordinary course of business and may extend credit to and have regular business dealings with the Company and the existing shareholders in their capacity as financial institutions. The Sole Global Coordinator has provided and may in the future provide services to the Company in the ordinary course of business and may extend credit to and have regular business dealings with the Company in their capacity as financial institutions. (For a more detailed description of the interests of the Sole Global Coordinator in the Offering, see "*5. The Offering—5.13 Interests of Parties Participating in the Offering*").

20.3 Commission

The Sole Global Coordinator will offer the Offer Shares at the Offer Price. The Company will pay the Sole Global Coordinator commissions consisting of a basic commission of 3.5 % of the corresponding aggregate gross sales proceeds from the Offering, including any Over-Allotment Shares for which the Greenshoe Option has been exercised (the "**Base Fee**"). In addition to the Base Fee it is agreed that the Company will pay the Sole Global Coordinator an implementation fee equal to 1 % of the aggregate gross proceeds (including any proceeds from the greenshoe shares, if any) from the Offering (the "**Implementation Fee**"). Furthermore, the Company reserves the right to pay to the Sole Global Coordinator an additional fee of up to 0.5 % of the aggregate gross proceeds from the Offering, including any Over-Allotment Shares for which the Greenshoe Option has been exercised (the "**Discretionary Fee**"). Payment of the Discretionary Fee will be entirely at the discretion of the Company. The Company shall decide on the payment of a Discretionary Fee and the amount thereof within 5 days after the end of the Stabilisation Period. The Company has also agreed to reimburse the Sole Global Coordinator for certain expenses incurred by them in connection with the Offering.

20.4 Greenshoe Option and Securities Loan

To cover a potential Over-Allotment, the Lending Shareholder will make available up to 234,375 additional shares to the Stabilisation Manager free of charge through a securities loan (*Wertpapierleihe*). In addition, the Company will grant the Sole Global Coordinator the option of acquiring up to a number of shares in the Company equal to the number of the Over-Allotment Shares against payment of the Offer Price less agreed commissions (the "**Greenshoe Option**") for the sole purpose of enabling the Stabilisation Manager to perform its redelivery obligation under the securities loan with the Lending Shareholder. The Greenshoe Option may be exercised only during the Stabilisation Period by the Sole Global Coordinator as Stabilisation Manager and will terminate 30 calendar days after commencement of the stock exchange trading of the Company's shares. To the extent that the Greenshoe Option is exercised, the Company will implement a capital increase from authorised capital increasing its statutory capital (*Grundkapital*) by the respective number of shares. For further information, see section *"5. The Offering—5.9 Stabilisation Measures, Over-Allotments and Greenshoe Option*".

20.5 Termination/Indemnification

The Underwriting Agreement provides that the Sole Global Coordinator may terminate the Underwriting Agreement under certain circumstances, 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, as well as the Lending Shareholder, each severally and not jointly, have undertaken in the Underwriting Agreement to indemnify the Sole Global Coordinator against certain liabilities arising in connection with the Offering, including liabilities under applicable securities laws.

20.6 Selling Restrictions

In the Underwriting Agreement, the Underwriter has further undertaken to comply with certain selling restrictions.

20.6.1 United States

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor with any securities regulatory authority of any state of the United States and may not be offered, sold or otherwise transferred or, in case of the Rights, exercised, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act.

In the Underwriting Agreement, the Sole Global Coordinator and the Company have represented and warranted that:

- neither it nor any of its affiliates (as defined in Rule 405 under the Securities Act) nor any person acting on its or their behalf has directly or indirectly offered, sold or solicited offers to buy or sell, or will offer, sell or solicit offers to buy or sell, directly or indirectly, the Offer Shares except in offshore transactions in accordance with Rule 902 of Regulation S under the Securities Act ("**Regulation S**");
- neither it nor any of its affiliates (as defined in Rule 405 under the Securities Act) nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Rule 902 of Regulation S) with respect to the Offer Shares; and
- neither it nor any of its affiliates (as defined in Rule 405 under the Securities Act) nor any person acting on its or their behalf has offered to sell or sold or solicited offers to buy or will offer to sell or solicit offers to buy the Offer Shares by means of any form of general solicitation or general advertising (each term as defined in Rule 501 under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Securities Act.

20.6.2 United Kingdom

In relation to the United Kingdom, the Underwriters or any of their affiliates or any person acting on their behalf (i) have only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") received by the Underwriters in connection with the issue or sale of any Offer Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and (ii) the Underwriters have complied and will comply with all applicable provisions of the FSMA with respect to anything done by them in relation to the Offer Shares in, from or otherwise involving the United Kingdom.

20.6.3 Member states of the European Economic Area

In relation to each member state of the European Economic Area the Underwriters have not made and will not make an offer to the public of any Offer Shares which are the subject of the Offering other than the offers contemplated in this Prospectus in Germany once this Prospectus has been approved by the BaFin and published in accordance with the Prospectus Regulation (EU) 2017/1129, as amended (the "**EU Prospectus Regulation**"), except that it may make an offer to the public of any Offer Shares at any time under the following exemptions under the EU Prospectus Regulation:

(a) to any qualified investor as defined in the Prospectus Directive,

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant member state subject to obtaining the prior consent of the Underwriters for any such offer, or

(c) in any other circumstances falling within Article 3 (2) of the Prospectus Directive;

provided that no such offer (as described above under (a) to (c)) of Offer Shares shall result in a requirement for the publication by the Company or any Underwriters pursuant to Article 3 of the Prospectus Directive.

21. TAXATION IN GERMANY

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders of the Company. In particular, this summary does not cover tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries.

Potential purchasers of Company's shares are therefore advised to consult their tax advisor on the tax implications of acquiring, holding and transferring shares in the Company and on the procedure to be followed for any refund of German withholding tax paid (Kapitalertragsteuer). Potential purchasers of Company's shares should also note that the tax legislation of the Member State of the investor and the country of incorporation of the Issuer may have an impact on the income received from the securities. This should take particular account of the specific situation of each individual shareholder.

Potential purchasers of shares in the Company should consider that the tax legislation of the investor's Member State and of the Issuer's country of in-corporation (i.e. Germany) may have an impact on the income received from the Company's shares.

21.1 Taxation of the Company

The Company's taxable income is generally subject to German corporate income tax at a uniform rate of 15 % plus the solidarity surcharge of 5.5 % thereon, resulting in a total tax rate of 15.825 %.

In addition, the Company is subject to trade tax on its business income, *i.e.*, income that has been generated at its German places of business and is subject to certain adjustments for trade tax purposes. The trade tax depends on the municipalities in which the Company maintains permanent establishments. The trade tax rate ranges from 7 % to approximately 17.5 % of the trade taxable income (*Gewerbeertrag*) depending in each case on the trade tax assessment rate (*Hebesatz*) of the relevant municipality.

With regard to the possibility of deducting net interest expenses, the interest barrier (*Zinsschranke*) applies. The interest barrier restricts the deductibility of interest expenses exceeding the interest earnings of the relevant financial year ("**net interest expenses**") to 30 % of the taxable earnings before interest, taxes, depreciation and amortisation ("**creditable EBITDA**") determined for corporate income tax and trade tax purposes. The non-deductible part of the interest expenses can be carried forward to future fiscal years ("**interest carried forward**") and might reduce the taxable profit of the Company in the future if the interest expenses in such period are deductible under the interest barrier. In addition, EBITDA carried forward applies according to which a positive difference between the creditable EBITDA and the net interest expenses may be carried forward for five financial years so that future net interest expenses, within certain limits, can be offset against the EBITDA carried forward in future years. However, there is a risk that the interest carried forward might be forfeited in case of a change of ownership on the basis of the same rules as applicable to losses carried forward (see below). The interest barrier will not apply if the net interest expenses are less than EUR 3 million in one assessment period or in the event the Company complies with the "escape clause" or if the Company is not part of a group, provided there is no harmful shareholder debt financing. The escape clause stipulates the complete deductibility of interest expenses in the event that the Company's equity ratio is not lower than that of the group. For this purpose the equity ratios of the financial statements at the end of the preceding business year are relevant. Only in case that there is no harmful shareholder debt financing, the escape clause will be applicable. A harmful shareholder debt financing is existing if the shareholder (holding directly or indirectly more than 25 % of the shares) or any related party hereto or any third party who has a right of recourse against the shareholder or a related party hereto receives interest exceeding 10 % of the negative interest balance (difference between interest income and interest expenses) from the respective corporation or from another affiliated company. If and to the extent the interest deduction is not limited 25 % of the interest expenses have to be added back to the trade earnings for trade tax purposes.

Losses of the Company can be carried forward to subsequent fiscal years and used to fully offset taxable income for corporate income tax and trade tax purposes only up to an amount of EUR 1.0 million. If the taxable income for the year or taxable profit subject to trade taxation exceeds this threshold, only up to 60 % of the amount exceeding the threshold may be offset by tax loss carry-forwards. The remaining 40 % are subject to taxation (minimum taxation). The rules also provide for a tax loss carry-back in an amount of up to EUR 1.0 million to the

previous year with regards to corporate income tax. Unused tax loss carry-forwards may generally be carried forward for an unlimited period of time.

If more than 50 % of the subscribed capital or voting rights of the Company are directly or indirectly transferred to an acquirer (including parties related to the acquirer) within five years or comparable circumstances occur, all tax loss carry-forwards and interest carry-forwards are forfeited. A group of acquirers with aligned interests is also considered to be an acquirer for these purposes. In addition, any current annual losses incurred prior to the acquisition will not be deductible.

21.2 Taxation of Shareholders

Shareholders are taxed in particular in connection with the holding of Company's shares (taxation of dividend income), upon the sale of Company's shares (taxation of capital gains) and the gratuitous transfer of Company's shares (inheritance and gift tax).

21.2.1 Taxation of Dividends

The full amount of a dividend distributed by the Company is, in general, subject to German withholding tax at a rate of 25 % plus solidarity surcharge of 5.5 % on the withholding tax, resulting in an aggregate rate of 26.375 %. The basis for the withholding tax is the dividend approved for distribution by the Company's general shareholders' meeting.

Withholding tax is, in principle, withheld regardless whether the shareholders reside in Germany or abroad. Exemptions may be allowed for some shareholders. These could include corporations resident in another EU Member State, to which the EU Parent-Subsidiary Directive (directive 2011/96/EU of 30 November 2011) applies. Similar exceptions may also apply in the case of double taxation agreements. In these cases, the restrictive preconditions according to Section 50d (3) of the Income Tax Act (*Einkommenssteuergesetz*) have to be fulfilled. Application forms for the respective exemption can be obtained from the German Federal Tax Office (*Bundeszentralamt für Steuern*), An der Kuppe 1, 53225 Bonn, Germany (www.bzst.bund.de), and from German embassies and consulates.

Withholding tax is withheld and remitted to the German tax authorities by the disbursing agent (*auszahlende Stelle*), *i.e.*, a German bank, financial services institution, securities trading enterprise or securities trading bank (each as defined in the German Banking Act (*Kreditwesengesetz*) and in each case including a German branch of a foreign enterprise, but excluding a foreign branch of a German enterprise) ("**Disbursing Agent**") that holds or administers the Company's shares in custody and disburses or credits the dividend income from the Company's shares or disburses or credits the dividend income from the Company's shares on delivery of the dividend coupons or disburses such dividend income to a foreign agent or by the central securities depository (*Wertpapiersammelbank* in terms of the German Depositary Act (*Depotgesetz*)) holding the Company's shares in a collective deposit, if such central securities depository disburses the dividend income from the Company's shares to a foreign agent.

The Company does not assume any responsibility for the withholding of the withholding tax and the Disbursing Agent is liable for withholding the withholding tax, unless it can show that it has not negligently or deliberately violated its obligations. The withholding tax can be claimed from the shareholder if (i) the dividends have not been reduced according to the rules, (ii) the shareholders know that the withholding tax has not been correctly withheld and they do not inform the tax office of this immediately, or (iii) the dividends have been improperly paid without withholding tax.

Dividends to a corporation domiciled outside of Germany are subject to a reduced withholding tax (irrespective of any double taxation treaties) in the event the shares in the Company do neither constitute an asset of a permanent establishment in Germany nor an asset for which a permanent representative has been appointed in Germany. In this case, 2/5 of the withholding tax will be refunded upon application. The refund requires that the corporation fulfils the preconditions of Section 50d (3) of the Income Tax Act (*Einkommenssteuergesetz*). Refund application forms may be obtained from the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), An der Kuppe 1, 53225 Bonn, Germany (www.bzst.bund.de), as well as from German embassies and consulates. A further reduction or refund under an applicable double taxation treaty is possible.

For shareholders resident in Germany (*i.e.*, shareholders whose place of residence or usual place of abode or, in case of corporations, its statutory seat or place of management is situated in Germany) holding their Company's shares as business assets as well as for shareholders residing outside Germany (foreign shareholders) holding their shares in the Company in a permanent establishment or a fixed base in Germany, or as assets for which a permanent representative has been appointed in Germany, the tax withheld is credited against the shareholders' personal income tax or corporate income tax. Such crediting of withholding tax requires a certificate within the meaning of Section 45a (2) sentence 3 of the Income Tax Act (*Einkommenssteuergesetz*).

Any tax withheld in excess of the shareholders' personal tax is refunded. The same principles apply to the solidarity surcharge.

For taxpayers who are subject to church tax, an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). The church tax payable will be withheld with the withholding tax and passed on by the Disbursing Agent. The taxpayer may refuse (block) the automatic query to the Federal Central Tax Office, which will then force an assessment by the taxpayer and the shareholder will be obliged to declare the dividends in his income tax return. The respective forms may be obtained from the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), An der Kuppe 1, 53225 Bonn, Germany (www.bzst.bund.de). If the church tax is withheld together with the withholding tax, the withholding tax will be reduced by 25 % of the church tax levied on the withholding tax.

Pursuant to a special rule on the restriction of withholding tax credit, the aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for Company's shares held as private and as business assets is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as a beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70 % of the risk in value change related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties.

Shareholders Resident in Germany

In case of shareholders (individuals, partnerships and corporations) subject to German taxation on their worldwide income (*i.e.*, persons whose place of residence or usual place of abode or, in case of corporations, its statutory seat or place of management is situated in Germany) the dividend payments are subject to German taxation.

Taxation of Dividend Income of Investors Resident in Germany Holding their Company's shares as Private Assets (Privatvermögen)

In case of individual shareholders resident in Germany holding their shares in the Company as private assets dividends are subject to the final flat tax (*Abgeltungsteuer*). Under this regime dividend income of private investors will be taxed at the principal final flat tax rate of 25 % plus a 5.5 % solidarity surcharge thereon (aggregate tax burden: 26.375 %) and church tax if applicable. Except for an annual lump sum allowance (*Sparerpauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly), private investors will not be entitled to deduct expenses incurred in connection with the capital investments from their dividend income. In certain cases, however, upon election and filing of an annual income tax return, the dividend payments may be taxed at the shareholder's individual tax rate if this results in a lower income tax burden. The withholding tax will then be credited against the income tax. Individual shareholders are not entitled to deduct expenses incurred in connection with the capital investments from their income except of the annual lump sum allowance even if they opt for taxation at their individual tax rate. This option may be exercised only for all capital income from capital investments received in the relevant assessment period uniformly and married couples filing jointly may only jointly exercise the option.

Exceptions from the flat tax apply upon application for shareholders who have a shareholding of at least 25 % in the Company and for shareholders who have a shareholding of at least 1 % in the Company and can take significant entrepreneurial influence on the Company's economic activity by a professional activity for the Company. In this case 60 % of the dividend income is taxed at the individual progressive income tax rate and 60 % of the expenses in relation to the shareholding are deductible.

Shares Held as Business Assets

If Company's shares are held as business assets of a shareholder, the taxation depends on whether the shareholder is a corporation, a sole proprietor, or a partnership (*Mitunternehmerschaft*). Withholding tax (including the solidarity surcharge thereon) withheld and remitted to the German tax authorities is credited against the respective shareholder's individual or corporate income tax or if in excess thereof, is re-fundable to the shareholder. The flat tax regime does not apply to Company's shares held as business assets.

Corporations

Dividends received by corporations that are tax resident in Germany are generally exempt from corporate income tax and solidarity surcharge. However, 5 % of the dividends are treated as non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825 %.

Portfolio Dividends (representing less than 10 % of the share capital) are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon). The acquisition of a shareholding of at least 10 % during a calendar year is deemed to have occurred at the beginning of the respective calendar year.

Business expenses actually incurred and with a direct business relationship to the dividends may be fully deducted.

Dividends are fully subject to trade tax after deduction of related business expenses, unless the corporation has held at least 15 % of the Company's registered share capital as from the beginning of the relevant assessment period. In the latter case, 5 % of the dividends will be subject to trade tax. Special rules for banks, financial services institutions, financial enterprises, life and health insurance companies, and pension funds, are described below.

Sole Proprietors (Individuals)

If the Company's shares are held by a sole proprietor as business assets, the "partial income method" (*Teileinkünfteverfahren*) applies. Accordingly, for income tax purposes, generally 60 % of the dividend distributions are taxable. Correspondingly, 60 % of the business expenses related to the dividend income are deductible for tax purposes (subject to any other restrictions on deductibility). In addition, dividends are entirely subject to trade tax if the shares in the Company are held as a business asset of a permanent establishment in Germany and if the shareholder does not hold at least 15 % of the share capital of the Company at the beginning of the relevant assessment period. The trade tax levied – depending on the municipal trade tax assessment rate and the individual tax situation – is partly or entirely credited against the shareholder's personal income tax by means of a lump sum tax credit system.

If the shareholder is subject to church tax, such tax may become due as well.

Partnership

If a shareholder is a partnership, a personal income tax or a corporate income tax, as the case may be, and a solidarity surcharge are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally 95 % tax exempt. However, dividends from an indirect shareholding representing less than 10 % of the share capital for the relevant partner are fully subject to taxation (see "*—Corporations*"). If the partner is an individual and the Company's shares are held as business assets of the partnership, only 60 % of the dividend income is subject to income tax. In case of a trading partnership trade tax is levied on the dividend income according to general rules.

21.2.2 Taxation of Dividends of Shareholders without a Tax Residence in Germany

For foreign shareholders who do not hold their Company's shares in a permanent establishment or a fixed base in Germany, or as an asset for which a permanent representative has been appointed in Germany, the German tax liability is, in principle, satisfied upon deduction of withholding tax (possibly reduced by way of a refund under a double taxation treaty or the EU Parent-Subsidiary Directive (directive 2011/96/EU of 30 November 2011) or 2/5 of the withholding tax may be refunded in some cases.)

However, shareholders who hold their shares in the Company in a permanent establishment or a fixed base in Germany, or as business assets for which a permanent representative has been appointed in Germany, are subject to the same rules described above for shareholders resident in Germany. The tax withheld and remitted (including solidarity surcharge thereon) is credited against the shareholder's income or corporate income tax or, if in excess thereof, will be refunded to the shareholder.

21.3 Taxation of Capital Gains

21.3.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

Shares Held as Private Assets

If the Company's shares are kept or administered in a custodial account maintained by a Disbursing Agent, the Disbursing Agent withholds a withholding tax of 25 % plus 5.5 % solidarity surcharge thereon and any church tax, if applicable. If the shareholder is subject to church tax, the same principles apply as described above (see "*—21.2.1 Taxation of Dividends*").

The tax base for the withholding tax is generally calculated as the difference between the proceeds received upon the disposal (less the expenses directly related to the disposal of the Company's shares) and the acquisition costs. If the shares in the Company were not acquired from the same Disbursing Agent by whom they have been held ever since, a different basis of calculation equal to 30 % of the proceeds from the disposal may apply, with the

same withholding tax rate (in total: 26.375 %) unless the shareholder provides proof of the acquisition costs and the account is moved from a Disbursing Agent from an EU Member State or a contracting state of the EEA Agreement.

Any gains from the sale or redemption of the shares in the Company will be subject to a final flat tax (*Abgeltungsteuer*) of 25 % plus solidarity surcharge of 5.5 % thereon resulting in an aggregate tax burden of 26.375 % and church tax if applicable which is, in principle, withheld by the Disbursing Agent. Except for an annual lump sum allowance (*Sparerpauschbetrag*) of EUR 801 (EUR 1,602 for married couples filing jointly) private investors will not be entitled to deduct expenses incurred in connection with the capital investments from their capital gains.

If the withholding tax or, if applicable, the church tax on capital gains, is not withheld by the Disbursing Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

Losses from the disposal of the Company's shares may only be offset against other capital gains resulting from the disposal of shares in the Company and in other stock corporations. Offsetting of overall losses with other income (*e.g.* business or rental income) and other capital income is not possible. Such losses are to be carried forward and to be offset against positive capital gains deriving from the sale of the Company's shares in future years.

In certain cases, however, upon election and filing of an annual income tax return, the capital gains may be taxed at the shareholder's individual tax rate if this results in a lower income tax burden. The tax withheld at source is then credited against the individual income tax assessed or, in excess of such tax, refunded. The deduction of actual expenses related to the capital gains (other than the expenses directly related to the disposal of the Company's shares which can be deducted when calculating the capital gains) is excluded in that case as well. The option may only be exercised for all capital gains and income from capital investments received in the relevant assessment period uniformly and married couples filing jointly may only exercise the option jointly.

The general flat tax will not apply if the seller of the Company's shares or, in case of gratuitous transfer, its legal predecessor has held, directly or indirectly, at least 1 % of the share capital of the Company at any time during the five years prior to the disposal. 60 % of the capital gains are taxed upon this disposal. Correspondingly, only 60 % of related expenses are deductible for tax purposes.

Shares Held as Business Assets

If Company's shares are held as business assets of a shareholder, the taxation of capital gains realised upon disposal depends on whether the shareholder is a corporation, a sole proprietor, or a partnership:

Corporations. Capital gains realised by a corporate shareholder upon disposal of shares in the Company are generally exempt from corporate income tax and trade tax. Capital gains for this purpose are the amount by which the selling price or the equivalent value after deduction of selling costs exceeds the tax base at the time of disposal. However, 5 % of the capital gain is deemed to be a non-deductible business expense and is therefore subject to corporate income and trade tax. As a rule, capital losses and other profit reductions in connection with shares (*e.g.*, from a write-down) cannot be deducted for tax purposes.

Sole Proprietors. If the shares in the Company are held by sole proprietors, pursuant to the partial income method, 60 % of the capital gains realised upon disposal are subject to income tax and solidarity surcharge. Correspondingly, 60 % of the business expenses related to such capital gains and 60 % of any losses incurred upon disposal of Company's shares are tax deductible. In addition, 60 % of the capital gains are subject to trade tax if the sole proprietor is subject to trade tax. However, trade tax is partly or entirely credited against the shareholder's personal income tax depending on the applicable municipal trade tax assessment rate and individual circumstances. If the shareholder is subject to church tax, such tax may become due as well.

Partnerships. If the shareholder is a partnership, taxation depends on whether the partners are subject to personal income tax or corporate income tax: If the partners are subject to corporate income tax, see above: "*— Corporations*". If the partners are subject to personal income tax, see above "*—Sole Proprietors*".

Special rules for banks, financial services institutions, financial enterprises, life and health insurance companies, and pension funds, are described below in section "*— 22.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*".

If a Disbursing Agent is involved, the proceeds from the sale of shares in the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares in the Company are held as private assets (see "*—Shares Held as Private Assets*"). However, the Disbursing Agent may refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the Company's shares form part of the shareholder's domestic business assets, and the share-

holder informs the Disbursing Agent of this on the officially prescribed form and meets certain additional prerequisites.

21.3.2 Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realised upon disposal of Company's shares by a shareholder resident outside Germany are only subject to German income tax (plus solidarity surcharge) in the event (i) the shares in the Company are held in a permanent establishment or through a fixed base in Germany, or held as assets for which a permanent representative has been appointed in Germany or (ii) the shareholder or, in case of a gratuitous transfer, its legal predecessor has held, directly or indirectly, at least 1 % of the share capital of the Company at any time during the five year period prior to the disposal.

Capital gains realised upon disposal of Company's shares held in a permanent establishment or through a fixed base in Germany, or held as assets for which a permanent representative has been appointed in Germany, are subject to the same rules as described above for shareholders resident in Germany.

Only 60 % of the gains from the disposal of the Company's shares are subject to progressive income tax plus the solidarity surcharge thereon (partial-income method), if the Shareholder is a private individual.

If the Shareholder is a corporation and the Company's shares belong to a domestic permanent establishment 5 % of the gain form the disposal of the Company's shares is subject to corporate income and trade tax. If the Shareholder is a corporation and the shares in the Company do not belong to a domestic permanent establishment or fixed place of business and are not part of business assets for which a permanent representative in Germany has been appointed, the gains from the disposal of the shares should not be subject to corporate income.

However, most of the German double taxation treaties provide for a complete exemption from German taxation (except in case (i) see above) and assign the right to tax to the shareholder's state of residence. In this case, in general no withholding tax is assessed upon the sale provided sufficient proof of the foreign tax status is given. Otherwise, withholding tax of 25 % plus 5.5 % solidarity surcharge thereon (in total 26.375 %) may be levied in the event a Disbursing Agent keeps in custody or administers or carries out the sale of the Company's shares and pays or credits the capital income unless capital gains are attributed to German business assets and certain other requirements are met.

21.3.3 Inheritance and Gift Tax

The transfer of shares in the Company by way of gift or succession is, in principle, subject to German inheritance and gift tax in particular if one of the following criteria is met:

(i) the testator, donor, heir, donee, or any other beneficiary has his or her place of residence or usual place of abode or, in case of corporations, its statutory seat or place of management is situated in Germany at the time of the transfer or is a German citizen who has not stayed abroad for more than five years without having a residence in Germany;

(ii) irrespective of these personal circumstances, the Company's shares are held as business assets for which a permanent establishment is maintained or a permanent representative is appointed in Germany; or

(iii) at the time of succession or donation, the testator or donor held, either alone or with other closely related persons, directly or indirectly, at least 10 % of the registered share capital of the Company. In some cases participation under 10 % may also lead to German inheritance and gift tax.

The few double taxation treaties on inheritance and gift tax which Germany has entered into generally provide that German inheritance or gift tax is levied only in case (i) and, with certain restrictions, in case (ii). Special provisions apply to certain German expatriates and former German citizens.

21.4 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realised by, certain companies in the financial and insurance sector are fully taxable. This applies to dividends received on, as well as gains from the disposal of, Company's shares in a trading portfolio within the meaning of Section 340e (3) of the German Commercial Code (*Handelsgesetzbuch*) of credit institutions and financial services institutions, and shares in the company that are, upon acquisition of the Company's shares, allocable to the current assets of a financial enterprise within the meaning of the German Banking Act (*Kreditwesengesetz*) that is directly or indirectly held by a credit institution or financial services institution to more than 50 %. The same applies to shares in the Company held as investments by life insurance providers, health insurance providers and pension funds. If the share-

holding at the beginning of the relevant assessment period is 15 % or higher, the dividends may, subject to certain conditions, be fully exempted from trade tax.

21.5 The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. The Commission's proposal is currently under review and it is unclear if and to what extent it will be implemented, if ever. The implementation of a financial transaction tax is now included in the coalition agreement dated 2 February 2018 agreed by the Grand Coalition between the German Christian Democratic/Social Democratic Party and the German Social Democratic Party.

Prospective holders are advised to seek their own professional advice in relation to the Commission's Proposal to introduce a financial transaction tax.

21.6 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax exempt. Net wealth tax is currently not imposed in Germany.

22. RECENT DEVELOPMENTS AND OUTLOOK

22.1 Recent Trends

There has been no significant change in the Company's financial performance since 30 September 2019, the end of the last financial period.

22.2 Recent Developments

On 14 March 2019, we issued a Conformity Declaration, based on a self-assessment of the conformity of the D-Base with the relevant essential requirements of the Medical Device Directive, and registered the D-Base with DIMDI. On 9 May 2019, the Regional Office for Health and Social Affairs Berlin (*Landesamt für Gesundheit und Soziales Berlin*) confirmed registration with DIMDI.

By resolution of the Company's shareholders meeting held on 16 October 2019, the Company's share capital was increased from the Company fund. This capital increase was registered with the commercial register on 1 November 2019.

On 16 October 2019, the general shareholder's meeting resolved to change the Company's legal form to a German stock corporation (*Aktiengesellschaft*) under the legal name DiaMonTech AG. The changes in legal form and legal name were registered in the commercial register (*Handelsregister*) of the local court of Charlottenburg (Berlin), Germany on 8 November 2019 under registration number HRB 212017 B.

On 21 October 2019, we published the results of our Study 100, which determines the accuracy of our non-invasive blood glucose-monitoring technology. We started Study 100 in March 2018 and completed it on 14 March 2019.

22.3 Outlook

In the current 2019 financial year, our activities will focus on the development of the D-Pocket, which is scheduled to be launched in the market by the end of 2020. With the development of the D-Pocket, we strive to gain access to the BGM system market.

We have already signed three letters of intent with potential distributors for the territory of China and Asia Pacific, Japan and Argentina, pursuant to which these distributors expressed their interest in entering into a distribution partnership. Furthermore, we signed a letter of intent with one of the three largest health insurers in Germany, according to which the parties intend to cooperate with respect to our future products, including the D-Pocket, with the objective of opening up new ways of treatment and optimising existing processes and a letter of intent with Deutscher Apothekerverband e.V. ("**DAV**"), according to which the parties intend to enter into a strategic partnership for the distribution of our non-invasive BGM devices by pharmacies.

23. GLOSSARY

AI	artificial intelligence
AktG	German Stock Corporation Act (*Aktiengesetz*)
BaFin	German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*)
BeNeLux	Belgium, the Netherlands, Luxembourg
BfArM	refers to the Federal Institute for Drugs and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte*) in Germany
BGM	blood glucose monitoring
CAGR	compound annual growth rate
CET	Central European Time
CE marking	refers to the marketing clearance, approval or certification mark A CE marking is a European marking of conformity that indicates that a product meets the essential requirements of the EU's Council Directive 93/42/EEC concerning medical devices and Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices
CEO	Chief Executive Officer
CFDA	Chinese Food and Drug Administration Authority
CFO	Chief Financial Officer
CGM	continuous glucose monitoring
DAV	Deutscher Apothekerverband e.V.
DIMDI	German Institute of Medical Documentation and Information (*Deutsches Institut für Medizinische Dokumentation und Information*)
EBIT	refers to earnings before interest and taxes
EBITDA	refers to earnings before interest, taxes, depreciation and amortisation
EBT	refers to earnings before taxes
EC	European Commission
EEA	refers to the economic area encompassing all of the members of the European Union and the European Free Trade Association
EFTA	European Free Trade Association
EU	European Union
EU Prospectus Regulation	refers to the Prospectus Regulation (EU) No 2017/1129 of 14 June 2017
EU Short Selling Regulation	refers to the Regulation (EU) No. 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps
Euro, Euros or €	refers to the single currency of the participating member states in the third stage of the European Economic Union pursuant to the Treaty Establishing the European Community
FACE	Federal Food, Drug and Cosmetic Act
FDA	U.S. Food and Drug Administration
FSMA	Financial Services and Markets Act 2000
GDP	gross domestic product
Germany	Federal Republic of Germany
Governance Code	refers to the German Corporate Governance Code as adopted on 26 February 2002

	and last amended on 7 February 2017
HGB	German Commercial Code (*Handelsgesetzbuch*).
IAS 34	International Accounting Standard 34 applies when an entity prepares an interim financial report, without mandating when an entity should prepare such a report. Permitting less information to be reported than in annual financial statements (on the basis of providing an update to those financial statements), the standard outlines the recognition, measurement and disclosure requirements for interim reports. IAS 34 was issued in June 1998 and is operative for periods beginning on or after 1 January 1999.
IDF	International Diabetes Federation
IFRS	refers to the International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board as adopted by the European Union.
ISIN	international securities identification number
IVD	in vitro medical devices
IVDR	refers to the Regulation (EU) 2017/746 of the European Parliament and of the Council of 5 April 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU
LEI	legal entity identifier
MAR	refers to the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as amended
MDR	refers to the Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No. 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC
Medical Device Directives	refers to the EU's Council Directive 93/42/EEC concerning medical devices and Directive 98/79/EC of the European Parliament and of the Council on in vitro diagnostic medical devices
Member States	refers to the member states of the "European Economic Area"
MPG	German Medical Device Act (*Medizinproduktgesetz*)
MPV	German Regulation on Medical Devices (*Medizinprodukte-Verordnung*)
NIR	near infrared
NMPA	National Medical Products Administration of China
PAS	photoacoustic spectroscopy
QCL	quantum cascade laser
QIBs	qualified institutional buyers
QM-System	quality management system
QSR	quality system regulation
R&D	research and development
Regulation on in vitro diagnostic medical devices	refers to the Regulation (EU) 2017/746 of the European Parliament and of the Council of 5 April 2017 on in vitro diagnostic medical devices and repealing Directive 98/79/EC and Commission Decision 2010/227/EU
Regulation on medical devices	Refers to the Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No. 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC
Regulation S	refers to Regulation S under the United States Securities Act of 1933, as amended
RF	radiofrequency

Securities Act	refers to the United States Securities Act of 1933, as amended
Study 100	refers to a long-term clinical study with 100 persons, that was conducted by the Issuer from March 2018 until March 2019, in order to determine the accuracy of its non-invasive BGM solution
U.S. or United States	United States of America
UmwG	German Transformation Act (*Umwandlungsgesetz*)
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*)

24. FINANCIAL SECTION

Contents of Financial Statements

Audited Financial Statements of DiaMonTech GmbH prepared in accordance with IFRS
as of and for the financial years ended
December 31, 2018, December 31, 2017 and December 31, 2016

STATEMENTS OF FINANCIAL POSITION AS OF 12/31/2018, 12/31/2017 AND 12/31/2016

		12/31/2018	12/31/2017	12/31/2016	01/01/2016
	Notes	EUR	EUR	EUR	EUR
NON-CURRENT ASSETS					
Intangible assets	5.1	1,721,328	883,247	345,850	0
Office furniture and equipment	5.2	68,927	76,370	9,756	0
Non-current financial assets	5.3	18,681	0	0	0
TOTAL NON-CURRENT ASSETS		**1,808,936**	**959,617**	**355,606**	**0**
CURRENT ASSETS					
Other current assets		48,169	46,294	46,644	61,098
Cash and cash equivalents	5.4	2,099,231	1,408,182	77,296	407,133
TOTAL CURRENT ASSETS		**2,147,400**	**1,454,476**	**123,940**	**468,231**
ASSETS		**3,956,336**	**2,414,094**	**479,546**	**468,231**

		12/31/2018	12/31/2017	12/31/2016	01/01/2016
		EUR	EUR	EUR	EUR
SHAREHOLDERS' EQUITY					
Subscribed capital	5.5	40,949	37,038	29,498	25,000
Capital reserves	5.5	4,813,859	2,764,592	702,279	23,237
Retained earnings	5.5	-1,254,177	-632,047	-361,988	-67,234
TOTAL SHAREHOLDERS' EQUITY		**3,600,631**	**2,169,583**	**369,789**	**-18,997**
NON-CURRENT LIABILITIES					
Non-current provisions	5.7	0	110,485	56,865	0
TOTAL NON-CURRENT LIABILITIES		**0**	**110,485**	**56,865**	**0**
CURRENT LIABILITIES					
Current provisions	5.7	184,976	0	0	0
Trade payables		134,794	112,407	44,991	501
Other financial liabilities	5.5	17,608	1,546	53	480,000
Other non-financial liabilities		18,328	20,072	7,847	6,727
TOTAL CURRENT LIABILITIES		**355,705**	**134,026**	**52,891**	**487,227**
SHAREHOLDERS' EQUITY AND LIABILITIES		**3,956,336**	**2,414,094**	**479,546**	**468,231**

STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEAR 2018, 2017 AND 2016

		2018	2017	2016
	Notes	**EUR**	**EUR**	**EUR**
Own work capitalized	6.1	839,993	507,047	166,853
Other income	6.2	1,318	100,038	0
Cost of materials		-712,083	-516,957	-214,171
Personnel expenses	6.3	-355,575	-198,547	-160,031
Depreciation and amortization		-42,470	-24,371	-1,839
Other operating expenses		-353,314	-137,269	-85,567
Loss from operating activities		**-622,131**	**-270,059**	**-294,754**
Financial income		0	0	0
Financial expenses		0	0	0
Earnings before taxes (EBT)		**-622,131**	**-270,059**	**-294,754**
Income taxes	6.4	0	0	0
Net loss for the period		**-622,131**	**-270,059**	**-294,754**
Other comprehensive income		0	0	0
Total comprehensive income for the period		**-622,131**	**-270,059**	**-294,754**

		2018	2017	2016
	Notes	**EUR**	**EUR**	**EUR**
Net loss per company share				
Basic net loss per company share	6.5	-16,24	-8,02	-10,23
Diluted net loss per company share	6.5	-16,24	-8,02	-10,23

STATEMENTS OF CASH FLOWS FOR FISCAL YEAR 2018, 2017 AND 2016

		2018	2017	2016
		EUR	EUR	
	Profit/loss from operating activities	-622,131	-270,059	-294,754
+	Depreciation and amortization	42,470	24,371	1,839
-/+	Increase/decrease in other assets	-20,557	350	14,454
+/-	Increase/decrease in provisions	74,491	53,620	56,865
+/-	Increase/decrease in trade payables	22,386	67,416	44,490
+/-	Increase/decrease in other liabilities	14,317	13,720	1,173
+	Non cash items from share-based payments	36,541	19,690	57,403
=	**Cash flows from operating activities**	**-452,482**	**-90,894**	**-118,529**
-	Additions to intangible assets	-856,646	-550,356	-346,853
-	Additions to office furniture and equipment	-16,462	-78,026	-10,592
=	**Cash flows from investing activities.**	**-873,108**	**-628,382**	**-357,445**
+	Proceeds from capital increases	2,111,903	2,061,084	150,000
-	Transactions costs related to capital increases	-95,265	-10,922	-3,863
=	**Cash flows from financing activities**	**2,016,638**	**2,050,162**	**146,137**
+/-	Change in cash and cash equivalents	691,049	1,330,887	-329,837
+	Cash and cash equivalents as of January 1	1,408,182	77,296	407,133
=	**Cash and cash equivalents as of December 31**	**2,099,231**	**1,408,182**	**77,296**

Refer to note 7. for further Information.

STATEMENTS OF CHANGES IN EQUITY FOR FISCAL YEAR 2018, 2017 AND 2016

	Subscribed capital	Capital reserves	Retained earnings	Equity
	EUR	EUR	EUR	EUR
Balance as of January 1, 2016	**25,000**	**23,237**	**-67,234**	**-18,997**
Increase in capital	4,498	625,502	0	630,000
Transaction costs related to increase in capital	0	-3,863	0	-3,863
Total comprehensive income for the period	0	0	-294,754	-294,754
Share-based payments (equity settled)	0	57,403	0	57,403
Balance as of December 31, 2016	**29,498**	**702,279**	**-361,988**	**369,789**
Balance as of January 1, 2017	**29,498**	**702,279**	**-361,988**	**369,789**
Increase in capital	7,540	2,053,544	0	2,061,084
Transaction costs related to increase in capital	0	-10,922	0	-10,922
Total comprehensive income for the period	0	0	-270,059	-270,059
Share-based payments (equity settled)	0	19,690	0	19,690
Balance as of December 31, 2017	**37,038**	**2,764,592**	**-632,047**	**2,169,583**
Balance as of January 1, 2018	**37,038**	**2,764,592**	**-632,047**	**2,169,583**
Increase in capital	3,911	2,107,992	0	2,111,903
Transaction costs related to increase in capital.	0	-95,265	0	-95,265
Total comprehensive income for the period	0	0	-622,131	-622,131
Share-based payments (equity settled)	0	36,541	0	36,541
Balance as of December 31, 2018	**40,949**	**4,813,859**	**-1,254,177**	**3,600,631**

Refer to note 5.5 for further information.

NOTES TO THE IFRS FINANCIAL STATEMENTS OF DIAMONTECH GMBH, BERLIN, CONSISTING OF HISTORICAL FINANCIAL INFORMATION FOR FISCAL YEARS 2018, 2017 AND 2016

1. General Information about DiaMonTech GmbH, Berlin

DiaMonTech GmbH (hereinafter also referred to as the Company) was founded on April 21, 2015, and has its registered office at Boxhagener Straße 82 A, 10245 Berlin, Germany. Until end of October 2018 the Company had its registered office at Krachtstraße 10b, 10245 Berlin, Germany. The Company is registered in the Commercial Register at Charlottenburg (Berlin) District Court under HRB 166753.

DiaMonTech GmbH is a medical technology company focused on the design, development and commercialization of medical diagnostic devices on the basis of a laser-based proprietary photothermal detection technology. The Company has developed a first-generation non-invasive blood glucose monitoring solution, which was CE certified in March 2019. The Company aims to initially market the solution with the Diamontech (DMT) Pocket, a smartphone-sized version for the personal use of diabetes patients. The development of that device has commenced in June 2019. The Company intends to sell the DMT Pocket directly in Europe through online marketing and pharmacies and indirectly through distributors in certain markets outside of Europe.

The financial statements of the Company are prepared in euros (EUR), which is the functional and reporting currency. Unless otherwise indicated, all figures in the financial statements are rounded to the nearest EUR. This can result in rounding differences of up to one currency unit.

The fiscal year covers the period from January 1 to December 31 of each year.

The financial statements were released for publication by the managing director on September 24, 2019.

2. Accounting and measurement principles

2.1 General

DiaMonTech GmbH is required to prepare individual financial statements in accordance with the German Commercial Code (HGB). In addition, individual financial statements in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) of the International Accounting Standards Board (IASB), as applicable in the European Union, were prepared voluntarily for the first time as of December 31, 2018, with comparative figures as of December 31, 2017 and December 31, 2016. Additionally, the statements of financial position include opening balance sheet information as of January 1, 2016. The financial statements take into account all mandatory accounting standards and interpretations applicable in the EU.

The financial statements comprise the statements of financial position, statements of comprehensive income, statements of cash flows, statements of changes in equity as well as the notes to the financial statements. The statements of financial position are divided into current and non-current assets and liabilities in accordance with IAS 1. The statements of profit or loss included in the statements of comprehensive income were prepared using the total cost (nature of expense) method. The Company exercises the option to present all income and expense items recognized in a period and the components of other comprehensive income in a single statement of comprehensive income.

The significant accounting and measurement principles applied in the preparation of these financial statements are presented below. Unless otherwise indicated, these principles have been applied uniformly for all fiscal years presented. The financial statements are prepared on a going concern basis.

In preparing the financial statements, management is required to make estimates and assumptions that affect recognized amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and contingent liabilities. In addition, management is also required to apply the accounting and measurement principles in accordance with its own judgment. Although these estimates and assumptions are based on the best possible knowledge of events and measures, the results may differ from these estimates.

The financial statements were prepared on the basis of cost, unless otherwise stated. Costs are based on the respective value of the consideration paid for assets and liabilities. This is based on the fair value of the consideration.

Fair value is the price that would be paid on the valuation date for the sale of an asset or for the transfer of a liability in a transaction between market participants at normal market conditions, irrespective of whether the price is directly observable or estimated using another valuation technique.

In the determination of the fair value of an asset or liability, the Company considers the characteristics of the asset or liability to the extent that market participants would also take these characteristics into account in determining the price of the asset or liability on the measurement date. The fair value for measurement or disclosure in the notes to the financial statements is determined on this basis. In addition, the measurement of fair value for financial reporting purposes is categorized into Level 1, Level 2, and Level 3, depending on the observability of the input for measuring the respective fair value and the significance of these inputs for the measurement of the fair value as a whole; this fair value hierarchy is described as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Intangible assets

Intangible assets are recognized at acquisition or production cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Variable or contingent consideration for the acquisition of an intangible asset, which is related to the cost of the asset, is not considered on initial recognition of the asset, but is added to the cost of the asset when incurred, or when a related liability is remeasured for changes in cash flows (cost accumulation model). Accumulated amortization and accumulated impairment losses are deducted from their costs. Intangible assets with finite useful lives are amortized by the straight-line method over their estimated useful lives. The amortization methods and amortization periods are reviewed annually at the end of each fiscal year. When an intangible asset is disposed of or retired, its cost and accumulated amortization and impairment losses are derecognized from the statements of financial position and the gain or loss on disposal is recognized in the statements of comprehensive income.

Intangible assets mainly include internally generated intangible assets as well as acquired patents, software and other rights.

Internally generated intangible assets

Development costs are capitalized if the requirements of IAS 38 are met. Production costs include all costs directly attributable to the development process as well as an appropriate share of development-related overhead costs. For the presentation of additions to internally generated intangible assets in the statements of comprehensive income the gross method is applied. Own work capitalized includes own personnel expenses as well as cost of materials and other operating expenses, which are part of development costs for internally generated intangible assets. Capitalized development costs are amortized on a straight-line basis from the start of production or usage over the expected product life cycle. Research costs and non capitalizable development costs are expensed as incurred.

Acquired patents, software and other rights

Acquired patents are amortized over a period equivalent to the legal patent term (up to twenty years). Software and other rights are amortized over a period of three to ten years.

2.3 Office furniture and equipment

Office furniture and equipment is recognized at cost less accumulated depreciation and impairment losses. The costs of office furniture and equipment include the purchase price plus incidental acquisition costs. Expenses incurred after the asset has been put into service, such as maintenance and repair costs and refurbishment costs, are recognized in the statements of comprehensive income in the period in which the costs were incurred. When office furniture and equipment is disposed of or retired, its cost and accumulated depreciation and impairment losses are derecognized from the statements of financial position and the gain or loss on disposal is recognized in the statements of comprehensive income.

Depreciation is calculated using the straight-line method over the estimated useful lives of three to thirteen years. The depreciation methods and useful lives used are reviewed annually at the end of each fiscal year.

Low value assets with acquisition cost of less than EUR 250 are directly expensed when incurred. Low value assets with acquisition cost between EUR 250 and EUR 800 per item are fully depreciated in the year of addition.

2.4 Impairment of assets

Intangible assets as well as office furniture and equipment must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Irrespective of whether there is any indication of impairment an annual impairment test has to be performed for intangible assets not yet available for use. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use means the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognized in profit or loss in the statements of comprehensive income.

An impairment loss recognized for an asset in prior years is reversed if there is an indication that the impairment loss no longer exists or has decreased. The reversal is recognized in profit or loss in the statements of comprehensive income.

2.5 Other non-financial assets and liabilities

Other non-financial assets and liabilities are measured at cost.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of bank balances. Cash and cash equivalents are measured at amortized cost. Highly liquid investments with original maturities of three months or less are considered as cash equivalents.

2.7 Provisions

Provisions are recognized when the Company has a present obligation (legal, contractual or constructive) as a result of a past event, it is probable that the fulfillment of the obligation is associated with an outflow of resources and a reliable estimate of the obligation is possible. Provisions are measured at the best estimate of the expenditure required to settle the present obligation. Provisions are reviewed at the end of each reporting period and adjusted to the current best estimate. Due to the judgmental nature of provisions and the involvement of significant estimates, future settlements may differ from amounts recognized. If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects the current market assessments and the risks associated with the obligation.

With regard to provisions resulting from share-based payments refer to 2.13 Share-based payments.

2.8 Trade payables

Trade payables are measures at amortized cost.

2.9 Leases

Leases are classified as finance leases, if the lease agreement essentially transfers all risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. The Company does not have finance leases. The Company's leases are classified as operating leases. Lease payments under operating leases are expensed in the statements of comprehensive income on a straight-line basis over the term of the lease.

2.10 Foreign currency translation

Transactions in foreign currencies are translated into the functional currency (which is equivalent to the reporting currency of the Company) at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are recognized in profit or loss in the statements of comprehensive income.

2.11 Financial instruments

DiaMonTech GmbH holds financial instruments in the form of cash and cash equivalents, trade payables and other financial assets and liabilities. The Company does not hold any derivative financial instruments.

Financial assets

Financial assets are to be recognized when the Company becomes a contracting party of the financial instrument.

The classification of financial assets depends on the underlying business model and the so-called SPPI-criterion, which is fulfilled if the contractual cash flows consist solely of principal and interest payments on the principle amount outstanding. The objective of the business model can either be holding, selling or a combination of both.

The classification of financial assets on the basis of the two criteria mentioned above takes place in the following categories:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income

If the SPPI-criterion is fulfilled and the objective of the business model is to hold the financial instrument, the financial asset is classified into the category financial assets measured at amortized cost. The initial measurement is at fair value, subsequent measurement is at amortized cost using the effective interest method. All financial assets held by the Company in any of the reporting periods are measured at amortized cost and the amortized cost equal the nominal amounts.

The Company derecognizes financial assets when the contractual rights to the cash flows expire or when the rights are transferred from the Company to a third party in such a way that the criteria for derecognition are met.

Impairment of financial assets

Financial assets are within the scope of the impairment regulations of IFRS 9. The amount of the impairment is determined on the basis of the expected credit losses. Expected credit losses result from the difference between the contractually agreed cash flows and the expected cash flows measured at the present value by using the original effective interest rate. Expected credit losses are recognized in three stages. For financial assets, for which there has been no significant increase in credit risk since the initial recognition, the allowance is measured at the 12-months expected credit loss (level 1). If there is a significant increase in the credit risk, the lifetime expected credit loss is calculated (level 2). The Company generally assumes a significant increase in the credit risk if a financial asset is overdue by 30 days. If there are objective indications of impairment, the underlying assets are allocated to level 3. The probability of default for all financial assets of the Company within the next 12 months and within the entire lifetime were evaluated as very insignificant on the basis of historical data. Additionally, there are no indicators that the credit risk has significantly increased in the comparison to the historical information. The default risk on cash and cash equivalents is minor, due to the fact that the contracting parties are German banks with investment grade credit ratings from international rating agencies. Finally, for impairment purposes all financial assets of the Company are considered to be in level 1 in all reporting periods.

Financial liabilities

Financial liabilities are to be recognized when the Company becomes a contracting party of the financial instrument.

If financial liabilities are held for trading or if they are a derivative, which is not part of a hedging relationship, they are classified as financial liabilities at fair value through profit or loss. All other financial liabilities are classified as financial liabilities at amortized cost. The initial measurement is at fair value, subsequent measurement is at amortized cost using the effective interest method. All financial liabilities held by the Company in any of the reporting periods are measured at amortized cost and the amortized cost equal the nominal amounts.

Financial liabilities are derecognized when they are settled, i.e., when the contractual obligations have been discharged or canceled or have expired.

2.12 Income taxes

Income taxes comprise current and deferred taxes. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred taxes are calculated using the liability method. Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and taxation

purposes. Furthermore, deferred taxes are recognized for unused tax losses. Deferred tax assets and liabilities are measured using the tax rates expected to apply to the period in which an asset is realized, a liability is settled or unused tax losses are utilized, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized for all deductible temporary differences and for tax loss carry-forwards to the extent that it is probable that based on the business plan taxable profit will be available in the future and it therefore appears sufficiently certain that the tax losses can actually be utilized within the following five fiscal years. At the end of each reporting period the Company reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets.

Deferred tax assets and liabilities are offset if they are levied by the same tax authority.

2.13 Share-based payments

The Company concluded virtual options agreements with employees and advisors. These agreements entitle the beneficiaries to profit participations in the case of an exit event, particularly an IPO. In case of an IPO the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by granting company shares of the Company. The agreements are partly classified as cash-settled and partly classified as equity-settled. The fair value of the amount payable to the beneficiaries in respect of cash-settled share-based payment arrangements is recognized as an expense with a corresponding increase in provisions over the period during which the beneficiaries become unconditionally entitled to payment. The provisions are re-measured at each reporting date and at settlement date based on the fair value of the awards. Any changes in the provisions are recognized in profit or loss. For equity-settled share-based payment arrangements, the Company estimates the fair value of the services received by reference to the fair value of the equity instruments granted at grant date. The fair value is recognized as an expense with a corresponding increase of capital reserves over the vesting period.

2.14 Contingent assets and liabilities

Contingent assets and liabilities are not recognized in the financial statements. However, contingent assets are disclosed, when an inflow of economic benefits is probable. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

2.15 Summary of estimates, judgments and assumptions

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the reporting dates and the reported amounts of income and expenses for the years presented. Actual amounts may significantly differ from these estimates, judgments and assumptions. Estimates and underlying assumptions are reviewed at each reporting date. Revisions to estimates are recognized in profit or loss in the period in which the estimate is revised.

Estimates, judgments and assumptions are particularly necessary in the following areas:

Intangible assets

The expected useful life of intangible assets and the related amortization schedules are based on past experiences, plans and estimates. This includes estimates of the period and allocation of future cash inflows derived from the investments made. Impairment tests are performed for assets if specific indicators point towards a possible impairment loss. In the case of a possible impairment, an estimate must be made of the recoverable amount of the affected asset that corresponds to the higher of either the fair value less costs of disposal or the value in use. To ascertain the value in use the discounted future cash flows of the affected asset must be determined, containing significant assumptions such as those regarding future selling prices, sales volumes, costs, and discount rates. This is particularly relevant in view of the fact that the Company has not yet made any revenue with its products in development. Judgement is also applied in regards of the recognition criteria of development cost in accordance with IAS 38 as well as the respective annual impairment test for intangible assets not yet available for use. For further details refer to note 5.1 Intangible assets.

Impairment of financial assets

In respect of the impairment of financial assets assumptions and estimates are applied to the expected credit loss model. For further details refer to notes 2.11 and 8.1 Financial instruments.

Share-based payments

In respect of the accounting of virtual option, assumptions and estimates are made for the development of performance conditions, service conditions and non-vesting conditions as well as for the determination of the fair value of the underlying company shares and the implied options. These are determined using option pricing models. For further details refer to note 5.6 Share-based payments.

Provisions

In respect of recognition and measurement there are uncertainties with regard to the provisions resulting from share-based payments. Furthermore, there are uncertainties with regard to the amount, date and probability of the utilization of the respective provisions. For further details refer to note 5.6 Share-based payments and note 5.7 Provisions.

Deferred taxes

The Company has tax loss carry-forwards in Germany that have the potential to reduce tax payments in the future. Deferred tax assets have been recognized to the extent that their recovery is probable taking into account the projected future taxable income and currently available tax strategies. At the end of each reporting period the Company assesses whether the probability of future tax benefits being realized is sufficient to recognize deferred tax assets. For further details refer to note 6.4 Income taxes.

2.16 Subsequent events

Subsequent events that provide additional information on the position of the Company at the end of the reporting period (events resulting in adjustments) are reported in the statements of financial position or statements of comprehensive income. Subsequent events that do not result in an adjustment are disclosed separately in note 8.5 Subsequent events.

3. First-time application of IFRS

The opening IFRS statement of financial position was prepared as of January 1, 2016. This date marks the date of transition to IFRS.

In accordance with IFRS 1.10, the opening IFRS statement of financial position

- recognized all assets and liabilities whose recognition is required by IFRS;
- did not recognize any items as assets or liabilities if IFRS do not permit such recognition;
- reclassified items that it recognized in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IFRS; and
- applied IFRS in measuring all recognized assets and liabilities.

The significant accounting and measurement principles set out in the notes to the financial statements have been applied in preparing the IFRS financial statements for the year ended December 31, 2018, the comparative information presented in these financial statements for the years ended December 31, 2017 and 2016, and in the preparation of an opening IFRS statement of financial position as of January 1, 2016.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with German GAAP ("Previous GAAP"). An explanation of how the transition from Previous GAAP to IFRS has affected the Company's financial position and financial performance is set out in the following explanations and tables. Under Previous GAAP the Company has not reported statements of cash flows.

The Company has not made use of the exceptions and exemptions of IFRS 1.18.

3.1 Main differences in accounting methods between German GAAP and IFRS

The main differences in accounting methods between German GAAP and IFRS applied by the Company are as follows:

- Development costs related to internally generated intangible assets are capitalized under IFRS if the requirements of IAS 38 are met. Under German GAAP the Company did not capitalize development costs related to internally generated intangible assets, such development costs were expensed when incurred.

- In accordance with IAS 32 transactions costs related to capital increases are accounted for as a deduction from capital reserves to the extent that they are incremental costs directly attributable to the equity transaction. Under German GAAP such costs were expensed when incurred.
- Measurement and presentation of share-based payment programs under IFRS is governed by IFRS 2 as follows: Costs arising from equity-settled share-based payment programs to employees are measured at the fair value of these instruments at grant date and expensed over the vesting period. Costs arising from cash-settled share-based payments are initially and subsequently measured at fair value and expensed over the vesting period. Under German GGAP no share-based payment programs were recognized.
- The payments made in December 2015 related to the capital increase entered in the commercial register in February 2016 were presented as equity under German GAAP in the financial statements as of December 31, 2015. In the opening IFRS statement of financial position as of January 1, 2016 these payments are presented as other financial liabilities.
- Under IFRS deferred tax assets are recognized for all deductible temporary differences and unused tax loss carry-forwards to the extent that it is probable that taxable profits will be available in the future. Under German GGAP deferred tax assets were not recognized.

3.2 Transition of total comprehensive income and equity

The effects of the transition to IFRS on the total comprehensive income for the fiscal year 2016 are presented below:

	2016 **EUR**
Net loss for the period pursuant to German GAAP	**-345,935**
Adjusting development costs for intangible assets	161,586
Adjusting transaction costs related to capital increases	3,863
Adjusting the measurement of share-based payments	-114,268
Adjusting deferred taxes	0
Net loss for the period pursuant to IFRS	**-294,754**
Other comprehensive income	0
Total comprehensive income pursuant to IFRS	**-294,754**

The effects of the transition to IFRS on equity as of January 1, 2016 and December 31, 2016 are presented below:

	12/31/2016	**01/01/2016**
	EUR	**EUR**
Equity pursuant to German GAAP	**265,069**	**461,003**
Adjusting development costs for intangible assets	161,586	0
Adjusting the measurement of share-based payments	-56,866	0
Adjusting payments related to capital increase	0	-480,000
Adjusting deferred taxes	0	0
Equity pursuant to IFRS	**369,789**	**-18,997**

4. Standards and interpretations issued but not yet effective as of December 31, 2018

The following standards that had already been published by the IASB were not applied in the financial statements, as they had not yet become effective:

IFRS 16: Leases

In January 2016, the IASB issued a new standard on the accounting of leases. IFRS 16 replaces the previous standard IAS 17 and the interpretations IFRIC 4, SIC-15 and SIC-27. The application of the new regulations is mandatory as of

January 1, 2019. The Company will adopt the standard for the fiscal year beginning as of January 1, 2019 making use of the modified retrospective approach. The main changes under IFRS 16 relate to lessee accounting. A lessee recognizes a right-of-use asset and a corresponding discounted lease liability, representing its obligation to make lease payments. The distinction between finance and operating leases, previously required under IAS 17, will therefore no longer apply to the lessee. Exemptions are granted for made use of for low value asset leases and for short-term leases. Management has assessed the impact of adopting IFRS 16 on the financial statements. Based on this analysis, there is only one substantial lease agreement related to the office of the Company, which will result in a right-of-use asset and lease liability not exceeding an amount of kEUR 100. The first-time application of IFRS 16 will therefore not have a substantial impact on the financial statements of the Company.

In addition to IFRS 16 the following standards and interpretations are not yet applicable in the financial statements as they are not yet effective. First-time application of these standards and interpretations is not expected to have a substantial impact on the financial statements.

- IFRS 17: Insurance Contracts
- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-Term Interests in Associates and Joint Ventures
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Annual Improvements to IFRS 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to References on the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 1 and IAS 8: Definition of Material

5. Notes to the statements of financial position

5.1 Intangible assets

The development and composition of intangible assets in the years 2016 to 2018 is shown in the following statements of changes in intangible assets:

2018			
	Internally generated intangible assets	**Acquired patents, software and other rights**	**Total**
	EUR	**EUR**	**EUR**
Acquisition and production costs			
Balance as of January 1, 2018	673,900	223,309	897,209
Additions	839,993	16,653	856,646
Balance as of December 31, 2018	1,513,893	239,962	1,753,855
Amortization			
Balance as of January 1, 2018	1,292	12,670	13,962
Additions	6,208	12,357	18,565
Balance as of December 31, 2018	7,500	25,027	32,527
Carrying amounts			
Balance as of January 1, 2018	672,607	210,640	883,247
Balance as of December 31, 2018	1,506,393	214,935	1,721,328

2017			
	Internally generated intangible assets	Acquired patents, software and other rights	Total
	EUR	EUR	EUR
Acquisition and production costs			
Balance as of January 1, 2017	166,853	180,000	346,853
Additions	507,047	43,309	550,356
Balance as of December 31, 2017	673,900	223,309	897,209
Amortization			
Balance as of January 1, 2017	253	750	1,003
Additions	1,039	11,920	12,959
Balance as of December 31, 2017	1,292	12,670	13,962
Carrying amounts			
Balance as of January 1, 2017	166,600	179,250	345,850
Balance as of December 31, 2017	672,607	210,640	883,247

2016			
	Internally generated intangible assets	Acquired patents, software and other rights	Total
	EUR	EUR	EUR
Acquisition and production costs			
Balance as of January 1, 2016	0	0	0
Additions	166,853	180,000	346,853
Balance as of December 31, 2016	166,853	180,000	346,853
Amortization			
Balance as of January 1, 2016	0	0	0
Additions	253	750	1,003
Balance as of December 31, 2016	253	750	1,003
Carrying amounts			
Balance as of January 1, 2016	0	0	0
Balance as of December 31, 2016	166,600	179,250	345,850

The capitalized internally generated assets reported relate to capitalized own work, including purchased services and materials, in the context of development projects in connection with the development and evaluation of a medical technology device that non-invasively measures blood glucose levels. In addition to that the Company registered a number of patents based on own developments. In the course of the annual assessment and impairment test of capitalized development costs for projects it was not necessary to recognize any impairments in the reporting periods.

The following development projects were capitalized in the financial statements of the Company:

	Useful life	12/31/2018 EUR	12/31/2017 EUR	12/31/2016 EUR	01/01/2016 EUR
Prototype – hardware	in progress	1,073,492	598,486	161,818	0

Prototype – software	in progress	312,542	57,830	0	0
Diverse patents	20 years	120,358	16,290	4,782	0
		1,506,393	672,607	166,600	0

The Company acquired a patent related to the non-invasive measurement of blood glucose levels. The seller of the patent is – in addition to the initial selling price – entitled to receive further payments in case of a change in the majority of the shares in the Company or any revenue of the Company related to that technology. The Company has the right (but not the obligation) to buy out all potential claims of the seller for an amount of kEUR 10,000 and currently expects that the buy out payment will be made in 2020. The Company acquired another patent related to a different technology. The seller of the patent is – in addition to the initial selling price – entitled to receive further payments in case of any revenue of the Company related to that technology. The Company has the right (but not the obligation) to buy out all potential claims of the seller for an amount of kEUR 750, however, does currently not expect to make the buy out payment in the future.

In addition to the capitalized internally generated intangible assets the Company also incurred development costs in the amount of kEUR 184 in 2018 (2017: kEUR 103; 2016: kEUR 132).

5.2 Office furniture and equipment

2018	
	Total
	EUR
Acquisition costs	
Balance as of January 1, 2018	88,817
Additions	16,462
Balance as of December 31, 2018	105,279
Depreciation	
Balance as of January 1, 2018	12,447
Additions	23,905
Balance as of December 31, 2018	36,352
Carrying amounts	
Balance as of January 1, 2018	76,370
Balance as of December 31, 2018	68,927

2017	
	Total
	EUR
Acquisition costs	
Balance as of January 1, 2017	10,791
Additions	78,026
Balance as of December 31, 2017	88,817
Depreciation	
Balance as of January 1, 2017	1,035
Additions	11,412

Balance as of December 31, 2017	12,447
Carrying amounts	
Balance as of January 1, 2017	9,756
Balance as of December 31, 2017	76,370

2016	
	Total
	EUR
Acquisition costs	
Balance as of January 1, 2016	199
Additions	10,592
Balance as of December 31, 2016	10,791
Depreciation	
Balance as of January 1, 2016	199
Additions	836
Balance as of December 31, 2016	1,035
Carrying amounts	
Balance as of January 1, 2016	0
Balance as of December 31, 2016	9,756

No impairment losses were recognized in the reporting periods.

5.3 Non-current financial assets

Non-current financial assets relate to a deposit for the rent of the office building.

5.4 Cash and cash equivalents

Cash and cash equivalents consist of bank balances.

5.5 Shareholders' equity

The statements of changes in equity present the development of equity items.

Subscribed capital and capital reserves

In the fiscal years 2016 to 2018 the Company issued additional company shares with notional values of EUR 1.00 per company share in the course of a number of cash capital increases. The notional values of the shares were added to subscribed capital. As of January 1, 2016 a cash capital increase concluded in December 2015 was not registered in the commercial register. Payments to subscribed capital in December 2015 with an amount of EUR 3,427 and capital reserves with an amount of EUR 476,573 (in total EUR 480,000) were therefore presented as other financial liabilities as of January 1, 2016 and reclassified to equity in February 2016 when the entry in the commercial register was made. For further details refer to the statements of changes in equity.

As of December 31, 2018 the Company has issued 40,949 company shares with a notional value of EUR 1.00 per company share (37,038 company shares as of December 31, 2017 and 29,498 company shares as of December 31, 2016).

The share premiums from the issue of the company shares were added to capital reserves. Transaction costs related to capital increases were deducted from capital reserves. Transaction costs amounted to EUR 95,265 in 2018 (2017: EUR 10,922; 2016: EUR 3,863). For further details refer to the statements of changes in equity.

The Company concluded virtual options agreements with employees and advisors. For those agreements which have been classified as equity-settled the Company estimates the fair value of the services received by reference to the fair value of the equity instruments granted at grant date. The fair value is recognized as an expense with a corresponding increase of capital reserves over the vesting period. For further details refer to note 5.6 Share-based payments.

Retained earnings

Retained earnings include the results achieved in the past as well as adjustments resulting from the first-time application of IFRS. There were no dividend payments in the fiscal years 2016 to 2018.

Capital management

The capital management of the Company is geared towards ensuring the continuation of the Company. In this regard the Company focuses on ensuring that the equity remains positive and enough liquid funds (cash and cash equivalents) are available in order to finance the development projects and all other cash outflows from operating and investing activities. Management prepares a yearly liquidity planning, which is approved by the shareholders. In case it is foreseeable that additional cash is necessary, cash capital increases are initiated by management in due time and agreed upon by the shareholders. The following schedule provides an overview of the development of equity as well as the available liquid funds.

	12/31/2018 EUR	**12/31/2017 EUR**	**12/31/2016 EUR**	**01/01/2016 EUR**
Equity	3,600,631	2,169,583	369,789	-18,997
Liquid funds	2,099,231	1,408,182	77,296	407,133

5.6 Share-based payments

5.6.1 Description of share-based payment arrangements

As of December 31, 2018, the Company had the following outstanding share-based payment arrangements:

a) On October 1, 2015 (grant date) the Company established a virtual options program. The Company concluded virtual options agreements with two employees. These agreements entitle the beneficiaries to profit participations in the case of an exit event, particularly an IPO. In case of an IPO the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by granting company shares of the Company. In case of an asset deal or share deal exit the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by way of a consideration in kind, which the Company or its shareholders have received as consideration in the course of the exit event. The amount of profit participation relates to the subscription price in the event of an IPO or the exit proceeds (less transaction costs and costs for advisors) in the event of an exit via share or asset deal, less a base price of EUR 1.00. The agreements include a vesting period of thirty-six months. However, in case the employment relationship is terminated during the first six months after the effective date, the beneficiary is not entitled to any profit participation. The agreements concluded on October 1, 2015 comprise 750 virtual options.

b) On March 1, 2016 (grant date) the Company concluded a similar virtual options agreement with an external advisor. The agreement also includes a vesting period of thirty-six months. However, in case the involvement of the advisor is terminated during the first six months after the effective date, the beneficiary is not entitled to any profit participation. The agreement comprises 360 virtual options. At the end of the fiscal years 2016 and 2017 1,110 virtual options were outstanding.

c) On January 16, 2018 (grant date) the Company concluded a similar virtual options agreement with an employee. The agreement comprises 92 virtual options. On April 11, 2018 agreements were concluded, which resulted in a transfer of 16 virtual options of the external advisor to two of the employees. At the end of the fiscal year 2018 1,202 virtual options were outstanding.

5.6.2 Measurement of share-based payments

The Company classified the share-based payment arrangements with the employees as equity-settled, since the intention is to settle the beneficiaries' claims for payments with company shares. The Company classified the share-based payment arrangement with the external advisor as cash-settled, since the intention is to settle the claims

for payment with cash.

There are no contractually defined terms of the option programs. The exercise date is solely determined by the exit event. Therefore, when determining the share-based compensation and the fair values of the options December 31, 2019 was estimated as the date of the occurrence of the exit (IPO). Therefore, the accelerated vesting is considered as the shorter period of the vesting period of thirty-six months or the period from the grant date to December 31, 2019. Furthermore, a graded vesting is assumed.

Since DiaMonTech GmbH is not a listed company, there have been no (directly observable) share prices available. However, the value per company share has been derived from financing measures (post-money) close to the relevant grant dates or balance sheet dates.

Expected volatility has been based on an evaluation of the historical volatility of the share price of peer group companies whose business model resembles that of DiaMonTech GmbH.

The determination of the share-based compensation is based on a black-scholes-model. Since management followed a strategy focusing on further growth of the Company without dividend payments in the short-term, the calculation consequently did not consider dividend payments (expected dividend yields of zero). As risk-free interest rate, the expected spot rate calculated on the basis of the Svensson method for German government bonds with a term corresponding to the remaining term (until the assumed date of the exit event) of the options on the respective valuation dates is applied.

valuation date	**reason**	**number of options**	**value per share (in €)**	**remaining term (in years)**	**base price**	**risk-free interest rate**	**volatility**
Share-based payments equity settled							
01.10.2015	granted options	750	140.01	4.25	1.00	-0.10%	38.8%
16.01.2018	granted options	92	339.48	1.96	1.00	-0.59%	39.1%
11.04.2018	swapped options	16	539.99	1.72	1.00	-0.60%	37.7%
		858					
Share-based payments cash settled							
01.03.2016	granted options	360	140.01	3.84	1.00	-0.51%	41.5%
31.12.2016	balance sheet date (cash-settled)		254.25	3.00	1.00	-0.76%	39.4%
31.12.2017	balance sheet date (cash-settled)		339.48	2.00	1.00	-0.64%	39.2%
11.04.2018	swapped options	-16	539.99	1.72	1.00	-0.60%	37.7%
31.12.2018	balance sheet date (cash-settled)		539.99	1.00	1.00	-0.70%	43.2%
		344					

valuation date	**reason**	**number of options**	**fair value per option (in €/share)**	**fair value per options (in €)**	**provision (in €)**
Share-based payments equity settled					
01.10.2015	granted options	750	139.01	104,254	0
16.01.2018	granted options	92	338.47	31,139	0
11.04.2018	swapped options	16	538.98	8,624	0

		858			
Share-based payments cash settled					
01.03.2016	granted options	360	138.99	50,036	0
31.12.2016	balance sheet date (cash-settled)		253.23	91,163	56,865
31.12.2017	balance sheet date (cash-settled)		338.47	121,849	110,485
11.04.2018	swapped options	-16	538.98	-8,624	
31.12.2018	balance sheet date (cash-settled)		538.98	202,656	184,976
		344			

The intrinsic values as of grant dates and balance sheet dates are substantially corresponding to the respective fair values of the options due to the fact that the base price is EUR 1.00 and therefore significantly below the fair values of the options.

For details of related employee benefit expenses, we refer to note 6.3 – Personnel expenses and for details of related other operating expenses we refer to note 5.7 – Provisions.

5.7 Provisions

Provisions relate to obligations arising from cash-settled share-based payments. All provisions are non-current as of December 31, 2016 as well as December 31, 2017 and current as of December 31, 2018. The following schedules provide an overview of the development of provisions in the fiscal years 2016 to 2018:

	As of			**As of**
	01/01/2016	**Usage**	**Additions**	**12/31/2016**
	EUR	**EUR**	**EUR**	**EUR**
Share-based payments	0	0	56,865	56,865

	As of			**As of**
	01/01/2017	**Usage**	**Additions**	**12/31/2017**
	EUR	**EUR**	**EUR**	**EUR**
Share-based payments	56,865	0	53,620	110,485

	As of			**As of**
	01/01/2018	**Usage**	**Additions**	**12/31/2018**
	EUR	**EUR**	**EUR**	**EUR**
Share-based payments	110,485	0	74,491	184,976

Provisions from cash-settled share-based payments have been classified non-current in 2016 and 2017 due to the fact that the estimated remaining (as of the respective balance sheet date) vesting period exceeded a period of 12 months. Since the estimated remaining vesting period and the estimated occurrence of the exit event did not exceed a period of 12 months as of December 31, 2018, the entire provision was classified current as of December 31, 2018.

Additions to provisions from cash-settled share-based payments have been shown as other operating expenses, which amounted to EUR 74,491 in 2018 (2017: EUR 53,620; 2016: EUR 56,865).

For further details refer to note 5.6 Share-based payments.

6. Notes to the statements of comprehensive income

6.1 Own work capitalized

Own work capitalized includes own personnel expenses as well as cost of materials and other operating expenses, which are part of development costs for internally generated intangible assets.

	2018	2017	2016
	EUR	EUR	EUR
Cost of materials	678,426	494,498	161,818
Personnel expenses	51,292	0	0
Other operating expenses	110,275	12,548	5,035
	839,993	507,047	166,853

6.2 Other income

In 2017 the Company successfully participated in a start-up contest. The prize money with an amount of EUR 100,000 is presented as other income in 2017.

6.3 Personnel expenses

	2018	2017	2016
	EUR	EUR	EUR
Wage and salaries	275,378	159,022	83,487
Social security	43,092	18,859	18,853
Share-based payments	36,541	19,690	57,403
Workers' compensation board	564	976	287
	355,575	198,547	160,031

Expenses for defined contribution plans amount to EUR 18,151 in 2018 (2017: EUR 7,630; 2016: EUR 7,630).

The average number of employees in 2018 was 6 (2017: 3; 2016: 2).

6.4 Income taxes

Income taxes include current taxes and deferred taxes. Due to the tax loss carry-forwards the Company was not subject to current income taxes in the fiscal years 2016 to 2018.

As a corporation the Company is subject to corporation tax and trade tax. The trade tax rate is determined by the jurisdiction in which the Company operates. The corporate income tax rate in Germany is 15%. In addition a solidarity surcharge of 5.5% is levied on the corporate income tax assessed. The total tax rate of 30.175% results from the trade tax collection rate of 410% (applicable for Berlin) and is applicable for all reporting periods.

In accordance with IAS 12 deferred taxes are recognized for all temporary differences between the IFRS statements of financial position and the German tax balance sheets as well as for tax loss carry-forwards. Deferred tax assets relate in particular to tax loss carry-forwards that can be carried forward indefinitely. In the reporting periods deferred tax assets were only recognized in case they are supported through reversals of existing temporary differences and can therefore be netted with deferred tax liabilities. In view of the lack of a track record for profits the Company did not recognize deferred tax assets resulting from tax loss carry-forwards in case they exceed existing deferred tax liabilities, although the Company expects future taxable profits. Deferred taxes are calculated on the basis of the tax assessments and tax returns of the Company.

Tax loss carry-forwards (for corporation and trade tax purposes) amount to EUR 2,564,936 as of December 31, 2018, EUR 1,090,407 as of December 31, 2017, EUR 389,547 as of December 31, 2016 and EUR 43,775 as of January 1, 2016.

Deferred tax liabilities are attributable to temporary differences with respect to capitalized internally generated intangible assets.

Deferred taxes result from the items of the statements of financial position as follows:

	12/31/2018		12/31/2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	EUR	EUR	EUR	EUR
Intangible assets	0	454,554	0	197,735
Share-based compensation (cash-settled)	55,816	0	33,339	0
Tax loss carry-forwards	768,538	0	329,030	0
Deferred tax assets not recognized	-369,800	0	-164,634	0
	454,554	454,554	197,735	197,735
Netting	-454,554	-454,554	-197,735	-197,735
	0	0	0	0

	12/31/2016		01/01/2016	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	EUR	EUR	EUR	EUR
Intangible assets	0	48,759	0	0
Share-based compensation (cash-settled)	17,159	0	0	0
Tax loss carry-forwards	117,546	0	13,209	0
Deferred tax assets not recognized	-85,946	0	-13,209	0
	48,759	48,759	0	0
Netting	-48,759	48,759	0	0
	0	0	0	0

The reconciliation of income taxes from the expected income taxes to actual income taxes is as follows:

	2018	2017	2016
	EUR	EUR	EUR
Earnings before taxes (EBT)	-622,131	-270,059	-294,754
Expected income taxes (30.175%)	187,728	81,490	88,942
Share-based compensation (equity-settled)	-11,027	-5,941	-17,321
Deferred tax assets not recognized	-176,420	-75,392	-71,571
Other effects	-281	-157	-49
Actual income taxes	0	0	0

6.5 Net loss per company share

Net loss per company share is calculated in accordance with IAS 33. Basic net loss per company share is calculated by dividing the net loss for the period by the weighted average number of company shares outstanding during the period.

Diluted net loss per company share is calculated by adjusting net loss for the period and the weighted average number of company shares outstanding during the period for any dilutive effects inherent in converting potential company

shares. The virtual options under the share-based payment arrangements are considered to be potential company shares, but due to the fact that their conversion to ordinary company shares would decrease the loss per company share, they are not treated as dilutive (antidilutive effect).

The following amounts were used for the calculation of basic and diluted net loss per company share:

	2018	2017	2016
	EUR	EUR	EUR
Basic net loss	-622,131	-270,059	-294,754
Adjustments for share-based payment arrangements	0	0	0
Diluted net loss	-622,131	-270,059	-294,754

	2018	2017	2016
	EUR	EUR	EUR
Basic weighted average number of company shares	38,318	33,679	28,822
Adjustments for share-based payment arrangements	0	0	0
Diluted weighted average number of company shares	38,318	33,679	28,822

On July 29, 2019 the shareholders of the Company decided to increase the subscribed capital by the issue of 4,035 new company shares with notional values of EUR 1.00 to EUR 44,984. On August 29, 2019 the shareholders of the Company decided to increase the subscribed capital by the issue of 3,250 new company shares with notional values of EUR 1.00 to EUR 48,234. The capital increases have been registered in the commercial register. On February 23, 2019 the Company concluded an agreement granting 360 additional virtual options under the share-based payment arrangements.

7. Notes to the statments of cash flows

The statements of cash flows classify cash flows in the categories operating activities, investing activities and financing activities. Cash flows from operating activities are calculated using the indirect method.

Liquid funds in the statements of cash flows comprise bank balances with a term of up to three months. No cash and cash equivalents exist that are held by the Company, but over which it has no control.

8. Other disclosures

8.1 Financial instruments

8.1.1 Financial risk management

DiaMonTech GmbH is exposed to various financial risks as part of its business operations. As part of the Company's risk management system risks are identified, assessed and actively managed on an ongoing basis by the management. The Company does not make use of any derivative financial instruments.

8.1.2 Interest rate risk

Interest rate risk is the risk of a possible fluctuation in the fair value or future cash flows of a financial instrument because of changes in market interest rates. The financial liabilities of the Company are non-interest bearing and short term. In the fiscal years 2016 to 2018 the Company was not exposed to interest rate risks.

8.1.3 Currency risk

Currency risk is the risk of a possible fluctuation in the fair value or future cash flows of a financial instrument because of changes in foreign exchange rates. All substantial transactions of the Company are concluded and executed in the Eurozone, mainly in Germany, without an exchange rate risk. Possible risks arise from transactions outside the Eurozone, if purchases of materials or services are denominated in a foreign currency. Income from foreign currency

translation amounted to EUR 717 in 2018 (2017: EUR 38; 2016: EUR 0), expenses from foreign currency translation amounted to EUR 974 in 2018 (2017: EUR 221; 2016: EUR 0). At the end of the reporting periods the Company was not exposed to any exchange rate risks.

8.1.4 Credit risks

Credit risk is a risk that the Company's business partners will not be able to meet their contractual obligations and the Company will suffer financial losses. All financial assets of the Company (a deposit made and included in non-current financial assets as well as cash and cash equivalents) are considered to be in level 1 for impairment purposes in all reporting periods. The Company has not recognized any impairment for financial assets in the fiscal years 2016 to 2018. The amounts recognized in the statements of financial position reflect the maximum credit risk.

8.1.5 Liquidity risks

The liquidity risks, i.e. the risk of the Company's inability to meet its financial obligations, are managed by ensuring the required financial flexibility and an effective cash management. No liquidity shortages were identified in the reporting periods, the Company had at its disposal sufficient liquid funds to finance its development projects and all other cash outflows from operating and investing activities.

The amounts of the financial liabilities (EUR 152,402 as of December 31, 2018; EUR 113,953 as of December 31, 2017; EUR 45,044 as of December 31, 2016 and EUR 480,501 as of January 1,2016) recognized in the statements of financial positions (trade payables and other financial liabilities) are all free of interest and have a due date of less than one year at the end of the reporting periods. Except of the payments with an amount of EUR 480,000 related to the capital increase agreed upon at the end of 2015, all financial liabilities are arising from the ordinary delivery of goods and services with no special payment terms and a due date of less than one month (EUR 152,402 as of December 31, 2018; EUR 113,953 as of December 31, 2017; EUR 45,044 as of December 31, 2016 and EUR 501 as of January 1, 2016). The payments related to the capital increase agreed upon at the end of 2015 were reclassified to equity in February 2016 after the entry in the commercial register.

8.1.6 Fair values and measurement categories

The financial instruments of DiaMonTech GmbH are recognized in the statements of financial position at amortized cost (FAAC – Financial assets measured at amortized cost and FLAC – Financial liabilities measured at amortized cost).

The carrying amount of cash and cash equivalents approximates their fair value in view of the short maturity of these financial instruments. Non-current financial liabilities have a due date of less than two years, due to the low interest rates the carrying amount approximates their fair value.

For financial liabilities based on normal trade credit terms, the carrying amounts based on cost approximate also their fair values. This applies to trade payables and other financial liabilities. The payments related to the capital increase agreed upon at the end of 2015, which were included in other financial liabilities as of January 1, 2016, were reclassified to equity in February 2016. Their carrying amounts based on cost approximate their fair values.

The measurement categories of financial assets and liabilities are as follows:

12/31/2018				
			Recognized values in the statements of financial position	
in EUR	**Measurement category**	**Carrying amount**	**Amortized cost**	**Fair value**
Non-current financial assets	FAAC	18,681	18,681	
Cash and cash equivalents	FAAC	2,099,231	2,099,231	
Trade payables	FLAC	134,794	134,794	
Other financial liabilities	FLAC	17,608	17,608	

Of which aggregated by measurement category				
Financial Assets measured at amortized cost	FAAC	2,117,912	2,117,912	
Financial liabilities measured at amortized cost	FLAC	152,402	152,402	

12/31/2017				
			Recognized values in the statements of financial position	
in EUR	**Measurement category**	**Carrying amount**	**Amortized cost**	**Fair value**
Non-current financial assets	FAAC	0		
Cash and cash equivalents	FAAC	1,408,182	1,408,182	
Trade payables	FLAC	112,407	112,407	
Other financial liabilities	FLAC	1,546	1,546	
Of which aggregated by measurement category				
Financial Assets measured at amortized cost	FAAC	1,408,182	1,408,182	
Financial liabilities measured at amortized cost	FLAC	113,953	113,953	

12/31/2016				
			Recognized values in the statements of financial position	
in EUR	**Measurement category**	**Carrying amount**	**Amortized cost**	**Fair value**
Non-current financial assets	FAAC	0		
Cash and cash equivalents	FAAC	77,296	77,296	
Trade payables	FLAC	44,991	44,991	
Other financial liabilities	FLAC	53	53	
Of which aggregated by measurement category				
Financial Assets measured at amortized cost	FAAC	77,296	77,296	
Financial liabilities measured at amortized cost	FLAC	45,044	45,044	

01/01/2016				
			Recognized values in the statements of financial position	
in EUR	Measurement category	Carrying amount	Amortized cost	Fair value
Non-current financial assets	FAAC	0		
Cash and cash equivalents	FAAC	407,133	407,133	
Trade payables	FLAC	501	501	
Other financial liabilities	FLAC	480,000	480,000	
Of which aggregated by measurement category				
Financial Assets measured at amortized cost	FAAC	407,133	407,133	
Financial liabilities measured at amortized cost	FLAC	480,501	480,501	

The Company did not recognize any significant net gains or losses from financial assets or liabilities in its statements of comprehensive income in any of the reporting periods.

8.2 Related parties

8.2.1 Controlling party

There is no controlling party of the Company in the fiscal years 2016 to 2018.

8.2.2 Key management personnel

Thorsten Lubinski is the sole managing director since the foundation of the Company. The compensation for the managing director amounts to EUR 70,000 in 2017 and EUR 90,298 in 2018 and relates to short-term employee benefits. In addition to that expenses with an amount of EUR 3,257 in 2016, EUR 14,850 in 2017 and EUR 8,322 in 2018 were reimbursed by the Company. A company controlled by Thorsten Lubinski provided consulting services to DiaMonTech GmbH for a fixed fee of EUR 3,000 per month, the compensation amounts to EUR 36,000 in 2016 and EUR 6,000 in 2017. The contract does not include any unusual payment terms. As of December 31, 2016 the balance outstanding to the company controlled by Thorsten Lubinski was EUR 14,280. Collaterals are not part of the contract.

8.2.3 Other related party transactions

Other related parties particularly concern shareholders with a significant influence over the Company. Attention is directed to the substance of the relationship, not merely the legal form. A shareholder with significant influence over the Company provided consulting services for a fixed fee of EUR 3,000 per month, the compensation amounts to EUR 36,000 in each of the years 2016, 2017 and 2018. In addition to that expenses with an amount of EUR 2,892 in 2016, EUR 1,373 in 2017 and EUR 6,160 in 2018 were reimbursed by the Company. The contract does not include any unusual payment terms. The balance outstanding was EUR 12,000 as of December 31, 2016, EUR 3,570 as of December 31, 2017 and EUR 4,999 as of December 31, 2018. Collaterals are not part of the contract.

8.3 Contingent liabilities

We refer to note 5.1 Intangible assets with regard to possible variable and/or contingent consideration related to the acquisition of patents in the past.

There are no other substantial contingent liabilities to be disclosed in any of the reporting periods.

8.4 Other financial obligations

The Company has concluded a lease agreement concerning the rent of an office space beginning in November 2018. The lease is non-cancellable until October 31, 2020. The minimum lease payments amount to EUR 99,435 as of December 31, 2018, thereof EUR 54,237 with a maturity of up to 1 year and EUR 45,198 with a maturity between 1 and 2 years. Additionally, contractually agreed (advance) payments for property charges amount to EUR 18,825 as of December 31, 2018, thereof EUR 10,268 with a maturity of up to 1 year and EUR 8,557 with a maturity between 1 and 2 years.

The Company has concluded another lease agreement concerning the rent of a laboratory beginning in August 2017. The lease was non-cancellable until July 31, 2018. If not cancelled by one of the parties, the lease term is extended for another 12 months. The minimum lease payments including advance payments for property charges amount to EUR 1,506 as of December 31, 2017, thereof EUR 1,506 with a maturity of up to 1 year. As of December 31, 2018 the minimum lease payments including advance payments for property charges amount to EUR 1,526, thereof EUR 1,526 with a maturity of up to 1 year.

In the year 2018 rental payments of EUR 22,866 (2017: EUR 1,125; 2016: EUR 1,320) were recognized as other operating expenses. The rental payments prior to the rent of the office space mainly relate to short term leases of working spaces and the lease of the laboratory.

8.5 Subsequent events

The Company has evaluated subsequent events through September 24, 2019, the date the financial statements were approved by the managing director.

On July 29, 2019 the shareholders of the Company decided to increase the subscribed capital by the issue of 4,035 new company shares with notional values of EUR 1.00 to EUR 44,984. The new shareholders agreed to make additional payments into the capital reserves with an amount of EUR 4,030,965. On August 29, 2019 the shareholders of the Company decided to increase the subscribed capital by the issue of 3,250 new company shares with notional values of EUR 1.00 to EUR 48,234. The new shareholder agreed to make additional payments into the capital reserves with an amount of EUR 3,246,750. The capital increases have been registered in the commercial register. The receipt of the payments will lead to an increase in cash and cash equivalents of EUR 7,285,000 which is intended to be used for further investments in product development as well as financing of operating expenses.

8.6 Segment reporting

The Company is currently not managed on the basis of different segments. The Company has a single reportable segment, which is equivalent to the business of the Company (development of a non-invasive blood glucose monitoring solution) and includes all its activities.

All assets and liabilities stated in the statements of financial position are assets and liabilities of the single reportable segment. All non-current assets of the Company are located in Germany.

The Company has not generated revenue until end of 2018. The net loss for the year of all reporting periods (EUR 622,131 in 2018, EUR 270,059 in 2017 and EUR 294,754 in 2016) fully relates to the single reportable segment.

Berlin, September 24, 2019

Thorsten Lubinski

INDEPENDENT AUDITOR'S REPORT

To DiaMonTech GmbH, Berlin

Opinion

We have audited the financial statements of DiaMonTech GmbH, Berlin, which comprise the statements of financial position as of 31 December 2018, 31 December 2017, 31 December 2016 and 1 January 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ending on 31 December 2018, 31 December 2017 and 31 December 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2018, 31 December 2017, 31 December 2016 and 1 January 2016, and of its financial performance and its cash flows for the years ending on 31 December 2018, 31 December 2017 and 31 December 2016 in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Germany, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Berlin, September 24, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Philipp Medrow Wirtschaftsprüfer (German Public Auditor)	pp. Krzysztof Klups Wirtschaftsprüfer (German Public Auditor)

Unaudited Condensed Interim Financial Statements of DiaMonTech AG
(formerly DiaMonTech GmbH)

STATEMENTS OF FINANCIAL POSITION AS OF 09/30/2019 and 12/31/2018

		09/30/2019	12/31/2018
	Notes	**EUR**	**EUR**
NON-CURRENT ASSETS			
Intangible assets	3.1	2,622,071	1,721,328
Office furniture and equipment	3.2	125,965	68,927
Right-of-use assets	2.2	58,346	0
Non-current financial assets		18,681	18,681
TOTAL NON-CURRENT ASSETS		**2,825,063**	**1,808,936**
CURRENT ASSETS Other current assets		218,353	48,169
Cash and cash equivalents		7,247,436	2,099,231
TOTAL CURRENT ASSETS		**7,465,788**	**2,147,400**
ASSETS		**10,290,851**	**3,956,336**

		09/30/2019	12/31/2018
		EUR	**EUR**
SHAREHOLDERS' EQUITY Subscribed capital	3.3	48,234	40,949
Capital reserves	3.3	12,026,574	4,813,859
Retained earnings		-2,750,863	-1,254,177
TOTAL SHAREHOLDERS' EQUITY		**9,323,945**	**3,600,631**
NON-CURRENT LIABILITIES Other financial liabilities	2.2	4,520	0
TOTAL NON-CURRENT LIABILITIES		**4,520**	**0**
CURRENT LIABILITIES			
Current provisions	3.5	694,153	184,976
Trade payables		90,946	134,794
Other financial liabilities	2.2	65,511	17,608
Other non-financial liabilities		111,777	18,328
TOTAL CURRENT LIABILITIES		**962,386**	**355,705**
SHAREHOLDERS' EQUITY AND LIABILITIES		**10,290,851**	**3,956,336**

STATEMENTS OF COMPREHENSIVE INCOME FOR THE NINE-MONTH PERIODS ENDED 09/30/2019 and 09/30/2018

		01/01 - 09/30/2019	01/01 - 09/30/2018
	Notes	EUR	EUR
Own work capitalized	4.1	899,820	565,733
Other income		953	647
Cost of materials		-766,775	-457,950
Personnel expenses		-405,634	-274,511
Depreciation and amortization		-80,943	-27,482
Other operating expenses	3.5, 4.2	-1,143,446	-284,409
Loss from operating activities		**-1,496,025**	**-477,972**
Financial income		0	0
Financial expenses		-661	0
Earnings before taxes (EBT)		**-1,496,686**	**-477,972**
Income taxes	4.3	0	0
Net loss for the period		**-1,496,686**	**-477,972**
Other comprehensive income		0	0
Total comprehensive income for the period		**-1,496,686**	**-477,972**

		01/01 - 09/30/2019	01/01 - 09/30/2018
	Notes	EUR	EUR
Net loss per company share			
Basic net loss per company share	4.4	-36.30	-12.64
Diluted net loss per company share	4.4	-36.30	-12.64

STATEMENTS OF CASH FLOWS FOR THE NINE-MONTH PERIODS ENDED 09/30/2019 and 09/30/2018

		01/01 - 09/30/2019	01/01 – 09/30/2018
		EUR	EUR
	Loss from operating activities	-1,496,025	-477,972
+	Depreciation and amortization	80,943	27,482
-	Gain on disposal of intangible assets	-312	0
-/+	Increase/decrease in other assets	-170,184	17,612
+/-	Increase/decrease in provisions	509,177	72,693
+/-	Increase/decrease in trade payables	-62,333	25,802
+/-	Increase/decrease in other liabilities	87,777	17,704
+	Non cash items from share-based payments	6,685	31,834
=	**Cash flows from operating activities**	**-1,044,272**	**-284,845**
-	Additions to intangible assets	-900,386	-577,113
-	Additions to office furniture and equipment	-79,337	-11,192
=	**Cash flows from investing activities.**	**-979,724**	**-588,304**
+	Proceeds from capital increases	7,285,000	1,862,889
-	Transactions costs related to capital increases	-71,685	-87,921
-	Repayments of lease liabilities	-40,454	0
-	Interest payments on lease liabilities	-661	0
=	**Cash flows from financing activities**	**7,172,200**	**1,774,968**
+/-	Change in cash and cash equivalents	5,148,205	901,819
+	Cash and cash equivalents as of January 1	2,099,231	1,408,182
=	**Cash and cash equivalents as of September 30**	**7,247,436**	**2,310,002**

STATEMENTS OF CHANGES IN EQUITY FOR THE NINE-MONTH PERIODS ENDED 09/30/2019 and 09/30/2018

	Subscribed capital	Capital reserves	Retained earnings	Equity
	EUR	EUR	EUR	EUR
Balance as of January 1, 2018	**37,038**	**2,764,592**	**-632,047**	**2,169,583**
Increase in capital	2,524	1,360,412	0	1,362,936
Transaction costs related to increase in capital	0	-87,921	0	-87,921
Total comprehensive income for the period	0	0	-477,972	-477,972
Share-based payments (equity settled)	0	31,834	0	31,834
Balance as of September 30, 2018	**39,562**	**4,068,917**	**-1,110,019**	**2,998,460**
Balance as of January 1, 2019	**40,949**	**4,813,859**	**-1,254,177**	**3,600,631**
Increase in capital	7,285	7,277,715	0	7,285,000
Transaction costs related to increase in capital	0	-71,685	0	-71,685
Total comprehensive income for the period	0	0	-1,496,686	-1,496,686
Share-based payments (equity settled)	0	6,685	0	6,685
Balance as of September 30, 2019	**48,234**	**12,026,574**	**-2,750,863**	**9,323,945**

Refer to note 3.3 for further information

NOTES TO THE IFRS CONDENSED INTERIM FINANCIAL STATEMENTS OF DIAMONTECH AG, BERLIN, AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

1. General Information about DiaMonTech AG, Berlin

DiaMonTech AG (hereinafter also referred to as DiaMonTech and the Company) has its registered office at Boxhagener Straße 82 A, 10245 Berlin, Germany. Until end of October 2018 the Company had its registered office at Krachtstraße 10b, 10245 Berlin, Germany. The Company is registered in the Commercial Register at Charlottenburg (Berlin) District Court under HRB 212017.

The Company was founded on April 21, 2015 as DiaMonTech GmbH and was registered in the Commercial Register at Charlottenburg (Berlin) District Court under HRB 166753. In October 2019 the shareholders decided to change the legal form from GmbH to AG. The change of the legal form was registered in the commercial register on November 8, 2019.

DiaMonTech is a medical technology company focused on the design, development and commercialization of medical diagnostic devices on the basis of a laser-based proprietary photothermal detection technology. The Company has developed a first-generation non-invasive blood glucose monitoring solution, which was CE certified in March 2019. The Company aims to initially market the solution with the Diamontech (DMT) Pocket, a smartphone-sized version for the personal use of diabetes patients. The development of that device has commenced in June 2019. The Company intends to sell the DMT Pocket directly in Europe through online marketing and pharmacies and indirectly through distributors in certain markets outside of Europe.

The condensed interim financial statements of the Company are prepared in euros (EUR), which is the functional and reporting currency. Unless otherwise indicated, all figures in the condensed interim financial statements are rounded to the nearest EUR. This can result in rounding differences of up to one currency unit.

The fiscal year covers the period from January 1 to December 31 of each year.

The condensed interim financial statements were prepared on a going concern basis on November 13, 2019 by the management board.

2. Basis of preparation

2.1 General

The condensed interim financial statements as of September 30, 2019 were prepared in accordance with International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These condensed interim financial statements thus include all information and disclosures required by IFRSs to be presented in condensed financial statements for interim periods.

The condensed interim financial statements do not contain all the information and disclosures required by IFRSs for full-year financial statements. The condensed interim financial statements should therefore be read in conjunction with the financial statements for the financial year ended December 31, 2018.

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied in the financial statements as of December 31, 2018 and for the three years then ended, except of the first time application of IFRS 16 Leases as described in note 2.2.

The condensed interim financial statements as of September 30, 2019 are the first interim financial statements prepared and published by the Company. Consequently, the interim period reported consists of nine months and the interim financial statements do not include financial information related to the three months ended September 30, 2019.

Preparation of condensed interim financial statements in accordance with IAS 34 requires the management to

exercise judgment and make estimates and assumptions that affect the application of accounting policies and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from those estimates. The results for the period January 1, 2019 to September 30, 2019 are not necessarily an indication of how the business will develop in the future.

2.2 First time application of IFRS 16 Leases

In January 2016, the IASB issued a new standard on the accounting of leases. IFRS 16 replaces the previous standard IAS 17 and the interpretations IFRIC 4, SIC-15 and SIC-27. The main changes under IFRS 16 relate to lessee accounting. A lessee recognizes a right-of-use asset and a corresponding discounted lease liability, representing its obligation to make lease payments. The distinction between finance and operating leases, previously required under IAS 17, does therefore no longer apply to the lessee.

Right-of-use assets, which are presented separately in the statements of financial position, are measured at cost less any accumulated depreciation and if necessary any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liabilities, which are presented as financial liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and the reduction of the lease liability to reflect the lease payments made.

The depreciation of the right-of-use asset is recognized within depreciation and amortization. The interest on the lease liability is recognized within financial expenses.

Exemptions are granted for and made use of for low value asset leases and for short-term leases (lease term of 12 months or less). The lease payments associated with those leases are recognized as other operating expenses on a straight-line basis over the lease term.

The Company has adopted the standard for the fiscal year beginning as of January 1, 2019 making use of the modified retrospective approach. Prior-year figures are not adjusted. For leases previously classified as an operating lease applying IAS 17 a right-of-use asset is recognized with an amount equal to the lease liability at the date of initial application. The first time application of IFRS 16 does not have an effect on retained earnings as of January 1, 2019 and the effect on the net loss per company share for the nine-month period ended September 30, 2019 is insignificant.

DiaMonTech as lessee uses the following practical expedients of IFRS 16 at the date of initial application:

- With leases previously classified as operating leases according to IAS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate was 2.0 %.
- Regardless of their original lease term, leases for which the lease term ends at the latest on December 31, 2019 are recognized as short-term leases.
- At the date of initial application the measurement of a right-of-use asset excludes the initial direct costs.
- Current knowledge is used for determining the lease term if the contract contains options to extend or terminate the lease.

In the context of the transition to IFRS 16, right-of-use assets of EUR 98,549 and lease liabilities of EUR 98,549 related to a lease agreement concerning the rent of the office space were recognized as of January 1, 2019.

Other financial obligations from (minimum) lease payments amounted to EUR 100,941 as of December 31, 2018. The difference between those other financial obligations and the lease liabilities as of January 1, 2019 is as follows:

	EUR
Minimum lease payments as of December 31, 2018	100,941
Short-term leases	-1,506
Discounting	-886

Lease liabilities as of January 1, 2019	98,549

In the nine-month period ended September 30, 2019 depreciation charges for the right-of-use assets amount to EUR 40,203, interest expenses on the lease liabilities amount to EUR 661 and expenses related to short-term leases amount to EUR 441. As of September 30, 2019 right-of-use assets amount to EUR 58,346 and lease liabilities, presented as other financial liabilities, amount to EUR 58,756 (thereof EUR 54,236 current and EUR 4,520 non-current).

3. Notes to the statements of financial position

3.1 Intangible assets

The development and composition of intangible assets in the reporting periods is shown in the following statements of changes in intangible assets:

01/01 – 09/30/2019

	Internally generated intangible assets	Acquired patents, software and other rights	Total
	EUR	EUR	EUR
Acquisition and production costs			
Balance as of January 1, 2019	1,513,893	239,962	1,753,855
Additions	899,820	22,602	922,421
Disposals	-3,550	0	-3,550
Balance as of September 30, 2019	2,410,163	262,563	2,672,726
Amortization			
Balance as of January 1, 2019	7,500	25,027	32,527
Additions	6,954	11,486	18,440
Disposals	-312	0	-312
Balance as of September 30, 2019	14,142	36,513	50,656
Carrying amounts			
Balance as of January 1, 2019	1,506,393	214,935	1,721,328
Balance as of September 30, 2019	2,396,020	226,050	2,622,071

01/01 – 09/30/2018

	Internally generated intangible assets	Acquired patents, software and other rights	Total
	EUR	EUR	EUR
Acquisition and production costs			
Balance as of January 1, 2018	673,900	223,309	897,209
Additions	565,734	11,379	577,113
Balance as of September 30, 2018	1,239,633	234,688	1,474,321
Amortization			
Balance as of January 1, 2018	1,292	12,670	13,962
Additions	3,896	8,910	12,807

Balance as of September 30, 2018	5,188	21,580	26,768
Carrying amounts			
Balance as of January 1, 2018	672,607	210,640	883,247
Balance as of September 30, 2018	1,234,445	213,108	1,447,553

The capitalized internally generated assets reported relate to capitalized own work, including purchased services and materials, in the context of development projects in connection with the development and evaluation of a medical technology device that non-invasively measures blood glucose levels. In addition to that the Company registered a number of patents based on own developments. In the course of the assessment of capitalized development costs for projects it was not necessary to recognize any impairments in the reporting periods.

The following development projects were capitalized in the financial statements of the Company:

	Useful life	**09/30/2019**	**01/01/2019**	**09/30/2018**	**01/01/2018**
		EUR	**EUR**	**EUR**	**EUR**
Prototypes - hardware	in progress	1,747,517	1,073,492	883,184	598,486
Prototypes - software	in progress	498,096	312,542	250,222	57,830
Diverse patents	20 years	150,407	120,358	101,039	16,290
		2,396,020	1,506,393	1,234,445	672,607

The Company acquired a patent related to the non-invasive measurement of blood glucose levels. The seller of the patent is – in addition to the initial selling price – entitled to receive further payments in case of a change in the majority of the shares in the Company or any revenue of the Company related to that technology. The Company has the right (but not the obligation) to buy out all potential claims of the seller for an amount of kEUR 10,000 and currently expects that the buy out payment will be made in 2020. The Company acquired another patent related to a different technology. The seller of the patent is – in addition to the initial selling price – entitled to receive further payments in case of any revenue of the Company related to that technology. The Company has the right (but not the obligation) to buy out all potential claims of the seller for an amount of kEUR 750, however, does currently not expect to make the buy out payment in the future.

3.2 Office furniture and equipment

01/01 – 09/30/2019

	Total
	EUR
Acquisition costs	
Balance as of January 1, 2019	105,279
Additions	79,337
Balance as of September 30, 2019	184,616
Depreciation	
Balance as of January 1, 2019	36,352
Additions	22,299
Balance as of September 30, 2019	58,651
Carrying amounts	
Balance as of January 1, 2019	68,927
Balance as of September 30, 2019	125,965

01/01 – 09/30/2018

	Total
	EUR
Acquisition costs	
Balance as of January 1, 2018	88,817

Additions	11,192
Balance as of September 30, 2018	100,009
Depreciation	
Balance as of January 1, 2018	12,447
Additions	14,675
Balance as of September 30, 2018	27,122
Carrying amounts	
Balance as of January 1, 2018	76,370
Balance as of September 30, 2018	72,886

3.3 Shareholders' equity

Subscribed capital and capital reserves

In the nine-month periods ended September 30, 2019 and 2018 the Company issued additional company shares with notional values of EUR 1.00 per company share in the course of a number of cash capital increases. The notional values of the shares were added to subscribed capital. The share premiums from the issue of the company shares were added to capital reserves. For further details refer to the statements of changes in equity.

In 2018 and 2019 the following cash capital increases were entered in the commercial register: on July 23, 2018 an increase from 37,038 to 39,562 company shares, on October 5, 2018 an increase from 39,562 to 40,949 company shares, on September 13, 2019 an increase from 40,949 to 44,984 company shares and on September 24, 2019 in increase from 44,984 to 48,234 company shares. For further details refer to the statements of changes in equity.

As of September 30, 2018 a cash capital increase concluded in July 2018 was not registered in the commercial register. Payments to subscribed capital in September 2018 with an amount of EUR 1,387 and capital reserves with an amount of EUR 498,566 were therefore presented as other financial liabilities as of September 30, 2018 and reclassified to equity in October 2018 when the entry in the commercial register was made.

As of September 30, 2019 the Company has issued 48,234 company shares with a notional value of EUR 1.00 per company share (40,949 company shares as of December 31, 2018, 39,562 company shares as of September 30, 2018, and 37,038 company shares as of January 1, 2018).

Transaction costs related to capital increases were deducted from capital reserves. Transaction costs amounted to EUR 71,685 in the nine-month period ended September 30, 2019 (EUR 87,921 in the nine-month period ended September 30, 2018). For further details refer to the statements of changes in equity. In addition to that as of September 30, 2018 an amount of EUR 7,239 was presented as other current assets, which relates to deferred transaction costs reclassified to equity in October 2018. As of September 30, 2019 an amount of EUR 102,535 is presented as other current assets, which represents deferred transaction costs related to an intended capital increase. This amount will be reclassified to equity when the capital increase actually takes place.

The Company concluded virtual options agreements with employees and advisors. For those agreements which have been classified as equity-settled the Company estimates the fair value of the services received by reference to the fair value of the equity instruments granted at grant date. The fair value is recognized as an expense with a corresponding increase of capital reserves over the vesting period. For further details refer to note 3.4 Share-based payments.

3.4 Share-based payments

3.4.1 Description of share-based payment arrangements

As of September 30, 2019, the Company had the following outstanding share-based payment arrangements:

a) On October 1, 2015 (grant date) the Company established a virtual options program. The Company concluded virtual options agreements with two employees. These agreements entitle the beneficiaries to profit participations in the case of an exit event, particularly an IPO. In case of an IPO the Company – at its sole discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by granting company shares of the Company. In case of an asset deal or share deal exit the Company – at its sole

discretion – has the right to satisfy the beneficiaries' claims for payment in full or in part by way of a consideration in kind, which the Company or its shareholders have received as consideration in the course of the exit event. The amount of profit participation relates to the subscription price in the event of an IPO or the exit proceeds (less transaction costs and costs for advisors) in the event of an exit via share or asset deal, less a base price of EUR 1.00. The agreements include a vesting period of thirty-six months. However, in case the employment relationship is terminated during the first six months after the effective date, the beneficiary is not entitled to any profit participation. The agreements concluded on October 1, 2015 comprise 750 virtual options.

b) On March 1, 2016 (grant date) the Company concluded a similar virtual options agreement with an external advisor. The agreement also includes a vesting period of thirty-six months. However, in case the involvement of the advisor is terminated during the first six months after the effective date, the beneficiary is not entitled to any profit participation. The agreement comprises 360 virtual options.

c) On January 16, 2018 (grant date) the Company concluded a similar virtual options agreement with an employee. The agreement comprises 92 virtual options. On April 11, 2018 agreements were concluded, which resulted in a transfer of 16 virtual options of the external advisor to two of the employees. At the end of the fiscal year 2018 1,202 virtual options were outstanding.

d) On February 23, 2019 (grant date) the Company concluded a similar virtual options agreement with an external advisor. The agreement also includes a vesting period of thirty-six months. However, in case the involvement of the advisor is terminated during the first six months after the effective date, the beneficiary is not entitled to any profit participation. The agreement comprises 360 virtual options. As of September 30, 2019 1,562 virtual options were outstanding.

3.4.2 Measurement of share-based payments

The following schedules provide an overview of the measurement of the outstanding share-based payment arrangements. The virtual options are not exercisable as of September 30, 2019.

valuation date	**reason**	**number of options**	**value per share (in €)**	**remaining term (in years)**	**base price**	**risk-free interest rate**	**volatility**
Share-based payments equity settled							
01.10.2015	granted options	750	140.01	4.25	1.00	-0.10%	38.8%
16.01.2018	granted options	92	339.48	1.96	1.00	-0.59%	39.1%
11.04.2018	swapped options	16	539.99	1.72	1.00	-0.60%	37.7%
		858					

valuation date	reason	number of options	value per share (in €)	remaining term (in years)	base price	risk-free interest rate	volatility
Share-based payments cash settled							
01.03.2016	granted options	360	140.01	3.84	1.00	-0.51%	41.5%
11.04.2018	swapped options	-16	539.99	1.72	1.00	-0.60%	37.7%
31.12.2018	balance sheet date		539.99	1.00	1.00	-0.70%	43.2%
23.02.2019	granted options	360	539.99	0.85	1.00	-0.58%	42.8%
30.09.2019	balance sheet date		1,016.67	0.25	1.00	-0.74%	44.3%
		704					

valuation date	reason	number of options	fair value per option (in €/share)	fair value options (in €)	provision (in €)
Share-based payments equity settled					
01.10.2015	granted options	750	139.01	104,254	
16.01.2018	granted options	92	338.47	31,139	
11.04.2018	swapped options	16	538.98	8,624	
		858			
Share-based payments cash settled					
01.03.2016	granted options	360	138.99	50,036	
11.04.2018	swapped options	-16	538.98	-8,624	
30.09.2018	balance sheet date		538.98	185,409	183,178
31.12.2018	balance sheet date		538.98	185,409	184,976
23.02.2019	granted options	360	538.98	194,033	
30.09.2019	balance sheet date		1,015.67	715,032	694,153
		704			

The total number of virtual options outstanding as of September 30, 2019 is 1,562.

3.5 Provisions

Provisions relate to obligations arising from cash-settled share-based payments. The following schedules provide an overview of the development of provisions in the nine-month periods ended September 30, 2019 and 2018:

	As of 01/01/2019	Usage	Additions	As of 09/30/2019
	EUR	EUR	EUR	EUR
Share-based payments	184,976	0	509,177	694,153

	As of 01/01/2018	Usage	Additions	As of 09/30/2018
	EUR	EUR	EUR	EUR
Share-based payments	110,485	0	72,693	183,178

Since the estimated remaining vesting period and the estimated occurrence of the exit event did not exceed a period of 12 months as of September 30, 2019 and as of December 31, 2018, the entire provision was classified current at both balance sheet dates.

Additions to provisions from cash-settled share-based payments have been shown as other operating expenses, which amounted to EUR 509,177 in the nine-month period ended September 30, 2019 and EUR 72,693 in the nine-month period ended September 30, 2018.

4. Notes to the statements of comprehensive income

4.1 Own work capitalized

Own work capitalized includes own personnel expenses as well as cost of materials and other operating expenses, which are part of development costs for internally generated intangible assets.

	01/01 – 09/30/2019	01/01 -09/30/2018
	EUR	EUR
Cost of materials	695,750	442,877
Personnel expenses	163,829	34,212
Other operating expenses	40,241	88,643
	899,820	565,733

4.2 Other operating expenses

The increase in other operating expenses is mainly related to costs for cash-settled share-based payments and for consultancy and audit in the context of the preparation of a possible IPO.

4.3 Income taxes

Due to the tax loss carry-forwards the Company was not subject to current income taxes in the nine-month periods ended September 30, 2019 and 2018. In view of the lack of a track record for profits the Company did not recognize deferred tax assets resulting from tax loss carry-forwards in case they exceed existing deferred tax liabilities, although the Company expects future taxable profits.

4.4 Net loss per company share

Net loss per company share is calculated in accordance with IAS 33. Basic net loss per company share is calculated by dividing the net loss for the period by the weighted average number of company shares outstanding during the period. Diluted net loss per company share is calculated by adjusting net loss for the period and the weighted average number of company shares outstanding during the period for any dilutive effects inherent in converting potential company shares. The virtual options under the share-based payment arrangements are considered to be potential company shares, but due to the fact that their conversion to ordinary company shares would decrease the loss per company share, they are not treated as dilutive (antidilutive effect).

5. Other disclosures

5.1 Financial instruments: fair values and measurement categories

The financial instruments of DiaMonTech are recognized in the statements of financial position at amortized cost (FAAC – Financial assets measured at amortized cost and FLAC – Financial liabilities measured at amortized cost). The carrying amounts based on cost approximate their fair values in view of the short maturities. The following schedules include lease liabilities, which are presented as other financial liabilities in the statements of financial position and amount to EUR 58,756 (thereof EUR 54,236 current and EUR 4,520 non-current) as of September 30, 2019.

The measurement categories of financial assets and liabilities are as follows:

09/30/2019

			Recognized values in the statements of financial position (IFRS 9)		
in EUR	**Measurement category (IFRS 9)**	**Carrying amount**	**Amortized cost**	**Fair value**	**IFRS 16 value**
Non-current financial assets	FAAC	18,681	18,681		
Cash and cash equivalents	FAAC	7,247,436	7,247,436		
Trade payables	FLAC	90,946	90,946		
Lease liabilities	n.a.	58,756			58,756
Other financial liabilities	FLAC	11,275	11,275		
Of which aggregated by measurement category					
Financial Assets measured at amortized cost	FAAC	7,266,117	7,266,117		
Financial liabilities measured at amortized cost	FLAC	102,221	102,221		

12/31/2018

			Recognized values in the statements of financial position (IFRS 9)	
in EUR	**Measurement category (IFRS 9)**	**Carrying amount**	**Amortized cost**	**Fair value**
Non-current financial assets	FAAC	18,681	18,681	
Cash and cash equivalents	FAAC	2,099,231	2,099,231	
Trade payables	FLAC	134,794	134,794	
Other financial liabilities	FLAC	17,608	17,608	
Of which aggregated by measurement category				
Financial Assets measured at amortized cost	FAAC	2,117,912	2,117,912	
Financial liabilities measured at amortized cost	FLAC	152,402	152,402	

The Company did not recognize any significant net gains or losses from financial assets or liabilities in its statements of comprehensive income in any of the reporting periods.

5.2 Related parties

5.2.1 Key management personnel

Thorsten Lubinski is managing director since the foundation of the Company. The compensation for the managing director amounts to EUR 89,576 in the nine-month period ended September 30, 2019 and EUR 45,912 in the nine-month period ended September 30, 2018 and relates to short-term employee benefits. In addition to that expenses with an amount of EUR 3,437 in the nine-month period ended September 30, 2019 and EUR 6,758 in the nine-month period ended September 30, 2018 were reimbursed by the Company.

5.2.2 Other related party transactions

Other related parties particularly concern shareholders with a significant influence over the Company. Attention is directed to the substance of the relationship, not merely the legal form. A shareholder with significant influence over the Company provided consulting services for a fixed fee of EUR 3,000 per month, the compensation amounts to EUR 27,000 in each of the nine-month periods ended September 30, 2019 and 2018. In addition to that expenses with an amount of EUR 6,057 in the nine-month period ended September 30, 2019 and EUR 3,009 in the nine-month period ended September 30, 2018 were reimbursed by the Company. The balance outstanding was EUR 0 as of September 30, 2019 and EUR 4,999 as of December 31, 2018.

5.3 Contingent liabilities

We refer to note 3.1 Intangible assets with regard to possible variable and/or contingent consideration related to the acquisition of patents in the past.

In 2019 the Company concluded a contract with a financial services firm related to a possible IPO. In case of an IPO the financial services firm is entitled to receive 4.5% of the gross placement proceeds. The gross placement proceeds of the intended IPO have not yet been finally determined.

There are no other substantial contingent liabilities to be disclosed in any of the reporting periods.

5.4 Subsequent events

The Company has evaluated subsequent events through the date the financial statements were approved by the management board.

Enrico Just was appointed as managing director and CFO of the Company with effective date October 1, 2019.

On October 25, 2019 an increase in capital out of company funds was announced for registration in the commercial register. The increase in capital from EUR 48,234 to EUR 4,823,400 was registered in the commercial register on November 1, 2019.

On October 28, 2019 the intention to float to IPO was publicly announced.

On October 16, 2019 the shareholders decided to change the legal form of DiaMonTech from GmbH to AG. The change of the legal form was registered in the commercial register on November 8, 2019. The management board of DiaMonTech AG consists of Thorsten Lubinski (CEO) and Enrico Just (CFO). The supervisory board consists of Dr. Erik Hoppe (Chairman), Dr. Stefan Golkowsky (Deputy Chairman), Rolf Nied, Dr. Daniel Brueggemann and Christian Seegers.

The statutes of DiaMonTech AG authorize the management board with approval of the supervisory board to increase the share capital by up to EUR 2,325,900 by issuance of up to 2,325,900 ordinary bearer shares with no-par value against cash or non-cash contributions ("Authorized Capital 2019/1"). Furthermore, the statutes authorize the management board with approval of the supervisory board to increase the share capital by up to EUR 85,800 by issuance of up to 85,800 ordinary bearer shares with no-par value against cash contributions ("Authorized Capital 2019/2").

5.5 Segment reporting

The Company is currently not managed on the basis of different segments. The Company has a single reportable segment, which is equivalent to the business of the Company (development of a non-invasive blood glucose monitoring solution) and includes all its activities.

All assets and liabilities stated in the statements of financial position are assets and liabilities of the single reportable segment. All non-current assets of the Company are located in Germany.

The Company has not generated revenue until September 30, 2019. The net loss for the year of all reporting periods (EUR 1,496,686 in the nine-month period ended September 30, 2019 and EUR 477,972 in the nine-month period ended September 30, 2018) fully relates to the single reportable segment.

Berlin, November 13, 2019

Thorsten Lubinski (CEO)

Enrico Just (CFO)

Audited Annual Financial Statements of DiaMonTech GmbH prepared in accordance with HGB as of and for the financial year ended 31 December 2018

BALANCE SHEET AS OF 31 DECEMBER 2018

ASSETS			
		31/12/2018	31/12/2017
		EUR	EUR
A. Fixed assets			
I.	Intangible assets	214,935.00	227,951.00
II.	Tangible assets	68,927.00	76,370.00
B. Current assets			
I.	Inventories	2,474.83	0.00
II.	Receiveables and other assets	62,810.22	45,402.63
III.	Bank balances, federal bank balances, cash at bank and checks	2,099,230.70	1,408,181.94
C. Prepaid expenses		1,565.63	890.88
		2,449,943.38	1,758,796.45

SHAREHOLDERS' EQUITY AND LIABILITIES			
		31/12/2018	31/12/2017
		EUR	EUR
A. Shareholder's equity			
I.	Subscribed capital	40,949.00	37,038.00
II.	Capital reserve	4,787,038.00	2,679,047.00
III.	Loss carried forward	-1,091,314.35	-389,931.46
IV.	Net loss	-1,457,458.49	-701,382.89
B. Accrued liabilities		13,180.00	14,866.00
C. Liabilities		157,549.22	119,159.80
		2,449,943.38	1,758,796.45

INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

	2018	2017
	EUR	EUR
1. Other operating income of which income from currency translation EUR 717.38 (previous year EUR 37.60)	1,317.59	100,037.60
2. Costs of materials	-712,082.58	-516,957.45
3. Personnel expenses	-319,034.15	-178,857.12
4. Depreciation and amortization	-36,891.96	-23,583.26
5. Other operating expenses of which currency translation expenses EUR 973.81 (previous year EUR 220.51)	-390,767.39	-82,022.66
6. Result after tax	**-1,457,458.49**	**-701,382.89**
7. Net loss	**-1,457,458.49**	**-701,382.89**

Below-the-line items

Liabilities

Liabilities with a remaining term of up to one year amount to EUR 157,549.22 (previous year EUR 119,159.80).

Liabilities include liabilities to shareholders of EUR 4,999.00 (previous year EUR 3,570.00).

Information on the identification of the company according to register court

Company name according to register court:	DiaMonTech GmbH Berlin
Registered office according to register court:	Berlin
Commercial register:	Commercial register
Register court:	Berlin (Charlottenburg)
Register No:	HRB 166753 B

Signature of management

Berlin, 7 June 2019

Thorsten Lubinski
managing director

INDEPENDENT AUDITOR'S REPORT

To DiaMonTech GmbH, Berlin

Audit Opinion

We have audited the annual financial statements of DiaMonTech GmbH, Berlin, which comprise the balance sheet as at 31 December 2018, and the income statement for the financial year from 1 January to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its financial performance for the financial year from 1 January to 31 December 2018 in compliance with German Legally Required Accounting Principles and the utilization of the exemption for micro-entities pursuant to § [Article] 264 Abs. [paragraph] 1 Satz [sentence] 5 HGB [Handelsgesetzbuch: German Commercial Code].

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Audit Opinion

We conducted our audit of the annual financial statements in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements.

Responsibilities of the Executive Directors for the Annual Financial Statements

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles and the utilization of the exemption for micro-entities pursuant to § 264 Abs. 1 Satz 5 HGB. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our audit opinion on the annual financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of this system of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles and the utilization of the exemption for micro-entities pursuant to § 264 Abs. 1 Satz 5 HGB.

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

Berlin, September 5, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Philipp Medrow
Wirtschaftsprüfer
(German Public Auditor)

pp. Krzysztof Klups
Wirtschaftsprüfer
(German Public Auditor)