

GOVECS GROUP

DESIGNING MOBILITY

Prospectus

for the Public Offer of

6,250,000 newly issued ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) resulting from a capital increase against contribution in cash resolved by an extraordinary general shareholders' meeting of the Company held on 12 September 2018

and of

300,000 existing ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) from the holdings of the Selling Shareholder

and of

982,500 existing ordinary bearer shares with no-par value (*auf den Inhaber lautende 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 6,250,000 newly issued ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) resulting from a capital increase against contribution in cash resolved by an extraordinary general shareholders' meeting of the Company held on 12 September 2018

and

5,934,156 ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) (existing share capital),

each such share with a notional value and a notional interest in the share capital of EUR 1.00 and full dividend rights from 1 January 2018

of

GOVECS AG

Munich, Germany

Price Range: EUR 10.00 – EUR 12.00

International Securities Identification Number (ISIN): DE000A2NB122
German Securities Identification Number (*Wertpapierkennnummer*, WKN): A2NB12
Ticker Symbol: GES

Joint Global Coordinators and Joint Bookrunners

Bankhaus Lampe

COMMERZBANK

17 September 2018

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I. SUMMARY OF THE PROSPECTUS

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

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Warnings.	<p>This summary should be read as an introduction to this prospectus thereto (the "Prospectus"). Any decision to invest in the relevant securities should be based on a consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (the "Member States"), have to bear the costs of translating this Prospectus before legal proceedings are initiated.</p> <p>GOVECS AG, Munich, Germany (hereinafter the "Company" and, together with its consolidated subsidiaries, the "Group" or "GOVECS" or "we", "our", or "us"), along with Bankhaus Lampe KG, Jägerhofstr. 10, 40479 Düsseldorf, Germany ("Bankhaus Lampe") and COMMERZBANK Aktiengesellschaft, Kaiserplatz, 60311 Frankfurt am Main, Germany ("COMMERZBANK", and together with Bankhaus Lampe, the "Joint Global Coordinators" or the "Joint Bookrunners") assume responsibility for the contents of this summary including its German translation pursuant to Section 5 para. 2b no. 4 of the German Securities Prospectus Act (<i>Wertpapierprospektgesetz</i>). Those persons who have assumed responsibility for this summary, including any translations thereof, or for its issuing (<i>von denen der Erlass ausgeht</i>), can be held liable but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or if it does not provide, when read together with the other parts of this Prospectus, all necessary key information.</p>
A.2	Information regarding the subsequent use of the Prospectus.	Not applicable. Consent by the Company regarding the use of this Prospectus for a subsequent resale or final placement of the Company's shares by financial intermediaries has not been granted.

SECTION B – ISSUER		
B.1	Legal and commercial name.	The Company's legal name is GOVECS AG. The Company and its subsidiaries operate under the commercial name "GOVECS".
B.2	Domicile, legal form, legislation under which the issuer operates, country of incorporation.	The Company has its registered office at Grillparzerstr. 18, 81675 Munich, Germany and is registered with the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Munich, Germany, under number HRB 242887. The Company is a German stock corporation (<i>Aktiengesellschaft</i>) incorporated under and governed by the laws of the Federal Republic of Germany (" Germany ").

<p>B.3</p>	<p>Current operations and principal business activities and principal markets in which the issuer competes.</p>	<p>Govecs develops, produces and distributes high-quality scooters with electric drive (so called electric scooters or "eScooters") to business customers mainly in Europe and to consumers mainly in Germany. Founded in 2009, we are an industry pioneer that has manufactured and sold more than 10,000 eScooters (as at 30 June 2018). With our first eScooter model launched in 2010 we are a pioneer in the European eScooter market. In 2017, we expanded our product portfolio for an electrically powered version of the former East German scooter Schwalbe.</p> <p>We offer our eScooters under three business lines: Sharing (Business-to-Sharing, "B2S"), Delivery (Business-to-Delivery, "B2D") and Consumers (Business-to-Customers, "B2C").</p> <p>In our B2S business line, we are the global market leader with a market share of 40 % (measured in number of eScooters deployed until November 2017) (Source: <i>InnoZ, Market Report</i>¹) with Europe being the current global centre of the eScooter sharing market. Our high-quality, durable GO! S Model is tailored for the use by sharing operators. These sharing operators keep a fleet of eScooters available for the short-time rental by registered users. We customise the GO! S model for the specific needs of each customer such as leading European eScooter sharing operators Cityscoot SAS ("Cityscoot") and Cooltra Motosharing, S.L.U ("eCooltra"). We sell our eScooters to sharing operators mainly in France, Germany, Italy, the Netherlands and Spain, and, to a lesser extent, certain other European markets. Since we started to put a strong focus on the sale of our eScooters to sharing operators in 2015, the B2S business line has become the largest contributor to our revenues. Approximately 94 % and 97 % of all eScooters that we delivered in the year ended 31 December 2017 and the six month period ended 30 June 2018, respectively, were delivered to sharing operators.</p> <p>In our B2D business line, we market our GO! T Model mainly to customers from the food delivery industry which use our eScooters for cost-efficient delivery. In our B2D business line, we currently sell eScooters mainly to business customers in Benelux, France, Germany and the UK. Approximately 5 % of all eScooters that we delivered in the year ended 31 December 2017 are attributable to our B2D business line. In the six month period ended 30 June 2018 we did not deliver eScooters to B2D customers, due to the unavailability of our phased-out GO-T Model and the later than initially planned launch of our new GO! T Model.</p> <p>While we only generated a very small portion of our revenues from the sale of eScooters to consumers in the past, we place great strategic emphasis on significantly expanding our B2C business. The premium lifestyle eScooter Schwalbe is at present the core offering of our retail platform HappyScooter which is dedicated to marketing electric light vehicles directly to consumers. In 2019 we expect to expand our product portfolio by launching Elly, our entry level eScooter, and the recently acquired ELMOTO eScooter, which has a bicycle-like construction and appearance. We focus on direct distribution through the Internet and our HappyScooter stores, currently in Berlin and Stuttgart. Our B2C offering currently addresses the German market, but we plan a roll-out into other European markets, starting in the Netherlands.</p> <p>We operate from our headquarters in Munich, Germany, and our development and production facilities in Wroclaw, Poland and have a total of 217 employees as at the date of this Prospectus.</p>
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¹ Innovation Centre for Mobility and Societal Change GmbH ("**InnoZ**"), Global Scootersharing Market Report, November 2017, https://www.innoz.de/sites/default/files/howebox_global_scootersharing_market_report_2017.pdf, ("**InnoZ, Market Report**"), last visited on 13 July 2018

<p>B.4a</p>	<p>Most significant recent trends affecting the issuer and the industries in which it operates.</p>	<p>We believe that the European market for light electric vehicles has significant growth potential due to an increasing regulatory "push" towards E-Mobility, consumers having the requisite financial means and an increasing awareness for light electric vehicles.</p> <p>The number of light electric vehicles (comprising eScooters and eMotorcycles) sold in Europe is expected to increase from 17,775 in 2017 to 148,852 in 2025. Of these 148,852, 86 % are expected to be eScooters and 14 % eMotorcycles (Source: <i>Navigant, LEV²</i>).</p> <p>Electric mopeds, motorcycles and quads combined saw a 49 % increase year-on-year to 21,100 units in registrations in Europe during the first six months of 2018. The majority (14,150) were in the moped class. The largest European markets for electronic mopeds were: Belgium (3,596 units), Netherlands (3,456 units), France (3,173 units), Spain (1,038 units) and Poland (692 units) (Source: <i>ACEM Registration 2018³</i>).</p> <p>The sharing market is currently the largest and fastest growing customer market for us. At the European level, we see a market potential of more than 80,000 eScooters in European cities with more than 500,000 inhabitants (assuming 75 eScooters per 100k inhabitants). According to a market report of InnoZ dated November 2017 the scooter sharing market is currently undergoing a rapid development. Starting with San Francisco in 2012, scooter sharing today is offered in more than 50 different locations.</p> <p>According to "Statista (Digital Market Outlook)"⁴ the revenue of the restaurant delivery was valued at approximately USD 0.9 billion in 2016 and is expected to increase to approximately USD 4.2 billion in 2022, increasing at a compound annual growth rate ("CAGR")⁵ of approximately 38 % (Source: <i>Statista</i>). The revenue of the food delivery platforms, in turn, was valued at approximately USD 14.5 billion in 2016 and is expected to increase to approximately USD 48.9 billion in 2022, growing at a CAGR of approximately 27 % (Source: <i>Statista</i>).</p> <p>We believe that there is significant potential for the use of eScooters not only for food delivery, but for urban logistics in general (for example, mail and parcel and same day delivery services (<i>i.e.</i> deliveries on the day the order is made)). The lower total cost of ownership should also make the eScooter a more attractive choice than scooters with an internal combustion engine ("ICE") in this area.</p> <p>We believe that urbanisation, increasing ecological awareness and regulatory developments are not only factors driving the demand for eScooters in general, but particularly the demand from consumers. Navigant expects a global market of 5.3 million eScooters sold globally in 2026 (Source: <i>Navigant, LEV</i>).</p>
<p>B.5</p>	<p>Description of the group and the issuer's position within the group.</p>	<p>The Company is the parent entity of the Group.</p> <p>The following chart provides an overview (in simplified form) of the Group as at the date of this Prospectus:</p>

² Navigant Research ("**Navigant**"), Research Report: Light Electric Vehicles, Published 1Q2017, ("**Navigant, LEV**")

³ European Association of Motorcycle Manufacturers ("**ACEM**"), Registrations in the European Union – 2018, Period January – December 2018, <https://www.acem.eu/item/541-motorcycle-registrations-in-the-eu-up-by-7-1-during-the-first-half-of-2018>, ("**ACEM Registration 2018**"), last visited on 8 August 2018

⁴ Statista, Online food delivery services in Europe, Published November 2017 ("**Statista**")

⁵ CAGR is the mean annual growth rate over a specified period of time longer than one year.

		<pre> graph TD GOVECS_AG[GOVECS AG] -- 100% --> GOVECS_BS[GOVECS Business Solution GmbH] GOVECS_AG -- 100% --> GOVECS_USA[GOVECS Inc. (USA)] GOVECS_AG -- 100% --> GOVECS_Sp[GOVECS Sp. z.o.o.] GOVECS_AG -- 100% --> HappyScooter_GmbH[HappyScooter GmbH] GOVECS_USA -- 100% --> GOVECS_LLC[GOVECS LLC] </pre>																					
<p>B.6</p>	<p>Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital and voting rights.</p> <p>Voting rights.</p> <p>Direct or indirect control over the issuer and nature of such control.</p>	<p>The following legal entities or persons hold an interest in the Company as at the date of the Prospectus:</p> <table border="1" data-bbox="507 562 1369 745"> <thead> <tr> <th colspan="3">Shareholdings</th> </tr> <tr> <th>Name of Shareholder</th> <th>Shares/voting rights</th> <th>in %</th> </tr> </thead> <tbody> <tr> <td>Dquadrat Equity Partner GmbH¹</td> <td>5,000,920</td> <td>84.27 %</td> </tr> <tr> <td>Thomas Grübel</td> <td>579,732</td> <td>9.77 %</td> </tr> <tr> <td>Prince Invest GmbH</td> <td>162,080</td> <td>2.73 %</td> </tr> <tr> <td>Nicholas Holdcraft</td> <td>191,424</td> <td>3.23 %</td> </tr> <tr> <td>Total</td> <td>5,934,156</td> <td>100 %</td> </tr> </tbody> </table> <p>1) Dquadrat Equity Partner GmbH is controlled by its majority shareholder, Mr. Albert Dürr.</p> <p>Each share entitles the shareholder to one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. All shares, including the shares held by the existing shareholders, carry the same voting rights.</p> <p>Dquadrat Equity Partner GmbH holds 84.27 % of the Shares. Dquadrat Equity Partner GmbH is controlled by its majority shareholder, Mr. Albert Dürr. Based on its indirect shareholding, Mr. Albert Dürr can exercise considerable influence over our operations and business strategy.</p>	Shareholdings			Name of Shareholder	Shares/voting rights	in %	Dquadrat Equity Partner GmbH ¹	5,000,920	84.27 %	Thomas Grübel	579,732	9.77 %	Prince Invest GmbH	162,080	2.73 %	Nicholas Holdcraft	191,424	3.23 %	Total	5,934,156	100 %
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Nicholas Holdcraft	191,424	3.23 %																					
Total	5,934,156	100 %																					
<p>B.7</p>	<p>Selected key historical financial information.</p>	<p>The financial information contained in this section is taken from the audited consolidated financial statements of the Company as at and for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 (together, the "Audited Consolidated Financial Statements (IFRS)"). The Audited Consolidated Financial Statements (IFRS) have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("IFRS") and have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Ganghofstraße 29, 80339 Munich, Germany, who issued a qualified auditor's report thereon.</p> <p>Certain additional financial information contained in this section is taken from the unaudited interim consolidated financial statements of the Company as at and for the six-month period ended 30 June 2018 (the "Unaudited Interim Consolidated Financial Statements (IFRS)") and together with the Audited Consolidated Financial Statements (IFRS), the "Financial Statements"), prepared in accordance with IFRS for interim financial reporting (IAS 34). Where financial data in the following tables is labelled "audited", this means that it has been taken from the Audited Consolidated Financial Statements (IFRS). The label "unaudited" is used in the following tables to indicate financial data that has not been taken from the Audited Consolidated Financial Statements (IFRS) but rather was taken from the Unaudited Interim Consolidated Financial Statements (IFRS) or has been calculated based on figures from the sources mentioned before.</p> <p>The financial data presented in the text and the tables below are shown in thousands of EUR (in EUR thousands) except as otherwise stated. Certain financial data (including percentages) have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, sub-totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts may not correspond in all cases to the corresponding aggregated amounts of the underlying (rounded) figures appearing elsewhere in this Prospectus. Furthermore, these rounded figures may not add up exactly to the totals. Financial information presented in</p>																					

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

Selected Financial Information from the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the financial year ended 31 December			For the six months ended 30 June	
	2017	2016	2015	2018	2017
	(in EUR thousands)			(in EUR thousands)	
	(audited)			(unaudited)	
Revenue	14,687	6,910	2,504	11,020	7,792
Cost of sales	(12,876)	(6,444)	(2,096)	(9,556)	(6,919)
Gross profit	1,811	466	407	1,464	873
Selling costs	(2,243)	(2,069)	(1,051)	(1,455)	(1,003)
General management costs	(1,946)	(1,634)	(1,594)	(1,387)	(832)
Research costs	(1,001)	(673)	(330)	(796)	(380)
Other operating income	129	72	279	140	28
Other operating costs	(1,056)	(395)	(505)	(1,250)	(132)
Expected credit losses on trade and other receivables	(163)	(2)	(74)	(116)	(122)
Operating loss	(4,469)	(4,236)	(2,868)	(3,400)	(1,569)
Financial income	1	15	13	35	3
Financial costs	(590)	(306)	(108)	(88)	(238)
Result before taxation	(5,058)	(4,527)	(2,964)	(3,453)	(1,805)
Income tax	0	0	0	0	0
Net loss	(5,058)	(4,527)	(2,964)	(3,453)	(1,805)

Selected Financial Information from the Consolidated Statement of Financial Position

	As at 31 December			As at 30 June
	2017	2016	2015	2018
	(in EUR thousands)			(in EUR thousands)
	(audited)			(unaudited)
A. Assets				
Non-current assets				
Tangible fixed assets	2,144	1,237	667	2,062
Intangible assets	1,444	908	272	2,031
Trade and other receivables	41	86	84	31
Other assets	505	251	151	252
Total non-current assets	4,133	2,482	1,174	4,376
Current assets				
Inventory	6,297	3,229	1,970	9,440
Trade and other receivables	1,606	701	766	4,947
Other assets	909	585	208	1,578
Cash and cash equivalents	877	501	251	624
Total current assets	9,690	5,015	3,195	16,588
Total assets	13,822	7,498	4,369	20,964

B. Equity and liabilities				
Equity				
Share capital	1,436	1,436	1,436	1,436
Capital reserves	35,150	18,506	18,506	35,150
Retained losses	(24,679)	(20,152)	(17,188)	(29,738)
Net loss for the year	(5,058)	(4,527)	(2,964)	(3,453)
Total equity	6,848	(4,738)	(211)	3,396
Long-term liabilities				
Long-term loans and finance lease liabilities	431	1,753	2,251	334
Long-term provisions	147	165	32	145
Deferred income	51	36	0	39
Other liabilities	30	15	0	44
Total long-term liabilities	659	1,970	2,283	562
Short-term liabilities				
Trade liabilities	2,235	1,350	876	6,894
Short-term loans and finance lease liabilities	1,114	5,457	192	2,019
Short-term employee benefits liabilities	120	117	58	247
Short-term provisions	769	348	196	804
Deferred income	61	38	30	34
Other liabilities	2,015	2,956	944	7,006 ⁽¹⁾
Total short-term liabilities	6,315	10,266	2,297	17,005
Total liabilities	6,974	12,236	4,580	17,568
Total equity and liabilities	13,822	7,498	4,369	20,964

(1) Includes the line item "contract liabilities" which is shown separately in our Unaudited Interim Consolidated Financial Statements (IFRS).

Selected Financial Information from the Consolidated Statement of Cash Flows

	For the financial year ended 31 December			For the six months ended 30 June	
	2017	2016	2015	2018	2017
	(in EUR thousands)			(in EUR thousands)	
	(audited)			(unaudited)	
Net cash generated by operating activities	(8,423)	(3,299)	(2,302)	(474)	(2,433)
Net cash (used in)/generated by investing activities	(1,121)	(606)	(178)	(295)	(567)
Net cash used in financing activities	9,920	4,154	2,402	515	2,762
Net increase in cash and cash equivalents	377	249	(78)	(254)	(238)
Cash and cash equivalents at the beginning of the year	501	251	329	877	501
Cash and cash equivalents at the end of the year	877	501	251	624	262

Significant changes to the issuer's financial condition and operating results.

From 31 December 2016 to 31 December 2017 the capital reserves of the Company increased from EUR 18.5 million to EUR 35.2 million. This increase is mainly attributable to the fact that Blitz 14-106 GmbH, the then sole shareholder of the Company, entered into an agreement with the Company pursuant to which it contributed all of its interest and redemption claims from loans granted to the Company in an amount of approximately EUR 16.5 million to the Company's free capital reserve in full.

In late June 2018 we signed an agreement for the acquisition of ELMOTO from German based ID-Bike GmbH and expect to be able to re-launch the ELMOTO

	<p>eScooter during the first half year of 2019. This transaction was closed in July 2018. The purchase price amounted to EUR 1.5 million.</p> <p>In July 2018, we entered into a new framework agreement with Cityscoot, one of our main customers in our B2S business unit. Under this agreement, Cityscoot sells us certain components for the use in the eScooters we manufacture and sell back to Cityscoot.</p> <p>Further, we have agreed to pay a subsidy to Cityscoot to fund the expansion of their sharing operations to additional European cities. The total amount of the subsidy is EUR 1 million payable in four installments until March 2019. This type of arrangement was an established business practice between our former distributor in France and Cityscoot which was upheld although we directly market our product in France in the meantime.</p> <p>On 27 July 2018, the shareholders' meeting of the Company resolved on an increase of the share capital of the Company out of capital reserves from EUR 1,435,683.00 by EUR 4,307,049.00 to EUR 5,742,732.00. The capital increase was registered with the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Munich, Germany, on 1 August 2018.</p> <p>On 17 August 2018, the general shareholders' meeting of the Company resolved on a share capital increase against cash contribution by EUR 191,424.00 from EUR 5,742,732.00 to EUR 5,934,156.00 which is the current amount of the share capital of the Company.</p> <p>The maturity of existing shareholder loans in a total amount of EUR 1.77 million has been extended from 31 December 2018 until 31 December 2023.</p> <p>In addition, since 30 June 2018 the majority shareholder, Dquadrat Equity Partner GmbH, its only direct shareholder Dürr Holding GmbH and the (indirect) controlling majority shareholder of Dquadrat Equity Partner GmbH, Mr. Albert Dürr, as well as our shareholder Prince Invest GmbH have granted additional shareholder loans in a total amount of EUR 8.4 million under loan agreements dated 2 July 2018, 20 July 2018, 26 July 2018, 1 August 2018, 3 September 2018 and 7 September 2018, respectively. All shareholder loans have a term until 31 December 2023.</p> <p>In addition, the Company has entered into an agreement with Kreissparkasse Esslingen-Nürtingen for the provision of a revolving credit facility in the amount of EUR 8.5 million with a term until 30 September 2020.</p> <p>We generate revenue principally from the sale of eScooters. In addition, we generate a limited amount of revenue from the sale of eScooter related accessories and spare parts and from leasing eScooters to customers in our B2D business line.</p> <p>Six months ended 30 June 2018 compared with six months ended 30 June 2017</p> <p>In the six months ended 30 June 2018, revenue increased by 41.41 %, from EUR 7,792 thousand in the six months ended 30 June 2017 to EUR 11,020 thousand in the six months ended 30 June 2018. The increase in revenue reflects primarily the continued expansion of our B2S business line.</p> <p>Our net loss increased from EUR 1,805 thousand in the six months ended 30 June 2017 to EUR 3,453 thousand in the six months ended 30 June 2018. As a percentage of revenue, our net loss increased from 23.16 % to 31.33 % during the same period.</p> <p>2017 compared with 2016</p> <p>In 2017, revenue increased significantly by 112.54 %, from EUR 6,910 thousand in 2016 to EUR 14,687 thousand in 2017. The increase in revenue was due primarily to the continued strong growth of sales of eScooters in our B2S and B2D business lines, which in turn was fuelled by our B2S customers extending their footprint in existing markets, their entry into new markets and the acquisition of new customers.</p>
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		<p>Our net loss increased by 11.72 % from EUR 4,527 thousand in 2016 to EUR 5,058 thousand in 2017. As a percentage of revenue, our net loss decreased from 65.52 % to 34.44 % during the same period.</p> <p>2016 compared with 2015</p> <p>In 2016, revenue rose substantially, from EUR 2,504 thousand in 2015 to EUR 6,910 thousand in 2016. The increase in revenue was due primarily to the significant growth of eScooter sales in our B2S and B2D business lines.</p> <p>Our net loss increased by 52.77 % from EUR 2,964 thousand in 2015 to EUR 4,527 thousand in 2016. As a percentage of revenue, our net loss decreased from 118.37 % to 65.52 % during the same period.</p>
B.8	Selected key pro forma financial information.	Not applicable. The Company has not prepared pro forma financial information.
B.9	Profit forecast and estimate.	On the basis of developments in 2017 and in the six-month period ended on 30 June 2018, we currently expect our Adjusted EBIT to range from a loss of EUR 7 million to a loss of EUR 9 million for 2018.
B.10	Qualifications in the auditor's report on the historical financial information.	<p>The auditor's report issued by our auditor on our Audited Consolidated Financial Statements (IFRS) contains a qualified report. The qualification results from the fact that the evidence available to KPMG AG Wirtschaftsprüfungsgesellschaft was not sufficient to enable it to verify the stated amount of inventory reported for GOVECS Poland Sp. z o.o., our fully consolidated subsidiary, in the amount of EUR 1,567 thousand as at 1 January 2015 and in the amount of EUR 1,902 thousand as at 31 December 2015. The underlying root cause is that the component auditor for the audit of GOVECS Poland Sp. z o.o. was appointed after these dates and hence after the inventory count had taken place. Therefore, the component auditor was not able to observe the inventory count as at these dates and could not obtain reasonable assurance of the relevant details through alternative audit procedures. Therefore, KPMG AG Wirtschaftsprüfungsgesellschaft was unable to determine, whether any adjustment might have been necessary in respect of the presentation of recorded or unrecorded inventories and the elements making up the statement of profit and loss and other comprehensive income for the financial years from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 December 2016 and statement of changes in equity as at these dates. The potential decrease or increase in inventory as at 1 January 2015 and 31 December 2015 could result in an increase or decrease in net loss for the financial years ended 31 December 2015 and 2016. This increase or decrease could result in an increase or decrease of total equity as at 31 December 2015 accordingly.</p> <p>In the opinion of KPMG AG Wirtschaftsprüfungsgesellschaft, based on the findings of the audit, the Audited Consolidated Financial Statements (IFRS) give a true and fair view of the financial position and the performance and cash flows of the Group as of and for the years ended 31 December 2017, 2016 and 2015 in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union ("EU"), except for the possible effects of adjustments, if any, as might have been determined to be necessary had the auditor observed the counting of physical inventories as at 31 December 2015 and 1 January 2015.</p> <p>The inventory and the statement of financial position as at 31 December 2016 and 2017 and the statement of profit and loss and other comprehensive income for the year from 1 January 2017 to 31 December 2017 of the Audited Consolidated Financial Statements (IFRS) are not affected by this qualification.</p> <p>The auditor's report issued by our auditor on our audited annual financial statements (the "Audited Annual Financial Statements (HGB)") as at and for the year ended 31 December 2017, contains an unqualified auditor's report.</p>

	Nominal value.	Each of the shares of the Company (the " Shares " and each share, a " Share ") represents a nominal value of EUR 1.00 in the share capital.
C.4	Rights attached to the securities.	Each Share carries one vote at the Company's general shareholders' meeting. All of the Shares confer the same voting rights. There are no restrictions on voting rights.
C.5	A description of any restrictions on the free transferability of the securities.	Not applicable. The Shares are freely transferable in accordance with the legal requirements for ordinary bearer shares. Except for the restrictions set forth in the lock-up agreements described below under E.5, there are no restrictions with respect to the transferability of the Shares.
C.6	Application for admission to trading on a regulated market and identity of regulated markets where the securities are to be traded.	<p>The Company intends to apply for admission of the New Shares and all of the existing Shares (entire current share capital) to trading on the regulated market segment (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on or about 17 September 2018. The admission of the Shares is expected to be granted on 1 October 2018.</p> <p>Trading of the Shares on the regulated market segment (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) is expected to commence on 2 October 2018.</p>
C.7	Dividend policy.	The Company does not plan to distribute a dividend in light of the planned investments in the growth of the business. The ability and intention of the Company to pay dividends in the future will depend on its financial position, results of operations, capital requirements, investment alternatives, the existence of distributable profit (<i>Bilanzgewinn</i>) as reported in the Company's annual financial statements prepared in accordance with the accounting principles set out in the German Commercial Code (<i>Handelsgesetzbuch</i>), available liquidity, market developments, and other factors that the management board and the supervisory board may deem relevant. Any proposals by the management board and the supervisory board regarding dividend payments will be subject to the approval of the general shareholders' meeting which may revise the Company's dividend policy from time to time.

SECTION D – RISKS

D.1	Key risks specific to the issuer and its industry.	<p>Risks related to our business, operations, financial position and industry</p> <ul style="list-style-type: none"> • As we are a growing company it may be difficult to evaluate our business and future prospects and we may not be able to manage our growth effectively. • We have incurred significant operating losses since inception and we expect significant increases in our costs and expenses for the foreseeable future; there is no guarantee that we will be able to successfully grow our business and achieve profitability in the future business. • Our future growth is dependent upon consumers' willingness to adopt eScooters and upon the continuing demand of our business customers for our eScooters. • Our business depends on generating revenue from the sale of our eScooters already on the market, especially the Schwalbe and the GO! S eScooter from our GO! series in the near term, and our future success will be dependent upon our ability to design and achieve market acceptance for our new eScooter models such as the eScooter Elly and the ELMOTO eScooter. • The success of our business depends on attracting and retaining a large
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		<p>into our Company is not successful.</p> <ul style="list-style-type: none"> • If we are unable to keep up with advances in alternative technologies, improvements in the internal combustion engine or in eScooter technology, we may suffer a decline in our competitive position. • The unavailability, reduction or elimination of government and economic incentives for alternative fuel could impair our business. • As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective. • We are currently building up and improving our information technology systems. If these implementations are not successful, our business and operations could be disrupted and our results of operation could be harmed. • We offer renting alternatives to customers, which exposes us to risks commonly associated with the prolonged ownership of eScooters as well as the risk of receiving timely payments. • We could be adversely affected by our customers defaulting on payments. • Compromised security measures and performance failures due to hacking, viruses, fraud and malicious attacks could adversely affect our reputation. • Our production facilities are subject to operational risks, including breakdown of equipment, failure to comply with applicable regulations, revocation of licences and permits, unavailability of workforce or work stoppage, increase in transport costs, natural disasters, sabotage or other attacks and/or significant interruptions of the supply of raw materials and product components. • Our profit forecast may differ materially from our actual future profits. • If our eScooter owners customise our eScooters or change the charging infrastructure with aftermarket products without authorisation, the eScooter may not operate properly which could harm our business, as such unauthorised modifications could reduce the safety of our eScooters and any accidents or injuries resulting from such modifications could result in adverse publicity which would negatively affect our brand. <p>Risks related to legal, regulatory and tax implications:</p> <ul style="list-style-type: none"> • We are subject to substantial regulation, which is evolving, <i>e.g.</i> in connection with licensing and approval requirements, legislation limiting or prohibiting sharing operations or regulations in connection with the assembly and transportation of lithium-ion batteries. Any unfavourable changes or failure by us to comply with these regulations could substantially harm our business and results of operation. • Compliance with product regulations and potential changes may limit our ability to market our eScooters. • Our compliance and risk management systems may prove to be inadequate, and we may incur significant costs in establishing and maintaining them. • We are exposed to risks associated with product liability claims, warranty claims, product recalls and other lawsuits or claims that may be brought against us. This may for example be the case in the event that our products that we have manufactured or assembled and sold, have failed or have allegedly failed to perform as expected or the use of our products results, or is alleged to result, in bodily injury, death or property damage. • Our warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance.
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		<ul style="list-style-type: none"> • We may face regulatory limitations on our ability to sell eScooters directly or over the Internet which could materially and adversely affect our ability to sell our eScooters. • We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and would cause us to incur substantial costs. • Our business will be adversely affected if we are unable to protect our trademark or licenced rights from unauthorised use or infringement by third parties. • We retain certain personal information about our customers and are subject to various privacy and consumer protection laws. We may not comply with those laws and a major breach of our network security and systems could have serious negative consequences for us. • We may be exposed to export restrictions due to changing export control regulations or trade sanctions. • We are subject to various environmental laws and regulations that could impose substantial costs upon us and cause delays in building our manufacturing facilities. • Changes in accounting standards could have a material adverse effect on the Group's result of operations and financial position.
D.3	Key risks specific to the securities.	<p>Risks related to the Company's Shareholder Structure, the Shares and the Offering:</p> <ul style="list-style-type: none"> • Following the Offering, our existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company's other shareholders. Following the successful completion of this Offering (assuming full placement of all Offer Shares and full exercise of the Greenshoe Option), our existing shareholders, in particular Dquadrat Equity Partner GmbH ("Dquadrat"), will continue to own approximately 38.18 %, with 30.52 % attributable to Dquadrat, of the outstanding share capital of the Company. Dquadrat and its (indirect) controlling majority shareholder, Mr. Albert Dürr, can therefore still exercise considerable influence over our operations and business strategy. • The Shares have not been previously publicly traded, and there is no guarantee that an active and liquid market for the Shares will develop. • We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to additional compliance initiatives and to additional legal, regulatory and administrative requirements. If we fail to comply with these requirements, we will possibly damage our reputation and may dissuade investors from investing in the Offer Shares. • The share price and trading volume could fluctuate significantly, and investors could lose all or part of their investment. • The Offering might not take place, and investors could lose security commissions already paid and bear the risk of not covering any short sales of the Shares. • Future offerings of equity securities by the Company or the existing shareholders could adversely affect the market price of the Shares, and future capitalisation measures could substantially dilute the interests of the shareholders who were already invested in our Company prior to possible future offerings. Our management will have broad discretion over the use of the proceeds we receive in the Offering and might not apply the proceeds in ways that increase the value of the investment in our Shares. • If analysts do not publish research or reports about us or if they downgrade

		<p>their recommendation with regard to the Company's shares, the share price or trading volume could decline.</p> <ul style="list-style-type: none"> • In case not all of the Offer Shares can be placed with investors, the Offering may not be implemented in full which may negatively affect the growth prospects of the Company and/or the liquidity of the shares in the market.
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SECTION E – OFFER

E.1	<p>The total net proceeds.</p> <p>Estimate of the total expenses of the offering and listing.</p> <p>Estimated expenses charged to the investor by the issuer.</p>	<p>The Company will receive the proceeds of the Offering resulting from the sale of the New Shares after deduction of fees and commissions. The Company will not receive any proceeds from the sale of the Sale Shares and the Over-Allotment Shares, if any, which will be obtained by the Selling Shareholder and the Lending Shareholder, respectively.</p> <p>Assuming full placement of the Offer Shares, full exercise of the Greenshoe Option and an Offer Price at the mid-point of the Price Range of EUR 11.00 per Offer Share, the total gross proceeds from the Offering would amount to EUR 82.9 million, of which EUR 68.8 million are attributable to the Company, EUR 3.3 million to the Selling Shareholder and EUR 10.8 million to the Lending Shareholder.</p> <p>Assuming full placement of the Offer Shares, full exercise of the Greenshoe Option and an Offer Price at the mid-point of the Price Range of EUR 11.00 per Offer Share (excluding tax effects), the estimated total net proceeds of the Offering are expected to total approximately EUR 76.4 million, of which the Company would receive approximately EUR 63.4 million, the Selling Shareholder approximately EUR 3.0 million and the Lending Shareholder approximately EUR 10.0 million.</p> <p>Assuming full placement of the Offer Shares, full exercise of the Greenshoe Option and an Offer Price at the mid-point of the Price Range of EUR 11.00 per Offer Share (excluding tax effects), the estimated total costs of the offering are expected to total approximately EUR 6.4 million (thereof EUR 3.9 million of commissions payable to the Joint Global Coordinators), of which approximately EUR 5.3 million (thereof EUR 3.3 million of commissions payable to the Joint Global Coordinators) would have to be borne by the Company, approximately EUR 0.3 million (thereof EUR 0.2 million of commissions payable to the Joint Global Coordinators) by the Selling Shareholder and approximately EUR 0.8 million (thereof EUR 0.5 million of commissions payable to the Joint Global Coordinators) by the Lending Shareholder.</p> <p>Not applicable. Investors will not be charged expenses by the Company, the Selling Shareholder, the Lending Shareholder or the Joint Global Coordinators. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.</p>
E.2a	<p>Reasons for the offering.</p> <p>Use of proceeds.</p>	<p>The Company intends to (i) sell the New Shares to receive the net proceeds from such sale and (ii) list its Shares on the regulated market segment (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) to gain better access to the capital markets.</p> <p>The Selling Shareholder intends to pursue the Offering to partially divest their stake in the Company and to ensure sufficient free float and trading liquidity in the Shares.</p> <p>The Company currently intends to use the net proceeds of approximately EUR 63.4 million (assuming full placement of the New Shares and an Offer Price</p>

	<p>Estimated net amount of the proceeds.</p>	<p>at the mid-point of the Price Range of EUR 11.00 per Offer Share (excluding tax effects)) of the Offering attributable to the Company as follows:</p> <ul style="list-style-type: none"> • approximately EUR 19.1 million on increasing our production capacity and depth, e.g. by building a new production facility in Poland. • approximately EUR 19.1 million on expanding our existing product and service portfolio, e.g. by expansion of the variety of our product portfolio and development of new product models, and for possible strategic acquisitions (with complementary products and/or sales channels). • approximately EUR 16.4 million on strategic initiatives in the B2D and B2C business line, e.g. by building storage capacity for ready-to-ship eScooters and spare parts. • approximately EUR 8.8 million on entering the B2C market, e.g. by investing into HappyScooter stores. <p>If the New Shares were to be placed at an Offer Price above the mid-point of the Price Range, the Company would use the excess amount for general corporate purposes.</p> <p>Assuming full placement of all New Shares at the mid-point of the Price Range, the total net proceeds of the Offering attributable to the Company (excluding tax effects) are expected to total approximately EUR 63.4 million.</p>
<p>E.3</p>	<p>Description of the terms and conditions of the offer.</p>	<p><i>Offer conditions</i></p> <p>The Offering consists of (i) public offerings of the Offer Shares in Germany and the Grand Duchy of Luxembourg ("Luxembourg") (the "Public Offering") and (ii) private placements of the Offer Shares in certain other jurisdictions outside Germany, Luxembourg and the United States of America (the "United States") pursuant to Regulation S under the United States Securities Act of 1933 (as amended) (the "Securities Act") (the "Private Placement", and together with the Public Offering, the "Offering"). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.</p> <p><i>Offer period</i></p> <p>The period during which investors may submit purchase orders for the Offer Shares is expected to commence on 18 September 2018, and is expected to end on 27 September 2018 (the "Offer Period"). On the last day of the Offer Period, offers to purchase may be submitted (i) until 12:00 noon Central European Summer Time ("CEST") by retail investors and (ii) until 14:00 (CEST) by institutional investors. Purchase orders from private investors must be expressed in full Euro amounts or increments of 25, 50 or 75 cents. 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.</p> <p><i>Price Range</i></p> <p>The Price Range set for the Offering within which purchase orders may be placed is between EUR 10.00 and EUR 12.00 per Offer Share (the "Price Range").</p> <p><i>Offer Price</i></p> <p>Once the Offer Period has expired, the offer price (the "Offer Price") and the final number of Offer Shares will be determined and established jointly by the Company, the Selling Shareholder and the Joint Global Coordinators using the order book prepared during the bookbuilding process. This is expected to take place on or about 27 September 2018.</p> <p>The final number of Offer Shares and the Offer Price are expected to be published on or about 27 September 2018 by means of a public disclosure in accordance Art. 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the</p>

Council of 16 April 2014, on market abuse ("**MAR**") via various media distributed across the entire European Economic Area ("**EEA**") (*Medienbündel*) ("**Public Disclosure**") and on the Company's website (www.govecs.com).

The final number of New Shares is expected to be published on or about 27 September 2018 by way of a Public Disclosure and on the Company's website (www.govecs.com).

Amendments to the terms of the Offering

The Company and the Joint Global Coordinators reserve the right after consultation with the Selling Shareholder to increase or decrease 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. Changes in the number of Offer Shares, changes to the Price Range or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If the number of Offer Shares, the Price Range and/or the Offer Period (collectively the "**Offering Terms**") is or are, as the case may be, changed, the change will be announced on the website of the Company (www.govecs.com) and be published via various media distributed across the entire EEA (*Medienbündel*). To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to the Prospectus will be submitted to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*) and published on the website of the Company (www.govecs.com) after being approved by the BaFin. Any changes of the Offering Terms will also be published by way of a Public Disclosure. Investors will not be notified individually. Under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders. Under certain conditions, the Joint Global Coordinators may terminate the underwriting agreement, dated 17 September 2018, among the Company, the Selling Shareholder (also in its capacity as Lending Shareholder) and the Joint Global Coordinators (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions.

Delivery and Payment

The delivery of the Offer Shares against payment of the Offer Price and customary securities commissions (*Effektenprovisionen*) payable to the depositary banks is expected to take place on 4 October 2018. The Offer Shares will be made available to the shareholders as co-ownership interests (*Miteigentumsanteile*) in the respective global share certificate deposited with Clearstream.

Stabilisation Measures, Over Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, COMMERZBANK will act as the stabilisation manager (the "**Stabilisation Manager**") and may, as Stabilisation Manager, and acting 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), make over-allotments and take stabilisation measures to support the market price of the Shares and thereby counteract any selling pressure.

		<p>The Stabilisation Manager is under no obligation to take any stabilisation measures. Therefore, stabilisation may not necessarily occur and may cease at any time without prior notice. Such measures may be taken on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) from the date when trading in the shares of the Company is commenced on the regulated market segment (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) and must be terminated no later than 30 calendar days after this date (the "Stabilisation Period").</p> <p>Stabilisation transactions aim at supporting the market price of the Shares during the Stabilisation Period. These measures may result in the market price of the Shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.</p> <p>Under the possible stabilisation measures, investors may, in addition to the New Shares and the Sale Shares, be allocated up to 982,500 Over-Allotment Shares as part of the allocation of the Offer Shares (the "Over-Allotment"). For the purpose of such a potential Over-Allotment, the Stabilisation Manager, for the account of the Joint Global Coordinators, will be provided with 982,500 existing 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 and Sale Shares. In connection with the Over-Allotment, the Lending Shareholder will grant the Joint Global Coordinators an option to acquire up to 982,500 additional Shares from the Lending Shareholder at the Offer Price less agreed commissions, costs and expenses (the "Greenshoe Option"), for the sole purpose of enabling the Stabilisation Manager to perform the Joint Global Coordinators redelivery obligations under the securities loan concluded with the Lending Shareholder. The Greenshoe Option may be exercised only during the Stabilisation Period.</p> <p>The Stabilisation Manager, for the account of the Joint Global Coordinators, is entitled to exercise the Greenshoe Option to the extent Over-Allotments were made the Stabilisation Manager is entitled to exercise this option during the Stabilisation Period even if such exercise follows any sale of shares by the Stabilisation Manager which the Stabilisation Manager had previously acquired as part of any stabilisation measures (so-called refreshing the shoe).</p> <p>Within one week of the end of the Stabilisation Period, the Stabilisation Manager will ensure adequate public disclosure as to whether stabilisation was undertaken, the date on which stabilisation started and last occurred, and the price range within which stabilisation was carried out (for each of the dates during which stabilisation transactions were carried out) and the trading venue(s) on which the stabilisation transactions were carried out.</p> <p>Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including in particular the date of exercise of the Greenshoe Option and the number and nature of securities involved in accordance with Article 8 of the Commission Delegated Regulation (EU) 2016/1052.</p>
E.4	<p>A description of any interest that is material to the issue/ offer including conflicting interests.</p>	<p>In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>), the Joint Global Coordinators have formed a contractual relationship with the Company and the Selling Shareholder (also in its capacity as Lending Shareholder). The Joint Global Coordinators act for the Company, the Selling Shareholder, and the Lending Shareholder on the Offering and coordinate the structuring and execution of the Offering. COMMERZBANK and Bankhaus Lampe have been appointed to act as designated sponsors for the Shares and COMMERZBANK has been appointed to act as paying agent. Upon successful implementation of the Offering, the Joint Global Coordinators will receive a commission, which is dependent on the placement volume. As a result of these contractual relationships, the Joint Global Coordinators have a financial interest in the success of the Offering.</p>

		<p>Furthermore, in connection with the Offering, each of the Joint Global Coordinators and any of their respective affiliates, acting as an investor for their own account, may acquire the Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, certain of the Joint Global Coordinators or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Joint Global Coordinators (or their affiliates) may from time to time acquire, hold or dispose of the Shares. None of the Joint Global Coordinators intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in this prospectus.</p> <p>Some of the Joint Global Coordinators or their affiliates have, and/or may from time to time in the future continue to have, business relations with our Group (including lending activities) or may perform services for our Group in the ordinary course of business.</p> <p>For example, our GO! Rent business offering is regularly financed through a sale and lease back arrangement with Commerzreal. As a result, COMMERZBANK has an interest in the success of the Offering.</p> <p>The Company will receive the proceeds from the sale of the New Shares (after deduction of fees and commissions) and will gain access to the equity capital markets.</p> <p>The Selling Shareholder will receive the proceeds from the sale of the Sale Shares (after deduction of fees and commissions). The Lending Shareholder will receive the proceeds from the sale of the Over-Allotment Shares (after deduction of fees and commissions) if and to the extent the Greenshoe Option is exercised. The Selling Shareholder, Dquadrat Equity Partner GmbH, itself and through affiliated entities and persons, such as Mr. Albert Dürr, the controlling majority shareholder of Dquadrat Equity Partner GmbH, has granted various loans to the Company and therefore has an interest in the completion of the Offering.</p> <p>Since the Company will receive the net proceeds from the Offering of the New 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.</p> <p>Mr. Dirk Reiche will receive a one-time bonus payment of EUR 150 thousand in case the Company's shares are listed on a German stock exchange for the first time until a certain date and the Offering results in a capital inflow before deduction of costs exceeding a defined minimum amount. In addition, Mr. Dirk Reiche has purchased convertible notes issued by the Company that can be converted into shares in the Company after the first day of trading of the shares in the Company on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>). As a result, Mr. Dirk Reiche has a financial interest in the completion of the Offering.</p> <p>Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering.</p>
E.5	<p>Name of the person or entity offering to sell the security.</p> <p>Lock-up agreement: the parties involved; and indication of</p>	<p>The Offer Shares are offered for sale by the Joint Global Coordinators.</p> <p>Under the Underwriting Agreement, the Company agreed with the Joint Global Coordinators that it will not, during a period ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) (which is currently expected to take place on 2 October 2018),</p>

<p>the period of the lock up.</p>	<p>without the prior written consent of the Joint Global Coordinators (which consent shall not be unreasonably withheld or delayed):</p> <ul style="list-style-type: none"> • announce or effect an increase of the share capital of the Company out of authorised capital; or • submit a proposal for a capital increase to any meeting of the shareholders for resolution; or • 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; • enter into a transaction or perform any action economically similar to those described above. <p>Under the Underwriting Agreement, the Selling Shareholder (also in its capacity as Lending Shareholder) agreed with the Joint Global Coordinators that during a period ending twelve months following the first day of trading of the Shares on the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) they will not without the prior written consent of the Joint Global Coordinator (which consent shall not be unreasonably withheld):</p> <ul style="list-style-type: none"> • offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company or any other securities of the Company, including securities convertible into or exercisable or exchangeable for shares of the Company; • enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares of the Company, whether any such transaction described in this clause or above is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise; • make any demand for, or exercise any right with respect to, the registration under US securities laws of any shares of the Company or any security convertible into or exercisable or exchangeable for shares of the Company or any derivatives thereon; • propose any increase in the share capital of the Company, vote in favour of such a proposed increase or otherwise support any 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 transaction or perform any action economically similar to those described above. <p>The lock-up for the Selling Shareholder shall not apply to (i) Shares in the Company disposed to members of its Management Board and its employees as well as to members of the management boards and employees of affiliated companies as part of the stock option plan; (ii) transfers to affiliates of the Selling Shareholder, provided that such transferee(s) agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking and (iii) disposals of shares in the Company within the framework of a public takeover bid pursuant to the German Securities Acquisition and Takeover Act (<i>Wertpapiererwerbs- und Übernahmegesetz</i>).</p> <p>Prince Invest GmbH, Mr. Thomas Grübel, Mr. Nicholas Holdcraft and, with regard to the shares potentially stemming from a conversion of a convertible bond held by him, Mr. Dirk Reiche have agreed in a separate lock-up agreement with the Joint Global Coordinators to be bound by the same lock-up obligation as the Selling Shareholder. However, their lock-up obligation shall not apply to (i) transfers to their affiliates, provided that such transferee(s) agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking and (ii) disposals of shares of the Company within the framework of a public takeover bid pursuant to the German Securities Acquisition and Takeover Act (<i>Wertpapiererwerbs- und Übernahmegesetz</i>).</p>
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E.6	Amount and percentage of immediate dilution resulting from the Offering.	<p>According to the Unaudited Interim Consolidated Financial Statements (IFRS), the net asset value of the Company as at 30 June 2018 amounted to EUR 3,396 thousand. The net asset value as at 30 June 2018 corresponds to total assets of EUR 20,964 thousand less total long-term liabilities of EUR 562 thousand and total current liabilities of EUR 17,005 thousand. For purposes of the below calculation, we have assumed that the cash contribution from Mr. Nicholas Holdcraft of EUR 191 thousand for the 191,424 shares in the Company resulting from the capital increase resolved by the shareholders' meeting on 17 August 2018 subscribed by him had already been obtained by the Company as of 30 June 2018 leading to a net asset value of EUR 3,587 thousand. 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 immediately prior to the Offering, would amount to EUR 0.60 per Share based on 5,934,156 outstanding Shares immediately prior to the Offering (<i>i.e.</i> including the Shares stemming from the capital increases by the Company's shareholders' meetings on 27 July 2018 and 17 August 2018).</p> <p>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 June 2018. In this respect, the net asset value attributable to shareholders as at 30 June 2018 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 and (ii) an increase in the net asset value attributable to shareholders at the mid-point of the Price Range of EUR 11.00. 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 12,184,156 outstanding shares of the Company upon completion of the Offering (this per share figure being referred to as the "Post-IPO Equity attributable to shareholders per share").</p> <table border="1" data-bbox="502 1120 1377 2072"> <tr> <td>Equity attributable to shareholders per share as at 30 June 2018 (assuming 5,934,156 outstanding Shares immediately prior to the Offering) (in EUR).....</td> <td>0.60</td> </tr> <tr> <td>Offer Price per share (in EUR)</td> <td>11.00</td> </tr> <tr> <td>Total gross proceeds to the Company, assuming placement of all New Shares (in EUR million)</td> <td>68.8</td> </tr> <tr> <td>Estimated total costs of the Offering to be borne by the Company (including underwriting and placement commissions payable to the Joint Global Coordinators and assuming further payment in full of the discretionary fee), assuming placement of all New Shares (in EUR million)</td> <td>5.3</td> </tr> <tr> <td>Total net proceeds to the Company, assuming placement of all New Shares (in EUR million)</td> <td>63.4</td> </tr> <tr> <td>Post-IPO Equity attributable to shareholders per share (in EUR)</td> <td>5.50</td> </tr> <tr> <td>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)</td> <td>5.50</td> </tr> <tr> <td>Percentage by which the Offer Price per share exceeds the Post-IPO Equity attributable to shareholders per share (in %)</td> <td>100.0</td> </tr> <tr> <td>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</td> <td>4.90</td> </tr> </table>	Equity attributable to shareholders per share as at 30 June 2018 (assuming 5,934,156 outstanding Shares immediately prior to the Offering) (in EUR).....	0.60	Offer Price per share (in EUR)	11.00	Total gross proceeds to the Company, assuming placement of all New Shares (in EUR million)	68.8	Estimated total costs of the Offering to be borne by the Company (including underwriting and placement commissions payable to the Joint Global Coordinators and assuming further payment in full of the discretionary fee), assuming placement of all New Shares (in EUR million)	5.3	Total net proceeds to the Company, assuming placement of all New Shares (in EUR million)	63.4	Post-IPO Equity attributable to shareholders per share (in EUR)	5.50	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)	5.50	Percentage by which the Offer Price per share exceeds the Post-IPO Equity attributable to shareholders per share (in %)	100.0	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	4.90
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		<table border="1"> <tr> <td>accretion to the existing shareholders of the Company per share) (in EUR)</td> <td></td> </tr> <tr> <td>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 %)</td> <td>816.7</td> </tr> </table> <p>Each of the New Shares will have the same voting rights as the Company's existing shares.</p> <p>Assuming the issuance and placement of all 6,250,000 New Shares in the Offering, the total voting rights of the holders of the existing 5,934,156 Shares prior to the Offering will be reduced to 48.70 % of all voting rights in the Company upon implementation of the Offering.</p>	accretion to the existing shareholders of the Company per share) (in EUR)		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 %)	816.7
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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 %)	816.7					
E.7	Estimated expenses charged to the investor by the issuer.	Not applicable. Investors will not be charged expenses by the Company, the Selling Shareholder, the Lending Shareholder or the Joint Global Coordinators.				

II. ZUSAMMENFASSUNG DES PROSPEKTS

Zusammenfassungen bestehen aus den geforderten Offenlegungspflichten, den sogenannten Punkten ("Punkte"). Diese Punkte werden in den Abschnitten A – E (A.1 – E.7) nummeriert aufgeführt. Diese Zusammenfassung enthält alle Punkte, die in eine Zusammenfassung für diese Art von Wertpapier und Emittentin aufzunehmen sind. Da einige Punkte nicht aufgenommen werden müssen, kann es Lücken in der Reihenfolge der Nummerierung der Punkte geben. Auch wenn ein Punkt aufgrund der Art des Wertpapiers und der Emittentin möglicherweise in die Zusammenfassung aufzunehmen ist, besteht die Möglichkeit, dass zu diesem Punkt keine relevanten Angaben gemacht werden können. In diesem Fall wird eine kurze Beschreibung des Punktes mit dem Hinweis "entfällt" aufgenommen.

ABSCHNITT A – EINLEITUNG UND WARNHINWEISE		
A.1	Warnhinweise.	<p>Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt (der "Prospekt") verstanden werden. Der Anleger sollte jede Entscheidung zur Anlage in die betreffenden Wertpapiere auf die Prüfung des gesamten Prospekts stützen.</p> <p>Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Angaben geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitglieder des Europäischen Wirtschaftsraums (die "Mitgliedsstaaten") die Kosten für die Übersetzung des Prospekts vor Prozessbeginn zu tragen haben.</p> <p>Die GOVECS AG, München, Deutschland (die "Gesellschaft" und gemeinsam mit ihren vollkonsolidierten Tochtergesellschaften, der "Konzern" oder "GOVECS", oder "wir", "uns" oder "unsere") zusammen mit Bankhaus Lampe KG, Jägerhofstr. 10, 40479 Düsseldorf, Deutschland ("Bankhaus Lampe") und der COMMERZBANK Aktiengesellschaft, Kaiserplatz, 60311 Frankfurt am Main, Deutschland ("COMMERZBANK", und zusammen mit Bankhaus Lampe, die "Joint Global Coordinators" oder die "Joint Bookrunners") haben nach § 5 Abs. 2b Nr. 4 des Wertpapierprospektgesetzes die Verantwortung für den Inhalt dieser Zusammenfassung und ihrer deutschen Übersetzung übernommen. Diejenigen Personen, die die Verantwortung für die Zusammenfassung einschließlich etwaiger Übersetzungen hiervon übernommen haben oder von denen der Erlass ausgeht, können haftbar gemacht werden, jedoch nur für den Fall, dass diese Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.</p>
A.2	Angaben betreffend die weitere Verwendung des Prospekts.	Entfällt. Eine Zustimmung der Gesellschaft zur Verwendung dieses Prospekts für eine spätere Weiterveräußerung oder endgültigen Platzierung der Aktien der Gesellschaft durch Finanzintermediäre wurde nicht erteilt.

ABSCHNITT B – EMITTENTIN		
B.1	Juristischer und kommerzieller Name.	Die juristische Bezeichnung der Gesellschaft ist GOVECS AG. Die Gesellschaft und ihre Tochtergesellschaften betreiben ihre Geschäfte unter der kommerziellen Bezeichnung "GOVECS".
B.2	Sitz und Rechtsform der Emittentin, das	Die Gesellschaft hat ihren satzungsmäßigen Sitz in der Grillparzerstr. 18, 81675 München, Deutschland, und ist im Handelsregister des Amtsgerichts München, Deutschland, unter der HRB 242887 eingetragen. Die Gesellschaft ist eine deutsche

	für die Emittentin geltende Recht und Land der Gründung der Gesellschaft.	Aktiengesellschaft, die in der Bundesrepublik Deutschland (" Deutschland ") gegründet wurde und deutschem Recht unterliegt.
B.3	Derzeitige Geschäftstätigkeit und Haupttätigkeit sowie Hauptmärkte, auf denen der Emittent vertreten ist.	<p>Govecs entwickelt, produziert und vertreibt hochwertige Motorroller mit Elektroantrieb (so genannte Elektroroller oder "eScooter") an Geschäftskunden vor allem in Europa und an Verbraucher vor allem in Deutschland. Wir sind ein 2009 gegründeter Branchenpionier, der mehr als 10.000 eScooter produziert und verkauft hat (Stand 30. Juni 2018). Mit unserem ersten eScooter-Modell, das 2010 auf den Markt kam, sind wir ein Pionier im europäischen eScooter-Markt. Im Jahr 2017 haben wir unser Produktportfolio um eine elektrisch angetriebene Version des ehemaligen ostdeutschen Rollers Schwalbe erweitert.</p> <p>Wir bieten unsere eScooter in drei Geschäftsbereichen an: Sharing (Business-zu-Sharing, "B2S"), Lieferung (Business-zu-Delivery, "B2D") und Verbraucher (Business-zu-Customers, "B2C").</p> <p>In unserem B2S-Geschäftsbereich sind wir mit einem Marktanteil von 40 % (gemessen an der Anzahl der bis November 2017 ausgelieferten eScooter) Weltmarktführer (Quelle: <i>InnoZ, Market Report</i>⁶), wobei Europa aktuell das globale Zentrum des eScooter Sharing Marktes ist. Unser hochwertiges, langlebiges GO! S-Modell ist auf die Nutzung durch Sharing-Betreiber zugeschnitten. Diese Sharing-Betreiber halten eine Flotte von eScootern für die kurzfristige Nutzung durch registrierte Nutzer bereit. Wir passen das GO! S-Modell an die spezifischen Bedürfnisse jedes Kunden an, wie z. B. die der führenden europäischen eScooter-Sharing-Betreiber Cityscoot SAS ("Cityscoot") und Cooltra Motosharing, S.L.U ("eCooltra"). Wir verkaufen unsere eScooter an Sharing-Betreiber vor allem in Frankreich, Deutschland, Italien, den Niederlanden und Spanien und in geringerem Umfang auch an Sharing-Betreiber in einigen anderen europäischen Märkten. Seitdem wir uns im Jahr 2015 stark auf den Verkauf unserer eScooter an Sharing-Betreiber konzentriert haben, hat sich der B2S-Geschäftsbereich zum größten Umsatzträger entwickelt. Ca. 94 % bzw. 97 % aller eScooter, die wir im zum 31. Dezember 2017 endenden Geschäftsjahr bzw. im Sechsmonatszeitraum bis 30. Juni 2018 ausgeliefert haben, wurden an Sharing-Betreiber ausgeliefert.</p> <p>In unserem Geschäftsbereich B2D vermarkten wir unsere GO! T-Modell vor allem an Kunden aus dem Lebensmittellieferungsbereich, die unsere eScooter zur kostengünstigen Lieferung nutzen. In unserem B2D-Geschäftsbereich vertreiben wir derzeit eScooter hauptsächlich an Geschäftskunden in Benelux, Frankreich, Deutschland und Großbritannien. Ca. 5 % aller eScooter, die wir im Geschäftsjahr 2017 ausgeliefert haben, entfallen auf unseren B2D-Geschäftsbereich. Im Sechsmonatszeitraum bis zum 30. Juni 2018 lieferten wir keine eScooter an B2D-Kunden aus, da unser auslaufendes GO-T-Modell nicht verfügbar war und die Markteinführung unseres neuen GO! T-Modell später als geplant erfolgte.</p> <p>Während wir in der Vergangenheit nur einen sehr kleinen Teil unseres Umsatzes aus dem Verkauf von eScootern an Endverbraucher erwirtschaftet haben, legen wir jetzt großen Wert darauf, unser B2C-Geschäft deutlich auszubauen. Der Premium-Lifestyle Schwalbe eScooter ist derzeit das Kernprodukt unserer Handelsplattform HappyScooter, die sich der direkten Vermarktung von eScootern widmet. Im Jahr 2019 erwarten wir unser Produktportfolio durch die Einführung von Elly, unserem eScooter Einsteigermodell, und dem kürzlich erworbenen ELMOTO eScooter, der eine fahrradähnliche Konstruktion und Optik aufweist, zu erweitern. Wir</p>

⁶ Innovation Centre for Mobility and Societal Change GmbH ("**InnoZ**"), Global Scootersharing Market Report, November 2017, https://www.innoz.de/sites/default/files/howebox_global_scootersharing_market_report_2017.pdf, ("**InnoZ, Market Report**"), zuletzt besucht am 13. Juli 2018

		<p>konzentrieren uns auf den Direktvertrieb über das Internet und unsere HappyScooter-Stores, aktuell in Berlin und Stuttgart. Unser B2C-Angebot richtet sich derzeit an den deutschen Markt, aber wir planen einen Markteinstieg in andere europäische Märkte, zunächst in den Niederlanden.</p> <p>Wir arbeiten von unserem Hauptsitz in München, Deutschland, und unserer Entwicklungs- und Produktionsstätte in Wroclaw, Polen, aus und beschäftigen zum Datum dieses Prospekts insgesamt 217 Mitarbeiter.</p>
<p>B.4a</p>	<p>Wichtigste jüngste Trends, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken.</p>	<p>Wir sind der Ansicht, dass der europäische Markt für Elektroleichtfahrzeuge aufgrund der regulatorischen Förderung der E-Mobilität, der Tatsache, dass die Verbraucher über die erforderlichen finanziellen Mittel verfügen sowie des zunehmenden Bewusstseins für Elektroleichtfahrzeuge, ein erhebliches Wachstumspotenzial hat.</p> <p>Die Zahl der in Europa verkauften Elektroleichtfahrzeuge (bestehend aus eScooter und E-Motorräder) wird voraussichtlich von 17.775 im Jahr 2017 auf 148.852 im Jahr 2025 steigen. Von diesen 148.852 werden voraussichtlich 86 % eScooter und 14 % E-Motorräder sein (Quelle: <i>Navigant, LEV</i>⁷).</p> <p>Die Zulassungen in Europa von Elektro-Mopeds, Motorrädern und Quads stiegen in den ersten sechs Monaten des Jahres 2018 gegenüber dem Vorjahr zusammen um 49 % auf 21.100 Einheiten. Die Mehrheit (14.150) davon entfiel auf die Moped Klasse. Die größten europäischen Märkte für Elektro-Mopeds waren: Belgien (3.596 Einheiten), Niederlande (3.456 Einheiten), Frankreich (3.173 Einheiten), Spanien (1.038 Einheiten) und Polen (692 Einheiten) (Quelle: <i>ACEM Registration 2018</i>⁸).</p> <p>Der Sharing-Markt ist für uns derzeit der größte und am schnellsten wachsende Kundenmarkt. Auf europäischer Ebene sehen wir ein Marktpotenzial von mehr als 80.000 eScootern in europäischen Städten mit mehr als 500.000 Einwohnern (unter der Annahme von 75 eScootern pro 100.000 Einwohner). Laut einem Marktbericht des InnoZ vom November 2017 entwickelt sich der Scooter-Sharing-Markt derzeit rasant. Beginnend mit San Francisco im Jahr 2012 wird das Scooter-Sharing heute an mehr als 50 verschiedenen Orten angeboten.</p> <p>Laut "Statista (Digital Market Outlook)"⁹ wurde der Umsatz der Restaurant-Lieferdienste im Jahr 2016 auf rund USD 0,9 Mrd. geschätzt und soll bis 2022 auf rund USD 4,2 Mrd. steigen, was einer durchschnittlichen jährlichen Wachstumsrate ("CAGR")¹⁰ von rund 38 % entspricht (Quelle: <i>Statista</i>). Der Umsatz der Food Delivery Plattformen wurde im Jahr 2016 auf rund USD 14,5 Mrd. geschätzt und soll bis 2022 auf rund USD 48,9 Mrd. steigen, was einem CAGR von rund 27 % entspricht (Quelle: <i>Statista</i>).</p> <p>Wir sind der Meinung, dass es ein erhebliches Potenzial für den Einsatz von eScootern nicht nur für die Lieferung von Lebensmitteln, sondern auch für die städtische Logistik im Allgemeinen (z. B. Post- und Paketzustellung und Same-Day-Delivery Dienstleister (d. h. Zustellungen am Tag der Bestellung)) gibt. Die geringeren Gesamtbetriebskosten sollten eScooter auch in diesem Bereich attraktiver machen als Scooter mit Verbrennungsmotoren ("ICE" für <i>internal combustion engine</i>).</p> <p>Wir glauben, dass Urbanisierung, zunehmendes Umweltbewusstsein und regulatorische Entwicklungen nicht nur die Nachfrage nach eScootern im</p>

⁷ Navigant Research ("**Navigant**"), Research Report: Light Electric Vehicles, Published 1Q2017, ("**Navigant, LEV**")

⁸ European Association of Motorcycle Manufacturers ("**ACEM**"), Registrations in the European Union – 2018, Period January – December 2018, <https://www.acem.eu/item/541-motorcycle-registrations-in-the-eu-up-by-7-1-during-the-first-half-of-2018>, ("**ACEM Registration 2018**"), zuletzt besucht am 8. August 2018

⁹ Statista, Online food delivery services in Europe, veröffentlicht im November 2007 ("**Statista**")

¹⁰ CAGR ist die durchschnittliche jährliche Wachstumsrate über einen bestimmten Zeitraum von mehr als einem Jahr.

		Allgemeinen, sondern vor allem auch die Nachfrage der Konsumenten bestimmen. Navigant erwartet einen weltweiten Markt von 5,3 Mio. verkauften eScootern im Jahr 2026 (Quelle: <i>Navigant, LEV</i>).																					
B.5	Beschreibung des Konzerns und der Stellung der Emittentin innerhalb des Konzerns.	<p>Die Gesellschaft ist die Muttergesellschaft des Konzerns.</p> <p>Die folgende Darstellung gibt (in vereinfachter Form) einen Überblick über den Konzern zum Datum dieses Prospekts:</p> <pre> graph TD G[GOVECS AG] -- 100% --> GBS[GOVECS Business Solution GmbH] G -- 100% --> GI[GOVECS Inc. (USA)] G -- 100% --> GSO[GOVECS Sp. z.o.o.] G -- 100% --> HS[HappyScooter GmbH] GI -- 100% --> GLL[GOVECS LLC] </pre>																					
B.6	<p>Personen, die eine direkte oder indirekte (meldepflichtige) Beteiligung am Eigenkapital oder an den Stimmrechten der Emittentin halten.</p> <p>Stimmrechte.</p> <p>Unmittelbare oder mittelbare Beherrschungsverhältnisse an der Emittentin und Art der Beherrschung.</p>	<p>Die nachfolgenden juristischen und natürlichen Personen halten eine Beteiligung an der Gesellschaft zum Datum des Prospekts:</p> <table border="1"> <thead> <tr> <th colspan="3">Beteiligungen</th> </tr> <tr> <th>Name des Aktionärs</th> <th>Aktien/ Stimmrechte</th> <th>in %</th> </tr> </thead> <tbody> <tr> <td>Dquadrat Equity Partner GmbH¹</td> <td>5.000.920</td> <td>84,27 %</td> </tr> <tr> <td>Thomas Grübel</td> <td>579.732</td> <td>9,77 %</td> </tr> <tr> <td>Prince Invest GmbH</td> <td>162.080</td> <td>2,73 %</td> </tr> <tr> <td>Nicholas Holdcraft</td> <td>191.424</td> <td>3,23 %</td> </tr> <tr> <td>Total</td> <td>5.934.156</td> <td>100 %</td> </tr> </tbody> </table> <p>¹ Dquadrat Equity Partner GmbH wird von ihrem Mehrheitsgesellschafter, Herrn Albert Dürr, kontrolliert.</p> <p>Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Beschränkungen der Stimmrechte. Alle Aktien der Gesellschaft, inklusive der Aktien, die von den bestehenden Anteilseignern gehalten werden, sind mit gleichem Stimmrecht ausgestattet.</p> <p>Dquadrat Equity Partner GmbH hält 84,27 % der Aktien. Dquadrat Equity Partner GmbH wird von ihrem Mehrheitsgesellschafter, Herrn Albert Dürr, kontrolliert. Basierend auf seiner indirekten Beteiligung kann Herr Albert Dürr erheblichen Einfluss auf unsere Geschäftstätigkeit und Geschäftsstrategie ausüben.</p>	Beteiligungen			Name des Aktionärs	Aktien/ Stimmrechte	in %	Dquadrat Equity Partner GmbH¹	5.000.920	84,27 %	Thomas Grübel	579.732	9,77 %	Prince Invest GmbH	162.080	2,73 %	Nicholas Holdcraft	191.424	3,23 %	Total	5.934.156	100 %
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Total	5.934.156	100 %																					
B.7	Ausgewählte wesentliche historische Finanzinformationen.	<p>Die nachfolgend in den Tabellen aufgeführten Finanzinformationen sind dem geprüften konsolidierten Konzernabschluss der Gesellschaft für die zum 31. Dezember 2015, 2016 und 2017 abgeschlossenen Geschäftsjahre (zusammen der "Geprüfte Konsolidierte Konzernabschluss (IFRS)") entnommen. Der Geprüfte Konsolidierte Konzernabschluss (IFRS) ist in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind ("IFRS"), erstellt worden. Der Geprüfte Konsolidierte Konzernabschluss (IFRS) ist von der KPMG AG Wirtschaftsprüfungsgesellschaft, Ganghoferstraße 29, 80339 München, Deutschland, geprüft und mit einem eingeschränkten Bestätigungsvermerk (auditor's report) versehen worden.</p> <p>Bestimmte zusätzliche Finanzinformationen in diesem Abschnitt stammen aus dem ungeprüften Konzernzwischenabschluss der Gesellschaft zum 30. Juni 2018 (der "Ungeprüfte Konsolidierte Konzernzwischenabschluss (IFRS)") und zusammen mit dem Geprüften Konsolidierten Konzernabschluss (IFRS), die "Jahresabschlüsse", erstellt nach IFRS für die Zwischenberichterstattung (IAS 34). Die Kennzeichnung von Finanzdaten in den folgenden Tabellen mit "geprüft" bedeutet, dass diese dem oben aufgeführten Geprüften Konsolidierten</p>																					

Konzernabschluss (IFRS) entnommen wurden. Mit der Kennzeichnung "**ungeprüft**" werden in den folgenden Tabellen Finanzdaten bezeichnet, die nicht dem oben erwähnten Geprüften Konsolidierten Konzernabschluss entnommen wurden, sondern vielmehr dem Ungeprüften Konsolidierten Konzernzwischenabschluss (IFRS) entnommen wurden oder auf Grundlage von Zahlen aus den vorhergenannten Quellen berechnet wurden.

Die im nachfolgenden Text und untenstehenden Tabellen aufgeführten Finanzinformationen sind, soweit nicht anders angegeben, in Tausend Euro (TEUR) dargestellt. Einige Finanzinformationen (darunter auch Prozentangaben) wurden kaufmännisch gerundet; Summen (Gesamtsummen, Zwischensummen, Differenzen oder in Verhältnis gesetzte Beträge) wurden anhand der zugrunde liegenden nicht gerundeten Beträge ermittelt. Es kann daher zu Rundungsdifferenzen zwischen den in den Tabellen in diesem Prospekt enthaltenen Einzelangaben und den jeweiligen Gesamtsummen kommen. Darüber hinaus können sich die gerundeten Zahlen nicht immer exakt auf die Summen aufaddieren lassen. Bei in Klammern gesetzten Finanzinformationen in der Darstellung handelt es sich um negative Zahlen. In Bezug auf den Ausweis von Finanzinformationen in diesem Prospekt, bedeutet ein Spiegelstrich ("–"), dass die betreffende Zahl nicht verfügbar ist, während eine Null ("0") angibt, dass die betreffende Zahl verfügbar ist, aber auf Null gerundet wurde oder gleich Null ist.

Ausgewählte Finanzinformationen aus der Konzern-Gewinn- und Verlustrechnung

	Für das Geschäftsjahr endend zum 31. Dezember			Für den zum 30. Juni endenden Sechsmonatszeitraum	
	2017	2016	2015	2018	2017
	(in TEUR)			(in TEUR)	
	(geprüft)			(ungeprüft)	
Umsatzerlöse	14.687	6.910	2.504	11.020	7.792
Umsatzkosten	(12.876)	(6.444)	(2.096)	(9.556)	(6.919)
Bruttogewinn	1.811	466	407	1.464	873
Vertriebskosten	(2.243)	(2.069)	(1.051)	(1.455)	(1.003)
Allgemeine Verwaltungskosten	(1.946)	(1.634)	(1.594)	(1.387)	(832)
Forschungskosten	(1.001)	(673)	(330)	(796)	(380)
Sonstige betriebliche Erträge	129	72	279	140	28
Sonstige betriebliche Aufwendungen	(1.056)	(395)	(505)	(1.250)	(132)
Erwartete Kreditausfälle auf Forderungen aus Lieferungen und Leistungen und sonstige Forderungen	(163)	(2)	(74)	(116)	(122)
Operativer Verlust	(4.469)	(4.236)	(2.868)	(3.400)	(1.569)
Zinserträge	1	15	13	35	3
Zinsaufwendungen	(590)	(306)	(108)	(88)	(238)
Ergebnis vor Steuern	(5.058)	(4.527)	(2.964)	(3.453)	(1.805)
Einkommenssteuer	0	0	0	0	0
Konzernjahresfehlb etrag	(5.058)	(4.527)	(2.964)	(3.453)	(1.805)

Ausgewählte Finanzinformationen aus der Konzern-Bilanz

		Zum 31. Dezember			Zum 30. Juni
		2017	2016	2015	2018
		(in TEUR)			(in TEUR)
		(geprüft)			(ungeprüft)
A.	Aktiva				
	Langfristige Vermögenswerte				
	Sachanlagevermögen	2.144	1.237	667	2.062
	Immaterielle Vermögenswerte	1.444	908	272	2.031
	Forderungen aus Lieferungen und Leistungen und sonstige Forderungen	41	86	84	31
	Sonstige Vermögenswerte	505	251	151	252
	Summe langfristige Vermögenswerte	4.133	2.482	1.174	4.376
	Kurzfristige Vermögenswerte				
	Vorräte	6.297	3.229	1.970	9.440
	Forderungen aus Lieferungen und Leistungen und sonstige Forderungen	1.606	701	766	4.947
	Sonstige Vermögenswerte	909	585	208	1.578
	Zahlungsmittel und Zahlungsmitteläquivalente	877	501	251	624
	Summe kurzfristige Vermögenswerte	9.690	5.015	3.195	16.588
	Bilanzsumme	13.822	7.498	4.369	20.964
B.	Passiva				
	Eigenkapital				
	Gezeichnetes Kapital	1.436	1.436	1.436	1.436
	Kapitalrücklagen	35.150	18.506	18.506	35.150
	Verlustvortrag	(24.679)	(20.152)	(17.188)	(29.738)
	Jahresfehlbetrag	(5.058)	(4.527)	(2.964)	(3.453)
	Summe Eigenkapital	6.848	(4.738)	(211)	3.396
	Langfristige Schulden				
	Langfristige Darlehen und Verbindlichkeiten aus dem Finanzierungsleasing	431	1.753	2.251	334
	Langfristige Rückstellungen	147	165	32	145
	Rechnungsabgrenzungsposten	51	36	0	39
	Sonstige Verbindlichkeiten	30	15	0	44
	Summe langfristige Schulden	659	1.970	2.283	562
	Kurzfristige Schulden				
	Verbindlichkeiten aus Lieferungen und Leistungen	2.235	1.350	876	6.894
	Kurzfristige Darlehen und Verbindlichkeiten aus dem Finanzierungsleasing	1.114	5.457	192	2.019
	Kurzfristige Verbindlichkeiten aus Leistungen an Arbeitnehmer	120	117	58	247
	Kurzfristige Rückstellungen	769	348	196	804
	Rechnungsabgrenzungsposten	61	38	30	34
	Sonstige Verbindlichkeiten	2.015	2.956	944	7.006 ⁽¹⁾
	Summe kurzfristige Schulden	6.315	10.266	2.297	17.005
	Summe Schulden	6.974	12.236	4.580	17.568
	Bilanzsumme	13.822	7.498	4.369	20.964

(1) Enthält die Bilanzposition "Vertragsverbindlichkeiten", die in unserem Ungeprüften Konsolidierten Konzernzwischenabschluss (IFRS) separat ausgewiesen wird.

Ausgewählte Finanzinformationen aus der Konzern-Kapitalflussrechnung

	Für das Geschäftsjahr endend zum 31. Dezember			Für den zum 30. Juni endenden Sechsmonatszeitraum	
	2017	2016	2015	2018	2017
	(in TEUR)			(in TEUR)	
	(geprüft)			(ungeprüft)	
Netto Cashflow aus laufender Geschäftstätigkeit	(8.423)	(3.299)	(2.302)	(474)	(2.433)
Netto Cashflow aus Investitionstätigkeit	(1.121)	(606)	(178)	(295)	(567)
Netto Cashflow aus Finanzierungstätigkeit	9.920	4.154	2.402	515	2.762
Nettozunahme der Zahlungsmittel und Zahlungsmitteläquivalente	377	249	(78)	(254)	(238)
Zahlungsmittel und Zahlungsmitteläquivalente zu Jahresbeginn	501	251	329	877	501
Zahlungsmittel und Zahlungsmitteläquivalente zum Jahresende	877	501	251	624	262

Erhebliche Änderungen der Finanzlage und des Betriebsergebnisses der Emittentin.

Vom 31. Dezember 2016 bis zum 31. Dezember 2017 erhöhte sich die Kapitalrücklage der Gesellschaft von 18,5 Mio. EUR auf EUR 35,2 Mio. Dieser Anstieg ist im Wesentlichen darauf zurückzuführen, dass die Blitz 14-106 GmbH, die damals alleinige Gesellschafterin der Gesellschaft, mit der Gesellschaft einen Vertrag abgeschlossen hat, nach dem sie alle ihre Zins- und Tilgungsansprüche aus den der Gesellschaft gewährten Darlehen in Höhe von rund EUR 16,5 Mio. vollständig in die freie Kapitalrücklage der Gesellschaft eingebracht hat.

Ende Juni 2018 haben wir einen Vertrag über die Übernahme der ELMOTO von der in Deutschland ansässigen ID-Bike GmbH unterzeichnet und erwarten, dass wir den ELMOTO eScooter im ersten Halbjahr 2019 wieder auf den Markt bringen können. Die Transaktion wurde im Juli 2018 abgeschlossen. Der Kaufpreis betrug EUR 1,5 Mio.

Im Juli 2018 haben wir einen neuen Rahmenvertrag mit Cityscoot, einem unserer Hauptkunden in unserem B2S-Geschäftsbereich, abgeschlossen. Im Rahmen dieser Vereinbarung verkauft Cityscoot uns bestimmte Komponenten für den Einsatz in den von uns hergestellten und an Cityscoot zurückverkauften eScootern.

Darüber hinaus haben wir vereinbart, Cityscoot einen Zuschuss zu zahlen, um die Ausweitung ihrer Sharing-Aktivitäten auf weitere europäische Städte zu finanzieren. Der Gesamtbetrag der Förderung beträgt EUR 1 Mio., zahlbar in vier Raten bis März 2019. Diese Art von Vereinbarung war eine etablierte Geschäftspraxis zwischen unserem ehemaligen Vertriebspartner in Frankreich und Cityscoot, die beibehalten wurde, obwohl wir unser Produkt inzwischen in Frankreich direkt vermarkten.

Die Hauptversammlung der Gesellschaft hat am 27. Juli 2018 eine Erhöhung des Grundkapitals der Gesellschaft aus der Kapitalrücklage von EUR 1.435.683,00 um EUR 4.307.049,00 auf EUR 5.742.732,00 beschlossen. Die Kapitalerhöhung wurde am 1. August 2018 in das Handelsregister des Amtsgerichts München, Deutschland eingetragen.

Die Hauptversammlung der Gesellschaft hat am 17. August 2018 eine Kapitalerhöhung gegen Bareinlage um EUR 191.424,00 von EUR 5.742.732,00 auf EUR 5.934.156,00 beschlossen, was dem aktuellen Betrag des Grundkapitals

		<p>der Gesellschaft entspricht.</p> <p>Die Laufzeit der bestehenden Gesellschafterdarlehen in Höhe von insgesamt EUR 1,77 Mio. wurde vom 31. Dezember 2018 bis zum 31. Dezember 2023 verlängert.</p> <p>Darüber hinaus haben die Mehrheitsaktionärin Dquadrat Equity Partner GmbH, ihre einzige direkte Gesellschafterin Dürr Holding GmbH und der (indirekte) Mehrheitsaktionär der Dquadrat Equity Partner GmbH, Herrn Albert Dürr, sowie unsere Gesellschafterin Prince Invest GmbH seit dem 30. Juni 2018 mit Darlehensverträgen vom 2. Juli 2018, 20. Juli 2018, 26. Juli 2018, 1. August 2018, 3. September 2018 bzw. 7. September 2018 zusätzliche Gesellschafterdarlehen in Höhe von insgesamt EUR 8,4 Mio. gewährt. Alle Gesellschafterdarlehen haben eine Laufzeit bis zum 31. Dezember 2023.</p> <p>Darüber hinaus hat die Gesellschaft mit der Kreissparkasse Esslingen-Nürtingen eine Vereinbarung über die Bereitstellung einer revolving Kreditlinie in Höhe von EUR 8,5 Mio. mit einer Laufzeit bis zum 30. September 2020 getroffen.</p> <p>Wir erwirtschaften Einnahmen hauptsächlich aus dem Verkauf von eScootern. Darüber hinaus erzielen wir einen begrenzten Umsatz aus dem Verkauf von eScooter-bezogenem Zubehör und Ersatzteilen sowie aus der Vermietung von eScootern an Kunden in unserem B2D-Geschäftsbereich.</p> <p>Sechsmonatszeitraum bis 30. Juni 2018 im Vergleich zum Sechsmonatszeitraum bis 30. Juni 2017</p> <p>In dem Sechsmonatszeitraum bis 30. Juni 2018 stieg der Umsatz um 41,41 % von TEUR 7.792 im ersten Halbjahr 2017 auf TEUR 11.020 im ersten Halbjahr 2018. Der Umsatzanstieg spiegelt vor allem den weiteren Ausbau unseres B2S-Geschäftsbereichs wider.</p> <p>Der Fehlbetrag erhöhte sich von TEUR 1.805 in den sechs Monaten bis zum 30. Juni 2017 auf TEUR 3.453 in den sechs Monaten bis zum 30. Juni 2018. Bezogen auf den Umsatz stieg der Fehlbetrag im gleichen Zeitraum von 23,16 % auf 31,33 %.</p> <p>2017 im Vergleich zu 2016</p> <p>Im Jahr 2017 stieg der Umsatz deutlich um 112,54 % von TEUR 6.910 im Jahr 2016 auf TEUR 14.687 im Jahr 2017. Der Umsatzanstieg ist in erster Linie auf das anhaltend starke Umsatzwachstum bei den eScootern in unseren B2S- und B2D-Geschäftsbereichen zurückzuführen, das wiederum durch die Ausweitung der Präsenz unserer B2S-Kunden in bestehenden Märkten, den Eintritt in neue Märkte und die Gewinnung neuer Kunden begünstigt wurde.</p> <p>Unser Jahresfehlbetrag stieg von TEUR 4.527 im Jahr 2016 um 11,72 % auf TEUR 5.058 im Jahr 2017. Als prozentualer Anteil an den Umsatzerlösen reduzierte sich der Jahresfehlbetrag von 65,52 % auf 34,44 % im gleichen Zeitraum.</p> <p>2016 im Vergleich zu 2015</p> <p>Im Jahr 2016 stieg der Umsatz deutlich von TEUR 2.504 im Jahr 2015 auf TEUR 6.910 im Jahr 2016. Der Umsatzanstieg ist vor allem auf das deutliche Wachstum der eScooter-Verkäufe in unseren B2S und B2D-Geschäftsbereichen zurückzuführen.</p> <p>Unser Jahresfehlbetrag stieg von TEUR 2.964 im Jahr 2015 um 52,77 % auf TEUR 4.527 im Jahr 2016. Als prozentualer Anteil an den Umsatzerlösen reduzierte sich der Jahresfehlbetrag von 118,37 % auf 65,52 % im gleichen Zeitraum.</p>
B.8	Ausgewählte wesentliche Pro-Forma	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen für den Prospekt erstellt.

	Finanzinformati onen.	
B.9	Gewinnprognose n und -schätzungen.	Auf der Grundlage der Entwicklung im Jahr 2017 und im zum 30. Juni 2018 endenden Sechsmonatszeitraum erwarten wir für 2018 ein negatives bereinigtes EBIT von einem Verlust zwischen EUR 7 Mio. und EUR 9 Mio. für 2018.
B.10	Beschränk- ungen im Bestätigungsver merk zu den historischen Finanzinformati onen.	<p>Der Bestätigungsvermerk unseres Abschlussprüfers zu unseren Geprüften Konsolidierten Konzernabschlüssen (IFRS) enthält ein eingeschränktes Testat. Die Einschränkung resultiert daraus, dass die KPMG AG Wirtschaftsprüfungsgesellschaft nicht in der Lage war, den ausgewiesenen Vorratsbestand unserer vollkonsolidierten Tochtergesellschaft GOVECS Poland Sp. z o.o. in Höhe von TEUR 1.567 zum 1. Januar 2015 und in Höhe von TEUR 1.902 zum 31. Dezember 2015 zu überprüfen. Der Grund liegt darin, dass der Teilbereichsprüfer der GOVECS Poland Sp. z o.o. zu einem späteren Zeitpunkt und damit nach erfolgter Inventur benannt wurde. Daher konnte der Teilbereichsprüfer die Inventurzählung zu den oben genannten Daten nicht beobachten und durch alternative Prüfverfahren keine hinreichende Sicherheit über die relevanten Details erlangen. Daher konnte die KPMG AG Wirtschaftsprüfungsgesellschaft nicht feststellen, ob für die Darstellung der erfassten oder nicht erfassten Vorräte und der Bestandteile der Gewinn- und Verlustrechnung und des sonstigen Gesamtergebnisses für die Geschäftsjahre vom 1. Januar 2015 bis 31. Dezember 2015 und vom 1. Januar 2016 bis 31. Dezember 2016 sowie der Eigenkapitalveränderungsrechnung zu diesen Zeitpunkten eine Anpassung erforderlich gewesen wäre. Die potenzielle Verminderung oder Erhöhung der Vorratsbestände zum 1. Januar 2015 und 31. Dezember 2015 könnte zu einer Erhöhung oder Verminderung des Jahresfehlbetrags für die Geschäftsjahre zum 31. Dezember 2015 und 2016 führen. Diese Erhöhung oder Verminderung könnte zu einer Erhöhung oder Verminderung des Eigenkapitals zum 31. Dezember 2015 führen.</p> <p>Nach Auffassung des Abschlussprüfers KPMG AG Wirtschaftsprüfungsgesellschaft vermittelt der Geprüfte Konsolidierte Konzernabschluss (IFRS) auf der Grundlage der bei der Prüfung gewonnenen Erkenntnisse ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage und des Cashflows des Konzerns zum 31. Dezember 2017, 2016 und 2015 und für die zum 31. Dezember 2017, 2016 und 2015 endenden Geschäftsjahre in Übereinstimmung mit den International Financial Reporting Standards (IFRS), wie sie in der Europäischen Union ("EU") anzuwenden sind, mit Ausnahme der möglichen Auswirkungen etwaiger Anpassungen, die sich ergeben hätten, wenn der Abschlussprüfer die Zählung der physischen Vorräte zum 31. Dezember 2015 und 1. Januar 2015 hätte überprüfen können.</p> <p>Das Vorratsvermögen und die Bilanz zum 31. Dezember 2016 und 2017 sowie die Gewinn- und Verlustrechnung und das sonstige Gesamtergebnis für das Geschäftsjahr vom 1. Januar 2017 bis 31. Dezember 2017 des Geprüften Konsolidierten Konzernabschlusses (IFRS) ist von dieser Einschränkung nicht betroffen.</p> <p>Der Bestätigungsvermerk unseres Abschlussprüfers zu unserem geprüften Jahresabschluss (HGB) (der "Geprüfte Jahresabschluss (HGB)") zum 31. Dezember 2017 enthält einen uneingeschränkten Bestätigungsvermerk.</p>
B.11	Unzulänglichkeit des Geschäftskapitals der Emittentin zur Erfüllung bestehender Anforderungen.	Entfällt. Das Geschäftskapital des Konzerns ist nach Auffassung der Gesellschaft ausreichend, um alle Zahlungsverpflichtungen, die zumindest innerhalb der nächsten zwölf Monate nach dem Datum dieses Prospekts fällig werden, zu erfüllen.

C.5	Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere.	Entfällt. Die Aktien sind in Übereinstimmung mit den gesetzlichen Bestimmungen für auf den Inhaber lautende Stückaktien frei übertragbar. Außer den in den Lock-Up Vereinbarungen unter Abschnitt E.5 angeführten Einschränkungen bestehen keine Beschränkungen hinsichtlich der Übertragbarkeit der Aktien.
C.6	Antrag auf Zulassung zum Handel an einem geregelten Markt und Nennung der geregelten Märkte, an denen die Wertpapiere gehandelt werden sollen.	Die Gesellschaft beabsichtigt die Zulassung der Neuen Aktien sowie aller anderen bereits bestehenden Aktien (gesamtes gegenwärtiges Grundkapital) am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse am oder um den 17. September 2018 zu beantragen. Der Zulassungsbeschluss für die Aktien wird voraussichtlich am 1. Oktober 2018 erteilt werden. Der Handel mit den Aktien im regulierten Marktsegment der Frankfurter Wertpapierbörse wird voraussichtlich am 2. Oktober 2018 beginnen.
C.7	Dividendenpolitik.	Die Gesellschaft plant angesichts der geplanten Investitionen in das Wachstum des Unternehmens keine Dividendenausüttung. Die Fähigkeit und Absicht der Gesellschaft, künftig Dividenden auszuschütten, hängt von der Vermögens-, Finanz- und Ertragslage, den Kapitalerfordernissen, den Anlagealternativen, dem Vorhandensein eines Bilanzgewinns, wie er in dem nach den Rechnungslegungsvorschriften des Handelsgesetzbuches aufgestellten Jahresabschluss der Gesellschaft ausgewiesen wird, der verfügbaren Liquidität, der Marktentwicklung und anderen Faktoren ab, die Vorstand und Aufsichtsrat für relevant halten. Vorschläge von Vorstand und Aufsichtsrat zur Dividendenzahlung bedürfen der Zustimmung der Hauptversammlung, die die Dividendenpolitik der Gesellschaft von Zeit zu Zeit ändern kann.

ABSCHNITT D – RISIKEN

D.1	Zentrale Risiken, die der Emittentin und ihrer Branche eigen sind.	<p>Risiken im Zusammenhang mit unserem Geschäft, der Geschäftstätigkeit, Finanzlage und Branche</p> <ul style="list-style-type: none"> • Da wir ein Wachstumsunternehmen sind, ist es möglicherweise schwierig, unsere Geschäfts- und Zukunftsaussichten zu beurteilen, und es ist uns vielleicht nicht möglich, unser Wachstum effektiv zu steuern. • Seit der Gründung haben wir erhebliche operative Verluste erlitten und wir erwarten für die absehbare Zukunft einen erheblichen Anstieg unserer Kosten und Aufwendungen; es kann nicht gewährleistet werden, dass wir in der Lage sein werden, erfolgreich zu wachsen sowie mit dem zukünftigen Geschäft Rentabilität zu erreichen. • Unser zukünftiges Wachstum hängt von der Bereitschaft der Verbraucher ab, Elektroroller anzunehmen, sowie von der anhaltenden Nachfrage unserer Geschäftskunden nach unseren Elektrorollern. • Unser Geschäft hängt davon ab, mit dem Verkauf unserer sich bereits am Markt befindlichen Elektroroller Umsatz zu erzielen, insbesondere der Schwalbe und der GO! S Elektroroller unserer GO!-Serien in nächster Zeit; unser zukünftiger Erfolg hängt von unserer Fähigkeit ab, unsere neuen Elektroroller-Modelle wie den Elektroroller Elly und den ELMOTO Elektroroller zu entwickeln und eine Marktakzeptanz dafür zu erreichen. • Der Erfolg unseres Geschäfts hängt von der Gewinnung und Bindung einer großen Anzahl von Kunden, insbesondere im B2C-Geschäft, sowie von unseren kontinuierlichen Bemühungen ab, unsere bestehenden und zukünftigen Marken oder Lizenzrechte, wie z. B. GOVECS als E-
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		<p>Mobilitätsmarke sowie die Marken Schwalbe und Elly zu etablieren, zu erhalten und zu stärken. Wenn uns das nicht gelingt, werden wir nicht in der Lage sein, Profitabilität zu erreichen.</p> <ul style="list-style-type: none"> • Wir sind in erheblichem Maße von Schlüsselkunden abhängig, insbesondere von vier unserer im Sharing-Markt tätigen B2S-Kunden, an die wir im Jahr 2017 und in den ersten sechs Monaten des Jahres 2018 94 % bzw. 97 % unserer eScooter verkauft haben. • Wir sind von unseren Lieferanten abhängig, von denen viele die einzige oder eine von wenigen Bezugsquelle(n) sind; die Unfähigkeit dieser Lieferanten weiterhin die notwendigen Bestandteile für unsere Elektroroller zu für uns akzeptablen Preisen und Mengen zu liefern oder eine Verweigerung der Lieferung, hätte erhebliche nachteilige Auswirkungen auf unser Geschäft. • Expansionspläne verschieben sich möglicherweise, weil Kunden mit der Abnahme unserer Elektroroller in Verzug geraten. Solche Verzögerungen können dazu führen, dass sich die Realisierung von Umsätzen erheblich verzögert und unser Bestand an eScootern zunimmt, was wiederum zu erhöhten Lagerkosten führen kann oder sogar dazu, dass wir unsere Produktion aufgrund von Platzmangel reduzieren müssen. • Unser zukünftiger Erfolg kann durch die Bedingungen und die Verfügbarkeit von Finanzierungen für unsere Kunden, insbesondere unsere B2S-Kunden, beeinflusst werden. • In unseren Elektrorollern werden Lithium-Ionen-Batterien verwendet. Solche Batterien haben in einigen seltenen Fällen Feuer gefangen oder Rauch und Flammen ausgestoßen. • Wenn unsere Elektroroller nicht wie erwartet funktionieren, z. B. aufgrund von Konstruktions- und Herstellungsfehlern, könnte dies unseren Ruf beeinträchtigen und zu nachteiliger Öffentlichkeitswirkung, Umsatzeinbußen, Lieferverzögerungen, Produktrückrufen, Produkthaftungsansprüchen und erheblichen Garantie- und sonstigen Kosten führen und somit unsere Fähigkeit zur Entwicklung, Vermarktung und zum Vertrieb unserer Elektroroller beeinträchtigen. • Auf dem Elektroroller-Markt herrscht starker Wettbewerb und wir sind möglicherweise im Wettbewerb in dieser Branche nicht erfolgreich. Derzeit konkurrieren wir mit etablierten Wettbewerbern und gehen davon aus, dass wir uns in Zukunft dem Wettbewerb mit neuen Marktteilnehmern stellen müssen. Wenn unsere Wettbewerber neue Elektroroller oder Dienstleistungen einführen, die mit der Qualität, dem Preis oder der Leistung unserer Elektroroller oder Dienstleistungen konkurrieren oder diese noch übertreffen, sind wir möglicherweise nicht in der Lage, bestehende Kunden zu zufriedenzustellen oder neue Kunden zu gewinnen. Darüber hinaus sind unsere Wettbewerber möglicherweise besser in der Lage, schnell auf neue Technologien zu reagieren und ihre Produkte effektiver zu entwerfen, zu entwickeln, zu vermarkten und zu verkaufen. • Das Vertrauen des Marktes in unsere Liquidität und unsere langfristigen Aussichten ist für den Aufbau und Erhalt unseres Geschäfts wichtig. • Wir sind mit Risiken im Zusammenhang mit unseren europäischen und zukünftigen internationalen Tätigkeiten konfrontiert, einschließlich ungünstiger regulatorischer, politischer, steuerlicher und arbeitsrechtlicher Bedingungen, die unser Geschäft beeinträchtigen könnten. • Unser Vertriebsmodell für Verbraucher über den direkten Vertriebsweg unterscheidet sich von dem derzeit in der Roller-Branche vorherrschenden, Vertriebsmodell, was die Beurteilung unseres Geschäfts, Betriebsergebnisses und der Zukunftsaussichten erschwert. • Wir haben nur wenig Erfahrung mit der Wartung unserer Elektroroller, die an Kunden verkauft werden und das von uns verwendete Wartungsmodell
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		<p>unterscheidet sich von dem in der Branche üblicherweise eingesetzten Modell. Wenn es uns nicht gelingt, die Wartungsanforderungen unserer bestehenden und zukünftigen Kunden zu erfüllen, wird sich dies erheblich und nachteilig auf unser Geschäft auswirken.</p> <ul style="list-style-type: none"> • Wenn es uns nicht gelingt, Schlüsselmitarbeiter, Fachkräfte und qualifiziertes Management-Personal zu halten oder zusätzlich anzustellen, könnte unsere Wettbewerbsfähigkeit beeinträchtigt werden. • Viele Mitglieder unseres Managements sind neu in unserem Unternehmen oder in der Elektroroller-Branche und die Umsetzung unseres Geschäftsplans und unserer Entwicklungsstrategie könnte ernsthaft beeinträchtigt werden, wenn die Integration unseres Managements in unser Unternehmen nicht gelingt. • Wenn wir mit dem Fortschritt bei alternativen Technologien, Verbesserungen des Verbrennungsmotors oder der Elektroroller-Technologie nicht mithalten können, erleiden wir möglicherweise eine Verschlechterung unserer Wettbewerbsposition. • Die Nichtverfügbarkeit, Kürzung oder Streichung staatlicher und wirtschaftlicher Anreize für alternative Brennstoffe könnte unser Geschäft beeinträchtigen. • Als Folge der Umwandlung in eine Aktiengesellschaft sind wir dazu verpflichtet, ein angemessenes und wirksames internes Kontrollsystem für die Rechnungslegung zu entwickeln und zu unterhalten. Es ist möglich, dass wir unsere Analyse des internen Kontrollsystems für die Rechnungslegung nicht rechtzeitig abschließen oder dass diese internen Kontrollen nicht als wirksam eingestuft werden. • Wir sind derzeit dabei, unsere IT-Systeme aufzubauen und zu verbessern. Wenn dies nicht erfolgreich umgesetzt wird, könnte es zu Unterbrechungen in unserem Geschäft und unserer Tätigkeiten kommen und unsere Betriebsergebnisse könnten beeinträchtigt werden. • Wir bieten unseren Kunden alternativ Mietmodelle an, wodurch wir den Risiken ausgesetzt sind, die üblicherweise mit dem verlängerten Eigentumsvorbehalt von Elektrorollern sowie dem Risiko des rechtzeitigen Zahlungseingangs verbunden sind. • Wir könnten nachteilige Auswirkungen durch unsere Kunden erleiden, die mit ihren Zahlungen in Verzug geraten. • Beeinträchtigte Sicherheitsmaßnahmen und Funktionsausfälle durch Hacken, Viren, Betrug und böswillige Angriffe könnten unserem Ruf schaden. • Unsere Produktionsanlagen unterliegen Betriebsrisiken, wie z. B. dem Ausfall von Anlagen, der Nichteinhaltung der geltenden Vorschriften, dem Entzug von Lizenzen und Genehmigungen, nicht zur Verfügung stehender Arbeitskräfte oder Arbeitsunterbrechungen, der Erhöhung der Transportkosten, Naturkatastrophen, Sabotage oder anderen Angriffen und/oder erheblichen Unterbrechungen bei der Versorgung mit Rohstoffen und Produktbestandteilen. • Unsere Gewinnprognose kann von unseren tatsächlichen zukünftigen Gewinnen wesentlich abweichen. • Wenn die Eigentümer unserer Elektroroller unerlaubt mit Aftermarket-Produkten unsere Elektroroller individuell gestalten oder die Ladeinfrastruktur ändern, funktioniert der Elektroroller möglicherweise nicht richtig, was unserem Geschäft schaden könnte, da solche nicht autorisierten Änderungen die Sicherheit unserer Elektroroller beeinträchtigen könnten und jegliche Schäden oder Verletzungen, die aus solchen Änderungen resultieren, eine negativen Öffentlichkeitswirkung haben könnten, die unsere Marke schädigen würde.
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		<p>Risiken im Zusammenhang mit rechtlichen, regulatorischen und steuerlichen Auswirkungen:</p> <ul style="list-style-type: none"> • Wir unterliegen erheblichen und sich entwickelnden Vorschriften, z. B. im Zusammenhang mit Genehmigungs- und Zulassungsanforderungen, Gesetzen zur Beschränkung oder zum Verbot von Sharing-Angeboten oder Vorschriften im Zusammenhang mit der Montage und dem Transport von Lithium-Ionen-Batterien. Jede nachteilige Änderung oder Nichteinhaltung dieser Vorschriften kann unser Geschäft und unsere Geschäftsergebnisse erheblich beeinträchtigen. Die Einhaltung von Produktvorschriften und mögliche Änderungen können unsere Fähigkeit, unsere Elektroroller zu vermarkten, einschränken. • Unsere Compliance- und Risikomanagementsysteme erweisen sich möglicherweise als unzureichend und uns entstehen für den Aufbau und die Unterhaltung dieses Systems möglicherweise erhebliche Kosten. • Wir sind Risiken im Zusammenhang mit Produkthaftungsansprüchen, Gewährleistungsansprüchen, Produktrückrufen und sonstigen Klagen oder Ansprüchen, die gegen uns erhoben werden können, ausgesetzt. Dies kann beispielsweise der Fall sein, wenn unsere Produkte, die wir hergestellt oder montiert und verkauft haben, nicht oder vermeintlich nicht wie erwartet funktionieren oder die Verwendung unserer Produkte zu Körperverletzungen, Tod oder Sachschäden führt oder angeblich führen. • Unsere Rückstellungen für Gewährleistungen sind möglicherweise nicht ausreichend, um zukünftige Gewährleistungsansprüche abzudecken, was sich nachteilig auf unser finanzielles Ergebnis auswirken könnte. • Wir sind möglicherweise im Hinblick auf unsere Fähigkeit, Elektroroller direkt oder über das Internet zu verkaufen, mit regulatorischen Einschränkungen konfrontiert, was sich auf unsere Möglichkeiten, unsere Elektroroller zu verkaufen, wesentlich und nachteilig auswirken könnte. • Wir müssen uns möglicherweise gegen Patent- oder Markenverletzungsansprüche verteidigen, was zeitaufwändig sein kann und wodurch uns erhebliche Kosten entstehen würden. • Unser Geschäft wird beeinträchtigt, wenn wir nicht in der Lage sind, unsere Marken- oder Lizenzrechte vor unberechtigter Nutzung oder Verletzung durch Dritte zu schützen. • Wir speichern bestimmte personenbezogene Daten über unsere Kunden und unterliegen verschiedenen Datenschutz- und Verbraucherschutzgesetzen. Wir sind möglicherweise nicht in der Lage, diese Gesetze einzuhalten, und eine schwerwiegende Verletzung unserer Netzwerksicherheit und Sicherheitssysteme könnte gravierende negative Folgen für uns haben. • Wir sind möglicherweise Ausfuhrbeschränkungen aufgrund sich ändernder Ausfuhrkontrollbestimmungen oder Handelssanktionen ausgesetzt. • Wir unterliegen verschiedenen Umweltgesetzen und -vorschriften, die für uns hohe Kosten bedeuten und Verzögerungen beim Bau unserer Fertigungsstätten verursachen könnten. • Änderungen der Rechnungslegungsstandards könnten sich erheblich nachteilig auf das Betriebsergebnis und die finanzielle Lage des Konzerns auswirken.
D.3	Zentrale Risiken, die den Wertpapieren eigen sind	<p>Risiken im Zusammenhang mit der Aktionärsstruktur der Gesellschaft, den Aktien und dem Angebot</p> <ul style="list-style-type: none"> • Nach dem Angebot werden unsere bestehenden Gesellschafter weiterhin eine wesentliche Beteiligung an der Gesellschaft halten und ihre Interessen könnten denen der anderen Aktionäre der Gesellschaft widersprechen. Nach erfolgreichem Abschluss dieses Angebots werden unsere bestehenden

		<p>Aktionäre, insbesondere die Dquadrat Equity Partner GmbH ("Dquadrat"), unter Annahme einer vollständiger Platzierung aller Angebotsaktien und vollständiger Ausübung der Greenshoe-Option, weiterhin rund 38,18 % des ausstehenden Grundkapitals der Gesellschaft halten, davon Dquadrat 30,52 %. Dquadrat und ihr (indirekter) Mehrheitsaktionär, Herr Albert Dürr, können daher weiterhin einen erheblichen Einfluss auf unsere Geschäftstätigkeit und Geschäftsstrategie ausüben.</p> <ul style="list-style-type: none"> • Die Aktien wurden bisher nicht an der Börse gehandelt und es kann nicht gewährleistet werden, dass sich ein aktiver und liquider Markt für die Aktien entwickelt. • Infolge der Börsennotierung des Unternehmens werden uns höhere Kosten entstehen und unsere Geschäftsleitung wird erhebliche Zeit für zusätzliche Maßnahmen zur Einhaltung von Rechtsvorschriften und für die Erfüllung zusätzlicher rechtlicher, aufsichtsrechtlicher und verwaltungstechnischer Vorgaben aufwenden müssen. Wenn wir diese Vorgaben nicht erfüllen, schädigen wir möglicherweise unseren Ruf und könnten Investoren davon abhalten, in die Angebotsaktien zu investieren. • Der Aktienkurs und das Handelsvolumen könnten erheblich schwanken und Anleger könnten ihre gesamte Anlage oder einen Teil ihrer Anlage verlieren. • Möglicherweise findet das Angebot nicht statt, Anleger könnten bereits gezahlte Wertpapierprovisionen verlieren und das Risiko ungedeckter Leerverkäufe der Aktien tragen. • Künftige Angebote von Aktien durch die Gesellschaft oder die bestehenden Aktionäre könnten nachteilige Auswirkungen auf den Börsenkurs der Aktien haben und zukünftige Kapitalmaßnahmen könnten die Beteiligungen derjenigen Aktionäre, die bereits vor möglichen zukünftigen Angeboten in unsere Gesellschaft investiert waren, erheblich verwässern. • Unser Management wird einen großen Ermessensspielraum bei der Verwendung der Erträge haben, die wir durch das Angebot erzielen, und verwendet die Erträge möglicherweise nicht in einer Weise, die den Wert des Investments in unsere Aktien erhöht. • Wenn Analysten über uns keine Analysen oder Berichte veröffentlichen oder sie ihre Empfehlungen in Bezug auf die Aktien des Unternehmens herabstufen, könnte der Aktienkurs oder das Handelsvolumen sinken. • Falls nicht alle Angebotsaktien bei Investoren platziert werden können, kann das Angebot nicht vollständig durchgeführt werden, was sich negativ auf die Wachstumsaussichten der Gesellschaft und/oder die Liquidität der Aktien am Markt auswirken kann.
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ABSCHNITT E – ANGEBOT

<p>E.1</p>	<p>Gesamtnettoerlöse.</p>	<p>Die Gesellschaft erhält den Emissionserlös aus dem Verkauf der Neuen Aktien nach Abzug von Gebühren und Provisionen. Die Gesellschaft erhält keine Erlöse aus dem Verkauf der Verkaufsaktien und gegebenenfalls der Mehrzuteilungsaktien, die dem Verkaufenden bzw. dem Verleihenden Aktionär zufließen.</p> <p>Bei vollständiger Platzierung der Angebotsaktien, vollständiger Ausübung der Greenshoe-Option und einem Angebotspreis in der Mitte der Preisspanne von EUR 11,00 pro Angebotsaktie würde der gesamte Bruttoerlös aus dem Angebot EUR 82,9 Mio. betragen, wovon EUR 68,8 Mio. auf die Gesellschaft, EUR 3,3 Mio. auf den Verkaufenden Aktionär und EUR 10,8 Mio. auf den Verleihenden Aktionär entfallen.</p>
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	<p>Geschätzte Gesamtkosten des Angebots und der Börsenzulassung.</p> <p>Geschätzte Kosten, die dem Anleger von der Emittentin in Rechnung gestellt werden.</p>	<p>Unter der Annahme der vollständigen Platzierung der Angebotsaktien, der vollständigen Ausübung der Greenshoe-Option und eines Angebotspreises zur Mitte der Preisspanne von EUR 11,00 pro Angebotsaktie (ohne Steuereffekte) wird der geschätzte Gesamt Nettoerlös des Angebots voraussichtlich rund EUR 76,4 Mio. betragen, wovon die Gesellschaft rund EUR 63,4 Mio., der Verkaufende Aktionär rund EUR 3,0 Mio. und der Verleihende Aktionär rund EUR 10,0 Mio. erhalten würden.</p> <p>Bei vollständiger Platzierung der Angebotsaktien, vollständiger Ausübung der Greenshoe-Option und einem Angebotspreis zur Mitte der Preisspanne von EUR 11,00 pro Angebotsaktie (ohne Steuereffekte) werden die geschätzten Gesamtkosten des Angebots voraussichtlich rund EUR 6,4 Mio. (davon EUR 3,9 Mio. Provisionen an die Joint Global Coordinators) betragen, von denen rund EUR 5,3 Mio. (davon EUR 3,3 Mio. an Provisionen an die Joint Global Coordinators) von der Gesellschaft, rund EUR 0,3 Mio. (davon EUR 0,2 Mio. an Provisionen an die Joint Global Coordinators) von dem Verkaufenden Aktionär und rund EUR 0,8 Mio. (davon EUR 0,5 Mio. an Provisionen an die Joint Global Coordinators) von dem Verleihenden Aktionär getragen werden müssten.</p> <p>Entfällt. Anlegern werden von der Gesellschaft, dem Veräußernden Aktionär, dem Verleihenden Aktionär und den Joint Global Coordinators keine Kosten in Rechnung gestellt. Anleger müssen die üblichen Transaktions- und Abwicklungskosten tragen, die ihnen ihre depotführenden Broker oder Finanzinstitute in Rechnung stellen.</p>
E.2a	<p>Gründe für das Angebot.</p> <p>Zweckbestimmung der Erlöse.</p>	<p>Die Gesellschaft beabsichtigt (i) den Verkauf Neuer Aktien, um den ihr daraus zufließenden Nettoerlös zu erlangen und (ii) die Zulassung ihrer Aktien am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (<i>Prime Standard</i>) herbeizuführen, um besseren Zugang zum Kapitalmarkt zu erhalten.</p> <p>Der Verkaufende Aktionär beabsichtigt, das Angebot durchzuführen, um seine Anteile an der Gesellschaft teilweise zu verkaufen und, um einen ausreichenden Streubesitz sowie eine ausreichende Handelsliquidität der Aktien der Gesellschaft zu erreichen.</p> <p>Die Gesellschaft beabsichtigt derzeit, die auf die Gesellschaft entfallenden Nettoerlöse von ca. EUR 63,4 Mio. (bei einer vollständigen Platzierung der Neuen Aktien und einem Angebotspreis in der Mitte der Preisspanne von EUR 11,00 pro Angebotsaktie (ohne Steuereffekte)) aus dem Angebot wie folgt zu verwenden:</p> <ul style="list-style-type: none"> • ca. EUR 19,1 Mio. für die Erweiterung unserer Produktionskapazitäten und die Erhöhung unserer Fertigungstiefe, z. B. Bau einer neuen Produktionsstätte in Polen. • ca. EUR 19,1 Mio. für die Erweiterung unseres bestehenden Produkt- und Dienstleistungsportfolios, z. B. die Erweiterung der Vielfalt unseres Produktportfolios, die Entwicklung neuer Produktmodelle und mögliche strategische Akquisitionen (mit komplementären Produkten und/oder Vertriebskanälen). • ca. EUR 16,4 Mio. für strategische Initiativen im Bereich B2D und B2C, z. B. den Aufbau von Warenlagern für versandfertige eScooter und Ersatzteile. • ca. EUR 8,8 Mio. für den Einstieg in den B2C-Markt, z. B. durch Investitionen in HappyScooter-Stores. <p>Wenn die Neuen Aktien zu einem Angebotspreis über der Mitte der Preisspanne platziert werden, würde die Gesellschaft den überschüssigen Betrag für allgemeine Unternehmenszwecke verwenden.</p>

	<p>Geschätzte Nettoerlöse.</p>	<p>Unter der Annahme einer vollständigen Platzierung aller neuen Aktien zur Mitte der Preisspanne wird der der Gesellschaft zurechenbare Gesamtnettoerlös des Angebots (ohne Steuereffekte) voraussichtlich rund EUR 63,4 Mio. betragen.</p>
<p>E.3</p>	<p>Beschreibung der Angebotskonditionen.</p>	<p><i>Angebotskonditionen</i></p> <p>Das Angebot besteht (i) aus einem öffentlichen Angebot der Angebotsaktien in Deutschland und dem Großherzogtum Luxemburg ("Luxemburg") (das "Öffentliche Angebot") sowie (ii) aus Privatplatzierungen der Angebotsaktien in bestimmten anderen Jurisdiktionen außerhalb Deutschlands, Luxemburgs und den Vereinigten Staaten von Amerika ("Vereinigte Staaten") gemäß Regulation S nach dem US Securities Act von 1933 (in der derzeit gültigen Fassung) (der "Securities Act") (die "Privatplatzierung", und zusammen mit dem Öffentlichen Angebot, das "Angebot"). 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.</p> <p><i>Angebotszeitraum</i></p> <p>Der Zeitraum, in dem Anleger ihre Kaufangebote für die Angebotsaktien abgeben können, beginnt voraussichtlich am 18. September 2018 und endet voraussichtlich am 27. September 2018 (der "Angebotszeitraum"). Am letzten Tag des Angebotszeitraums können Kaufangebote (i) von Privatanlegern bis 12:00 Uhr (Mittleuropäische Sommerzeit) ("MESZ") und (ii) von institutionellen Anlegern bis 14:00 Uhr MESZ abgegeben werden. Kaufangebote von privaten Investoren müssen auf volle Eurobeträge oder Nachkommabeträge von 25, 50 oder 75 Cents lauten. Mehrere Kaufangebote sind zulässig. Sie sind bis zum Ablauf des Angebotszeitraums frei widerruflich. Nach der Zuteilung der Angebotsaktien ist ein Widerruf des Kaufangebots ausgeschlossen.</p> <p><i>Preisspanne</i></p> <p>Die Preisspanne für das Angebot, innerhalb derer Kaufangebote abgegeben werden können, liegt bei EUR 10,00 bis EUR 12,00 je Angebotsaktie (die "Preisspanne").</p> <p><i>Angebotspreis</i></p> <p>Sobald der Angebotszeitraum beendet ist, werden der Angebotspreis (der "Angebotspreis") und die endgültige Anzahl der Angebotsaktien von der Gesellschaft, dem Verkaufenden Aktionär und den Joint Global Coordinators unter Zuhilfenahme des Orderbuchs, das während des Bookbuilding-Verfahrens erstellt wurde, festgelegt und bestimmt werden. Dies wird voraussichtlich am oder um den 27. September 2018 erfolgen.</p> <p>Die endgültige Zahl der Angebotsaktien und der Angebotspreis werden voraussichtlich am oder um den 27. September 2018 in Form einer Ad-hoc Mitteilung gem. Artikel 17 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rates vom 16. April 2014 über Marktmissbrauch ("MAR") in verschiedenen Medien über den gesamten Europäischen Wirtschaftsraum ("EWR") (Medienbündel) ("Ad-hoc-Mitteilung") sowie auf der Internetseite der Gesellschaft (www.govecs.com) veröffentlicht.</p> <p>Die endgültige Anzahl der Neuen Aktien wird voraussichtlich am oder um den 27. September 2018 in Form einer Ad-hoc-Mitteilung sowie auf der Webseite der Gesellschaft (www.govecs.com) veröffentlicht.</p> <p><i>Änderungen der Angebotsbedingungen</i></p> <p>Die Gesellschaft und die Joint Global Coordinators, behalten sich vor, nach Rücksprache mit dem Verkaufenden Aktionär, die Gesamtzahl der Angebotsaktien zu erhöhen oder zu senken, das obere und/oder das untere Limit der Preisspanne zu erhöhen oder zu senken und/oder den Angebotszeitraum zu verlängern oder zu verkürzen. Änderungen in der Anzahl der Angebotsaktien, in der Preisspanne oder</p>

die Verlängerung oder Verkürzung des Angebotszeitraums haben keinen Einfluss auf die Gültigkeit bis dahin abgegebener Kaufangebote. Sofern die Anzahl der Angebotsaktien, die Preisspanne und/oder der Angebotszeitraum (gemeinsam die "**Angebotsbedingungen**") gegebenenfalls geändert wird oder werden, werden diese Änderungen auf der Webseite der Gesellschaft (www.govecs.com) und über verschiedene Medien über den gesamten EWR bekannt gegeben (*Medienbündel*). Soweit es gemäß Wertpapierprospektgesetz erforderlich sein sollte, würde ein Nachtrag des Prospekts bei der Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") eingereicht werden und nach Billigung durch die BaFin auf der Webseite der Gesellschaft (www.govecs.com) veröffentlicht werden. Jegliche Änderungen der Angebotsbedingungen werden des Weiteren im Wege einer Ad-hoc Mitteilung veröffentlicht. Anleger werden nicht individuell benachrichtigt. Gemäß Wertpapierprospektgesetz haben Anleger, die ihre Kauforder vor Veröffentlichung des Nachtrags abgegeben haben, das Recht ihre Kauforder, innerhalb von zwei Werktagen nach der Veröffentlichung des Nachtrags, zu widerrufen. Der Widerruf erfordert keine Begründung und muss in Textform derjenigen Person gegenüber erklärt werden, die im Nachtrag als Empfänger für Widerrufe bestimmt wurde. Alternativ können Anleger, die ihre Kauforder vor Veröffentlichung des Nachtrags abgegeben haben, innerhalb von zwei Geschäftstagen nach Veröffentlichung des Nachtrags, ihre Kauforder ändern oder neue beschränkte oder unbeschränkte Kauforder abgeben. Unter bestimmten Bedingungen können die Joint Global Coordinators vom Übernahmevertrag, der zwischen der Gesellschaft und dem Verkaufenden Aktionär (auch in seiner Funktion als Verleihender Aktionär) und den Joint Global Coordinators am 17. September 2018 geschlossen wurde (der "**Übernahmevertrag**"), zurücktreten, selbst nach Aufnahme des Handels der Aktien der Gesellschaft im regulierten Markt der Frankfurter Wertpapierbörse und bis zu dem Zeitpunkt, in dem die buchmäßige Lieferung der Angebotsaktien im Austausch gegen Zahlung des Angebotspreises sowie der handelsüblichen Effektenprovisionen erfolgt ist.

Lieferung und Zahlung

Die Angebotsaktien werden gegen Zahlung des Angebotspreises und Zahlung der marktüblichen Effektenprovisionen an die Depotbanken voraussichtlich am 4. Oktober 2018 geliefert. Die Angebotsaktien werden den Aktionären als Miteigentumsanteile an der Globalurkunde, die bei Clearstream hinterlegt ist, bereitgestellt.

Stabilisierungsmaßnahmen, Mehrzuteilungen und Greenshoe-Option

Im Zusammenhang mit der Platzierung der Angebotsaktien wird COMMERZBANK als Stabilisierungsmanager (der "**Stabilisierungsmanager**") handeln und kann als solcher und in Übereinstimmung mit den rechtlichen Bestimmungen (Artikel 5 Abs. 4 und 5 MAR in Verbindung mit Artikel 5 bis 8 der delegierten Verordnung der Kommission (EU) 2016/1052), Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien der Gesellschaft zu stützen und dadurch einem etwaigem Verkaufsdruck entgegenzuwirken.

Der Stabilisierungsmanager ist nicht verpflichtet, Stabilisierungsmaßnahmen durchzuführen. Daher muss die Stabilisierung nicht unbedingt erfolgen und kann jederzeit ohne Vorankündigung beendet werden. Solche Maßnahmen können an der Frankfurter Wertpapierbörse ab dem Zeitpunkt der Aufnahme des Börsenhandels der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse vorgenommen werden und müssen spätestens am 30. Kalendertag nach diesem Zeitpunkt beendet sein (der "**Stabilisierungszeitraum**").

Stabilisierungsmaßnahmen sind auf eine Stützung des Marktpreises der Aktien während des Stabilisierungszeitraums gerichtet. Diese Maßnahmen können dazu führen, dass der Marktpreis der Aktien höher ist, als er es ohne diese sein würde. Darüber hinaus könnte sich der Marktpreis zeitweise auf einem unhaltbaren Niveau bewegen.

		<p>Im Hinblick auf mögliche Stabilisierungsmaßnahmen können Anlegern, zusätzlich zu den Neuen Aktien und Verkaufsaktien bis zu 982.500 Mehrzuteilungsaktien als Teil der Zuteilung der Angebotsaktien zugeteilt werden (die "Mehrzuteilung"). Zum Zwecke einer solchen potentiellen Mehrzuteilung werden dem Stabilisierungsmanager für Rechnung der Joint Global Coordinators 982.500 bestehende Aktien der Gesellschaft aus dem Aktienbesitz des Verleihenden Aktionärs in Form eines Wertpapierdarlehens zur Verfügung gestellt. Die Gesamtzahl von Mehrzuteilungsaktien wird 15 % der endgültigen Anzahl der platzierten Neuen Aktien und Verkaufsaktien nicht überschreiten. Im Zusammenhang mit der Mehrzuteilung wird der Verleihende Aktionär den Joint Global Coordinators eine Option zum Erwerb von bis zu 982.500 zusätzlichen Aktien vom Verleihenden Aktionär zum Angebotspreis abzüglich der vereinbarten Provisionen, Kosten und Aufwendungen (die "Greenshoe-Option") einräumen, mit dem ausschließlichen Zweck, dass der Stabilisierungsmanager die Rücklieferungsverpflichtungen der Joint Global Coordinators unter dem Darlehensvertrag mit dem Verleihenden Aktionär, nachkommen kann. Die Greenshoe-Option kann nur während des Stabilisierungszeitraums durchgeführt werden.</p> <p>Der Stabilisierungsmanager, für Rechnung der Joint Global Coordinators, ist berechtigt, die Greenshoe-Option in dem Umfang auszuüben, in dem ursprünglich Mehrzuteilungen vorgenommen wurden; der Stabilisierungsmanager ist auch dann berechtigt, diese Option während des Stabilisierungszeitraums auszuüben, wenn die Ausübung einem Verkauf von Aktien durch den Stabilisierungsmanager folgt, welche er zuvor im Zuge von Stabilisierungsmaßnahmen erworben hat (sog. "refreshing the shoe").</p> <p>Innerhalb einer Woche nach Beendigung des Stabilisierungszeitraums wird der Stabilisierungsmanager für eine hinreichende Veröffentlichung Sorge tragen, ob die Stabilisierungsmaßnahmen vorgenommen wurden, wann die Stabilisierung begonnen und beendet wurde, und hinsichtlich der Preisspanne innerhalb derer Stabilisierungsmaßnahmen vorgenommen wurden (für jedes Datum an dem eine Stabilisierungsmaßnahme ergriffen wurde) und den Handelsplatz, an dem Stabilisierungsmaßnahmen vorgenommen wurden.</p> <p>Die Ausführung der Greenshoe-Option wird unverzüglich mit allen notwendigen Details, inklusive des spezifischen Datums der Ausübung der Greenshoe-Option und der Anzahl und der Art der involvierten Wertpapiere gemäß Artikel 8 der Delegierten Verordnung (EU) 2016/1052 der Kommission, veröffentlicht.</p>
E.4	<p>Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Interessen.</p>	<p>Im Zusammenhang mit dem Angebot und der Zulassung der Aktien zum Handel an der Frankfurter Wertpapierbörse sind die Joint Global Coordinators eine vertragliche Beziehung mit der Gesellschaft und dem Verkaufenden Aktionär (auch in seiner Funktion als Verleihender Aktionär) eingegangen. Die Joint Global Coordinators handeln bei dem Angebot für die Gesellschaft, den Verkaufenden Aktionär und den Verleihenden Aktionär und koordinieren die Strukturierung und Durchführung des Angebots. COMMERZBANK und Bankhaus Lampe wurden als Designated Sponsoren für die Aktien benannt und COMMERZBANK als Zahlstelle. Die Joint Global Coordinators erhalten nach erfolgreicher Durchführung des Angebots eine Provision, die von der Höhe des Platzierungsvolumens abhängig ist. Aufgrund dieser vertraglichen Beziehungen, haben die Joint Global Coordinators ein finanzielles Interesse an einem erfolgreichen Angebot.</p> <p>Weiterhin kann im Zusammenhang mit dem Angebot jeder der Joint Global Coordinators und jedes ihrer jeweils verbundenen Unternehmen als Anleger auf eigene Rechnung Aktien aus dem Angebot kaufen und in dieser Funktion solche Aktien oder ähnliche Beteiligungen auf eigene Rechnung halten, kaufen oder verkaufen und solche Aktien oder ähnliche Beteiligungen außerhalb des Angebots anbieten oder verkaufen. Zusätzlich können einige der Joint Global Coordinators oder ihre verbundenen Unternehmen Finanzierungsvereinbarungen (einschließlich Swaps oder Differenzgeschäfte) mit Anlegern abschließen, in deren Rahmen die Joint Global Coordinators oder deren verbundene Unternehmen zeitweise Aktien</p>

		<p>der Gesellschaft erwerben, halten oder veräußern können. Keiner der Joint Global Coordinators beabsichtigt, solche Investitionen oder Transaktionen in einem weitergehenden Umfang offenzulegen als demjenigen, zu dem er aufgrund gesetzlicher oder aufsichtsrechtlicher Vorschriften verpflichtet ist, oder in dem dies im Prospekt offengelegt wird.</p> <p>Einige der Joint Global Coordinators oder mit ihnen verbundene Unternehmen haben oder können in Zukunft mitunter weiterhin Geschäftsbeziehungen mit unserem Konzern unterhalten oder können Dienstleistungen für unseren Konzern im Rahmen ihrer gewöhnlichen Geschäftstätigkeit erbringen.</p> <p>Beispielsweise wird unser GO! Rent Angebot regelmäßig durch eine Sale-and-Lease-Back-Vereinbarung mit der Commerzreal finanziert. Damit hat die COMMERZBANK ein Interesse am Erfolg des Angebots.</p> <p>Die Gesellschaft wird die Erlöse aus dem Verkauf der Neuen Aktien (nach Abzug der Gebühren und Provisionen) erhalten und wird Zugang zum Eigenkapitalmarkt erlangen.</p> <p>Der Verkaufende Aktionär wird die Einnahmen aus dem Verkauf der Verkaufsaktien (nach Abzug der Gebühren und Provisionen) erhalten. Der Verleihende Aktionär wird die Einnahmen aus dem Verkauf der Mehrzuteilungsaktien (nach Abzug der Gebühren und Provisionen) erhalten, sofern und in der Größenordnung wie die Greenshoe-Option ausgeübt wird. Der Verkaufende Aktionär, Dquadrat Equity Partner GmbH, hat der Gesellschaft selbst und durch mit ihm verbundene Unternehmen und Personen, wie z.B. Herrn Albert Dürr, den Mehrheitsaktionär der Dquadrat Equity Partner GmbH, verschiedene Darlehen gewährt und hat daher ein Interesse an der Durchführung des Angebots.</p> <p>Da die Gesellschaft die Erlöse aus dem Angebot der Neuen Aktien vereinnahmen wird und diese die Eigenkapitalbasis der Gesellschaft stärken werden, haben alle Anteilseigner, die unmittelbar oder mittelbar eine Beteiligung an der Gesellschaft halten, insbesondere die bestehenden Aktionäre der Gesellschaft, ein Interesse an der Durchführung der Kapitalerhöhung, die Gegenstand des Angebots ist.</p> <p>Herr Dirk Reiche erhält eine einmalige Bonuszahlung in Höhe von TEUR 150, falls die Aktien der Gesellschaft bis zu einem bestimmten Datum erstmals an einer deutschen Börse notiert werden und das Angebot zu einem vereinbarten Mindestkapitalzufluss vor Abzug der Kosten führt. Darüber hinaus hat Herr Dirk Reiche von der Gesellschaft ausgegebene Wandelschuldverschreibungen erworben, die nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse in Aktien der Gesellschaft gewandelt werden können. Daher hat Herr Dirk Reiche ein finanzielles Interesse an der Durchführung des Angebots.</p> <p>Abgesehen von den oben beschriebenen Interessen bestehen keine weiteren wesentlichen Interessen, und insbesondere keine wesentlichen Interessenkonflikte, in Bezug auf das Angebot.</p>
E.5	<p>Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet.</p> <p>Lock-up-Vereinbarung: Beteiligte Parteien und Lock-up-Frist.</p>	<p>Die Angebotsaktien werden von den Joint Global Coordinators zum Kauf angeboten.</p> <p>Im Rahmen des Übernahmevertrags hat sich die Gesellschaft mit den Joint Global Coordinators geeinigt, dass sie innerhalb eines Zeitraums endend sechs Monate nach dem Tag, an dem die Aktien zum ersten Mal an der Frankfurter Wertpapierbörse gehandelt werden (was voraussichtlich am 2. Oktober 2018 stattfindet) ohne vorherige schriftliche Zustimmung der Joint Global Coordinators (die nicht unangemessen verweigert oder verzögert werden darf) nicht:</p> <ul style="list-style-type: none"> • eine Erhöhung des Grundkapitals der Gesellschaft aus genehmigtem Kapital anzukündigen oder durchzuführen; oder

- einer Hauptversammlung einen Vorschlag für eine Kapitalerhöhung zur Beschlussfassung vorzulegen; oder
- die Ausgabe, Durchführung oder Einreichung eines Vorschlags zur Ausgabe von in Aktien der Gesellschaft wandelbaren Wertpapieren mit Optionsrechten auf Aktien der Gesellschaft anzukündigen;
- eine Transaktion einzugehen oder eine Handlung durchzuführen, die der oben beschriebenen wirtschaftlich ähnlich ist.

Im Rahmen des Übernahmevertrags hat sich der Verkaufende Aktionär (auch in seiner Funktion als Verleihender Aktionär) mit den Joint Global Coordinators geeinigt, dass er innerhalb eines Zeitraums endend zwölf Monate nach dem Tag, an dem die Aktien zum ersten Mal an der Frankfurter Wertpapierbörse gehandelt werden ohne vorherige schriftliche Zustimmung der Joint Global Coordinators (die nicht unangemessen verweigert werden darf) nicht:

- Aktien der Gesellschaft anzubieten, zu verpfänden, zuzuteilen, zu verkaufen, sich zum Verkauf vertraglich zu verpflichten, Optionen oder Verpflichtungen zum Erwerb zu verkaufen, Optionen zum Verkauf zu erwerben, Optionen, Rechte zum Kauf oder Bezugsrechte zu gewähren oder auf eine andere Weise direkt oder indirekt Aktien oder andere Wertpapiere an der Gesellschaft zu transferieren oder zu veräußern, einschließlich solcher Wertpapiere, die in Aktien der Gesellschaft wandelbar sind oder in Aktien der Gesellschaft getauscht werden können; oder
- einen Swap oder eine andere Vereinbarung einzugehen, die das wirtschaftliche Risiko des Eigentums an Aktien der Gesellschaft ganz oder teilweise auf einen anderen überträgt, unabhängig davon, ob eine solche Transaktion, die in dieser Klausel oder oben beschrieben ist, durch Lieferung von Aktien der Gesellschaft oder anderen Wertpapieren, in bar oder auf andere Weise abgewickelt werden soll;
- die Registrierung von Aktien der Gesellschaft oder von in Aktien der Gesellschaft umwandelbaren oder ausübaren oder in Aktien der Gesellschaft oder in Derivate darauf umwandelbaren Wertpapieren nach US-Wertpapierrecht zu verlangen oder ein Recht darauf auszuüben;
- eine Erhöhung des Grundkapitals der Gesellschaft vorzuschlagen, für eine solche Erhöhung zu stimmen oder anderweitig einen Vorschlag zur Ausgabe von in Aktien der Gesellschaft wandelbaren Wertpapieren mit Optionsrechten auf Aktien der Gesellschaft zu unterstützen; oder
- eine Transaktion einzugehen oder eine Handlung durchzuführen, die der oben beschriebenen wirtschaftlich ähnlich ist.

Die Haltefrist für den Verkaufenden Aktionär gilt nicht für (i) Aktien der Gesellschaft, die im Rahmen des Aktienoptionsplans an Mitglieder des Vorstands und Mitarbeiter der Gesellschaft sowie an Mitglieder der Geschäftsführungen und Mitarbeiter verbundener Unternehmen veräußert werden, (ii) Übertragungen an verbundene Unternehmen des Verkaufenden Aktionärs, sofern sich der/die Übernehmende(n) gegenüber den Joint Global Coordinators verpflichtet(n), an die selbe Lock-up-Vereinbarung gebunden zu sein, und (iii) Veräußerungen von Aktien der Gesellschaft im Rahmen eines öffentlichen Übernahmeangebots nach dem Wertpapiererwerbs- und Übernahmegesetz.

Prince Invest GmbH, Herr Thomas Grübel, Herr Nicholas Holdcraft und Herr Dirk Reiche (dieser hinsichtlich der Aktien, die er möglicherweise aus der Umwandlung der von ihm gehaltenen Wandelschuldverschreibungen erhalten wird) haben sich in einer separaten Lock-up-Vereinbarung gegenüber den Joint Global Coordinators der gleichen Lock-up-Verpflichtung unterworfen wie der Verkaufende Aktionär. Die Lock-up-Verpflichtung gilt jedoch nicht für (i) Übertragungen auf mit ihnen verbundene Unternehmen, sofern sich der/die Übernehmende(n) gegenüber den Joint Global Coordinators auf den gleichen Lock-up verpflichtet(n) und (ii) Veräußerungen von Aktien der Gesellschaft im Rahmen eines öffentlichen

		Übernahmeangebots nach dem Wertpapiererwerbs- und Übernahmegesetz.																
E.6	Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung.	<p>Nach dem Ungeprüften Konsolidierten Konzernzwischenabschluss (IFRS) betrug der Nettobuchwert der Gesellschaft zum 30. Juni 2018 TEUR 3.396. Der Nettobuchwert zum 30. Juni 2018 entspricht einer Bilanzsumme von TEUR 20.964 abzüglich der langfristigen Verbindlichkeiten von TEUR 562 und der kurzfristigen Verbindlichkeiten von TEUR 17.005. Für die nachstehende Berechnung gehen wir davon aus, dass die Bareinlage von Herrn Nicholas Holdcraft in Höhe von TEUR 191 für die von ihm gezeichneten 191.424 Aktien der Gesellschaft aus einer Kapitalerhöhung, die am 17. August 2018 von der Hauptversammlung beschlossen wurde, bereits zum 30. Juni 2018 bei der Gesellschaft eingeworben war, was zu einem Nettobuchwert von TEUR 3.587 führt. Der Nettobuchwert je Aktie (den Aktionären der Gesellschaft zurechenbares Eigenkapital je Aktie), der dem Nettobuchwert dividiert durch die Anzahl der ausstehenden Aktien unmittelbar vor dem Angebot entspricht, würde sich auf Basis 5.934.156 ausstehender Aktien unmittelbar vor dem Angebot auf EUR 0,60 je Aktie belaufen (d.h. einschließlich der Aktien aus den Kapitalerhöhungen der Hauptversammlungen der Gesellschaft am 27. Juli 2018 und 17. August 2018).</p> <p>Der Verwässerungseffekt des Angebots ist in der folgenden Tabelle dargestellt, die den Betrag zeigt, um den der Angebotspreis den Nettobuchwert je Aktie nach Abschluss des Angebots übersteigt und die unter der Annahme steht, dass das Angebot zum 30. Juni 2018 bereits durchgeführt worden wäre. Dabei wird der den Aktionären zurechenbare Nettobuchwert zum 30. Juni 2018 um die Auswirkungen des Angebots bereinigt, unter der Annahme dass (i) die Durchführung der IPO-Kapitalerhöhung für die maximale Anzahl der angebotenen Neuen Aktien und (ii) eine Erhöhung des den Aktionären zurechenbaren Nettobuchwertes zur Mitte der Preisspanne von EUR 11,00 erfolgt. Der angenommene Anstieg basiert auf dem erwarteten Nettoerlös ohne Berücksichtigung von Steuereffekten. Der den Aktionären zurechenbare bereinigte Nettobuchwert wird als Wert je Aktie ausgedrückt, unter der Annahme, dass sich 12.184.156 Aktien der Gesellschaft nach Abschluss des Angebots im Umlauf befinden (diese Kennzahl je Aktie wird als "auf die Aktionäre entfallendes Eigenkapital je Aktie nach dem Börsengang" bezeichnet).</p> <table border="1"> <tr> <td>Auf die Aktionäre entfallendes Eigenkapital je Aktie zum 30. Juni 2018 (unter der Annahme von 5.934.156 ausstehenden Aktien unmittelbar vor dem Angebot) (in EUR)</td> <td>0,60</td> </tr> <tr> <td>Angebotspreis je Aktie (in EUR)</td> <td>11,00</td> </tr> <tr> <td>Gesamter Bruttoerlös der Gesellschaft unter der Annahme der Platzierung aller Neuen Aktien (in EUR Mio.)</td> <td>68,8</td> </tr> <tr> <td>Auf die Gesellschaft entfallende geschätzte Gesamtkosten des Angebots (einschließlich an die Joint Global Coordinators zu zahlende Banken- und Platzierungsprovisionen und unter der Annahme vollständiger Zahlung der Ermessensgebühr) unter der Annahme der Platzierung aller Neuen Aktien (in EUR Mio.)</td> <td>5,3</td> </tr> <tr> <td>Gesamter Nettoerlös der Gesellschaft unter der Annahme der Platzierung aller Neuen Aktien (in EUR Mio.)</td> <td>63,4</td> </tr> <tr> <td>Auf die Aktionäre entfallendes Eigenkapital je Aktie nach dem Börsengang (in EUR)</td> <td>5,50</td> </tr> <tr> <td>Betrag um den der Angebotspreis je Aktie das auf die Aktionäre entfallende Eigenkapital je Aktie nach dem Börsengang übersteigt (unmittelbare Verwässerung für die neuen Aktionäre der Gesellschaft je Aktie) (in EUR)</td> <td>5,50</td> </tr> <tr> <td>Prozentsatz, um den der Angebotspreis das auf die Aktionäre</td> <td>100,0</td> </tr> </table>	Auf die Aktionäre entfallendes Eigenkapital je Aktie zum 30. Juni 2018 (unter der Annahme von 5.934.156 ausstehenden Aktien unmittelbar vor dem Angebot) (in EUR)	0,60	Angebotspreis je Aktie (in EUR)	11,00	Gesamter Bruttoerlös der Gesellschaft unter der Annahme der Platzierung aller Neuen Aktien (in EUR Mio.)	68,8	Auf die Gesellschaft entfallende geschätzte Gesamtkosten des Angebots (einschließlich an die Joint Global Coordinators zu zahlende Banken- und Platzierungsprovisionen und unter der Annahme vollständiger Zahlung der Ermessensgebühr) unter der Annahme der Platzierung aller Neuen Aktien (in EUR Mio.)	5,3	Gesamter Nettoerlös der Gesellschaft unter der Annahme der Platzierung aller Neuen Aktien (in EUR Mio.)	63,4	Auf die Aktionäre entfallendes Eigenkapital je Aktie nach dem Börsengang (in EUR)	5,50	Betrag um den der Angebotspreis je Aktie das auf die Aktionäre entfallende Eigenkapital je Aktie nach dem Börsengang übersteigt (unmittelbare Verwässerung für die neuen Aktionäre der Gesellschaft je Aktie) (in EUR)	5,50	Prozentsatz, um den der Angebotspreis das auf die Aktionäre	100,0
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		Prozentsatz, um den das auf die Aktionäre entfallende Eigenkapital je Aktie nach dem Börsengang den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt (in %)	816,7
		<p>Jede Neue Aktie wird mit den denselben Stimmrechten wie die bestehenden Aktien der Gesellschaft ausgestattet.</p> <p>Unter der Annahme der Ausgabe und Platzierung der 6.250.000 Neuen Aktien während des Angebots, würde sich die Gesamtzahl der Stimmrechte aus 5.934.156 bestehenden Aktien vor dem Angebot auf 48,70 % der gesamten Stimmrechte der Gesellschaft nach Abschluss des Angebots reduzieren.</p>	
E.7	Schätzung der Ausgaben, die den Anlegern von der Emittentin in Rechnung gestellt werden.	Entfällt. Anlegern werden von der Gesellschaft, dem Verkaufenden Aktionär, dem Verleihenden Aktionär oder von den Joint Global Coordinators keine Kosten in Rechnung gestellt.	

1. RISK FACTORS

*An investment in shares of GOVECS AG, Munich, Germany (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**" or "**GOVECS**" or "**we**", "**our**", "**us**", and all shares of the Company, together, the "**Shares**" and each share, a "**Share**") is subject to a high degree of risk. Prospective investors should carefully consider the risks discussed below, in addition to the other information contained in this prospectus (the "**Prospectus**") as well as their personal circumstances, before making an investment decision with respect to the Shares. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the individual risks or of the scope of any potential harm to our business, results of operations, financial position and prospects. The following risk factors are based on assumptions that could turn out to be incorrect. In addition, other risks and circumstances which we are currently unaware of or that we currently deem immaterial, alone or together with the following risks, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.*

The occurrence of one or more of these risks, individually or cumulatively, could have a material adverse effect on the Group's business, results of operations, financial position and prospects. In such a case the value of the Shares could decline and investors may lose all, or part of their investment.

1.1 Risks Related to Our Business, Operations, Financial Position and Industry

1.1.1 *As we are a growing company it may be difficult to evaluate our business and future prospects and we may not be able to manage our growth effectively.*

Our company was incorporated in 2009 and we launched our first scooter with electric drive (so called electric scooter or "**eScooter**") in 2010. Starting in 2014 we refocused our business on supplying sharing and delivery operators with our eScooters. We further concentrated this focus in 2015. In addition, we have recently begun to address consumers as customers for our eScooters. As such, we have a limited operating history and investors must consider the risks and difficulties we face as a growing company, such as, *inter alia*, risks in connection with developing and expanding our business or the uncertainty of reaching profitability.

To date we have derived and at least for the next three years we will derive our revenue principally from sales or leases of our eScooters, *e.g.* the GO! Series, as well as accessories and spare parts to our business-to-business ("**B2B**") customers both in our sharing ("**B2S**") and delivery service ("**B2D**") business line, and to a lesser extent from products and services related to our developing business-to-consumer ("**B2C**") business line, *e.g.* our new products, the Schwalbe eScooter which was launched in September 2017, as well as our Elly eScooter which we aim to launch in the second quarter of 2019. It is difficult to predict our future revenue and appropriately budget for our expenses, and we have limited insight into trends that may emerge and affect our business.

Our future growth will depend on increasing demand for our products in particular our eScooters, and our ability to source contracts with existing and new customers. However, we cannot reliably predict our future order backlog and our revenue forecast could differ from our actual revenue. For example, there is a risk that we may not meet our current expectations of converting intentions expressed by potential or existing customers, or converting negotiations with such counterparties, into contracts which would result in the revenue we expect to generate. Furthermore, customers may cancel, call off, delay or reduce orders. Our future growth will also be dependent on our ability to develop new eScooters and other products that meet the demand of our customers. Should the demand for our products in our existing and new markets be lower than anticipated or even decline, we might not be able to grow as expected.

Entering new markets, including B2C, might also prove to be economically disadvantageous and we might fail to achieve the benefits expected from the expansion of our business or may generate significant losses, which may materially harm our ability to increase our revenue.

Our production facilities may not be able to produce the output required to meet the anticipated demand and necessary capacity expansion might not be achieved. In the future, if we are unable to process and deliver orders from our customers effectively or if we are unable to meet our customers' delivery expectations and demands, our customers could decide to purchase comparable products and services from our competitors. Our current or potential future customers may also seek price reductions as a result of delivery delays or could cancel their orders altogether. In addition, project delays could result in shifts in sales to a later financial year or within a financial year to a later quarterly period. In addition we might not be able to increase our production automation at all or as quickly as it would be necessary or as fast as and successfully as our competitors scale their production automation.

Furthermore, we may not be able to manage our growth effectively. Our growth plan includes significant organic growth and geographic expansion. We have recently expanded our operations significantly, increasing our total number of employees from 24 as at 31 December 2009 to 217 as at the date of the Prospectus and further significant expansion will be required, especially in connection with the expansion of our network of HappyScooter stores and service centres and with the requirements of being a public company. Such expansion might be delayed or fail. In particular, we may not be able to extend our existing production facilities or build new production facilities and equip them with machinery and the HappyScooter stores and service centres as fast as our future growth requires.

The planned growth will require us to increase our management capabilities significantly and to divide responsibilities further between the members of the management. Even though we are working to enhance and update our management systems, financial and management controls and information systems, they may prove not to be fully adequate to support our planned expansion. Our future results of operation therefore depend to a large extent on our ability to manage this expansion and growth successfully. This will require us to continue to enhance these systems, procedures and controls and to locate, hire, train and retain management and operating personnel, particularly in new markets.

Risks that we face in undertaking our expansion plans include:

- establishing and building up our new distribution platform HappyScooter;
- recruiting and training new personnel;
- incorrect forecasting production and revenue, expansion of production facilities and ramp up of production;
- controlling expenses and investments in anticipation of expanded operations;
- implementing and enhancing appropriate administrative infrastructure, systems and processes; and
- addressing new markets, e.g. by expanding international operations.

In particular, we may fail to adapt our risk management, compliance, information technology, accounting, controlling, budgeting and internal reporting systems to the extent and in the fashion required for our anticipated growth and geographic expansion or with regard to the requirements applicable to a listed German stock company.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.2 We have incurred significant operating losses since inception and we expect significant increases in our costs and expenses for the foreseeable future; there is no guarantee that we will be able to successfully grow our business and achieve profitability in the future business.

While we have grown significantly in terms of revenue since establishment of the Company in 2009, we have never recorded a net profit since then. There is no assurance that we will be able in the medium-term to become profitable in terms of net profit. Our net losses are primarily attributable to the costs and expenses associated with expanding our business. We incurred a net loss of approximately EUR 3.5 million for the six months ended 30 June 2018 and have incurred net losses of approximately EUR 5.1 million in 2017, of approximately EUR 4.5 million in 2016 and of approximately EUR 3.0 million in 2015.

Our ability to achieve profitability will depend on the further successful development, commercial introduction and acceptance of our eScooters, which may not occur.

We believe that it is critical for our future success that we expand our market position and continue to invest significantly in our business which, in turn, also exposes us to commercial risks associated with those aims. To this end, we plan, *inter alia*, to:

- design, develop and manufacture our new eScooter models and the new model acquired from ELMOTO;
- develop a number of further new products starting from 2019;
- further develop, equip and establish existing and possibly new manufacturing facilities to produce our eScooter models in Poland or at manufacturing facilities in other countries, if deemed attractive for cost or production flexibility reasons
- build up inventories of parts and components for our eScooters;
- market the HappyScooter online shop and open additional retail stores under the name HappyScooter;
- expand our design, development, maintenance and repair capabilities; and

- gradually and country by country develop a Europe-wide service network on our own and with existing service providers in the countries we operate in.

These efforts and financial investments will likely put further pressure on our margins in the short-to-medium term. We may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in increases in our revenue, which can lead to further losses or reaching profitability only at a later point in time or not at all.

If we are unable to reduce or maintain a sufficiently low level of costs for designing, manufacturing, marketing, selling and distributing and servicing our eScooters relative to their selling prices, our results of operation, gross margins, business and prospects could be materially and adversely affected. We have made, and will continue to make, significant investments for the design, manufacture and sales of our eScooters.

We still incur significant costs related to procuring the raw materials required to manufacture our eScooters, assembling eScooters and compensating our personnel. We may also incur substantial costs in constructing and building out our production facilities, each of which could potentially face cost overruns or delays in construction and building out. If we are unable to keep our operating costs aligned with the level of revenue we generate, we may not reach profitability in the near future.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.3 Our future growth is dependent upon consumers' willingness to adopt eScooters and upon the continuing demand of our B2B customers for our eScooters.

The market for alternative fuel scooters and in particular for eScooters is relatively young, rapidly evolving, characterised by further developing technologies, price competition, additional competitors, evolving government regulation and industry standards, frequent new eScooter announcements and changing consumer demands and behaviours. Also the total number of eScooters sold in the market is still comparatively low. A key factor for our future growth will therefore be the acquisition of new customer groups combined with technological improvements and further developments, especially in battery technology such as the lifetime and chargeability of batteries and a wider range of eScooters with one battery charge. Another important aspect will be the development and acceptance of modified mobility concepts that will encourage potential customers to switch from cars and Scooters with an internal combustion engine ("ICE") to electrically powered two-wheelers. The increasing use of electric bikes, however, could compete with the use of our eScooters. Both in our B2B business line as well as in our increasing B2C business line our growth is therefore highly dependent upon the adoption by consumers of, and we are subject to an elevated risk of any reduced demand for, alternative fuel scooters in general and eScooters in particular.

We believe that at least for the next three years the B2B business with customers in our B2S and B2D business line will continue to represent our largest customer segment which therefore will account for the majority of our growth at least over the next three years. However, we also expect our B2C business line to contribute increasingly in the coming years.

Factors that may influence the adoption of alternative fuel scooters, and specifically eScooters, include:

- the limited range over which eScooters may be driven on a single battery charge;
- development and implementation of new forms of mobility;
- perceptions about eScooter quality, safety (in particular with respect to lithium-ion battery packs), design, performance and cost, especially if adverse events or accidents occur that are linked to the safety of eScooters;
- the availability of service for eScooters;
- access to charging stations and consumers' perceptions about convenience and cost to charge an eScooter;
- the availability of alternative fuel scooters, including plug-in hybrid eScooters;
- improvements in the fuel economy of the internal combustion engine;
- volatility in the cost of oil and petrol;
- government regulations and economic incentives promoting fuel efficiency and alternate forms of energy;
- the availability of tax and other governmental incentives to purchase and operate eScooters; and
- macroeconomic factors such as global economic downturns.

Therefore, if the market for eScooters does not develop as we expect or develops more slowly than we expect, both in the B2B as well as in the B2C units, our business, financial condition, cash flows, results of operations and prospects will be negatively affected.

1.1.4 Our business depends on generating revenue from the sale of our eScooters already on the market, especially the Schwalbe and the GO! S eScooter from our GO! series in the near term, and our future success will be dependent upon our ability to design and achieve market acceptance for our new eScooter models such as the eScooter Elly and the ELMOTO eScooter.

We currently generate the majority of our revenue from the sale of our GO! S and Schwalbe eScooters. We launched our first eScooter model in 2010, and one of our newly launched eScooter models, our Schwalbe, has only been in production since October 2017 whereas our Elly eScooter will prospectively be launched in the second quarter of 2019. In addition, we are currently working on the integration of the drive train system provided by Bosch to our GO! T Scooter which is expected to launch in the fourth quarter of 2018. If those drive train systems cannot be successfully integrated in our updated GO! T Scooter, this could have a material negative impact on our business. In addition, the face-lift of our GO! S eScooter is planned to be launched in the third quarter of 2019. All of the mentioned product launches and product updates require significant investments prior to commercial introduction, and may never be successfully developed or commercially successful.

The success of our operations depends on our ability to identify market trends and introduce new eScooters or adapt the design of existing models accordingly in a timely manner. Therefore, market acceptance of our eScooters depends on a number of factors, many of which are outside of our control and require us to anticipate consumer preferences and competitive products far in advance. Consumer preferences shift over time in response to changes in demographic and social trends, economic circumstances and the marketing efforts of our competitors. Our failure to anticipate, identify or react to these particular preferences could adversely affect our sales performance and our profitability.

The launch of new models could be delayed for a number of reasons and any such delays may be significant and would extend the period in which we would generate limited revenue from sales of our eScooters. A New eScooter models could potentially lead potential to a significant decrease in sales revenue for the periods prior to the launch of the model. In the past, we have occasionally experienced delays in product development due to the delivery of out-of-specifications goods from our suppliers that do not meet our requirements.

Further, as technologies change in the future for scooters in general and eScooters specifically, we will be expected to upgrade or adapt our eScooters and introduce new models in order to continue to provide eScooters with the latest technology as well as to offer complementing services. The customers' demand to launch products quicker exposes us to quality risks due to shorter testing periods and may lead to complaints by customers and as a consequence to a loss of sales.

There can be no assurance that we will be able to design future models of eScooters that will meet the expectations of our customers or that our new and future models such as the Schwalbe and the Elly eScooter, will become commercially viable.

To date, we have focused our business on the sale of eScooters and have targeted mainly B2B customers in the sharing and delivery market. We will need to address additional markets and business lines, in particular attract consumers in the B2C market, design, deliver and produce new models for the B2B business line in order to keep our market share in this segment and expand our customer demographic in order to further grow our business. In particular, with new products in the B2C business line like the Elly eScooter we intend to appeal to the customers buying eScooters at a lower price, which is a much larger and different demographic from that of the Schwalbe eScooter.

Successfully offering an eScooter in the scooter class of Elly requires delivering an eScooter with a high standard of fit and quality as well as an appealing design at a price that is competitive with other eScooters. We have not yet fully completed the designs, component sourcing or manufacturing process for those products, so it is difficult to forecast their eventual cost or quality. In summary, there can be no assurance that we will be able to continuously deliver eScooters which are ultimately competitive in the B2B, especially in the B2S market, but also in the B2C eScooter market. The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.5 The success of our business depends on attracting and retaining a large number of customers, in particular in the B2C business, and on our continuing efforts to establish, maintain and strengthen our current and future brands, trademarks or licenced rights,

such as GOVECS as an e-mobility brand and the Schwalbe and Elly brands. If we are unable to do so, we will not be able to achieve profitability.

As a manufacturer and system integrator of eScooters, we are also dependent on establishing GOVECS and each of our product brands as an electric mobility ("**e-mobility**") brand. Going forward, our success depends on attracting a large number of potential customers to purchase our eScooters, in particular in the B2C business line. This in turn depends also on our ability to develop, maintain and strengthen the brands and brand names of our products, for example the Schwalbe and Elly brand as well as future brands that we bring to the market.

If we do not continue to establish, maintain and strengthen our brands, we may lose the opportunity to retain or extend our B2B business and to build a critical mass of customers, especially in the B2C business line. Promoting and positioning our brands will likely depend significantly on our ability to provide high quality eScooters at a reasonable price and maintenance and repair services, and we have only limited experience in these areas.

Our business will mainly depend on the success of attracting and expanding our B2C customer base as well as retaining or expanding our B2B customers which still account for the major parts of our revenue. If our existing and prospective customers do not perceive our eScooters and services to be of sufficiently high value and quality, cost competitive and appealing in aesthetics or performance, we may not be able to retain our current customers or attract new customers.

Furthermore, we expect that our ability to develop, maintain and strengthen the brands of GOVECS products, such as Schwalbe and Elly, will also depend heavily on the success of our marketing efforts. To date, we have limited experience with marketing activities as we have relied primarily on word of mouth recommendations, the Internet, and attendance at industry trade shows to promote our brand. To further promote our brands, we may be required to change our marketing practices, which could result in substantially increased advertising expenses, including the need to use traditional media such as television, radio and print. If we engage in traditional advertising, we may face review by consumer protection enforcement agencies and may incur significant expenses to ensure that our advertising claims are fully supported.

We may not be successful in building, maintaining and strengthening our brands. Many of our current and potential competitors, particularly scooter and eScooter manufacturers headquartered in Italy, Japan, China and Taiwan, have greater brand recognition, broader customer relationships and substantially greater marketing resources than we do. Also, our core values, which include developing high quality eScooters while operating with integrity, are an important component of our brand image, which makes our reputation particularly sensitive to allegations of unethical business practices. We do not control our independent suppliers or their business practices. Accordingly, we cannot guarantee their compliance with ethical business practices, such as environmental responsibility and fair wage practices, among others. A lack of demonstrated compliance could damage GOVECS as an e-mobility brand as well as our product brands and lead us to seek alternative suppliers, which could increase our costs and result in delayed delivery of our products or other disruptions of our operations.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.6 We are significantly dependent on key customers, especially on four of our B2S customers active in the sharing market.

Our success significantly depends on business relationships with a limited number of key customers in our B2S business line such as Cityscoot SAS ("**Cityscoot**"), Cooltra Motosharing, S.L.U ("**eCooltra**"), Electric Mobility Concepts GmbH ("**Emmy**") as well as Felyx Sharing B.V. ("**Felyx**"). Approximately 94 % and 97 % of all eScooters that we delivered in the year ended 31 December 2017 and the six month period ended 30 June 2018, respectively, were delivered to sharing operators. These sharing operators keep a fleet of eScooters available for the short-time rental by registered users. Approximately 5 % and 0 % of all eScooters that we delivered in the year ended 31 December 2017 and the six month period ended 30 June 2018, respectively, are attributable to our B2D business line. In the six month period ended 30 June 2018 we did not deliver eScooters to B2D customers, due to the unavailability of our phased-out GO-T Model and the later than initially planned launch of our new GO! T Model.

In addition, our order pipeline as at 30 June, 2018 of approximately 2,500 eScooters consists mainly of orders from our key customers in our B2S business line, in particular Cityscoot. Our order pipeline is determined by signed orders and agreements with minimum purchase volumes.

Most of our agreements with our customers in our B2S business line, however, are framework agreements and thus mere letters of intent with our customers which have to be supplemented by specific orders which means that customers are not obliged to place such orders. As there are no minimum purchase volumes or purchase obligations

under those framework agreements, we depend on individual orders which in turn depend on the choice of our customers regarding our eScooters and us as the preferred supplier.

The contracts and other agreements with our key customers include in some cases, particularly in our B2S business line, exclusivity arrangements, but only regarding certain eScooter models, in particular for cities for which customers have already purchased eScooters from us. These contracts also contain clauses which allow either party to terminate the relationship under specified circumstances, e.g. in case of bankruptcy or in cases of change of control. There is no guarantee that these relationships will continue or be extended and they may terminate entirely. In addition, our current customers may be acquired by other sharing operators which then could turn to other suppliers.

Our relationships with our major customers and their level of business with us going forward is vital for us and will affect our performance and results of operations in the future. We may not be able to renew such contracts upon their expiration or may only be able to do so on less-favourable terms.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.7 We are dependent on our suppliers, a significant number of which are single or limited source suppliers, and the inability of these suppliers to continue to deliver, or their refusal to deliver, necessary components of our eScooters at prices and volumes acceptable to us would have a material adverse effect on our business.

Each of our eScooters is currently assembled from more than 300 purchased components which we currently source from a total of approximately 100 suppliers which provide components for all of our eScooters. While we obtain components from multiple sources whenever possible, many of the components used in our eScooters are purchased by us from a single source. We refer to these component suppliers as our single source suppliers. To date we have not qualified alternative sources for most of the single sourced components used in our eScooters and we generally do not maintain long-term agreements with our single source suppliers.

Our relationship with major suppliers poses various risks to us including:

- potential delays in launching our products if we lose major suppliers' support and are unable to find an alternative in a timely manner;
- potential loss of access to various parts or delays of parts that we are incorporating into our eScooters, such as the drive train system (including the battery pack) and the connectivity boxes from our suppliers and customers; and
- potential loss of business and adverse publicity to our brand image if there are defects or other problems discovered, especially with the frame, the drive train systems, or battery components that major suppliers provide us with.

For example, we intend to purchase and use more Bosch drive train systems in our eScooters, especially for our new models. Therefore, we are particularly dependent on Bosch for the supply of its drive train system. Should Bosch fail in delivering those drive train systems unexpectedly or not be willing to deliver the required volumes or only at not commercially acceptable price levels, we are not in a position to replace Bosch at short notice and the search for a new, comparable supplier would take significant time. The current agreement with Bosch ends on 30 June 2020. An extension may be negotiated in good faith six months before the contract expires. In addition, we will have our new Elly scooter assembled by a Chinese Original Equipment Manufacturer ("OEM"). The respective OEM Agreement may be terminated by either party to the end of a calendar month by giving a 180 days' written notice prior. That period might be insufficient to transfer the full manufacturing process to another OEM thus delaying or even stopping the delivery of the Elly scooter to the customers.

In addition, bottlenecks or delivery difficulties at suppliers of battery cells, which are used in the battery packs as part of the eScooter drive train system, could mean that we are unable to supply our eScooters with sufficient battery packs, resulting in delays in the delivery of our eScooters. Our suppliers use various raw materials including aluminium, steel, carbon fibre, non-ferrous metals such as copper, as well as cobalt. They also use rare earth materials, such as neodymium. Our suppliers may experience a sustained interruption in the supply or shortage of raw materials. The prices for these raw materials fluctuate depending on market conditions and global demand for these materials and could therefore increase. Any such increase or supply interruption could lead to increasing costs for our suppliers and, in turn, also for us.

Further, we are exposed to multiple risks relating to price fluctuations for battery cells (and therefore also for battery packs). These risks include:

- the inability or unwillingness of current battery manufacturers to build or operate battery cell manufacturing plants to supply the numbers of lithium-ion cells required to support the growth of the eScooter industry as demand for such cells used in battery packs increases;
- disruption in the supply of cells due to quality issues or recalls by the battery cell manufacturers; and
- changes to a different cell format, for example from the current standard 18650 cell format, which is currently used within the battery packs used by GOVECS, to the newer, but more expensive 21700 cell format due to possible supply bottlenecks in the 18650 model.

While we believe that we may be able to establish alternative supply relationships and can obtain or engineer replacement components for our single source components, we may be unable to do so in the short term or at all at prices or costs that are favourable to us. In addition, if we do not reach a critical mass, this will hinder us to establish second and third source suppliers for same components in a timely fashion.

Our ability to transport and deliver our eScooters to our customers or to receive purchased parts from our suppliers in time is critical to our success across our operations. Damage or disruption to our distribution logistics due to capacity constraints, disputes, extreme weather, natural disasters, fire, explosions, terrorism, pandemics or labour strikes could impair our ability to distribute and deliver our products leading to negative effects on our business.

Changes in business conditions, available financing, military conflicts, governmental changes and other factors beyond our control or which we do not presently anticipate, could also affect our suppliers' ability to deliver components to us on a timely basis. Furthermore, if we experience significant increased demand, or need to replace our existing suppliers, there can be no assurance that additional supplies of component parts will be available when required on terms that are favourable to us, at all, or that any supplier would allocate sufficient supplies to us in order to meet our requirements or fill our orders in a timely manner. A failure by our suppliers to provide the components necessary to manufacture our eScooters could prevent us from fulfilling customer orders. Also the loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to delays in eScooter deliveries to our customers, which could hurt our relationships with our customers and thus harm our business significantly.

Changes in our supply chain have resulted in the past, and may result in the future, in increased costs and delay in production and delivery. For example, batteries used in our self-developed drive train system were not delivered to us in 2016 from a supplier with respect to a customer. Such incidents can lead to delivery delays for our eScooters of between three and six months or even longer.

Furthermore, we act as a system integrator of connectivity solutions for the use of our eScooters in the B2S business line which is why we are dependent on system availabilities of such solutions and we also rely on different vendors and suppliers being available. If we have no access to different connectivity solutions for our eScooters or if such systems do not work reliably or fit our customers' needs this failure may be also attributed to us and our eScooters which could harm our reputation in the market and could therefore also result in negative publicity.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.8 Expansion plans may be deferred due to customer-related delays in acceptance of our eScooters.

In the B2B segment and especially in our B2S business line, we usually agree with our customers to deliver a larger number of eScooters with a lead time of approximately 8 to 12 months on fixed acceptance dates. However, there are various reasons why our customers may not be able to take delivery of the ordered eScooters at the agreed time. For example, before accepting our eScooters the customers must first test our eScooters and integrate them into their own system and establish connectivity between our eScooters and his network. In the case of a large number of eScooters ordered by customers, the quantity of eScooters which need to be checked and integrated can possibly lead to delays, for example in case customers cannot integrate the delivered eScooters into his fleet quickly enough. Another reason for a delayed acceptance of our eScooters can be the lack of storage capacity at customers' level. This can lead to further delays in the acceptance of our delivered eScooters by the customer. If the customer only accepts eScooters with delays, this may lead to substantially deferred generation of revenue and an increase in our stock of eScooters, which in turn can lead to increased storage costs or even causing us to reduce our production due to the lack of storage space.

Also a lack of funding or failure by customers to provide components necessary to manufacture our eScooters can possibly lead to delays.

These customer-related delays could materially adversely affect our business, financial condition, cash flows, results of operations and prospects.

1.1.9 Our future success can be influenced by the terms and availability of financing for our customers, in particular our B2S customers.

We rely on our B2S customers and the manner in which they develop and promote their sharing business. Especially the launch of new sharing projects require significant investments by sharing operators as typically a large number of new eScooters have to be purchased in a city newly occupied by a sharing operator. We cannot be certain that our B2S customers will have sufficient financial resources to further develop and operate future sharing projects in cities successfully in which they are already active in or plan to start operations.

B2S customers could have difficulties to acquire required additional financing on favourable terms or at all. This, in turn, could have a material negative impact on our order situation, slow down or stop our growth and reduce our revenue significantly as B2S customers then downsize or completely stop orders of our eScooters. In particular our B2S customers also depend on financing from banks and other financial institutions, which may not always be available to them, in order to start new sharing projects. For example, eScooters could not be delivered to a customer in 2018 due to a lack of funding at the customer site. The lack of adequate financing could adversely affect the number and size of projects especially with our B2S customers and thus adversely affect our business, financial condition, cash flows, results of operations and prospects.

1.1.10 Our eScooters make use of lithium-ion battery cells. Such battery cells have in some rare occasions caught fire or emitted smoke and flames.

We make use of lithium-ion cells in the battery pack for our products and any future eScooters we may produce. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials. Highly publicised incidents of laptop computers, cell phones bursting into flames and electric cars ("eCars") have focused consumer attention on the safety of these cells. These events have raised questions about the suitability of lithium-ion cells for e-mobility. At a sharing customer of ours, there were a few cases of ignited batteries, which, however, were not due to the faulty nature of the batteries, but to misuse by our customer.

In this context and with the expansion of our B2C business, it cannot be ruled out that swappable batteries charged by our customers at home, whether due to defects or incorrect handling by the customers, may cause malfunctions or even inflammations that could also damage our customers' property.

To address these questions and concerns, a number of cell manufacturers are pursuing alternative lithium-ion battery cell chemistries to improve safety. According to our specifications our battery packs are designed to be passively cooled by air flow. Tests of the lithium-ion battery packs used in our eScooters are being performed by our battery suppliers, but not by us. Although test results are requested by us and provided by the respective supplier, there can be no assurance that a failure of battery packs used in our eScooters will not occur, which could damage the eScooter or lead to personal injury or death and may subject us to lawsuits.

Battery incidents can be caused by various factors, including: manufacturing defaults or assembly errors, mechanical impacts or any visible or invisible damage to the battery packs, faulty individual battery cells, usage or storage of batteries or battery packs in extreme temperature conditions or in not intended purposes, opening of the battery by non-certified personnel or charging the battery pack with non-approved charging devices.

In addition, we store a significant number of lithium-ion battery packs (but not single cells) at our manufacturing site in Poland. Any mishandling of battery packs may cause disruption to the operation of our facilities. While we have implemented safety procedures related to the handling of the battery packs, there can be no assurance that a safety issue or fire related to the battery pack would not disrupt our operations.

Such damage or injury would likely lead to adverse publicity and potentially a safety recall. Moreover, any failure of a competitor's eScooter, especially those that use a high volume of commodity battery cells similar to those we use in our eScooters, may cause indirect adverse publicity for us and may as well lead to a decline or delay of new orders of new eScooters, especially from private customers. Customers could also refrain from purchasing eScooters until they believe that battery technology has become safer.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.11 If our eScooters fail to perform as expected, our ability to develop, market and sell our eScooters could be harmed.

Our eScooters may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. In addition, there can be no assurance that we will be able to detect and fix any defects in newly developed eScooters, such as Elly, prior to their sale to consumers. We may experience additional recalls in the future.

Our eScooters, including Elly and Schwalbe, may not perform consistent with customers' expectations or consistent with other eScooters currently available, or available in the future, for example in terms of safety, battery deterioration and the related decrease in range.

Any product defects or any other failure of our eScooters to perform as expected could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand and reputation, and significant warranty and other expenses, and thus could have a material adverse impact on our business, financial condition, cash flows, results of operations and prospects.

1.1.12 The eScooter market is highly competitive, and we may not be successful in competing in this industry. We currently face competition from established competitors and expect to face competition from new market entrants in the future.

The worldwide scooter market, particularly for alternative fuel scooters, is highly competitive today and we expect it will become even more so in the future. A range of factors affect the competitive environment, including, among others, design, quality and features of eScooters, innovation, safety, development time, ability to control costs, pricing, reliability, environmental impact and perception thereof, customer service and financing terms.

There are several competitors, located particularly in Asia, which already mass produce eScooters. Many new eScooter manufacturers have entered or have announced plans to enter the alternative fuel scooter market, such as NIU, Gogoro, Unu, Bolt, Torrot, Askoll, Scutum, Kumpan, and others. In addition, our suppliers could in future also produce their own eScooters and thus enter into direct competition with us.

We also expect to face strong competition from established scooter manufacturers, such as Piaggio, Yamaha, Honda, Mahindra and others, which either already announced to enter or may plan to enter the eScooter market, and established or new manufacturers of eScooters.

Many of our current and potential future competitors have significantly greater financial, manufacturing, research and development, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Many of our competitors, in particular in the B2C business line, have more extensive customer bases and broader customer and industry relationships than we do. In addition, many of these companies have longer operating histories and greater name recognition relative to us. Our competitors may be in a stronger position to respond quickly to new technologies and may be able to design, develop, market and sell their products more effectively.

Furthermore, certain larger manufacturers offer financing and leasing options on their eScooters and also have the ability to market eScooters at a substantial discount, provided that the eScooters are financed through their affiliated financing company. We have not in the past, and do not currently, offer customary discounts on our eScooters. The lack of our direct financing options and the absence of customary eScooter discounts could put us at a competitive disadvantage.

We expect competition in our industry to intensify in the future in light of increased demand for alternative fuel scooters, continuing globalisation and consolidation in the worldwide eScooter industry.

In particular, our customers in the B2S business line are active in competitive industries and face constant pressure to cut their costs. As a result, our customers could pressure us to reduce our prices or could seek lower-cost options from our competitors. Accordingly, we must be able to reduce our operating costs in order to generate attractive margins and to maintain or even strengthen our competitive position. Price reductions could impact our margins in the future. Our ability to successfully compete in our industry will be fundamental to our future success in existing and new markets and our market share. There can be no assurances that we will be able to do so. If our competitors introduce new eScooters or services that compete with or surpass the quality, price or performance of our eScooters or services, we may be unable to satisfy existing customers or attract new customers.

Lastly, the markets in which we currently compete and plan to compete in the future have been subject to considerable volatility in demand in recent periods. As a relatively new eScooter manufacturer and so far low volume producer, we have less financial resources than more established eScooter manufacturers or other Scooter manufacturers, if they enter the eScooter market, to withstand changes in the market and disruptions in demand.

Volatility in demand may lead to lower eScooter unit sales and increased inventory, which may result in further downward price pressure. These effects may have a more pronounced impact on our business given our relatively smaller scale and financial resources as compared to many incumbent scooter manufacturers.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.13 Marketplace confidence in our liquidity and long-term business prospects is important for building and maintaining our business.

Our eScooters are highly technical products that require maintenance and support. If we were to cease or cut back operations, even years from now, buyers of our eScooters from years earlier might have much more difficulty in maintaining their eScooters and obtaining satisfactory support. As a result, consumers may be less likely to purchase our eScooters now if they are not convinced that our business will succeed or that our operations will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with us if they are not convinced that our business will succeed.

Accordingly, in order to build and maintain our business, we must maintain confidence among customers, suppliers and other parties in our liquidity and long-term business prospects. In contrast to some more established eScooter manufacturers or some other established Scooter manufacturers, if they enter the eScooter market, we believe that, in our case, the task of maintaining such confidence may be particularly complicated by factors such as the following:

- unfamiliarity with or uncertainty about our products;
- uncertainty about the long-term marketplace acceptance of our eScooters in general;
- technical issues, particularly with regard to the battery system, even if only competitors and different battery systems are impacted;
- the possibility that we could need further infusions of external capital to fund our planned operations despite the proceeds we receive from the Offering; and
- the prospect or actual emergence of direct, sustained competitive pressure from more established 2-wheelmakers, which may be more likely if our initial efforts are perceived to be commercially successful.

Many of these factors are largely outside our control, and any negative perceptions about our liquidity or long-term business prospects, even if exaggerated or unfounded, would likely harm our business and make it more difficult to raise additional funds when needed.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.14 We face risks associated with our European and future international operations, including unfavourable regulatory, political, tax and labour conditions, which could harm our business.

We face risks associated with our European operations, including possible unfavourable regulatory, political, tax and labour conditions, which could harm our business. We are currently active in the European Union ("EU") and have subsidiaries in Germany, Poland and a currently non-operating subsidiary in the US and are therefore subject to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. We also may face legal, regulatory and task risks in connection with the planned production of the Elly eScooter in China and the ELMOTO in Spain.

Additionally, as part of our growth strategy, we intend to expand our sales, maintenance and repair services internationally. However, we have limited experience to date selling and servicing our eScooters internationally and such expansion would require us to make significant expenditures, including the hiring of local employees and establishing facilities, in advance of generating any revenue. Furthermore we may not always adequately manage to understand the national differences in leisure and consumption behaviour and to provide products specifically designed to meet the needs of the customer in various countries. We are subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell our eScooters and require significant management attention. These risks include:

- inconsistent application of existing laws and regulations;
- conducting business in an evolving and unfamiliar regulatory environment that has inherent uncertainties and may therefore provide less legal protection for companies and investors;
- conforming our eScooters to various international regulatory requirements where our eScooters are sold, or homologation;
- difficulty in staffing and managing foreign operations;
- difficulties attracting customers in new jurisdictions;

- foreign government taxes, regulations and permit requirements, including foreign taxes that we may not be able to offset against taxes imposed upon us;
- fluctuations in foreign currency exchange rates and interest rates, including risks related to any interest rate swap or other hedging activities we undertake;
- our ability to enforce our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as do European countries, which increases the risk of unauthorised, and uncompensated, use of our technology;
- foreign government trade restrictions, tariffs and price or exchange controls;
- foreign labour laws, regulations and restrictions;
- preferences of foreign nations for domestically produced eScooters;
- changes in diplomatic and trade relationships;
- political instability, natural disasters, war or events of terrorism; and
- the strength of international economies.

In addition, our business may be adversely affected by union activities, for example in Poland. Although none of our employees are currently represented by a labour union, our employees could join unions, which can result in higher employee costs and increased risk of work stoppages. This could be particularly the case in our manufacturing site in Poland. As we cannot exclude to expand our business to include full in-house manufacturing of our eScooters, there can be no assurance that our employees will not join or form a labour union or that we will not be required to become a union signatory. We are also directly or indirectly dependent upon companies with unionised work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organised by such unions could have a material adverse impact on our business, financial condition, cash flows, results of operations and prospects. If a work stoppage occurs, it could delay the manufacture, sale and distribution of our eScooters.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.15 Our distribution model for consumers via the direct sales channel is different from the predominant current distribution model in the scooter industry, which makes evaluating our business, results of operation and future prospects difficult.

Our distribution model for consumers is not common in the scooter industry today. We plan to continue to sell our eScooters to consumers via direct sales channels, *i.e.*, over the Internet and additionally in company-owned HappyScooter stores.

We have only limited experience in selling our eScooters online and using this direct channel line exposes us to various risks, such as necessary and cost-intensive marketing efforts to promote our online platform with potential customers and to generate sufficient traffic on our website. In addition, our targeted end customers have as well only limited experience to buy this kind of goods via the Internet. Attracting enough visitors to our website is essential for the success of our direct sales distribution concept. If end customers do not accept our online sales model, this could hinder the growth of our business, especially in the B2C business line.

This model of eScooter distribution is also relatively new and unproven and subjects us to substantial risk as it requires, in the aggregate, a significant expenditure and provides for slower expansion of our distribution and sales systems than may be possible by utilising a more traditional dealer franchise system. For example, we will not be able to utilise long established sales channels developed through a franchise system to increase our sales volume. Moreover, we will be competing with companies with well established distribution channels. Distribution via the direct sales channel also increases the risk of providing insufficient service coverage for our eScooters.

The plan to expand our sales channels via the Internet and our network of HappyScooter stores to support our direct sales strategy will require significant cash investments and management resources and may not meet our expectations with respect to additional sales of our eScooters. As at 30 June 2018, we had only two operating HappyScooter stores in Berlin and Stuttgart. We have only limited experience distributing and selling our performance eScooters through our HappyScooter stores or online. As at 30 June 2018, we had only sold very few eScooters to customers via Internet and via our HappyScooter Stores.

The planned expansion of HappyScooter stores may not have the desired effect of increasing sales and expanding our brand presence to the degree we are anticipating. For various reasons, the planned expansion of the HappyScooter stores may not be completed to the planned extent, on time or at all. We plan to open up to five

additional stores until end of 2019, with a goal of establishing approximately up to 50 stores within the next several years. However, we may not be able to expand our network at such rate and our planned expansion of our network of HappyScooter stores will require significant cash investment and management resources, as well as efficiency in the execution of establishing these storefronts on the planned budget or timeline and in hiring and training the necessary employees to effectively sell our eScooters.

We will also need to ensure we are in compliance with any regulatory requirements applicable to the sale of our eScooters in those jurisdictions, which could take considerable time and expense. If we experience any delays in expanding our network of HappyScooter stores, this could lead to a decrease in sales of our eScooters. Also for sales via Internet we need to ensure we are in compliance with any relevant regulatory requirements, which also could take considerable time and expense.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.16 We have only limited experience servicing our eScooters sold to consumers and we are using a different service model from the one typically used in the industry. If we are unable to address the service requirements of our existing and future customers our business will be materially and adversely affected.

The service for our eScooter in the B2S unit is usually organised by the sharing operators themselves. Also in the B2D unit, with the exception of customers who use our eScooter as part of Go! Rent, the service is provided by our customers themselves. However, service is particularly challenging in the B2C unit, as end customers also expect us to provide services for the eScooter, which must also be available locally close to them. If we are unable to successfully address the service requirements of our existing and future customers and if we are not able to expand our service offerings quickly enough with our customer growth, especially our customers using our GO! Rent mobility services ("GO! Rent") and B2C customers, our business and prospects will be materially and adversely affected. In addition, we anticipate the level and quality of the service we provide our eScooter customers will have a direct impact on the success of our products and our future eScooter models. If we are unable to satisfactorily service our eScooters customers, our ability to generate customer loyalty, grow our business and sell additional eScooters could be impaired.

We have only limited experience servicing our eScooters. Servicing eScooters is different than servicing scooters with internal combustion engines and requires specialised skills, including high voltage training and servicing techniques.

We plan to service our eScooters in the B2C and for our Go! Rent customers also in the B2D business line through our company-owned HappyScooter stores, through service partnerships with existing service providers and through our mobile service technicians. Especially for new international markets it may take us much longer than expected to find local service partners. As at 30 June 2018, we only had two HappyScooter stores that are equipped to actively service our performance eScooters, and to date we have only limited experience servicing our performance eScooters through our HappyScooter stores. We will need to open additional HappyScooter stores with service capabilities, as well as hire and train significant numbers of new employees to staff these centres, in order to successfully maintain our fleet of delivered eScooters. There can be no assurance that service partnership arrangements can be concluded in timely manner and that these service arrangements or our limited experience servicing our eScooters will adequately address the service requirements of our customers to their satisfaction, or that we will have sufficient resources to meet these service requirement in a timely manner as the volume of eScooters we are able to deliver annually increases.

Traditional scooter manufacturers usually do not provide maintenance and repair services directly. Consumers must rather service their scooters through franchised dealerships or through third party maintenance service providers. Until now, we do have only a small number of arrangements with third party service providers, and it is unclear when or even whether additional third party service providers will be able to acquire the expertise to service our eScooters at all or at sufficient service levels or quality. If we continue to expand our business, especially in the B2C business line, it could be difficult for us to expand our service offering with the speed of growth and to find a sufficient number of third party service providers who are also familiar with the maintenance of eScooters. As our eScooters are placed in more locations, we may encounter negative reactions from our consumers who are dissatisfied that they cannot use local service stations to the same extent as they have with conventional scooters and this may result in negative publicity and reduced sales.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects

1.1.17 If we are unable to attract and retain key employees, skilled workers and qualified management personnel, our ability to compete could be harmed.

Our future performance depends on the continued services and contributions of the members of the management board and other key employees to execute our business plan, and to identify and pursue opportunities and service innovations. The loss of services of our management board members or other key employees could significantly delay or prevent the achievement of our development and strategic objectives.

We are particularly dependent on the services of Mr. Thomas Grübel, our Chief Executive Officer ("CEO"), and Mr. Nicholas Holdcraft, our Chief Operating Officer ("COO") which is why it is very important for us to retain these individuals. In addition, as a result of the growth we are striving for, we may also need to recruit additional management personnel, which may not be possible.

The replacement of any of the members of the management board or any other of our key employees would likely involve significant time and costs. We must provide competitive compensation packages and a high-quality work environment to hire, retain and motivate key employees. If we are unable to retain and motivate our existing key employees and attract qualified personnel to fill key positions, we may be unable to manage our business effectively, including the development, marketing and sale of existing and new services.

Furthermore, we believe that we need to continue to hire a significant number of additional skilled personnel, including design and manufacturing and eScooter engineering personnel as well as service technicians for our eScooters. Because our eScooters are based on a different technology platform than traditional internal combustion engines, individuals with sufficient training in performance eScooters may not be available to hire, and we will need to expend significant time and expense training the employees we do hire. Competition for individuals with experience designing, manufacturing and servicing eScooters is intense, and we may not be able to attract, integrate, train or retain additional highly qualified personnel in the future.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.18 Many members of our management team are new to the Company or to the eScooter industry, and execution of our business plan and development strategy could be seriously harmed if integration of our management team into our Company is not successful.

Our business could be seriously harmed if the integration of our management team into our Company is not successful. We expect that it will take time for the newly joined members of our management team to integrate into our Company and it is too early to predict whether this integration will be successful. We expect to continue to experience significant growth in our management team.

Our management team has only limited experience working together as a group. This lack of long-term experience working together may impact the team's ability to collectively quickly and efficiently respond to problems and effectively manage our business. Although we are taking steps to add management personnel that have significant eScooter experience, many of the members of our current management team have limited or no prior experience in the scooter or eScooter industries.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.19 If we are unable to keep up with advances in alternative technologies, improvements in the internal combustion engine or in eScooter technology, we may suffer a decline in our competitive position.

The mobility industry is characterised by rapid technological change and evolving government regulation and industry standards. Significant developments in alternative technologies, such as advanced diesel, ethanol, fuel cells or compressed natural gas, or improvements in the fuel economy of the internal combustion engine, may negatively affect our business and prospects in ways we do not currently anticipate.

For example, fuel which is abundant and relatively inexpensive, such as compressed natural gas, may emerge as consumers' preferred alternative to petroleum based propulsion. Any failure by us to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay our development and introduction of new and enhanced eScooters, which could result in the loss of competitiveness of our eScooters, decreased revenue and a loss of market share to competitors.

In addition, we may be unable to keep up with changes in eScooter technology, including improvements and changes in the battery technology, new advanced materials, and, as a result, may suffer a decline in our competitive

position. Any failure to keep up with advances in eScooter technology would result in a decline in our competitive position.

Our research and development efforts may not be sufficient to adapt to changes in eScooter technology. As technologies change, we plan to upgrade or adapt our eScooters and introduce new models in order to continue to provide eScooters with the latest technology, in particular the drive train system and the battery technology. However, our eScooters may not compete effectively with alternative eScooters if we are not able to source and integrate the latest technology into our eScooters.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.20 The unavailability, reduction or elimination of government and economic incentives for alternative fuel could impair our business.

Any reduction, elimination or discriminatory application of government subsidies and economic incentives because of policy changes, the reduced need for such subsidies and incentives due to the perceived success of the eScooter, fiscal tightening or other reasons may result in the diminished competitiveness of the alternative fuel scooter industry generally, and our eScooters in particular.

Our growth depends in part on the availability and amounts of government subsidies and economic incentives for our customers for alternative fuel scooters generally and eScooters specifically. If our customers fail to meet these conditions, they would be unable to take full advantage of this tax incentive and, in turn, our financial position could also be negatively affected.

Government disincentives have been enacted in some European countries (e.g. in Spain, Italy and soon also in France) for petrol powered scooters, which discourage the use of such scooters and provide us more favourable selling conditions for our eScooters in those countries. Such regulations that encourage sales of eScooters could be reduced, eliminated or applied in a way that creates an adverse effect against our eScooters, either currently or at any time in the future.

Conversely, government incentives enhancing the use or purchase of eScooters have been available mainly in Spain, the Netherlands and in France from which our customers benefit significantly.

In the event that such incentives or disincentives are reduced or eliminated, sales and pricing of eScooters could be adversely affected which could adversely affect our business, financial condition, cash flows, results of operations and prospects.

1.1.21 Our financial results may vary significantly from period-to-period due to the seasonality of our business, potential delays in roll-out of new models or acceptances of contracted scooters by customers or fluctuations in our operating costs.

Our results of operation may vary significantly from period to period due to many factors, including customer-related delays in acceptance of our eScooters as happened in the winter season 2017/2018 with one customer and seasonal factors that may have a negative effect on the demand for our eScooters. Although there is demand for the Company's products throughout the year, demand for new eScooters usually declines over the winter season, while sales are generally higher as compared to the winter season during the spring and summer months due to a peak in customer demand. As a result of this seasonal demand for its products, the Company's quarterly results may vary within the financial year. However, our limited operating history makes it difficult for us to judge the exact nature or extent of the seasonality of our business.

Also, any unusually severe weather conditions in our markets may impact demand for our eScooters.

In addition, we may not be able to roll-out our new models as planned leading to a delay in the planned revenue from such new models.

Furthermore we might have to experience delayed acceptances, especially from our sharing customers, on already contracted orders (see also "—1.1.8 Expansion plans may be deferred due to customer-related delays in acceptance of our eScooters.")

Our results of operation could also suffer if we do not achieve revenue consistent with our expectations for this seasonal demand because many of our expenses are based on anticipated levels of annual revenue.

We also expect our period-to-period results of operation to vary based on our operating costs which we anticipate will increase significantly in future periods as we, among other things, design, develop and manufacture our Schwalbe and Elly eScooters, open additional HappyScooter stores with maintenance and repair capabilities, incur

costs for warranty repairs or product recalls, if any, increase our sales and marketing activities, and increase our general and administrative functions to support our growing operations.

As the Company's year-end figures in its audited financial statements level such seasonality, those annual figures should not be relied upon as a benchmark of future sales, performance and operating results measured on a quarterly basis. The same is true for any quarterly results we publish meaning that investors should not use quarterly figures as an indicator of annual results or extrapolate these figures for the year as a whole. Moreover, our results of operation may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our shares could fall substantially either suddenly or over time.

1.1.22 We may need to raise additional funds and these funds may not be available to us when we need them.

The design, manufacture, sale and servicing of eScooters is a capital intensive business and we need to spend significant costs and expenses to develop and expand our business. This may make it necessary to cover additional capital requirements through alternative financing. As at 30 June 2018, we had EUR 623,517 in cash and cash equivalents. If there are delays in the launch of our products, or if the costs in building our eScooters manufacturing facilities exceed our expectations or if we incur any significant unplanned expenses, despite the potential proceeds of this offering, we may need to raise additional funds through the issuance of further equity, equity-related or debt securities or through obtaining credit from government or financial institutions. This capital could be necessary to fund our ongoing operations, continue research, development and design efforts, expand our network of HappyScooter stores and services centres, improve infrastructure and introduce new eScooters. We cannot be certain that additional funds will be available to us on favourable terms when required, or at all.

If we cannot raise additional funds when we need them, our business, financial condition, cash flows, results of operations and prospects could be materially adversely affected.

1.1.23 As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective.

We might fail to maintain effective systems of internal control over financial reporting or other obligations related to the Listing. These include the obligation to issue half-year interim financial statements and quarterly interim reports and no assurance can be given that we can comply with such regulations in the future. If we fail to provide the necessary data or violate any other applicable rules and regulations, we might be faced with administrative proceedings which could, among other things, result in fines being imposed on us and ultimately the revocation of the listing order by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Furthermore, such non-compliance with the applicable rules and regulations would possibly damage our reputation and may affect an investment in the Offer Shares.

We have only recently switched our financial reporting to IFRS. We have therefore only limited experience in financial reporting in accordance with IFRS compared to companies that have been using IFRS for a longer period of time. Further, we may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our Company and, as a result, the value of our Shares.

1.1.24 We are currently building up and improving our information technology systems. If these implementations are not successful, our business and operations could be disrupted and our results of operation could be harmed.

We are currently building up and improving our information technology systems to assist us in the management of our business. To date, we have no fully integrated and company-wide information technology system. In particular, the assembling of our products will necessitate the improvement, design and development of more expanded supply chain systems to support our operations as well as production and shop floor management. The implementation of new software management platforms and the addition of these platforms at new locations require significant management time, support and cost.

Moreover, there are inherent risks associated with developing, improving and expanding our core systems, including supply chain disruptions that may affect our ability to obtain supplies when needed or to deliver eScooters to our stores and customers. We cannot be sure that these newly created systems will be fully or effectively implemented on a timely basis, if at all. If we do not successfully implement them, our operations may be disrupted and our results of operation could be harmed. In addition, the new systems may not operate as we

expect them to, and we may be required to expend significant resources to correct problems or find alternative sources for performing these functions.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.25 We offer renting alternatives to customers, which exposes us to risks commonly associated with the prolonged ownership of eScooters as well as the risk of receiving timely payments.

With GO! Rent we offer a renting alternative to B2B customers of our eScooter. Under our flexible long-term rental programme, we rent our eScooters to our B2B customers, particularly in the B2D business line, through our wholly owned subsidiary GBS (GOVECS Business Solutions GmbH). We retain responsibility for the timely collection of rent payments from our customers, and are therefore exposed to the possibility of loss from a customer's failure to make payments according to contract terms.

As the financial institutions with which we cooperate retain ownership of the eScooter and we partly offer repurchase guarantees for those financial institutions and which provide renting services to our B2D and GO! Rent customers, we also are exposed to the risk that the eScooters' residual value may be lower than our estimates and the volume of eScooters returned to us may be higher than our estimates. Currently, there is only a very limited secondary market for our eScooters in particular, and eScooters in general, on which to base our estimates, and such a secondary market may not develop in the future. Our credit losses could exceed our expectations or our residual value and return volume estimates could prove to be adversely incorrect, either of which could harm our business, financial condition, cash flows, results of operations and prospects.

1.1.26 We could be adversely affected by our customers defaulting on payments.

We are engaged in sales transactions with our customers and we are therefore subject to the risk of one or more of our customers becoming insolvent or otherwise unable to discharge their obligations to us.

Our customers may suffer from declines in sales and production, tightened liquidity, reduced or even cancelled governmental subsidies and an increased cost of capital, which may cause some of these customers to experience significant financial difficulties, including restructuring or bankruptcies. If the creditworthiness of our customers were to decline, we could face an increased default risk with respect to our trade receivables. For example, in our B2S business line some of our customers providing sharing solutions, particularly in larger cities, receive subsidy payments from state or local governments for their contribution to a reduction of carbon dioxide emissions. If such subsidies were reduced or even cancelled, this could have a material adverse effect on our customers' financial solvency. In addition, such subsidies are usually only granted for a limited period of time. We will only receive further orders in the future if the business model of our B2S customers is sustainable in the long term even without such subsidies.

As a result, if a customer experiences financial difficulties or even insolvency, we may be unable to collect outstanding payments, resulting in write-offs of our accounts receivables. Significant or recurring delays in receipt of payments, or incidents of bad debts, could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

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

We plan in the future to pursue select acquisitions or enter into cooperation agreements. There can, however, be no assurance that we will be able to identify suitable acquisition candidates in the future, or that we will be able to finance such transactions on acceptable terms. Furthermore, we cannot guarantee that acquisitions and cooperation agreements we might enter into in the future will be integrated or implemented successfully or will achieve the desired or expected benefits and financial objectives for us.

In evaluating potential acquisitions or cooperation agreements, we make certain assumptions regarding the future combined results of the existing and acquired operations or the envisaged cooperation. In certain transactions, the acquisition analysis includes assumptions regarding the consolidation of operations and improved operating cost structures for the combined operations. There can be no assurance that such synergies or benefits will be achieved in the assumed timeframe.

Moreover, even in cases in which such acquisitions or cooperation agreements are completed on schedule and according to plan, the synergies actually resulting from an acquisition or the benefits actually derived from a cooperation can ultimately differ materially from our estimates or expectations.

Non-occurring synergies or failures or delays in integrating acquisitions or negotiating cooperation agreements or the failure to enforce any warranties and indemnities relating to acquisitions or cooperation agreements could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

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

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

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

Although we believe to maintain insurance coverage against damage to our property and equipment and against business interruption in line with what is in our view standard practice, there is no guarantee that our insurance coverage will adequately cover all liability risks we may face. Even if we decide to obtain insurance coverage for additional risks in the future, some risks cannot be insured and, for certain risks, insurance may not be available to cover all risks or may be available only at costs that are not economically viable. In addition, following a significant insurance claim or a history of claims, insurance premiums may increase or the terms and conditions of insurance coverage may become less favourable. This may also occur due to a general change in the insurance markets. There is no guarantee that we will be able to continue to obtain sufficient levels of insurance on economically viable terms. The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.30 Compromised security measures and performance failures due to hacking, viruses, fraud and malicious attacks could adversely affect our reputation.

Our computer systems and online services are vulnerable to computer viruses, break-ins, phishing attacks, and attempts to overload its servers with distributed denial-of-service ("DDOS") attacks, misappropriation of data through website scraping or other attacks or similar disruptions from unauthorised use of our computer systems. Despite our resilience and disaster recovery procedures, the occurrence of any of the foregoing could lead to interruptions, delays or website shutdowns, potentially causing lost business, temporary inaccessibility of critical data, or account details, including personal data, being stolen or released.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.31 Our production facilities are subject to operational risks.

We have own production facilities located in Wroclaw, Poland, which are dedicated to the assembly of our eScooters. Our facilities are subject to operational risks, including breakdown of equipment, failure to comply with applicable regulations, revocation of licences and permits, unavailability of workforce or work stoppage, increase of transport costs, natural disasters, sabotage or other attacks and/or significant interruptions of the supply of raw materials and product components.

Although we carry insurance policies that cover a portion of such risks based on the industrial facilities' relative importance, a significant interruption of production at our facilities could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.1.32 Our profit forecast may differ materially from our actual future profits.

This Prospectus contains forward-looking information, including a profit forecast for the 2018 fiscal year. In arriving at our profit forecast, our Management Board (*Vorstand*) made certain assumptions with regard to factors

outside the Company's influence (such as *force majeure* and legislative and other regulatory measures), factors that can be influenced by the Company only to a limited extent, such as macro-economic factors as well as other factors that can be influenced by the Company exclusively.

Accordingly, these assumptions may vary, prove to be erroneous or inaccurate compared to actual future developments. Furthermore, additional aspects that are currently unknown to the Company may materially affect our profit forecast. Should one or more of these assumptions prove to be incorrect or inaccurate, or should additional factors occur which are currently unknown to the Company, the Company's future profits may differ materially from the forecasted profit included in this Prospectus.

1.1.33 *If our eScooter owners customise our eScooters or change the charging infrastructure with aftermarket products without authorisation, the eScooter may not operate properly which could harm our business.*

Our eScooter customers may seek to modify our eScooters in order to increase its performance or fit to their needs which could compromise eScooter safety systems. Also, we are aware of customers who have customised their eScooters with after-market parts that may compromise driver safety. We have not tested, nor do we endorse, changes or third-party products, nor can we control or prohibit the use of such products. In addition, customer use of improper external cabling or unsafe charging outlets can expose our customer to injury from high voltage electricity. Such unauthorised modifications could reduce the safety of our eScooters and any injuries resulting from such modifications could result in adverse publicity which would negatively affect our brand and harm our business, financial condition, cash flows, results of operations and prospects.

1.2 Risks Related to legal, regulatory and tax implications

1.2.1 *We are subject to substantial regulation, which is evolving, and unfavourable changes or failure by us to comply with these regulations could substantially harm our business and results of operation.*

Regulations related to the eScooter industry and alternative energy are currently evolving and we face risks associated with changes to these regulations such as:

- regulatory restrictions or licensing requirements at state or city level limiting or prohibiting sharing operations or the number of eScooters available for renting and sharing in a city to a certain maximum number;
- stricter approval (*homologation*) requirements for our eScooters in the European Union or worldwide;
- changes to the regulations governing the assembly and transportation of lithium-ion batteries could increase the cost of lithium-ion batteries;
- changes to regulations governing exporting of our products could increase our costs incurred to deliver products outside the European Union or force us to charge a higher price for our eScooters in such jurisdictions;
- possible adjustments to driving licence regulations;
- the obligation to take back batteries; and
- changes in legal regulations relating to the obligation to wear helmets for driving eScooters (*e.g.* in the Netherlands there is no obligation to wear helmets for driving eScooters up to 25 km/h).

Bans or limits on rentable eScooters by state or municipal regulations could have considerable adverse effects, especially on our B2S customers, as they would then be prevented from commissioning further eScooters in cities in which they already operate, or from expanding their sharing operations to new cities. Amsterdam, for example, recently issued a complete ban on eScooter rental offers and made the admission of such offers subject to prior approval by the city.

As a producer and distributor of eScooters we are required by law to take back batteries packs used in our eScooters free of charge from our customers, although we ourselves may then return the batteries to our European suppliers. However, if we purchase the battery packs from suppliers outside Europe in the future, we cannot return those batteries to them, because European law does not apply.

Additionally, we may become subject to regulations that may require us to alter the design of our eScooters, which could negatively impact consumer interest in our eScooters.

For example, our eScooters make less noise than internal combustion scooters. Both in the European Union ("EU") as well as in the United States of America ("US") regulations are envisaged or already enacted which require manufacturers of electric vehicles to adopt minimum sound standards. In the EU, from mid of 2019 all road vehicles with electric hybrid or purely electric drive must be equipped with an acoustic vehicle alerting system (AVAS). This is intended to draw the attention of pedestrians or other road users to an approaching electric vehicle.

To the extent the laws change, some or all of our eScooters may not comply with applicable international, state or local laws, which would have an adverse effect on our business. Compliance with changing regulations could be burdensome, time consuming, and expensive. To the extent compliance with new regulations is cost prohibitive, our business, financial condition, cash flows, results of operations and prospects will be adversely affected.

1.2.2 Compliance with product regulations and potential changes may limit our ability to market our eScooters.

In order to type-approve our products, our products must pass minimum technical requirements in terms of safety, requirements for market surveillance of vehicles, systems, components and separate technical units, which are subject to approval as well as to market surveillance of parts and equipment for such vehicles. "Type-approval" means certification by an approval authority that a type of vehicle, system, component or separate technical unit satisfies the relevant administrative provisions and technical requirements. In the EU for example, we have to comply with the Regulation (EU) No. 168/2013 of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles on manufacture and sale of eScooters.

The approval procedures may take longer than planned or we could not obtain approval at all. If more restrictive regulations are enacted, they could require us to modify our eScooters or even withdraw them from the market, which could involve significant costs and reduce our net revenue.

In addition, our new products must comply with applicable regulations in each jurisdiction in which we operate or plan to operate in the future. Therefore, we must be familiar with all relevant laws and restrictions in such countries, particularly also outside the EU, all of which are subject to change. Applicable regulatory provisions in the EU for instance include, *inter alia*, that vehicle manufacturers shall equip their vehicles with designated features to prevent tampering of a vehicle's powertrain, ensure functional safety throughout the normal life of the vehicle and minimise the impact on the environment.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.3 Our compliance and risk management systems may prove to be inadequate, and we may incur significant costs in establishing and maintaining them.

Our compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks. In connection with our business operations, we must comply with a broad range of legal and regulatory requirements in numerous jurisdictions and local operational business processes, particularly relating to sales practices.

Given the current business operations we have not yet established comprehensive compliance and risk management systems required for a listed company. While we have established compliance and risk management systems that support our current operational business processes, help to address compliance with legislative provisions and, where necessary, initiate appropriate countermeasures to misconduct, there can be no assurance that our internal controls and compliance systems are adequate to address all applicable risks in every jurisdiction.

We have also not yet put in place a comprehensive set of policies intended to prevent direct or indirect acts of corruption, bribery, anti-competitive behaviour, money laundering, fraud, tax evasion and other criminal or otherwise unacceptable conduct. Once implemented, such policies may still be insufficient or individual employees may not adhere to the letter or spirit of the policies. Members of the Company's supervisory board (*Aufsichtsrat*) (the "**Supervisory Board**") or its managing board (*Vorstand*) (the "**Management Board**") or members of the governing bodies of other Group companies as well as employees, authorised representatives, agents or resellers may intentionally or unintentionally violate applicable laws and internal policies, standards and procedures. We may not be able to timely identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, our compliance and risk management systems may not be appropriate for our size and complexity or may otherwise fail for various reasons.

The occurrence of any of these risks may result in reputational loss and materially adverse legal consequences, such as debarment, the imposition of fines or sanctions and penalties on us or the members of our governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal

consequences, including civil and criminal penalties. The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

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

The sale and use of our products involves a risk of product liability and warranty claims. We are exposed to product liability and warranty claims in the normal course of business in the event that our products that we have manufactured or assembled and sold, have failed or have allegedly failed to perform as expected or the use of our products results, or is alleged to result, in bodily injury, death or property damage. Such claims may arise from risks associated with the use or misuse of our eScooters (including the battery pack) and also arise in all jurisdictions we were, are and prospectively will be active in and our eScooters are sold.

Furthermore, we may become subject to other proceedings alleging violations of due care, safety provisions and claims arising from breaches of contract or fines imposed by government or regulatory authorities in relation to our products and services. Any such lawsuits, proceedings and other claims could result in significant costs, including the cost of defending against these claims or making damage-based compensatory payments. In addition, under certain circumstances, any such issues could give rise to an investigation by regulatory authorities, which could result in the need for remedial action such as a product recall requiring the repair or replacement of the products or even a prohibition of future sales. The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.5 Our warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance.

Our warranty reserves could be inadequate to cover future warranty claims on our eScooters. We provide a two year warranty with every eScooter. We record and adjust warranty reserves based on changes in estimated costs and actual warranty costs. However, we have limited operating experience with our eScooters, and therefore limited experience with warranty claims for these eScooters or with estimating warranty reserves. We could in the future become subject to a significant and unexpected warranty expense. There can be no assurance that our existing warranty reserves will be sufficient to cover all claims or that our limited experience with warranty claims will adequately address the needs of our customers to their satisfaction. The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.6 We may face regulatory limitations on our ability to sell eScooters directly or over the Internet which could materially and adversely affect our ability to sell our eScooters.

We sell our eScooters from our HappyScooter stores as well as online. We may not be able to sell our eScooters through this sales model worldwide as many countries, in particular in the US, have laws that may be interpreted to prohibit Internet sales by manufacturers to residents of the country or to impose other limitations on this sales model, including laws that prohibit manufacturers from selling eScooters directly to consumers without the use of an independent dealership or without a physical presence in the respective country or subnational jurisdiction.

While we have performed an analysis of the principal laws in the countries of the European Union in which we operate relating to our distribution model and believe we comply with such laws, we have not performed a complete analysis in all international jurisdictions in which we may sell eScooters. Accordingly, there may be laws in jurisdictions we have not yet entered or laws we are unaware of in jurisdictions we have entered that may restrict our eScooter sales practices or other business practices, for example applicable sales restrictions in the US. Even if we are not already physically present there, we may receive orders via the Internet from these jurisdictions. Also for those jurisdictions we have analysed, the laws in this area can be complex, difficult to interpret and may change over time.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.7 We may need to defend ourselves against patent or trademark infringement claims, which may be time-consuming and would cause us to incur substantial costs.

Companies, organisations or individuals, including our competitors, may hold or obtain patents, trademarks or other proprietary rights that would prevent, limit or interfere with our ability to make, use, develop or sell our eScooters or components, which could make it more difficult for us to operate our business. From time to time, we may receive inquiries from holders of patents or trademarks inquiring whether we infringe their proprietary rights. Companies holding patents or other intellectual property rights relating to battery packs, electric motors or

electronic power management systems may bring suits alleging infringement of such rights or otherwise asserting their rights and seeking licences. In addition, if we are determined to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease selling, assembling or using eScooters that incorporate the challenged intellectual property;
- pay substantial damages;
- obtain a licence from the holder of the infringed intellectual property right, which licence may not be available on reasonable terms or at all; or
- redesign our eScooters.

In the event of a successful claim of infringement against us and our failure or inability to obtain a licence to the infringed technology, our business, financial condition, cash flows, results of operations and prospects could be materially adversely affected. In addition, any litigation or claims, whether or not valid, could result in substantial costs and diversion of resources and management attention.

We do not licence patents and other intellectual property other than for the Schwalbe brand name, but we rely that Bosch and any other of our suppliers do not infringe patents of third parties. We may face claims that their use of this in-licensed technology infringes the rights of others. In that case, we may be prevented from reselling our eScooters with components from our suppliers that infringe third-party patents. Although we may seek indemnification from our suppliers, our rights to indemnification may be unavailable or insufficient to cover our costs and losses.

The German Employees Inventions Act (*Gesetz über Arbeitnehmererfindungen*) (the "**ArbnErfG**") recognises the inventor's right to claim compensation for his or her inventions from the employer. The ArbnErfG captures all inventions made during the course of employment and applies to patentable inventions, utility models and suggestions for technical improvements which are not registerable. Claims brought against us under the ArbnErfG, if successful, could have materially adverse effects on our business, financial condition, results of operations and prospects.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.8 Our business will be adversely affected if we are unable to protect our trademark or licenced rights from unauthorised use or infringement by third parties.

Any failure to protect our trademark rights adequately could result in our competitors offering similar products under similar brand names, e.g. GOVECS, Schwalbe, Elly and ELMOTO potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue which would adversely affect our business, financial condition, cash flows, results of operations and prospects.

Existing trademarks and trade secret laws and confidentiality agreements afford only limited protection. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as do the laws of Germany or the regulations in the European Union, and policing the unauthorised use of our intellectual property is difficult.

Our right to use the designation "Schwalbe" or "eSchwalbe" as product mark, corporate mark and as domain is granted by a licence to us. The licence agreement has an initial term until 31 December 2025 and can be extended for ten additional years under certain provisions. Notwithstanding that, the agreement can be terminated by both parties for cause without previous notice with immediate effect. Should this licence agreement expire, not be extended or terminated, this would mean that we would not be allowed to continue producing, selling and marketing our Schwalbe eScooter under this brand name.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.9 We retain certain personal information about our customers and are subject to various privacy and consumer protection laws.

We use our eScooters' electronic systems to log information about each eScooter's use in order to aid us or our customers in eScooter diagnostics, repair and maintenance, as well as to help us collect data regarding our customers' charge time, battery usage, mileage and efficiency habits. Our customers may object to the use of this data, which may harm our business. Possession and use of our customers' personal information in conducting our business may subject us to legislative and regulatory burdens in the EU, e.g. the newly implemented EU General Data Protection Regulation (Regulation (EU) 2016/679; "**GDPR**"), and other foreign jurisdictions that could

require notification of data breach, restrict our use of such personal information and hinder our ability to acquire new customers or market to existing customers.

In our B2S business line in particular, we also use the connectivity solutions to collect vehicle-related data and information about the usage and driving behaviour of the eScooters used by our customers as well as about the location (via GPS) and thus personal data and intend to increase the amount of non-personalised data to be collected by us. We use the collected data for our own purposes, e.g. in further developing our eScooters. In the future, we may also obtain personal data from our end customers in our B2C business line. To this end, we will need to take stronger and more extensive measures to ensure the protection of the personal data in future, particularly to be in line with GDPR and information and to inform customers about the use of their data. This will require increased efforts and we will have to spend financial resources and staff on this.

We may incur significant expenses to comply with privacy, consumer protection and security standards and protocols imposed by law, regulation, industry standards or contractual obligations. If third parties improperly obtain and use the personal information of our customers, we may be required to expend significant resources to resolve these problems. A major breach of our network security and systems could have serious negative consequences for our businesses and future prospects, including possible fines, penalties and damages, reduced customer demand for our eScooters. The materialisation of the risk described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.10 We may be exposed to export restrictions due to changing export control regulations or trade sanctions.

We may be affected by export control regulations or trade sanctions imposed by the EU or by other states in which we operate, plan to operate or in which customers or suppliers are located (see also "*1.1.14 We face risks associated with our European and future international operations, including unfavourable regulatory, political, tax and labour conditions, which could harm our business.*"). In particular, certain supply items or products might be subject to export control under EU law. The export of such goods to destinations outside the EU requires a permit that might be withheld by the competent national authorities. In addition, we may be affected by trade sanctions that prohibit the import or export of certain items from specific countries under international or domestic law or increase the costs of our eScooters for customers due to punitive tariffs and we may be unable to attract new customers.

1.2.11 We are subject to various environmental laws and regulations that could impose substantial costs upon us and cause delays in building our manufacturing facilities.

As an eScooter manufacturer, we and our operations are subject to national, state, provincial and/or local environmental laws and regulations, including laws relating to the use, handling, storage, disposal and human exposure to hazardous materials. Environmental and health and safety laws and regulations can be complex, and we expect that our business and operations will be affected by future amendments to such laws or other new environmental and health and safety laws which may require us to change our operations, potentially resulting in a negative effect on our business. These laws can give rise to liability for administrative oversight costs, clean-up costs, property damage, bodily injury and fines and penalties. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations may result in substantial fines and penalties, third party damages, suspension of production or a cessation of our operations.

Contamination at properties operated by us, as well as at properties we will own and operate, and properties to which hazardous substances were sent by us, may result in liability for us under environmental laws and regulations, which can impose liability for the full amount of remediation-related costs without regard to fault, for the investigation and clean-up of contaminated soil and ground water, for building contamination and impacts to human health and for damages to natural resources. The costs of complying with environmental laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future, could have a material adverse effect on our financial condition or results of operation. We may face unexpected delays in obtaining the necessary permits and approvals required by environmental laws in connection with our planned manufacturing facilities that could require significant time and financial resources and delay our ability to operate these facilities. The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.2.12 Our and our shareholders' tax burden could increase due to changes in tax laws or their application or interpretation, or as a result of current or future tax audits.

Our and our shareholders' tax burden is dependent on certain aspects of the tax laws across several different jurisdictions and their application and interpretation. Changes in tax laws or in their interpretation or application, including an amendment of the taxation of a dividend distribution or a capital gain, could increase our tax burden.

We are currently being audited by tax authorities both in Germany and in Poland. In Germany, we are currently subject to a tax audit pertaining to corporate income tax (*Körperschaftsteuer*), capital gains tax (*Kapitalertragsteuer*), value added tax (*Umsatzsteuer*), trade tax (*Gewerbesteuer*) and the determination of loss carryforwards and the tax deposit account for the financial years 2013, 2014 and 2015, in relation to value added tax (*Umsatzsteuer*) also for the year 2017. In Poland, we are currently subject to a regular tax audit for the financial year 2016 pertaining to corporate tax and the transfer pricing documentation. In addition, we are subject to a tax audit pertaining to value added tax regarding the financial year 2018. As a result, the tax authorities could revise our original tax assessments which might materially increase our tax burden (including potential interest and penalty payments) or to a loss of our tax carryforwards in Germany or Poland. Generally, current or future tax audits or other review actions of the relevant financial authorities could lead to the assessment of additional taxes (for example, in connection with acquisitions and restructuring measures as well as the attribution of profits among our German permanent establishments (*i.e.* our HappyScooter stores)), which could lead to an increase in our tax obligations. This could also include interest and penalty payments or social security payments, either as a result of the relevant tax payment being assessed directly against us or as a result of us becoming liable for the relevant tax as a secondary obligor due to the primary obligor's (such as, for example, an employee) failure to pay.

In addition, due to our international focus, we are exposed to tax risks, in particular with regard to the so-called transfer pricing rules that apply in several jurisdictions, and in relation to cross-border business relationships. Pursuant to such rules, related enterprises are obligated to conduct any inter-company transactions on conditions which would also apply among unrelated third parties concluding comparable agreements (so-called "arm's length principle") and to provide sufficient documentation thereof, subject to the rules applicable to them in the relevant jurisdiction. Although it is our view that our inter-company transactions comply with applicable transfer pricing laws, it cannot be excluded that the tax authorities will challenge this view. The occurrence of any of the foregoing circumstances could have an adverse effect on our business results or financial condition.

1.2.13 Changes in accounting standards could have a material adverse effect on the Group's result of operations and financial position.

Our consolidated financial statements are issued in accordance with International Financial Reporting Standards as adopted in the European Union (IFRS). New or changed accounting standards which entails a change of how revenue is to be recognised and evaluated, and the amended IFRS 16, which will no longer distinguish between finance leases and operating leases, may lead to adjustments in the relevant accounting positions which could have a material adverse effect on our business, financial condition cash flows, results of operations and prospects.

1.3 Risks Related to our Shareholder Structure, the Shares and the Offering

1.3.1 Following the offering, our existing shareholders will retain a significant interest in the Company and their interests may conflict with those of the Company's other shareholders.

Following the successful completion of this offering (assuming full placement of all Offer Shares and full exercise of the greenshoe option), our existing shareholders, in particular Dquadrat Equity Partner GmbH ("**Dquadrat**"), will continue to own approximately 38.18 %, with 30.52 % attributable to Dquadrat, of the outstanding share capital of the Company. Dquadrat and its (indirect) controlling majority shareholder, Mr. Albert Dürr, can therefore still exercise considerable influence over our operations and business strategy. The interests of our existing shareholders may be different from our interests or those of other shareholders. The remaining stake of our existing shareholders may have the effect of making certain transactions more difficult or impossible without the support of our existing shareholders, and may have the effect of delaying, postponing or preventing certain major corporate actions, including a change of control in the Company, and could thus prevent mergers, consolidations, acquisitions or other forms of combination that might be advantageous for other shareholders.

The materialisation of any of the risks described above could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.3.2 We do not expect to pay any dividends in the foreseeable future.

We have not yet paid any dividends to our shareholders and do not currently intend to pay dividends in the foreseeable future. Under the German corporate law, a company may only pay dividends if it has unappropriated retained earnings in its unconsolidated financial statements prepared in accordance with the generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Certain reserves must be established by law and have to be deducted when calculating the distributable profit. Our ability to pay dividends therefore depends upon, among other things, our results of operations, financing and investment requirements, as well as the availability of distributable profit. In addition, our future financing arrangements may contain, covenants which

impose restrictions on its business and on its ability to pay dividends under certain circumstances. In particular, the ability to pay dividends may be impaired if any of the risks described in this section "I. Risk Factors" were to occur. Any of these factors, individually or in combination, could restrict our ability to pay dividends. Even if we were able to pay dividends, we currently do not intend to propose the distribution of dividends to our general shareholders' meetings in the foreseeable future. Therefore, investors cannot expect to receive a partial return on their investment in Offer Shares through dividend payments. This may result in the return on investments in the Shares by a prospective investor being limited.

1.3.3 *The Shares have not been previously publicly traded, and there is no guarantee that an active and liquid market for the Shares will develop.*

Prior to this Offering, there has been no public offering of or public trading in the Shares of GOVECS. There can be no assurance that an active, liquid trading market for the Shares will develop or be sustained following the listing of the Shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**"). The price of the Offer Shares will be determined on the basis of a book-building procedure. The price for the Offer Shares determined and established in this manner may not correspond to the price at which the Shares will be traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) after the Offering. Active trading in the Shares might not develop or continue after the Offering. If fewer than all Offer Shares are sold, the free float and thus the liquidity of the Offer Shares after the Listing will be lower, which may have an additional adverse effect on investors' ability to trade the Shares. Investors may not be in a position to sell their Shares quickly or at all or at the market price if there is no active trading in the Shares. If an active market for the Shares does not develop after the Listing, the liquidity and market price of the Shares may be adversely affected.

1.3.4 *We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to additional compliance initiatives and to additional legal, regulatory and administrative requirements. If we fail to comply with these requirements, we will possibly damage our reputation and may dissuade investors from investing in the Offer Shares.*

The Company's management team has only limited experience in managing a publicly-traded company and complying with the increasingly complex laws pertaining to public companies. As a public company whose shares are listed on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the sub-segment with additional post-admission obligations (Prime Standard), we will incur significant accounting, legal and other expenses that we did not incur as a private company. In particular, we will be required to issue half-year interim financial statements as well as quarterly interim reports (*Quartalsmitteilungen*) and will incur other significant costs associated with its compliance with the public company reporting requirements of the German Securities Trading Act (*Wertpapierhandelsgesetz*), the Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse ("**MAR**"), the German Stock Exchange Act (*Börsengesetz*) and the Stock Exchange Regulation of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*). Compliance with these rules and regulations will increase our legal and financial compliance costs, introduce new costs (including stock exchange listing fees and costs related to investor relations and shareholder reporting), and make certain activities more time consuming and costly. It also might make it more difficult for us to obtain director and officer liability insurance at reasonable costs and we may incur substantial costs to maintain sufficient insurance coverage. Our management team might not successfully or efficiently manage the transition to being a public company that is subject to significant regulatory oversight and reporting obligations under applicable laws and regulations. These new obligations will require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies generally, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us which could have an adverse effect. We cannot predict or estimate the amount or timing of additional costs we may incur

in the future to respond to these continually evolving requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our Supervisory or Management Board or in other senior management positions.

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

Following completion of the Offering, the share price and trading volume may be subject to substantial fluctuations, especially as the result of the following: (i) changes in the actual or forecast operating results of us or our competitors; (ii) changes in the profit forecasts or failure to meet profit expectations of investors and securities analysts; (iii) one or more of the analysts who cover us downgrade their recommendation concerning our Shares; (iv) one or more such analysts cease coverage of us or fail to regularly publish reports on us, resulting in a decreasing visibility of the Company in the market; (v) assessments by investors with regard to the success and the effects of the Offering and the strategy described in this Prospectus as well as the assessment of the related risks; (vi) changes in general economic conditions; or (vii) changes in the shareholder structure as well as other factors. Furthermore, external factors such as changing demand in the e-mobility market, monetary or interest rate policy measures by central banks, regulatory changes or other external factors, seasonal influences or unique events can impact the sales and the earnings and lead to fluctuations in the price and the trading volume of our Shares.

1.3.6 The Offering might not take place, and investors could lose security commissions already paid and bear the risk of not covering any short sales of the Shares.

The underwriting agreement entered into by the Company, the Selling Shareholder (also in its capacity as Lending Shareholder) and the Joint Global Coordinators (the "**Underwriting Agreement**") provides that the obligations of the Joint Global Coordinators are subject to conditions, including, among other things, the conclusion of a pricing agreement, and also provides that the Joint Global Coordinators may terminate the Underwriting Agreement under certain circumstances even after the commencement of trading (*Handelsaufnahme*) of the Shares. In the event of a termination of the Underwriting Agreement, the Offering will not take place. Any allotments of Shares to investors which have already occurred will be invalid, and investors will not have any claim to a delivery of those Shares. Any claims in respect of security commissions and costs incurred in connection with the subscription by an investor will be based solely on the legal relationship between the investors and the institution to which they submitted their purchase orders. Investors who have made short sales bear the risk that they will not be able to satisfy their obligations to deliver the Shares.

1.3.7 An investment in the Shares by an investor whose principal currency is not the Euro may be negatively affected by exchange rate fluctuations.

The Shares are, and any dividends to be paid in respect of the Shares will be, denominated in Euro. An investment in the Shares by an investor whose principal currency is not the Euro exposes the investor to foreign currency exchange rate risk. Any depreciation of the Euro in relation to an investor's principal currency will reduce the value of the investment in the Shares or any dividends in relation to such currency and could lead to a loss of substantial parts of the investment.

1.3.8 Future offerings of equity securities by the Company or the existing shareholders could adversely affect the market price of the Shares, and future capitalisation measures could substantially dilute the interests of those shareholders who were already invested in our Company prior to possible future offerings.

Assuming the placement of 6,250,000 New Shares, 300,000 Sale Shares and 982,500 Over-Allotment Shares at the mid-point of the Price Range of EUR 11.00 per Offer Share and exercise of the Greenshoe Option with regard to the number of Shares corresponding to the number of Over-Allotment Shares sold in the Offering, the existing shareholders, which currently hold all Shares in the Company, will continue to hold approximately 38.18 % of the share capital of the Company. Future substantial sales of Shares by the existing shareholders, or by the Company itself, or the mere perception that such sales might occur, may have a material adverse effect on the price of the Shares. The existing shareholders have undertaken vis-à-vis the Joint Global Coordinators that for a period ending twelve months after the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) they will not inter alia directly or indirectly, dispose of any of their Shares. However, should the existing shareholders take such actions – with or without the Joint Global Coordinators' consent – or should the market come to the conclusion that such events might happen, this could have a material adverse effect on the price of the Shares. The same applies if other groups of large shareholders make sales or enter into similar transactions with respect to a substantial number of the Shares in the market, or if the market believes that such

sales or similar transactions might occur. Such sales or similar transactions could also make it more difficult for the Company to issue new Shares in the future at a time and price that the Company deems appropriate.

However, after the Company's lock-up of six months after the first day of trading of the Shares on the Frankfurt Stock Exchange we may require further capital in the future to finance our business operations and research and development. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds could adversely affect the market price of the Shares and would dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions may not be able to acquire and/or exercise any subscription rights due to local laws. Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as a potential exercise of stock options and the issuance to our employees in the context of possible future stock option programs, could lead to a dilution of the economic and voting interests of shareholders who were already invested in our Company prior to possible future offerings. Furthermore, a proposal to the general shareholders' meeting to take any of the abovementioned measures, with dilutive effects on existing shareholders, or any other announcement of such proposal, could adversely affect the market price of the Shares. In addition, the Offering's price may imply an equity value which is higher than the equity recognised in the statement of financial position. There is no guarantee that this higher enterprise value can actually be realised in future sales of our shares.

1.3.9 *Our management will have broad discretion over the use of the proceeds we receive in the Offering and might not apply the proceeds in ways that increase the value of the investment in our Shares.*

Our management will have broad discretion over the use of our net proceeds from the Offering, and investors will be relying on the judgment of our management regarding the application of these proceeds. Our management might not apply our net proceeds in ways that ultimately increase the value of your investment. We expect to use the net proceeds from the Offering to fund an increase in our production capacity and depth, e.g. building a new production facility in Poland, to expand our existing product and service portfolio, e.g. by expansion of the variety of our product portfolio and development of new product models, and for possible acquisitions, to fund strategic initiatives in the B2D and B2C business line, e.g., by building storage capacity for ready-to-ship eScooters and spare parts, and to enter the B2C market, e.g. by investing into HappyScooter stores. Our management might not be able to yield a significant return, if any, on any investment of these net proceeds. Investors will not have the opportunity to influence our decisions on how to use our net proceeds from the Offering.

1.3.10 *If analysts do not publish research or reports about us or if they downgrade their recommendation with regard to the Company's shares, the share price or trading volume could decline.*

The trading market for the Shares will be influenced by equity research and reports that industry or security analysts publish about the Company after the Offering. We do not control these analysts or the contents of such publications. If one or more of the analysts who cover the Company downgrade their recommendation with regard to the shares, the price of the shares would likely decline. In addition, if one or more of these analysts cease coverage of the Company or fail to regularly publish reports on it, the Company could lose visibility in the market, which could, in turn, cause the trading volume in the shares or the price of the shares to decline.

1.3.11 *In case not all of the Offer Shares can be placed with investors, the Offering may not be implemented in full which may negatively affect the growth prospects of the Company and/or the liquidity of the shares in the market.*

This Offering relates to 7,532,500 ordinary bearer shares consisting of 6,250,000 New Shares, 300,000 Sale Shares and 982,500 Over-Allotment Shares. There is no guarantee that all of the Offer Shares will eventually be placed with investors. If the amount of the New Shares placed with investors is significantly lower, resulting in lower net proceeds than envisaged, the Company may not be able to fund certain of the investments for which it intends to use the proceeds from this Offering in full or at all which may affect the Company's growth strategy. In addition, if the overall placement volume is significantly lower than the number of the Offer Shares which form the subject matter of the Offering, the free float will be significantly lower than the percentage stated above, which may have a material adverse effect on the tradability of the shares and on the shareholder structure of the Company.

The materialisation of any of the above risks could have a material adverse effect on the value of the shares of the Company

2. GENERAL INFORMATION

2.1 Responsibility Statement

GOVECS AG, with its registered office at Grillparzerstr. 18, 81675 Munich, Germany, (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**" or "**GOVECS**" or "**we**", "**our**", or "**us**") a stock corporation (*Aktiengesellschaft*) organised under German law and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany (the "**Commercial Register**"), under number HRB 242887, together with Bankhaus Lampe KG, Jägerhofstr. 10, 40479 Düsseldorf, Germany ("**Bankhaus Lampe**") and COMMERZBANK Aktiengesellschaft, Kaiserplatz, 60311 Frankfurt am Main, Germany ("**COMMERZBANK**", together with Bankhaus Lampe, the "**Joint Global Coordinators**" or the "**Joint Bookrunners**") assume responsibility for the contents of this Prospectus pursuant to Section 5 para. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), and declare that the information contained in this Prospectus is, to the best of their knowledge, correct and contains no material omissions.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**Member States**").

The information in this Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of this Prospectus but before the completion of the public offering or admission of the securities to trading, whichever is later. These updates must be disclosed in a prospectus supplement in accordance with Section 16 para. 1 sentence 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*).

2.2 Purpose of this Prospectus

This Prospectus relates to the public offering of 7,532,500 ordinary bearer shares of the Company with no-par value (*auf den Inhaber lautende Stückaktien*) consisting of:

- 6,250,000 newly issued ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) resulting from a capital increase against contribution in cash (the "**IPO Capital Increase**") resolved by the extraordinary general shareholders' meeting with exclusion of subscription rights for existing shareholders on 12 September 2018 (the "**New Shares**");
- 300,000 existing ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) (the "**Sale Shares**") from the holdings of Dquadrat Equity Partner GmbH (the "**Selling Shareholder**"); and
- 982,500 existing ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) from the holdings of Dquadrat Equity Partner GmbH (the "**Lending Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**" and, together with the New Shares and the Sale Shares, the "**Offer Shares**").

For the purposes of the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) this Prospectus relates to:

- up to 6,250,000 New Shares; and
- 5,934,156 existing ordinary bearer shares of the Company (*auf den Inhaber lautende Stückaktien*) (the Company's entire share capital prior to the IPO Capital Increase) each with a notional value of EUR 1.00 in the share capital and entitlement to full dividend rights as of and for the financial year beginning 1 January 2018.

2.3 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 at the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on future earnings capacity, plans and expectations regarding the Company's business growth and profitability, and the general economic conditions to which the Company is exposed. Statements made using words such as "predicts," "forecasts," "plans," "endeavours" or "expects" may be an indication of forward-looking statements.

Forward-looking statements relate, *inter alia*, to:

- The implementation of our strategic plans and the impact of these plans on our business, financial position, cash flows and results of operations;
- Our expectations regarding the impact of economic, operating, legal and other risks affecting our business; and
- Other statements relating to our future business performance and general economic, regulatory and market trends and other circumstances relevant to our business.

The forward-looking statements in this Prospectus are subject to 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 the actual results, including the financial condition and profitability of the Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections entitled "*1. Risk Factors*", "*10. Profit Forecast*", "*11. Industry*", "*13. Business*" and "*22. Recent Developments and Outlook*", and wherever information is contained in the Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which the Company is subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus might not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (see "*—2.4 Sources of Market Data*") for more information on the third-party sources used in this Prospectus). Actual results, performance or events may differ materially from those in such statements.

Investors should therefore ensure that they have read the sections of the Prospectus "*1. Risk Factors*", "*8. Selected Consolidated Financial Information*", "*9. Management's Discussion and Analysis of Financial Condition and Results of Operations—9.2 Key Factors Affecting Results of Operations*", "*11. Industry*", "*13. Business*" and "*22. Recent Developments and Outlook*", which include more detailed descriptions of factors that might influence our business performance and the markets in which we operate.

The forward-looking statements contained in the Prospectus speak only as at the date of this Prospectus. It should be noted that neither the Company nor any of the Joint Global Coordinators assume any obligation and do not intend, except as required by law, to publicly release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or to adjust them in line with future events or developments. See "*1. Risk Factors*" for a further description of some of the factors that could influence our forward-looking statements.

2.4 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 Group's business and markets. The Group operates in industries and market segments for which it is difficult to obtain precise industry and market information. In addition, due to the breadth of the Group's business with sales activities in numerous geographic markets comparable third-party market and industry information is not available across all of the Group's geographic markets. Unless otherwise indicated, such information is based on the Company's own analysis of multiple sources, including information obtained from clients, industry publications or reports. 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.

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 the Company nor the Joint Global Coordinators have independently verified and, irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Joint Global Coordinators (see "*—2.1 Responsibility Statement*"), cannot give any assurance as to the accuracy of market data contained in this Prospectus that were extracted or derived from third-party sources. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such market data and statistics are based on market research, which itself is based on sampling and subjective judgements by both

the researchers (including the Company) and the respondents, including judgements about what types of products and transactions should be included in the relevant market. Accordingly, there can be no assurance that a third party using different methodologies or sources would not arrive at different results from the Company's analysis presented in this Prospectus.

As a result, prospective investors should be aware that the forecasts, statistics, data and other information relating to the Group's markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and markets in this Prospectus may not be reliable indicators of the Group's future results of operations or business performance.

The information provided in this Prospectus on the market environment, market developments, growth rates, market trends and on the competitive situation in the markets and segments in which the Group operates is based (to the extent not otherwise indicated) on the Company's 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. Such assessments can differ from assessments made by competitors of the Group or from future market studies conducted by market research institutes or other independent sources.

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

- Berliner Zeitung, Still und Heimlich: Der Siegeszug der Elektroroller in Berlin, dated 16 July 2018, <https://www.berliner-zeitung.de/wirtschaft/still-und-heimlich-der-siegeszug-der-elektroroller-in-berlin-30962786>, ("**Berliner Zeitung, 16 July 2018**"), last visited 20 July 2018;
- Bloomberg New Energy Finance, Electric Vehicles to Accelerate to 54 % of New Car Sales by 2040, dated 6 July 2017, <https://about.bnef.com/blog/electric-vehicles-accelerate-54-new-car-sales-2040/>, ("**BloombergNEF, Electric Vehicle to Accelerate**"), last visited on 13 July 2018;
- Cityscoot, Cityscoot entend confirme son leadership, dated 26 April 2018, <https://www.cityscoot.eu/wp-content/uploads/2018/07/CP-Cityscoot-26-avril-2018.pdf>, ("**Cityscoot, 26 April 2018**"), last visited on 20 July 2018;
- Cooltra Motos S.L ("**Cooltra**"), Our history, <https://corporate.cooltra.com/en/about-cooltra/>, ("**Cooltra, Our history**"), last visited 8 August 2018;
- Electric Mobility Concepts GmbH ("**Emmy**"), Über uns – Company, <https://emmy-sharing.de/ueber-uns/company/>, ("**Emmy, Company**"), last visited 8 August 2018;
- European Association of Motorcycle Manufacturers ("**ACEM**"), Registrations in the European Union – 2017, Period January – December 2017, <https://www.acem.eu/market-data>, ("**ACEM Registration 2017**"), last visited on 13 July 2018;
- ACEM, Registrations in the European Union – 2018, Period January – December 2018, <https://www.acem.eu/item/541-motorcycle-registrations-in-the-eu-up-by-7-1-during-the-first-half-of-2018>, ("**ACEM Registration 2018**"), last visited on 8 August 2018;
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Any websites referred to in this Prospectus are for information purposes only and do not form part of the Prospectus.

2.5 Documents Available for Inspection

For the period during which this Prospectus is valid, the following documents will be available for inspection during regular business hours at the Company's offices at Grillparzerstr. 18, 81675 Munich, Germany, and, such documents are also available on the Company's website (www.govecs.com):

- the Company's articles of association (the "**Articles of Association**");
- audited consolidated financial statements of the Company prepared in accordance with the International Financial Reporting Standards as adopted in the European Union ("**IFRS**") for the financial years ended 31 December 2017, 31 December 2016, 31 December 2015 (together, the "**Audited Consolidated Financial Statements (IFRS)**");
- the audited annual financial statements (HGB) for the financial year ended 31 December 2017 (the "**Audited Annual Financial Statements (HGB)**"); and
- the unaudited interim consolidated financial statements as at and for the six-month period ended 30 June 2018, prepared in accordance with IFRS (the "**Unaudited Interim Consolidated Financial Statements (IFRS)**").

Future annual and interim financial statements of the Company will be available on the Company's website (www.govecs.com) and at the Company's office (Grillparzerstr. 18, 81675 Munich, Germany) and from the German Company Register (*Unternehmensregister*) (www.unternehmensregister.de). Annual financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

2.6 Note on Financial Information and Information on Currencies

2.6.1 Financial Information

The financial information contained in the Prospectus is taken or derived from the Audited Consolidated Financial Statements (IFRS), Unaudited Interim Consolidated Financial Statements (IFRS) and the Audited Annual Financial Statements (HGB), which are included in section "24. Financial Section". The Audited Consolidated 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*).

Unless otherwise indicated, the term "financial year" refers to a financial year of the Company, *i.e.*, a financial year beginning on 1 January, in a given calendar year and ending on 31 December of the same calendar year.

The Company has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Ganghoferstraße 29, 80339 Munich, Germany ("**KPMG**"), as its auditor for the Audited Consolidated Financial Statements (IFRS) and the Audited

Annual Financial Statements (HGB). KPMG is a member of the Chamber of Public Accountants (*Wirtschaftsprüferkammer K. d.ö.R.*), Berlin, Germany.

The Audited Consolidated Financial Statements (IFRS) and the Audited Annual Financial Statements (HGB) were audited by KPMG, as stated in their qualified auditor's report (*Bestätigungsvermerk*) on the Audited Consolidated Financial Statements (IFRS) and the unqualified German language auditor's report (*Bestätigungsvermerk*) on the Audited Annual Financial Statements (HGB).

For further details on the financial information in this Prospectus, see "8. *Selected Consolidated Financial Information*" and "9. *Management's Discussion and Analysis of Financial Condition and Results of Operations*".

2.6.2 Information on currencies

The amounts set forth in this Prospectus in "EUR" refer to the single currency of the participating member states in the third stage of the Economic and Monetary Union pursuant to the Treaty on the Functioning of the EU. The amounts in USD refer to the legal currency of the United States of America. The amounts in "PLN" refer to the legal currency of the Republic of Poland. Fluctuations in the exchange rate between EUR and USD or EUR and PLN will affect the amounts received by owners of the shares in such other currencies upon conversion of dividends, if any, paid in Euro on the shares.

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

2.6.3 Note regarding figures and technical terms

Numerical figures contained in the 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 technical and financial terms and abbreviations used in the Prospectus is provided at the end of the Prospectus under the heading "23. *Glossary*".

2.6.4 Alternative performance measures

This Prospectus contains certain alternative performance measures, which are non-IFRS financial measures and ratios that our management uses, including EBIT, EBITDA, Adjusted EBIT, Net capex, Net debt and Working Capital that are not required by, or presented in accordance with, IFRS (for further information see section "8. *Selected Consolidated Financial Information—8.4 Non-IFRS Financial and Operating Measures*")

3. THE OFFERING

3.1 Subject Matter of the Offering

This Prospectus relates to the Offering of 7,532,500 ordinary bearer shares of the Company with no-par value (*auf den Inhaber lautende Stückaktien*), each such share representing a notional value of EUR 1.00 and with full dividend rights from 1 January 2018, consisting of:

- 6,250,000 New Shares;
- 300,000 Sale Shares; and
- 982,500 Over-Allotment Shares.

The Offering consists of (i) public offerings of the Offer Shares in the Federal Republic of Germany ("**Germany**") and the Grand Duchy of Luxembourg ("**Luxembourg**") (the "**Public Offering**") and (ii) private placements of the Offer Shares in certain other jurisdictions outside Germany, Luxembourg and the United States of America (the "**United States**") pursuant to Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended, (the "**Securities Act**") (the "**Private Placement**", and together with the Public Offering, the "**Offering**"). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

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

3.2.1 Price Range

The Offer Shares are offered for sale by the Joint Global Coordinators.

The price range set for the Offering within which purchase orders may be placed is between EUR 10.00 and EUR 12.00 per Offer Share (the "**Price Range**").

3.2.2 Offer Period

The period during which investors may submit purchase orders for the Offer Shares is expected to commence on 18 September 2018, and is expected to end on 27 September 2018 (the "**Offer Period**"). On the last day of the Offer Period, offers to purchase may be submitted (i) until 12:00 noon Central European Summer Time ("**CEST**") by retail investors and (ii) until 14:00 (CEST) by institutional investors. Purchase orders from private investors must be expressed in full Euro amounts or increments of 25, 50 or 75 cents. 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.

3.2.3 Changes of terms of the Offering

Subject to the publication of a supplement to this Prospectus, if required, the Company and the Joint Global Coordinators reserve the right, after consultation with the Selling Shareholder and the Lending Shareholder, to increase or decrease 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. Changes in the number of Offer Shares, changes to the Price Range or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If the number of Offer Shares, the Price Range and/or the Offer Period (collectively the "**Offering Terms**") is or are, as the case may be, changed, the change will be announced on the website of the Company (www.govecs.com) and be published via various media distributed across the entire European Economic Area ("**EEA**") (*Medienbündel*). To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to the Prospectus will be submitted to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") and published after being approved by the BaFin on the website of the Company (www.govecs.com). Any changes of the Offering Terms will also be published by way of a public disclosure via various media distributed across the entire European Economic Area (*Medienbündel*) via an electronic dissemination system, if required under Article 17 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) ("**MAR**") ("**Public Disclosure**"). Investors will not be notified individually. Under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that

have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders.

Under certain conditions, the Joint Global Coordinators may terminate the Underwriting Agreement, dated 17 September 2018, among the Company, the Selling Shareholder (also in its capacity as Lending Shareholder) and the Joint Global Coordinators, even after commencement of trading (*Aufnahme des Handels*) of the Shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations.

3.2.4 Determination of the Offer Price and the final number of Offer Shares to be placed, Allotment

Once the Offer Period has expired, the offer price of the Offering (the "Offer Price") and the final number of Offer Shares will be determined and established jointly by the Company, the Selling Shareholder and the Joint Global Coordinators using the order book prepared during the bookbuilding process. This is expected to take place on or about 27 September 2018. 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 book building process. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. This method of setting the number of shares that will be placed at the Offer Price is, in principle, aimed at maximising proceeds. Consideration will also be given to whether the Offer Price and the number of shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price, but also to the composition of the group of shareholders in the Company that would result at a given price, and expected investor behaviour. None of the Company, the Selling Shareholder, the Lending Shareholder, or the Joint Bookrunners will specifically charge any expenses and taxes related to the Offering to investors.

3.2.5 Publication of the Offer Price and the final number of Offer Shares

The final number of New Shares is expected to be published on 27 September 2018 by way of a Public Disclosure and on the Company's website (www.govecs.com). Investors that have submitted purchase orders through a Joint Global Coordinator are expected to be able to inquire as to the Offer Price and the number of Offer Shares that Joint Global Coordinator has allotted to them no earlier than the bank business day following the determination of the Offer Price. The Offer Shares allotted are expected to be delivered in book-entry form against payment of the Offer Price and of the customary securities commissions payable to the depositary banks one banking business day after Listing of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Trading may commence even before investors are notified of the number of Offer Shares they have been allotted. The Joint Global Coordinators, after consultation with the Company and the Selling Shareholder, reserve the right not to accept investors' orders, either in whole or in part.

3.3 Expected Timetable for the Offering

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

17 September 2018	<p>Approval of the Prospectus by the BaFin.</p> <p>Publication of the approved Prospectus on the Company's website (www.govecs.com).</p> <p>Notification of the approved Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (<i>Commission de Surveillance du Sector Financier</i> – "CSSF").</p> <p>Application for admission of the Shares to trading on the regulated market segment (<i>regulierter Markt</i>) of the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).</p>
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18 September 2018	Commencement of the Offer Period.
27 September 2018	End of the Offer Period at 12:00 noon (CEST) for retail investors and at 14:00 (CEST) for institutional investors. Determination of the Offer Price and number of Offer Shares to be placed. Publication of the Offer Price and number of New Shares, Sale Shares and Over-Allotment Shares by way of a Public Disclosure and on the Company's website (www.govecs.com).
28 September 2018	Application for registration of the implementation of the IPO Capital Increase in the Commercial Register (<i>Handelsregister</i>).
1 October 2018	Registration of the implementation of the IPO Capital Increase in the Commercial Register (<i>Handelsregister</i>). Approval of admission to the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) and publication of the approval of admission on the Frankfurt Stock Exchange's website (www.boerse-frankfurt.com).
2 October 2018	First day of trading in the Company's shares on the Frankfurt Stock Exchange.
4 October 2018	Book-entry delivery of the Offer Shares against payment of the Offer Price and customary securities commissions to the depositary banks (settlement and closing).

The Prospectus (and any supplements thereto) will be published following approval thereof by the BaFin on the Company's website at (www.govecs.com). In addition, copies of the printed Prospectus (and any supplements thereto) will be available at the Company's offices at Grillparzerstr. 18, 81675 Munich, Germany during regular business hours.

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

3.3.1 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 4 October 2018. The Offer Shares will be made available to investors as co-ownership interests (*Miteigentumsanteile*) in the respective global share certificate deposited with Clearstream.

3.3.2 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN):	DE000A2NB122
German Securities Identification Number (<i>Wertpapierkennnummer</i>) (WKN):	A2NB12
Ticker Symbol:	GES

3.4 Target market assessment

Each distributor is responsible for undertaking its own target market assessment with respect to the Shares and determining appropriate distribution channels. The Offer Shares have been subject to a product approval process, without assuming any responsibility or liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements as defined below) may otherwise have with respect thereto, and solely for the purposes of the product governance requirements contained within:

- EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II");
- Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and

- German and Luxembourg implementing measures

(together, the "**MiFID II Product Governance Requirements**").

This product approval process has determined that such Offer Shares are:

- compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and
- eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Specifically, the criteria contained in the following sentence characterising the target market for shares in the Company have been identified. Target clients:

- include retail clients, professional clients and eligible counterparties;
- should be able and willing to carry losses of up to the total amounts invested;
- have a short-term, mid-term or long-term investment horizon;
- have an investment strategy focused on the overall accumulation of wealth and optimisation of wealth as well as disproportionate participation;
- possess basic knowledge and experience with respect to financial instruments; and
- have a sale strategy that includes execution only, non-advisory services, investment advisory services and asset management.

Notwithstanding the Target Market Assessment, distributors (within the meaning of the MiFID II Product Governance Requirements) should note that:

- the price of the Offer Shares may decline and investors could lose all or part of their investment;
- the Offer Shares offer no guaranteed income and no capital protection; and
- an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. For the avoidance of doubt, the Target Market Assessment does not constitute:

- an assessment of suitability or appropriateness of an investment in shares of the Company for the purposes of MiFID II; or
- a recommendation to any investor or group of investors to invest in, or purchase, sell or take any other action whatsoever with respect to the Shares.

3.5 Allotment Criteria

The allotment of the Offer Shares to retail and institutional investors will be decided by the Company after consultation with the Joint Global Coordinators.

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. With respect to retail investors, the Company and the Joint Global Coordinators 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*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as well as "professional clients" (*professionelle Kunden*) and "eligible counterparties" (*geeignete Gegenparteien*) under the German Securities Trading Act (*Wertpapierhandelsgesetz*) are not viewed as "private investors" within the meaning of the allotment rules. The details of the allotment procedure will be stipulated after expiration of the Offer Period and published in accordance with the allotment principles. For further information regarding allotment criteria see "*3.2.4 Determination of the Offer Price and the final number of Offer Shares to be placed, Allotment*".

3.6 Stabilisation, Over-Allotments and Greenshoe Option

In connection with the placement of the Offer Shares, COMMERZBANK will act as the stabilisation manager (the "**Stabilisation Manager**") and may, as Stabilisation Manager, and acting 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), make over-allotments and take stabilisation measures to support the market price of the Shares and thereby counteract any selling pressure.

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 aim at supporting the market price of the Shares during the Stabilisation Period. These measures may result in the market price of the Shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

Under the possible stabilisation measures, investors may, in addition to the New Shares and the Sale Shares, be allocated up to 982,500 Over-Allotment Shares as part of the allocation of the Offer Shares ("**Over-Allotment**"). For the purpose of such a potential Over-Allotment, the Stabilisation Manager, acting for the account of the Joint Global Coordinators, will be provided with 982,500 existing 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 and Sale Shares. The Lending Shareholder will grant the Joint Global Coordinators an option to acquire the Over-Allotment Shares at the Offer Price, less agreed fees and commissions (the "**Greenshoe Option**"), for the sole purpose of enabling the Stabilisation Manager to perform its redelivery obligation under the securities loan concluded with the Lending Shareholder. The Greenshoe Option may be exercised only during the Stabilisation Period.

The Stabilisation Manager, for the account of the Joint Global Coordinators, is entitled to exercise the Greenshoe Option to the extent Over-Allotments were made: The Stabilisation Manager is entitled to exercise this option during the Stabilisation Period even if such exercise follows any sale of shares by the Stabilisation Manager which the Stabilisation Manager had previously acquired as part of any stabilisation measures (so-called refreshing the shoe).

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

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

3.7 Lock-up Agreement, Limitations on Disposal

Under the Underwriting Agreement, the Company agreed with the Joint Global Coordinators that it will not, during a period ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (which is currently expected to take place on 2 October 2018), without the prior written consent of the Joint Global Coordinators (which consent shall not be unreasonably withheld or delayed):

- announce or effect an increase of the share capital of the Company out of authorised capital; or
- submit a proposal for a capital increase to any meeting of the shareholders for resolution; or
- 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;
- enter into a transaction or perform any action economically similar to those described above.

Under the Underwriting Agreement, the Selling Shareholder (also in its capacity as Lending Shareholder) agreed with the Joint Global Coordinators that during a period ending twelve months following the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) they will not without the prior written consent of the Joint Global Coordinators (which consent shall not be unreasonably withheld):

- offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell,

grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company or any other securities of the Company, including securities convertible into or exercisable or exchangeable for shares of the Company;

- enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares of the Company, whether any such transaction described in this clause or above is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise;
- make any demand for, or exercise any right with respect to, the registration under US securities laws of any shares of the Company or any security convertible into or exercisable or exchangeable for shares of the Company or any derivatives thereon;
- propose any increase in the share capital of the Company, vote in favour of such a proposed increase or otherwise support any 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 transaction or perform any action economically similar to those described above.

The lock-up for the Selling Shareholder shall not apply to (i) Shares in the Company disposed to members of its Management Board and its employees as well as to members of the management boards and employees of affiliated companies as part of the stock option plan (see "16. Description of Share Capital and Related Information—16.2 Stock Option Plan 2018"), (ii) transfers to affiliates of the Selling Shareholder, provided that such transferee(s) agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking and (iii) 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*).

Prince Invest GmbH, Mr. Thomas Grübel, Mr. Nicholas Holdcraft and, with regard to the shares potentially stemming from a conversion of a convertible bond held by him, Mr. Dirk Reiche have agreed in a separate lock-up agreement with the Underwriters to be bound by the same lock-up obligation as the Selling Shareholder. However, their lock-up obligation shall not apply to (i) transfers to their affiliates, provided that such transferee(s) agree(s) towards the Joint Global Coordinators to be bound by the same lock-up undertaking and (ii) disposals of shares of the Company within the framework of a public takeover bid pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

3.8 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company will apply for admission of the 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 17 September 2018. The listing approval (*Zulassungsbeschluss*) for the Shares is expected to be granted on 1 October 2018. Trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on 2 October 2018.

3.9 Designated Sponsors

COMMERZBANK and Bankhaus Lampe (the "**Designated Sponsors**") have been appointed as designated sponsors of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsors agreement between the Designated Sponsors and the Company, the Designated Sponsors will, among other things, place limited buy and sell orders for the Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Shares.

3.10 General and Specific Information on the Shares

3.10.1 Current and Future Share Capital; Form of the Shares

As at the date of this Prospectus, the share capital of the Company amounts to EUR 5,934,156.00 and is divided into 5,934,156 ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*) that have all been issued. The share capital has been fully paid up.

In connection with and for the purpose of the Offering, it is expected that the Company will issue up to 6,250,000 New Shares resulting from the IPO Capital Increase, resolved by the Company's extraordinary shareholders' meeting on 12 September 2018. Upon registration of the consummation of this capital increase with the Commercial Register (*Handelsregister*), the Company's outstanding share capital will amount to up to

EUR 12,184,156.00 and will be divided into up to 12,184,156 ordinary bearer shares with no-par value (*Stückaktien*). All Company's shares will be fully paid up.

3.10.2 Certification of the Shares

As at the date of this Prospectus, all of the Shares are ordinary bearer shares with no-par value (*auf den Inhaber lautende Stückaktien*). The Shares will be represented by one or more global share certificates (the "**Global Share Certificates**"), which will be deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**").

3.10.3 Voting Rights

Each Share carries one vote at the Company's general shareholders' meeting. All Shares have equal rights. There are no restrictions on voting rights other than the restrictions provided by law in certain cases, and all of the Company's shareholders have the same voting rights.

3.10.4 Dividend, Subscription and Liquidation Rights

The Offer Shares carry full dividend rights from 1 January 2018. The annual general shareholders' meeting of the Company, which is held once annually within the first eight months of the respective financial year, decides on the appropriation of any net retained profit and thus on the full or partial disbursement thereof to shareholders. The Management Board and the Supervisory Board are required to submit a recommendation on the appropriation of profit, but the annual general shareholders' meeting of the Company is not bound by such recommendation. Individual shareholders have no claim to the disbursement of dividends unless the annual general shareholders' meeting of the Company has passed a resolution to that effect. The annual general shareholders' meeting of the Company may decide to make an in-kind distribution in addition to, or instead of, a cash distribution.

By law, claims to the payment of dividends generally become time-barred after three years, after which time the Company may refuse to make any disbursement. Once the global share certificates representing the Shares are deposited with Clearstream, Clearstream will automatically credit any dividends accruing on the shares in the future to the securities accounts held at the respective custodian banks. Domestic custodian banks are under a corresponding obligation to their clients. Shareholders whose shares are held in custodial accounts at foreign institutions should inform themselves about the procedure applicable at such institutions. Forfeited dividend claims shall accrue to the Company.

Shareholders have the right to subscribe for new shares issued pursuant to any future capital increases in a ratio proportionate to the respective interest they hold in the Company's current share capital (subscription right). No subscription rights exist in the case of capital increases from conditional capital (*bedingtes Kapital*); otherwise, subscription rights may be excluded by resolution of the annual general shareholders' meeting of the Company or, if the annual general shareholders' meeting of the Company so authorises, by resolution of the Management Board, subject to the consent of the Supervisory Board (for further details see "*5. Earnings and Dividends per Share; Dividend Policy*").

In the event the Company is dissolved, any liquidation proceeds would be distributed to the shareholders in proportion to their interest in the Company's share capital pursuant to Section 271 of the German Stock Corporation Act (*Aktiengesetz*).

3.11 Transferability of the Shares; Lock-up

The Offer Shares are freely transferable in accordance with the legal provisions applicable to bearer shares. Except for the restrictions set forth in "*3.7 Lock-up Agreement, Limitations on Disposal*" and "*19. Underwriting—19.6 Selling Restrictions*", there are no further prohibitions on disposals or restrictions with respect to the transferability or lock-ups affecting the Shares of the Company.

3.12 Interests of Parties Participating in the Offering

In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Joint Global Coordinators have formed a contractual relationship with the Company and the Selling Shareholder (also in its capacity as Lending Shareholder). The Joint Global Coordinators act for the Company, the Selling Shareholder, and the Lending Shareholder on the Offering and coordinate the structuring and execution of the Offering. COMMERZBANK and Bankhaus Lampe have been appointed to act as designated sponsors for the Shares and COMMERZBANK has been appointed to act as paying agent. Upon successful implementation of the Offering, the Joint Global Coordinators will receive a commission, which is

dependent on the placement volume. As a result of these contractual relationships, the Joint Global Coordinators have a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, each of the Joint Global Coordinators and any of their respective affiliates, acting as an investor for their own account, may acquire the Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, certain of the Joint Global Coordinators or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Joint Global Coordinators (or their affiliates) may from time to time acquire, hold or dispose of the Shares. None of the Joint Global Coordinators intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so or as disclosed in this prospectus.

Some of the Joint Global Coordinators or their affiliates have, and/or may from time to time in the future continue to have, business relations with our Group (including lending activities) or may perform services for our Group in the ordinary course of business. For example, our GO! Rent business offering is regularly financed through a sale and lease back arrangement with Commerzreal.

The Company will receive the proceeds from the sale of the New Shares (after deduction of fees and commissions) and will gain access to the equity capital markets.

The Selling Shareholder will receive the proceeds from the sale of the Sale Shares (after deduction of fees and commissions). The Lending Shareholder will receive the proceeds from the sale of the Over-Allotment Shares (after deduction of fees and commissions) if and to the extent the Greenshoe Option is exercised. For further details regarding the Selling Shareholder's proceeds from the sale of the Sale Shares and the Lending Shareholder's proceeds from the sale of the Over-Allotment Shares, please see "*4. Reasons for the Offering, Proceeds and Costs of the Offering, and Use of Proceeds*". The Selling Shareholder, Dquadrat Equity Partner GmbH itself and through affiliated entities and persons, such as Mr. Albert Dürr, the controlling majority shareholder of Dquadrat Equity Partner GmbH have granted various loans to the Company and therefore have an interest in the completion of the Offering (for further information to the loans see "*18. Certain Relationships and Related-Party Transactions—18.2 Other related Party Transactions*").

Since the Company will receive the net proceeds from the Offering of the New 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.

Mr. Dirk Reiche will receive a one-time bonus payment in case the Company' shares are listed on a German stock exchange for the first time until a certain date and the Offering results in a capital inflow before deduction of costs exceeding a defined minimum amount (see "*17. Corporate Bodies—17.2 Management Board—17.2.2 Compensation and Other Benefits of the Management Board Members*"). In addition, Mr. Dirk Reiche has purchased convertible notes issued by the Company that can be converted into shares in the Company after the first day of trading of the shares in the Company on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). As a result, Mr. Dirk Reiche has a financial interest in the completion of the Offering.

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

4. REASONS FOR THE OFFERING, PROCEEDS AND COSTS OF THE OFFERING, AND USE OF PROCEEDS

4.1 Reasons for the Offering

The Company intends to (i) sell the New Shares to receive the net proceeds from such sale and (ii) list its Shares on the regulated market segment (regulierter Markt) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) to gain better access to the capital markets.

The Selling Shareholder intends to pursue the Offering to partially divest its stake in the Company and to ensure sufficient free float and trading liquidity in the Shares.

Moreover, the Lending Shareholder intends to make part of its Shares available as securities loan to the Stabilisation Manager, for the account of the Joint Global Coordinators, to facilitate stabilisation measures. To the extent that the Greenshoe Option is exercised, the Lending Shareholder will additionally divest its shareholdings in the Company further.

4.2 Proceeds and Cost of the Offering

The Company will receive the proceeds of the Offering resulting from the sale of the New Shares after deduction of fees and commissions. The Company will not receive any proceeds from the sale of the Sale Shares and the Over-Allotment Shares, if any, which will be obtained by the Selling Shareholder and the Lending Shareholder, respectively.

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 11.00 per Offer Share, the total gross proceeds from the Offering would amount to EUR 82.9 million, of which EUR 68.8 million are attributable to the Company, EUR 3.3 million to the Selling Shareholder and EUR 10.8 million to the Lending Shareholder.

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 11.00 per Offer Share (excluding tax effects), the estimated total costs of the offering are expected to total approximately EUR 6.4 million (thereof EUR 3.9 million of commissions payable to the Joint Global Coordinators), of which approximately EUR 5.3 million (thereof EUR 3.3 million of commissions payable to the Joint Global Coordinators) would have to be borne by the Company, approximately EUR 0.3 million (thereof EUR 0.2 million of commissions payable to the Joint Global Coordinators) by the Selling Shareholder and approximately EUR 0.8 million (thereof EUR 0.5 million of commissions payable to the Joint Global Coordinators) by the Lending Shareholder.

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 11.00 per Offer Share (excluding tax effects), the estimated total net proceeds of the Offering are expected to total approximately EUR 76.4 million, of which the Company would receive approximately EUR 63.4 million, the Selling Shareholder approximately EUR 3.0 million and the Lending Shareholder approximately EUR 10.0 million.

4.3 Use of Proceeds

The Company currently intends to use the net proceeds of approximately EUR 63.4 million (assuming full placement of the New Shares and an Offer Price at the mid-point of the Price Range of EUR 11.00 per Offer Share (excluding tax effects)) of the Offering attributable to the Company as follows:

- approximately EUR 19.1 million on increasing our production capacity and depth, *e.g.*, by building a new production facility in Poland.
- approximately EUR 19.1 million on expanding our existing product and service portfolio, *e.g.*, by expansion of the variety of our product portfolio and development of new product models, and for possible strategic acquisitions (with complementary products and/or sales channels).
- approximately EUR 16.4 million on strategic initiatives in the B2D and B2C business line, *e.g.*, by building storage capacity for ready-to-ship eScooters and spare parts.
- approximately EUR 8.8 million on entering the B2C market, *e.g.*, by investing into HappyScooter stores.

If the New Shares were to be placed at an Offer Price above the mid-point of the Price Range, the Company would use the excess amount for general corporate purposes. Although the Company strongly intends to use the

proceeds of the Offering as described above, the actual use of these proceeds may differ depending on market developments, unexpected significant events, or other factors. Such differences may be slight, in the case of market developments for example, that only affect the amount of a particular use of proceeds or the order of the use of proceeds or even significant, in the case of an unexpected significant event, if such event substantially affects our business. In any case, the Company will critically review the possible uses of proceeds on a regular basis and, where appropriate, adjust such uses to the occurrence of any particular developments or events.

5. EARNINGS AND DIVIDENDS PER SHARE; DIVIDEND POLICY

5.1 Dividends

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

Shareholders' shares in the Company's distributable profits are determined in proportion to their interest in the Company's share capital.

Distribution of dividends for a given financial year is generally determined by a process in which the Management Board, with the approval of the Supervisory Board of the Company, submits 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 a simple majority of the votes cast without being bound by the proposal of the Management Board. Under German law, dividends may only be paid from the distributable profit (*Bilanzgewinn*) as reported in the Company's annual financial statements prepared in accordance with the accounting principles set out in the German Commercial Code (*Handelsgesetzbuch*). The annual financial statements of the Company are approved by the Management Board and the Supervisor Board. When calculating the distributable profit, the profit or loss for the financial year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profits or losses carried forward (*Gewinn-/Verlustvorträge*) from previous financial years as well as for withdrawals from and transfers to reserves. Certain reserves are required to be set by law and must be deducted when calculating the distributable profit. When approving the Company's financial statements, the Management Board and the Supervisory Board 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. When passing a resolution concerning the application of the distributable profit, the annual general shareholders' meeting may allocate further amounts to the revenue reserves, or carry them forward as profit. With regard to profit sharing, there are no restrictions or special procedures for securities owners abroad. Dividends resolved by the general shareholders' meeting are due three business days after the date of the relevant general shareholders' meeting, unless otherwise provided in the dividend resolution or in the Company's articles of association, in compliance with the rules of the respective clearing system. Details on dividend payments and the respective paying agents nominated by the Company will be published in the Federal Gazette (*Bundesanzeiger*) after each annual general shareholders' meeting.

Shareholders' claims to the payment of the dividend become statute-barred after three years, whereby the limitation period does not start until the conclusion of the year in which the eligible person becomes aware of the circumstances justifying the dividend claim, or would have become aware thereof if it had not been for gross negligence. Dividends for which the payment claim has become statute-barred remain with the Company.

Since the Company conducts its operations through its subsidiaries, its ability to pay future dividends will depend on the transfer of distributable profits from its subsidiaries. The determination of each subsidiary's ability to pay dividends is made in accordance with applicable law and will depend on the respective subsidiary's earnings, its economic and financial position, and other factors. These particularly include its liquidity requirements, its future prospects, market trends, and fiscal, statutory and other general framework conditions. The profit available for distribution is calculated according to the Company's annual financial statements prepared in accordance with the accounting principles set out in the German Commercial Code (*Handelsgesetzbuch*).

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. (For more information on the taxation of dividends, see "20. Taxation in Germany").

5.2 Dividend Policy

The Company does not plan to distribute a dividend in light of the planned investments in the growth of the business. The ability and intention of the Company to pay dividends in the future will depend on its financial position, results of operations, capital requirements, investment alternatives, the existence of distributable profit (*Bilanzgewinn*) as reported in the Company's annual financial statements prepared in accordance with the accounting principles set out in the German Commercial Code (*Handelsgesetzbuch*), available liquidity, market developments, and other factors that the Management Board and the Supervisory Board may deem relevant. Any proposals by the Management Board and the Supervisory Board regarding dividend payments will be subject to the approval of the general shareholders' meeting which may revise the Company's dividend policy from time to time.

- (6) Secured by leased assets, global cession on current and future receivables resulting from lease and rental contracts or by joint and several liability of Dürr Holding GmbH
- (7) Corresponds to total long-term liabilities in the Unaudited Consolidated Interim Financial Statements
- (8) Secured by leased assets, global cession of current and future receivables resulting from lease and rental contracts or by joint and several liability of Dürr Holding GmbH
- (9) Corresponds to share capital in the Unaudited Consolidated Interim Financial Statements
- (10) Corresponds to capital reserves in the Unaudited Consolidated Interim Financial Statements
- (11) Corresponds to retained losses and net loss for the year in the Unaudited Consolidated Interim Financial Statements

6.2 Indebtedness

	Actual as at 30 June 2018			
	Before the Offering ⁽²⁾	As adjusted for capital increases before the Offering ⁽¹⁾⁽²⁾	Additionally adjusted for shareholder loans ⁽²⁾⁽³⁾	After the Offering ⁽²⁾⁽³⁾
	(unaudited) (in EUR thousand)			
Liquidity				
A. Cash ⁽⁵⁾	624	815	9,215	72,625
B. Cash equivalents	0	0	0	0
C. Trading securities	0	0	0	0
D. Liquidity (A) + (B) + (C)	624	815	9,215	72,625
E. Current financial receivables	0	0	0	0
F. Current bank debt	0	0	0	0
G. Current portion of non-current debt	0	0	0	0
H. Other current financial debt ⁽⁵⁾	2,019	2,019	2,019	2,019
I. Current financial debt (F) + (G) + (H) ..	2,019	2,019	2,019	2,019
J. Net current financial indebtedness (I) – (E) – (D)	1,395	1,204	(7,196)	(70,606)
K. Non-current bank loans	0	0	0	0
L. Bonds issued	0	0	0	0
M. Other non-current loans ⁽⁶⁾	334	334	8,734	8,734
N. Non-current financial indebtedness (K) + (L) + (M)	334	334	8,734	8,734
O. Net financial indebtedness (J) + (N)	1,729	1,538	1,538	(61,872)

- (1) Adjusted for the cash contribution from Mr. Nicholas Holdcraft of EUR 191 thousand for the 191,424 shares in the Company resulting from the capital increase resolved by the shareholders' meeting on 17 August 2018 subscribed by him (see "16. Description of Share Capital and Related Information—16.1 Provisions Relating to the Share Capital—16.1.2 Development of the Share Capital")
- (2) All based on as at 30 June 2018 balance sheet.
- (3) Adjusted for effects of shareholder loans granted by the majority shareholder, Dquadrat Equity Partner GmbH, its only direct shareholder Dürr Holding GmbH and the (indirect) controlling majority shareholder of Dquadrat Equity Partner GmbH, Mr. Albert Dürr, as well as our shareholder Prince Invest GmbH in a total amount of EUR 8.4 million under loan agreements dated 2 July 2018, 20 July 2018, 26 July 2018, 1 August 2018, 3 September 2018 and 7 September 2018, respectively, assuming an increase in cash and in non-current financial indebtedness by EUR 8.4 million as a result of the drawdown of these loans.
- (4) Assuming a placement of all New Shares at the mid-point of the Price Range of EUR 11.00 per Offer Share and generation of net proceeds to the Company of EUR 63,410 thousand

(5) Corresponds to short-term loans and finance lease liabilities in the Unaudited Consolidated Interim Financial Statements

(6) Corresponds to long-term loans and finance lease liabilities in the Unaudited Consolidated Interim Financial Statements

Contingent liabilities amounted to EUR 0.5 million as at 30 June 2018 and related to a guarantee issued by the Company to a third party for the benefit of its subsidiary Govecs Poland Sp. z o.o. There were no indirect liabilities as at 30 June 2018.

6.3 Statement of Working Capital

The Company is of the opinion that the Group has sufficient working capital for at least the next twelve months from the date of this Prospectus.

6.4 Significant Changes in Financial and Trading Position

In late June 2018 we signed an agreement for the acquisition of ELMOTO from German based ID-Bike GmbH and expect to be able to re-launch the ELMOTO eScooter during the first half year of 2019. This transaction was closed in July 2018. The purchase price amounted to EUR 1.5 million.

In July 2018, we entered into a new framework agreement with Cityscoot. Under this agreement, Cityscoot sells us certain components for the use in the eScooters we manufacture and sell back to Cityscoot.

Further, we have agreed to pay a subsidy to Cityscoot to fund the expansion of their sharing operations to additional European cities. The total amount of the subsidy is EUR 1 million payable in four installments until March 2019. This type of arrangement was an established business practice between our former distributor in France and Cityscoot which was upheld although we directly market our product in France in the meantime.

On 27 July 2018, the shareholders' meeting of the Company resolved on an increase of the share capital of the Company out of capital reserves from EUR 1,435,683.00 by EUR 4,307,049.00 to EUR 5,742,732.00. The capital increase was registered with the Commercial Register (*Handelsregister*), on 1 August 2018. On 17 August 2018, the general shareholders' meeting of the Company resolved on a share capital increase against cash contribution by EUR 191,424.00 from EUR 5,742,732.00 to EUR 5,934,156.00 which is the current amount of the share capital of the Company. The subscription rights of the shareholders were excluded and Mr. Nicholas Holdcraft was allowed to subscribe for the 191,424 new shares. In exchange, Mr. Holdcraft contributed his contractual entitlements to an exit bonus (calculated on the basis of virtual shares in the Company) to the capital reserve.

The maturity of existing shareholder loans in a total amount of EUR 1.77 million has been extended from 31 December 2018 until 31 December 2023.

In addition, since 30 June 2018 the majority shareholder, Dquadrat Equity Partner GmbH, its only direct shareholder Dürr Holding GmbH and the (indirect) controlling majority shareholder of Dquadrat Equity Partner GmbH, Mr. Albert Dürr, as well as our shareholder Prince Invest GmbH have granted additional shareholder loans in a total amount of EUR 8.4 million under loan agreements dated 2 July 2018, 20 July 2018, 26 July 2018, 1 August 2018, 3 September 2018 and 7 September 2018, respectively. All shareholder loans have a term until 31 December 2023.

In addition, the Company has entered into an agreement with Kreissparkasse Esslingen-Nürtingen for the provision of a revolving credit facility in the amount of EUR 8.5 million with a term until 30 September 2020.

Other than described above, between 30 June 2018 and the date of this Prospectus, there have been no significant changes in the Company's financial or trading position. (For information on current trading and management's view on full year trends, see "22. Recent Developments and Outlook").

7. DILUTION

According to the Unaudited Interim Consolidated Financial Statements (IFRS), the net asset value of the Company as at 30 June 2018 amounted to EUR 3,396 thousand. The net asset value as at 30 June 2018 corresponds to total assets of EUR 20,964 thousand less total long-term liabilities of EUR 562 thousand and total current liabilities of EUR 17,005 thousand. For purposes of the below calculation, we have assumed that the cash contribution from Mr. Nicholas Holdcraft of EUR 191 thousand for the 191,424 shares in the Company resulting from the capital increase resolved by the shareholders' meeting on 17 August 2018 subscribed by him (see "16. Description of Share Capital and Related Information—16.1 Provisions Relating to the Share Capital—16.1.2 Development of the Share Capital") had already been obtained by the Company as of 30 June 2018 leading to a net asset value of EUR 3,587 thousand. 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 immediately prior to the Offering, would amount to EUR 0.60 per Share based on 5,934,156 outstanding Shares immediately prior to the Offering (*i.e.* including the Shares stemming from the capital increases by the Company's shareholders' meetings on 27 July 2018 and 17 August 2018).

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 June 2018. In this respect, the net asset value attributable to shareholders as at 30 June 2018 (as adjusted for the effects of the capital increase resolved by the Company's shareholders' meeting on 17 August 2018) 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 and (ii) an increase in the net asset value attributable to shareholders at the mid-point of the Price Range of EUR 11.00. 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 12,184,156 outstanding shares of 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 June 2018 (assuming 5,934,156 outstanding Shares immediately prior to the Offering) (in EUR)	0.60
Offer Price per share (in EUR).....	11.00
Total gross proceeds to the Company, assuming placement of all New Shares (in EUR million).....	68.8
Estimated total costs of the Offering to be borne by the Company (including underwriting and placement commissions payable to the Joint Global Coordinators and assuming further payment in full of the discretionary fee), assuming placement of all New Shares (in EUR million).....	5.3
Total net proceeds to the Company, assuming placement of all New Shares (in EUR million).....	63.4
Post-IPO Equity attributable to shareholders per share (in EUR)	5.50
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)	5.50
Percentage by which the Offer Price per share exceeds the Post-IPO Equity attributable to shareholders per share (in %).....	100.0
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)	4.90
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 %).....	816.7

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

Assuming the issuance and placement of all 6,250,000 New Shares in the Offering, the total voting rights of the holders of the existing 5,934,156 Shares prior to the Offering will be reduced to 48.70 % of all voting rights in the Company upon implementation of the Offering.

8. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information in the following tables is taken from the Audited Consolidated Financial Statements (IFRS) and the Unaudited Interim Consolidated Financial Statements (IFRS), which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union ("EU") ("IFRS") and the additional requirements of German commercial law pursuant to Section 315a (1) in conjunction with Section 315a (3) HGB and are reproduced in this Prospectus beginning on page F-2. The Audited Consolidated Financial Statements (IFRS) have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, who has issued an qualified auditor's report thereon (see section "9. Management's Discussion and Analysis of Financial Condition and Results of Operations—9.3 Basis of Presentation" for details regarding the qualification). The Auditor is a member of the German Chamber of Public Accountants (Wirtschaftsprüferkammer), Rauchstraße 26, 10787 Berlin, Germany, and has issued a qualified independent auditor's report (eingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers) on the Audited Consolidated Financial Statements and an unqualified independent auditor's report (eingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers) on the Audited Unconsolidated Financial Statements as included in the Prospectus.

The following selected consolidated financial data should be read in conjunction with the Audited Consolidated Financial Statements (IFRS), Unaudited Interim Consolidated Financial Statements (IFRS) and the information contained in section "9. Management's Discussion and Analysis of Financial Condition and Results of Operations".

8.1 Consolidated Statement of Profit or Loss and Other Comprehensive Income

The following table sets forth certain data from the Company's consolidated statement of profit or loss and other comprehensive income for the periods indicated:

	For the financial year ended 31 December			For the six months ended 30 June	
	2017	2016	2015	2018	2017
	(in EUR thousands) (audited)			(in EUR thousands) (unaudited)	
Revenue	14,687	6,910	2,504	11,020	7,792
Cost of sales	(12,876)	(6,444)	(2,096)	(9,556)	(6,919)
Gross profit	1,811	466	407	1,464	873
Selling costs	(2,243)	(2,069)	(1,051)	(1,455)	(1,003)
General management costs	(1,946)	(1,634)	(1,594)	(1,387)	(832)
Research costs	(1,001)	(673)	(330)	(796)	(380)
Other operating income	129	72	279	140	28
Other operating costs	(1,056)	(395)	(505)	(1,250)	(132)
Expected credit losses on trade and other receivables	(163)	(2)	(74)	(116)	(122)
Operating loss (EBIT)	(4,469)	(4,236)	(2,868)	(3,400)	(1,569)
Financial income	1	15	13	35	3
Financial costs	(590)	(306)	(108)	(88)	(238)
Result before taxation	(5,058)	(4,527)	(2,964)	(3,453)	(1,805)
Income tax	0	0	0	0	0
Net loss	(5,058)	(4,527)	(2,964)	(3,453)	(1,805)

8.2 Consolidated Statement of Financial Position

The following table sets forth selected data from the Company's consolidated statement of financial position as at the dates indicated:

		As at 31 December			As at 30 June
		2017	2016	2015	2018
		(in EUR thousands) (audited)			(in EUR thousands) (unaudited)
A.	Assets				
	Non-current assets				
	Tangible fixed assets	2,144	1,237	667	2,062
	Intangible assets	1,444	908	272	2,031
	Trade and other receivables	41	86	84	31
	Other assets	505	251	151	252
	Total non-current assets	4,133	2,482	1,174	4,376
	Current assets				
	Inventory	6,297	3,229	1,970	9,440
	Trade and other receivables	1,606	701	766	4,947
	Other assets	909	585	208	1,578
	Cash and cash equivalents	877	501	251	624
	Total current assets	9,690	5,015	3,195	16,588
	Total assets	13,822	7,498	4,369	20,964
B.	Equity and liabilities				
	Equity				
	Share capital	1,436	1,436	1,436	1,436
	Capital reserves	35,150	18,506	18,506	35,150
	Retained losses	(24,679)	(20,152)	(17,188)	(29,738)
	Net loss for the year	(5,058)	(4,527)	(2,964)	(3,453)
	Total equity	6,848	(4,738)	(211)	3,396
	Long-term liabilities				
	Long-term loans and finance lease liabilities	431	1,753	2,251	334
	Long-term provisions	147	165	32	145
	Deferred income	51	36	0	39
	Other liabilities	30	15	0	44
	Total long-term liabilities	659	1,970	2,283	562
	Short-term liabilities				
	Trade liabilities	2,235	1,350	876	6,894
	Short-term loans and finance lease liabilities	1,114	5,457	192	2,019
	Short-term employee benefits liabilities	120	117	58	247

		As at 31 December			As at 30 June
		2017	2016	2015	2018
		(in EUR thousands) (audited)			(in EUR thousands) (unaudited)
	Short-term provisions	769	348	196	804
	Deferred income	61	38	30	34
	Other liabilities	2,015	2,956	944	7,006 ⁽¹⁾
	Total short-term liabilities	6,315	10,266	2,297	17,005
	Total liabilities	6,974	12,236	4,580	17,568
	Total equity and liabilities	13,822	7,498	4,369	20,964

(1) Includes the line item "contract liabilities" which is shown separately in our Unaudited Interim Consolidated Financial Statements (IFRS).

8.3 Consolidated Statement of Cash Flows

The following table sets forth selected data from the Company's consolidated statement of cash flows for the periods indicated:

	For the financial year ended 31 December			For the six months ended 30 June	
	2017	2016	2015	2018	2017
	(in EUR thousands) (audited)			(in EUR thousands) (unaudited)	
Net cash generated by operating activities	(8,423)	(3,299)	(2,302)	(474)	(2,433)
Net cash (used in)/generated by investing activities	(1,121)	(606)	(178)	(295)	(567)
Net cash used in financing activities	9,920	4,154	2,402	515	2,762
Net increase in cash and cash equivalents	377	249	(78)	(254)	(238)
Cash and cash equivalents at the beginning of the year	501	251	329	877	501
Cash and cash equivalents at the end of the year	877	501	251	624	262

8.4 Non-IFRS Financial and Operating Measures

We supplement our Audited Consolidated Financial Statements (IFRS) and our Unaudited Interim Consolidated Financial Statements (IFRS), which are prepared and presented in accordance with IFRS, with certain non-IFRS financial measures, as described below. These non-IFRS financial measures, which may be different than similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for the financial information prepared and presented in accordance with IFRS.

We believe that EBIT, EBITDA, Adjusted EBIT, net capex, net debt and working capital provide useful information about our financial performance, enhance the overall understanding of our past performance and future prospects, and allow for greater transparency with respect to key metrics used by our management for financial and operational decision-making. We are presenting these non-IFRS measures to assist investors in seeing our financial performance through the eyes of management, and because we believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods.

The metrics in this section are all alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("ESMA") on 5 October 2015 on alternative performance measures (the "ESMA Guidelines"). We present these additional alternative performance measures in the tables below. We believe that the presentation of the alternative performance measures included in this Prospectus complies with the ESMA Guidelines.

8.4.1 EBIT

We define EBIT as the operating loss shown in our income statement without modification.

8.4.2 EBITDA

We also use EBITDA, which we define as operating loss excluding depreciation and amortisation. We believe that this measure is useful in analysing the operational performance of our business in isolation of any investment activities we may undertake.

The following table presents a reconciliation of EBITDA to operating loss, the most comparable IFRS financial measure, for each of the periods presented:

	For the six months ended 30 June		For the financial year ended 31 December		
	2018	2017	2017	2016	2015
	(in EUR thousands) (unaudited)		(in EUR thousands) (audited, except as indicated otherwise)		
Operating loss	(3,400)	(1,569)	(4,469)	(4,236)	(2,868)
Add back:					
Depreciation and amortisation	407	211	519	390	288
EBITDA⁽¹⁾⁽²⁾	(2,993)	(1,358)	(3,949)	(3,845)	(2,580)

(1) Unaudited.

(2) Numbers may not add due to rounding.

8.4.3 Adjusted EBIT

In our Profit Forecast, we use Adjusted EBIT, which we define as the operating loss shown in our income statement but excluding costs related to the preparation and execution of the Offering. We believe that this measure is useful in analysing our business performance without regard to the effect of one-off expenses incurred in connection with the Offering.

The following table presents a reconciliation of Adjusted EBIT to operating loss, the most comparable IFRS financial measure, for each of the periods presented:

	For the six months ended 30 June		For the financial year ended 31 December		
	2018	2017	2017	2016	2015
	(in EUR thousands) (unaudited)		(in EUR thousands) (audited, except as indicated otherwise)		
Operating loss	(3,400)	(1,569)	(4,469)	(4,236)	(2,868)
Add back:					
Costs related to the preparation of the Offering ⁽¹⁾	300	0	0	0	0
Adjusted EBIT⁽¹⁾⁽²⁾	(3,100)	(1,569)	(4,469)	(4,236)	(2,868)

(1) Unaudited.

(2) Numbers may not add due to rounding.

8.4.4 Net capex

We use net capex, which we define as the sum of payments for property, plant, equipment and intangible assets, and net consideration paid in business combination, minus proceeds from disposal of property, plant and equipment. We believe that this measure is useful in (1) providing information with respect to the investment

activities we undertake to achieve our growth targets, especially in comparison to our peers and (2) providing a measure for our cash generation capacity.

The following table presents a reconciliation of net capex to payments for property, plant, equipment and intangible assets, the most comparable IFRS financial measure, for each of the periods presented:

	For the six months ended 30 June		For the financial year ended 31 December		
	2018	2017	2017	2016	2015
	(in EUR thousands) (unaudited)		(in EUR thousands) (audited, except as indicated otherwise)		
Payments for property, plant, equipment and intangible assets	315	581	1,140	627	103
Add:					
Net consideration paid in business combination	0	0	0	0	132
Deduct:					
Proceeds from disposal of property, plant and equipment	20	14	19	8	54
Net capex⁽¹⁾⁽²⁾	295	567	1,121	619	182

(1) Unaudited.

(2) Numbers may not add due to rounding.

8.4.5 Net debt

We use net debt, which we define as cash and cash equivalents excluding long-term loans and finance lease liabilities and short-term loans and finance lease liabilities. We believe that this measure is useful in providing information on our current indebtedness and the financing capacity.

The following table presents a reconciliation of net debt to cash and cash equivalents, as at each of the dates presented:

	As at 30 June	As at 31 December		
	2018	2017	2016	2015
	(in EUR thousands) (unaudited)	(in EUR thousands) (audited, except as indicated otherwise)		
Cash and cash equivalents	624	877	501	251
Deduct:				
Long-term loans and finance lease liabilities	334	431	1,753	2,251
Short-term loans and finance lease liabilities	2,019	1,114	5,457	192
Net debt⁽¹⁾⁽²⁾	(1,729)	(668)	(6,709)	(2,192)

(1) Unaudited.

(2) Numbers may not add due to rounding.

8.4.6 Working capital

We use working capital, which we define as inventory and trade and other receivables minus trade liabilities. We believe that this measure is useful in (1) providing information on how our operations develop from period to period, especially with regard to the expansion of production volumes and new orders and (2) providing a measure for our cash generation capacity.

The following table presents a reconciliation of working capital to inventory, the most comparable IFRS financial

measure, as at each of the dates presented:

	As at 30 June	As at 31 December		
	2018	2017	2016	2015
	(in EUR thousands) (unaudited)	(in EUR thousands) (audited, except as indicated otherwise)		
Inventory	9,440	6,297	3,229	1,970
Add:				
Trade and other receivables	4,947	1,606	701	766
Deduct:				
Trade liabilities	6,894	2,235	1,350	876
Working capital⁽¹⁾⁽²⁾	7,493	5,667	2,580	1,860

(1) Unaudited.

(2) Numbers may not add due to rounding.

8.4.7 Limitations

The alternative performance measures included in this Prospectus have not been reviewed or audited by our auditors, nor by any independent expert. Investors should not consider such items as an alternative to the historical financial results or other indicators of the Group's performance, liabilities or net assets based on IFRS measures. These alternative performance measures also may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Group's measures are calculated. Even though these measures are used by our management to assess ongoing operating performance and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of the Group's results, cash flows or assets and liabilities as reported under IFRS.

These limitations include in particular the following:

- EBITDA, EBIT, and Adjusted EBIT do not reflect tax payments that reduce cash available to us;
- EBITDA excludes certain recurring, non-cash charges such as depreciation of fixed assets and amortisation of acquired intangible assets and, although these are non-cash charges, the assets being depreciated and amortised may have to be replaced in the future; and
- Adjusted EBIT does not reflect costs related to the preparation of the Offering that reduce cash available to us.

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

Investors should read the following "Management's Discussion and Analysis of Financial Condition and Results of Operations" in conjunction with the sections entitled "2. General Information", "8. Selected Consolidated Financial Information" as well as the Audited Consolidated Financial Statements (IFRS), the Unaudited Interim Consolidated Financial Statements (IFRS) and the Audited Annual Financial Statements (HGB), including the notes thereto, contained in this Prospectus.

This discussion and analysis contains forward-looking statements that reflect the Company's current views with respect to future events and the Group's 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 "2. General Information-2.3 Forward-Looking Statements" and "1. Risk Factors". In addition, investing in the Company's shares involves risks. Investors can find a discussion of such risks under "1. Risk Factors".

*The financial information contained in the following discussion is taken from the audited consolidated financial statements of the Company as at and for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 (the "**Audited Consolidated Financial Statements (IFRS)**"). The Audited Consolidated Financial Statements (IFRS) have been prepared in accordance with IFRS as adopted by the EU and have been audited by KPMG AG Wirtschaftsprüfungsgesellschaft, who issued a qualified auditor's report thereon (see section "—9.3 Basis of Presentation" for details regarding the qualification). Certain additional financial information contained in the following discussion is taken from both the unaudited interim consolidated financial statements of the Company as at and for the six-month period ended 30 June 2018 (the "**Unaudited Interim Consolidated Financial Statements (IFRS)**") and together with the Audited Consolidated Financial Statements (IFRS), the "**Financial Statements**"), prepared in accordance with IFRS for interim financial reporting (IAS 34), and the audited unconsolidated financial statements of the Company as at and for the financial year ended 31 December 2017 (the "**Audited Annual Financial Statements (HGB)**"), which were prepared in accordance with the requirements of the HGB. IFRS and HGB differ in certain material respects.*

Where financial information in the following tables is labelled "audited", this means that it was taken from the Audited Consolidated Financial Statements (IFRS) or the Audited Annual Financial Statements (HGB) mentioned above. The label "unaudited" is used in tables to indicate financial information that was taken from a source other than the Audited Consolidated Financial Statements (IFRS) or the Audited Annual Financial Statements (HGB). Unless otherwise indicated, all of the financial figures presented in the text in this section of the Prospectus are shown in thousands of euro (EUR thousand). Unless expressly otherwise noted, the percentage amounts included in the text have been commercially rounded to two decimal points. Because of this rounding, the figures shown in the tables may not, in all cases, add up exactly to the respective totals given.

9.1 Overview

GOVECS develops, produces and distributes high-quality eScooters to business customers mainly in Europe and to consumers mainly in Germany. Founded in 2009, we are an industry pioneer that has manufactured and sold more than 10,000 eScooters (as at 30 June 2018). With our first eScooter model launched in 2010 we are a pioneer in the European eScooter market. In 2017, we expanded our product portfolio for an electrically powered version of the former East German scooter Schwalbe.

We offer our eScooters under three business lines: Sharing (B2S), Delivery (B2D) and Consumers (B2C).

In our B2S business line, we are the global market leader with a market share of 40 % (measured in number of eScooters deployed until November 2017) (Source: *InnoZ, Market Report*) with Europe being the current global centre of the eScooter sharing market. Our high-quality, durable GO! S Model is tailored for the use by sharing operators. These sharing operators keep a fleet of eScooters available for the short-time rental by registered users. We customise the GO! S Model for the specific needs of each customer such as leading European eScooter sharing operators Cityscoot and eCooltra. We sell our eScooters to sharing operators mainly in France, Germany, Italy, the Netherlands, Spain, and, to a lesser extent, certain other European markets. Since we started to put a strong focus on the sale of our eScooters to sharing operators in 2015, the sharing business line has become the largest contributor to our revenues. Approximately 94 % and 97 % of all eScooters that we delivered in the year ended 31 December 2017 and the six month period ended 30 June 2018, respectively, were delivered to sharing operators.

In our B2D business line, we market our GO! T Model mainly to customers from the food delivery industry which use our eScooters for cost-efficient delivery. In our B2D business line, we currently sell eScooters mainly to business customers in Benelux, France, Germany and the UK. Approximately 5 % of all eScooters that we

delivered in the year ended 31 December 2017 are attributable to our B2D business line. In the six month period ended 30 June 2018 we did not deliver eScooters to B2D customers, due to the unavailability of our phased-out GO! T Model and the later than initially planned launch of our new GO! T Model.

While we only generated a very small portion of our revenues from the sale of eScooters to consumers in the past, we place great strategic emphasis on significantly expanding our B2C business. The premium lifestyle eScooter Schwalbe is at present the core offering of our retail platform HappyScooter which is dedicated to marketing electric light vehicles directly to consumers. In 2019 we expect to expand our product portfolio by launching Elly, our entry level eScooter, and the recently acquired ELMOTO eScooter, which has a bicycle-like construction and appearance. We focus on direct distribution through the Internet and our HappyScooter stores, currently in Berlin and Stuttgart. Our B2C offering currently addresses the German market, but we plan a roll-out into other European markets, starting in the Netherlands.

We operate from our headquarters in Munich, Germany, and our development and production facilities in Wrocław, Poland and have a total of 217 employees as at the date of the Prospectus. We have experienced significant growth in recent periods, with total revenue of EUR 2,504 thousand, EUR 6,910 thousand and EUR 14,687 thousand in the financial years 2015, 2016 and 2017, respectively, representing year-over-year increases of 176 % and 113 %, respectively. Our net losses amounted to EUR 2,964 thousand, EUR 4,527 thousand and EUR 5,058 thousand in the financial years 2015, 2016 and 2017, respectively. In the first six months of 2018, our total revenues amounted to EUR 11,020 thousand, representing an increase of 41.4 % compared to the same period in 2017 and our net losses amounted to EUR 3,453 thousand.

9.2 Key Factors Affecting Results of Operations

The key factors discussed below have significantly affected our results of operations for 2015, 2016, 2017 and the six months ended 30 June 2018 and we believe that these factors will continue to affect our results of operations in the foreseeable future.

9.2.1 Relevance of key customers

We generate a significant proportion of our revenue from a small number of key customers, such as Cityscoot and eCooltra. The exact revenue share generated from each individual key customer, however, may vary substantially from period to period. In 2017, our top two customers accounted for 37.06 % and 27.89 % of our revenue, respectively. While we believe we have strong relationships with our key customers and expect to continue to generate a substantial portion of our revenue from them in the future, any change in our relationships with those customers, the strength of businesses and the demand for our products could materially affect our results.

9.2.2 Revenue recognition

While we typically agree with our customers on a prepayment of approximately 25-30 % of the purchase price for an eScooter at the time they place the order, we recognise the related revenue only when they accept the product for delivery. In our B2S and B2D business lines, which currently account for the substantial majority of our revenue, the exact point when a product is accepted for delivery is subject to a degree of uncertainty. This is because most of our customers in these business lines are young and rapidly growing companies, who typically place large orders when they enter into new markets. Entering a new market, however, requires, among other things, the availability of financing and, in some cases, of regulatory permits. In our B2S business line, other factors that may affect the timing of delivery include logistics (*e.g.*, delivery and warehousing) and the time our customers need to integrate our eScooters into their fleet management systems and conduct associated quality checks. As the sharing and delivery markets mature and our revenue mix becomes more diverse, we expect these effects to diminish in the future to a certain extent. Aside from customer related factors that may cause delays in our ability to recognise revenue from the sale of eScooters, delays may also result from supply chain problems. For example, in 2017 we experienced delays in receiving batteries we use in our self-developed drive train system for a particular customer, which caused us to recognise the related sales revenue only in 2018.

We recognise revenue from the leasing of eScooters to customers as part of our Go! Rent offering linearly over the term of the underlying contracts.

9.2.3 Focus on growth over profitability

Because the e-mobility market has been characterised by rapid growth over the past two to three years, we have historically focused on capturing market share over optimising our manufacturing processes. As a result, in the three years ended 31 December 2017 and the six months ended 30 June 2018, our cost of sales, which primarily includes cost of materials and energy, and associated staff costs, generally developed in line with our revenue. In 2016 and 2017, cost of sales accounted for 93.25 % and 87.67 % of revenue, respectively. Our ability to generate

a profit will depend primarily on whether we manage to reduce our cost of sales as a percentage of our revenue through process optimisations and economies of scale.

In the short term, however, we plan to continue to grow with the market and thus focus on managing our production lines primarily with a view to ensuring that we can meet customer orders for our existing eScooter business as well as new models. At times, this may lead to capacity constraints, which could adversely affect our gross margin by forcing us to purchase capacity from third parties. We currently have sufficient capacity at our Wrocław facility to meet our expected production targets for our GO! S, GO! T and Schwalbe Models and intend to handle production of our Elly and ELMOTO Models through third parties. However, we expect our production volume to increase significantly over the next years. Therefore, we will have to invest in new capacity. We intend to increase our production capacity from approximately 15,000 eScooters to approximately 70,000 to 80,000 eScooters per year. To achieve this goal, we plan to build a new manufacturing facility in the proximity of Wrocław over the next three to four years. However, if demand for our eScooters grows at a faster rate than the rate at which we plan, and are able, to add new capacity, our gross margin may suffer.

In addition, our profitability will depend on whether we can optimise our working capital and our warehouse management.

9.2.4 *Competitive positioning vis-à-vis low-cost providers*

We have positioned ourselves as a premium provider of eScooters with a strong focus on quality. To support our brand, we will apply our quality standards globally, regardless of where we manufacture our products. While we currently manufacture the majority of our products in Europe, we may in future also manufacture selected products in China if it makes sense to do so, for example in case we rely on locally sourced components or expect favourable logistic cost effects. In all such cases, however, we would seek to maintain control of the manufacturing process to ensure the final product meets our quality standards.

As a premium provider, we compete with manufacturers offering eScooters that are cheaper than our products. This includes both European manufacturers and manufacturers based in Asia. The price differential between our products and those of our competitors is largely driven by the quality of the components used in the production process. We believe that, notwithstanding that some customers in the B2C market and the lower end of the B2S market are more price sensitive, our status as a premium manufacturer has worked to our advantage in the past, as product quality has proven to be a key success factor in building lasting customer relationships with the leading companies in the B2S and B2D markets. This is because for both B2S and B2D applications, an eScooter's durability has a direct impact on a fleet operator's ability to effectively serve its customers and, ultimately, its profitability.

While we expect quality to become more important in all market segments as the e-mobility sector matures, we recognise that our ability to grow in the B2C market will depend on our ability to serve all types of customers, thus we are, for example, introducing the new Elly Model, and we expect to continuously evaluate our strategy to ensure that we can do so effectively.

9.2.5 *Individual customer arrangements*

Given that we generate the majority of our revenue from a small number of sharing partners, particularly Cityscoot and eCooltra, the specific arrangements we have in place with these customers in any given period have a material impact on our results of operations in that period. For example, under our new framework agreement with Cityscoot, which we entered into in July 2018, Cityscoot sells us certain components for use in the eScooters we manufacture and sell to Cityscoot. We account for this arrangement by booking the price of the components in cost of sales, while recognising a corresponding amount, plus a small handling fee, in revenue. If our Cityscoot business continues to grow, we expect this arrangement to result in a material increase in both our revenue and our cost of sales, with the low handling fee weighing down on our gross margin. We expect this effect to become less important in the medium term as the relative value of the components provided by Cityscoot declines.

9.2.6 *Cost of materials and cost of and availability of battery packs*

A large portion of our costs of materials is accounted for by the cost of the battery pack we use in our eScooters. Battery cells account for approximately 80 % of the value of these battery packs. In case of shortages in the supply of battery cells or other battery pack components, our cost of sales may increase. While we have not historically experienced significant constraints in the availability of battery packs or fluctuations in their price, the supply situation has recently tightened, which may affect our results in future periods. Additionally, battery cell suppliers have in the past adjusted, and may continue to adjust, their pricing and distribution policies, which may lead to fluctuations in our cost of sales, notwithstanding the fact that we expect that in the longer term the market will mature and the cost of battery cells will decline.

9.2.7 Product and business mix

Given the dominance of our B2S business line in the three years ended 31 December 2017 and the six months ended 30 June 2018, we currently do not report our B2S, B2D and B2C business lines as separate segments. Because the economics in each of these businesses are different, however, we may, as our business grows, choose to adjust the basis on which we report our results. The change in business mix will also affect the line items of our income statement.

We expect that within our B2D business line, where we have historically focused on the largest customers, our Go! Rent offering, which we offer only in Germany, will increase in importance.

Our future expansion in the B2C business line will affect our profitability in various ways. Consistent with our strategy, we expect to expand our product line-up to feature a broader range of models aimed at the end consumer. To do this, we plan to invest significantly in product development and to increase our marketing spend. In addition, given that private consumers are by their nature more mobile than business customers, who typically buy eScooters to serve a particular geographic market, any growth of our B2C business line will require us to create a comprehensive technical service and support network, either through arrangements with third parties or by investing in the necessary infrastructure ourselves. To this end, we intend to expand our online sales network and to increase the number of our HappyScooter stores, which we use to interact with our customers, from currently two stores in Berlin and Stuttgart to up to 30 stores in the medium term.

As we sell more eScooters, particularly in the B2C business line, we expect the sale of spare parts, which generally attract higher margins, to increase in importance.

In the three years ended 31 December 2017, we gradually scaled down our OEM business and ended it on 31 December 2017. Going forward we may consider OEM opportunities opportunistically if and to the extent capacity considerations permit.

9.2.8 The prospects of the e-mobility market are tied to government policies in relation to alternative energy sources, fossil fuels and infrastructure/local planning as well as the general economic climate

Our business is impacted by government policies. This is true, in particular, of policies that encourage the use of alternative energy sources and disincentives for the use of fossil fuels, such as stricter CO₂ and NO_x emission regulations. The degree to which such policies influence the demand for eScooters varies by region, however. In those markets where the effect is more pronounced, such as the United Kingdom, the adoption and continuation of alternative energy policies may have a more material impact on our performance and results of operations. To a lesser extent, the same is true of other government policies, such as infrastructure and local planning ordinances, which also may have a limiting impact on sharing operations (see "12. Regulatory and Legal Environment").

Aside from government policies, global economic conditions in general, and the economic climate in the jurisdictions in which we operate and sell our products in particular, also affect our performance and results of operations.

9.2.9 Capitalisation of R&D costs

We do not conduct basic research independent of our product development process. A portion of the costs we incur in developing and launching new products and in connection with their integration into our existing production setup is capitalised in accordance with the requirements of IAS 38. The majority of such costs, however, is expensed through the income statement, where they are shown primarily as cost of sales but also as research costs, depending on the nature of the activity giving rise to the expense.

9.2.10 Seasonality

Our revenue in the three years ended 31 December 2017 and the six months ended 30 June 2018 was not subject to seasonality. This is because we currently generate most of our revenue in our B2S and B2D business lines. Our B2S business line is not subject to any seasonality. Our B2D business line is subject to a very limited degree of seasonality insofar as our customers in this business line experience higher demand in the fall and winter months. The B2C business is more seasonal, with greater demand in the spring and summer seasons. Because our B2C business line is still in its infancy, however, the effects are currently not material at the group level. As our B2C business line becomes more important, we expect this will change, although the effect will vary by region, driven primarily by climate and cultural habits, with Germany being more seasonal than, for example, France or Italy. Moreover, given the different patterns discussed above, the seasonal effects in our B2C and B2D business lines will tend to offset each other.

9.2.11 Personnel costs

Our results in any given period depend on our hiring activities and on integrating new hires into our existing organisation. We depend on continuously employing skilled personnel to support our future business growth. Hiring and training new employees is time consuming and cost intensive. As a general matter, as new employees become more productive, the benefits outweigh the costs. However, the process of training and integrating them into the organisation may take longer than expected and may not always yield the desired results.

9.2.12 Foreign currency exchange rates

Our reporting currency is the Euro, and the majority of our sales are denominated in Euro. While fluctuations in foreign currency exchange rates have historically had only a limited impact on our results of operations, the relative strength or weakness of the U.S. dollar relative to the Euro may have a more significant impact on our performance and results of operations in the future as our sourcing and manufacturing model becomes more global.

9.3 Basis of Presentation

Our Audited Consolidated Financial Statements (IFRS) have been prepared in accordance with IFRS and the interpretations adopted by the International Accounting Standards Board as adopted by the EU.

The auditor's report issued by our auditor on our Audited Consolidated Financial Statements (IFRS) contains a qualified opinion. The qualification results from the fact that the evidence available to KPMG AG Wirtschaftsprüfungsgesellschaft was not sufficient to enable it to verify the stated amount of inventory reported for GOVECS Poland Sp. z o.o., our fully consolidated subsidiary, in the amount of EUR 1,567 thousand as at 1 January 2015 and in the amount of EUR 1,902 thousand as at 31 December 2015. The underlying root cause is that the component auditor for the audit of GOVECS Poland Sp. z o.o. was appointed after these dates and hence after the inventory count took place. Therefore, the component auditor was not able to observe the inventory count as at these dates and could not obtain reasonable assurance of the relevant details through alternative audit procedures. As a result, KPMG AG Wirtschaftsprüfungsgesellschaft was unable to determine, whether any adjustment might have been necessary in respect of the presentation of recorded or unrecorded inventories and the elements making up the statement of profit and loss and other comprehensive income for the financial years from 1 January 2015 to 31 December 2015 and from 1 January 2016 to 31 December 2016 and statement of changes in equity as at these dates. The potential decrease or increase in inventory as at 1 January 2015 and 31 December 2015 could result in an increase or decrease in net loss for the financial years ended 31 December 2015 and 2016. This increase or decrease could result in an increase or decrease of total equity as at 31 December 2015 accordingly.

In the opinion of KPMG AG Wirtschaftsprüfungsgesellschaft, based on the findings of the audit, the Audited Consolidated Financial Statements (IFRS) give a true and fair view of the financial position and of its performance and its cash flows of the Group as of and for the years ended 31 December 2017, 2016 and 2015 in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, except for the possible effects of adjustments, if any, as might have been determined to be necessary had the auditor observed the counting of physical inventories as at 31 December 2015 and 1 January 2015.

The inventory and the statement of financial position as at 31 December 2016 and 2017 and the statement of profit and loss and other comprehensive income for the year from 1 January 2017 to 31 December 2017 of the Audited Consolidated Financial Statements (IFRS) are not affected by this qualification.

We currently report our results of operations on the basis of a single operating segment. However, we may, as our business grows, choose to adjust the basis on which we report our results.

Our Audited Consolidated Financial Statements (IFRS) have been prepared in EUR.

The auditor's report issued by our auditor on our Audited Annual Financial Statements (HGB) as of and for the year ended 31 December 2017 contains an unqualified report.

9.4 Results of Operations

The following table sets forth our results of operations for the six months ended 30 June 2018 and 30 June 2017:

	For the six months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(in EUR thousands) (unaudited)		(in % of revenue) ⁽¹⁾ (unaudited)	
Condensed consolidated statement of profit or loss				
Revenue	11,020	7,792	100.00	100.00
Cost of sales	(9,556)	(6,919)	(86.72)	(88.79)
Gross profit	1,464	873	13.28	11.21
Selling costs	(1,455)	(1,003)	(13.21)	(12.88)
General management costs	(1,387)	(832)	(12.58)	(10.67)
Research costs	(796)	(380)	(7.22)	(4.88)
Other operating income	140	28	1.27	0.36
Other operating costs	(1,250)	(132)	(11.34)	(1.70)
Expected credit losses on trade and other receivables	(116)	(122)	(1.06)	(1.57)
Operating loss (EBIT)	(3,400)	(1,569)	(30.85)	(20.14)
Financial income	35	3	0.32	0.04
Financial costs	(88)	(238)	(0.80)	(3.06)
Result before taxation	(3,453)	(1,805)	(31.33)	(23.16)
Income tax	0	0	N/A	N/A
Net loss for the period	(3,453)	(1,805)	(31.33)	(23.16)
Earnings per share (EUR, cc)				
Basis	(2.40)	(1.26)	N/A	N/A
Diluted	(2.40)	(1.26)	N/A	N/A
Consolidated statement of comprehensive income				
Net loss for the period	(3,453)	(1,805)	(31.33)	(23.16)
Other comprehensive income				
Items that may be classified subsequently to profit or loss	0	0	N/A	N/A
Other comprehensive income for the period	0	0	N/A	N/A
Total comprehensive income for the period	(3,453)	(1,805)	(31.33)	(23.16)

(1) Numbers may not add due to rounding.

The following table sets forth our results of operations for the years ended 31 December 2017, 2016 and 2015:

	2017	2016	2015	2017	2016	2015
	(in EUR thousands)			(in % of revenue) ⁽¹⁾		
	(audited)			(audited)		
Consolidated statement of profit or loss						
Revenue	14,687	6,910	2,504	100.00	100.00	100.00
Cost of sales	(12,876)	(6,444)	(2,096)	(87.67)	(93.25)	(83.74)
Gross profit	1,811	466	407	12.33	6.75	16.26
Selling costs	(2,243)	(2,069)	(1,051)	(15.27)	(29.94)	(42.00)
General management costs	(1,946)	(1,634)	(1,594)	(13.25)	(23.65)	(63.68)
Research costs	(1,001)	(673)	(330)	(6.81)	(9.75)	(13.18)
Other operating income	129	72	279	0.88	1.05	11.14
Other operating costs	(1,056)	(395)	(505)	(7.19)	(5.72)	(20.16)
Expected credit losses on trade and other receivables	(163)	(2)	(74)	(1.11)	(0.03)	(2.95)
Operating loss (EBIT)	(4,469)	(4,236)	(2,868)	(30.43)	(61.30)	(114.57)
Financial income	1	15	13	0.00	0.21	0.52
Financial costs	(590)	(306)	(108)	(4.02)	(4.43)	(4.32)
Result before taxation	(5,058)	(4,527)	(2,964)	(34.44)	(65.52)	(118.37)
Income tax	0	0	0	N/A	N/A	N/A
Net loss	(5,058)	(4,527)	(2,964)	(34.44)	(65.52)	(118.37)
Earnings per share (EUR, cc)						
Basis	(3.52)	(3.15)	(2.06)	N/A	N/A	N/A
Diluted	(3.52)	(3.15)	(2.06)	N/A	N/A	N/A
Consolidated statement of comprehensive income						
Net loss for the year	(5,058)	(4,527)	(2,964)	(34.44)	(65.52)	(118.37)
Other comprehensive income						
Items that may be classified subsequently to profit or loss	0	0	0	N/A	N/A	N/A
Items that may be classified subsequently to profit or loss	0	0	0	N/A	N/A	N/A
Total other comprehensive income	(5,058)	(4,527)	(2,964)	(34.44)	(65.52)	(118.37)

(1) Numbers may not add due to rounding.

9.4.1 Six months ended 30 June 2018 compared with six months ended 30 June 2017

Revenue. We generate revenue principally from the sale of eScooters. In addition, we generate revenue from the sale of spare parts as well as eScooter related components and accessories and the rendering of rental and other mobility services.

In the six months ended 30 June 2018, revenue increased by 41.41 %, from EUR 7,792 thousand in the six months ended 30 June 2017 to EUR 11,020 thousand in the six months ended 30 June 2018. The increase in revenue reflects primarily the continued expansion of our B2S business line.

The following table breaks down our revenue by category.

	For the six months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(in EUR thousands) (audited)		(in % of revenue) ⁽¹⁾ (audited)	
Sale of scooters	9,380	6,450	85.12	82.77
Rendering of services (rental and other services)	270	260	2.45	3.34
Sale of spare parts, components and accessories	1,370	1,082	12.43	13.89
Total revenue	11,020	7,792	100.00	100.00

(1) Numbers may not add due to rounding.

Revenue from the sale of our eScooters increased by 45.43 % in absolute terms and from 82.77 % in the six months ended 30 June 2017 to 85.12 % in the six months ended 30 June 2018 as a percentage of revenue. The increase in absolute terms reflects the continued strong growth of our eScooter sales, particularly, in our B2S business line.

Revenue from the rendering of services increased by 3.60 % in absolute terms but decreased from 3.34 % to 2.45 % as a percentage of total revenue.

Revenue from the sale of spare parts, components and accessories and other revenues increased by 26.55 % in absolute terms but decreased from 13.89 % to 12.43 % as a percentage of total revenue, due to a disproportionately strong growth in the sale of eScooters.

In geographic terms, the relative contributions of the different EU countries changed somewhat, as shown in the table below, reflecting mostly the activities of our B2S customers.

	For the six months ended 30 June		For the six months ended 30 June	
	2018	2017	2018	2017
	(in EUR thousands) (audited)		(in % of revenue) ⁽¹⁾ (audited)	
Revenue analysed into				
Domestic (Germany)	4,496	228	40.80	2.93
Attributed to customers in the rest of EU	6,519	7,472	59.16	95.88
<i>France</i>	2,866	3,165	26.00	40.61
<i>Spain</i>	3,492	1,629	31.69	20.91
<i>Netherlands</i>	57	421	0.52	5.41
<i>Other countries</i>	105	2,257	0.95	28.96
Attributed to customers outside EU	4	93	0.04	1.19
Total revenue	11,020	7,792	100.00	100.00

(1) Numbers may not add due to rounding.

The increase in domestic revenue in the six months ended 30 June 2018 was primarily driven by the acquisition of Emmy as a new customer as well as increased sales to B2S and B2C customers. The decrease in revenue from France is owed to the fact that under our current delivery arrangement with Cityscoot we are required to deliver the majority of the eScooters purchased by Cityscoot in 2018 in the second half of the year (see "22. Recent Developments and Outlook—22.2 Outlook"). As a result, revenue for the six months ended 30 June 2018 reflect only a portion of the eScooters we expect to deliver to Cityscoot this year. The increase in revenue in Spain reflects our expanded business with eCooltra. The decrease in revenue from the Netherlands is due to the fact that revenue

in the six months ended 30 June 2017 contains sales of eScooters to certain Dutch municipalities, which were not repeated in the current period. The decrease in revenue in other countries had various reasons, including the winding down of an OEM Project in Denmark and less revenue from Portugal and Italy.

Cost of sales. Cost of sales mainly comprises costs for material and energy, external services, salaries and wages paid to our employees and other production costs. The substantial majority of our cost of sales is accounted by material costs. In absolute terms, cost of sales increased by 38.11 %, from EUR 6,919 thousand in the six months ended 30 June 2017 to EUR 9,556 thousand in the six months ended 30 June 2018. As a percentage of revenue, cost of sales decreased from 88.79 % to 86.72 %, reflecting, among other things, economies of scale.

Selling costs. Selling costs mainly comprise wages paid to our employees in our sales function as well as, to a smaller extent, marketing expenses. Selling costs increased by 45.02 %, from EUR 1,003 thousand in the six months ended 30 June 2017 to EUR 1,455 thousand in the six months ended 30 June 2018. As a percentage of revenue, selling costs increased slightly from 12.88 % to 13.21 % during the same period. This reflects increased online marketing activities and the addition of headcount to support our business.

General management costs. General management costs mainly comprise salaries of employees in administrative functions and fees paid to lawyers and external consultants. General management costs increased by 66.71 %, from EUR 832 thousand in the six months ended 30 June 2017 to EUR 1,387 thousand in the six months ended 30 June 2018. As a percentage of revenue, general management costs increased from 10.67 % to 12.58 %. The increase reflects the setting up of the infrastructure required in connection with the listing of the Company.

Research costs. Research costs are exclusively comprised of costs incurred in connection with the development of our products, to the extent they are not included in the cost of sales or capitalised in accordance with IAS 38. The research expenses shown in our income statement more than doubled, from EUR 380 thousand in the six months ended 30 June 2017 to EUR 796 thousand in the six months ended 30 June 2018, with additional research costs capitalised in our balance sheet. As a percentage of revenue, research costs increased from 4.88 % to 7.22 %. The increases reflect our substantially expanded product development activities.

Other operating income. Other operating income comprises miscellaneous income items not allocated to other line items such as donations received and the recharge of transport costs. Other operating income increased from EUR 28 thousand in the six months ended 30 June 2017 to EUR 140 thousand in the six months ended 30 June 2018. As a percentage of revenue, other operating income increased from 0.36 % to 1.27 % during the same period. This reflects miscellaneous items, including transport invoices recharged to third parties.

Other operating costs. Other operating costs mainly comprised pre-production and training costs, as well as penalty provisions. Other operating costs materially increased, from EUR 132 thousand in the six months ended 30 June 2017 to EUR 1,250 thousand in the six months ended 30 June 2018. As a percentage of revenue, other operating expenses increased from 1.70 % to 11.34 %. The increase was primarily driven by an increase in pre-production and training costs in preparation of our Cityscoot deliveries as well as costs in connection with the Offering in the amount of EUR 300 thousand.

Expected credit losses on trade and finance lease receivables. Expected credit losses on trade and finance lease receivables decreased by 4.88 %, from EUR 122 thousand in the six months ended 30 June 2017 to EUR 116 thousand in the six months ended 30 June 2018. As a percentage of revenue, expected credit losses on trade and other receivables decreased from 1.57 % to 1.06 % during the same period.

Financial income. Financial income, mainly comprising other interest, rose substantially, from EUR 3 thousand in the six months ended 30 June 2017 to EUR 35 thousand in the six months ended 30 June 2018. As a percentage of revenue, financial income increased from 0.04 % to 0.32 %. This mainly reflects interest income.

Financial costs. Financial costs comprised almost exclusively interest expenses on shareholder loans and on finance leases. Financial costs decreased by approximately EUR 151 thousand or 63.19 %, from EUR 238 thousand in the six months ended 30 June 2017 to EUR 88 thousand in the six months ended 30 June 2018. As a percentage of revenue, other financial costs decreased from 3.06 % to 0.80 %. This reflects a debt to equity swap at the end of 2017, whereby loans with a total value of EUR 17 million were converted into equity.

Income tax. We did not record any income tax in the six months ended 30 June 2017 and 30 June 2018.

Net profit (loss). Reflecting the factors discussed above, our net loss increased from EUR 1,805 thousand in the six months ended 30 June 2017 to EUR 3,453 thousand in the six months ended 30 June 2018. As a percentage of revenue, our net loss increased from 23.16 % to 31.33 % during the same period.

9.4.2 2017 compared with 2016

Revenue. In 2017, revenue increased significantly by 112.54 %, from EUR 6,910 thousand in 2016 to EUR 14,687 thousand in 2017. The increase in revenue was due primarily to the continued strong growth of sales of eScooters

in our B2S and B2D business lines, which in turn was fuelled by our B2S customers extending their footprint in existing markets, their entry into new markets and the acquisition of new customers.

The following table breaks down our revenue by category.

	2017	2016	2017	2016
	(in EUR thousands)		(in % of revenue) ⁽¹⁾	
	(audited)		(audited)	
Sale of scooters	12,255	5,642	83.44	81.66
Rendering of services (rental and other services)	449	496	3.06	7.18
Sale of spare parts, components and accessories	1,983	771	13.50	11.16
Total revenue	14,687	6,910	100.00	100.00

(1) Numbers may not add due to rounding.

Our revenue from the sale of eScooters and the sale of eScooter related spare parts, components and accessories more than doubled from 2016 to 2017, in line with the expansion in our eScooter business across markets.

Revenue generated from the rendering of services, which consists mainly of revenue from rental services and other mobility services, which comprise development costs for specific products that are charged to customers, decreased, reflecting principally the continued winding down of our OEM business, which was partially offset by an increase in revenue from our Go! Rent service.

In geographic terms, the relative contributions of the different EU countries changed somewhat, as shown in the table below, reflecting mostly the activities of our B2S customers.

	2017	2016	2017	2016
	(in EUR thousands)		(in % of revenue) ⁽¹⁾	
	(audited)		(audited)	
Revenue analysed into				
Domestic (Germany)	1,518	349	10.33	5.05
Attributed to customers in the rest of EU	13,109	6,329	89.26	91.59
<i>France</i>	5,326	3,340	36.26	48.33
<i>Spain</i>	4,443	1,398	30.25	20.23
<i>Netherlands</i>	997	423	6.79	6.12
<i>Italy</i>	979	100	6.67	1.45
<i>Portugal</i>	685	131	4.66	1.90
<i>Denmark</i>	433	831	2.95	12.02
<i>Belgium</i>	180	1	1.23	0.01
<i>Other countries</i>	66	105	0.45	1.53
Attributed to customers outside EU	60	232	0.41	3.36
Total revenue	14,687	6,910	100.00	100.00

(1) Numbers may not add due to rounding.

The increase in domestic revenue in 2017 was primarily driven by the acquisition of Emmy as a new customer as well as increased sales to B2S and B2C customers. The increase in revenue attributable to customers in France accounts primarily for our increased Cityscoot business. The significant boost in our revenue in Spain reflects our expanded business with eCooltra, whereas the rise in Dutch revenue resulted from selling eScooters to various municipalities for their own use and our project with Felyx. The increase in our revenue in Italy and Portugal

reflects the growth of our business with eCooltra in connection with eCooltra's expansion into Milano and Lisbon, while our growth in Belgium reflects the fact that we were able to acquire a new B2D customer. In Denmark we generated less revenue in 2017 than in 2016 due to the gradual scaling down of our OEM business.

In 2017, our top two customers accounted for 37.06 % and 27.89 % of our revenue, compared to 40.11 % and 20.29 % in 2016, respectively.

Cost of sales. In absolute terms, cost of sales almost doubled, from EUR 6,444 thousand in 2016 to EUR 12,876 thousand in 2017. As a percentage of revenue, cost of sales decreased further from 93.25 % to 87.67 %, leading to a corresponding increase in our gross margin, which, again, mainly reflects improvements in our manufacturing processes.

Selling costs. Selling costs increased by 8.40 %, from EUR 2,069 thousand in 2016 to EUR 2,243 thousand in 2017, reflecting the hiring of additional staff, but, as a percentage of revenue, decreased substantially from 29.94 % to 15.27 %. The decrease in relative terms was due largely to economies of scale, as we managed to generate substantial additional revenue with our key customers using our existing sales force.

General management costs. General management costs rose by 19.05 %, from EUR 1,634 thousand in 2016 to EUR 1,946 thousand in 2017. The increase is mainly a result of consulting fees paid in 2017 for preliminary work in connection with an M&A project, which was subsequently abandoned. As a percentage of revenue, general management costs decreased from 23.65 % to 13.25 %.

Research costs. Research expenses increased by 48.59 %, from EUR 673 thousand in 2016 to EUR 1,001 thousand in 2017. As a percentage of revenue, research costs decreased from 9.75 % to 6.81 %. The growth in absolute terms in 2017 as well as over the three years ended 31 December 2017 reflects the growth of our business due to the development of the Schwalbe eScooter and a significant amount of application engineering which was needed to customise our GO! S and Schwalbe eScooters for the use in sharing schemes.

Other operating income. Other operating income increased from EUR 72 thousand in 2016 to EUR 129 thousand in 2017. As a percentage of revenue, other operating income decreased from 1.05 % to 0.88 % during the same period.

Other operating costs. Other operating costs rose substantially, from EUR 395 thousand in 2016 to EUR 1,056 thousand in 2017. As a percentage of revenue, other operating expenses increased from 5.72 % to 7.19 %. The increase was primarily driven by provisions for penalties in connection with the restructuring of our distribution arrangements in France, as well as an increase in training and pre-operating costs.

Expected credit losses on trade and other receivables. Expected credit losses on trade and other receivables rose substantially from EUR 2 thousand in 2016 to EUR 163 thousand in 2017. As a percentage of revenue, expected credit losses on trade and other receivables increased from 0.03 % to 1.11 % during the same period. The increase in both absolute and relative terms reflects the substantial increase in our trade receivables over the course of 2017.

Financial income. Financial income, mainly comprising other interest, decreased from EUR 15 thousand in 2016 to EUR 1 thousand in 2017 reflecting interest income received in 2016 on a short-term loan granted to our parent company. As a percentage of revenue, financial income amounted to 0.21 % in 2016.

Financial costs. Financial costs comprised almost exclusively interest expenses on shareholder loans and on finance leases. Financial costs almost doubled, from EUR 306 thousand in 2016 to EUR 590 thousand in 2017, reflecting higher costs of financing due to our increased working capital needs. As a percentage of revenue, other financial costs decreased very slightly from 4.43 % to 4.02 %.

Income tax. We did not record any income tax in 2016 and 2017. As at 31 December 2017, we had tax loss carry-forwards of EUR 15,281 thousand. However, given that we have never recorded a profit in our operating history these losses did not meet the strict requirements under IFRS to be shown as a deferred tax asset on our balance sheet.

Net profit (loss). Reflecting the factors discussed above, our net loss increased by 11.72 % from EUR 4,527 thousand in 2016 to EUR 5,058 thousand in 2017. As a percentage of revenue, our net loss decreased from 65.52 % to 34.44 % during the same period.

9.4.3 2016 compared with 2015

Revenue. In 2016, revenue rose substantially, from EUR 2,504 thousand in 2015 to EUR 6,910 thousand in 2016. The increase in revenue was due primarily to the significant growth of eScooter sales in our B2S and B2D business lines.

The following table breaks down our revenue by category.

	2016	2015	2016	2015
	(in EUR thousands)		(in % of revenue) ⁽¹⁾	
	(audited)		(audited)	
Sale of scooters	5,642	1,629	81.66	65.05
Rendering of services (rental and other services)	496	551	7.18	22.00
Sale of spare parts, components and accessories and other revenues	771	324	11.16	12.95
Total revenue	6,910	2,504	100.00	100.00

(1) Numbers may not add due to rounding.

Revenue from the sale of our eScooters and eScooter related spare parts, components and accessories increased in 2016, whereas revenue from the rendering of services, comprising mainly rental and other mobility services, decreased. This reflects the increased sale of our Govecs branded eScooters and the winding down of our OEM business.

The following table breaks down our revenue by geographic region.

	2016	2015	2016	2015
	(in EUR thousands)		(in % of revenue) ⁽¹⁾	
	(audited)		(audited)	
Revenue analysed into				
Domestic (Germany)	349	313	5.05	12.49
Attributed to customers in the rest of EU	6,329	1,560	91.59	62.32
<i>France</i>	3,340	543	48.33	21.69
<i>Spain</i>	1,398	205	20.23	8.19
<i>Netherlands</i>	423	626	6.12	25.00
<i>Italy</i>	100	8	1.45	0.33
<i>Portugal</i>	131	0	1.90	N/A
<i>Denmark</i>	831	120	12.02	4.81
<i>Belgium</i>	1	0	0.01	N/A
<i>Other countries</i>	105	57	1.53	2.29
Attributed to customers outside EU	232	631	3.36	25.19
Total revenue	6,910	2,504	100.00	100.00

(1) Numbers may not add due to rounding.

The substantial increase in revenue generated from customers in France and Spain was due to the expansion by Cityscoot and eCooltra of their respective businesses.

In 2016, our top two customers accounted for 40.11 % and 20.29 % of our revenue, respectively. In 2015, we had three external customers with which we generated revenue in excess of 10 % of our total revenue, *i.e.*, 18.87 %, 16.81 % and 18.03 %, respectively.

Cost of sales. In absolute terms, cost of sales rose substantially in line with our increase of eScooter sales, from EUR 2,096 thousand in 2015 to EUR 6,444 thousand in 2016. As a percentage of revenue, cost of sales rose from 83.74 % to 93.25 %, reflecting the substantial costs incurred in connection with the preparations of the planned production launch of the Schwalbe.

Selling costs. Selling costs increased by 96.80 %, from EUR 1,051 thousand in 2015 to EUR 2,069 thousand in 2016. The increase was driven by increased sales and marketing activities, such as marketing costs incurred in

connection with the Schwalbe, trade fairs, the employment of our new head of sales and the setting up our sales network. As a percentage of revenue, selling costs decreased from 42.00 % to 29.94 %, reflecting primarily the organic growth of our business with existing customers.

General management costs. General management costs remained stable, with EUR 1,594 thousand in 2015 and EUR 1,634 thousand in 2016. This was achieved despite a substantial increase in revenue, which caused general management costs as a percentage of revenue to decrease significantly from 63.68 % to 23.65 % during the same period.

Research costs. Research costs more than doubled, from EUR 330 thousand in 2015 to EUR 673 thousand in 2016 due to new product developments, including preparations for the launch of our Schwalbe eScooter. As a percentage of revenue, research expenses decreased from 13.18 % to 9.75 %, reflecting the very substantial revenue increases during the period.

Other operating income. Other operating income decreased from EUR 279 thousand in 2015 to EUR 72 thousand in 2016. As a percentage of revenue, other operating income decreased significantly from 11.14 % to 1.05 % during the same period. This primarily reflects a one-off gain realised in connection with a bargain purchase of production assets through a business combination in the amount of EUR 113 thousand in 2015.

Other operating costs. Other operating costs mainly comprised training and pre-operating costs, re-invoiced costs and other costs. Other operating costs decreased by 21.72 %, from EUR 505 thousand in 2015 to EUR 395 thousand in 2016. As a percentage of revenue, other operating costs decreased from 20.16 % to 5.72 %. The decrease was due primarily to one-off costs that occurred in the prior period which were absent in 2016.

Expected credit losses on trade and other receivables. Expected credit losses on trade and other receivables decreased substantially from EUR 74 thousand in 2015 to EUR 2 thousand in 2016. As a percentage of revenue, expected credit losses on trade and other receivables decreased from 2.95 % to 0.03 % during the same period. The decrease reflects the absence of charges related to expected credit losses and a lower base of trade receivables in 2016.

Financial income. Financial income rose by 11.71 %, from EUR 13 thousand in 2015 to EUR 15 thousand in 2016. As a percentage of revenue, financial income decreased from 0.52 % to 0.21 % during the same period.

Financial costs. Financial costs comprised interest paid on shareholder loans and finance leases. Financial costs rose substantially, from EUR 108 thousand in 2015 to EUR 306 thousand in 2016, reflecting higher costs of financing due to our increased working capital needs. As a percentage of revenue, financial costs increased slightly from 4.32 % to 4.43 %.

Income tax. We did not record any income tax in 2015 and 2016.

Net profit (loss). Reflecting the factors discussed above, our net loss increased by 52.77 % from EUR 2,964 thousand in 2015 to EUR 4,527 thousand in 2016. As a percentage of revenue, our net loss decreased from 118.37 % to 65.52 % during the same period.

9.5 Liquidity and Capital Resources

Our liquidity needs arise principally from the need to finance the expansion of our business, our working capital and capital expenditures. In the period under review, most of our expenditures were operating expenditures, which are reflected in our income statement. To finance these and meet other liquidity requirements we relied on cash flows from financing activities and cash on hand.

The significant working capital requirements that we expect for the remainder of the financial year 2018 and the financial year 2019 are addressed by the following measures:

The maturity of existing shareholder loans in a total amount of EUR 1.77 million has been extended from 31 December 2018 until 31 December 2023.

In addition, since 30 June 2018 the majority shareholder, Dquadrat Equity Partner GmbH, its only direct shareholder Dürr Holding GmbH and the (indirect) controlling majority shareholder of Dquadrat Equity Partner GmbH, Mr. Albert Dürr, as well as our shareholder Prince Invest GmbH have granted additional shareholder loans in a total amount of EUR 8.4 million under loan agreements dated 2 July 2018, 20 July 2018, 26 July 2018, 1 August 2018, 3 September 2018 and 7 September 2018, respectively. All shareholder loans have a term until 31 December 2023.

In addition, the Company has entered into an agreement with Kreissparkasse Esslingen-Nürtingen for the provision of a revolving credit facility in the amount of EUR 8.5 million with a term until 30 September 2020.

9.5.1 Cash Flows

The following table summarises our cash flows for the periods indicated:

	For the six months ended 30 June		For the financial year ended 31 December		
	2018	2017	2017	2016	2015
	(in EUR thousands) (unaudited)		(in EUR thousands) (audited)		
Net cash generated by operating activities	(474)	(2,433)	(8,423)	(3,299)	(2,302)
Net cash (used in)/generated by investing activities	(295)	(567)	(1,121)	(606)	(178)
Net cash used in financing activities	515	2,762	9,920	4,154	2,402
Net increase in cash and cash equivalents	(254)	(238)	377	249	(78)
Cash and cash equivalents at the beginning of the year	877	501	501	251	329
Cash and cash equivalents at the end of the year/period	624	262	877	501	251

Six months ended 30 June 2018 compared with six months ended 30 June 2017

Cash flows from operating activities

Cash flows from operating activities was a cash outflow of EUR 474 thousand in the six months ended 30 June 2018 compared with a cash outflow of EUR 2,433 thousand in the six months ended 30 June 2017. The figure for the first six months of 2018 reflects primarily the fact that we incurred a net loss of EUR 3,453 thousand, the effect of which was partially offset by changes in working capital.

Cash flows from investing activities

Cash flows from investing activities was a cash outflow of EUR 295 thousand in the six months ended 30 June 2018, compared with a cash outflow of EUR 567 thousand in the six months ended 30 June 2017. The figure for the first six months of 2018 reflects the net cash effect of payments for property, plant, equipment and intangible assets.

Cash flows from financing activities

Cash flows from financing activities was a cash inflow of EUR 515 thousand in the six months ended 30 June 2018, compared with a cash inflow of EUR 2,762 thousand in the six months ended 30 June 2017. The figure for the first six months of 2018 primarily reflects the cash effect of increased borrowings.

2017 compared with 2016

Cash flows from operating activities

Cash flows from operating activities was a cash outflow of EUR 8,423 thousand in 2017 compared with a cash outflow of EUR 3,299 thousand in 2016. The 2017 figure reflects primarily the fact that we incurred a net loss of EUR 5,058 thousand and the cash effect of an increase in inventory levels.

Cash flows from investing activities

Cash flows from investing activities was a cash outflow of EUR 1,121 thousand in 2017, compared with a cash outflow of EUR 606 thousand in 2016. The 2017 figure principally reflects capital expenditures in connection with investments in property, plant, equipment and intangible assets.

Cash flows from financing activities

Cash flows from financing activities was a cash inflow of EUR 9,920 thousand in 2017, compared with a cash inflow of EUR 4,154 thousand in 2016. The 2017 figure reflects the fact that we took out substantial new borrowings, which were later converted into equity and therefore had no cash impact.

2016 compared with 2015

Cash flows from operating activities

Cash flows from operating activities was a cash outflow of EUR 3,299 thousand in 2016 compared with a cash outflow of EUR 2,302 thousand in 2015. The 2016 figure reflects the fact that we incurred a net loss of EUR 4,527 thousand and the cash effect of increased levels of inventories, the effect of which was partially offset by changes

in trade receivables.

Cash flows from investing activities

Cash flows from investing activities was a cash outflow of EUR 606 thousand in 2016, compared with a cash outflow of EUR 178 thousand in 2015. The 2016 figure principally reflects capital expenditures, mostly for investments in property, plant, equipment and intangible assets.

Cash flows from financing activities

Cash flows from financing activities was a cash inflow of EUR 4,154 thousand in 2016, compared with a cash inflow of EUR 2,402 thousand in 2015. The 2016 figure reflects the proceeds of new borrowings.

9.5.2 Property, Plant and Equipment

We do not own any material property, plant and equipment. We lease our offices in Munich, Berlin and Stuttgart as well as our facilities in Wrocław.

Other than assets in finance lease arrangements, no long-term assets were pledged as security on 30 June 2018, 31 December 2017 or 31 December 2016.

9.5.3 Capital Expenditures/ Investments

Set forth below is an overview of our investments for the periods indicated:

	For the six months ended 30 June		For the financial year ended 31 December		
	2018	2017	2017	2016	2015
	(in EUR thousands) (unaudited)		(in EUR thousands) (audited)		
Payments for property, plant, equipment and intangible assets	315	581	1,140	627	103
Net consideration paid in business combination	0	0	0	0	132

In 2015, our investments mainly related to the acquisition of production assets through a business combination as well as the acquisition of assets and parts for our Schwalbe eScooter.

In 2016 and 2017, our investments principally focused on the development of the Schwalbe. We also increased our production capacity and opened our first HappyScooter store and our online B2C store.

In the first six months ended 30 June 2018, we invested mainly in hiring new people and product development. We increased our employee base to 234 employees as at 30 June 2018. In terms of product development we invested into the Schwalbe eScooter, a new drive train solution for our GO! T eScooters and into a new version of our GO! S eScooters.

We financed all of these investments by shareholder loans.

Our management has not made any firm commitments with respect to future investments as at the date of this Prospectus.

9.5.4 Capital Resources

Following the completion of the offering, we plan to fund our operations primarily from the proceeds of the Offering and a term loan. Management believes that, following the Offering, we will have sufficient funds for our anticipated capital expenditure and other operating needs under our current strategic plan. In the medium to long term, however, the actual amount of our financing requirements will vary with our performance, market conditions and other factors, many of which are outside of our control and cannot be predicted with any certainty. As a result, our future financing requirements may vary significantly from management's expectations.

9.5.5 Off-balance Sheet Arrangements

We have no off-balance sheet arrangements.

9.5.6 Contractual Commitments and Contingencies

The following table shows our finance and operating lease commitments at 31 December 2015, 2016 and 2017.

	2017	2016	2015
	(in EUR thousands)		
	(audited)		
Financial leases			
Less than one year	247	90	11
Between one and three years	482	226	20
More than three years	0	0	0
Operating leases			
Less than one year	392	321	324
Between one and five years	996	945	850
More than five years	35	257	460

In the period under review, our financial leases primarily related to eScooters, which we lease to our customers in our B2D business line at their fair value in sale-and-lease-back transactions, cars and palette racks. The term of these leases ranges from three to four years. With one exception, the leases give us the right to purchase the leased assets for nominal amounts upon expiry. The liabilities under the leases were either secured with the leased assets, with a global assignment on current and future receivables resulting from lease and rental contracts, or through a joint and several liability arrangement with our ultimate parent company. The interest rates of all the lease contracts were fixed and amounted 2.5 % to 12.1 % annually.

Our operating leases relate to the renting of our premises for terms of between 3 and 10 years, car leasing for 3 years and floor washers for 4 years. The contracts for the rent of the office space in Munich and in Berlin have a renewal option of 1 year. The contract for the lease of the office in Wroclaw, Stregomska Street, Poland may be renewed for an undisclosed period of time. Other contracts do not have a renewal option. No operating lease provides for a purchase option.

In the years under review, we did not create any material provisions other than the provisions set out in the table below:

	As at 30 June	As at 31 December		
	2018	2017	2016	2015
	(in EUR thousands) (unaudited)	(in EUR thousands) (audited)		
Warranty provision	513	511	508	220
Penalty provision	400	400	0	0
Other	36	5	5	8
	949	916	513	228
Short-term provision	804	769	348	196
Long-term provision	145	147	165	32
	949	916	513	228

Warranty provisions are calculated based on historical experience with warranty claims. The warranty period is two years from the sale. The expected timing of any resulting outflows of economic benefits is therefore a maximum of two years. The actual outflow of economic benefits to settle the provision may vary and the provision amount is the best estimate of management. In 2018, we entered into a settlement agreement with one of our customers to settle the claims from this customer of EUR 400 thousand for the sales of scooters made before 31

December 2017, which is shown under penalty provision above.

In the six months ended 30 June 2018, other provisions relate to licencing fees of EUR 10 thousand and a settlement agreement between us and one of our customers in the amount of EUR 26 thousand.

9.6 Financial Position

The following table sets forth certain data from our consolidated statement of financial position as at the dates indicated:

	As at 30 June	As at 31 December		
	2018	2017	2016	2015
	(in EUR thousands) (unaudited)	(in EUR thousands) (audited)		
Assets				
Non-current assets				
Tangible fixed assets	2,062	2,144	1,237	667
Intangible assets	2,031	1,444	908	272
Trade and other receivables	31	41	86	84
Other assets	252	505	251	151
Total non-current assets	4,376	4,133	2,482	1,174
Current assets				
Inventory	9,440	6,297	3,229	1,970
Trade and other receivables	4,947	1,606	701	766
Other assets	1,578	909	585	208
Cash and cash equivalents	624	877	501	251
Total current assets	16,588	9,690	5,015	3,195
Total assets	20,964	13,822	7,498	4,369
Equity and liabilities				
Equity				
Share capital	1,436	1,436	1,436	1,436
Capital reserves	35,150	35,150	18,506	18,506
Retained losses	(29,738)	(24,679)	(20,152)	(17,188)
Net loss for the period	(3,453)	(5,058)	(4,527)	(2,964)
Total equity	3,396	6,848	(4,738)	(211)
Long-term liabilities				
Long-term loans and finance lease liabilities	334	431	1,753	2,251
Long-term provisions	145	147	165	32
Deferred income	39	51	36	0
Other liabilities	44	30	15	0
Total long-term liabilities	562	659	1,970	2,283
Short-term liabilities				
Trade liabilities	6,894	2,235	1,350	876

	As at 30 June	As at 31 December		
	2018	2017	2016	2015
	(in EUR thousands)	(in EUR thousands)		
	(unaudited)	(audited)		
Short-term loans and finance lease liabilities	2,019	1,114	5,457	192
Short-term employee benefits liabilities	247	120	117	58
Short-term provisions	804	769	348	196
Deferred income	34	61	38	30
Other liabilities	7,006 ⁽¹⁾	2,015	2,956	944
Total short-term liabilities	17,005	6,315	10,266	2,297
Total liabilities	17,568	6,974	12,236	4,580
Total equity and liabilities	20,964	13,822	7,498	4,369

(1) Includes the line item "contract liabilities" which is shown separately in our Unaudited Interim Consolidated Financial Statements (IFRS).

9.6.1 Statement of Financial Position as at 31 December 2015, 2016 and 2017 and 30 June 2018

Total non-current assets. Total non-current assets increased by 5.88 %, from EUR 4,133 thousand at 31 December 2017 to EUR 4,376 thousand at 30 June 2018. The increase was due primarily to an increase in intangible assets, which was partially offset by a decrease in tangible fixed assets and other assets.

Total non-current assets increased by 66.50 %, from EUR 2,482 thousand at 31 December 2016 to EUR 4,133 thousand at 31 December 2017. The increase was due primarily to increases in tangible fixed assets and intangible assets as at 31 December 2017 compared to 31 December 2016 which mainly resulted from an increase in other fixed assets and the capitalisation of development costs.

Total non-current assets more than doubled, from EUR 1,174 thousand at 31 December 2015 to EUR 2,482 thousand at 31 December 2016. The increase was due mainly to increases in intangible assets, as a result of the capitalisation of development costs in connection with the development of the Schwalbe eScooter, in tangible fixed assets and in other assets.

Total current assets. Total current assets increased by 71.19 %, from EUR 9,690 thousand at 31 December 2017 to EUR 16,588 thousand at 30 June 2018. The increase was driven primarily by significant increases in trade and other receivables and an increase by 49.91 % in inventory, reflecting an increase in raw materials in preparation of the expected production increase. Other assets increased as well, which was largely due to increases in prepayments for inventories. These increases were partially offset by a decrease in cash and cash equivalents.

Total current assets increased by 93.20 %, from EUR 5,015 thousand at 31 December 2016 to EUR 9,690 thousand at 31 December 2017. The increase was driven primarily by significant increases in inventory, relating to increases in raw materials, which include the necessary components for the construction of eScooters, and finished goods, and in trade and other receivables, mainly due to the significant growth of our business, in particular because of increased sales of spare parts. Other assets and cash and cash equivalents also increased.

Total current assets increased by 56.98 %, from EUR 3,195 thousand at 31 December 2015 to EUR 5,015 thousand at 31 December 2016. The increase was due primarily to increases in inventory, as a result of increases in raw materials and work in progress, which reflects the growth of our business.

Total long-term liabilities. Total long-term liabilities decreased by 14.64 %, from EUR 659 thousand at 31 December 2017 to EUR 562 thousand at 30 June 2018. This was due primarily a decrease in long-term loans and finance lease liabilities.

Total long-term liabilities decreased by 66.55 %, from EUR 1,970 thousand at 31 December 2016 to EUR 659 thousand at 31 December 2017. The decrease was attributable mainly to a decrease in long-term loans, as a result of the conversion of debt into equity.

Total long-term liabilities decreased by 13.71 %, from EUR 2,283 thousand at 31 December 2015 to EUR 1,970 thousand at 31 December 2015. The decrease was due primarily to a decrease in long-term loans.

Total short-term liabilities. Total short-term liabilities rose substantially, from EUR 6,315 thousand at 31 December 2017 to EUR 17,005 thousand at 30 June 2018, largely driven by significant increases in contract

liabilities, trade liabilities, as well as in short-term loans and finance lease liabilities, primarily reflecting an increase in shareholder loans since 1 January 2018 to meet our working capital needs.

Total short-term liabilities decreased by 38.49 %, from EUR 10,266 thousand at 31 December 2016 to EUR 6,315 thousand at 31 December 2017. The decrease was largely attributable to a decrease by 65.55 % in short-term loans, which was partially offset by an increase in trade liabilities.

Total short-term liabilities rose substantially, from EUR 2,297 thousand at 31 December 2015 to EUR 10,266 thousand at 31 December 2016. The increase was due primarily to substantial increases in short-term loans and finance lease liabilities, reflecting an increase in shareholder loans, as well as in contract liabilities and other liabilities.

9.7 Financial Risk Management

9.7.1 Capital management

We manage our capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. Our overall strategy remains unchanged from inception.

Our capital structure consists of net debt and equity.

We are not subject to any externally imposed capital requirements.

Our management reviews our capital structure on an ongoing basis. As part of this review, the CFO considers the cost of capital and the risks associated with capital.

9.7.2 Financial risk management objectives

Our Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to our operations through internal risk reports which analyse exposures by degree and magnitude of risks.

These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

9.7.3 Market risk

Our activities expose us primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured using value-at-risk (VaR) supplemented by sensitivity analysis.

There has been no change to our exposure to market risks or the manner in which these risks are managed and measured.

9.7.4 Value at Risk (VaR) analysis

The VaR measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99 % VaR number used by us reflects the 99 % probability that the daily loss will not exceed the reported VaR.

While VaR captures our daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps us assess our market risk exposures.

9.7.5 Foreign currency risk management

We undertake transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

9.7.6 Interest rate risk management

We are not significantly exposed to interest rate risk because we borrow funds at fixed interest rates.

9.7.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to us. We have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (25-30 % down payments), where appropriate, as a means of mitigating the risk of financial loss from defaults. We use publicly available financial information and our own trading records to rate its major customers. Our exposure and the credit ratings of our counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits.

Trade receivables consist of a number of customers, spread across several countries. Ongoing credit evaluation is performed on the financial condition of accounts receivable. We do not expect credit losses apart from those recorded as trade receivables provision.

Apart from requesting 25-30 % down payments on the contracts to provide scooters, we do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

9.7.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the management board, which has established an appropriate liquidity risk management framework for the management of our short-, medium- and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

9.8 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of our accounting policies, which are described in Note 3 to our Audited Consolidated Financial Statements (IFRS) reproduced in the "Financial Section" section of this Prospectus, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

9.8.1 Critical judgements in applying accounting policies

The main areas of critical judgements that management has made in the process of applying our accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, are presented below.

Lease classification

The lease arrangements, where we are the lessee, are classified based on the requirements and indicators of IAS 17, and management makes its judgement whether the lease transactions transfer the substantial risks and rewards to us.

Development costs capitalisation

The development costs incurred by us in the process of developing new products and technologies are capitalised based on requirements of IAS 38. Management applies judgement in the decision process, involving when and which costs should be expensed and which should be capitalised into intangibles.

9.8.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of long-term assets

As described at Notes 3.12-3.14 of our Audited Consolidated Financial Statements (IFRS), we review the estimated useful lives of property, plant and equipment as well as intangible assets at the end of each reporting period. The useful lives are presented in Note 15 of our Audited Consolidated Financial Statements (IFRS).

Write-offs and provisions

Management estimates the amounts of write-offs (*e.g.* for inventory, trade receivables) and provisions (warranty, etc.) at the end of each reporting period. In making these estimates, management applies past experience as well as current market situation and requirements of the relevant IFRSs. For provisions, the timing and cash outflows are considered based on the best management's knowledge and experience. The carrying amounts of these assets and liabilities are presented in Notes 17, 19, 20 as well as 26 and 29 of our Audited Consolidated Financial Statements (IFRS).

9.9 Additional Information from the Annual Financial Statements (HGB)

The Audited Annual Financial Statements (HGB) have been prepared in accordance with the German Commercial Code. Their English-language translation is included in the Prospectus beginning on page F-98. These financial statements are used to calculate our distributable profit (*Bilanzgewinn*). Dividends to shareholders of the Company may only be distributed from such distributable profit. The accounting principles set forth in the German Commercial Code differ from IFRS in material respects.

In the financial year ended 31 December 2017, the Company posted a net loss of EUR 1,997 thousand, compared to a net loss of EUR 2,154 thousand in the financial year ended 31 December 2016. Due to an accumulated net loss of EUR 13,691 thousand as at 31 December 2017, distributable profits were not available as at that date.

In addition, as at 31 December 2017, the total assets of the Company amounted to EUR 26,433 thousand, compared to EUR 18,154 thousand as at 31 December 2016, and the equity of the Company amounted to EUR 22,895 thousand, compared to EUR 8,248 thousand as at 31 December 2016.

10. PROFIT FORECAST

Our forecast Adjusted EBIT of the Group for 2018 (the "**Profit Forecast**") discussed in this section is not a statement of facts and should not be regarded as such by investors. Rather, it reflects our forward-looking expectations with respect to Adjusted EBIT of the Group. Any forward-looking statement, including the Profit Forecast, is necessarily based on a number of assumptions and estimates about future events and actions, including management's assessment of opportunities and risks. Such assumptions and estimates are inherently subject to significant business, operational, economic and competitive uncertainties and contingencies, many of which are beyond our control, and upon assumptions with respect to future business decisions that are subject to change.

The Profit Forecast is based on assumptions made by our management. These assumptions relate to both (i) factors outside of our influence and (ii) factors that we can influence. Even if these assumptions were reasonable at the time we prepare the Profit Forecast, they may prove to be inappropriate or incorrect in the future. Should one or more of these assumptions prove to be inappropriate or incorrect, our actual results could materially deviate from those implied by the Profit Forecast.

10.1 Profit Forecast for 2018 based on IFRS Financial Statements

On the basis of developments in 2017 and in the six-month period ended on 30 June 2018, we currently expect our Adjusted EBIT to range from a loss of EUR 7 million to a loss of EUR 9 million for 2018. For a definition of Adjusted EBIT see "8. Selected Consolidated Financial Information—8.4 Non-IFRS Financial and Operating Measures".

10.2 Underlying Principles

This Profit Forecast was prepared in accordance with the principles of the Institute for Public Accountants in Germany (*Institut der Wirtschaftsprüfer in Deutschland e. V.*, "IDW"), IDW Accounting Practice Statement: Preparation of Profit Forecasts and Estimates in Accordance With the Specific Requirements of the Regulation on Prospectuses (IDW AcPS AAB 2.003) (*Erstellung von Gewinnprognosen und -schätzungen nach den besonderen Anforderungen der Prospektverordnung sowie Gewinnschätzungen auf Basis vorläufiger Zahlen (IDW RH HFA 2.003)*).

In respect of the accounting principles used, reference is made to the relevant presentation in the Audited Consolidated Financial Statements (IFRS) as at and for the financial years ended 31 December 2017, 2016 and 2015 and the Unaudited Interim Consolidated Financial Statements (IFRS) as at and for the six-month period ended 30 June 2018.

The major factors and assumptions underlying the Profit Forecast are set out below.

10.3 Factors and Assumptions

Factors beyond our control and related assumptions

Our Adjusted EBIT for 2018 is subject to factors that are outside of our control, including the following:

- *No major disruptions of our delivery of eScooters to customers.* Since we recognise revenue only upon acceptance of delivery, we have assumed that those of our customers which have placed orders for the delivery of eScooters during the remainder of 2018, particularly Cityscoot, will be in a position to, and will, accept them on the timeline we have agreed with them and be able to pay the agreed amounts. The materialisation of the effect, if, in particular Cityscoot would fail or would not be able to accept the deliveries, would have material effects on the forecasted adjusted EBIT.
- *Raw material and battery pack supply chain.* We have further assumed that our suppliers will deliver all relevant raw materials and battery packs we have ordered as agreed and, in particular, that the tight supply situation in the market for battery packs will not lead to unexpected supply chain interruptions.
- *Unforeseen events such as force majeure.* More generally, we have assumed that no material unforeseen events will occur that could result in material or sustainable restrictions to our operations, such as force majeure (including fires, floods, hurricanes, storms, earthquakes and terrorist attacks), strikes, extraordinary macroeconomic or geopolitical events or war.
- *Legislative and other regulatory measures.* Finally, we have assumed that the current legal, regulatory and tax environment will not change or change only immaterially.

Factors that can be influenced by us to a limited extent and related assumptions

In addition, there are factors that could influence our Adjusted EBIT for 2018 over which we have limited influence.

- *Emergence of problems in our production processes.* Any issues arising in our manufacturing processes may lead to delays in our ability to deliver eScooters to our customers, reductions in the number of units we ship and price reductions, and, in the worst case, could cause us to become unable to fill orders, which could negatively impact our results of operation. We have assumed that such problems will not have a significant impact during the remainder of 2018.
- *Hiring and training of new employees.* Further, we will continue to hire additional skilled personnel, within the remaining period of the financial year 2018, to support our future business growth. Hiring, training and the integration of new employees is time consuming and cost intensive and might not be as efficient as originally planned. This could negatively impact our results on operations. We have assumed that hiring of new personnel will result in an increase of costs in the second half year 2018 compared to the six-month period ended 2018. If it turns out that our cost estimates are insufficient or that the new hires fail to reach the required level of productivity in time, our actual results may differ from those implied by this Profit Forecast.
- *Expected credit losses on trade and other receivables.* We typically set up a general provision to account for credit losses on our trade and other receivables. If the level of our unpaid trade and other receivables rises more strongly than expected during the remainder of 2018, we could be forced to set up higher than anticipated provisions, which would have a dampening effect on our results.

Factors that are subject to our exclusive influence

Our Adjusted EBIT for December 2018 is also impacted by factors that are entirely under our control. The most important such factors are set forth below.

- *Planned launch of the new version of our GO! T eScooter.* The development process for the new version of our GO! T eScooter, which we developed as a transport vehicle, is currently at an advanced stage, and we expect to ship the first units between the beginning of November and the end of December of this year. For purposes of this Profit Forecast, we have assumed a launch in November. However, this launch will not have a material effect on our adjusted EBIT.
- *Unexpected large orders.* If we receive unexpected large orders and decide to accept them for strategic reasons, we may have to revise our production planning, which may have a material impact on this Profit Forecast.

Considering these factors, the assumptions on the forecasted Adjusted EBIT have been as follows:

On the basis of developments in 2017 and in the six-month period ended on 30 June 2018 and the current order backlog we currently expect total revenue of the Group to be in the range of EUR 24 million to EUR 28 million.

The range is based on the assumption that, considering the risk factors *major disruptions of our delivery of eScooters to customers and the emergence of problems in our production processes*, the volumes of eScooters we expect to sell in the financial year 2018 may differ by up to approximately 650 units. For other revenues streams, such as revenues from sale of spare parts or mobility services management assumed that there are no significant deviations compared to the six-month period ended 30 June 2018.

Management assumes that cost of sales for the financial year 2018 is growing in the second half year 2018 compared to the six-month period ended 30 June 2018 due to an increase in total revenues. Other costs and income are expected to develop in line during the second half year 2018 compared to the costs levels shown in the six-month period ended 30 June 2018. Additional costs due to planned new hires, increased marketing and research activities and additional recurring general & administration costs due to increasing business and becoming public have been considered within the profit forecast.

10.4 Other Explanations

This Profit Forecast does not include results from extraordinary events or results from non-recurring operations within the meaning of the IDW Accounting Practice Statement (IDW RH HFA 2.003), such as costs relating to the preparation an execution of the Offering.

The profit forecast incorporates actual figures for the six-month period ending 30 June 2018, as they are accounted for in the Unaudited Interim Condensed Financial Statements included in this Prospectus.

As this Profit Forecast relates to a period that has not yet ended and is based on a number of assumptions regarding

uncertain future events and actions, it is subject to considerable uncertainty. As a result, Adjusted EBIT generated by us for the current financial year may deviate from the Profit Forecast, possibly substantially

This Profit Forecast was prepared on 14 September 2018.

10.5 Auditor's Report on the Profit Forecast for the financial year ended 31 December 2018

To GOVECS AG, Munich,

We have examined whether the profit forecast prepared by GOVECS AG, Munich, for the period from 1 January 2018 to 31 December 2018 has been properly compiled on the basis stated in the explanatory notes to the profit forecast and whether this basis is consistent with the accounting policies of the company. The profit forecast comprises the forecast adjusted Earnings before interest and taxes (EBIT) for the period from 1 January 2018 to 31 December 2018 and explanatory notes to the profit forecast.

The preparation of the profit forecast including the factors and assumptions presented in the explanatory notes to the profit forecast is the responsibility of the company's management.

Our responsibility is to express an opinion based on our examination on whether the profit forecast has been properly compiled on the basis stated in the explanatory notes to the profit forecast and whether this basis is consistent with the accounting policies of the company. Our engagement does not include an examination of the assumptions identified by the company and underlying the profit forecast or an audit of the historical financial information contained in the explanatory notes.

We conducted our examination in accordance with IDW Prüfungshinweis: Prüfung von Gewinnprognosen und -schätzungen i.S.v. IDW RH HFA 2.003 (IDW PH 9.960.3) (IDW Auditing Practice Statement: The Examination of Profit Forecasts and Estimates in accordance with IDW AcPS HFA 2.003 (IDW AuPS 9.960.3)) issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the examination such that material errors in the compilation of the profit forecast on the basis stated in the explanatory notes to the profit forecast and in the compilation of this basis in accordance with the accounting policies of the company are detected with reasonable assurance.

As the profit forecast relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties it is possible that the actual profit of the company for the period from 1 January 2018 to 31 December 2018 may differ materially from the forecast profit.

We believe that our examination provides a reasonable basis for our opinion.

In our opinion, based on the findings of our examination, the profit forecast has been properly compiled on the basis stated in the explanatory notes to the profit forecast. This basis is consistent with the accounting policies of the company.

Munich, 14 September 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hanshen
Wirtschaftsprüfer
(German Public Auditor)

Schwarzhuber
Wirtschaftsprüfer
(German Public Auditor)

11.INDUSTRY

The following section contains forecasts, statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. We operate in industries and market segments for which it is difficult to obtain precise industry and market information. Unless otherwise indicated, such information is based on the Company's own 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 Joint Global Coordinators 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.

11.1 Overview of macroeconomic environment in Europe

The overall economic development in Germany and in the euro area has been generally positive since 2014. The gross domestic product ("GDP") growth rate in Germany increased from 1.9 % in 2014 to 2.2 % in 2017 (Source: *Eurostat Real GDP Growth Rate*). In the EU (with 28 countries) the GDP growth rate increased from 1.8 % in 2014 to 2.5 % in 2017 (Source: *Eurostat Real GDP Growth Rate*). The Ifo Institute has estimated that the real GDP growth rate in the euro area is expected to be 2.1 % in 2018 and 1.8 % in 2019 (Source: *Ifo Institute, 19 June 2018*). According to the Ifo Institute, the slowdown compared to last year will mainly be due to Germany and Italy, where growth rates are expected to be lower than last year (Source: *Ifo Institute, 19 June 2018*). The inflation rate in the euro area will be slightly below the ECB's goal of 2.0 % at 1.8 % this year and 1.9 % next year according to the Ifo Institute. The Ifo Institute assumes that the inflation rate will be driven by higher energy prices compared to the same period in 2017, as well as a rise in the core inflation rate (Source: *Ifo Institute, 19 June 2018*). Apart from higher fuel prices, which were mainly driven by higher crude oil prices, the rising employment and stronger increases in wages will also push up the core inflation rate adjusted for energy price effects (Source: *Ifo Institute, 19 June 2018*). According to the Ifo Institute it is expected that the annual average core inflation rate will be 1.3 % in 2018 and 1.7 % in 2019 (Source: *Ifo Institute, 19 June 2018*).

11.2 Development of e-Mobility

The usage of e-Mobility has been increasing in nearly all European countries due to climate programs and technological developments. Germany has set itself the goal of becoming a lead market and provider for e-Mobility by 2020 as part of its long-term zero emission mobility vision (Source: *GTAI, Fact Sheet*). According to the GTAI the demand for electric vehicles is rising domestically and internationally (Source: *GTAI, Fact Sheet*). A number of developments, such as environmental regulations, battery technology advances, and radically changing industry value chains, are creating opportunities in the international market for electric vehicles and are fostering the global growth in the e-Mobility market.

Partners to the Paris Declaration on e-Mobility and Climate Change and Call to Action have expressed a collective commitment that at least 20 % of all road vehicles (including cars, two- and three-wheelers, motor vehicles, trucks and buses) be electrically powered by 2030. This undertaking is being supported by the fact that research, development and deployment as well as production advances are bringing down battery costs as energy efficiency levels increase. In particular, the battery technology developments are having a significant effect on electric vehicle total cost of ownership ("TCO") as R&D and production costs fall. This development helps to increase the attractiveness of electric vehicles as the initial cost-competitiveness gap in comparison to ICE vehicles is reduced (Source: *GTAI, Fact Sheet*).

11.3 The Motorcycles and Scooters Market

11.3.1 General Market Overview

An electric vehicle, also called an EV, uses one or more electric motors or traction motors for propulsion. It may be powered through a collector system by electricity from off-vehicle Sources, or may be self-contained with a battery, solar panels or an electric generator to convert fuel to electricity. Motorcycles and scooters are part of the

two- or three-wheel motor vehicles sub-category. In general a motorcycle, often called a bike, motorbike, or cycle, is a two- or three-wheel motor vehicle. The design varies greatly to suit a range of different purposes, such as long distance travel, commuting, cruising, sport, including racing, and off-road riding. Scooters, also referred to as a motor scooters, are a type of motorcycle with a step-through frame and a platform for the rider's feet.

In 2017, 913,723 ICE and electric motorcycles were newly registered in Europe, which represent a 9.5 % decrease compared to 2016 (1,009,678 units). Measured in number of registrations, the largest motorcycle market in Europe in 2017 was Italy with 204,579 units (after 195,405 units in 2016), followed by France with 162,808 units (after 163,335 units in 2016), Germany with 140,667 units (after 174,624 units in 2016), Spain with 136,180 units (after 155,004 units in 2016) and United Kingdom with 97,713 units (after 119,889 units in 2016) (Source: *ACEM Registration 2017*).

The European moped (*i.e.* vehicles with two or three wheels and an engine capacity of 50cc or less) segment, including eScooters, grew from 316,662 new registrations in 2016 to 399,426 in 2017, which represented an increase of 26 %. In 2017, the largest moped market in Europe measured by the number of newly registered vehicles was France with 107,322 units (after 89,732 units in 2016), followed by the Netherlands with 868,826 units (after 67,842 units in 2016), Germany with 33,254 units (after 30,110 units in 2016), Poland with 29,633 units (after 23,908 units in 2016) and Italy with 26,030 units (after 24,593 units in 2016) (Source: *ACEM Registration 2017*).

11.3.2 Market classification according to approval classes

The European market for light motor vehicles is often grouped in line with the categories built for purposes of generally approving a light motor vehicle for use on the road (so-called homologation). To this end, Regulation 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles (the "**Regulation 168/2013**") lays down rules for type-approval of so-called L-category vehicles. All motor vehicles with less than four wheels and light quadricycles belong to the L-category. Regulation 168/2013 applies, amongst others, to all two-wheel vehicles that are intended to travel on public roads, including pure electric vehicles, such as an eScooter. The term "pure electric vehicle" means, according to the Regulation 168/2013, amongst others, a system consisting of one or more electric energy storage devices, one or more electric power conditioning devices and one or more electric machines that convert stored electric energy to mechanical energy delivered at the wheels for propulsion of the vehicle. Two-wheeled L-category vehicles are classified in two groups. The first category is the L1e light two-wheel powered vehicle, which consists of L1e-A powered bicycles and L1e-B two-wheeled mopeds. The main criteria for classifying L1e-B two-wheeled mopeds, relevant for eScooters, amongst others, are:

- two wheels and powered by a propulsion, such as internal or external combustion engines, engines that run on pre-compressed air, electric engines or vehicles that combine any propulsion configuration;
- maximum design vehicle speed ≤ 45 km/h; and
- maximum continuous rated or net power ≤ 4 kW.

The other two-wheeled vehicles category is the L3e two-wheeled motorcycle category, which consists of L3e-A1 low performance motorcycles, L3e-A2 medium-performance motorcycles and L3e-A3 high-performance motorcycles. The only currently relevant category for eScooters is L3e-A1 low performance motorcycles. The main criteria for the category, amongst others, are:

- engine capacity ≤ 125 cm³;
- maximum continuous rated or net power ≤ 11 kW; and
- power/weight ratio ≤ 0.1 kW/kg.

11.4 The eScooter Market

11.4.1 General overview

Electric Scooters or eScooters are two-wheeled or three-wheel vehicles powered by electricity. This electricity is stored in a rechargeable battery within the eScooter which drives the electric motor. Most eScooters in Europe are nowadays powered by rechargeable lithium-ion batteries.

Electric vehicles can make a significant contribution to meet carbon emission reduction targets and to protect the natural environment. Due to higher maintenance costs for ICE scooters and continually growing fuel costs, the eScooter represents an attractive transportation alternative. Based on an increased awareness of air quality, stringent regulation for environmental air protection and carbon-dioxide emissions, scooter manufacturers are

increasingly developing eco-friendly eScooters and the eScooter market itself is constantly gaining prominence.

11.4.2 Underlying trends driving the demand for e-Scooters

The current demand as well as the projected demand for eScooters is partly based on the following megatrends and drivers:

Urbanisation

According to the UN, the current world population of 7.6 billion is expected to reach 8.6 billion in 2030, 9.8 billion in 2050 and 11.2 billion in 2100 (Source: *UN, 21 June 2017*). With roughly 83 million people being added to the world's population every year, the upward trend in population size is expected to continue, even assuming that fertility levels will continue to decline (Source: *UN, 21 June 2017*). Based on UN estimates, 55 % of the world's population currently lives in urban areas, a proportion that is expected to increase to 68 % by 2050 (Source: *UN, 16 May 2018*). By 2030, according to the UN, the world is projected to have 43 megacities with more than 10 million inhabitants most of them in developing regions (Source: *UN, 16 May 2018*). The steadily increasing population in large cities should lead to further increases in the already very high traffic volume in many cities resulting in increasing air pollution. Due to their non-existent tailpipe and only little noise emissions, eScooters should, alongside other electric vehicles, gain more and more importance. With the existing and increasing difficulties to find parking space in many cities, a scooter should also be an attractive vehicle option.

Shared Economy

Urbanisation is also raising the need for new mobility concepts in which vehicles are no longer exclusively used by one person, but by many persons sharing its use. Due to the comprehensive range of sharing models in the field of transport, the urban mobility environment is changing rapidly, even in smaller cities. We believe that eScooters will be an essential building block of future mobility concepts, which should be a significant factor for our B2S business line in particular.

The global shared transportation market is expected to increase to USD 350 billion in gross bookings made by a user base of 890,000 million persons by 2020 (Source: *UBS*). The European car-sharing market has increased from USD 1.3 billion in 2013 to USD 3.7 billion in 2017 and is expected to grow further to USD 4.9 billion in 2018 (Source: *Technavio*).

Ecological Awareness and Regulatory Development

Consumers are becoming increasingly aware of the environmental impact of depleting traditionally used fossil fuels and the climate change resulting from CO₂ emissions, and they are increasingly adopting energy efficient and sustainable alternatives. Accordingly, the portion of vehicles with electrified powertrains in all vehicles sold is increasing constantly.

In addition, ecological awareness is also prompting increased regulatory efforts, including tightening emission standards and subsidies for environmentally friendly vehicles on all levels. In 2014, the EU member states agreed on a new 2030 climate and energy policy framework, which includes targets and policy objectives to achieve a more competitive, secure and sustainable energy system within the European Union (the "**2030 Framework**"). This 2030 Framework seeks to reduce energy consumption by 27 % by the end of 2030 compared to a "business as usual" scenario (base year 2014) (Source: *EC, A policy framework*). The 2030 Framework also seeks to reduce greenhouse gas emissions by 40 % when compared to 1990 levels by 2030 (Source: *EC, A policy framework*). Currently, approximately 40 % of European Nitrogen oxide is caused by traffic (Source: *EC, Press Release 15 February 2017*). The European Commission announced its target to reach a market share of electric passenger cars of 5 % to 10 % by 2020, a 60 % market share of electric vehicles by 2030 and 100 % CO₂ free road transport by 2050 (Source: *EC, Electrification of the Transport System*). Accordingly, the binding European emission standards applicable for ICE scooters have become ever more stringent over time.

At the same time, there is multiple and diverse support for CO₂ free road transport on national, regional and local level. For example, the city of Munich, Germany, recently launched a programme subsidising the purchase of electrically powered vehicles.

Delivery Market

The European market for food delivery is forecast to experience significant growth over the coming years. The market volume in Europe is expected to increase from an estimated USD 21.56 million in 2017 to USD 53.13 million by 2022 (Source: *Statista*).

11.4.3 The Global Light Electric Vehicle Market

According to Navigant Research, the estimated number of light electric vehicles (eScooters and eMotorcycles; not including low-speed electric vehicles, or LSEV) to be sold in 2017 amounted to 4,945,519 in Asia Pacific, 17,775

in Europe, 10,691 in North America, 3,828 in Latin America and 2,291 in Middle East & Africa. Navigant Research expects the number of light electric vehicles sold in 2026 to increase to 5,988,056 (corresponding to a compound annual growth rate ("CAGR") of 2.1 % for the period between 2017 and 2026) in Asia Pacific, to 148,852 (corresponding to a CAGR of 26.6 % for the period between 2017 and 2026) in Europe, to 45,060 (corresponding to a CAGR of 17.3 % for the period between 2017 and 2026) in North America, to 27,963 in Latin America (corresponding to a CAGR of 24.7 % for the period between 2017 and 2026) and to 12,918 in Middle East & Africa (corresponding to a CAGR of 21.2 % for the period between 2017 and 2026) (Source: *Navigant, LEV*).

Despite having a developed shared economy business in general North America only accounts for a small market volume (<0.5 % of the global market share; Source *Navigant, LEV*) with a regional focus on the West Coast and Texas. Asia Pacific is the largest market by units sold (see above). In our view the national Asian markets are very diverse and generally dominated by low budget products (average eScooter price of USD 576 versus USD 4,799 in Europe; Source *Navigant, LEV*) with especially India developing towards a more premium products focused market thus potentially becoming an interesting target market for us in the mid to long term.

11.4.4 European Light Electric Vehicle Market

We believe that the European market for light electric vehicles has significant growth potential due to an increasing regulatory "push" towards E-Mobility, consumers having the requisite financial means and an increasing awareness for light electric vehicles.

The number of light electric vehicles (comprising eScooters and eMotorcycles) sold in Europe is expected to increase from 17,775 in 2017 to 148,852 in 2026. Of these 148,852 light electric vehicles 86 % are expected to be eScooters and 14 % eMotorcycles (Source: *Navigant, LEV*).

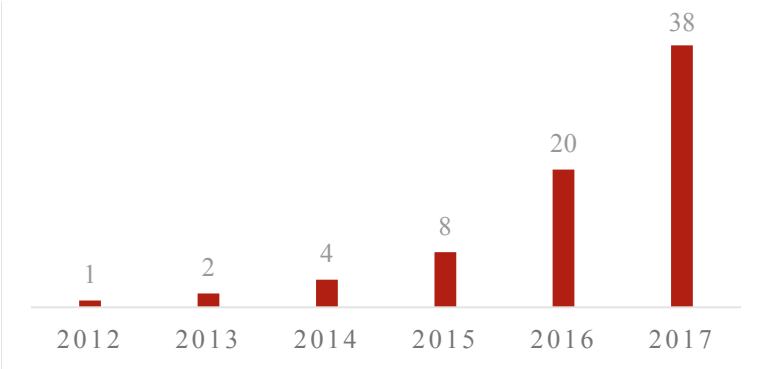
Electric mopeds, motorcycles and quads combined saw a 49 % increase year-on-year to 21,100 units in registrations during the first six month of 2018. The majority (14,150) were in the moped class. The largest European markets for electronic mopeds (excluding Germany) were: Belgium (3,596 units), Netherlands (3,456 units), France (3,173 units), Spain (1,038 units) and Poland (692 units) (Source: *ACEM Registration 2018*).

11.5 The eScooter Submarkets

We offer our eScooters under three business lines: Sharing (B2S), Delivery (B2D) and Consumers (B2C). Accordingly, our business not only depends on the development of the market for eScooters in general, but also on the development of markets for scooter sharing operations and food delivery.

11.5.1 Sharing Market

The sharing market is currently the largest and fastest growing customer market for us. At the European level, we see a market potential of more than 80,000 eScooters in European cities with more than 500,000 inhabitants (assuming 75 eScooters per 100k inhabitants). According to a market report of the Innovation Centre for Mobility and Societal Change ("**InnoZ**") dated November 2017 the scooter sharing market is currently undergoing a rapid development (Source: *InnoZ, Market Report*). Starting with San Francisco in 2012, scooter sharing today is offered in more than 50 different locations. The following overview shows the development of the number of global scooter sharing schemes since 2012:

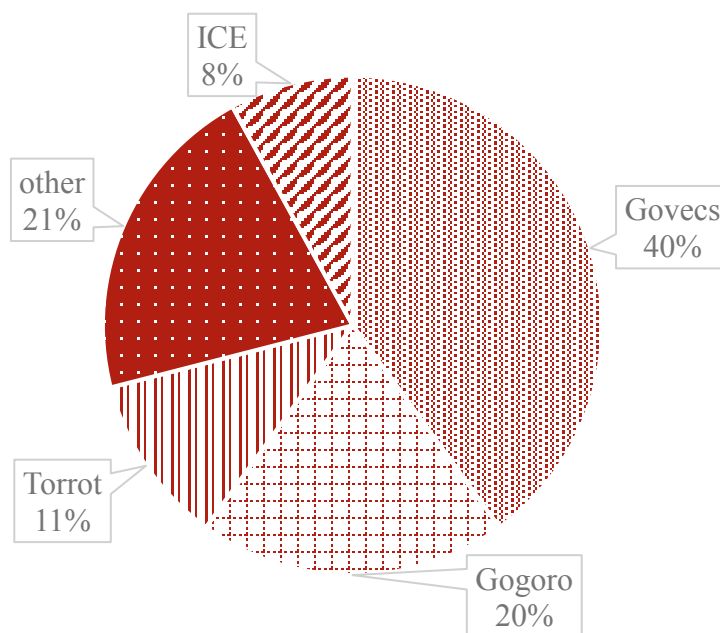


¹ CAGR is the mean annual growth rate over a specified period of time longer than one year.

Source: InnoZ, Market Report

Approximately 80 % of these scooter sharing schemes are in Europe. Scooter sharing operators clearly prefer eScooters over ICE scooters, due to the lower operational costs, inter alia, for swapping the batteries of an eScooter compared to fuelling ICE scooters and the absence of air pollutant and noise emissions. With a share of 92 %, eScooters are dominating the scooter sharing market (Source: InnoZ, Market Report). According to estimates by InnoZ, there are currently approximately 20,000 shared scooters and more than one million registered users (compared to 350,000 in autumn 2017) in sharing operations globally (Source: Berliner Zeitung, 16 July 2018). Measured in number of eScooters deployed until November 2017, there were 14 scooter manufacturers for sharing operations, with us being the market leader with a share of 40 % (Source: InnoZ, Market Report).

The following chart shows a break-down of the global market for eScooters sold to sharing operators by producer according to the number of eScooters deployed until November 2017:



Source: InnoZ, Market Report

In Europe three of the four main sharing operators currently use our eScooters.

The following overview shows a selection of scooter sharing operators, the cities in which they operate sharing schemes, the date they commenced operations and the number of scooters they use in sharing operations with the number of eScooters supplied by us in brackets as per 30 June 2018. The cities where we are active are set out in bold:

Sharing Operator	Operated Cities	Start	eScooters
Coup	Berlin, Madrid, Paris	2017	2,800
eCooltra	Barcelona, Lisbon, Rome, Milan, Madrid	2016	2,240 (2,240)
Cityscoot ¹	Paris, Nice	2016	2,000 (2,000)
Emmy	Berlin, Munich, Hamburg, Dusseldorf	2016	1,250 (851)
Scoot	San Francisco	2015	700 (150)
Moving	Madrid, Cádiz, Valencia	2017	670
Ioscoot	Barcelona	2017	200
Yugo	Barcelona	2017	210
Scooty	Brussels	2016	150
Felyx ²	Amsterdam	2017	110 (110)
TOTAL			~10,000 (5,351)

Source: InnoZ, Market Report, Company Information

¹ As per 31 August 2018 the number of eScooters operated by Cityscoot increased to 2,500 all of which were delivered by us.

² As per 31 August 2018 the number of eScooters operated by Felyx increased to 218 all of which were delivered by us.

11.5.2 Delivery Market

The eScooters that we sell in our B2D business line are mainly used for food delivery. According to our own assessment, the lower total costs of ownership compared to ICE scooters when used for food delivery makes an eScooter an attractive option for companies in the food delivery industry. eScooters can complement the delivery by bikers which have a limited payload and range and have an advantage over cars as regards traffic and parking space.

The European food delivery market consists of two different food delivery services. On the one hand, there are classic delivery services via restaurants themselves (so called "**Restaurant Delivery**"). On the other hand, there are the online ordering services with their own delivery logistics (so called "**Food Delivery Platforms**"). Based on general market observations and general statistics, both sectors are expected to increase in Europe.

According to "Statista (Digital Market Outlook)" the revenue of the Restaurant Delivery in Europe was valued at approximately USD 0.9 billion in 2016 and is expected to increase to approximately USD 4.2 billion in 2022, increasing at a CAGR of approximately 38 % (Source: *Statista*). The revenue of the Food Delivery Platforms in Europe, in turn, was valued at approximately USD 14.5 billion in 2016 and is expected to increase to approximately USD 48.9 billion in 2022, growing at a CAGR of approximately 27 % (Source: *Statista*).

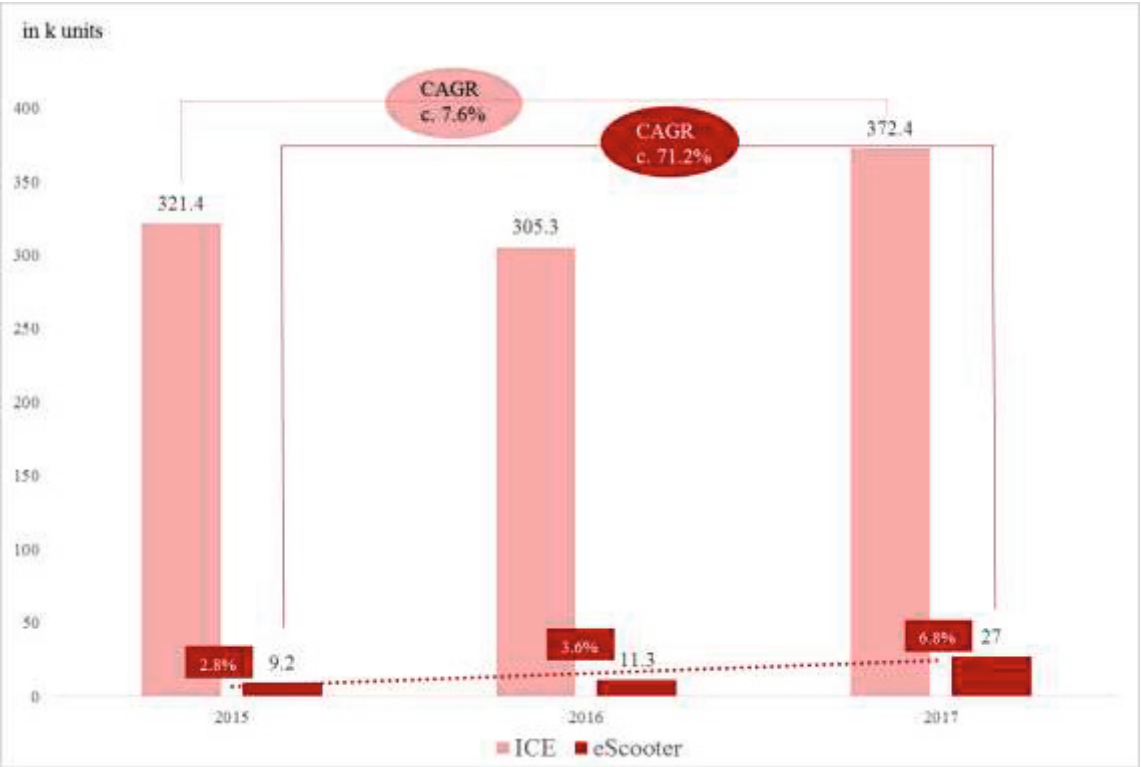
The growing transport volume is based on the constantly increasing number of orders through Food Delivery Platforms providers such as Delivery Hero, Deliveroo or Takeaway.com and the constantly increasing number of restaurants, which provide their own Restaurant Delivery such as Pizza Hut, Domino's Pizza or Burger King.

We believe that there is significant potential for the use of eScooters not only for food delivery, but for urban logistics in general (for example, mail and parcel and other same day deliveries). The lower total cost of ownership should also make the eScooter a more attractive choice than ICE scooters in this area.

11.5.3 Consumer Market (B2C)

We believe that urbanisation, increasing ecological awareness and regulatory developments are not only factors driving the demand for eScooters in general, but particularly the demand from consumers. Navigant there expects a global market of 5.3 million eScooters sold globally in 2026 (Source: *Navigant, LEV*). We see our already established position in the B2S sector as a strong multiplier base for the expansion of our B2C business, as many end-users gain awareness of our eScooters. In Paris alone, there are more than 10,000 daily rides with our GO! S Model through the sharing operations of Cityscoot.

Especially in Europe we see large sales potential of our eScooters to customers who are already familiar with the eScooter technology but still ride an ICE scooter. The following overview shows the development of registrations of eScooters and ICE scooters in Europe for the years 2015 to 2017:



Source: ACEM Registration 2017; does not include all European countries

11.6 Competition

The worldwide scooter market, particularly the young segment for alternative fuel scooters, is highly fragmented and competitive today and we expect it will become even more so in the future. A range of factors affect the competitive environment, including, among others, design, quality features and pricing of eScooters, innovation, safety, development time, ability to control costs, pricing, reliability, environmental impact and perception thereof, customer service and financing terms. There are several competitors, located particularly in Asia, which already mass produce eScooters. Our competitors can be categorised into (i) competitors that focus on the production of eScooters and (ii) competitors that are already active in the ICE scooter and motorcycle market and have expanded or plan to expand their business activities by also offering eScooters.

The competitors focusing on eScooters have all launched their first eScooter in 2011 or later. In Asia, these competitors comprise Gogoro from Taiwan and Niu from China. Our European competitors in this category are Emco e-scooter and Unu from Germany, Torrot and Scutum from Spain and Askoll from Italy.

Some established ICE scooter or motorcycle manufacturers such as BMW from Germany, Harley Davidson from the United States, Mahindra from India and Piaggio from Italy have already launched eScooter or eMotorcycle models or have announced plans to do so in the future. Traditional ICE scooter manufacturers that also offer eScooters also include vmoto and Yadea from China. We believe that the entry by large traditional scooter manufacturers such as Piaggio into the eScooter market will stimulate the growth of the overall market for eScooters.

12. REGULATORY AND LEGAL ENVIRONMENT

Our operations are subject to sector-specific vehicle regulations as well as to a variety of other regulatory requirements in Germany and other countries in which we operate.

12.1 Approval and Market Surveillance of Vehicles

We have to comply with Regulation (EU) No. 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles in the manufacture and sale of eScooters. The Regulation establishes the administrative and technical requirements for the type-approval of all new vehicles, systems, components and separate technical units. The Regulation also establishes the requirements for market surveillance of vehicles, systems, components and separate technical units which are subject to approval in accordance with this Regulation as well as for market surveillance of parts and equipment for such vehicles. The manufacturer shall submit the application for type-approval to the approval authority (in Germany: the German Federal Motor Transport Authority (*Kraftfahrtbundesamt*, "KBA")) including an information folder. Manufacturers must ensure that when their vehicles, systems, components or separate technical units are placed on the market or are entering into service, they are manufactured and approved in accordance with the requirements set out in this Regulation and the delegated and implementing acts adopted pursuant to this Regulation. "Type-approval" means the procedure whereby an approval authority certifies that a type of vehicle, system, component or separate technical unit satisfies the relevant administrative provisions and technical requirements. The manufacturer shall provide a statement in the information folder confirming that the endurance of the systems, parts and equipment critical for functional safety is ensured through appropriate testing and use of good engineering practice.

The approval authority approves only such vehicles, systems, components or separate technical units that satisfy the requirements of this Regulation. Among other things (e.g. the prohibition of defeat devices) vehicle manufacturers shall equip their vehicles (with the exception of subcategories L3e-A3 and L4e-A3) with designated features to prevent tampering of a vehicle's powertrain, ensure functional safety throughout the normal life of the vehicle and ensure that vehicles are designed, constructed and assembled so as to minimise the impact on the environment.

The UNECE (United Nations Economic Commission for Europe) homologation ("**Homologation**") is a supranational system for the approval of vehicles and vehicle parts. The UNECE type-approval system is based on the principle of reciprocity. All signatory states to the 1958 Agreement, which serves as the basis of the UNECE Regulations, are authorised to approve a vehicle or a part of it. All other signatory states – if they have recognised the respective Regulations or rules – are obliged to recognise the approvals granted. National approvals are not necessary in such cases.

The type-approval process requires compliance with technical prescriptions to be demonstrated by means of appropriate tests performed by a designated technical service (*Benannter Technischer Dienst*). In Germany, in particular Technical Inspection Associations (*Technischer Überwachungsverein*, "TÜV") are designated as technical services for the Regulation (EU) No. 168/2013. The approval itself is issued by the German KBA. A type-approval granted under Regulation (EU) No. 168/2013 is valid in all EU Member States. In the interest of efficiency we normally apply for approval in Italy, as the Italian authority is well versed in such approvals due to the strong Italian scooter industry and get our type approvals granted by the competent approval authority in Milan. Pursuant to sec. 26 EC vehicle approval regulation (*EG-Fahrzeuggenehmigungsverordnung*, "EG-FGV") an EC type-approval granted in another Member State (e.g. Italy) is also valid in Germany. Also due to incidents with diesel vehicles, the registration procedures are currently being handled more strictly by the authorities. This may frequently lead to longer approval procedures.

After receipt of a type-approval by the competent authority the respective type of vehicle can be placed on the market, registered or entered into service. Registered vehicles must be periodically tested for roadworthiness authorised testing centres. According to Article 43 of the Regulation (EU) No. 168/2013 vehicles for which EU whole-vehicle type-approval is mandatory or for which the manufacturer has obtained such type-approval under this Regulation shall only be made available on the market, registered or enter into service if they are accompanied by a valid certificate of conformity. This certificate of conformity ("**COC**") certifies that a produced vehicle conforms to the approved vehicle type. A registration certificate issued by an EU member state is principally also valid in another member state under the condition of roadworthiness. The European Community has introduced a harmonised registration certificate for motor vehicles (*Council Directive 1999/37/EC of 29 April 1999*). Its main objective is to facilitate the free movement of vehicles registered in one Member State, on the roads of other Member States, and the re-entry into service of vehicles that have previously been registered in another Member State (*Commission interpretative communication on procedures for the registration of motor vehicles originating in another Member State*, (2007/C68/04)).

In some member states, among others Italy and Spain, new residents have to arrange a technical assessment for roadworthiness before receiving the license. In Germany the Vehicle Registration Ordinance- (*Fahrzeug-Zulassungsverordnung*, "FZV") provides the requirements for vehicle registration.

Currently, we have – mainly for timing reasons – the technical assessment of our eScooters performed by TÜV Milan and the actual homologation by the Vehicle Certification Agency, an Executive Agency in the United Kingdom Department for Transport. The homologation process typically takes about four months.

12.2 Battery-Specific Legislation

12.2.1 Battery Directive

The European Directive 2006/66/EC on Batteries and Accumulators and Waste Batteries and Accumulators ("**Battery Directive**") aims to reduce the amount of hazardous substances in batteries and accumulators exposed in the environment by decreasing, *inter alia*, mercury, cadmium and lead in accumulators and by treating and re-using the amounts used.

Pursuant to the Battery Directive, EU Member States must prohibit the market placement of batteries and accumulators with a certain amount of mercury or cadmium. The Directive 2013/56/EU of November 20, 2013 (amending Directive 2006/66/EC of the European Parliament and of the Council on batteries and accumulators and waste batteries and accumulators as regards the placing on the market of portable batteries and accumulators containing cadmium intended for use in cordless power tools, and of button cells with low mercury content, and repealing Commission Decision 2009/603/EC), strengthened the fixed thresholds for these substances.

The Battery Directive further governs the collection, treatment, recycling, and disposal of waste batteries and accumulators in order to ensure that a high proportion of spent batteries and accumulators are collected and recycled.

12.2.2 German Battery Act

The German Act Concerning the Placing on the Market, Collection and Environmentally Compatible Waste Management of Batteries and Accumulators (*Batteriegelgesetz*, "**German Battery Act**") implements the European framework laid down in the Battery Directive into German legislation.

The German Battery Act stipulates, in particular, the following:

- prohibition of certain batteries containing harmful substances;
- batteries may only be placed on the market if it is ensured that end-users can return them;
- end-users are generally required to return used batteries (*e.g.* to the distributor (*Vertreiber*) or a designated collector);
- distributors are required to inform end-users about their return obligation;
- producers and distributors are required to take back used batteries free of charge;
- producers are required to recycle batteries and dispose of non-recyclable batteries;
- producers are required to either set up and utilise a collective system for reclaiming batteries or to set up and operate a comparable manufacturing specific system; and
- producers of batteries are required to label them accordingly.

As a distributor of batteries, we are generally obliged to take back the batteries installed in our eScooters. If we purchase the batteries ourselves from European manufacturers, we have the right to return the batteries returned to us by customers to the manufacturer for disposal. If we purchase batteries from non-European manufacturers, they are under no obligation to take back batteries returned to us by customers.

12.3 Waste Electric and Electronic Equipment

12.3.1 WEEE Directive

The Waste Electrical and Electronic Equipment Directive 2012/19/EU ("**WEEE Directive**") governs the prevention and reduction of adverse effects on human health and the environment resulting from waste from electrical and electronic equipment. The WEEE Directive may generally also apply to batteries; however, there are certain interdependencies with the Battery Directive. For example, a producer of electrical or electronic equipment containing a battery may also be considered a battery producer under the Battery Directive; batteries incorporated

in waste electrical and electronic equipment will be collected on the basis of the WEEE Directive, however, after collection they will count for the collection targets under the Battery Directive and are also subject to the recycling requirements under the Battery Directive.

12.3.2 German Electrical and Electronic Equipment Act

The WEEE Directive has been implemented into German law by the German Electrical and Electronic Equipment Act (*Elektro- und Elektronikgerätegesetz – "ElektroG"*).

12.4 Transportation of Dangerous Goods

12.4.1 International Conventions on the Transport of Dangerous Goods

While the majority of goods transported for us and on our behalf are non-dangerous goods, the absolute volume of dangerous goods is still relevant. In particular, certain categories of batteries (*e.g.*, batteries containing lithium) are subject to regulations regarding the transportation of dangerous goods.

The transportation of dangerous goods is governed by international conventions under the auspices of the United Nations Economic Commission for Europe ("UNECE"), the European Agreement concerning the International Carriage of Dangerous Goods by Road ("ADR") and the European Agreement concerning the International Carriage of Dangerous Goods by Inland Waterways ("ADN"), as well as by the Regulations concerning the International Carriage of Dangerous Goods by Rail ("RID") as set forth in Appendix C to the Convention concerning International Carriage by Rail ("COTIF"). These international treaties contain basic regulations regarding, *inter alia*, the transportation of hazardous substances as well as the packaging of these goods in the signatory states. They have been enacted in the EU as part of Directive 2008/68/EC, as amended by Directive (EU) 2016/2309, on the inland transportation of dangerous goods.

12.4.2 German Legislation on the Transport of Dangerous Goods

German law encompasses various legislation on the carriage of dangerous goods, including the German Act on the Carriage of Dangerous Goods (*Gefahrgutbeförderungsgesetz*) as the framework legislation providing the legal basis for issuing respective ordinances or the Ordinance on the National and International Carriage of Dangerous Goods by Road, Rail, and Inland Waterways (*Gefahrgutverordnung Straße, Eisenbahn und Binnenschifffahrt*) implementing Directive (EU) 2016/2309. The latter regulates the transportation of goods, labelling of packages, the requirements for the construction and identification of containers and tanks, certificates of qualification and transportation documentation, protection measures during transportation, as well as loading, unloading, handling and carriage procedures.

We believe that we are in compliance with the applicable regulations on the transportation of dangerous goods. We closely and proactively monitor amendments to the applicable regulations and, if needed, take appropriate measures. Such measures might include, *inter alia*, changes in the design of our products as well as the production processes.

12.5 Legal Scope of European Drivers Licence Classes

Driving licence requirements are decisive factors for the classification of vehicles and addressable customer groups. The market potential for eScooters is bigger in countries where the standard driving licence also includes the licence to drive our vehicles than in countries where there are additional requirements for this. Consumers are regularly more reluctant to make eScooter purchasing decisions if this involves additional driving licence requirements and tests.

By Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006 on driving licences the EU harmonised standards for driving tests and licensing. In this context, the following categories are of significance:

- Category B (standard driving licence): motor vehicles with a maximum authorised mass not exceeding 3,500 kg and designed and constructed for the carriage of no more than eight passengers in addition to the driver; motor vehicles in this category may be combined with a trailer having a maximum authorised mass which does not exceed 750 kg;
- Category AM: Two-wheel vehicles or three-wheel vehicles with a maximum design speed of not more than 45 km/h as defined in Article 1(2) (a) of Directive 2002/24/EC of the European Parliament and of the Council of 18 March 2002 relating to the type-approval of two- or three-wheel motor vehicles (excluding those with a maximum design speed under or equal to 25 km/h). Article 1(2)(a) of Directive 2002/24/EC

refers to mopeds, *i.e. inter alia* two-wheel vehicles (category L1e) characterised by an engine whose cylinder capacity does not exceed 50 cm³ in the case of the internal combustion type, or maximum continuous rated power is no more than 4 kW in the case of an electric motor (similar to category L1e-B of Regulation (EU) No. 168/2013, relevant for eScooters);

- Category A1: motorcycles with a cylinder capacity not exceeding 125 cubic centimetres, of a power not exceeding 11 kW and with a power/weight ratio not exceeding 0,1 kW/kg (similar to category L3e-A1 of Regulation (EU) No. 168/2013, relevant for eScooters); and
- Category A2: motorcycles of a power not exceeding 35 kW and with a power/weight ratio not exceeding 0,2 kW/kg and not derived from a vehicle of more than double its power (similar to category L3-A2 of Regulation (EU) No. 168/2013).

Our eScooters belong to category AM and A1. In most EU member states standard driving licence class B also covers class AM. However, there are different scopes of the driving licence class B in the EU member states:

12.5.1 Germany

In Germany, according to the Driving Licence Ordinance (*Fahrerlaubnis-Verordnung*), by possessing a standard class B driving licence driving two-wheeled vehicles of class AM is admissible, too. In order to drive a two-wheeled vehicle of category A1, the holder needs an additional driver licence of class A or A2.

12.5.2 France

According to the *Code de la Route*, the French class B licence is additional valid for 125 ccm light motorcycles (class A1) in the national territory, provided the licence has been held for at least two years, the holder has completed seven hours of practical training and is over 21 years old.

12.5.3 Great Britain

Pursuant to The Motor Vehicles (Driving Licences) Regulations, holders of driving licence class B may also drive vehicles of class category AM after participating a compulsory basic training. In order to drive class A motorcycles, an additional test is necessary.

12.5.4 The Netherlands

Class B licence includes vehicles of class AM pursuant to *Reglement Rijbewijzen*. In addition, Dutch law does not require helmets when driving eScooters up to 25 km/h.

12.5.5 Italy

According to the *Codice della Strada*, an Italian driving licence class B involves vehicles of classes AM and A1.

12.5.6 Spain

As well as in Italy, holders of a Spanish driving licence class B may drive vehicles of class A1 pursuant to the *Código de Tráfico y Seguridad Vial*.

12.6 Subsidies in the Electric Mobility Sector

The EU Commission has placed the topic of a competitive and resource efficient transport system on the agenda for 2011. The *Roadmap to a Resource Efficient Europe* (COM (2011) 571) was adopted on 20 September 2011. *A Resource Efficient Europe* (COM (2011) 21) is one of the seven flagship initiatives of the Europe 2020 Strategy. Among others, the *Roadmap to a Resource Efficient Europe* states as a milestone, that by 2020 overall efficiency in the transport sector will deliver greater value with optimal use of resources. Transport shall use less and cleaner energy, better exploit a modern infrastructure and reduce its negative impact on the environment and key natural assets. According to the *Roadmap to a Resource Efficient Europe* there will be on average a 1 % yearly reduction in transport greenhouse gas. In addition, the *Paris Agreement*, which came into force in November 2016, brings a large number of nations together in the pursuit of reducing greenhouse gas emissions and keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. The Paris Agreement requires all parties to put forward their best efforts through "nationally determined contributions", which embody efforts by each country to reduce national emissions and adapt to the impacts of climate change. The 2015 *Paris Declaration on Electro Mobility and Climate Change & Call to Action* states that transport contributes almost 23 % of the current global energy-related greenhouse gas emissions and is growing faster than any other energy end-use sector. Therefore,

electronic vehicles have the potential to be instrumental in enabling countries to meet their national determined contributions targets. There are several transport-related measures outlined below, which have been put in place to help the EU achieve its goals of reducing greenhouse gas emissions:

- The 2009 *Renewable Energy Directive* (Directive 2009/28/EC) requires Member States to ensure that the share of energy from renewable sources in all forms of transport in 2020 is at least 10 % of transport.
- The 2009 Emission Performance Standards Regulation (Regulation (EC) No 443/2009) requires car manufacturers to ensure that the average specific emissions of CO₂ for all the new cars registered in the Community for which they are responsible does not exceed the average of the emissions targets for those cars.
- The 2009 Clean Vehicles Directive (Directive 2009/33/EC) requires contracting authorities, contracting entities as well as certain operators to take into account lifetime energy and environmental impacts, including energy consumption and emissions of CO₂ and of certain pollutants, when purchasing road transport vehicles.
- The European Commission's 2011 White Paper Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system (COM (2011) 144) sets a target of a reduction of at least 60 % of greenhouse gas emissions by 2050 below 1990 levels from the transport sector.
- The 2014 Alternative Fuels Infrastructure Directive (Directive 2014/94/EU) establishes a common framework of measures for the deployment of alternative fuels infrastructure in the Union in order to minimise dependence on oil and to mitigate the environmental impact of transport and sets out minimum requirements for the building-up of alternative fuels infrastructure, including recharging points for electric vehicles and refuelling points for natural gas (LNG and CNG) and hydrogen, to be implemented by means of Member States' national policy frameworks, as well as common technical specifications for such recharging and refuelling points, and user information requirements.
- The European Commission's 2016 Strategy for Low-Emission Mobility (COM (2016) 501) frames the initiatives that the Commission is planning in the coming years, and it maps the areas in which it is exploring options. The main elements of the Strategy are to increase the efficiency of the transport system, to speed up the deployment of low-emission alternative energy for transport and to move towards zero-emission vehicles.
- Building on this, more rigorous vehicle emissions testing standards, including testing in real driving conditions, were imposed in September 2017 for new car models. In November 2017, the European Commission presented a legislative proposal (Proposal for post-2020 CO₂ targets for cars and vans) setting that the average emissions of the EU fleet of new passenger cars in 2030 will have to be 30 % lower than in 2021.

To realise their own targets, there are different measures in the EU member states:

12.6.1 Germany

The government provides legal framework for the development of technical standards as well as incentives to invest in electronic vehicles. Some regions and cities have set up their own subsidy programs.

In Germany, in particular the *Electro Mobility Act (Elektromobilitätsgesetz)* of 2015 assigns certain privileges to electric vehicles. It allows municipalities the possibility to grant preferential treatment to electric vehicles particularly in terms of parking on public roads, the use of public roads intended for special purposes, exception to traffic restrictions or parking fees. However, the Electro Mobility Act only applies to certain vehicle categories, such as *inter alia* L3e pursuant to the *Regulation (EU) No. 168/2013* (two-wheeled motorcycles). Since 2012, the so-called company vehicle privilege also applies to two-wheelers. Instead of a company car, companies and employees can also use tax advantages for a company bicycle.

Pursuant to the *Law on the Tax Promotion of Electric Mobility in Road Traffic (Gesetz zur steuerlichen Förderung von Elektromobilität im Straßenverkehr)* electric vehicles, including eScooters, are currently exempt from vehicle taxes during the first ten years after registration in the period from 18 May 2011 to 31 December 2020 and are subject to reduced tax rates thereafter. This provision may also apply to retrofitted vehicles. Furthermore, the Federal Government supports the purchase of electric vehicles by an environmental bonus. The funding program is scheduled to run until 30 June 2019 (*Directive to promote the purchase of electric vehicles (environmental bonus)*).

Additionally, bans on diesel traffic are currently being discussed. The first driving ban came into force in Hamburg on 31 May 2018.

The legal framework for the installation of public charging stations is set by the *Charging Station Ordinance (Ladesäulenverordnung)* of 2016, specifying the technical standards and aiming to ensure the interoperability of public charging stations.

12.6.2 France

Due to the *Climate Plan* of 6 July 2017, France plans to be climate-neutral by 2050. Among other things, this is going to be achieved by supporting electronic vehicles.

As part of its policy to protect the environment and combat climate change, France introduced a bonus-malus system in 2008 that is linked to the vehicle's CO₂ emissions. Buyers of new cars with electric or hybrid drive receive a bonus, while buyers of cars with high emissions have to pay a penalty (special annual tax). The bonus also applies to electronic two-wheeled vehicles with a minimum power of 3 kWh. Tax reliefs are not foreseen.

Announcements from French government followed suit that the sale of new conventional petrol and diesel vehicles will be banned by 2040 (*Climate Plan*). The banning of polluting vehicles in Paris is planned for 2024 (diesel) and 2030 (petrol). Whether the ban applies to two-wheeled vehicles as well is currently not clear.

Subsidised by governmental aid, one million charging stations are to be built throughout France by 2020.

12.6.3 United Kingdom

The UK Government announced a new so-called *Air Quality Plan (UK plan for tackling roadside nitrogen dioxide concentrations)*, published 26 July 2017). Central to the UK government's objective of tackling greenhouse gas emissions is its ambition for Britain to lead the world in electric vehicle technology and use.

Privileges for electronic vehicles, such as special parking options, do not exist.

Pursuant to the *Autumn Budget (2017)*, the government will provide £ 100 million to help consumers with the cost of purchasing a new battery electric car. Tax reliefs are not foreseen.

The *Air Quality Plan* includes a commitment to ban the sale of new petrol and diesel cars and vans by 2040. Furthermore, step-by-step driving bans for Oxford and London from 2019 are planned. Vehicle manufacturers have been subject to tougher "real world" emissions testing requirements since 1 September 2017. Currently, older cars driving in central London need to meet minimum Euro emission standards or pay an extra daily "toxicity charge". The toxicity charge will be replaced by the *Ultra Low Emission Zone* which will mean vehicles using central London will have to meet new, tighter emissions standards from 8 April 2019. The *Ultra Low Emission Zone* will affect all vehicles including two-wheeled ones.

The *Automated and Electric Vehicles Bill* of November 2017 provides that the government may issue regulations to improve the country's charging infrastructure, for example by requiring large fuel retailers to provide fast charging points.

12.6.4 The Netherlands

The *Dutch Energy Agreement* was implemented in 2013, with the goal to provide a basis for the future energy and climate policies, among others, to reduce greenhouse gas emissions with at least 60 % compared to 1990. One of the ways to reach this goal is by transitioning to electronic vehicles.

Traffic privileges are currently not foreseen.

Even if a few cities offer their own small premiums, there is no government subsidy for the purchase of electronic vehicles. The motor vehicle tax is calculated on the basis of CO₂ emissions. Thus, electric vehicles are privileged.

Since 1 January 2018 Amsterdam has introduced a low emission zone for mopeds, taxis and tour buses. Therefore there is no access for mopeds with an initial registration in 2010 or earlier.

Another measure is the urban charging point development regime led by resident applications in Amsterdam.

12.6.5 Italy

There are only a few measures to promote e-Mobility in Italy. Advantages on traffic road are not provided.

Tax reliefs from the motor vehicle tax are possible. However, government incentives to buy are among the lowest in Europe. Provinces have their own regulations. For example, the province Trentino-Alto Adige supports the purchase of electric small mopeds for companies with a subsidy of 30 % up to a maximum of EUR 1,000.

Particularly driving in large cities has been banned from time to time in order to reduce air pollution. In December 2016, Rome introduced an "eco-Sunday" and banned cars and scooters. Milan is banning Euro 3 diesel cars in the

entire city from 2020 step-by-step until it will be diesel-free in 2030.

The update to Italy's *National infrastructure plan for charging electronic vehicles (Aggiornamento a Piano Nazionale Infrastrutturale per la Ricarica dei veicoli alimentati ad energia Elettrica*, published 30 June 2016) plans to install between 6,500 and 19,000 charging stations by 2020.

12.6.6 Spain

The *Energy Planning Development Plan for the Electric Transport Network 2015-2020 (Propuesta de Desarrollo de la red de transporte de electricidad 2015-2020*, published November 2014) takes into account the objectives set out in the *Strategy to Promote Alternative Energy Vehicles 2014-2020 (Estrategia de Impulso del vehículo con energías alternativas en España 2014-2020*, published June 2015). Barcelona recently published its *Electric Mobility Strategy 2018-2024 (L'Estratègia per la Mobilitat Elèctrica 2018-2024 a la ciutat de Barcelona)* including measures and targets for development of e-Mobility in the city, such as increasing the number of electric private cars and motorcycles up to a combined total of 24,000.

The Spanish government subsidised the purchase of electronic vehicles with bonus payments in the context of a national action scheme for distribution of vehicles with alternative drive systems by individual subsidy programs that are exploited within a short time. Partly, tax reliefs are possible.

The Ministry of Energy, Tourism and Digital Agenda launched the *Alternative Mobility Support Plan (El Plan de Apoyo a la Movilidad Alternativa)* in January 2018 to promote charging projects for alternative drives, especially publicly usable charging stations with EUR 15 million.

12.7 Data Protection and Data Privacy

The collection, processing and other use of personal data is extensively regulated by European and national legislation, which could affect us, as we collect personal information through our connectivity solutions to some extent.

At the EU level, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**", "**GDPR**") entered into force on 25 May, 2018. In Germany, the GDPR is supplemented by the German Federal Data Protection Act (*Bundesdatenschutzgesetz* (the "**Data Protection Act**")), which was recently amended with effect from 25 May 2018.

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how it may be transferred. The GDPR contains strict requirements for obtaining the consent of data subjects (*i.e.* the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without prior notice, preventing the continued use of the affected data. Also, Articles 13 and 14 GDPR impose extended information obligations on data controllers. In addition, a transfer of personal data to entities outside the EEA is subject to specific requirements.

The GDPR also requires under certain circumstances, organisational measures such as the appointment of a data protection officer (*Datenschutzbeauftragter*) who, *inter alia*, monitors compliance with the GDPR. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the GDPR and the Data Protection Act, various sector-specific statutes set forth specific rules which apply to certain industries or businesses. Those may hold more specific and thus prevailing stipulations on data privacy.

For instance, Companies which also sell their products online have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz* (the "**Tele Media Act**")), which takes into consideration particular aspects of online communication and may deviate from the GDPR and/or Data Protection Act. There is currently an intense debate amongst legal experts whether certain provisions of the TMG (*e.g.* Secs. 12, 13 and 15 TMG) can still be relied upon in the light of the new regulations of the GDPR.

Further, the Tele Media Act provides for additional information obligations which go beyond pure privacy law (*e.g.* a requirement to include an imprint on websites and apps).

13. BUSINESS

13.1 Overview

Govecs develops, produces and distributes high-quality eScooters to business customers mainly in Europe and to consumers mainly in Germany. Founded in 2009, we are an industry pioneer that has manufactured and sold more than 10,000 eScooters (as at 30 June 2018). With our first eScooter model launched in 2010 we are a pioneer in the European eScooter market. In 2017, we expanded our product portfolio for an electrically powered version of the former East German scooter Schwalbe.

We offer our eScooters under three business lines: Sharing (B2S), Delivery (B2D) and Consumers (B2C).

In our B2S business line, we are the global market leader with a market share of 40 % (measured in number of eScooters deployed until November 2017) (Source: *InnoZ, Market Report*) with Europe being the current global centre of the eScooter sharing market. Our high-quality, durable GO! S Model is tailored for the use by sharing operators. These sharing operators keep fleet of eScooters available for the short-time rental by registered users. We customise the GO! S model for the specific needs of each customer such as leading European eScooter sharing operators Cityscoot and eCooltra. We sell our eScooters to sharing operators mainly in France, Germany, Italy, the Netherlands, Spain, and, to a lesser extent, certain other European markets. Since we started to put a strong focus on the sale of our eScooters to sharing operators in 2015, the sharing business line has become the largest contributor to our revenues. Approximately 94 % and 97 % of all eScooters that we delivered in the year ended 31 December 2017 and the six month period ended 30 June 2018, respectively, were delivered to sharing operators.

In our B2D business line, we market our GO! T Model mainly to customers from the food delivery industry which use our eScooters for cost-efficient delivery. In our B2D business line, we currently sell eScooters mainly to business customers in Benelux, France, Germany and the UK. Approximately 5 % of all eScooters that we delivered in the year ended 31 December 2017 are attributable to our B2D business line. In the six month period ended 30 June 2018 we did not deliver eScooters to B2D customers, due to the unavailability of our phased-out GO-T Model and the later than initially planned launch of our new GO! T Model.

While we only generated a very small portion of our revenues from the sale of eScooters to consumers in the past, we place great strategic emphasis on significantly expanding our B2C business line. The premium lifestyle eScooter Schwalbe is at present the core offering of our retail platform HappyScooter which is dedicated to marketing electric light vehicles directly to consumers. In 2019 we expect to expand our product portfolio by launching Elly, our entry level eScooter, and the recently acquired ELMOTO eScooter, which has a bicycle-like construction and appearance. We focus on direct distribution through the Internet and our HappyScooter stores, currently in Berlin and Stuttgart. Our B2C offering currently addresses the German market, but we plan a roll-out into other European markets, starting in the Netherlands.

We operate from our headquarters in Munich, Germany, and our development and production facilities in Wrocław, Poland and have a total of 217 employees as at the date of this Prospectus. We have experienced significant growth in recent periods, with total revenue of EUR 2,504 thousand, EUR 6,910 thousand and EUR 14,687 thousand in the financial years 2015, 2016 and 2017, respectively, representing year-over-year increases of 176 % and 113 %, respectively. Our net losses amounted to EUR 2,964 thousand, EUR 4,527 thousand and EUR 5,058 thousand in the financial years 2015, 2016 and 2017, respectively. In the first six months of 2018, our total revenues amounted to EUR 11,020 thousand, representing an increase of 41.4 % compared to the same period in 2017 and our net losses amounted to EUR 3,453 thousand.

13.2 Competitive Strengths

We believe that the following strengths have been the primary drivers of our success to date:

13.2.1 Well positioned to leverage on highly-attractive fast growing e-mobility market due to leading market position and "First mover-advantage"

Increasing urbanisation, the expected strong growth of the sharing economy in general, increasing ecological awareness and regulatory developments are global trends that drive the growth of the eScooter market. The European market for eScooters is expected to increase at a CAGR of around 27 % from 2017 to 2026 (Source: *Navigant, LEV*).

The European sub-market for eScooters used in sharing operations has experienced particularly strong growth in recent years which is expected to continue (see "11. Industry—11.4 The eScooter Market—11.4.1 General overview"). Scooter sharing operators clearly prefer eScooters over ICE scooters, due to the lower operational costs, *inter alia*, for swapping the batteries of an eScooter compared to fuelling ICE scooters and the absence of

air pollutant and noise emissions.

eScooters are equally attractive for customers in the food delivery business, because, according to our observations and calculations, the total costs of ownership for an eScooter are lower than those for ICE scooters assuming that a certain minimum annual mileage is exceeded which is typically the case for a scooter used for food delivery. We therefore expect that the number of eScooters used for transportation purposes will significantly increase in the future.

As the globally leading supplier for eScooters to sharing operators and one of the leading producers of eScooters in Europe with a high visibility in the industry, an outstanding track record, particularly in many prominent sharing operations, and an attractive product portfolio, we believe we are well placed to leverage on this growth opportunity.

The development of an eScooter is technologically challenging and requires extensive expertise and experience. As the eScooter industry is comparatively young, there is significantly less common knowledge in this area than in other industries which makes experience in developing eScooters even more relevant. We believe that there is a steep learning curve in the first few years of eScooter development and manufacturing. We have been building eScooters since 2009 and delivered more than 10,000 eScooters since our inception. We believe that this long standing experience provides us with a significant advantage over competitors with a shorter operating history.

13.2.2 Broad portfolio of premium products based on technologically advanced solutions

With our range of high-quality eScooters, we have positioned ourselves in the market as a premium provider with high-quality standards "made in the EU". In the design of our eScooters, our engineering expertise, technological know-how, deep understanding of customer requirements and preferences, the valuable contribution of our quality assurance and supply chain management teams as well as the extensive testing of the prototypes lead to an attractive portfolio of high-quality eScooters tailored to our customers' needs. We have a strong focus on quality, reliability and performance in terms of acceleration and handling of our eScooters. This quality approach leads to reduced downtime and maintenance costs, which is vital, especially for our B2S and B2D customers. Our products also meet the high expectations and requirements of European customers regarding life time and product quality. We believe that the combination of product components like ABS brakes, our self-developed belt drive and the Bosch drive train system are industry leading and a unique selling point of our eScooters.

Many of our competitors only offer one eScooter model (often available with some marginal variations) for all use cases. In contrast, we have developed three different eScooters addressing the needs of each of the markets we operate in. Our GO! S Model has been developed with a focus on quality, reliability, performance, riding dynamics and the integration of a connectivity solution which are all vital features for the use of an eScooter in sharing operations. Our GO! T Model was specifically designed for the heavy use for transportation and delivery purposes. The Schwalbe is a premium lifestyle product with a special emphasis on performance, riding dynamics and design. It specifically targets consumers, but is also purchased by sharing operators. In addition, with the recently acquired ELMOTO eScooter, the entry level eScooter Elly and our next generation GO! S Model, we have a number of products already in rather advanced stages of the development process. With the launch of these products we will further complement our eScooter portfolio with an entry level product (Elly) and an eScooter with a bicycle like construction and appearance that fills the gap between a pedelec and an eScooter (ELMOTO). We believe that it is of great importance, particularly for our B2S and B2C business lines, to be able offer a broad portfolio of eScooters with the latest technological developments and design trends covering the changing preferences of different consumer target groups at different price and performance points.

13.2.3 Long-standing relationships with leading players in the eScooter sharing industry and promising business relationships in our B2D business line

We believe that we have an excellent customer portfolio as well as close relationships with the relevant players in the B2S market, but also in the B2D market.

In Europe, we supply three of four leading eScooter sharing providers and maintain stable and long-lasting business relationships with them. Until 30 June 2018, we had delivered more than 5,300 eScooters to sharing operators. The intense use of a scooter in sharing operations and the need for high availability in the sharing schemes makes the quality and therefore the reliability of a scooter very important. We have become the leading supplier of eScooters to sharing operators worldwide (Source: *InnoZ, Market Report*). Sharing operators usually need customised eScooters which need to be developed as swiftly as possible while still being highly reliable. With our deep industry insight and our vast experience, we believe we are able to develop a highly reliable eScooter tailored to the needs of a specific sharing operator significantly faster than most of our competitors.

Due to our long standing relationships with leading sharing operators our order backlog (*i.e.* eScooters ordered but not yet delivered) as at 30 June 2018 in the B2S business line comprised more than 2,500 eScooters.

We believe that being a leading supplier to sharing operators puts us in an excellent position to be awarded additional orders when the respective sharing operators expand their operations. eScooter sharing operations are expected to grow significantly in Europe in the near future (Source: *InnoZ, Market Report*). As the leading supplier for sharing operators in Europe, we believe we are well equipped and positioned for the future development in the eScooter sharing market which also forms a sustainable base for expanding the B2C business line, as the consumers get to know the quality of our products via the sharing concepts.

We also have promising business relationships in the B2D market to leading providers of food delivery services, such as Deliveroo, Delivery Hero, Domino's Pizza, Pizza Hut and Takeaway.com. With some of these companies, we have framework contracts for purchasing our scooters.

13.2.4 Excellent engineering and manufacturing capabilities

We believe to have excellent engineering and manufacturing capabilities.

Currently, all of our eScooters are developed and manufactured in Europe, mainly in our production facility in Wroclaw, Poland. In development and manufacturing we conduct all mission critical steps ourselves. We drive and control the development process. The engineering input comes from our own team of experienced engineers. We develop the manufacturing layout and design and own the tooling equipment used by our suppliers for many important product components. Our extensive engineering capabilities and the experience gained through many years of developing and manufacturing eScooters enable us to integrate entire component systems (such as the Bosch drive train system and, in case of eScooters used for sharing operations, the connectivity system) of industry leading suppliers with whom we have built trustful and long-standing relationships. The integration of a system into an eScooter model is a very complicated development process of 12 to 18 months, as it is necessary to ensure optimal communication and interaction between the system and the other components of the eScooter. Our asset-light, flexible manufacturing and our engineering expertise and experience enable us to integrate component systems or cater to specific customer requirements in very short time. A short time to market is very important for a sharing operator.

Our co-founder and Chief Operating Officer Mr. Nicholas Holdcraft has direct responsibility for our manufacturing processes. He supervises and monitors our production in Wroclaw and ensures the high quality of our production. Our long-standing supply relationships, a good supply chain management and stringent quality control measures ensure the high quality of our eScooters.

13.2.5 Experienced management team with long-standing sector expertise in the e-mobility industry

We have an experienced and well-coordinated management team with many years of experience in the field of e-mobility.

While we have been developing and manufacturing eScooters for almost ten years, our CEO and founder, Mr. Thomas Grübel, has been active in the e-mobility industry for more than 20 years. He launched his first electrically powered scooter in 2000 and co-founded e-max, an eScooter producer that was acquired by stock exchange listed V-Moto in 2009.

Mr. Nicholas Holdcraft, who has more than 15 years of experience in e-mobility and high-tech engineering and co-founded GOVECS together with Mr. Thomas Grübel in 2009, has been overseeing our production in Wroclaw ever since.

Our CFO, Mr. Dirk Reiche, has more than 20 years of experience in finance and capital markets, particularly in the software and transport sector. He had various positions in financial management (incl. as acting CFO for Intershop AG and Info AG) prior to joining us early this year.

13.3 Strategy

13.3.1 Launch retail platform under HappyScooter brand to expand B2C business

Without a strategic focus on the B2C business, we only generated a very small portion of our revenues from the sale of eScooters to consumers in the past.

We believe that the B2C eScooter market has started to become more mature and is set for significant growth. We have therefore started and will continue to place great strategic emphasis on significantly expanding our B2C business. Our B2C product offering currently centres around the Schwalbe (launched in 2017) which is positioned as a premium lifestyle eScooter. We have developed and are currently in the final stages of testing an L1e Schwalbe version with batteries that are swappable by the end-user. We expect to be able to launch this new Schwalbe version in spring season 2019. With the recently introduced Schwalbe L3e version as our first step into the light

motorcycle market, the expected introduction of our entry-level eScooter Elly in the second calendar quarter of 2019 and the bicycle-like eScooter ELMOTO at the beginning of 2019 we aim to address additional target consumer groups. Our B2C offering currently addresses the German market, but we plan a roll-out into other European markets, starting in the Netherlands.

We plan to launch our new retail distribution platform under the brand HappyScooter at the most popular German two-wheeled motor vehicle B2C fair INTERMOT in Cologne, Germany, in October 2018. In our B2C business line we intend to focus on direct distribution only. This allows us to maintain control over sales channel support, margin profile and ownership of customer data. We plan to strongly expand our direct sales both online through the Internet and offline through store presence. Our direct distribution channels consist of our HappyScooter Internet platform, through which we intend to target consumers in Germany (and soon in the Netherlands), including social media activities to increase the lead generation as well as the number of website users and our HappyScooter flagship stores, currently in Berlin and Stuttgart. We aim for HappyScooter to become a single point of contact for everyone interested in electric two-wheelers and believe that it will be the first dedicated multi brand, on-/offline sales platform for electric mobility in Germany. We intend to open up to a total of five additional HappyScooter stores in 2019 and in the mid-term up to a total of 30 HappyScooter stores in Western Europe. In our HappyScooter stores we also provide repair and maintenance services and intend to also offer complementary products of third parties in the future. We believe that our HappyScooter stores are an important tool for promoting online sales insofar as they allow potential customers to get in physical contact with our eScooters and test ride them. In addition, we aim to increase the number of our so-called "Fahrpostel", *i.e.* freelancers that are offering test rides with the Schwalbe to consumers in Germany from eight (as at 30 June 2018) to approximately 20 in 2019. We also intend to lease and/or acquire space in order to be able to store fully assembled eScooters and spare parts to enable us to react to customer requests more flexibly.

We believe that our B2C channel does and will benefit from the promotion our eScooters receive through the use in sharing operations, at present for example the eScooter Schwalbe by Emmy and the eScooter GO! S by Cityscoot.

13.3.2 Strategic initiatives in the B2S and B2D market

We intend to further strengthen our position in the B2S and B2D markets by launching certain strategic initiatives.

In terms of the further international expansion of our B2S business line, we intend to follow our major customers. Some of them have already announced plans to roll-out their sharing operations to new markets. Based on the long-standing relationships with our customers and our market leading position in the B2S market we are confident to receive orders for our eScooters also in these markets.

We are currently working on a project to further decrease the time we need to customise our standard GO! S Model to the specific requirements of a sharing operator. For example, we will provide our future entry level eScooter Elly already with a connectivity solution connected to a cloud solution that we operate ourselves. Sharing operators using the Elly on the basis of this connectivity solution will save significant time to market, as a separate homologation that normally takes approximately four months is no longer necessary in such case.

In our B2D business line, we intend to put strategic emphasis on an active marketing of our GO! T Model and the GO! Rent mobility services offering not only for food delivery purposes, but also for urban logistics in general (for example, mail and parcel and other same day deliveries), as we believe that there is a significant market potential for eScooters in this area. We believe that with our new GO! T Model integrating the Bosch drive train system we further increase the attractiveness of our product offering in the B2D business line.

We are in on-going discussions with leading car rental companies which are considering the implementation of more connected mobility service offerings with eScooters playing a significant role in the strategic plans of these companies.

13.3.3 Expand product and service portfolio

We believe that it is very important for our success to constantly complement and update our product portfolio by developing and launching new innovative eScooter models.

To this end, we are currently developing the Elly, an entry-level eScooter, which we aim to launch in the second quarter of 2019. Within the entry level, the Elly will be a high-quality eScooter, mainly due to its performance, riding dynamics and multifunctional connectivity solution with an app with many attractive features and functions. In order to expand and complement our eScooter offering, we have acquired an additional eScooter model (ELMOTO) under a purchase and transfer agreement entered into in June 2018. The transaction was closed in July 2018. We expect to be able to launch the updated ELMOTO eScooter at the beginning of 2019. Finally, we are currently working on the next generation of our GO! S eScooter which we intend to complete by the third quarter of 2019.

In addition, we intend to specifically expand our product offering for L3e eScooter models in the mid-term as we have already done with the Schwalbe. We believe these to be particularly attractive for the consumer market. We can offer our L1e models as L3e versions very cost efficiently which is attractive from a margin perspective.

In line with the expansion of our B2C activity, we will also intensify our maintenance and repair service and our spare parts offering. We have recently established a dedicated service team in Munich which is in charge of overseeing and expanding our own service activity and our service partnerships in Germany and building up a respective service offering in other European markets in the future. To have spare parts available for our B2C customers on short notice, we are in the process of establishing warehouses with third parties in different areas at Germany.

13.3.4 Expand technological leadership

We believe it will be vital for our business, to continue to make investments into product development in order to maintain and expand our position as a technological leader of the eScooter industry.

To this end, we have developed a double belt-drive ensuring smoother and more efficient implementation of the throttle-grip commands. We have integrated the industry leading Bosch drive train solution into our Schwalbe Model thereby enhancing performance, efficiency and driving dynamics and are in the process of integrating the Bosch drive train solution into our other eScooter models. We constantly work on comparable innovative solutions in cooperation with our main suppliers. Thus, our suppliers also help us to reduce our overall development costs and free up internal capacities for other development topics, such as general product development, vehicle dynamics and homologation. We intend to equip all our future eScooter models with connectivity solutions that collect and transfer data to a central server infrastructure. Such data includes static and dynamic vehicle data, traffic data, dynamic user data and geo-data. We aim to set-up our own cloud solution for collecting such data with the launch of the Elly. The information gathered will allow us to get an even deeper insight into the way our eScooters are used which we expect to be of significant benefit for developing future eScooter models. In addition, the data could also be used to enable predictive maintenance and repair or monetised, for example, by enabling location tailored advertising or by providing data on an aggregated and anonymised basis as a service. For these data management topics we also plan to co-operate with external industry experts with the aim of implementing the latest data management technologies in our eScooters.

13.3.5 Increase and expand capacity and vertical integration of our production

The paramount pillar in our manufacturing strategy is to become Europe's number one electric two-wheel vehicle producer. We expect our production volume to increase significantly over the next years. We therefore intend to build a new manufacturing facility purpose built for eScooter manufacturing in the proximity of Wroclaw, Poland where our current manufacturing facility is located. The Wroclaw region is close to Germany, offers low labour costs, an attractive talent pool and is home to multiple lithium-ion battery manufacturers.

As we expect a significant increase in eScooters sales (by number of vehicles) in the coming years, we aim to re-locate from our current circa 5,000 sqm production facility to an approximately 25,000 to 30,000 sqm facility and expand our annual production capacity from currently approximately 15,000 eScooters to approximately 70,000 to 80,000 eScooters. We currently expect to be able to commence production in the new production facility in three to four years.

We further intend to have certain components supplied (for example, frame, wiring harness) and services performed (for example, painting of the outer shell components) by third parties today, produced or, as the case may be, performed in-house. This would mean that we would have to add CNC machining, welding, bending, stamping and coating, wire harness production and painting facilities. Assuming the expected increase in production volume, such vertical integration would significantly decrease the costs of goods sold per eScooter, particularly by allowing us to recoup savings in logistics costs. In addition, a vertical integration would increase the flexibility and speed of our production. In order to further expand our capacity, we intend to hire new engineering and manufacturing personnel.

We plan to have our entry level eScooter model Elly assembled in China by a third-party OEM in accordance with our production layout and under our supervision (see "*13.8 Manufacturing*"). We believe that the local assembly of components mainly sourced from Asian suppliers in China, such as the Bosch drive train system developed in Asia, will enable us to price Elly competitively in the entry level segment. We intend to have the recently acquired ELMOTO assembled by an experienced scooter OEM in Spain which the seller of the ELMOTO already had envisaged as OEM manufacturer.

13.3.6 Strategic acquisitions

We believe that the acquisition of suitable target companies and products can help us to achieve our strategic

growth targets, in particular, to expand our technological leadership position, our product portfolio as well as our B2C business line.

We monitor the market for possible targets based on a stringent acquisition strategy aiming at complementary products and/or sales channels. Such new products require a price point that fits with the existing product portfolio and are limited to light electric vehicles with max. 10 kW. In addition, we aim for products/companies, which, based on a positive market study, have an attractive market potential and (in case of already existing products) have a positive product image.

13.4 Our Business lines

We generate the majority of our revenues from the sale of eScooters, related accessories and spare parts. In addition, we receive rent payments from customers in our delivery business line that rent eScooters under our "GO! Rent" mobility services offering. We sell our eScooters to sharing operators mainly in France, Germany, Italy, the Netherlands and Spain, and, to a lesser extent, certain other European markets. In our delivery business line, we sell eScooters mainly to business customers in Benelux, France, Germany and the UK. In addition, we currently market our eScooters to consumers in Germany, which will be followed by the Netherlands.

Our business operations are divided into three business lines:

13.4.1 B2S /// Sharing Business

In this business line, we sell eScooters, related accessories and spare parts to sharing operators. Approximately 94 % and 97 % of all eScooters that we delivered in the year ended 31 December 2017 and the six month period ended 30 June 2018, respectively, were delivered to sharing operators. In our B2S business line, we are the global market leader with a market share of 40 % (measured in number of eScooters deployed until November 2017) (Source: *InnoZ, Market Report*), with Europe being the current global centre of the eScooter sharing market. Sharing operators allow their registered customers to rent eScooters on an as needed basis for personal transportation for short periods of time, often by the minute.

13.4.2 B2D /// Delivery Business

This business line comprises our business with customers that purchase or rent our eScooters for commercial use, currently mainly for cost-efficient food delivery. Approximately 4.8 % and 0 % of all eScooters that we delivered in the year ended 31 December 2017 and the six month period ended 30 June 2018, respectively, are attributable to our B2D business line. In the six month period ended 30 June 2018 we did not deliver eScooters to B2D customers, due to the unavailability of our phased-out GO-T Model and the later than initially planned launch of our new GO! T Model. We sell our eScooters to food delivery services with or without their own restaurants such as, Deliveroo, Delivery Hero, Domino's Pizza, Pizza Hut, Takeaway.com or Burger King or to their franchisees. In addition, we sell larger numbers of eScooters to enterprises that rent or on-sell the eScooters acquired from us to their customers, typically also for food delivery purposes and, to a lesser extent, postal delivery services.

In this business line, we alternatively offer our GO! Rent mobility services to customers in Germany. With the GO! Rent mobility services offering, our customers pay a fixed amount per day per eScooter used. The rent covers the costs of maintenance, necessary repairs or renewals resulting from wear and tear, while repairs necessary due to accidents or improper use have to be compensated separately. In addition, our GO! Rent customers pay a one-time deployment fee per eScooter for the transport to the envisaged operation area.

We believe to be able to increasingly attract interest in our eScooters not only for food delivery, but also for other use cases such as the delivery of mail and parcels and pharmaceuticals and the provision of other same-day delivery services. We have already obtained a number of small scale orders for the use of our eScooters in the logistics and postal delivery area in Germany and Benelux by large players.

13.4.3 B2C /// Retail and Online Business

While we only generate a very small portion of our revenues from the direct sale of eScooters to consumers as at the date of the Prospectus, we place great strategic emphasis on significantly expanding our activities in this area by leveraging our existing and future product brands Govecs, ELMOTO, Elly and Schwalbe and promoting and expanding our "HappyScooter" retail brand and online distribution platform as well as via the additional HappyScooter stores. HappyScooter is our retail platform dedicated to eScooters with a focus on the categories L1e and L3e to sell our eScooters directly to consumers especially over the Internet and additionally in our HappyScooter stores. Our B2C offering currently addresses the German market, but we plan a roll-out into other European markets, starting in the Netherlands.

13.5 Our eScooter Portfolio

Our product portfolio consists exclusively of two-wheelers powered electrically by lithium-ion battery packs as part of a self-developed or a Bosch drive train system and using our self-developed double belt drive. The advantages of a belt-drive over the alternative, a wheel hub motor, are that it is less maintenance intensive, more efficient and less noisy. In addition, due to its weight, the wheel hub motor can only be used up to a certain performance level of the eScooter. We estimate the life of the batteries of our eScooters to be approximately 50,000 km on average. Depending on the individual model, the batteries are non-swappable or swappable (on a service level).

Our current product portfolio comprises the following eScooters which all have individual product characteristics tailored to the needs of different customer target groups (e.g. with regard to battery, maximum load, seats and design) or legally required for the eScooter to fall within specific driving licence categories (mainly with regard to their maximum speed). Our high-quality eScooters have high-grade components, like ABS brakes, our self-developed belt drive and other drive train components, and belong to the premium market segment.

The following table shows certain technical data of our current eScooter portfolio:

Technical Data	GO! S	GO! T ¹	Schwalbe L1e	Schwalbe L3e
Maximum Speed	45 km/h (also available as 25 km/h version)	45 km/h (also available as 25 km/h version)	45 km/h	90 km/h
Range²	40-60 km	63 km with one and 125 km with two batteries	Up to 63 km with one and up to 125km with two batteries	Up to 90km
Charging Time	2-3 h, approx. 1h to 80 % load	4-5 h, approx. 2 h to 80 % load	5 h in standard charging mode and 1h (one battery) or 2 h (two batteries) in quick charge mode 0-50 % load	5 h in standard charging mode or 2 h in quick charge mode (0-50 % load)
Power	3.3 kW	4 kW	4 kW	8 kW
Drive train	Self-developed drive train system with double belt-drive (45 km/h version) and single belt-drive (25 km/h version)	Bosch drive train system and self-developed double belt-drive	Bosch drive train system and self-developed double belt-drive	Bosch drive train system and self-developed double belt-drive

¹ Technical data pertains to the new version of the GO! T Model that we expect to launch in the fourth quarter of 2018.

² Based on the version with a maximum speed of 45 km/h. Actual range varies greatly depending on riding style, use case (topography, rural or urban territory), weather and climate conditions, size and weight of the load and rider and the age of the battery. For purposes of estimating the range we have assumed that a new battery is used.

GO! S



GO! T



Schwalbe



13.5.1 GO! S Model

The GO! S Model is an L1e eScooter and our main model sold to sharing operators in Europe. We developed the drive train system of the GO! S model ourselves. The GO! S model provides for a service level swappable battery and a centre stand with a self-developed centre stand lock, as necessary for the use by sharing operators.

Our GO! S model only forms the basis for the eScooters actually sold to sharing operators. Sharing operators usually require a significant level of customisation. The use case of a sharing operator makes it necessary that the eScooter has a connectivity solution, *i.e.* the eScooters gateway to the smartphone of the end-user and the cloud server of the sharing operator. The connectivity solution enables the end-user to locate available eScooters and to unlock and start the eScooter through a smart phone app and communicates vehicle information such as location

and battery status to the sharing operator. It includes a sim-card and uses mobile telecommunications networks. We currently do not sell the connectivity solution as part of our GO! S! Model. The customers purchase the connectivity solutions either from third parties (sometimes following our respective suggestion) or have developed their own connectivity solution. However, we need to adapt the GO! S Model in order to integrate the specific connectivity solution, which can require significant modifications. For example, a centre stand lock of the eScooter needs to "communicate" with the connectivity solution to be activated and de-activated through the app. The customisation also requires the design of an individual wiring harness for each sharing operator. The customisation process normally takes six to twelve months. These customisation requirements lead to the need of a homologation of the modified eScooter which takes approximately four months (see "12. Regulatory and Legal Environment"). The ability to perform the necessary individualisation of an eScooter used in sharing operations in short time and with high reliability is a very important differentiator and a significant barrier to entry for new competitors.

13.5.2 GO! T Model

We have developed the GO! T Model for the use as a transport vehicle. While the GO! T Model was originally equipped with our self-developed drive train system, we are currently integrating a Bosch drive train system which we expect to be able to launch in the fourth quarter of 2018. We decided to use the Bosch drive train system with our new GO! T Model to save on development and supply costs, to improve the performance of the GO! T Model and to increase the component synergies with our other eScooter models. As we had originally envisaged a timelier launch of the new GO! T Model, we have already phased out the old version still equipped with our self-developed drive train system. The GO! T Model is therefore currently not available, but will only be available again once the new GO! T Model with the Bosch drive train system will be launched.

Equipped with the Bosch drive train system, the GO! T Model will be available with either one or two non-swappable batteries. Unlike other eScooters with two batteries, our eScooters can still be used even if one battery is defective by using the other battery. The new GO! T Model will be available as an "L1e" with 4 kW power and a maximum speed of 45 km/h. It will also be available as a version with a maximum speed of 25 km/h for the Dutch market, where these types of vehicles can be driven without a helmet on the bicycle path. Additionally, premiums for vehicle insurance are lower in this case.

Due to its extensive use for transportation purposes, our GO! T Model has a specific frame which is even more robust than the frames of our other eScooters.

The GO! T Model which we rent to customers under our GO! Rent mobility services offering also includes a global positioning system ("GPS") which transmits geographical data to us in regular time intervals. This information is important for us to plan maintenance intervals. For the near future, we plan to integrate a connectivity solution comparable to that included in the GO! S Model into the GO! T Models used for our GO! Rent mobility service offering which will then also communicate the battery status and the overall condition of the eScooter to us. We expect this information to enable us to understand the actual customer use of the eScooter even better and leverage on this improved knowledge when developing new models or update existing models.

The customers purchasing the GO! T Model normally require very few modifications, if any. The eScooters that we lease to customers under our GO! Rent business model are fully standardised and not modified at all.

13.5.3 Schwalbe

Between 1964 and 1986 the East German "VEB Fahrzeug und Gerätewerk Simson Suhl" produced and sold more than one million moped models labelled "Schwalbe". The Schwalbe is a cult vehicle and can still be observed on the road today, mainly in former East Germany. Under a licence agreement (see "—13.16 Material Contracts") we have revived the Schwalbe brand by developing our own Schwalbe model which resembles the design of the original Schwalbe, but is powered electrically. It was launched in September 2017.

The Schwalbe is a premium lifestyle eScooter and our first dedicated B2C product. It is the core offering of our retail platform HappyScooter. We intend the strong and established Schwalbe brand to be the backbone of our B2C expansion strategy.

The Schwalbe is available as an "L1e" version with 4 kW power and a maximum speed of 45 km/h and as an "L3e" version with 8 kW and a maximum speed of 90 km/h. The L3e version is our first significant step into the light motorcycle market. We believe the L3e model to be the most powerful L3e light electric motorcycle (measured by power) available on the market today.

The base version of the Schwalbe is equipped with the Bosch drive train system, a CBS braking system, a side stand and a basic colour (Black or White). In addition, the Schwalbe can be equipped with a second battery, a 1-channel ABS system (*i.e.* an anti-lock braking system with regard to the front wheel), a lockable centre stand, other colours (yellow, blue or green) and two alternative seat designs. While the L1e version is equipped with one 2.4 kw/h battery, the L3e version is always equipped with two batteries. We have developed and are currently in the

final stages of testing a L1e Schwalbe version with batteries that are swappable by the end-user. We expect to be able to launch this new Schwalbe version in spring season 2019.

The Schwalbe can be individually configured by our customers in our online shop. This online shop is directly connected with our production ERP (*i.e.* our production enterprise resource planning system) and hands over all relevant product- and customer data automatically.

While the Schwalbe is mainly targeting consumers, Emmy, one of our customers in our B2S business line, has decided to use the L1e Schwalbe for their sharing operations in Berlin and Munich. For these purposes we have modified the Schwalbe, to cater, *inter alia*, for a battery that is swappable on a service level by the sharing operator. We have also received indications of interest to use the Schwalbe for sharing operations from other customers. We also observe higher interest for the Schwalbe in our B2C business line in cities (*i.e.* Berlin and Munich) where the Schwalbe is used in sharing operations.

The Schwalbe comes with a smartphone app in a Schwalbe look and design which we source from Bosch. It is currently available for Android smartphones and connects the human machine interface, or HMI, (*i.e.* the device connected to the handlebar that displays certain system parameters such as average speed, range and battery status) with the smartphone via Bluetooth. The app provides information on, amongst other things, range, average energy consumption and location of the eScooter.

13.6 Our eScooter pipeline

We believe that continuous product development is very important for our future success. In particular, in the B2C and B2S business line it is of great importance that we are able to offer a broad portfolio of eScooters with the latest technological developments and design trends covering the changing preferences of different consumer target groups.

13.6.1 Elly

We expect to be able to launch Elly, our high quality entry level eScooter, in the second quarter of 2019. As an entry level product, the sales price will be significantly below the sales price of our premium eScooter, the Schwalbe. While our other eScooters operate on the basis of a belt drive, we plan Elly to operate with a wheel hub motor which is a less expensive solution. It is intended to be available as an L1e with a peak power of 2.6 kW power and a maximum speed of 45 km/h. Elly is designed in Europe by GOVECS and is intended to be powered by a Bosch drive train system developed in Asia which differs from the Bosch drive train system developed in Germany that we use for our other eScooters. We expect to be the first European eScooter producer to fully integrate this new drive train system. We plan to have Elly assembled in China by a third-party OEM in accordance with our production layout and under our supervision (see "*—13.8 Manufacturing*"). We believe that the local assembly of components mainly sourced from Asian suppliers in China, such as the Bosch drive train system developed in Asia, will enable us to price Elly competitively in the entry level segment.

Together with the Elly eScooter, we will make available to the customer a connectivity solution and an app. The app will provide numerous functionalities, including keyless operation, vehicle information (*i.e.* range, battery status), a remote lock/unlock mechanism, anti-theft notification, online diagnostics, over-the-air software updates, remote activation of battery charging, trip management and statistics. While the connectivity solution and the app are sourced from Bosch China, we aim to operate the cloud solution that backs up the connectivity solution ourselves.

Within the entry level, the Elly will be a premium high-quality eScooter, mainly due to its performance, riding dynamics and the multifunctional connectivity solution and an app.

While Elly is an important pillar of our B2C expansion strategy under the HappyScooter brand, we believe that it is also an eScooter model which can be attractive for sharing operators. If the sharing operator does not require modifications to the included connectivity solution or a different connectivity solution, a new homologation is not necessary. We expect this to enable us to supply sharing operators much quicker than today, as a new homologation usually takes approximately four months.

13.6.2 ELMOTO

The ELMOTO is an eScooter that we have acquired from German based ID-Bike GmbH under a purchase and transfer agreement entered into in June 2018 (see "*—13.16 Material Contracts*"). The transaction was closed in July 2018. According to statements of its management, ID-Bike GmbH sold more than 4,000 ELMOTO eScooters in the past. We expect to be able to re-launch the ELMOTO during the first half year of 2019. The ELMOTO differs from our self-developed eScooters insofar as it has a bicycle like construction and appearance, although it does not have pedals. The ELMOTO is an "L1e" with 1.7 kW power and a maximum speed of 45 km/h. We intend

to also offer it as a version with a maximum speed of 25 km/h for the Dutch market, where these types of vehicles can be driven without a helmet on the bicycle path and the premiums for vehicle insurance are lower.

We believe that the ELMOTO is a good and complementary fit for our eScooter portfolio, as it is also a high-quality product developed in Germany and manufactured in Europe that fills the gap between a pedelec and an eScooter.

We plan to position the ELMOTO mainly as a product for young urban riders who are early adopters of electronic mobility concepts in our B2C business line. In addition, the ELMOTO could also be an interesting eScooter for sharing operators and delivery services.

We plan to have the ELMOTO assembled by an experienced scooter OEM in Spain and intend to sign a respective assembly agreement.

We are currently assessing the possibility to integrate the Bosch drive train into the ELMOTO and launch an L3e version of the ELMOTO at a later stage.

13.6.3 Next generation of the GO! S Model

We are currently working on the next generation GO! S Model together with one of our main customers. While keeping the main frame and the swing arm of the current model, we aim to entirely redesign the exterior appearance of the GO! S. In addition, the next generation GO! S Model will integrate the Bosch drive train system with swappable batteries, still using our double belt-drive. We expect the new GO! S Model to be available from the third quarter of 2019 and to be able to market the new GO! S Model to other sharing operators and to consumers shortly thereafter.

13.7 Product Development Process

The research and development of our products is mainly done internally, but also in close cooperation with external third parties. Main areas in the development process are

- mechanical engineering such as plastic and metal components design, wire harness design and components and system "FEM" analysis (Finite element analysis is the modelling of products in a virtual environment for the purpose of finding and solving potential structural or performance issues);
- electrical and software engineering including software development, "PCB" (printed circuit board) design, validation of electric drive trains, batteries and the battery management system as well as low-level embedded software development; and
- system engineering with rapid prototyping, components and system validation and verification as well as integration and validation of sharing software/hardware solutions.

The development of a product normally takes about one and a half to three years and splits into the α Phase, the β Phase and the γ Phase.

13.7.1 α Phase

The α Phase is mainly design focused and typically takes about 90 days. On the basis of technical and functional parameters that we provide to them, external design houses create suggestions for the design of the eScooter. Such parameters include, for example, the dimensions of the intended battery or the parameters that need to be fulfilled for air cooling system we use to function. The designs are based on computer-aided design or CAD (*i.e.* the use of computer systems for design purposes). In an iterative process in which we provide feedback on the design suggestions made by the external design houses we aim to achieve a preliminary so-called "design freeze".

On the basis of this design freeze we produce a first prototype with the outer shell being produced in 3D print. The frame for the α Phase prototype is handmade. We source the frames for these prototypes from different suppliers, partly specialised on prototyping. On the basis of these prototypes we assess and adjust the aesthetic and functional design. Usually the prototypes are not rideable. The supply sourcing for the prototypes is handled by our supply chain and purchasing team located in our Wroclaw office in Poland. The engineering services that go into the α Phase are mainly provided by our engineers in Wroclaw and, to a lesser extent, by external engineering firms. For eScooters used for sharing operators we sometimes invite our customers to contribute to this phase.

Our long-standing knowledge of the product, the different use cases, the target markets and customers and our supply chain and production know-how are of vital importance for the α Phase and the overall product development process. Already in this phase we prepare a so-called "bill of materials" in order to be able to constantly assess and evaluate the effects of any variation to the prototype on the production costs and sales price.

13.7.2 β Phase

The β Phase can be broken down into the pre β Phase and the β Phase. While the pre β Phase usually takes two to three months, the β Phase normally lasts between four and nine months.

In the pre β Phase we produce about two to three prototypes with the outer shell still being produced in 3D print and the frames being handmade. Usually these prototypes are still not rideable. However, the design of the pre β Phase prototype is closer to the final design than the prototypes used in the α Phase. The aim of the pre β Phase is to assess the fitting of components on the frame and achieve a status where we can sign-off on the production of the tooling needed for the β Phase.

In the β Phase we produce between 10 and 20 prototypes which are rideable and are tested extensively on the road. The β Phase prototypes are produced with components provided by our suppliers using the tooling signed-off on in the pre β Phase. In the β Phase we fine-tune and adjust the tooling and have a final fit on the eScooter. We also provide β Phase prototypes to certain key suppliers for testing purposes, particularly with regard to the use of the product components delivered by them. The β Phase prototype is also used for the homologation. Currently, we normally have the technical assessment of our eScooters performed by TÜV Milano and the actual homologation by the Vehicle Certification Agency, an Executive Agency of the United Kingdom Department for Transport for timing reasons. The homologation typically takes about four months. The β Phase is intended to lead to a final design freeze, the homologation and a sign-off from suppliers of key components on the prototypes.

In addition to our engineering and supply chain and purchasing teams that continue to contribute, our quality assurance team conducts extensive assessments and testing of the prototypes in the pre β Phase and β Phase.

13.7.3 γ Phase

The γ Phase typically lasts 10 to 20 months. In the γ Phase, we produce approximately 40 prototypes. The prototypes in the γ Phase show almost no difference to the final product. The components of the outer shell no longer stem from 3D Print, but are produced by suppliers in the same injection moulding process as the final product. The frame is also supplied by the same supplier from which the frame is sourced for the final product. The γ Phase prototypes are tested mainly by our employees. Sometimes we also let customers test the γ Phase prototypes in a controlled customer environment and collect their feedback.

In the γ Phase we finalise the design for the wiring harness. On the basis of the γ Phase prototype, we test and finalise the production process and the tooling used for production. Our quality assurance team again tests the prototype and the supplied product components.

The γ Phase is intended to lead to our sign-off on the product, the production process and the tooling, the suppliers and supply chain and a complete handover of written work results from all external service providers involved in the development process.

To maintain our standards and to further strengthen our development capabilities, we intend to attract leading talent by a continuous recruitment process and job market scanning as well to strengthen our cooperation with external R&D partners. In addition, we plan to introduce a dedicated system testing department aimed at further increasing the reliability of our development process. An additional focus will be on the development of new features such as mechanical, electrical and software solutions as well as the integration of third party drive systems.

13.8 Manufacturing

Our current eScooters are all produced in our production facility with a total area of approximately 5,000 sqm in Wrocław, Poland. As at 30 June 2018 we employed approximately 109 production workers in Wrocław.

Consistent with our strategy to build on the supply of complete systems from OEMs, the production process focusses on the assembly and integration of the supplied components. The main components of an eScooter are the frame, the drive train solution, the wiring harness, and, especially in case of eScooters purchased by sharing operators, the connectivity solution. Each of our eScooter models is assembled from more than 300 components. We currently cooperate with approximately 100 suppliers.

There is one production line which serves both, the GO! S Model and the GO! T Model, and another one for the production of the Schwalbe. Both production lines operate on a two-shift system. The production line for the GO! S and the GO! T Model has an annual production capacity of up to 6,000 eScooters and the Schwalbe production line of up to 5,000 eScooters. On the basis of the current facility and the two existing production lines, the total annual production capacity can be extended to up to 15,000 eScooters (this assumes that a GO! S or GO! T Model is produced without any downtimes for modifying the production line for the production of a different model).

In terms of quality control, we perform a production part approval process, including validation and inspection, with regard to supplied components before actual production commences. During the production, we perform quality control between the various production steps. In addition, the final product is assessed by our quality assurance team before being cleared for shipment to the customer. All eScooters have a production number that allows determining at what time and by whom it was assembled. In addition, we conduct regular process audits of our production and perform stringent rework and nonconformity management.

As at 30 June 2018, our supply chain team consisted of approximately 15 employees. As we mainly produce to fulfil large orders from sharing operators, the demand on our production can be volatile if these orders are expanded or reduced on short notice. We are only able to fulfil these short-term requests, as we manage our supply chains very effectively.

As we expect a significant increase in the number of eScooters we sell in the coming years, we intend to build a new manufacturing facility in the proximity of Wrocław with an area of 25,000 to 30,000 sqm and an annual production capacity of approximately 70,000 to 80,000 eScooters. We further intend to have certain components supplied (for example, frame, wiring harness) and services performed (for example, painting of the components of the outer shell) by third parties today, produced or, as the case may be, performed in-house. This would mean that we would have to add CNC machining, welding, bending, stamping and coating, wire harness production and painting facilities. We currently expect to be able to commence production in the new production facility in three to four years. In order to further expand our capacity, we also intend to hire new engineering and manufacturing personnel.

In order to be able to price Elly very competitively, we plan to have it assembled in China, by a third-party OEM with whom we have already entered into a respective framework agreement (see "*13.16 Material Contracts*"). The OEM is an enterprise that has long-standing experience in the production of light motor vehicles. The OEM is intended to manufacture the Elly in accordance with our production layout. To supervise the production, we intend to have employees located in the production facility of the OEM.

We plan to have the ELMOTO assembled by a third-party OEM in, Spain who has been producing light motor vehicles for more than 70 years. Before we acquired ELMOTO, the management of ID-Bike GmbH already intended to have their eScooters produced by this OEM. We intend to have the ELMOTO produced by a third-party OEM in order not to put additional strain on our own production capacities and retain the necessary flexibility at our Wrocław production facility.

13.9 Customers and Distribution in the B2S and B2D business lines

13.9.1 B2S Business line

We generate a significant proportion of our revenue from a small number of key customers, such as Cityscoot and eCooltra. The exact revenue share generated from each individual key customer, however, may vary substantially from period to period. In 2017, our top two customers accounted for 37.06 % and 27.89 % of our revenue, respectively.

Our first customer in the B2S business line was ScootNetwork (San Francisco, USA) to whom we delivered 150 eScooters in 2015.

Three of the four largest European sharing operators are our customers. By 30 June 2018, we have delivered more than 5,300 eScooters to sharing operators since 2009. The sharing operators Cityscoot, eCooltra and Felyx use customised versions of our GO! S Model. The sharing operator Emmy uses a customised version of the Schwalbe to provide sharing services.

Cityscoot is a sharing operator that has been active in Paris, France, since 2016. As at 31 August, Cityscoot currently operates a fleet of approximately 2,500 eScooters in Paris and Nice. All of these eScooters were supplied by us. Cityscoot has announced its intentions to expand its fleet to 10,000 eScooters by 2019 (Source: *Cityscoot, 26 April 2018*).

eCooltra is a leading sharing operator in Europe with a fleet of more than 2,240 eScooters (as at 31 August 2018) and a presence in five cities: Barcelona, Madrid, Lisbon, Rome and Milan. We have supplied all of these eScooters. eCooltra is an offering of Cooltra Motos, a European leader in mobility solutions on two wheels established in Barcelona, Spain, in 2006 with a fleet of 15,000 scooters which mainly focuses on rental business (Source: *Cooltra, Our history*).

Felyx is a Dutch sharing operator established in 2017. It offers 218 eScooters (as at 31 August 2018) for shared use by its customers in Amsterdam and Rotterdam. We supplied all eScooters currently used by Felyx.

Electric Mobility Concepts (elsewhere herein also referred to as "Emmy") from Berlin conducts sharing operations independently under the brand "Emmy" in Berlin, Hamburg and Munich and in cooperation with the respective municipal utilities in Dusseldorf and Stuttgart. It was established in 2014 and currently has approximately 1,250 eScooters (as at 31 August 2018; Source: *Emmy, Company*). We have supplied approximately 800 Schwalbe models to Emmy that are used in Berlin and Munich.

Scooter sharing operators clearly prefer eScooters over ICE scooters, due to the lower operational costs, *inter alia*, for swapping the batteries of an eScooter compared to fuelling ICE scooters and the absence of air pollutant and noise emissions. This is underpinned by the fact that the vast majority of scooter sharing operators use eScooters which have a market share of 92 % in scooters used in sharing operations worldwide (Source: *InnoZ, Market Report*). The intense use of a scooter in sharing operations and the need to have the highest possible portion of the fleet constantly available makes the quality and therefore the reliability of a scooter a more important purchase criterion than the purchase price. For use in a sharing operation, standard eScooters need to be modified to include a connectivity solution. A connectivity solution allows the end-customer to locate the available eScooters, learn about the battery charge level and unlock the eScooter for use via a smartphone app. In addition, the connectivity solution typically informs the sharing operator, *inter alia*, of location, battery charging status, repair needs, mileage etc. It is essential that the battery of an eScooter used in sharing operations can be swapped against a fully charged battery by a team of the sharing operator's technicians. This ensures that the constant availability of the eScooter is not interrupted for purposes of the charging process. The high quality of our eScooters and the track record of our eScooters being used by leading sharing operators makes us a preferred option for sharing operators seeking an eScooter supplier.

In our B2S business line, we do not conduct significant marketing or sales activities for our products. As we are very prominently positioned as a supplier of eScooters to sharing operators, we are regularly contacted by operators who intend to establish scooter sharing operations in Europe. In such case, we initially perform an assessment in order to prove whether the intended operations are technically and commercially feasible and whether the potential sharing operator has sufficient funding available. If we assess the intended project as feasible, we engage in discussions with the potential sharing operator. Often the potential sharing operator tests our eScooters for a period of 30 days against payment of a usage fee.

Our current eScooter models have been assessed and approved by the lease financing companies Commerzreal and Lease Plan. This means that these leasing companies generally accept our eScooters as a good for which they provide lease financing. As the commencement and the quick expansion of scooter sharing operations is very capital intensive, the availability of financing is a critical success factor. The general availability of lease financing can therefore be of significant importance for a (potential) sharing operator to whom other financing sources are not available. If a sharing operator finances the purchase of our eScooters by leasing, we sell the eScooters to the leasing company that leases them to the sharing operator.

Once a sharing operator decides to use one of our eScooters, we commence the process of customising our standard eScooters to the requirements of the sharing operator. We start the production process only once we have received a down payment of a very significant portion of the purchase price and only deliver the eScooters once we have received the full purchase price. The size of an order from a sharing operator typically ranges between 300 and 700 eScooters.

The sharing operators can order spare parts for their eScooters through our web shop operated from our Wroclaw facilities.

13.9.2 B2D

Currently the majority of the eScooters sold in our B2D business line are used for food delivery purposes. Customers are enterprises (or their franchisees) focusing on the food delivery service such as Deliveroo, Delivery Hero and Takeaway.com and restaurants or other food producers (or their franchisees) that also perform the related delivery services such as Burger King, Domino's Pizza and Pizza Hut. In addition, we receive orders for a larger number of eScooters from undertakings that rent or on-sell the eScooters acquired from us to their customers, typically also for food delivery purposes and, to a lesser extent, for postal delivery services. According to our own assessment, the total costs of ownership are lower for eScooters compared to ICE scooters when used in the logistics and postal delivery sector.

As in the B2S business line, we are often actively approached by potential customers in the B2D business line. However, we promote our products more actively than in the B2S business line. The distribution activities in this business line are conducted by a dedicated team of six sales specialists from our Munich headquarters. This sales team contacts potential customers mainly on the back of our own calculations pointing out the advantageous total costs of ownership of our GO! T Model. We also present the GO! T Model on industry fairs and place print advertisements in specialist industry publications such as the *Flottenmagazin*. We constantly keep a fleet of ten to 15 of our eScooters available for test rides by potential customers.

So far, only a small portion of our GO! T Models are used by customers outside the food delivery industry. However, we believe to be able to increasingly attract interest in our eScooters not only for food delivery, but also for other use cases such as the delivery of mail and parcels and pharmaceuticals and the provision of other same-day delivery services.

As in our B2S business line, we start with the production process only once we have received a down payment of a very significant portion of the purchase price and only deliver the eScooters once we have received the full purchase price. The size of an order from a customer in the B2D business line typically ranges between 20 and 100 eScooters.

As an alternative to purchasing our eScooters, customers in Germany can opt for our leasing model GO! Rent. This way they can avoid the up-front investment they would have to make when purchasing. With the GO! Rent business offering, our customers pay a fixed amount per day per eScooter used, while we take care of maintenance, necessary repairs or renewals. We finance our GO! Rent business offering through a sale and lease back arrangement with Commerzreal. We conduct our GO! Rent operations through the Company's subsidiary Govecs Business Solution GmbH.

13.10 Customers and distribution in the B2C business line

We believe that increasing environmental awareness, urbanisation and e-mobility are all trends that will drive the demand for eScooters. The global market for eScooters is expected to increase to 5.3 million eScooters by 2026 (Source: *Navigant, LEV*).

In our view, the majority of consumers purchasing eScooters live in urban areas and are, on average, older than, dispose of a higher income than and are more environmentally conscious than the users of ICE scooters. In addition, we believe that a larger portion of eScooter riders are female compared to riders of ICE scooters. Although in our perception the majority of the consumers currently purchasing eScooters did not own an ICE scooter before, we believe that in the mid-to long-term a large number of riders of ICE scooters will eventually convert to an eScooter. With the Elly as an entry level product, we also target younger and more cost conscious consumers. With the recently introduced Schwalbe L3e version we made our first step into the light motorcycle market with what we believe to be the most powerful light electric eScooter on the market. With the ELMOTO we aim to target young urban riders who are early adopters of electronic mobility concepts with an innovative design.

We believe that our success in the B2S and B2D business lines drives consumer demand for our eScooters by the promotion our eScooters receive and the brand awareness created through the use in sharing operations.

In our B2C business line we fully focus on direct distribution channels. This allows us to maintain control over sales channel support, margin profile and ownership of customer data. Our direct distribution channels consist of our HappyScooter Internet platform which we plan to officially launch at the most popular German two-wheeled motor vehicle B2C fair INTERMOT in Cologne, Germany, in October 2018 in order to target consumers in Germany (and soon in the Netherlands) and our HappyScooter flagship stores in Berlin and Stuttgart. We aim for HappyScooter to become a single point of contact for everyone interested in electric two-wheelers and believe that it will be the first dedicated multi brand, on-/offline sales platform for electric mobility in Germany. We intend to open up to a total of five additional HappyScooter stores in German speaking countries and the Netherlands in 2019 and in the mid-term up to 30 HappyScooter stores in Western Europe. In our HappyScooter stores we intend to also offer complementary products of third parties in the future. We believe that our HappyScooter stores are an important tool for promoting online sales insofar as they allow potential customers to get in physical contact with our eScooters and test ride them.

In addition, we engage a number of so called "*Fahrpostel*", i.e. freelancers that are offering test rides with the Schwalbe to consumers in Germany. The *Fahrpostel* are a hybrid between brand ambassadors and direct sales partners and receive sales commissions for the sales they generate. They specifically focus on areas from which we receive frequent requests for test rides. We intend to increase the number of *Fahrpostel* from currently eight to approximately 20 during 2019 with all of them being active in Germany.

Our distribution efforts also comprise online marketing in the form of programmatic advertisement (i.e. online advertisement that is specifically placed in the context of certain topics or addressing persons with a specific profile) and search engine advertising with the aim of featuring prominently as a search result when an Internet user searches terms such as electronic scooter.

We intend to launch a program in Germany in the fourth quarter of 2018 that offers employees the opportunity to rent or lease eScooters through their employer at a discount, with the first partner company being Bosch. We aim to launch a further programme allowing for employees to use the eScooter against pay conversion (*Entgeltumwandlung*) in Germany in 2019.

13.11 Service

In the B2S business line, sharing operators usually conduct the maintenance and repair of their eScooter fleets themselves. When we sell eScooters to a sharing operator we train their service personnel on our products. To this end, we have a team of dedicated specialists.

In the B2D business line, larger customers purchasing our eScooters normally conduct the maintenance and repair of their eScooters themselves. However, for the eScooters that we rent to customers under the GO! Rent business model, we are in charge of maintenance and repair. We reject customer orders under the GO! Rent business model for which we cannot ensure service availability. As we usually know the geographical area in which our B2D customers intend to use our eScooters, under the GO! Rent business model it is normally possible to identify a service partner in the proximity that is willing to provide maintenance and repair services for our eScooters and whom we train on our products in advance. In Germany, we also cooperate with service partners that provide nationwide service such as Bosch Car Service or Life Cycle, which is a provider of mobile bike repair and maintenance services. In addition, we also provide maintenance and repair services through our HappyScooter stores in Berlin and Stuttgart ourselves.

In the B2C business line, our customers normally do not conduct the maintenance and repair of their eScooter themselves. As we cannot reliably predict in which specific region a customer will use our eScooter, we need to ensure service availability for the entire country before we enter a new consumer market. We consider this a significant challenge in connection with the intended international roll-out of our HappyScooter retail platform. In Germany, we largely rely on our own maintenance and repair capacities that we maintain in our HappyScooter stores, on local service partners as well as on our nationwide service partners Bosch Car Service and Life Cycle.

For the Netherlands, we already have a service partnership with a service provider covering the entire country.

We have a dedicated team in our headquarters in Munich that is in charge of overseeing our own service operations and establishing and maintaining relationships with service partners.

13.12 Suppliers

Maintaining a strong and trustful relationship with our suppliers is an important aspect of our ability to successfully conduct our business.

Each of our eScooter model is assembled from more than 300 components. We currently cooperate with approximately 100 suppliers.

Before selecting a supplier, we follow a strict selection process with price, lead time, history, quality, contract terms and location being relevant selection criteria. To ensure the high quality of the supplied components, we tend to opt for leading suppliers and perform a rigorous production part approval process including stress tests and technical analyses. In terms of value, batteries are by far the most relevant supplied component. The batteries used for our self-developed drive train system are mainly sourced from battery producer BMZ.




We follow a system integration strategy. To this end, we aim to build strong relationships with industry leading suppliers of entire systems instead of sourcing the individual components forming the system from various different suppliers. A good example in this regard is our supply partnership with Bosch for the drive train system of our eScooters. The drive train system of an eScooter consists of a rechargeable lithium-ion battery, a charger, an electric motor, a vehicle control unit, an HMI and, as the case may be, a belt-drive. The components of the Bosch drive train system (rechargeable lithium ion battery, charger, electric motor, vehicle control unit and HMI) were designed for one another and are therefore fully synchronised and compatible. This saves us the efforts that we otherwise have to put into designing a drive train system, finding suppliers for the individual components and combining them in a way that they form a scalable, harmonised drive train system which we can integrate into our eScooters. We have therefore decided to equip our new eScooters (including the Schwalbe, the new GO! T Model and the next generation of the GO! S Model), with the Bosch drive train system going forward instead of the self-developed drive train system we used in the past in order to enhance the performance of our eScooters and to also realise savings in development and supply costs. Although we are in the process of integrating the Bosch drive train system into all of our eScooters, the supply of batteries from BMZ Poland is still of great significance to us, as we need these batteries as spare parts for all the eScooter models we delivered in the past that operate with a BMZ battery. As far as we do not use the Bosch drive train system for eScooter models, we also source the electric motors for our eScooters from Mahle GmbH. However, their use will decrease with the increasing use of Bosch drive train systems.

For the eScooters produced in our production facility in Wroclaw, we source the frames from a supplier in Italy that produces frames for the motorcycle industry on a very large scale and the wiring harnesses from three different

suppliers from Poland. The plastic components forming the outer shell are supplied by various injection molding producers from China and Italy.

13.13 Intellectual Property

13.13.1 Trademarks

We hold two word trademarks for "GOVECS" (007552086) which were registered on 22 August 2009 and for "Elly" (302017019550) which was registered on 2 October 2017. In addition we hold a community figurative trademark for the sign "" (CTM 008487481) which was registered on 26 April 2010. We also hold one word and figurative community trademark for the sign "" (CTM 008487381) which was registered on 24 May 2010 and one word and figurative trademark for the sign "" (302017027757) which was registered on 19 February 2018.

13.13.2 Domains

We own approximately 61 Internet domains (both country-code and generic) which relate to our corporate name "GOVECS" (amongst others, "govecs.de", "govecs.com" or "govecsgroup.com"), to our retail shop "HappyScooter" (amongst others, "happyscooter.de", "happyscooter.com" or "happyscooters.de"), and selected product offerings (amongst others, "deineschwalbe.com", "e-schwalbe.com", "fahrpostel.com" or "elly.de").

13.13.3 License

We licence the use of the trademarks "Schwalbe" and "eSchwalbe" for our products, Internet domain and for corporate purposes from Gewerbepark Simson GmbH. The Schwalbe eScooter is the core offering of our retail platform HappyScooter. We intend the strong and established Schwalbe to be the backbone of our B2C expansion strategy. (For more information see "*—13.16 Material Contracts—13.6.2 Licence Agreement for the use of the Schwalbe brand*").

We do not own the Schwalbe brand but license it from Gewerbepark Simson GmbH (for details see "*1. Risk Factors—1.2.8 Our business will be adversely affected if we are unable to protect our trademark or licenced rights from unauthorised use or infringement by third parties.*"). We are therefore dependent on this license agreement. The licence has an initial term until 31 December 2025 and thereafter will automatically be extended for ten further years under certain conditions.

13.13.4 Patents and Inventions

Due to our strategy of integrating entire systems of industry leading suppliers, we do not focus on inventions and do not hold patents.

13.13.5 Key customers and suppliers

We are dependent on a small number of key customers in our B2S business line (for details see "*13.9 Customers and Distribution in the B2S and B2D business lines—13.9.1 B2S Business line*").

In addition, we also depend on certain of our suppliers. This is particularly the case where we supply services or components from a single source (for details see "*1. Risk Factors—1.1.7 We are dependent on our suppliers, a significant number of which are single or limited source suppliers, and the inability of these suppliers to continue to deliver, or their refusal to deliver, necessary components of our eScooters at prices and volumes acceptable to us would have a material adverse effect on our business.*").

Other than that, we are not dependant on patents, licenses, industrial, commercial and financial contracts or new manufacturing processes.

13.14 Employees

As of June 30, 2018, we had a total of 234 employees, 59 of whom are temporary employees. 28 of these employees work in the research and development department and 23 in our sales and marketing department. As of the date of the Prospectus we had a total of 217 employees, 184 of whom are based in Poland and 33 are based in Germany. The following table shows the average number of our employees (including temporary employees) for the financial

years ended 31 December 2015, 31 December 2016 and 31 December 2017 (not including board members of the Company), broken down by region:

	For the financial years ended 31 December		
	2017	2016	2015
	(unaudited)		
Germany	12	7	5
Poland	89	60	43
Total	101	67	48

As at the date of this Prospectus, we are not bound by any collective bargaining agreements, operating agreements or social plans. We do not belong to an employers' association. There have not been any strikes or walkouts of employees. We do not have any works councils (*Betriebsräte*).

We have not entered into any pension arrangements with our employees. In addition to the statutory pension insurance system (*gesetzliche Rentenversicherung*), occupational pensions at the Company use direct insurance policies and payments into pension funds and private pension schemes (direct contribution commitment).

13.15 Property and Leases

Our corporate headquarters are located in Grillparzerstr. 18, 81675 Munich, Germany, where we lease one office building.

Our production facilities are located in Ul. Graniczna 8c, 54-610 Wroclaw, Poland, Ul. Chomicza 13b, 5-080 Nowa Wieś Wroclawska, Poland and Ul. Strzegomska 138., 45-429 Wroclaw, Poland where we lease offices and manufacturing space.

Our HappyScooter flagship retail stores are located at Karl-Lieberknecht-Straße 17, 10178 Berlin, Germany, Ludwigstraße 59, 70176 Stuttgart, Germany, where we lease premises as showroom, for sales and for maintenance service and repair.

We currently do not own any property. The following table provides an overview of the property currently leased by Group companies:

Location	Approx. rental space	Primary use	Leased by
Grillparzerstr. 18, 81675 Munich, Germany	311 sqm	Office & Showroom	GOVECS AG
Karl-Lieberknecht-Str. 17, 10178 Berlin, Germany	370 sqm	Showroom & Schwalbe Store	GOVECS AG
Ul. Graniczna 8c, 54-610 Wroclaw, Poland	3,184 sqm	Warehouse & production area	GOVECS Poland Sp. z o.o
Ul. Chomicza 13b, 5-080 Nowa Wieś Wroclawska, Poland	1,789 sqm	Production warehouse	GOVECS Poland Sp. z o.o
Ul. Graniczna 8c, 54-610 Wroclaw, Poland	709 sqm	Office	GOVECS Poland Sp. z o.o
Ul. Strzegomska 138., 45-429 Wroclaw, Poland	158 sqm	Office	GOVECS Poland Sp. z o.o
Ludwigstraße 59, 70176 Stuttgart, Germany	597 sqm	Showroom & Schwalbe Store	GOVECS AG

13.16 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.

13.16.1 Supply agreement with Bosch for the drive train system

On 4 April 2017, our subsidiary GOVECS Poland Sp. z o.o. entered into a supply agreement with Robert Bosch GmbH for the delivery of components for 48V powered drive train systems. The agreement provides for product prices that are subject to adjustment dependent on the quantities actually delivered or in case of significant fluctuations in the currency exchange rate between the euro and the U.S. Dollar. Robert Bosch GmbH is entitled to renegotiate the product prices in case raw and direct material, labour and overhead costs increase above a certain threshold compared to 2016 during the term of the contract. The liability of Bosch under the contract is limited. The term of the agreement ends on 30 June 2020.

13.16.2 Licence Agreement for the use of the Schwalbe brand

On 6 June 2016, we entered into a licence agreement, amended by a supplementary agreement on 12 December 2016, with Gewerbepark Simson GmbH. Under the agreement, Gewerbepark Simson GmbH grants us the right to, among other things, use the designation "Schwalbe" or "eSchwalbe" as product mark, corporate mark and as domain. While such licence is exclusive with regard to eScooters, it is non-exclusive with regard to parts and spare parts. The licence has an initial term until 31 December 2025 and thereafter will automatically be extended for ten further years unless the annual average licence fee which has to be paid between the fifth and tenth contract year falls below a certain comparatively low amount. The agreement can be terminated by both parties for cause without previous notice with immediate effect. We have agreed to indemnify and hold harmless Gewerbepark Simson GmbH from and against all claims due to an inappropriate or unlawful production or sale.

13.16.3 Delivery Agreement with BMZ

On 17 May 2013, we entered into an agreement with BMZ Poland Sp. z o.o. ("**BMZ**"), pursuant to which BMZ agreed to produce batteries and supply them to us. BMZ agreed to produce batteries in accordance with the specifications of a model battery mutually agreed between the parties.

The agreement stipulates an initial annual order quantity and the product price. Eight to 12 weeks before the end of each year, the number of batteries for the upcoming year is to be agreed. The price for the batteries is negotiated and agreed every 12 months. The agreement is concluded for an indefinite period of time, but may be terminated by both parties with cause immediately or without cause with a six months' notice period.

13.16.4 OEM Agreement with Suqier

On 28 March 2018, we have entered into an agreement with Taizhou Suqier Xinnengyua Keji Co., LTD, China ("**Suqier**") on the production of the Elly by Suqier. For the production of the prototypes we rent production and engineering space at Suqier's premises in China and they provide the services of some of their production personnel on the basis of hourly rates.

The supply of the Elly upon launch is legally structured as a sale of the complete eScooter from Suqier to us with a compensation corresponding to the total supply cost of all components plus a manufacturing fee per unit.

Among other things, the contract stipulates the responsibility of Suqier to assemble the eScooter, to buy components only from suppliers designated by us, to test the eScooter after assembly and to pack and ship it in accordance with our specifications, while we are responsible for designing, monitoring and coordinating the entire manufacturing process. We are entitled to supervise the manufacturing process.

The OEM Agreement has a term until 31 December 2019 and may be terminated by either party to the end of a calendar month by giving a 180 days' prior written notice.

13.16.5 Purchase and Transfer Agreement with ID-Bike GmbH pertaining to the ELMOTO eScooter

We, represented by our subsidiary HappyScooter GmbH, (as buyer) entered into a purchase and transfer agreement dated 29 June 2018 with ID-Bike GmbH (as seller) and RAFI GmbH & Co. KG ("**Rafi**"). The subject of the purchase are assets such as stock, office equipment, prototypes, intellectual property rights, usage and exploitation rights business documents that made up the business unit of the seller dedicated to the development and distribution of light electric vehicles under the "ELMOTO" brand and related accessories. In addition, we undertook to assume a number of contractual relationships forming part of the business unit. The purchase price is EUR 1.5 million and shall be paid in three tranches with the last one being subject to certain earn-out conditions. In addition, the contract contains the obligation of Rafi to finish the development and supply of a control unit for the ELMOTO eScooters against a separate payment. This acquisition was closed in July 2018.

13.16.6 Contribution Agreement with Blitz 14-106 GmbH to Transfer Loans to capital reserves

With effect of 31 December 2017, the then sole shareholder of the Company, Blitz 14-106 GmbH, entered into an agreement with the Company pursuant to which it contributed all of its interest and redemption claims from the loans granted to the Company in an amount of approximately EUR 16.5 million to the Company's free capital reserve in full.

13.17 Legal Proceedings

We are exposed from time to time to legal proceedings in the normal course of our business. We are currently not and have not been in the past twelve months, a party to any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which we are aware) which may have, or have had in the recent past, significant effects on our business, results of operations, cash flows, financial position or prospects.

On 28 June 2018, the European Court of Justice (Case C-203/16 P) ruled that § 8c para. 1a KStG which stipulates that a change in the shareholder structure does not forfeit loss carryforwards in certain restructuring scenarios (the "**Restructuring Clause**") does not provide for a state subsidy violating European law. In response to this ruling, on 1 August 2018, the German Federal Cabinet passed a draft law which, among other things, stipulates the retroactive application of the restructuring clause for assessment periods from 2008 onwards. It is currently unclear whether this draft will actually be passed as a law. Due to a change in the shareholder structure, the tax office has not accepted the tax loss carryforwards in our tax filings for the assessment period 2014 in a total amount of EUR 7,229 thousand. Should the above mentioned law actually be passed and should we fulfill the requirements set out in such law, our tax loss carryforward as at 31 December 2014 would increase by EUR 7,229 thousand. As the situation is unclear, the respective amount was not included in our IFRS financial statements included in this Prospectus.

13.18 Insurance

Our insurance policies include a customary directors and officers insurance (D&O-Versicherung) for the members of our Management Board and Supervisory Board with an insurance coverage of up to a maximum amount of EUR 10 million. The D&O insurance contract provides for a deductible for all members of the Management Board in line with the German Stock Corporation Act (*Aktiengesetz*).

Further insurance coverage pertains to the legal costs occurring in defence against allegations of criminal and administrative offences (*Straf-Rechtsschutz Versicherung*) up to a maximum amount of EUR 1 million.

Furthermore, we maintain business, product, environmental third party liability insurance (*Betriebshaftpflichtversicherung, Produkthaftpflichtversicherung, Umwelthaftpflichtversicherung*) and environmental impairment insurance (*Umweltschadenversicherung*) with an insurance coverage of up to maximum amounts between EUR 500,000 and EUR 10 million for different types of damages. The insurance policies contain market-standard exclusions and deductibles.

However, we cannot provide any assurance that losses will not be incurred or that claims will not be filed against us, which are not covered by an insurance policy.

14.SHAREHOLDER INFORMATION

14.1 Shareholder Structure

Before completion of the Offering, all of the Shares are held by the Company's existing shareholders. The Selling Shareholder intends to place up to 300,000 Shares from their holdings in the Offering. In addition, the Lending Shareholder will provide (for the account of the Joint Global Coordinators) up to 982,500 Over-Allotment Shares to cover possible over-allotments.

The following table presents an overview of the Company's shareholder structure before and after completion of the Offering (without exercise of the Greenshoe Option as well as assuming full exercise of the Greenshoe Option, in each case assuming that all Offer Shares are sold in the Offering (and that none of the existing shareholders of the Company has been allotted Offer Shares) and the IPO Capital Increase is implemented accordingly), based on the information provided to the Company by the existing shareholders.

Name of Shareholder	Shareholdings					
	Immediately prior to the Offering		Following Settlement (without exercise of Greenshoe Option)		Following Settlement (with full exercise of Greenshoe Option)	
	Shares/voting rights	In %	Shares/voting rights	In %	Shares/voting rights	In %
Dquadrat Equity Partner GmbH¹	5,000,920	84.27 %	4,700,920	38.58 %	3,718,420	30.52 %
Thomas Grübel	579,732	9.77 %	579,732	4.76 %	579,732	4.76 %
Prince Invest GmbH	162,080	2.73 %	162,080	1.33 %	162,080	1.33 %
Nicholas Holdcraft	191,424	3.23 %	191,424	1.57 %	191,424	1.57 %
Public float	–	–	6,550,000	53.76 %	7,532,500	61.82 %
Total	5,934,156	100 %	12,184,156	100 %	12,184,156	100 %

¹ Dquadrat Equity Partner GmbH is controlled by its ultimate majority shareholder, Mr. Albert Dürr.

15. GENERAL INFORMATION ON GOVECS AKTIENGESELLSCHAFT AND THE GOVECS GROUP

15.1 History and Development of the Group

The Company was first incorporated as a so-called "entrepreneurial company with limited liability" under German law (*Unternehmergeellschaft (haftungsbeschränkt)*) on 9 January 2009, with its registered seat in Munich, Germany and an initial share capital of EUR 1.00. The formation was registered with the local court (*Amtsgericht*) of Munich under the docket number HRB 177707 on 10 February 2009. The company changed its legal form into a limited liability company under German law (*Gesellschaft mit beschränkter Haftung – GmbH*) on 28 April 2009 as the consequence of the registration of a share capital increase by EUR 99,999.00 to EUR 100,000.00 and later changed its legal form into a German stock corporation (*Aktiengesellschaft*) on 13 August 2018 upon the recording of the form change in the Commercial Register (*Handelsregister*). With effect of the same date, the Company changed its legal name into "GOVECS AG".

15.2 Registered office, Financial Year, Term Corporate Purpose

The Company is registered with the Commercial Register (*Handelsregister*) maintained by the local court (*Amtsgericht*) of Munich, Germany, under the number HRB 242887. The Company's registered office is Grillparzerstraße 18, 81675 Munich, Germany (Tel. +49 89 411 09 77-0, Company's website: www.govecs.com). The Company is governed by German law.

The Articles of Association have last been amended on 3 August 2018. The Company has been formed for an indefinite period of time and the Company's accounting year is the calendar year.

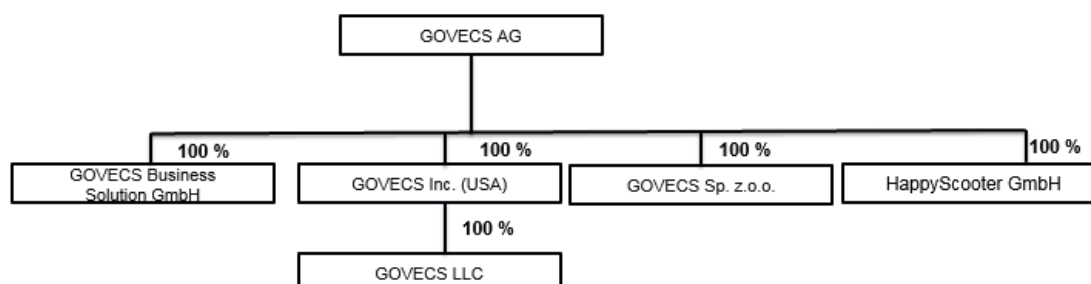
In accordance with Section 2.1 of the Articles of Association, the corporate purpose of the Company is the development, production, marketing and sale of electric vehicles and the accessories associated with the operation of these vehicles. The Company is entitled to invest in other companies of the same or similar object in any legal form, to establish branches in Germany and abroad and to carry out all other transactions not subject to authorisation which appear directly or indirectly conducive to the promotion of its corporate purpose.

15.3 Auditor

KPMG AG Wirtschaftsprüfungsgesellschaft, Ganghoferstraße 29, 80339 Munich, Germany, was appointed as the auditor of (i) our Audited Annual Financial Statements (HGB) and (ii) our English language Audited Consolidated Financial Statements (IFRS) and has issued a qualified auditor's report (*eingeschränkter Bestätigungsvermerk*) on the Audited Consolidated Financial Statements (IFRS) (see section "9. Management's Discussion and Analysis of Financial Condition and Results of Operations—9.3 Basis of Presentation" for details regarding the qualification) and an unqualified German language auditor's report (*uneingeschränkter Bestätigungsvermerk*) on the Audited Annual Financial Statements (HGB).

15.4 Group Structure

The following chart provides an overview of the Group:



15.5 Notices, Paying Agent

Company notices are published in the Federal Gazette (*Bundesanzeiger*) in accordance with Section 3 of the Articles of Association, unless publication in another form is required by law. To the extent that relevant statutory provisions provide that declarations or information must be disclosed to the shareholders without providing a specific form, it is sufficient if such declarations or information appear on the Company's website.

Information to shareholders may also be transmitted via electronic media to the extent permitted by law. Announcements in connection with the convocation of the general shareholders' meeting (section 125, para.1 and para. 2 of the German Stock Corporation Act (*Aktiengesetz*)) are made solely by way of electronic communication.

Announcements relating to the shares of the Company will also be published in the German Federal Gazette (*Bundesanzeiger*). Notices required under applicable laws governing stock exchange transactions will also be published in the Federal Gazette (*Bundesanzeiger*) and, if required by mandatory legal provisions, by media distributed across the entire EEA (*Medienbündel*).

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 German Securities Prospectus Act (*Wertpapierprospektgesetz*), in particular by way of publication at the Company's website: (www.govecs.com). Printed copies of the Prospectus can be obtained free of charge at the Company's registered office at Grillparzerstr. 18, 81675 Munich.

The paying agent is COMMERZBANK.

15.6 Information Concerning Company's Subsidiaries

The following table provides an overview of the Company's subsidiaries as at the date of this Prospectus. The shareholdings reflect the Company's direct and indirect economic interest in the respective entity. This means that shares held by the respective company itself are not taken into account when computing the percentage of participation. As at the date of the Prospectus, no amount was outstanding under the issued shares for the subsidiaries listed below.

Subsidiary Name, registered office, jurisdiction of incorporation	Country of incorporation	Incorporation Date	Board of directors	Issued Capital	Interest and voting power held directly or indirectly by the Company
GOVECS Business Solutions GmbH, Munich, Germany	Germany	8 September 2015	Thomas Grübel	EUR 25,000.00	100
GOVECS Poland Sp. z o.o. Wroclaw, Poland	Poland	2 March 2009	Thomas Grübel, Nicolas Holdcraft	PLN 913,350.00	100
Govecs Inc. Delaware, USA	USA	7 April 2015	Thomas Grübel	USD 1,000	100
Govecs LLC, Delaware, USA	USA	7 April 2015	Thomas Grübel	USD 20	100
HappyScooter GmbH, Munich, Germany	Germany	4 June 2018	Michail Kapouniaris, Sven Holtermann	EUR 200,000.00	100

16. DESCRIPTION OF SHARE CAPITAL AND RELATED INFORMATION

16.1 Provisions Relating to the Share Capital

16.1.1 Current Share Capital and Shares

As at the date of this Prospectus, the share capital of the Company amounts to EUR 5,934,156.00. The share capital is divided into 5,934,156 bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*). The Shares were created pursuant to German law. The share capital of the Company has been fully paid in.

Each Share carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights and the shares carry full dividend entitlement.

The Management Board determines the form of the share certificates as well as the dividend coupons. Global certificates may be issued. Pursuant to Section 4.5 of the Articles of Association, shareholders are not entitled to receive definitive share certificates (*Aktienurkunden*) for their Shares.

The Company's share capital as at the date of this Prospectus is represented by one global share certificate without dividend coupons, which is held with Clearstream. An additional global share certificate without dividend coupons will be issued for the New Shares and will likewise be deposited with Clearstream.

16.1.2 Development of the Share Capital

The Company was initially incorporated in the form of a so-called "entrepreneurial company with limited liability" under German law (*Unternehmergeellschaft (haftungsbeschränkt)*) with an initial registered share capital of EUR 1,00. On 26 March 2009, the shareholders' meeting of the Company resolved, with supplementary resolution of 7 April 2009, on a share capital increase by EUR 99,999.00 from EUR 1,00 to EUR 100,000.00 as a result of which the Company converted into the legal form of a limited liability company under German law (*Gesellschaft mit beschränkter Haftung – GmbH*). The share capital increase and the change of legal form was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 28 April 2009. Thereafter, the Company's share capital has been increased in several stages to an amount of EUR 1,435,683.00.

On the basis of a merger agreement of 9 May 2018, entered into by and between the Company and Blitz 14-106 GmbH with registered seat in Ludwigsburg, registered with the local court of Stuttgart under HRB 754647, then being the sole shareholder of the Company, and resolutions of both the shareholders' meeting of the Company and of Blitz 14-106 GmbH of the same date, Blitz 14-106 GmbH was merged into the Company by way of a downstream merger without increasing the share capital of the Company. The merger was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 4 June 2018.

On 27 July 2018, the shareholders' meeting of the Company resolved on an increase of the share capital of the Company out of capital reserves from EUR 1,435,683.00 by EUR 4,307,049.00 to EUR 5,742,732.00. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 1 August 2018.

On 3 August 2018, the shareholders' meeting resolved on the change of the legal form of the Company into a German stock corporation (*Aktiengesellschaft*) with an initial registered share capital of EUR 5,742,732.00. The resolution was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 13 August 2018.

On 17 August 2018, the general shareholders' meeting of the Company resolved on a share capital increase against cash contribution by EUR 191,424.00 from EUR 5,742,732.00 to EUR 5,934,156.00 which is the current amount of the share capital of the Company. The subscription rights of the shareholders were excluded, and Mr. Nicholas Holdcraft was allowed to subscribe for the 191,424 new shares. The share capital increase was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 3 September 2018. Also on 17 August 2018 the general shareholders' meeting resolved on the conversion of the – initially – registered shares (*Namensaktien*) into bearer shares (*Inhaberaktien*); the conversion was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 3 September 2018.

The extraordinary shareholders' meeting dated 12 September 2018 resolved on the increase of the Company's share capital from EUR 5,934,156.00 by up to EUR 7,000,000.00 to up to EUR 12,943,156.00 and with the exclusion of the subscription rights of the shareholders for the purposes of the Offering. The consummation of the capital increase from EUR 5,934,156.00 by up to EUR 6,250,000.00 to up to EUR 12,184,156.00 is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on or about 1 October 2018.

16.1.3 Authorised Capital

On 17 August 2018, the general shareholders' meeting of the Company resolved on the creation of an authorised capital in the amount of EUR 2,967,078.00. The resolution of the general shareholders' meeting was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 3 September 2018. Pursuant to Section 4.8 of the Articles of Association, the Management Board is authorised to increase the registered share capital of the Company until 16 August 2023, with the consent of the Supervisory Board, through the issuance of new bearer shares with no par value (*auf den Inhaber lautende Stückaktien*) by up to a total of EUR 2,967,078.00 against contributions in cash or in kind ("**Authorised Capital 2018**"). The authorisation can be made use of once or repeatedly in partial amounts. 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:

- to balance residual amounts;
- if Shares are issued against contribution in kind, in order to acquire companies, shareholdings in companies (including in the context of mergers), parts of companies or other assets, including rights and claims;
- if the capital increase is made against cash contributions and the proportionate amount of the share capital attributable to the new Shares for which the subscription right is excluded, does not exceed 10 % of the amount of the share capital at the time of the registration of the authorisation with the Commercial Register (*Handelsregister*) or – in case such amount is lower – the share capital at the time of the issuance of the new Shares and the issue price of the new Shares does not exceed significantly (in the meaning of Section 203 para. 1 and 2 in conjunction with Section 186 paragraph 3 sentence 4 of the Germany Stock Corporation Act (*AktG*)) the stock market price of the already listed Shares of the same class with the same rights at the time of the final determination of the issue price by the Management Board. The 10 % limit shall include shares that were or will be issued by the Company in direct or analogous application of § 186 (3) sentence 4 AktG or that were or will be issued to service bonds with conversion or option rights;
- if the capital increase is made against contributions in cash for the offering of new Shares at domestic or foreign stock exchanges; and
- to the extent this is necessary to grant holders of convertible bonds or convertible profit-sharing rights or option rights a subscription right to the extent to which they would be entitled to as a shareholder after an exercise of the conversion or option right.

16.1.4 Conditional Capital

On 17 August 2018, the general shareholders' meeting resolved on the creation of a conditional capital in the amount of up to EUR 21,000.00 which was increased further by up to EUR 21,000.00 to up to EUR 42,000.00 at a general shareholders' meeting on 7 September 2018 (the "**Conditional Capital 2018/I**"). The conditional capital increase serves to grant no-par value Shares to the holders or creditors of convertible notes, which are issued by the Company or by a group company on the basis of the authorisation granted by the general shareholders' meeting on 17 August 2018. The resolutions of the general shareholders' meetings were registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 3 September 2018 and on 11 September 2018, respectively.

On 17 August 2018, the general shareholders' meeting resolved on the creation of a conditional capital in the amount of up to EUR 172,278.00 (the "**Conditional Capital 2018/II**"). The Conditional Capital 2018/II serves to secure subscription rights from stock options that are issued by the Company in the period from 17 August 2018 to 16 August 2023 on the basis of the authorisation granted by the general shareholders' meeting on 17 August 2018. The resolution of the general shareholders' meeting was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) Munich on 3 September 2018.

16.2 Stock Option Plan 2018

On the basis of the authorisation of the general shareholders' meeting dated 17 August 2018, the Company is entitled to grant to members of its Management Board and its employees as well as to members of the management boards and employees of affiliated companies rights to purchase Shares in the Company (the "**Stock Options**"). The Supervisory Board is responsible for deciding on the issuance of Stock Options to members of the Management Board and the further details of the issuance. A maximum amount of 172,278 Stock Options may be issued under the aforementioned authorisation within a period of five years. The term of such Stock Options commences on the day of the issuance of Stock Options and ends after ten years. Stock Options may only be exercised after a holding period of four years. The Shares needed for as a consequence of the exercise of the Stock Options may be derived from the Company's Conditional Capital 2018/II in the amount of EUR 172,278.00. The

exercise of Stock Options is conditional upon the fulfilment of certain performance targets based on the development of the stock market price for the Shares within the period from issuance to the exercise of the respective Stock Option, such performance targets requiring a linear, average increase of the stock market price of the Shares of 5 % per year, calculated on a day-to-day basis. The exercise price for Stock Options will be the arithmetic average of the closing prices of the Shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange within the ten trading days prior to the issuance. Each Stock Option entitles its holder to purchase one share in the Company from the conditional capital created for this purpose against payment of the exercise price.

16.3 Authorisation to issue Convertible Bonds and Other Instruments

On the basis of the resolution of the general shareholders' meeting dated 17 August 2018, the Management Board is authorised, with the approval of the Supervisory Board, to issue until 30 September 2018 convertible notes with a maximum term of up to 31 December 2019 and having a total par value of up to EUR 210,000.00, and to grant the holders of the convertible notes conversion rights to new no-par value bearer shares of the Company with a *pro rata* share in the share capital of EUR 1.00 in accordance with the terms and conditions of the convertible notes.

The holders of convertible notes will be entitled to convert their convertible notes into bearer shares of the Company in accordance with the terms and conditions of the convertible notes. The number of no-par value shares to be issued for a convertible note with a nominal amount of EUR 5,000.00 (exchange ratio) is calculated by dividing the nominal amount of EUR 5,000.00 by the fixed conversion price for one no-par value share, which corresponds to 50 % of the issue price determined after the end of the pricing phase before the IPO. The terms and conditions of the convertible notes may also provide that the conversion ratio and/or the conversion price is variable and the conversion price is fixed within a range to be determined depending on the issue price to be determined after the end of the pricing phase during the term. The exchange ratio may be rounded up or down to full figures. In addition, the terms and conditions of the convertible notes may provide that residual amounts are balanced. The proportionate amount of the share capital attributable to the new Shares to be issued upon conversion may not exceed the nominal amount of the convertible notes.

The shareholders are generally entitled to subscription rights. However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude the subscription right,

- if the convertible notes are issued for cash and the issue price is not significantly lower than the theoretical market value of the bonds as determined in accordance with recognised financial mathematical methods. However, this authorisation to exclude subscription rights applies in analogous application of Section 186 para. 3 sentence 4 AktG only to the extent that the no-par value shares issued or to be issued to service the conversion rights do not exceed a total of 10 % of the share capital, either at the time this authorisation takes effect or – if such amount is lower – at the time it is exercised. Shares issued or sold in direct or analogous application of Section 186 para. 3 sentence 4 AktG during the term of this authorisation until the time it is exercised are to be included when calculating this limit. Furthermore, shares to be issued or granted on the basis of a bond issued during the term of this authorisation on the basis of the utilisation of another authorisation under exclusion of the subscription right in accordance with this provision are also to be taken into account;
- in order to be able to grant the holders of conversion rights to no-par value shares subscription rights to the extent to which they would be entitled after exercising their conversion rights;
- insofar as this is necessary to balance residual amounts;

The Management Board is authorised, with the consent of the Supervisory Board, to determine the further details of the issue and the terms and conditions of the convertible notes, in particular the interest rate, type of interest, issue price, term and denomination, conversion price and conversion period.

16.4 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.

16.5 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 75 % or more 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.

16.6 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 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 Shares up 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 Shares to holders of convertible bonds or other securities that grant the holder the right to subscribe for Shares, of Shares that serve as consideration in a merger with another company, or of 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 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 4.10 of the Articles of Association, measures to increase and reduce the share capital 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.

16.7 General Provisions Governing Subscription Rights

According to Section 186 of 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 according to Section 186 para. 4 of the German Stock Corporation Act (*Aktiengesetz*) further requires a report of the management board (*Vorstand*), 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.

16.8 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 Europaea*) 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 seqq. 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 if the two companies merged. In contrast to the rules governing squeeze-outs, integration is only possible if the future principal company is a stock corporation domiciled in Germany.

16.9 Shareholder Notification Requirements; Mandatory Takeover Bids

Once the 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 to 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 at 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. 3 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 effect 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 generally 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 without undue delay, and in any case 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 et seq. 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.

16.10 Disclosure of Transactions by Persons Discharging Managerial Responsibilities

Since 3 July 2016, the new European legal regime under the Market Abuse Regulation (EU) No. 596/2014 ("MAR") is in effect and will be directly applicable to the Company and its shareholders as at 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 thousand. 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 26 para. 2 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.

16.11 Post-Admission Disclosure Requirements

As a result of the intended admission of the Company's shares to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will for the first time be subject to the legal disclosure requirements for stock corporations listed in Germany. These disclosure requirements include, among others, periodic financial reporting (disclosure of annual and half-year financial reports), regular calls with securities and industry analysts, and other required disclosures according to the German Securities Trading Act (*Wertpapierhandelsgesetz*) as well as disclosure requirements under the MAR. The Company will also be obliged under the listing rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*), as amended from time to time, to publish quarterly statements (unless the Company prepares quarterly financial reports), as the Company's shares are to be listed on the Prime Standard sub-segment of the regulated market of the Frankfurt Stock Exchange.

Pursuant to Article 17 MAR, the Company shall inform the public as soon as possible of inside information (as defined below) which directly concerns the Company. In such case the Company shall also, prior to informing the public, inform the BaFin and the management of the trading venues and facilities (*Geschäftsführungen der Handelsplätze*) where financial instruments of the Company have been admitted to trading or been included in such trading, and, after publication, without undue delay transmit the information to the German Company Register (*Unternehmensregister*).

Inside information comprises, among others, any information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

The Company may, on its own responsibility, delay disclosure if (i) immediate disclosure is likely to prejudice the legitimate interests of the Company, (ii) delay of disclosure is not likely to mislead the public and (iii) the Company is able to ensure that the inside information will remain confidential. In such case, the Company shall also inform BaFin that disclosure of the information was delayed and shall provide a written explanation of how the conditions set out in the preceding sentence were met, immediately after the information is disclosed to the public. Where disclosure of inside information has been delayed and the confidentiality of that inside information is no longer ensured, the Company shall disclose such inside information to the public as soon as possible.

17. CORPORATE BODIES

17.1 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 consolidated financial statements, ensures compliance with the legal provisions and the Company's internal guidelines, and works towards adherence to these throughout group companies. 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*), certain actions or transactions require the prior written approval of the Supervisory Board by a majority of at least three-quarters of the Supervisory Board members taking part in the adoption of the resolution. Such actions or transactions include the following:

The members of the Management Board require the approval of the Supervisory Board with a simple majority for the following measures and transactions at the company:

- Adoption or amendment of business plans (profit and loss, financial, investment, personnel and similar plans), whether in the form of annual or multi-year plans;
- Significant changes, expansions or restrictions in the Company's line of business or the inclusion of new lines of business which deviate significantly from the previous product, service and sales programme, including within the object of the Company as defined in the Articles of Association.
- Conclusion, amendment and termination of joint venture agreements, cooperation agreements, framework agreements or similarly far-reaching agreements that go beyond normal business operations or the scope of EUR 1,000,000.00;
- Conclusion, amendment and termination of employment or service contracts with which an annual remuneration of EUR 250,000.00 p. a. or more is agreed in individual cases, with the exception of termination for good cause if a resolution by the Supervisory Board cannot be passed in good time;
- Conclusion, amendment and termination of contracts with consultants (*e.g.* management consultants, tax consultants, lawyers) with a remuneration of more than EUR 250 thousand p. a.;
- Conclusion, amendment and termination of other continuing obligations with a volume of more than EUR 250,000.00 p. a.;
- Execution of investment measures and conclusion of corresponding contracts with an individual investment expenditure of more than EUR 1,000,000.00;
- Purchase and sale of movable assets if the addition or disposal to or from the balance sheet in an individual case exceeds EUR 1,000,000.00 or the purchase price in the individual case exceeds EUR 1 million;
- Conclusion, amendment and termination of contracts for the granting or acquisition of licences, patents or know-how if their volume exceeds EUR 1,000,000.00, with the exception of licences received in the ordinary course of business and issued to sales partners and end users.

- Acquisition or obligation to acquire interests in companies of any kind or companies, businesses or parts of businesses, as well as the formation of new companies and the establishment of new branches;
- Sale, or the obligation to sell or otherwise dispose of shares in subsidiaries, or the obligation to do so, as well as the liquidation of subsidiaries and the closure of branches;
- Acquisition, sale, encumbrance or other disposal of or obligation to dispose of land and land rights equivalent to land;
- Agreement or use of credit lines or other borrowings with a volume of more than EUR 1 million in individual cases;
- Provision of collateral by assumption of guarantees, warranties and guarantees, entering into bills of exchange and similar obligations to the value of more than EUR 1 million in individual cases;
- Waivers of claims, insofar as these exceed 2 % of the annual turnover in individual cases, and write-offs on claims of more than 2 % of the annual turnover, unless mandatory law requires them;
- Conclusion of contracts with direct shareholders or board members of the Company and persons closely linked to them within the meaning of § 138 of the German Insolvency Code (*Insolvenzordnung*) and with companies in which the aforementioned persons directly or indirectly hold at least 5 % of the capital or voting rights;
- Initiation and termination of legal disputes if the amount in dispute exceeds EUR 1 million in individual cases;
- Matters on which no agreement can be reached within the Management Board;
- Granting and revoking procurements and powers of attorney for the entire business operations;
- Conclusion, amendment and termination of inter-company agreements within the meaning of Sections 292 ff. of the German Stock Corporation Act (*Aktiengesetz*) (including agreements on silent partnerships), participatory loans and other agreements granting a share in the company's results.

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 be 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 procured 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.

17.2 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, appointed by the Supervisory Board.

The members of the Management Board may be elected for a term of three 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 are present or represented. Decisions are made by the majority of the votes of the members present or represented. 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 Group 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)
Thomas Grübel	49	2018	2021	n/a
Dirk Reiche	54	2018	2021	<ul style="list-style-type: none"> • Currently managing director and consultant of DRBG Dirk Reiche Beratungs- und Beteiligungs GmbH • Until December 2016 managing director of ParcelLock GmbH • Until 2014 managing director of tiramizoo GmbH

Thomas Grübel

Our CEO, Thomas Grübel, was born in 1969 in Munich. He has over 20 years experience in the e-mobility sector as pioneer and serial founder, e.g. of E-Max Hong Kong (today Vmoto). Mr. Grübel holds a degree as Economic Merchant and Logistics. After completing his apprenticeship as wholesale businessman, Mr. Grübel worked between 1991 and 1992 as managing director for Sportmarkt GmbH, Munich, and between 1995 and 2004 as managing director and owner for Sport Hönig GmbH, Munich. In 1999, Mr. Grübel founded GGC GmbH (later e-max ev's Germany Ltd.) and started to develop his first eScooter named Street Devil of which over 3000 units were sold. In addition, between 2001 and 2006 Mr. Grübel acted as a consultant for Full World Ltd., Hong Kong, where he guided more than 200 projects. In January 2009, Mr. Grübel founded GOVECS and has been CEO of the Company and President of GOVECS Sp. z o.o. Wrocław/Poland since then. He is responsible for corporate and product development, strategic sales planning as well as marketing and communication. Together with Dirk Reiche he is responsible for strategy and Mergers & Acquisitions ("**M&A**").

Dirk Reiche

Our CFO, Dirk Reiche, was born in 1964 in Bergen/Rügen. He has years over 20 years of experience in finance and capital markets, in particular in the software and transport sector. Mr. Reiche studied business administration at the University of Lüneburg and received a degree in business administration (*Diplom-Kaufmann*). After completing his studies, Mr. Reiche worked between 1990 and 1992 at Gruner und Jahr in Hamburg in the area of financial communication. In 1992 he moved to Berckenhagen & Partner Immobilien GmbH in Hamburg, where he was project manager for the sale of apartment buildings and exclusive real estate. Between 1997 and 2003, Mr. Reiche worked for Intershop Communications AG as Vice President Finance, with global responsibility for accounting, financial planning and analysis, financial systems, corporate finance, tax management, and investor relations. During his tenure, Intershop Communications AG went public in July 1998 in the Neuer Markt segment. After leaving Intershop Communications AG, Mr. Reiche worked for several years as a freelance management consultant with his own consulting and investment company DRBG Dirk Reiche Beratungs- und Beteiligungs GmbH, Hamburg. During this time, Mr. Reiche was acting CFO of INFO Gesellschaft für Informationssysteme AG and Managing Director of tiramizoo GmbH and ParcelLock GmbH, among others. Since spring 2018, Mr. Reiche has been CFO of Govecs, where he is responsible for Finance, Investor Relations, Information Technology, and Intellectual Property Legal and Compliance. Together with Thomas Grübel he is responsible for strategy and M&A.

The members of the Management Board can be contacted at the Company's address.

17.2.1 Management Service Agreements

Both members of the Management Board entered into service agreements with the Company governed by German law and based on substantially similar terms:

- The service agreement between Mr. Thomas Grübel and the Company was entered into on 3 August 2018. The agreement expires on 2 August 2021.
- The service agreement between Mr. Dirk Reiche and the Company was entered into on 3 August 2018. The agreement expires on 2 August 2021.

17.2.2 Compensation and Other Benefits of the Management Board Members

Under their current service agreements, each Management Board member receives annual remuneration comprising a fixed annual remuneration. The members of the Management Board are entitled to an annual fixed remuneration in a total amount of EUR 354,000.00.

In addition to their respective fixed remuneration, both members of the Management Board are entitled to a variable remuneration. To this end, the Supervisory Board may, in its sole discretion, award the members of the Management Board with an aggregate variable remuneration of up to EUR 200,000.00 per annum, taking into account the achievement of the business objectives agreed between the Supervisory Board and each member of the Management Board from time to time.

If the Company is listed on a German stock exchange for the first time no later than 30 September 2019 and the Offering results in a capital inflow before deduction of costs exceeding a defined minimum amount, Mr. Dirk Reiche will receive a bonus payment of EUR 150,000.00.

The management service agreements require the Company to reimburse the members of the Management Board for all out-of-pocket expenses, including travel expenses, properly and reasonably incurred by them when providing services to the Company and in accordance with applicable guidelines and policies of the Company. Both members of the Management Board receive an allowance for a company car for business and private use.

Both service agreements of the members of the Management Board provide that in the case of sickness the fixed compensation will continue to be paid for six months.

The members of the Management Board are covered under a D&O insurance policy, the costs of which are borne by the Company (see "13. Business—13.18 Insurance").

Both members of the Management Board receive customary insurance benefits for pension, health and nursing care insurance.

In 2017, Mr. Dirk Reiche was not yet a member of the Management Board. Mr. Thomas Grübel received a total remuneration of EUR 156,030.00 from the Company for the year 2017.

17.2.3 Shareholdings of the Management Board Members

Mr. Thomas Grübel holds 579,732 Shares.

Mr. Dirk Reiche does not hold Shares. Mr. Dirk Reiche holds 14 convertible notes of the Company with a total nominal amount of EUR 70 thousand. For details on the convertible notes see "16. Description of Share Capital and Related Information—16.3 Authorisation to issue Convertible Bonds and Other Instruments".

17.2.4 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.

17.3 Senior Management

17.3.1 Members of the Senior Management

The senior management of the Company consists of one C-Level management member, who is responsible for the operational management of the Company (the "**Senior Management**"). The member of the Senior Management reports directly to the Management Board.

Nicholas Holdcraft

Mr. Nicholas Holdcraft co-founded GOVECS in 2009. He holds a Bachelor of Science in Mechanical Engineering and a Masters of Management from Northwestern University in Chicago, USA. In addition he holds more than 32 certifications in the fields of leadership, holistic coaching, project management and business analysis. He has co-authored books on project and program management and is active in the Young Presidents Organisation (YPO) chapter in Poland. Mr. Holdcraft has a strong background implementing lean manufacturing operations, continuous improvement, and 5S methodologies that drive noticeable positive change within white goods and automotive industries. He has more than 15 years of experience in the e-mobility and high-tech engineering sector and a strong track record in international projects. Mr. Holdcraft is responsible for engineering, operations and quality management as well as human resources. The member of the Senior Management can be contacted at the Company's address.

Mr. Nicholas Holdcraft is not, and was not during the last five years, member in administrative, management or supervisory bodies or a partner in a partnership.

17.3.2 Management Service Agreement

Mr. Nicholas Holdcraft entered into employment contract on 15 August 2009 with GOVECS Poland Sp. z o.o. governed by Polish law:

The service agreement between Nicholas Holdcraft and GOVECS Poland Sp. z o.o. was entered into on 15 August 2009 and runs for an indefinite period of time.

17.3.3 Compensation and Other Benefits of Senior Management

The remuneration of Mr. Nicholas Holdcraft is determined by his employment contract and consists of a fixed salary as well as a variable remuneration, in the event certain operative parameters achieved.

In the fiscal year ended 31 December 2017, Mr. Nicholas Holdcraft received a fixed remuneration in an aggregate amount of approximately EUR 96,000.00. No variable remuneration was paid.

Mr. Nicholas Holdcraft is covered by D&O insurance policies. For more information, see "*13. Business—13.18 Insurance*".

17.3.4 Shareholdings of Senior Management

Mr. Nicholas Holdcraft holds 191,424 Shares which subjects him to a conflict of interests.

17.3.5 Certain Other Information of Senior Management

Mr. Nicholas Holdcraft has never been convicted in relation to fraudulent offences in the last five years. During this period, Mr. Nicholas Holdcraft has never 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 Mr. Nicholas Holdcraft by statutory or regulatory authorities (including designated professional bodies) in the last five years, nor has Mr. Nicholas Holdcraft 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 Mr. Nicholas Holdcraft and members of the Management Board or between Mr. Nicholas Holdcraft and members of the Supervisory Board. The Company has not granted any loans to Mr. Nicholas Holdcraft or assumed any sureties or guarantees for him. There are no agreements with principal shareholders, customers, suppliers or other persons under which Mr. Nicholas Holdcraft is appointed to Senior Management.

17.4 Supervisory Board

The Supervisory Board currently consists of three 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*). Two members of the current Supervisory Board (*i.e.* Mr. Meichssner, and Mr. Vollath) were elected by the shareholders at the general shareholders' meeting of 3 August 2018 in accordance with the provisions of the Articles of Association and of Sections 95 and 96 of the German Stock Corporation Act (*Aktiengesetz*). At the same general shareholders' meeting, Mr. Michael Flach was appointed as Supervisory Board member. Mr. Michael Flach resigned from his office as Supervisory Board member on 12 September 2018. On 12 September 2018, the general shareholders' meeting removed Mr. Michael Flach from his office and appointed Mr. Lutz Grotebrune as Supervisory Board member.

The Supervisory Board members are elected pursuant to the 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 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 four weeks by submitting a written notice to the Management Board or to the chairman of the Supervisory Board.

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 Supervisory 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 with a majority of at least three quarters of the votes cast, 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*) are dated 3 August 2018.

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. Our Supervisory Board member, Mr. Roland Vollath, is considered to have such an expertise.

As a rule, the Supervisory Board shall hold one meeting within each calendar quarter and shall hold at least 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 in written form 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, by telephone, by telefax or by e-mail. 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. The rules of procedure of the Supervisory Board provide that all members must have been properly invited to the meeting and all members of the Supervisory Board members must participate in voting on a resolution in order to constitute a quorum. For calculating the quorum, 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, by telefax or any other customary means of communication (*e.g.*, by e-mail). Unless otherwise provided by mandatory law or the Articles of Association, Supervisory Board resolutions are adopted by a simple majority of the votes cast. The rules of procedure of the Supervisory Board provide that resolutions may be passed without a meeting in a telephone or video conference, in writing, orally, by fax, or in text form (*e.g.* e-mail), provided that no member of Supervisory Board objects to this procedure.

17.4.1 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 Group over the past five years.

Member of the Supervisory 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)
Philip Meichssner	45	2018	2023	<ul style="list-style-type: none"> • Currently member of the advisory board of GEOX Deutschland GmbH • Currently member of the advisory board of Macromedia GmbH
Roland Vollath	57	2018	2023	<ul style="list-style-type: none"> • Currently Partner of Vollathstein PartGmbH Steuerberatungsgesellschaft • Currently Partner, CEO and CFO of DIVE digital GmbH • Currently Partner and CEO of Prince Invest GmbH • Until 2017 Partner of ClouPartners GmbH • Until 2017 managing director and CFO of ClouCorporateFinance GmbH • Until 2017 managing director and CFO of Clou Beteiligungsgesellschaft mbH • Until 2017 managing director and CEO of J3 European Film Produktion GmbH • Until 2017 limited partner of flmstr Film und Marketing GmbH + Co. KG • Until 2016 partner and managing director of NY 121 Management GmbH
Lutz Grotebrune	43	2018	2023	<ul style="list-style-type: none"> • Until March 2018 managing director and CFO of car2go Group GmbH • Until March 2018 managing director and CFO of car2go Europe GmbH • Until March 2018 managing director and CFO of car2go Netherlands B.V. • Until March 2018 managing director and CFO of car2go Italy S.r.l. • Until March 2018 managing director and CFO of car2go Deutschland GmbH • Until March 2018 managing director and CFO of car2go Spain S.L.U. • Until March 2018 managing director and CFO of car2go Sverige AB • Until March 2018 managing director and CFO of car2go Austria GmbH • Until August 2018 managing director of Fimo Consulting GmbH

Philip Meichssner

Mr. Philip Meichssner is head of the Global Retail and Consumer Goods Sector and head of the German Corporate / M&A group of the law firm Osborne Clarke. He advises German and international companies on mergers and acquisitions and all types of share transactions, in particular in relation to private equity and venture capital financing.

Philip Meichssner also provides legal guidance in the field of capital market law, in particular on initial public offers in various stock market segments and on real estate transactions.

In addition to advising financial investors and major corporations, Mr. Philip Meichssner also advises young entrepreneurs, start-up companies and foreign clients in establishing or expanding their business operations in Germany. He has many years of experience in national and cross-border acquisitions. Mr. Philip Meichssner advised a public listed stock corporation (AG) on changing its form into a European stock corporation (SE).

Mr. Philip Meichssner qualified as a lawyer in 2000. Before he joined Osborne Clarke in May 2005, he worked for an international law firm in Munich that is associated with a large accounting firm. During his legal traineeship, he worked at Loeb & Loeb, LLP in New York. Mr. Philip Meichssner is also a specialist in tax law. In 2018, he was appointed as the chairman of the supervisory board of GOVECS.

Roland Vollath

Mr. Roland Vollath was born in 1961 in Munich. Mr. Vollath studied business administration at the University of Munich and received his degree in business administration. In 1993, Mr. Vollath passed the tax consultant examination at the Bavarian Ministry of Finance. Between 1993 and 2002, Mr. Vollath was a partner and CFO at G.A.T. Film+TV. From 2002 to 2003 he was also CFO of Nova Media GmbH and German Postcode lottery. From 2004 to 2017, Mr. Vollath was Partner and CFO of ClouPartners Group.

Lutz Grotebrune

Mr. Lutz Grotebrune worked in various finance positions in Europe, Asia and the Middle East within the Daimler group since 2003 and until March 2018. He held the CFO position of Mercedes Benz Finance and Leasing Middle East from 2008 to 2011. In 2015 he took over the role of Group CFO for car2go, the carsharing venture of Daimler AG. Lutz Grotebrune has profound experience in new mobility concepts as well as financial services.

He was born in 1975 in Lage/Lippe and studied business administration at University of Giessen. He graduated in 2001 with majors in banking, finance, controlling and informatics. He also holds the Certified Management Accountant and Certified Financial Services Professional certifications.

The members of the Supervisory Board can be contacted at the Company's address.

17.4.2 Compensation and Other Benefits of the Supervisory Board Members

Pursuant to Article 6.12 of the Articles of Association the remuneration paid to the Supervisory Board members is to be set by the general shareholders' meeting. On 17 August 2018 the extraordinary shareholders' meeting resolved, among others, the following remuneration for the members of the Supervisory Board: The chairman of the Supervisory Board receives a fixed remuneration of EUR 20 thousand for every full fiscal year, and the deputy chairperson EUR 15 thousand. The third member of the Supervisory Board receives a fixed remuneration of EUR 10 thousand for every full fiscal year.

The members of the Supervisory Board are covered by the Group's D&O insurance (see "13. Business—13.18 Insurance").

17.4.3 Shareholdings of the Supervisory Board Members

Mr. Roland Vollath is a 20 % shareholder and managing director of Prince Invest GmbH which holds 2.73 % of the Shares. Other than that, none of the members of the current Supervisory Board holds Shares or options on Shares.

17.4.4 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, except that Mr. Philip Meichssner, in his professional capacity as lawyer, had been appointed as liquidator for the liquidation of two German companies with limited liability, apareo Holding GmbH and apareo Deutschland GmbH. 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.

No family relationships exist between the members of the Supervisory Board or between members of the Supervisory Board and the members of the Management Board. As at the date hereof, the Company has not granted any loans to members of the Supervisory Board or assumed any sureties or guarantees for them. There are no employment contracts between the Company or its subsidiaries, on the one hand, and one or more members of the Supervisory Board on the other hand, which provide for a severance payment or other benefits in the case of termination of the employment contract. There are no agreements with principal shareholders, customers, suppliers or other persons under which a member of the Supervisory Board was appointed to the Supervisory Board.

17.4.5 Supervisory Board Committees

As at the date of this Prospectus, there are no Supervisory Board committees.

17.5 Potential Conflicts of Interests

There may be potential conflicts of interest between the duties of the members of the Management Board, duties of the member of the Senior Management and duties of the members of the Supervisory Board vis-à-vis the Company and their other duties or interests.

The following conflicts of interest or potential conflicts of interest exist:

As the date of the Prospectus, our CEO Mr. Thomas Grübel holds 579,732 Shares which subjects him to a conflict of interests. Moreover, our CFO, Mr. Dirk Reiche holds 14 convertible notes issued by the Company which subjects him to a conflict of interest. In addition, Mr. Dirk Reiche is entitled to a one-time bonus payment of EUR 150 thousand in case the Company's shares are listed on a German stock exchange for the first time until a certain date which results in a capital inflow before deduction of costs exceeding a defined minimum amount (see "*—17.2 Management Board—17.2.2 Compensation and Other Benefits of the Management Board Members*") which subjects him to a conflict of interest.

Our COO, Mr. Nicholas Holdcraft holds 191,424 Shares which subjects him to a conflict of interest.

The chairman of our Supervisory Board, Mr. Philip Meichssner advised, until 2016, the Company in certain matters of German law. This could subject him to a conflict of interest. Moreover, the member of our Supervisory Board, Mr. Roland Vollath, is a 20 % shareholder and managing director of Prince Invest GmbH, one of the shareholders in the Company. This subjects him to a conflict of interest.

Apart from this, no potential conflicts of interest between any duties to the Company and the private interests and/or other duties of the Management Board members, Mr. Nicholas Holdcraft or the Supervisory Board members exist.

17.6 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 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.

Neither German law nor the 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.

17.7 Corporate Governance

The German Corporate Governance Code as amended on 7 February 2017 (published on 24 April 2017 and in the corrected version published on 19 May 2017) (the "**Code**") contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognised standards of good and responsible corporate governance. The purpose of the Code is to make the German system of corporate governance and supervision transparent for investors. The Code includes recommendations and suggestions for management and supervision with regard to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. However, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) requires that the management board and supervisory board of a German listed company declare by means of a so called declaration of conformity (*Entsprechenserklärung*), every year, either that the recommendations have been or will be applied, or which recommendations have not been or will not be applied and explain why the management board and the supervisory board do not/will not apply the recommendations that have not been or will not be applied. This declaration is to be made permanently accessible to shareholders. However, deviations from the suggestions contained in the Code need not be disclosed.

Prior to the listing of the Shares on the Frankfurt Stock Exchange, the Company is not subject to the obligation to render a declaration as to compliance with the Code. Accordingly, the Management Board and the Supervisory Board have not made a declaration pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*).

However, the Company will fully comply with its obligation arising from a stock exchange listing to make a corresponding declaration pursuant to Section 161 of the German Stock Corporation Act (*Aktiengesetz*), to publish this declaration and to make it permanently accessible to shareholders. The Management Board and the Supervisory Board identify with the objectives of the Code to foster a responsible and transparent corporate management style and control directed toward achieving a sustained increase in shareholder value. The Company complies and following the listing at the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) it intends to comply with the recommendations of the Code with the following exceptions:

- **Deductible in the D&O Insurance for the Supervisory Board (Section 3.8 of the Code)**

The Code recommends in Section 3.8 that the directors' and officers' ("**D&O**") liability insurance for the Supervisory Board should provide for a deductible of at least 10 % of the claim up to at least the amount of one and a half times the fixed annual remuneration of the Supervisory Board member. Such a deductible has

not been agreed so far and it is also not intended to be agreed in the future. The Company has a D&O insurance without a deductible for the Supervisory Board. In the opinion of the Company, the responsible actions of the Supervisory Board are not additionally supported by the agreement of a corresponding deductible.

- **Compliance Management System, Whistleblowing (Section 4.1.3 of the Code)**

The Code recommends in Section 4.1.3 that the Management Board should institute appropriate measures reflecting the Company's risk situation (Compliance Management System) and disclose the main features of those measures. Employees should be given the opportunity to report, in a protected manner, suspected breaches of the law within the Company (whistleblowing). The Company is currently implementing a Compliance Management System reflecting the Company's risk situation, starting with a code of conduct which will be put into place and disclosed by the time of the commencement of trading of the Company's Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Additional internal guidelines and risk based measures of a Compliance Management System are intended to be put into place during 2018 and be improved continuously. However, it is not intended to implement a system for reporting suspected breaches of the law within the Company. In the opinion of the Company, the risk of denunciation does not countervail the possible benefits of such systems. The Company considered in particular the risk that such a system could be misused and create an atmosphere of mistrust that adversely affects the corporate culture and employee morale. Furthermore, the Company already has what it considers to be appropriate and reasonable measures in place that allow employees to report – confidentially, if necessary – any violations of the law or internal guidelines.

- **Chair or Spokesperson of the Management Board (Section 4.2.1 of the Code)**

The Code recommends in Section 4.2.1 of the Code that the Management Board should consist of several members and have a chair or spokesperson. The Management Board of the Company consists of two members so that it does not consider it necessary to have a chair or spokesperson.

- **Individual Management Remuneration Report (Section 4.2.5 of the Code)**

Section 4.2.5 of the Code recommends, inter alia, that the remuneration report should present the following information for every Management Board member:

- the benefits granted for the reporting period, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable,
- the benefits received for the reporting period, consisting of fixed remuneration, short-term variable remuneration and long-term variable remuneration, broken down by the relevant reference years,
- the service cost incurred in/for the reporting period for pension benefits and other commitments.

In addition, the model tables provided as appendices to the Code should be used to disclose this information.

The general meeting, in accordance with Section 285 para. 5 German Commercial Code (*Handelsgesetzbuch*), has decided to report remuneration in a consolidated way. The aforementioned information therefore will not be presented for each Management Board member individually and, in this respect, the model tables provided as appendices to the Code will not be used for disclosure.

- **Supervisory Board Committees (Section 5.3 of the Code)**

Section 5.3 of the Code recommends the formation of committees of the Supervisory Board, in particular the establishment of an audit committee in section 5.3.2 and a nomination committee in section 5.3.3. The Company has not established any committees of the Supervisory Board, since the Supervisory Board consists of only three members and all decisions are to be prepared and taken jointly by all members of the Supervisory Board. The recommendation regarding the formation of committees of the Supervisory Board is therefore of no relevance to the Company.

- **Supervisory Board Composition (Section 5.4.1 of the Code)**

Pursuant to Section 5.4.1 of the Code the Supervisory Board should determine concrete objectives regarding its composition, and should prepare a profile of skills and expertise for the entire Supervisory Board. Within the Company-specific situation the composition of the Supervisory Board should 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 of the Code, an age limit and a term limit for Supervisory Board members, both to be specified, as well as diversity.

The Supervisory Board must define a target for the share of women in the Supervisory Board as well as a deadline for its implementation, which may not be longer than five years (Section 111 para. 5 of the German Stock Corporation Act (*Aktiengesetz*)).

The Supervisory Board of the Company consists of three members. The members of the Supervisory Board are elected by the general meeting, which is not bound by the election proposals and the target for the proportion of women to be determined by the Supervisory Board. At present all members of the Supervisory Board are male. This can change, but does not have to, in the next election. For this reason, and due to the legal obligation to name a quota as a percentage, the Supervisory Board was only able to set the target for the proportion of women in the Supervisory Board until the next election of members of the Supervisory Board but no later than 31 July 2023 at 0 percent.

- **Remuneration of Supervisory Board Members (Section 5.4.6 of the Code)**

The Code recommends in Section 5.4.6 that the status as chair or deputy chair of the Supervisory Board, as well as chair or membership of a committee, should also be taken into consideration in the context of remuneration of members of the Supervisory Board. Since the Supervisory Board consists of three members, no committees will be formed. Therefore, in this respect, the recommendation is of no relevance to the Company.

- **Consolidated Financial Statements /Interim Reports (Section 7.1.2 of the Code)**

The German Corporate Governance Code recommends in Section 7.1.2, fourth sentence that the consolidated financial statements should be made publicly available within 90 days after the end of the financial year and interim reports within 45 days of the end of the reporting period. The Company is of the opinion that the legal requirements (German Securities Trading Act (*Wertpapierhandelsgesetz*) and exchange rules for the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*)) for publication of the aforementioned statements and reports are sufficient, as they ensure the provision of appropriate and timely information to the shareholders.

18. 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 consolidated companies in the Company's Audited Consolidated Financial Statements (IFRS). Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a summary of such transactions with related parties for the years ended 31 December 2017, 31 December 2016 and 31 December 2015 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 Consolidated Financial Statements (IFRS), which are included in the section "24. Financial Section" of this Prospectus beginning on page F-1. Business relationships between companies of the Group are not included. The companies which are directly or indirectly controlled by the Company are listed in Note 1 under "Information on the GOVECS Group" of the notes to the Audited Consolidated Financial Statements (IFRS).

18.1 Compensation of Key Management Personnel

Key management personnel has been represented by Mr. Thomas Grübel and Mr. Nicolas Holdcraft for all the reporting periods and Robert Rau for the years 2015 and 2016. The compensation of key management personnel consists of a fixed salary as well as variable bonus payments.

The aggregate compensation of the key management personnel for the first six months of 2018 and the financial years 2015, 2016 and 2017 was as follows:

	30 June 2018	31 December 2017	31 December 2016	31 December 2015
	(in EUR thousands)			
Short-term employee benefits:	224	299	307	349
Total key management benefits	224	299	307	349

18.2 Other related Party Transactions

We consider our revenue from the sale of goods to and the purchase of goods from related parties for the first six months of 2018 and the financial years 2015, 2016 and 2017 as immaterial.

The following table shows amounts owed by and to related parties as at 30 June 2018 and as at 31 December 2015, 31 December 2016 and 31 December 2017:

	Amounts owed by related parties			
	30 June 2018	31 December 2017	31 December 2016	31 December 2015
	(in EUR thousands)			
Parents				
<i>Dürr Holding GmbH</i>	0	0	0	0
Key management personnel	0	1.5	0.3	0.4
Other related parties	0	0	0	0
Total	0	1.5	0.3	0.4

	Amounts owed to related parties			
	30 June 2018	31 December 2017	31 December 2016	31 December 2015
	(in EUR thousands)			
Parents				
<i>Dürr Holding GmbH</i>	0	0	0	0.5
Key management personnel	0	0	0.5	2.2
Other related parties	0	0	1.4	0
Total	0	0	1.9	2.7

There was no credit loss on amounts owed by related parties. There were no expenses recognised during either of the periods in respect of bad or doubtful debts due from related parties.

We consider the amounts owed by and to related parties as at 31 December 2015, 31 December 2016 and 31 December 2017 as immaterial.

The following table shows the loans from related parties outstanding as at 30 June 2018 and as at 31 December 2015, 31 December 2016 and 31 December 2017:

	30 June 2018	31 December 2017	31 December 2016	31 December 2015
	(in EUR thousands)			
Parents				
Blitz 14-106 GmbH	0	102	3,741	1,904
Dquadrat Equity Partner GmbH	847	0	2,670	0
Dürr Holding GmbH ¹	823	803	0	0
	1,669	905	6,411	1,904

¹ Dürr Holding GmbH is controlled by its majority shareholder, Mr. Albert Dürr.

The loans from Blitz 14-106 GmbH have fixed interest rates in the range between 5 % p.a. and 8.5 % The remaining term of the loans at 31 December 2017 was between one and four months. Except for one loan which was secured with the pledges on all current and future receivables from Scoot Network Inc. and related companies, all loans were unsecured.

The loans from Dquadrat Equity Partner GmbH are carrying interest at 5 % p.a. The remaining term of the loans at 31 December 2016 was 18 months. All of these loans were unsecured.

The loan from Dürr Holding GmbH is carrying interest at 5 % p.a. The remaining term of the loan as at 31 December 2017 was 12 months. All of these loans were unsecured.

The interest expenses on the loans received from related parties amounted to EUR 572 thousand in 2017, EUR 300 thousand in 2016 and EUR 86 thousand in 2015.

In the year 2017, we received loans from Blitz 14-106 GmbH with a total value of EUR 10,293 thousand. As at 31 December 2017, loans from Blitz 14-106 GmbH with a total value of EUR 16,575 thousand were converted to equity.

All existing shareholder loans were extended from their original term of 31 December 2018 to 31 December 2023 by extension agreements dated 3 September 2018.

The Company has received the following shareholder loans from related parties since 1 January 2018:

The Company received five loans from Dquadrat Equity Partner GmbH totaling EUR 5,116 thousand, two loans totaling EUR 2,000 thousand from Dürr Holding GmbH, one loan from Mr. Albert Dürr totaling EUR 2,000 thousand, and two loans from Prince Invest GmbH totaling EUR 250 thousand.

All loans bear interest of 5 % and have an original or extended term until 31 December 2023. All loans are unsecured.

18.3 Credit facility agreement with Dürr Holding GmbH

The Company (as borrower) entered into a credit facility agreement with Dürr Holding GmbH (as lender) on 26 July 2018. Dürr Holding GmbH is the sole shareholder of the Company's shareholder Dquadrat Equity Partner

GmbH. If certain defined preconditions would have been met, the Company could have drawn down loans under the credit facility agreement up to a total maximum of EUR 10 million. Such loans would have borne interest at a rate of 5 % p.a. There was no commitment fee. As the Company entered into a facility agreement with Kreissparkasse Esslingen-Nürtingen and obtained a number of shareholder loans, the credit facility ceased to be available due to respective contractual provisions.

18.4 Cost Sharing and Indemnity Agreement

In a cost sharing and indemnity agreement dated 17 September 2018, (the "**Cost Sharing and Indemnity Agreement**"), the Selling Shareholder and the Lending Shareholder (hereinafter also referred to as the "**Indemnifying Shareholder**"), have undertaken to reimburse the Company for certain defined costs and expenses incurred by the Company in connection with the Initial Public Offering ("**IPO**") on a *pro rata* basis of the respective Shares sold by them in the IPO compared to the total Offer Shares (including Over-Allotment Shares, if and to the extent the Greenshoe Option is exercised) (the "**Shareholder's Percentage**"). Furthermore, the Company and the Indemnifying Shareholder agreed that each Indemnifying Shareholder shall, subject to its respective Shareholder's Percentage, indemnify and hold the Company harmless from any liabilities, losses and damages incurred in connection with the consummation of the IPO, and caused by or based upon the fact that:

- the IPO documents actually or allegedly contain material statements that are incorrect, incomplete or otherwise misleading, including any indemnification liability of the Company under the Underwriting Agreement, or
- material facts have been omitted in the IPO documents that are reasonably necessary for the information contained therein not to be misleading in view of the circumstances under which the IPO occurred or was contemplated to occur, or
- the Company is required by law or contract to compensate third parties, such as its members of the Management Board, for any losses, claims, damages or contingent liabilities to which these are exposed under any jurisdiction in connection with the IPO and the placement of the Shares

(collectively, the "**IPO Damages**", and any claim or action raised based on facts given rise to IPO Damages, the "**IPO Damage Claim**").

Each Indemnifying Shareholder shall further reimburse its respective Shareholder's Percentage of all costs and expenses reasonably incurred by the Company for the purpose of investigating, avoiding, defending, or compromising any such IPO Damage Claim (including making counter-claims or other claims against third parties). The Indemnifying Shareholder shall no longer be obliged to hold harmless, indemnify or reimburse the Company, if and to the extent the Company is compensated by any third party, including any payments or other forms of compensation under an IPO insurance. If an Indemnifying Shareholder already fulfilled its indemnification obligations under the Cost Sharing and Indemnity Agreement, the Company is obliged to assign and transfer any such claim for third party indemnification to the respective Indemnifying Shareholder *pro rata* to the amount the respective Indemnifying Shareholder has paid under its indemnification obligation.

18.5 Service Agreement with Dquadrat Equity Partner GmbH

The Company (as service user) entered into a service agreement with Dquadrat Equity Partner GmbH (as service provider) on 29 August 2014, amended on 29 August 2015. According to the service agreement, Dquadrat Equity Partner GmbH has to provide support and advice especially in connection with M&A transactions, liquidity management, preparation of reports, strategic marketing and search and selection of executives. As compensation Dquadrat Equity Partner GmbH was entitled to a monthly remuneration of EUR 15 thousand until 30 April 2016 and of EUR 10 thousand as of May 2016. The service agreement was terminated on 30 April 2018. Under the service agreement, we recorded respective payment obligations in our consolidated IFRS profit and loss statements of EUR 23.8 thousand for the six month period ended 30 June 2018 and of EUR 181.2 thousand (EUR 1.2 thousand were paid due to additional services rendered in July 2015), EUR 140 thousand and EUR 120 thousand for the years 2015, 2016 and 2017 respectively. In addition, other expenses with the senior parent occurred in 2017 with an amount of EUR 9 thousand. In our consolidated IFRS balance sheet, other liabilities from this service agreement were EUR 23.8 thousand as at 30 June 2018, EUR 52 thousand as at 31 December 2017, EUR 24 thousand as at 31 December 2016 and EUR 71 thousand as at 31 December 2015.

18.6 Contribution Agreement with Blitz 14-106 GmbH to transfer loans to capital reserves

With effect of 31 December 2017, Blitz 14-106 GmbH, then the sole shareholder of the Company, entered into an agreement with the Company pursuant to which it contributed all of its interest and redemption claims from the loans granted to the Company in an amount of approximately EUR 16.5 million to the Company's free capital reserve in full.

For details on the contribution agreement see "*13. Business—13.16 Material Contracts—13.16.6 Contribution Agreement with Blitz 14-106 GmbH to Transfer Loans to capital reserves*".

18.7 Sale of shares and convertible loan by Blitz 14-106 GmbH

On 4 May 2018, Blitz 14-106 GmbH, then the sole shareholder of the Company, sold shares in the entity Electric Mobility Concepts GmbH (i.e. our customer Emmy in our B2S business line) corresponding to 7.17 % of all shares in Electric Mobility Concepts GmbH to our shareholder Dquadrat Equity Partner GmbH for a compensation of EUR 789 thousand and transferred a convertible loan granted to Electric Mobility Concepts GmbH in an amount of EUR 850 thousand together with interest accrued also to Dquadrat Equity Partner GmbH for a compensation of EUR 870 thousand.

18.8 Netting of obligations between Blitz 14-106 GmbH and Dquadrat Equity Partner GmbH

On 5 May 2018, Blitz 14-106 GmbH and Dquadrat Equity Partner GmbH agreed to net an obligation of Dquadrat Equity Partner GmbH in an amount of EUR 1,660 thousand with a liability towards Dquadrat Equity Partner GmbH in an amount of EUR 1,650 thousand with the remaining amount of EUR 10 thousand remaining payable by Dquadrat Equity Partner GmbH by September 2018.

18.9 Downstream Merger of Blitz 14-106 GmbH

On the basis of a merger agreement dated 9 May 2018, Blitz 14-106 GmbH was merged into the Company by way of a down-stream merger without increasing the share capital of the Company. The merger was registered with the Commercial Register (*Handelsregister*) on 4 June 2018.

18.10 Service Agreement with Mr. Dirk Reiche

Before having been officially appointed as management board member with a corresponding service agreement on 3 August 2018, Mr. Dirk Reiche provided management services to us in 2018 under a service agreement on the basis of time spent and hourly rates in the period from April to August 2018. Under this service agreement the total compensation accrued is EUR 151,519.00 (including travel expenses reimbursement).

18.11 Convertible Notes

On 22 August 2018, our Management Board member Mr. Dirk Reiche has subscribed for 14 convertible notes issued by the Company in a total nominal amount of EUR 70 thousand against payment of EUR 70 thousand. For details on the convertible notes see "16. *Description of Share Capital and Related Information—16.3. Authorisation to issue Convertible Bonds and Other Instruments*".

19. UNDERWRITING

19.1 General

On 17 September 2018, the Company, the Selling Shareholder (also in its capacity as Lending Shareholder) and the Joint Global Coordinators 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 Luxembourg and private placements of the Offer Shares in certain jurisdictions outside Germany and Luxembourg. The Offer Shares will not be offered in the United States or to US persons. 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. The Offer Period is expected to commence on 18 September 2018 and is expected to end on 27 September 2018.

Under the Underwriting Agreement, the Joint Global Coordinators are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offering. The Joint Global Coordinators 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 Selling 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, the Selling Shareholder and the Joint Global Coordinators on or about 27 September 2018 on the basis of an order book prepared during the bookbuilding process.

Under the terms of the Underwriting Agreement and subject to certain conditions, each Joint Global Coordinator 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 Joint Global Coordinators' name:

Joint Global Coordinators	Maximum number of Offer Shares to the underwritten	Underwriting Commitment of Offer Shares
Bankhaus Lampe	3,766,250	50 %
COMMERZBANK	3,766,250	50 %
Total	7,532,500	100 %

19.2 Underwriting Agreement

In the Underwriting Agreement, the Joint Global Coordinators acting as settlement agent agreed to subscribe for the 6,250,000 New Shares at the lowest issue price on or about 28 September 2018, and the Joint Global Coordinators agreed to acquire the Offer Shares with a view to offering them to investors in this Offering subject to certain conditions. The Joint Global Coordinators 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, and to the Selling Shareholder the purchase price of any sold Sale Share minus commissions and costs, at the time the Offer 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 Joint Global Coordinators with up to 982,500 Over-Allotment Shares with regard to a potential Over-Allotment, which may sell such shares as part of the Offering. The Joint Global Coordinators agreed to remit the purchase price of any sold Over-Allotment Shares minus commissions and costs to the Lending Shareholder if and to the extent the Greenshoe Option is exercised.

The obligations of the Joint Global Coordinators 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 or the Group'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 long-term debt of the Group or a material adverse change or any development involving a prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity or results of operations of the Group, or a suspension or material limitation in trading in securities generally on the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange), which, in any such case described in this clause (ii), in the reasonable judgment of the Joint Global Coordinators 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 Joint Global Coordinators have provided and may, from time to time, provide services to companies of the Group and the existing shareholders in the ordinary course of business and may extend credit to and have regular business dealings with companies of the Group and the existing shareholders in their capacity as financial institutions. The Joint Global Coordinators have 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 Joint Global Coordinators in the Offering, see "3. The Offering—3.12 Interests of Parties Participating in the Offering").

The proceeds of the Offering received by the Company will among others be used to finance the further growth and development of its businesses mainly through an expansion of its European footprint (see "4. Reasons for the Offering, Proceeds and Costs of the Offering, and Use of Proceeds").

19.3 Commission

Subject to the terms and conditions of the Underwriting Agreement, the Joint Global Coordinators will offer the Offer Shares at the Offer Price. The Company (for the New Shares offered from the capital increase), the Selling Shareholder (for the Sale Shares and the Over-Allotment Shares offered from their own holdings) will each pay the Joint Global Coordinators commissions consisting of a basic commission of 3.00 % of the corresponding aggregate gross sales proceeds. In addition, the Company as well as the Selling Shareholder and the Lending Shareholder reserve the right to pay to the Joint Global Coordinators an additional fee of up to 1.75 % of the aggregate gross proceeds from the Offering, including any Borrowed Shares for which the Greenshoe Option has been exercised (*pro rata* to their respective share in them (the "**Discretionary Fee**"). Payment of the Discretionary Fee will be entirely (i) at the discretion of the Company with regard to the New Shares placed in the Offering, (ii) at the discretion of the Selling Shareholder with regard to the Sale Shares placed in the Offering and (iii) at the discretion of the Lending Shareholder with regard to the Borrowed Shares, for which the Greenshoe Option has been exercised. The Discretionary Fee shall be divided among the Joint Global Coordinators on a proportionate basis in accordance with their respective underwriting commitment. The Company as well as the Selling Shareholder 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 and the Selling Shareholder have also agreed to reimburse the Joint Global Coordinators for certain expenses incurred by them in connection with the Offering.

19.4 Greenshoe Option and Securities Loan

To cover a potential Over-Allotment, the Lending Shareholder will make available up to 982,500 additional shares to the Joint Global Coordinators free of charge through a share loan. In addition, the Lending Shareholder will grant the Joint Global Coordinators the option of acquiring up to 982,500 shares at the Offer Price less agreed commissions (the "**Greenshoe Option**"). This Greenshoe Option will terminate 30 calendar days after commencement of the trading of the shares on the regulated segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). For further information, see section "3. The Offering—3.6 Stabilisation, Over-Allotments and Greenshoe Option".

19.5 Termination/Indemnification

The Underwriting Agreement provides that the Joint Global Coordinators 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 and the Selling Shareholder have undertaken in the Underwriting Agreement to indemnify the Joint Global Coordinators against certain liabilities arising in connection with the Offering.

19.6 Selling Restrictions

In the Underwriting Agreement, the Joint Global Coordinators have further undertaken to comply with certain selling restrictions.

19.6.1 Member states of the European Economic Area

In relation to each member state of the European Economic Area which has implemented the Directive No. 2003/71/EC as amended by the Directive No. 2010/73/EC of the European Parliament and the Council (the "**Prospectus Directive**") and each of the aforementioned member states a "**Relevant Member State**") the Joint Global Coordinators have not made and will not make an offer to the public of any Offer Shares which are the subject of the Offering in that Relevant Member State other than the offers contemplated in this Prospectus in Germany and Luxembourg once this Prospectus has been approved by the BaFin, notified to the CSSF and published in accordance with the Prospectus Directive as implemented in Germany, except that it may make an offer to the public in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (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 Joint Global Coordinators 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 Joint Global Coordinators pursuant to Article 3 of the Prospectus Directive.

19.6.2 United States

The Offer Shares have not been and will not be registered under the US Securities Act of 1933 (as amended) or under the securities laws of any state of the United States. The Offer Shares may not be offered, sold or delivered, directly or indirectly, within or into the United States or to US persons, except pursuant to an exemption from, or in transactions not subject to, the registration and reporting requirements of the US securities laws and in compliance with all other applicable provisions of US law.

19.6.3 United Kingdom

The sale of the Shares in the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**") is also subject to restrictions. This Prospectus is directed only at persons who: (i) are qualified investors within the meaning of the Financial Services and Markets Act 2000 (as amended) and any relevant implementing measures and/or are outside the United Kingdom or (ii) have professional experience in matters relating to investments who fall within the definition of "investment professionals" contained in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "**Order**") or are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or fall within another exemption to the Order (all such persons referred to in (i) and (ii) above together being referred to as "**Relevant Persons**"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

20. 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 at the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries.

Potential purchasers of Shares are therefore advised to consult their tax advisor on the tax implications of acquiring, holding and transferring Shares and on the procedure to be followed for any refund of German withholding tax paid (Kapitalertragsteuer). This should take particular account of the specific situation of each individual shareholder.

20.1 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 %.

Dividends and other shares in profits which corporations receive from domestic or foreign corporations are generally exempt from corporate income tax in case they hold 10 % or more of the distributing company's registered share capital. However, 5 % of such income qualifies as non-deductible business expenses and is therefore subject to corporate income tax at a rate of 15 % (plus solidarity surcharge of 5.5 % thereon). The same generally applies to capital gains from the disposal of shares in domestic or foreign corporations. Capital losses are not deductible for tax purposes. Different rules apply to free-floating dividends (*i.e.*, dividends earned on direct shareholdings in a distributing corporation equal to less than 10 % of its share capital at the start of the respective calendar year ("**Portfolio Dividends**")). Portfolio Dividends are fully taxed at the corporate income tax rate (plus solidarity surcharge thereon).

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.

For trade tax purposes, dividends received from shares in domestic and foreign corporations and capital gains from the disposal of shares in other corporations are generally treated in the same manner as for corporate income tax purposes. However, dividends are, in general, 95 % tax exempt only if the corporations have held at least 15 % of the distributing company's registered share capital ("trade tax participation exemption privilege") as at the beginning of the relevant assessment period (*Erhebungszeitraum*). Additional restrictions apply to dividends received from foreign corporations.

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 financial 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. For the purpose of trade tax, however, the deductibility of interest expenses is further restricted to the extent that the sum of certain trade taxable add back items exceeds EUR 100,000, since in such case 25 % of the interest expenses, to the extent they were deducted for corporate income tax purposes, have to be added back to the trade earnings for trade tax purposes.

Losses of the Company can be carried forward to subsequent financial 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. If more than 25 % up to and including 50 % of the subscribed capital or voting rights of the Company are transferred to an acquirer (including parties related to the acquirer) or comparable circumstances occur, a proportional amount of tax loss carry-forwards, unused current losses and interest carry-forwards are forfeited. While the Federal Constitutional Court (*Bundesverfassungsgericht*) on 29 March 2017 ruled that the relevant provision of the German Corporate Tax Act (*Körperschaftsteuergesetz*) on this *pro rata* forfeiture is unconstitutional, such decision only covers the time period up to and including 31 December 2015. Therefore, the Federal Constitutional Court (*Bundesverfassungsgericht*) ruled that a retroactive implementation of a new provision substituting the unconstitutional legislation will only be required for the period from 1 January 2008 up to and including 31 December 2015.

20.2 Taxation of Shareholders

Shareholders are taxed in particular in connection with the holding of Shares (taxation of dividend income), upon the sale of Shares (taxation of capital gains) and the gratuitous transfer of Shares (inheritance and gift tax).

20.2.1 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 apply 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 (*Einkommensteuergesetz*) have to be fulfilled. Application forms for the respective exemption can be obtained from the German Federal Tax Office (*Bundeszentralamt für Steuern*), An der Kuppel 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 Shares in custody and disburses or credits the dividend income from the Shares or disburses or credits the dividend income from the 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 Depository Act (*Depotgesetz*)) holding the Shares in a collective deposit, if such central securities depository disburses the dividend income from the 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 correctly, (ii) the shareholder knows that the withholding tax has not been correctly withheld and he does

not inform the tax authority of this immediately, or (iii) the dividends have been wrongfully distributed without deducting the 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 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 (*Einkommensteuergesetz*). 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 Shares as business assets as well as for shareholders residing outside Germany (foreign shareholders) holding their Shares 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 (*Einkommensteuergesetz*).

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.

The aforementioned relief in accordance with applicable double taxation treaties as well as the credit of withholding tax described for Shares held as private and as business assets may be restricted unless the following three cumulative prerequisites are fulfilled: (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 Shares as Private Assets (Privatvermögen)

In case of individual shareholders resident in Germany holding their Shares 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.

Shares Held as Business Assets

If 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 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 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 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 "*20.2.1 Corporations*"). If the partner is an individual and the Shares are held as business assets of the partnership, only 60 % of the dividend income is subject to income tax. In this case, the partial-income method does not apply with respect to church tax, if applicable (see "*20.2.1 Sole Proprietors (Individuals)*"). In case of a trading partnership trade tax is levied on the dividend income according to general rules.

20.2.2 Taxation of Dividends of Shareholders without a Tax Residence in Germany

For foreign shareholders who do not hold their 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 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.

20.3 Taxation of Capital Gains

20.3.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

Shares Held as Private Assets

If the 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 "—20.2.1 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 Shares) and the acquisition costs. If the Shares 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.

The Company or the Disbursing Agent are liable for the withholding tax which they are obligated to withhold and remit to the German tax authorities, unless they prove that they did not breach their duties on purpose or negligently. The withholding tax can be claimed from the shareholder, if (i) the dividends have not been reduced correctly, (ii) the shareholder knows that the withholding tax has not been withheld correctly and he did not inform the tax authority of this immediately, or if (iii) the dividends have been wrongfully distributed without deducting the withholding tax.

Any gains from the sale or redemption of the Shares 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.

Losses from the disposal of the 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 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 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 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 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 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. Losses or other profit reductions relating to the sold Shares are not tax deductible.

Sole Proprietors. If the Shares 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 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: "*20.2.1 Corporations*". If the partners are subject to personal income tax, see above "*20.2.1 Sole Proprietors (Individuals)*".

Special rules for banks, financial services institutions, financial enterprises, life and health insurance companies, and pension funds, are described below in section "*20.4 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 of the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose Shares are held as private assets (see "*20.3.1 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 Shares form part of the shareholder's domestic business assets, and the shareholder informs the Disbursing Agent of this on the officially prescribed form and meets certain additional prerequisites.

20.3.2 Taxation of Capital Gains of Shareholders without a Tax Residence in Germany

Capital gains realised upon disposal of Shares by a shareholder resident outside Germany are only subject to German income tax (plus solidarity surcharge) in the event (i) the Shares 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. In this case:

- 5 % of the capital gain is subject to corporate income tax and solidarity surcharge, if the shareholder is a corporation; and
- 60 % of the capital gain is taxed in all other cases.

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 Shares and pays or credits the capital income unless capital gains are attributed to German business assets and additional documentation requirements are met. In these cases, for foreign corporations, withholding tax may be refunded by 2/5 if certain preconditions are met.

Capital gains realised upon disposal of 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.

20.3.3 Inheritance and Gift Tax

The transfer of Shares 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 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.

20.4 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, 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 that are, upon acquisition of the 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 of the Company held as investments by life insurance providers, health insurance providers and pension funds. If the shareholding 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.

20.5 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. However, Estonia has since stated that it will not participate. 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 12 March 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.

20.6 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.

21. TAXATION IN THE GRAND DUCHY OF LUXEMBOURG

The following information is of a general nature only and is based on the laws in force in Luxembourg as at the date of this Prospectus and is subject to any change in law that may take effect after such date. It does not purport to be a comprehensive description of all tax considerations that might be relevant to an investment decision. It is not intended to be, nor should it be construed to be, legal or tax advice. It is a description of the essential material Luxembourg tax consequences with respect to the Offering and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to shareholders. Prospective shareholders should consult their professional advisors with respect to particular circumstances, the effects of state, local or foreign laws to which they may be subject, and as to their tax position.

Please be aware that the residence concept used under the respective headings applies for Luxembourg income tax assessment purposes only. Any reference in this section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. In addition, please note that a reference to Luxembourg income tax generally encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*). Corporate shareholders may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes.

21.1 Withholding Taxes

Dividend payments made to shareholders by a non-resident company, such as the Company, as well as liquidation proceeds and capital gains derived therefrom, are not subject to a withholding tax in Luxembourg. Therefore, the Company does not assume liability for withholding Luxembourg taxes at the source.

21.2 Taxation of Dividend Income

Under certain conditions, a corresponding tax credit may be granted to the shareholders of the Company for foreign withholding taxes against Luxembourg income tax due on these dividends, without exceeding in any case Luxembourg tax on such income.

21.2.1 Luxembourg Resident Shareholders

Dividends and other payments derived from the shares of the Company held by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the ordinary progressive rates with a current top effective marginal tax rate of 42 % (45.78 % including the maximum 9 % solidarity surcharge), depending on the annual level of income of the shareholders.

Furthermore, actual income related expenses (*e.g.*, bank fees) are deducted, provided that they are supported by documents or a lump-sum deduction of EUR 25.00 applies (doubled for individual taxpayers who are jointly taxable).

Under current Luxembourg tax laws, 50 % of the gross amount of dividends received by resident individuals from the Company may however be exempt from income tax, since the Company is a company based in the European Union and covered by Article 2 of the Parent-Subsidiary Directive (directive 2011/96/EU of 30 November 2011). In addition, a total lump-sum exemption of EUR 1,500 (doubled for individual taxpayers who are jointly taxable) applies to the total investment income (including dividends and interest) received during the tax year.

Dividends derived from the shares of the Company by fully taxable Luxembourg resident companies are subject to income taxes, unless the conditions of the participation exemption regime are satisfied.

Subject to the anti-abuse provisions of Article 166 of the Luxembourg Income Tax Law, the participation exemption regime provides that dividends derived from the shares of the Company may be exempt from income tax at the level of the shareholder if cumulatively:

- the Shareholder receiving the dividends is either (i) a fully taxable Luxembourg resident company listed in the appendix of the paragraph 10 of Article 166 of the Luxembourg Income Tax Law, or (ii) a fully taxable Luxembourg resident corporate company (*société de capitaux*), or (iii) a domestic permanent establishment of a company resident in the European Union falling under Article 2 of the Parent-Subsidiary Directive (directive 2011/96/EU of 30 November 2011), or (iv) a domestic permanent establishment of a corporate company (*société de capitaux*) that is resident in a state with which Luxembourg has concluded a double taxation treaty, or (v) a domestic permanent establishment of a corporate company (*société de capitaux*) or of

a cooperative company which is a resident of an EEA Member State (other than a member state of the European Union) (each an "**Eligible Parent**");

- the Company is (i) a Luxembourg resident fully-taxable corporate company (*société de capitaux*), or (ii) a company covered by Article 2 of the Parent-Subsidiary Directive (directive 2011/96/EU of 30 November 2011), or (iii) a non-resident corporate company (*société de capitaux*) liable to a tax corresponding to Luxembourg corporate income tax ("**Qualified Subsidiary**"); and
- at the date on which the relevant income is made available, the shareholder of the Company directly holds or commits to hold for an uninterrupted period of at least twelve months a shareholding representing a direct participation of at least 10 % in the share capital of the Qualified Subsidiary or a direct participation in the Qualified Subsidiary of an acquisition price of at least EUR 1.2 million, or an equivalent amount in another currency ("**Qualified Shareholding**").

Liquidation proceeds are assimilated to a dividend received and may be exempt under the same conditions. Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the net assets of the transparent entity. To the extent that business expenses incurred during the year of receipt of the dividend are in an economic relation with the participation in the Company, these expenses will not be deductible up to the amount of exempt dividends and/or liquidation proceeds derived from the shareholding in the Company (during the year of receipt of the dividend).

If the participation exemption does not apply, dividends may benefit from the 50 % exemption under the relevant conditions set out above.

Any shareholder of the Company which is a Luxembourg resident entity governed by the Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, by the Luxembourg Law of 13 February 2007 on specialised investment funds, as amended, by the Luxembourg Law of 11 May 2007 on the family wealth management company, as amended, by the Luxembourg Law of 23 July 2016 on reserved alternative investment funds is exempt from Luxembourg income taxes, on income/gain derived from the shares in the Company.

21.2.2 Non-Resident Shareholders

Shareholders of the Company who are non-residents of Luxembourg and who have neither a permanent establishment nor a fixed place of business or a permanent representative in Luxembourg to which the shares are attributable are not liable to any Luxembourg income tax on dividends received from the Company.

Subject to the provisions of double taxation treaties, dividends on the shares received by non-resident shareholders holding the shares through a Luxembourg permanent establishment a fixed place of business or a permanent representative to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above apply. If the conditions of the participation exemption are not fulfilled, 50 % of the gross dividends of the Company received by a Luxembourg permanent establishment, a permanent representative or a fixed place of business may, however, be exempt from Luxembourg income taxes, given that the Company is a company based in the European Union and covered by Article 2 of the Parent-Subsidiary Directive (directive 2011/96/EU of 30 November 2011).

21.3 Taxation of Capital Gains

21.3.1 Luxembourg Resident Shareholders

Capital gains realised on the disposal of shares of the Company by individual shareholders resident in Luxembourg, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation ("**Substantial Participation**"). Capital gains are deemed to be speculative and are subject to income tax at ordinary rates if the shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the shares.

A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10 % of the share capital of the Company. An individual shareholder is also deemed to transfer a Substantial Participation if within the five years preceding the transfer he acquired free of charge a participation that constituted a Substantial Participation in the hands of the transferor (or the transferors in case of successive transfers free of charge within the same five-year period). Capital gains realised by an individual shareholder on a Substantial Participation more than six months after the acquisition thereof are subject to Luxembourg income tax according to the half-global rate method (*i.e.*, the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital

gains realised on a Substantial Participation) and may benefit from an allowance of up to EUR 50,000.00 granted for a ten-year period (doubled for individual taxpayers who are jointly taxable).

Capital gains realised on the disposal of shares of the Company by individual shareholders resident in Luxembourg, who act in the course of their professional/business activity, are subject to income tax at ordinary rates.

Capital gains realised on the shares of the Company by (i) a fully taxable Luxembourg resident company or (ii) the Luxembourg permanent establishment or permanent representative of a non-resident foreign company to which the shares are attributable, are subject to Luxembourg income tax at the maximum global rate of 26.01 % (in Luxembourg-City), unless the conditions of the participation exemption regime, as described below, are satisfied, provided that the acquisition price must amount to at least EUR 6.0 million for capital gain exemption purposes. Shares held through a tax transparent entity are considered as a direct participation holding proportionally to the percentage held in the assets of the transparent entity. To the extent that expenses related to the (exempt) shareholding or write-downs deducted in relation to the participation have reduced the relevant shareholder's taxable profits (during the year of the sale or in prior years), the exempt amount of the capital gain will be reduced by the sum of the excess expenses and capital write-downs which are in direct economic connection with the participation and were deducted over current and previous years.

Taxable gains are determined as being the price for which the shares have been disposed of reduced by the realisation costs as well as the acquisition price. Any expenses in excess of the capital gains remain fully tax deductible.

Any shareholder of the Company which is a Luxembourg resident entity governed by the Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, by the Luxembourg Law of 13 February 2007 on specialised investment funds, as amended, by the Luxembourg Law of 11 May 2007 on the family estate management company, as amended, or by the Luxembourg Law of 23 July 2016 on reserved alternative investment funds and which does not fall under the special tax regime set out in the Article 48 thereof), or a Luxembourg securitisation fund governed by the Luxembourg Law of 22 March 2004 on securitisation vehicle, is not subject to any Luxembourg income taxes in respect of capital gains realised upon disposal of its shares.

21.3.2 Non-Resident Shareholders

Non-resident shareholders who have neither a permanent establishment nor a fixed place of business or a permanent representative in Luxembourg to which the shares in the Company are attributable, are not liable for any Luxembourg income tax on capital gains upon disposal of shares in the Company, except with respect to capital gains realised on a Substantial Participation prior to the acquisition or within the first six months of the acquisition thereof, in which case capital gains are subject to income tax in Luxembourg at ordinary rates subject to the provisions of a relevant double taxation treaty, if any).

Under Luxembourg tax laws and subject to the provisions of double taxation treaties, capital gains realised on the disposal of shares in the Company by a non-resident shareholder holding the shares through a Luxembourg permanent establishment a fixed place of business or a permanent representative in Luxembourg to which or whom the shares are attributable are subject to income tax at ordinary rates unless the conditions of the participation exemption as described above are satisfied.

21.4 Net Wealth Tax

Luxembourg resident shareholders of the Company, as well as non-resident shareholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the shares are attributable, are subject to Luxembourg net wealth tax on its net assets as determined for net wealth tax purposes on the net wealth tax assessment date (1 January of each year), except if the relevant shareholder is (i) a resident or non-resident individual, (ii) governed by the Luxembourg Law of 11 May 2007 on family estate management companies, as amended, (iii) governed by the Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended, (iv) governed by the Luxembourg Law of 13 February 2007 on specialised investment funds, as amended, (v) a securitisation funds governed by the Luxembourg Law of 22 March 2004 on securitisation, as amended, (vi) a venture capital company governed by the Luxembourg Law of 15 June 2004 on venture capital vehicles, as amended, (vii) a professional pension institution governed by the Luxembourg Law of 13 July 2005, as amended, or (viii) a reserved alternative investment fund vehicle governed by the Luxembourg Law of 23 July 2016 (which does not fall under the special tax regime set out in the Article 48 thereof).

Please note, however, that securitisation companies governed by the Luxembourg Law of 22 March 2004 on securitisation, as amended, venture capital companies governed by the Luxembourg Law of 15 June 2004 on venture capital vehicles, as amended, professional pension institutions governed by the Luxembourg Law of 13 July 2005, as amended, or reserved alternative investment funds (which fall under the special tax regime set

out in the Article 48 thereof) governed by the Luxembourg Law of 23 July 2016 on reserved alternative investment funds may, under certain conditions, remain subject to minimum net wealth tax.

Furthermore, shares in the Company held by any shareholder who is an Eligible Parent may be exempt from net wealth tax for any given year, if at the net wealth tax assessment date, the shares represent a participation of at least 10 % in the share capital of the Company or a participation of an acquisition price of at least EUR 1.2 million. However, if the relevant shareholder is a vehicle not listed under the exceptions (i) to (v) listed above or is not a reserved alternative investment fund vehicle governed by the Luxembourg Law of 23 July 2016 on reserved alternative investment funds (without having opted for the application of the venture capital regime), as from 1 January 2017, it might be subject to a minimum net wealth tax of EUR 4,815.00 if it holds assets (*e.g.*, fixed financial assets, receivables owed to affiliated companies, transferable securities, postal checking accounts, checks and cash) in a proportion that exceeds 90 % of its total balance sheet value and if the total balance sheet value exceeds EUR 350,000.00, or to a minimum net wealth tax between EUR 535.00 and EUR 32,100.00 based on the total amount of its assets.

21.5 Value Added Tax

There is no Luxembourg VAT payable in respect of payments in consideration for the subscription of the Company's shares or in respect of the payment of dividends or the transfer of the shares.

21.6 Other Taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by shareholders upon the acquisition, holding or disposal of shares in the Company. However, a fixed registration duty of EUR 12.00 may be due upon registration of the shares in Luxembourg on a voluntary basis.

A fixed registration duty of EUR 75.00 is due upon incorporation of and any subsequent increase in the capital of a Luxembourg company.

Under current Luxembourg tax law, where an individual shareholder of the Company is a resident of Luxembourg for inheritance tax purposes at the time of his death, the shares are included in his taxable basis for inheritance tax purposes.

Gift tax may be due on a gift or donation of the shares if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

22. RECENT DEVELOPMENTS AND OUTLOOK

22.1 Recent Developments

In late June 2018 we signed an agreement for the acquisition of ELMOTO from German based ID-Bike GmbH and expect to be able to re-launch the ELMOTO eScooter during the first half year of 2019. This transaction was closed in July 2018. The purchase price amounted to EUR 1.5 million.

In July 2018, we entered into a new framework agreement with Cityscoot. Under this agreement, Cityscoot sells us certain components for the use in the eScooters we manufacture and sell back to Cityscoot.

Further, we have agreed to pay a subsidy to Cityscoot to fund the expansion of their sharing operations to additional European cities. The total amount of the subsidy is EUR 1 million payable in four installments until March 2019. This type of arrangement was an established business practice between our former distributor in France and Cityscoot which was upheld although we directly market our product in France in the meantime.

In July 2018, we launched the L3e version of the Schwalbe.

On 27 July 2018, the shareholders' meeting of the Company resolved on an increase of the share capital of the Company out of capital reserves from EUR 1,435,683.00 by EUR 4,307,049.00 to EUR 5,742,732.00. The capital increase was registered with the Commercial Register (*Handelsregister*) on 1 August 2018.

On 13 August 2018, the Company changed its legal form into a German stock corporation (*Aktiengesellschaft*) with an initial registered share capital of EUR 5,742,732.00. With effect of the same date, the Company changed its legal name to "GOVECS AG".

On 17 August 2018, the general shareholders' meeting of the Company resolved on a share capital increase against cash contribution by EUR 191,424.00 from EUR 5,742,732.00 to EUR 5,934,156.00 which is the current amount of the share capital of the Company. The subscription rights of the shareholders were excluded, and Mr. Nicolas Holdcraft was allowed to subscribe for the 191,424 new shares. Also on 17 August 2018 the general shareholders' meeting resolved on the conversion of the – initially – registered shares (*Namensaktien*) into bearer shares (*Inhaberaktien*).

In September 2018, we rented additional storage space measuring approximately 1,800 sqm near of our production site in Wroclaw, Poland.

We are currently in advanced negotiations on an asset deal comparable to the ELMOTO transaction that involves the acquisition of, *inter alia*, design rights for an existing eScooter produced by the seller and connected production assets, such as tools, especially for the frames and plastic parts of the eScooter. The asset deal does not include the purchase of offices or the takeover of personnel. Should the transaction materialise, we expect the contract to be concluded in the third or fourth quarter of 2018.

The maturity of existing shareholder loans in a total amount of EUR 1.77 million has been extended from 31 December 2018 until 31 December 2023.

In addition, since 30 June 2018 the majority shareholder, Dquadrat Equity Partner GmbH, its only direct shareholder Dürr Holding GmbH and the (indirect) controlling majority shareholder of Dquadrat Equity Partner GmbH, Mr. Albert Dürr, as well as our shareholder Prince Invest GmbH have granted additional shareholder loans in a total amount of EUR 8.4 million under loan agreements dated 2 July 2018, 20 July 2018, 26 July 2018, 1 August 2018, 3 September 2018 and 7 September 2018, respectively. All shareholder loans have a term until 31 December 2023.

In addition, the Company has entered into an agreement with Kreissparkasse Esslingen-Nürtingen for the provision of a revolving credit facility in the amount of EUR 8.5 million with a term until 30 September 2020.

22.2 Outlook

The market for electric vehicles is fast growing and rapidly changing. GOVECS benefits from a shift in awareness away from the traditional combustion engine towards alternative forms of propulsion, such as electric vehicles. The European light electric vehicle market (*eMotorcycles and eScooters*) alone is expected to increase from 17,775 vehicles in 2017 to 148,852 in 2026, of which 86 % are expected to be eScooters see also section "11. Industry—11.4 The eScooter Market—11.4.4 European Light Electric Vehicle Market".

We expect to launch the new version of the GO! T Model in the fourth quarter of 2018. The development process for the new version of our GO! T eScooter is currently at an advanced stage, and we expect to ship the first units in the fourth quarter of 2018.

For the assembly of the ELMOTO we are in negotiations with an experienced scooter OEM in Spain and intend to sign a respective assembly agreement in the fourth quarter of 2018. Also we have developed and are currently in the final stages of testing a L1e Schwalbe version with batteries that are swappable by the end-user. We expect to be able to launch this new Schwalbe version in the spring season 2019.

Our direct distribution channels consist of our HappyScooter Internet platform which we plan to officially launch at the most popular German two-wheeled motor vehicle B2C fair INTERMOT in Cologne, Germany, in October 2018 in order to target consumers in Germany (and soon in the Netherlands) and our HappyScooter flagship stores in Berlin and Stuttgart. Our B2C offering currently addresses the German market, but we plan a roll-out into other European markets, starting in the Netherlands.

We will continue to process our order backlog in our B2S business line with more than 2,500 eScooters as at 30 June 2018. This offers a unique opportunity for our further development as one of the leading eScooter producers. For 2018, we currently expect total revenue of the Group to be in the range of EUR 24 million to EUR 28 million for 2018. In addition, we currently expect our Adjusted EBIT to be negative and to range from a loss of EUR 7 million to EUR 9 million for 2018 (see also section "*10. Profit Forecast*").

Since 30 June 2018 we received 500 additional orders for eScooters from the French sharing provider Cityscoot in Paris. We expect Cityscoot to have around 4,000 of our eScooters in operation by the end of 2018. Overall, we expect further growth in the sharing market.

Our strategic goal is to increase our margin and reach EBIT breakeven across our Group within the next 24 to 30 months. The outlook above is based on our current assumptions, our current footprint as well as the general expectations of market growth (see section "*11. Industry*") and does not take into account changes in the competitive environment or potential exchange rate fluctuations.

23. GLOSSARY

AIFM	Alternative Investment Fund Manager
AktG	German Stock Corporation Act (<i>Aktiengesetz</i>)
ACEM	European Association of Motorcycle Manufacturers
BaFin	refers to the German Federal Financial Supervisory Authority (<i>Bundesanstalt für Finanzdienstleistungsaufsicht</i>)
B2B	business-to-business
B2C	business-to-consumer
B2S	business-to-business sharing service
B2D	business-to-business delivery service
CAGR	refers to the compound annual growth rate
Cent	Euro Cent. The money unit that equals 1/100 of one Euro
CEO	Chief Executive Officer
CEST	Central European Summer Time
CFO	Chief Financial Officer
Code	refers to the German Corporate Governance Code in its current version
COO	Chief Operating Officer
CSSF	refers to the Luxembourg Commission for the Supervision of the Financial Sector (<i>Commission de surveillance du secteur financier</i>)
DDOS	distributed denial-of-service
Direct Marketing System	refers to the system of compulsory direct marketing of renewable energy combined with the payment of a market premium generated under the EEG 2014
EBIT	refers to earnings before interest and taxes
EBITDA	refers to earnings before interest, taxes, depreciation and amortisation
EBT	refers to earnings before taxes
ECJ	European Court of Justice
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	refers to the European Union
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
FEM	refers to finite element method or analysis which is the modelling of products in a virtual environment for the purpose of finding and solving potential structural or performance issues
Germany	refers to the Federal Republic of Germany
GDP	gross domestic product
HGB	German Commercial Code (<i>Handelsgesetzbuch</i>).
ICE-powertrain	internal combustion engine powertrain

IFRS	refers to the International Financial Reporting Standards, including International Accounting Standards and Interpretations issued by the International Accounting Standards Board.
IDW	Institute of Public Auditors in Germany.
InnoZ	Innovation Centre for Mobility and societal Change
KAGB	German Capital Investment Act (<i>Kapitalanlagegesetzbuch</i>)
KfW	Kreditanstalt für Wiederaufbau
KStG	refers to the German Corporate Income Tax Act (<i>Körperschaftsteuergesetz</i>)
Luxembourg	refers to the Grand Duchy of Luxembourg
MAR	refers to the Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse
Member States	refers to the member states of the "European Economic Area"
MiFID II	refers to EU Directive 2014/65/EU on markets in financial instruments, as amended
PCB	Refers to printed circuit board which is essentially a board that connects electronic components
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
Regulation 168/2013	Regulation 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles
Securities Act	refers to the United States Securities Act of 1933, as amended
TCO	total cost of ownership
UK	United Kingdom
United States	refers to the United States of America
2030 Framework	refers to a new 2030 climate and energy policy framework, which includes targets and policy objectives to achieve a more competitive, secure and sustainable energy system within the European Union

24. FINANCIAL SECTION

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**Unaudited condensed consolidated interim financial statements of GOVECS AG as
of and for the six-month period ended 30 June 2018
prepared in accordance with IFRS**

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Govecs AG, Munich

		For the six months ended 30 June	
	Note	2018	2017
		EUR	EUR
Condensed Consolidated Statement of Profit or Loss			
Revenue	<u>4</u>	11,019,694	7,792,481
Cost of sales		(9,556,094)	(6,919,154)
Gross profit		1,463,600	873,327
Selling costs		(1,455,223)	(1,003,456)
General management costs		(1,386,672)	(831,770)
Research costs		(795,519)	(380,387)
Other operating income	<u>5</u>	139,895	27,931
Other operating costs	<u>5</u>	(1,249,678)	(132,313)
Expected credit loss on trade and other receivables		(116,494)	(122,465)
Operating loss (EBIT)		(3,400,092)	(1,569,133)
Financial income		35,173	2,790
Financial costs		(87,796)	(238,497)
Result before taxation		(3,452,715)	(1,804,841)
Income tax		0	0
Net loss for the period		(3,452,715)	(1,804,841)
Earnings per share (EUR, cc)			
Basic		(2,40)	(1,26)
Diluted		(2,40)	(1,26)
Consolidated Statement of Comprehensive Income			
Net loss for the period		(3,452,715)	(1,804,841)
Other comprehensive Income			
Items that may be classified subsequently to profit		0	0

		For the six months ended 30 June	
	Note	2018	2017
		EUR	EUR
or loss			
Other comprehensive Income for the period		0	0
Total comprehensive income for the period		(3,452,715)	(1,804,841)

Condensed Consolidated Statement of Financial Position

Govecs AG, Munich

	Note	30/06/2018	31/12/2017
		EUR	EUR
ASSETS			
Non-current assets			
Tangible fixed assets	6	2,062,260	2,143,830
Intangible assets	7	2,031,380	1,443,554
Trade and other receivables	9	30,705	40,767
Other assets	10	251,603	504,591
Total non-current assets		4,375,948	4,132,742
Current assets			
Inventory	8	9,439,562	6,296,862
Trade and other receivables	9	4,946,863	1,605,987
Other assets	10	1,577,789	909,189
Cash and cash equivalents		623,517	877,489
Total current assets		16,587,731	9,689,527
Total assets		20,963,679	13,822,269

	Note	30/06/2018	31/12/2017
		EUR	EUR
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,435,683	1,435,683
Capital reserves		35,150,399	35,150,399
Retained losses		(29,737,601)	(24,679,451)
Net loss for the year		(3,452,715)	(5,058,150)
Total equity		3,395,765	6,848,481
Long-term liabilities			
Long-term loans and finance lease liabilities	12	334,375	431,210
Long-term provisions	13	144,920	146,905
Deferred income		38,637	50,532
Other liabilities	15	44,483	30,261

	Note	30/06/2018	31/12/2017
		EUR	EUR
Total long-term liabilities		562,415	658,908
Short-term liabilities			
Trade liabilities	15	6,894,360	2,235,426
Short-term loans and finance lease liabilities	12	2,018,800	1,114,193
Short-term employee benefits liabilities	14	247,234	119,919
Short-term provisions	13	804,231	768,630
Deferred income		34,480	61,420
Contract liabilities	15	6,154,389	1,482,054
Other liabilities	15	852,005	533,237
Total short-term liabilities		17,005,499	6,314,880
Total liabilities		17,567,914	6,973,788
Total equity and liabilities		20,963,679	13,822,269

Condensed Consolidated Statement of Changes in Equity

Govecs AG, Munich

	For the six months ended 30 June 2018			
	Share capital	Capital reserves	Retained losses	Total
	EUR	EUR	EUR	EUR
As at 1 Jan 2018	1,435,683	35,150,399	(29,737,601)	6,848,481
Net result for the period			(3,452,715)	(3,452,715)
Additional payment to equity				0
Capital contribution through loan conversion	0	0	0	0
As at 30 June 2018	1,435,683	35,150,399	(33,190,316)	3,395,765

	For the six months ended 30 June 2017			
	Share capital	Capital reserves	Retained losses	Total
	EUR	EUR	EUR	EUR
As at 1 Jan 2017	1,435,683	18,505,629	(24,679,451)	(4,738,139)
Net result for the period			(1,804,841)	(1,804,841)
Additional payment to equity		70,000		70,000
Capital contribution through loan conversion	0	0	0	0
As at 30 June 2017	1,435,683	18,575,629	(26,484,291)	(6,472,980)

Condensed Consolidated Statement of Cash Flows

Govecs AG, Munich

	For the six months ended 30 June		
	Note	2018	2017
		EUR	EUR
<i>Cash flows from operating activities</i>			
Net result for the period		(3,452,715)	(1,804,841)
Adjustments for:			
Gains on sale of property, plant and equipment		4,263	(1,818)
Finance cost		87,796	238,497
Amortization of intangible assets		298,020	164,401
Depreciation of tangible fixed assets		108,733	46,362
		(2,953,905)	(1,357,399)
Changes in working capital:			
Increase / decrease in trade and other receivables		(3,330,813)	(616,235)
Increase / decrease in inventories		(3,668,917)	(951,128)
Increase / decrease in trade and other liabilities		9,611,885	415,905
Increase / decrease in provisions		33,616	232,186
Increase / decrease in deferred income		(38,835)	(31,018)
Increase / decrease in short - term other assets		(142,356)	(93,691)
Increase / decrease in other non-current assets		15,085	(31,811)
Cash generated from operations		(474,240)	(2,433,190)
Net cash generated by operating activities		(474,240)	(2,433,190)

	For the six months ended 30 June		
	Note	2018 EUR	2017 EUR
<i>Cash flows from investing activities</i>			
Payments for property, plant, equipment and intangible assets		(315,078)	(580,984)
Proceeds from disposal of property, plant and equipment		20,254	14,162
Net cash (used in)/generated by investing activities		(294,825)	(566,822)
<i>Cash flows from financing activities</i>			
Proceeds from additional payment to equity		0	70,000
Proceeds from borrowings		2,650,000	2,810,000
Repayment of borrowings		(1,982,403)	0
Repayment of financial lease		(99,674)	(48,748)
Interest paid		(52,829)	(69,690)
Net cash used in financing activities		515,093	2,761,562
Net increase in cash and cash equivalents		(253,971)	(238,451)
Cash and cash equivalents at the beginning of the year		877,489	500,753
Cash and cash equivalents at the end of the year		623,517	262,302

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 30
JUNE 2018**

GOVECS AG, Munich

1. General Information

1.1. Information on the reporting entity

Govecs AG ("the Company") is domiciled in Germany. As of 13 August 2018, the company changed its legal form from GOVECS GmbH to GOVECS AG. The change of the legal form was registered in the commercial register on 13 August 2018. The Company's registered office is at Grillparzerstraße 18, 81675 Munich, Germany and is registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Munich, Germany HRB 242887. These consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as "the Group").

Govecs AG is the parent company and sole owner of Govecs Poland Sp. z o.o., Govecs Business Solutions GmbH, HappyScooter GmbH (founded on 4 May 2018) as well as Govecs Inc. and Govecs LLC (US based dormant subsidiaries).

HappyScooter GmbH has been consolidated for the first time during the reporting period. However, until end of the reporting period HappyScooter GmbH has not started their business activities.

As at the date of preparing these condensed consolidated interim financial statements, the Company's Management Board is composed as follows:

As at the date of preparing these condensed consolidated interim financial statements, the Company's Management Board is composed as follows:

Executive Management Board until change of legal form GmbH to AG:

Thomas Gruebel	President of Management Board
Nicolas Holdcraft	Vice-President of Management Board.

Management Board since change of legal form to AG:

Thomas Gruebel	Member of the Management Board (Vorstand)
Dirk Reiche	Member of the Management Board (Vorstand)

Additionally, Nicolas Holdcraft is part of the Executive Management Board besides both Members of the management board.

Supervisory Board since change of legal form to AG:

Philip Meichssner	Chairman of the Supervisory Board
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Roland Vollath	Deputy Chairman of the Supervisory Board
Michael Flach (until 12 September 2018)	Member of the Supervisory Board
Lutz Grotebrune (from 12 September 2018)	Member of the Supervisory Board
As at 30 June 2018 the Company's shareholding structure is as follows:	

Shareholder	Registered office	Number of shares as of 30 June 2018	% of equity held	% of votes held
D ² Equity Partner GmbH	Ludwigsburg, Germany	1,250,230	87.08%	87,08%
Thomas Gruebel	Munich, Germany	144,934	10.10%	10,10%
Prince Invest GmbH	Munich, Germany	40,519	2.82%	2.82%
Total		1,435,683	100.00%	100.00%

As at 30 June 2017 and 31 December 2017 the immediate parent of the Company was Blitz 14-106 GmbH, Ludwigsburg/Germany, a 100% subsidiary of D² Equity Partner GmbH, Ludwigsburg/Germany. At 25 May 2018 Blitz 14-106 GmbH merged retrospectively with the Company (see note 2.1.1) effective as of January 1, 2018. After the completion of the merger D² Equity Partner GmbH, Ludwigsburg/Germany, is now the immediate parent of the Company.

The ultimate parent of the Company is Duerr Holding GmbH, Ludwigsburg/Germany, controlled by Albert Duerr. Neither the former or current parent (Blitz 14-106 GmbH or D² Equity Partner GmbH) nor the ultimate controlling party produce consolidated financial statements.

The Group consists of one operating segment as per IFRS 8 requirements. Therefore no segment reporting for the interim financial statements is needed.

1.2. Going concern

The Group incurred losses in the past, but shows positive equity as of 31 December 2017 and as of 30 June 2018. After the balance sheet date the following financing arrangements have been concluded by the Group:

- The maturity of existing shareholder loans in a total amount of EUR 1.77 million (nominal value) has been extended from 31 December 2018 until 31 December 2023.
- In addition, since 30 June 2018 the majority shareholder, Dquadrat Equity Partner GmbH, its only direct shareholder Dürr Holding GmbH and the (indirect) controlling majority shareholder of Dquadrat Equity Partner GmbH, Dr. Albert Dürr, as well as our shareholder Prince Invest GmbH have granted additional shareholder loans in a total amount of EUR 8.4 million under loan agreements dated 2 July 2018, 20 July 2018, 26 July 2018, 1 August 2018, 3 September 2018 and 7 September 2018 respectively. All shareholder loans have a term until 31 December 2023.
- In addition, the Company has entered into an agreement with Kreissparkasse Esslingen-Nürtingen for

the provision of a revolving credit facility in the amount of EUR 8.5 million with a term until 30 September 2020.

Further, continuing net loss could result into a negative net equity in the consolidated financial statements in the future. However, the legal entity GOVECS AG still shows positive net equity and management expects that this is not likely to change within this and the following financial year. Considering this, the financing arrangements subsequent to the balance sheet date and the future cashflow projections of management the going concern assumption is still appropriate.

1.3. Functional and reporting currency

This consolidated interim financial statements have been prepared in EUR. EUR is the functional currency of all significant components as Govecs GmbH, Govecs Poland Sp.z. o.o. and Govecs Business Solutions GmbH.

1.4. Discontinued operations and assets held for sale

During the periods covered by these consolidated financial statements, no components of the Group were disposed of or classified as held for sale and there were no discontinued operations.

2. IFRS applied

2.1. Basis of accounting

These consolidated interim financial statements of the Group have been prepared in accordance with IAS 34 *Interim Financial Reporting* They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes have been included to explain events and transactions that are significant to explain the changes in the Group's financial position and performance since the preparation of consolidated financial statements for the years 2015-2017.

There have been no changes to significant accounting policies compared to the consolidated financial statements for the years 2015-2017. In the period of 6 months ended 30 June 2018 there was a business combination transaction, involving merger of Govecs GmbH with its immediate parent, Blitz 14-106 GmbH. The accounting policy used is described in Note 2.1.1 below.

These condensed consolidated financial statements were authorised for issue by the Company's Board Members on 20 August 2018.

2.1.1. Business combinations - transactions under common control

As of 25 May 2018 Blitz 14-106 GmbH merged with Govecs GmbH where Govecs GmbH was an acquirer. This was a business combination of entities under common control. Blitz 14-106 GmbH was a holding company, its only main assets were shares in Govecs GmbH and other investments as well as receivables, cash and other assets and liabilities. Other investments were sold in May 2018 to D² Equity Partner GmbH. The transaction did not bring any material changes to the Govecs financial situation or results, and was accounted for by elimination of Govecs shares held by Blitz 14-106 GmbH with the share capital of Blitz 14-106 GmbH. No fair values of assets and liabilities were recognised because the Directors elected to use book values accounting for the common control transactions of this nature.

Management also chose not to adjust the comparative financial information.

As of 4 May 2018 the company founded the subsidiary HappyScooter GmbH, Munich, and paid in their share capital with an amount of 25,000 EUR. HappyScooter GmbH, will start their operational business in the second half of 2018 and take over the business of ELMOTO (see Note 19).

2.1.2. First time preparation of condensed consolidated interim financial interim statements

These condensed consolidated interim financial statements are the first interim financial statements prepared under IFRS. The Group has never published any consolidated interim financial statements under any GAAP before. Consequently, there are no reconciliations of equity, total comprehensive income and the statement of cash flow from HGB to IFRS.

2.1.3. Standards issued but not effective

The Group will adopt IFRS 16 for the year starting 1 January 2019 and is currently analysing the effects of the adoption of IFRS 16. The analysis has not been finalized as at the date of the issuance of this report.

3. Use of judgements and estimates

In preparing these interim financial statements, Directors used judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The main areas of critical judgements, that Directors has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the interim financial statements, are presented below.

3.1.1 Lease classification

The lease arrangements, where the Group is the lessee, are classified based on the requirements and indicators of IAS 17, and management makes its judgement whether the lease transactions transfer the substantial risks and rewards to the Group.

3.1.2 Development costs capitalization

The development costs, incurred by the Group in the process of developing new products and technologies are capitalised based on requirements of IAS 38. Management applies judgement in the decision process, involving when and which costs should be expensed and which should be capitalised into intangibles.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Useful lives of long-term assets

The Group reviews the estimated useful lives of property, plant and equipment as well as intangible assets at the end of each reporting period.

3.2.2 Write-offs and provisions

The Directors estimate the amounts of write-offs (e.g. for inventory, trade receivables) and provisions (warranty, etc.) at the end of each reporting period. In making these estimates, management apply past experience as well as current market situation and requirements of the relevant IFRSs. For provisions, the timing and cash outflows are considered based on the best managements' knowledge and experience.

4. Revenue

	For the six months ended 30 June	
	2018	2017
	EUR	EUR
Sales of Scooters	9,380,328	6,449,871
Rendering of services (rental and other services)	269,674	260,306
Sales of spare parts, components and accessories and other revenues	1,369,692	1,082,305
Total revenue	11,019,694	7,792,481

All revenues were within IFRS 15 except lease revenues within rendering services with an amount of 106,323 EUR from 1 January 2018 to 30 June 2018 and an amount of 50,267 EUR from 1 January 2017 to 30 June 2017.

Revenues analysed into:			
	domestic	4,496,051	228,117
	attributed to customers in EU:	6,519,347	7,471,698
	France	2,865,669	3,164,525
	Spain	3,491,647	1,629,185
	Italy	23,091	979,228
	Netherlands	56,965	421,316
	Portugal	15,907	685,015
	Belgium	18,064	0
	Denmark	0	432,562
	other countries	48,004	159,868
	attributed to customers outside EU:	4,296	92,666
	Total revenue	11,019,694	7,792,481

Seasonality of operations

Our revenues are not affected by any seasonality. Sharing schemes run throughout the year and mainly depend on operators' funding. Most systems further operate in Mediterranean climate regions where there is no seasonal change at all, and colder regions have their systems running over winter, as there is still demand. The delivery business even shows an anti-cyclical pattern, running on higher demand over the autumn and winter months.

Seasonality is given in the B2C segment, which currently generates the least sales and revenues within GOVECS. Looking at a potential increase of the consumer business in the future, a seasonality impact might come along with it. However, on the one hand will be limited to a certain degree and on the other hand it will be balanced out by the reverse seasonality in the B2D sector, which is also strongly growing.

5. Other operating income and costs

5.1 Other operating income

	For the six months ended 30 June	
	2018	2017
	EUR	EUR
Gains on sale of long-term financial assets	25,516	0
Other operating income:		
Subsidies	720	2,135
Recharged transport costs	42,502	3,119
Donations received	10,000	0
Compensations received	10,408	0
Reversed provisions	413	243
Other	50,336	22,434
Total other operating income	139,895	27,931

5.2 Other operating costs

	For the six months ended 30 June	
	2018	2017
	EUR	EUR
Write-downs on assets:		
Assets under construction	4,921	0
Other costs:		
Pre-production and training cost	820,405	95,587
Re-invoices	36,943	3,272
Vehicle expenses	49,414	16,368
Miscellaneous operating costs	23,641	4,991
IPO related costs (i)	300,366	0
Other	13,988	12,094
Total other operating costs	1,249,678	132,313

(i) During the 6 months ended June 2018, costs of 429.094 EUR were incurred due to the planned initial public offering (qualifying costs). The costs relate mainly to legal and advisory costs in respect to preparation and audit of financial statements for prospectus and other legal services and are incremental due to the planned initial public offering. These qualifying costs relate to the potential listing to both existing and new shares. The allocation between new and existing shares has been based on management's best estimate on the number of shares after the initial public offering. Hence, 128.728 EUR has been allocated to new shares and

are shown as a prepayment within other assets. The remaining part of 300.366 EUR has been allocated to existing shares. They have been recognised in profit and loss as IPO related costs.

6. Tangible fixed assets

	30/06/2018	31/12/2017
Net book values:	EUR	EUR
Tenant Fixtures	8,404	10,265
Plant and machinery	291,912	326,957
Motor vehicles (i)	755,946	654,011
- including assets under finance leases	578,298	640,525
Other fixed assets	952,593	1,144,585
- including assets under finance leases	7,193	8,890
Assets under construction (ii)	53,405	8,011
	2,062,260	2,143,830

(i) The increases during the period relate mainly to purchase of Schwalbe Scooters of EUR 52,988 for the purpose of exhibition.

(ii) The assets under construction as of 30 June 2018 comprise primarily tools and moulds for production.

7. Intangible assets

	30/06/2018	31/12/2017
Net book values:	EUR	EUR
Development costs	1,595,392	1,198,290
Software (i)	286,210	0
Licenses for industrial property rights	13,103	500
Other intangibles	136,675	244,764
	2,031,380	1,443,554

No impairment write-offs were made in the period covered by these interim financial statements.

(i) Main increases for the period 1 January - 30 June 2018 relate to following software purchases:

Project Toopsa-Tooploox software	218,984
ERP System	33,273
Other software	26,097

8. Inventory

	30/06/2018	31/12/2017
	EUR	EUR
Raw materials	9,109,292	5,374,018
Work in progress	66,689	42,969
Finished goods	1,084,044	1,479,365
Goods for resale	25,762	78,579

Less inventory write-off (negative value)	(846,224)	(678,069)
Total inventory	9,439,562	6,296,862

The increase in raw materials compared to 31 December 2017 was due to preparation of the manufacturing capacity for the expected production increase.

Raw materials include the necessary components for the construction of scooters.

The amount of inventories written off (due to net realisable value adjustment) was EUR 168,155 for the period January to June 2018 and EUR 120,899 for the period January to June 2017.

9. Trade and other receivables

	30/06/2018	31/12/2017
	EUR	EUR
Trade receivables	4,384,705	924,219
Expected credit losses	(407,362)	(273,768)
	3,977,343	650,451
Finance lease receivables	60,024	78,121
Expected credit losses	(5,402)	(7,031)
	54,622	71,090
Other receivables		
VAT receivable	870,741	847,223
Other	74,862	11,553
Tax refund	0	66,437
Total receivables	4,977,568	1,646,754
Current assets	4,946,863	1,605,987
Non-current assets	30,705	40,767
Total trade receivables and other receivables	4,977,568	1,646,754

All trade receivables come from contracts with customers per IFRS 15 except receivables according to IAS 17 with an amount of 27,065 EUR as of 30 June 2018 and 44,264 EUR as of 31 December 2017.

Expected credit loss provision matrix

	30/06/2018	31/12/2017
Percentage of default	%	%
within maturity	5%	9%
overdue under 60 days	5%	38%
overdue 60-90 days	40%	40%
overdue 91-180 days	47%	47%
overdue above 180 days	52%	52%

The above percentages were calculated as of 31 December 2017, 2016 and 2015 and 30 June 2018 adjusted for the forward-looking component. The percentage for the receivables within maturity and overdue receivables in 1-60 days bracket were lowered to 5% because in management's view the debtors in that bracket as at 30 June 2018 were customers with very low default rates and they were overdue only for a small number of days.

10. Other assets

	30/06/2018	31/12/2017
	EUR	EUR
Prepayments for inventories	1,290,097	763,853
Prepayments for intangible assets	0	237,903
Prepayments for IPO costs related to new shares	128,728	0
Deposit paid to lessors	122,400	132,000
Security deposit on rent	107,314	109,735
Other deposits	10,212	0
Prepaid expenses	41,152	84,351
Prepaid liabilities	37,307	0
Prepaid approval costs	0	41,589
Other short-term prepayments	66,280	0
Other	25,901	44,349
	1,829,392	1,413,780
Current assets	1,557,789	909,189
Non-current assets	251,603	504,591
	1,829,392	1,413,780
thereof financial assets	239,926	241,735
thereof non-financial assets	1,589,466	1,172,045

11. Share capital

	30/06/2018	31/12/2017
	EUR	EUR
Share capital (1,435,683 shares, 1 EUR nominal value each, all shares issued and fully paid)	1,435,683	1,435,683
	1,435,683	1,435,683

After the balance sheet date the share capital has been increased to an amount of 5,742,732 EUR as of 27 July 2018.

12. Loans

	30/06/2018	31/12/2017
	EUR	EUR
Unsecured - at amortized cost		
Loan from Blitz 14-106 GmbH (i)	0	19,356
Loan from Norsant Management Ltd. (iii)	0	5,356
Loan from PMP Inwestycje Sp. z o.o. (iv)	0	5,356
Loan from D2 Equity Partner GmbH (ii)	846,491	0
Loan from Prince Invest GmbH (vi)	153,750	0
Loan from Duerr Holding GmbH (vii)	822,575	802,740
	1,822,816	832,808
Secured - at amortized cost		
Loan from Blitz 14-106 GmbH (i)	0	82,403

Finance lease liabilities (v)	530,359	630,192
	530,359	712,595
	2,353,175	1,545,404
Short-term liabilities	2,018,800	1,114,193
Long-term liabilities	334,375	431,210
	2,353,175	1,545,404

12.1 Summary of borrowing arrangements

(i) The loans from Blitz 14-106 GmbH have fixed interest rates in the range of 5%-8.5%. The remaining term of the loans at 31 December 2017 is between 1 to 4 months. Except for one loan, which is secured with the pledges on all current and future receivables from Scoot Network Inc. and related companies, all loans are unsecured.

(ii) The loans from D² Equity Partner GmbH are carrying interests of 5%. Due to the merger with Blitz 14-106 GmbH loans originally given to Blitz 14-106 GmbH have been transferred upon the Group. The remaining term of the loans as at 30 June 2018 is 6 months. All of these loans were unsecured.

(iii) The loan from Norsant Management Ltd. is carrying interests of 8.5%. The remaining term of the loan at 31 December 2017 is 1 month. The loan is not secured.

(iv) The loan from PMP Inwestycje Sp. z o.o. is carrying interests of 8.5%. The remaining term of the loan at 31 December 2017 is 1 month. The loan is not secured.

(v) During the period 2014-2018 the Group used cars, scooters (in the sale-and-leaseback transactions) and palette racks based on its finance lease contracts. The average period of leases amounted to 3-4 years. At 31 December 2017 the remaining term of these leases is between 10 to 41 months. The Group will purchase the leased assets for nominal amounts when the lease agreements are over. The liabilities were either secured with the leased assets, with a global cession on current and future receivables resulting from lease and rental contracts, or by joint and several liability of Duerr Holding GmbH.

(vi) The loan from Prince Invest GmbH is carrying interests of 5%. The loan was originally given to Blitz 14-106 GmbH and has been transferred upon the Group due to the merger with Blitz 14-106 GmbH. The remaining term of the loan as at 30 June 2018 is 6 months. The loan was unsecured.

(vii) The loan from Duerr Holding GmbH is carrying interests of 5%. The remaining term of the loan as at 30 June 2017 is 6 months. The loan was unsecured.

The rates of loans from the shareholder (direct and indirect) were market rates.

12.1 Increase of capital through conversion of loans from shareholders

As of 31 December 2017 the loans from Blitz 14-106 GmbH (direct shareholder) and D2 Equity Partner GmbH (indirect shareholder) were converted to equity at their capital amounts amounting to 16,574,770 EUR.

13. Provisions

	30/06/2018	31/12/2017
	EUR	EUR
Warranty provision	513,348	510,889
Penalty provision	400,000	400,000
Other (i)	35,803	4,646
	949,151	915,535
Short-term provisions	804,231	768,630
Long-term provisions	144,920	146,905
	949,151	915,535

(i) The other provisions relate to the licensing fees (EUR 10,300) and "Settlement Agreement" dated 3 June 2018 between Govecs GmbH and its customers (EUR 26,040)

14. Employee benefits liabilities

	30/06/2018	31/12/2017
	EUR	EUR
Unused holiday	197,234	91,202
Bonus accrual	50,000	28,717
	247,234	119,919
Short-term liabilities	247,234	119,919
Long-term liabilities	0	0
	247,234	119,919

The bonus accrual as at 31 December 2017 was paid within the period ended 30 June 2018.

15. Trade, contract and other liabilities

	30/06/2018	31/12/2017
	EUR	EUR
Trade liabilities	6,894,360	2,235,426
Contract liabilities (prepayments received)	6,154,389	1,482,054
Other non-financial liabilities		
Tax liabilities due to personal income tax	64,373	32,607
Social Security premiums liabilities	166,998	120,261
Other tax liabilities	6,005	2,142
Payroll liabilities	176,231	132,511
Total non-financial liabilities	413,607	287,520
Other financial liabilities		
Accruals	159,138	141,461
Other liabilities	15,409	5,994
Security deposits received	44,483	50,773
Period-end closing/audit costs accrual	6,287	24,470
IPO related accrued costs (see Note 5.2)	233,764	0
Liabilities to D ² Equity Partner GmbH	23,800	53,278

Total financial liabilities	482,881	275,977
Total other liabilities	896,488	563,497
Short-term other liabilities	852,005	533,237
Long-term other liabilities	44,483	30,261
	896,488	563,497

16. Transaction with related parties

The disclosure requirements according IAS 24 refer to transactions with its controlling shareholders (immediate parent, senior parent and ultimate parent) as well as key management's personnel. No other related parties transactions have been identified during the reporting period. Based on management assessment the related parties transactions have been conducted at arm's length. Other transactions with the controlling shareholders have been immaterial. Key management personnel has been represented by Thomas Gruebel and Nicolas Holdcraft for all the reporting periods and Robert Rau for the year 2017 and Dirk Reiche for the year 2018. The compensation of key management personnel consists of a fixed salary as well as variable bonus payments which are included in the short term employee benefits liability.

16.1 Trade

The following related parties have been identified:
Parents
<i>Immediate parent (Blitz 14-106 GmbH) until 31 December 2017</i>
<i>Immediate parent (D² Equity Partner GmbH) from 1 January 2018 (i)</i>
<i>Senior parent (D² Equity Partner GmbH) until 31. December 2017</i>
<i>Ultimate parent (Duerr Holding GmbH)</i>
Key management personnel

Expenses for a service contract between the D² Equity Partner and the company occurred with an amount of 23,800 EUR for the period January until June 2018 and with an amount of 59,500 EUR for the period January until June 2017.

Other liabilities against D² Equity Partner GmbH amount to 23,800 EUR as of 30 June 2018 and 52,360 EUR as of 31 December 2017.

On 4 May 2018 GOVECS, as successor of Blitz 14-106 GmbH has sold all of its shares (7.17%) of the entity Electro Mobility Concepts GmbH to D² Equity Partner GmbH with an amount of 789,104 EUR. The book value of those shares have been 758,591 EUR. Further GOVECS, as successor of Blitz 14-106 GmbH has granted a convertible loan to this entity amounting to 850,000 EUR. This loan has been transferred to D² Equity Partner GmbH including interest with an amount of 870,774 EUR. The sale of the shares and the transfer of the loan have been at arm's length.

Non-Cash-Transaction with related parties: As of 5 May 2018 receivables due from D² Equity Partner GmbH, relating from the Blitz 14-106 GmbH, with an amount of 1,659,879 EUR were netted with liabilities against D² Equity Partner GmbH with an amount of 1,649,692 EUR (also relating from the Blitz 14-106 GmbH). Residual Receivables with an amount from 10,187 EUR remain and have to be paid by D² Private

Equity Partner GmbH until end of September 2018.

	Amounts owed by related parties		Amounts owed to related parties	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	EUR	EUR	EUR	EUR
Parents				
<i>Immediate parent (Blitz 14-106 GmbH) until 31 December 2017</i>				
<i>Immediate parent (D² Equity Partner GmbH) from 1 January 2018</i>				
<i>Senior parent (D² Equity Partner GmbH) until 31. December 2017</i>				
<i>Ultimate parent</i>				
Key management personnel		1,480		0
Other related parties				
	0	1,480	0	0

There was no credit loss on amounts owed by related parties

Expense recognised during either of the periods in respect of bad or doubtful debts due from related parties was nil.

16.2 Loans to related parties

	30/06/2018	31/12/2017
	EUR	EUR
Parents		
<i>Immediate parent (Blitz 14-106 GmbH) until 31 December 2017</i>		
<i>Immediate parent (D² Equity Partner GmbH) from 1 January 2018</i>		
<i>Senior parent (D² Equity Partner GmbH) until 31. December 2017</i>		
<i>Ultimate parent</i>		
Key management personnel		
Other related parties		
	0	0

16.3 Loans from related parties

	30/06/2018	31/12/2017
	EUR	EUR
Parents		
<i>Immediate parent (Blitz 14-106 GmbH) until 31 December 2017</i>		101,759
<i>Immediate parent (D² Equity Partner GmbH) from 1 January 2018</i>	846,491	

<i>Senior parent (D² Equity Partner GmbH) until 31. December 2017</i>		
<i>Ultimate parent</i>	822,575	802,740
Key management personnel		
Other related parties		
	1,669,066	904,499

During the period 1 January to 30 June 2018 the Group received the following proceeds and repaid the following amounts of principal relating to loans from related parties:

	Proceeds from loans	Repayments of loans
	EUR	EUR
Parents		
<i>Immediate parent (D² Equity Partner GmbH) from 1 January 2018</i>	1,150,000	482,403
<i>Ultimate parent</i>	1,500,000	1,500,000
	2,650,000	1,982,403

16.4 Key management compensations

	30/06/2018	30/06/2017
	EUR	EUR
Short-term employee benefits:	224,218	159,928
Total key management benefits	224,218	159,928

17. Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

17.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

None of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

There were no transfers between Level 1 and 2 in the period.

17.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

	30/06/2018		31/12/2017	
	Carrying amount	Fair value (i)	Carrying amount	Fair value (i)
	EUR	EUR	EUR	EUR
<i>Financial assets</i>				
<i>Loans and receivables</i>	4,217,269	4,217,269	892,186	892,186

<i>other financial assets:</i>				
– trade receivables	3,977,343	3,977,343	650,451	650,451
– other financial assets	239,926	239,926	241,735	241,735
Cash/ and cash equivalents	623,517	623,517	877,489	877,489
Finance lease receivables	54,622	54,622	71,090	71,090
Total	4,895,408	4,895,408	1,840,765	1,840,765
Financial liabilities				
<i>Financial liabilities held at amortised cost:</i>				
– loans from other entities	1,822,816	1,822,816	915,212	930,642
– trade and other liabilities	7,377,241	7,377,241	2,511,403	2,511,403
Finance lease payables	530,359	518,663	630,192	614,537
Total	9,730,416	9,718,720	4,056,808	4,056,583

(i) Fair values of finance lease liabilities were calculated using the discounted cash flows of all the contractual future payments related to these liabilities (level 2 inputs as per IFRS 13). The applied discount rate is 5%. All other financial assets and liabilities were not discounted because their carrying amounts approximated their fair values. Similarly, all loans as at 30 June 2018 were short-term, so they were not discounted.

18. Contingencies

On 5 January 2015 Govecs GmbH issued a guarantee to one of the suppliers, amounting to EUR 500.000 on behalf of its subsidiary, Govecs Poland Sp. z o.o. This guarantee remained unchanged for the periods covered by these interim financial statements. Management expects that the probability for a future cash out flow is remote.

19. Events after the reporting period

The Group has acquired as of July 2018 all assets related to the trademark ELMOTO. These assets represent a business in accordance with IFRS 3. The purchase price is amounting up to 1.5 Mio. EUR. There is fixed portion of the purchase price amounting to 1.0 Mio. EUR relating to tangible assets amounting to 747 kEUR and intangible assets amounting to 253 kEUR. There is also an earn-out liability which depends on future

sales of units within the next four years. The valuation of the fair value of the assets and liabilities acquired as well as the fair value of the purchase price is analysed by the company and is not finalized as at the date of this report.

As of 27 July 2018 the company increased its share capital from EUR 1,435,683 to an amount of EUR 5,742,732. As of 17 August 2018 the company increased its share capital to EUR 5,934,156. New shares with an amount of 191,424 EUR were bought by a new shareholder.

With respect to financing arrangements concluded subsequent to the balance sheet date we refer to section 1.2 going concern.

The Company changed its legal form from a GmbH to an AG in August 2018. The effective date of the change of the legal form is 13 August 2018 as it was published in the commercial register on that day. The Members of the Board and the Member of the Supervisory Board are stated in Note 1.

In July 2018 GOVECS entered into a framework supply agreement and a subsidy agreement with a major customer. The subsidy agreement obliges GOVECS to pay EUR 1.0 million to the major customer.

There were no other significant events after the balance sheet date occurred at either of the year end dates.

20. Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements were approved by the Management Board and authorised for issue on 20 August 2018.

Munich, 14 September 2018

Thomas Gruebel, Member of the Board

Dirk Reiche, Member of the Board

**Audited consolidated financial statements of GOVECS Group as of and for the
financial years ended 31 December 2017, 2016 and 2015 prepared
in accordance with IFRS**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME

	Note	2017 EUR	2016 EUR	2015 EUR
Consolidated Statement of Profit or Loss				
Revenue	5	14,686,636	6,909,909	2,503,526
Cost of sales	6	(12,875,890)	(6,443,557)	(2,096,361)
Gross profit		1,810,746	466,352	407,164
Selling costs	6	(2,242,968)	(2,069,132)	(1,051,391)
General management costs	6	(1,945,779)	(1,634,423)	(1,594,326)
Research costs	6	(1,000,735)	(673,473)	(329,911)
Other operating income	9	129,367	72,481	278,781
Other operating costs	9	(1,056,465)	(395,188)	(504,824)
Expected credit loss on trade and other receivables		(162,701)	(2,377)	(73,855)
Operating Loss		(4,468,535)	(4,235,761)	(2,868,361)
Financial income	7	713	14,537	13,014
Financial costs	8	(590,327)	(306,275)	(108,197)
Result before taxation		(5,058,150)	(4,527,498)	(2,963,544)
Income tax	10	0	0	0
Net loss		(5,058,150)	(4,527,498)	(2,963,544)
Earnings per share (EUR,cc)	12			
Basic		(3.52)	(3.15)	(2.06)
Diluted		(3.52)	(3.15)	(2.06)
Consolidated Statement of Comprehensive Income				
Net loss for the year		(5,058,150)	(4,527,498)	(2,963,544)
Other comprehensive Income	<u>Equity</u>			
Items that may be classified subsequently to profit or loss				
Other Comprehensive Income for the year		0	0	0
Total comprehensive income for the year		(5,058,150)	(4,527,498)	(2,963,544)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
ASSETS					
Non-current assets					
Tangible fixed assets	14.	2,143,830	1,236,756	666,702	569,608
Intangible assets	16.	1,443,554	907,987	271,889	171,822
Deferred tax assets	17.	0	0	0	0
Trade and other receivables	20.	40,767	86,429	84,093	0
Other assets	18.	504,591	250,927	151,318	160,351
Total non-current assets		4,132,742	2,482,099	1,174,003	901,781
Current assets					
Inventory	19.	6,296,862	3,229,261	1,969,958	1,692,448
Trade and other receivables	20.	1,605,987	700,661	765,972	365,377
Other assets	18.	909,189	584,733	207,542	141,116
Cash and cash equivalents	21.	877,489	500,753	251,434	329,392
Total current assets		9,689,527	5,015,408	3,194,906	2,528,335
Total assets		13,822,269	7,497,506	4,368,908	3,430,115

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
EQUITY AND LIABILITIES					
Equity					
Share capital	22.	1,435,683	1,435,683	1,435,683	1,435,683
Capital reserves	23.	35,150,399	18,505,629	18,505,629	17,655,629
Retained losses	24.	(24,679,451)	(20,151,952)	(17,188,408)	(17,188,408)
Net loss for the year		(5,058,150)	(4,527,498)	(2,963,544)	0
Total equity		6,848,481	(4,738,139)	(210,641)	1,902,904
Long-term liabilities					
Long-term loans and	25.	431,210	1,752,929	2,251,067	778,375

		31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
finance lease liabilities					
Deferred tax liabilities	17.	0	0	0	0
Long-term provisions	26.	146,905	165,236	31,658	24,541
Deferred income	30.	50,532	36,024	0	0
Other liabilities	27.	30,261	15,480	0	0
Total long-term liabilities		658,908	1,969,669	2,282,725	802,916
Short-term liabilities					
Trade liabilities	27	2,235,426	1,350,307	875,910	294,410
Short-term loans and finance lease liabilities	25	1,114,193	5,456,988	192,393	25,160
Short-term employee benefits liabilities	29.	119,919	116,829	57,691	54,035
Short-term provisions	26.	768,630	348,113	196,310	139,786
Deferred income	30.	61,420	37,990	30,418	47,374
Other liabilities	27.	2,015,291	2,955,748	944,102	163,530
Total short-term liabilities		6,314,880	10,265,976	2,296,824	724,295
Total liabilities		6,973,788	12,235,645	4,579,549	1,527,211
Total equity and liabilities		13,822,269	7,497,506	4,368,908	3,430,115

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserves	Retained losses	Total
	EUR	EUR	EUR	EUR
Note	<u>22.</u>	<u>23.</u>	<u>24.</u>	
As at 1 Jan 2015	1,435,683	17,655,629	(17,188,408)	1,902,904
Net result for the year			(2,963,544)	(2,963,544)
Additional payment to equity		850,000		850,000
As at 31 Dec 2015	1,435,683	18,505,629	(20,151,952)	(210,641)
As at 1 Jan 2016	1,435,683	18,505,629	(20,151,952)	(210,641)
Net result for the year			(4,527,498)	(4,527,498)
As at 31 Dec 2016	1,435,683	18,505,629	(24,679,451)	(4,738,139)
As at 1 Jan 2017	1,435,683	18,505,629	(24,679,451)	(4,738,139)
Net result for the year			(5,058,150)	(5,058,150)
Additional payment to equity		70,000		70,000
Capital contribution through loan conversion		16,574,770		16,574,770
As at 31 Dec 2017	1,435,683	35,150,399	(29,737,601)	6,848,481

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2017	2016	2015
		EUR	EUR	EUR
Cash flows from operating activities				
Net result for the year		(5,058,150)	(4,527,498)	(2,963,544)
Adjustments for:				
Gains on sale of property, plant and equipment		(6,306)	(4,877)	(4,872)
Finance cost		590,327	306,275	108,197
Depreciation and amortization of non-current assets		519,096	390,321	288,068
		(3,955,032)	(3,835,780)	(2,572,151)
Changes in working capital:				
Increase / decrease in trade and other receivables		(859,665)	(56,729)	(484,687)
Increase / decrease in inventories		(3,385,372)	(1,657,831)	(325,063)
Increase / decrease in trade and other liabilities		(603,320)	2,017,843	1,056,691
Increase / decrease in provisions		402,186	285,382	63,640
Increase / decrease in deferred income		37,938	43,596	(16,956)
Increase / decrease in other non-current assets		(58,350)	(82,198)	360
Cash generated from operating activities		(8,421,616)	(3,285,716)	(2,278,167)
Interest on late payments		(665)	(418)	(20,642)
Interest received		(356)	(12,959)	(3,690)
Net cash generated by operating activities		(8,422,636)	(3,299,094)	(2,302,499)

	Note	2017	2016	2015
		EUR	EUR	EUR
Cash flows from investing activities				
Payments for property, plant, equipment and intangible assets		(1,139,853)	(626,534)	(103,141)
Net consideration paid in business combination - see Note 35		0	0	(132,479)

	Note	2017	2016	2015
		EUR	EUR	EUR
Proceeds from disposal of property, plant and equipment		18,884	7,607	54,100
Interest received		356	12,959	3,690
Net cash (used in)/generated by investing activities		(1,120,613)	(605,968)	(177,830)
Cash flows from financing activities				
Proceeds from additional payment to equity		70,000	0	850,000
Proceeds from borrowings		10,293,000	4,830,000	1,650,000
Repayment of borrowings		(170,000)	(505,910)	(17,597)
Repayment of financial lease		(129,593)	(45,423)	(9,218)
Interest paid		(143,422)	(124,287)	(70,816)
Net cash used in financing activities		9,919,986	4,154,381	2,402,370
Net increase in cash and cash equivalents		376,736	249,319	(77,959)
Cash and cash equivalents at the beginning of the year		500,753	251,434	329,392
Cash and cash equivalents at the end of the year	<u>21.</u>	877,489	500,753	251,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GOVECS GmbH, Munich

1. GENERAL INFORMATION

1.1 Information on the reporting entity

Govecs GmbH ("**the Company**") is domiciled in Germany. The Company's registered office is at Grillparzerstraße 18, 81675 Munich. Govecs GmbH is a limited liability company established on 9 January 2009. The Company is registered in the Commercial Court Register in Germany under the number HRB 177707. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as "**the Group**").

Govecs GmbH is the parent company and sole owner of Govecs Poland Sp. z o.o., Govecs Business Solutions GmbH as well as Govecs Inc. and Govecs LLC (US based dormant subsidiaries).

As at the date of preparing these consolidated financial statements, the Company's Management Board is composed as follows:

Executive Management Board:

Thomas Gruebel	-	President of Management Board
Nicholas Holdcraft	-	Vice-president of Management Board

As at the date of preparing these consolidated financial statements, the Company's shareholding structure is as follows:

Shareholder	Registered office	Number of shares	% of equity held	% of votes held
D ² Equity Partner GmbH	Ludwigsburg, Germany	1,250,230	87.08%	87.08%
Thomas Gruebel	Munich, Germany	144,934	10.10%	10.10%
Prince Invest GmbH	Munich, Germany	40,519	2.82%	2.82%
Total		1,435,683	100.00%	100.00%

As at 31 December 2017 the immediate parent of the Company was Blitz 14-106 GmbH, Ludwigsburg (Germany), a 100% subsidiary of D² Equity Partner GmbH. At 25 May 2018 Blitz 14-106 GmbH merged retrospectively with the Company (see note 36) effective as of January 1, 2018. After the completion of the merger D² Equity Partner GmbH, Ludwigsburg (Germany) is now the immediate parent of the Company.

The ultimate parent of the Company is Duerr Holding GmbH, controlled by Albert Duerr. Neither the former or current parent (Blitz 14-106 GmbH or D² Equity Partner GmbH) nor the ultimate controlling party produce consolidated financial statements.

1.2 Information on the Govecs Group

As at 31 December 2017 and for the whole period covered by these consolidated financial statements the Group has consisted of the parent entity, Govecs GmbH, and its 100% subsidiaries. Please refer to Note 13 for details of the subsidiaries.

The Govecs Group operations involve manufacturing of electric scooters, as well as selling or renting them to end customers. The Group sells the products mainly in the EU states.

The average employment level of the Group was 101 people for 2017, 67 for 2016 and 48 for 2015. The Group employed 120 people as at 31 December 2017, 84 people as at 31 December 2016 and 54 people as at 31 December 2015.

1.3 Going Concern

The Group incurred losses in the past, but shows positive equity as of 31 December 2017. The company Govecs GmbH has entered an agreement with the ultimate parent company Duerr Holding GmbH, Ludwigsburg, which ensures a credit line of up to 10.0 Mio. EUR until 31 December 2019. Considering this credit line and the future cash flow projections of management the going concern assumption is still appropriate.

1.4 Functional and reporting currency

This consolidated financial statements have been prepared in EUR. EUR is the functional currency of all significant components as Govecs GmbH, Govecs Poland Sp.z. o.o. and Govecs Business Solutions GmbH.

1.5 Discontinued operations and assets held for sale

During the period covered by these consolidated financial statements, no components of the Group were disposed of or classified as held for sale and there were no discontinued operations.

2. IFRS APPLIED

2.1 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC). The financial statements of the Group comply with IFRS as adopted by the EU. The Group has applied all standards and interpretations that were effective as at 31 December 2017.

The Company voluntarily prepared these consolidated financial statements according to § 290 HGB. This is because the Group could make use of the size-related exemption clause of § 293 HGB. The exemption clause was however the base for not preparing a management report.

2.2 First time adoption of IFRS

In particular, these financial statements are the first financial statements prepared under IFRS and have been prepared in conformity with IFRS 1. The Group has never published any consolidated financial statements under any GAAP before.

The date of transition to IFRS was 1 January 2015.

There are no reconciliations of equity, total comprehensive income and the statement of cash flows from HGB to IFRS according to IFRS 1 as these are the first consolidated financial statements of the Group.

2.3 New and revised IFRS for 2017 and beyond

Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2017

The following amendments to IFRSs became mandatorily effective for annual periods beginning on or after 1 January 2017. The amendments generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application.

Amendments to IAS 7 Disclosure Initiative;

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses; and

Amendments to IFRS 12 included in Annual Improvements to IFRS Standards 2014-2016 Cycle.

Amendments to IAS 7 Disclosure Initiative (Effective for annual periods beginning on or after 1 January 2017; endorsed by the EU on 6 November 2017)

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The amendments apply prospectively. Entities are not required to present comparative information for earlier periods when they first apply the amendments.

The disclosures are presented in Note 34 to these financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (Effective for annual periods beginning on or after 1 January 2017; endorsed by the EU on 6 November 2017)

The amendments clarify the following:

1. Unrealised losses on a debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
2. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively.

Amendments to IFRS 12 included in the 2014-2016 Annual Improvements Cycle (Effective for annual periods beginning on or after 1 January 2017; endorsed by the EU on 7 February 2018)

The 2014-2016 Annual Improvements Cycle includes amendments to a number of IFRSs, one of which is effective for annual periods beginning on or after 1 January 2017.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for

such interests. The amendments apply retrospectively.

The new and revised IFRS effective for annual periods beginning on or after 1 January 2017 had no material effects on the consolidated financial statements.

New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2017

Below is a list of new and revised IFRSs that are not yet mandatorily effective (but allow early application) for the year ending 31 December 2017:

IFRS 9 Financial Instruments;

IFRS 15 Revenue from Contracts with Customers and the related Clarifications;

IFRS 16 Leases

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions;

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

Amendments to IAS 40 Transfers of Investment Property;

Annual Improvements to IFRS Standards 2014-2016 Cycle;

IFRIC 22 Foreign Currency Transactions and Advance Consideration;

Annual Improvements to IFRS Standards 2015-2017 Cycle;

IFRIC 23 — Uncertainty over Income Tax Treatments;

Amendments to IFRS 9: Prepayment Features with Negative Compensation and modifications of financial liabilities.

Amendments to IAS 19 Plan Amendment, Curtailment or Settlement;

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures;

Amendments to References to the Conceptual Framework in IFRS Standards

The IASB has also issued Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, which is effective for annual periods beginning on or after 1 January 2018, and IFRS 17 Insurance Contracts, which is effective for annual periods beginning on or after 1 January 2021. However, this amendment and standard are not applicable to the Group as it does not issue any insurance contracts.

IFRS 9 Financial Instruments (as revised in 2014) (Effective for annual periods beginning on or after 1 January 2018; endorsed by the EU on 22 November 2016)

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for

impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at fair value through other comprehensive income (FVTOCI), unless the asset is designated at FVTPL under the fair value option.

all other debt instruments must be measured at FVTPL.

all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.

Phase 2: Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended in October 2014. The project is still under analysis at the time of writing.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

1. the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other
2. hedge accounting, for which an entity may choose to continue to apply the hedge accounting

requirements of IAS 39 instead of the requirements of IFRS 9.

IFRS 9 contains specific transitional provisions for i) classification and measurement of financial assets; ii) impairment of financial assets; and iii) hedge accounting. Please see IFRS 9 for details.

IFRS 15 Revenue from Contracts with Customers (Effective for annual periods beginning on or after 1 January 2018; endorsed by the EU on 22 September 2016)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

IAS 18 Revenue;

IAS 11 Construction Contracts;

IFRIC 13 Customer Loyalty Programmes;

IFRIC 15 Agreements for the Construction of Real Estate;

IFRIC 18 Transfers of Assets from Customers; and

SIC 31 - Revenue - Barter Transactions Involving Advertising Services.

As suggested by the title of the new Revenue Standard, IFRS 15 will only cover revenue arising from contracts with customers. Under IFRS 15, a customer of an entity is a party that has contracted with the entity to obtain goods or services that are an output of the entity's ordinary activities in exchange for consideration. Unlike the scope of IAS 18, the recognition and measurement of interest income and dividend income from debt and equity investments are no longer within the scope of IFRS 15. Instead, they are within the scope of IAS 39 (or IFRS 9 if it is early adopted).

As mentioned above, the new Revenue Standard has a single model to deal with revenue from contracts with customers. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new Revenue Standard introduces a 5-step approach to revenue recognition and measurement:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

Far more prescriptive guidance has been introduced by the new Revenue Standard:

Whether or not a contract (or a combination of contracts) contains more than one promised good or service, and if so, when and how the promised goods or services should be unbundled.

Whether the transaction price allocated to each performance obligation should be recognised as revenue over time or at a point in time. Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, which is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Unlike IAS 18, the new Standard does not include separate guidance for 'sales of goods' and 'provision of services'; rather, the new Standard requires entities to assess whether revenue should be recognised over time or at a particular point in time regardless of whether revenue relates to 'sales of goods' or 'provision of services'.

When the transaction price includes a variable consideration element, how it will affect the amount and timing of revenue to be recognised. The concept of variable consideration is broad; a transaction

price is considered variable due to discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties and contingency arrangements. The new Standard introduces a high hurdle for variable consideration to be recognised as revenue - that is, only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When costs incurred to obtain a contract and costs to fulfil a contract can be recognised as an asset.

Extensive disclosures are also required by the new Standard.

In April 2016, the IASB issued Clarifications to IFRS 15 (endorsed by the EU on 31 October 2017) in response to feedback received by the IASB|FASB Joint Transition Resource Group for Revenue Recognition, which was formed to address potential issues associated with the implementation of IFRS 15 and the US GAAP equivalent, ASC topic 606. The Clarifications to IFRS 15 clarified the following areas:

Identifying performance obligations: by providing illustrative factors for consideration in assessing whether the promised goods or services are distinct;

Principal versus agent considerations: by clarifying that an entity should assess whether it is a principal or agent for each distinct good or service promised to the customer, and by amending and reframing the indicators to assess whether an entity is a principal or agent; and

Licensing application guidance: in determining whether the licence grants customers a right to use the underlying intellectual property ('IP') (which would result in point in time revenue recognition) or a right to access the IP (which would result in revenue recognition over time), an entity is required to determine whether (i) its ongoing activities are expected to significantly change the form or the functionality of the IP or (ii) the ability of the customer to obtain benefit from the IP is substantially derived from or dependent upon those activities.

IFRS 15, together with the clarifications thereto issued in April 2016, is effective for reporting periods beginning on or after 1 January 2018 with early application permitted. Entities can choose to apply the Standard retrospectively or to use a modified transition approach, which is to apply the Standard retrospectively only to contracts that are not completed contracts at the date of initial application (for example, 1 January 2018 for an entity with a 31 December year-end). The Clarifications to IFRS 15 also introduce additional practical expedients for entities transitioning to IFRS 15 on (i) contract modifications that occurred prior to the beginning of the earliest period presented and (ii) contracts that were completed at the beginning of the earliest period presented.

IFRS 16 Leases (Effective for annual periods beginning on or after 1 January 2019; endorsed by the EU on 31 October 2017)

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statement of both lessees and lessors. It will supersede the following lease Standard and Interpretations upon its effective date:

IAS 17 Leases;

IFRIC 4 Determining whether an Arrangement contains a Lease;

SIC-15 Operating Leases - Incentives; and

SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Identification of a lease

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Control is considered to exist if the customer has:

- a) the right to obtain substantially all of the economic benefits from the use of an identified asset; and

- b) the right to direct the use of that asset.

The Standard provides detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive substitution rights, and where the relevant decisions about how and for what purpose the asset is used are predetermined.

Lessee accounting

IFRS 16 introduces significant changes to lessee accounting whereas lessor accounting is basically remained as it is currently under IAS 17: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

In addition, IFRS 16 also provides guidance on the accounting for sale and lease back transactions. Extensive disclosures are also required by the new Standard.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 with early application permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16. A lessee can apply IFRS 16 either by a full retrospective approach or a modified retrospective approach. If the latter approach is selected, an entity is not required to restate the comparative information and the cumulative effect of initially applying IFRS 16 must be presented as an adjustment to the opening retained earnings (or another component of equity as appropriate).

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (Effective for annual periods beginning on or after 1 January 2018; endorsed by the EU on 26 February 2018)

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - (i) the original liability is derecognised;
 - (ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
 - (iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective for annual periods beginning on or after a date to be determined; endorsement by the EU postponed indefinitely)

The amendments deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. IAS 28 and IFRS 10 are amended, as follows:

IAS 28 has been amended to reflect the following:

Gains and losses resulting from transactions involving assets that do not constitute a business between an investor and its associate or joint venture are recognised to the extent of unrelated investors' interests in the associate or joint venture.

Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements.

IFRS 10 has been amended to reflect the following:

Gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Earlier application of these amendments is still permitted.

Amendments to IAS 40 Transfers of Investment Property (Effective for annual periods beginning on or after 1 January 2018; endorsed by the EU on 14 March 2018)

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

Annual Improvements to IFRSs 2014 - 2016 Cycle (Effective for annual periods beginning on or after 1 January 2018; endorsed by the EU on 7 February 2018)

The Annual Improvements include amendments IFRS 1 and IAS 28 which are summarised below.

IFRS 1: outdated exemptions for first-time adopters of IFRS are removed.

IAS 28: A venture capital organisation, or other qualifying entity, may elect to measure its investments in an associate or joint venture at fair value through profit or loss. This election can be made on an investment-by-investment basis. Moreover, a non-investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries. This election can be made separately for each investment entity associate or joint venture.

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

IFRIC 22 Foreign Currency Transactions and Advance Consideration (Effective for annual periods beginning on or after 1 January 2018; endorsed by the EU on 28 March 2018)

IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or

non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the nonmonetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

Annual Improvements to IFRS Standards 2015-2017 Cycle (Effective for annual periods beginning on or after 1 January 2019; endorsement by the EU expected in 2018)

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015-2017 Cycle, containing the following amendments to IFRSs:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 Income Taxes — The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.

IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted.

IFRIC 23 — Uncertainty over Income Tax Treatments (Effective for annual periods beginning on or after 1 January 2019; endorsement by the EU expected in the third quarter of 2018)

IFRIC 23 clarifies the accounting for uncertainties in income taxes. An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. An entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it used or plans to use in its income tax filing.

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

Amendments to IFRS 9 — Prepayment Features with Negative Compensation (Effective for annual periods beginning on or after 1 January 2019; endorsed by the EU on 22 March 2018)

The amendment covers two issues:

Which financial assets may be measured at amortised cost. The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets.

How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 and will affect all kinds of entities that have renegotiated borrowings.

The amendment should enable companies to measure at amortised cost some prepayable financial assets with negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL). Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

Amendments to IAS 19 — Plan Amendment, Curtailment or Settlement (Effective for annual periods beginning on or after 1 January 2019; endorsed by the EU on 22 March 2018)

The amendment includes the following issues:

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The amendment is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted.

Amendments to IAS 28 — Long-term Interests in Associates and Joint Ventures (Effective for annual periods beginning on or after 1 January 2018; endorsement by the EU expected in 2018)

The amendment clarifies that IFRS 9 Financial Instruments - including the impairment requirements - should be applied to long-term interests in an associate or joint venture forming part of a net investment but for which the equity method is not applied.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted.

Amendments to References to the Conceptual Framework in IFRS Standards (Effective for annual periods beginning on or after 1 January 2020; endorsement by the EU expected in 2019)

Together with the revised Conceptual Framework, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

2.4 Earlier application of standards and interpretations

The Group has decided to early adopt IFRS 9 and IFRS 15. Both standards were applied retrospectively since 1 January 2015. Other standards or interpretations that were published but are not yet effective, have not been adopted in these consolidated financial statements.

The Group's accounting policies for its revenue streams are disclosed in detail in note 3.5 below.

The Group's accounting policies for its financial instruments are disclosed in detail in note 3.17-19 below. Apart from providing more extensive disclosures on the Group's financial instruments, the application of IFRS 9 has not had a significant impact on the financial position and/or financial performance of the Group.

The Group will adopt IFRS 16 for the year starting 1 Jan 2019. The Group is currently analysing the effects of the adoption of IFRS 16. The analysis has not been finalized as at the date of the issuance of the report.

The amendments to IFRS 2, IFRS 3, IFRS 10, IAS 12, IAS 19, IAS 23, IAS 28, IAS 40, IFRIC 22 and IFRIC 23 should not have a significant impact on the Group's financial statements. They will be adopted when they become effective in the EU based on the requirements of these standards and interpretations.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) 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 prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the

Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree (if any), and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests (if any) in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised after a reassessment in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.4 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.5 Revenue recognition

Revenue is measured at the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Group satisfies its performance obligations either at delivery of goods (DAP shipping term) or when services are rendered. There are no bill-and-hold arrangements. Typically, for sales of scooters, the Group requires a down payment of 25-30 % (represented by "Contract liabilities" in Note 27) before the assembly is commenced, and then reminder within 7 days after delivery. Warranty is given for 2 years. The contracts have no significant financing component, the consideration amount is not variable.

No significant judgements were made in determination of the amount and timing of revenue from contracts with customers. DAP shipping term was used to determine when a customer obtained control of promised goods.

The transaction prices are established based on the cost necessary to deliver product or service with a margin added. No variable consideration exists in the Group's contracts with customers.

No assets are recognised from the costs to obtain or fulfil a contract with a customer.

The Group applies the practical expedient in paragraph 121 of IFRS 15, because the performance obligation is part of a contract that has an original expected duration of one year or less. There is no consideration from contracts with customers that is not included in the transaction price.

The above methods used to recognise revenue provide a faithful depiction of the transfer of goods or services, reflect the consideration to which the Group expects to be entitled in exchange for those goods or services and are compliant with IFRS 15. The revenue is recognised when (or as) the Group has satisfied a performance obligation by transferring a promised good or service) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

3.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.6.1 The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.6.2 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 3.8 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.6.3 Sale and leaseback transactions

Govecs GmbH occasionally sells goods (scooters) to lease operators (lessors). These scooters are then leased back to Govecs Business Services GmbH by the lessors.

To determine the transfer of an asset is accounted for as a sale an entity applies the requirements of IFRS 15 for determining when a performance obligation is satisfied.

If the leaseback is a finance lease, the transaction is a means whereby the lessor provides finance to the lessee, with the asset as security. Any excess of sales proceeds over the carrying amount of the asset is deferred and amortised over the lease term. If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

3.7 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 3.18 below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained

interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.9 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.10 Employee benefits

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.11.3 Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.12 Property, plant and equipment

Tenant fixtures, plant and machinery, motor vehicles and other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Assets under construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than assets under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.13 Intangible assets

3.13.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.13.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no

internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.13.3 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.13.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

3.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined based on standard prices +/- variances. Standard costs include the direct material and labour as well as overheads, all based on the normal utilisation levels. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

FIFO-Method is used as cost formula.

3.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.16.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.16.2 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3.16.3 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Group's obligation.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.18 Financial assets

All recognised financial assets are subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual

cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.
- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

3.18.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.18.2 Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The expected credit losses are based on the analysis how the overdue receivables in the given overdue brackets were defaulted in the prior periods and applying this model to the receivables ageing at the balance sheet date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of IFRS 15, and that do not contain a significant financing component in accordance with IFRS 15, and finance lease receivables under IAS 17 (which, apart from cash, are all of its financial assets in the periods covered by these financial statements).

The Group applies the simplified approach as provided in IFRS 5.5.15. The provision matrix is established based on the receivables default rates during last 2 years, and adjusted by the forward-looking component. The resulting matrix is then applied to the receivables aging to arrive at the expected credit loss.

3.18.3 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an

associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.19 Financial liabilities and equity instruments

3.19.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

3.19.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'measured at amortised costs'.

3.19.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

3.19.3.2 Financial liabilities measured at amortised costs

Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

3.19.3.3 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The main areas of critical judgements, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, are presented below.

4.1.1 Lease classification

The lease arrangements, where the Group is the lessee, are classified based on the requirements and indicators of IAS 17, and management makes its judgement whether the lease transactions transfer the substantial risks and rewards to the Group.

4.1.2 Development costs capitalization

The development costs, incurred by the Group in the process of developing new products and technologies are capitalised based on requirements of IAS 38. Management applies judgement in the decision process, involving when and which costs should be expensed and which should be capitalised into intangibles.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Useful lives of long-term assets

As described at 3.12-3.14 above, the Group reviews the estimated useful lives of property, plant and equipment as well as intangible assets at the end of each reporting period. The useful lives are presented in Note 15.

4.2.2 Write-offs and provisions

The Managements estimates the amounts of write-offs (e.g. for inventory, trade receivables) and provisions (warranty, etc.) at the end of each reporting period. In making these estimates, management apply past experience as well as current market situation and requirements of the relevant IFRSs. For provisions, the timing and cash outflows are considered based on the best managements' knowledge and experience. The carrying amounts of these assets and liabilities are presented in Notes 17, 19, 20 as well as 26 and 29.

5. REVENUE

	2017 EUR	2016 EUR	2015 EUR
Sales of Scooter	12,255,038	5,642,442	1,628,512
Rendering of services (rental and other services)	448,739	496,337	550,845
Sales of raw materials and goods for resale spare parts, components and accessories and other revenues	1,982,858	771,130	324,169
Total revenue	14,686,636	6,909,909	2,503,526

All revenues were within IFRS 15 except lease revenues within rendering services with an amount of 106,006 EUR for 2017 and an amount of 49,276 EUR for 2016 and an amount of 0 EUR for 2015.

The revenues of scooters is derived solely from sale of scooters. Rendering of services consists mainly of revenue from rental services and other mobility services.

The Group consists of one operating segment as per IFRS 8 requirements. According to IFRS 8.31-34 the Entity-wide disclosures are as follows:

Revenues analysed into:	2017 EUR	2016 EUR	2015 EUR
domestic	1,517,726	348,797	312,801
attributed to customers in EU:	13,109,283	6,328,674	1,560,101
<i>France</i>	<i>5,326,046</i>	<i>3,339,577</i>	<i>543,137</i>
<i>Spain</i>	<i>4,442,979</i>	<i>1,397,828</i>	<i>205,125</i>
<i>Netherlands</i>	<i>997,380</i>	<i>422,874</i>	<i>625,799</i>
<i>Italy</i>	<i>979,228</i>	<i>99,968</i>	<i>8,346</i>
<i>Portugal</i>	<i>685,015</i>	<i>131,490</i>	<i>0</i>
<i>Denmark</i>	<i>432,562</i>	<i>830,822</i>	<i>120,428</i>
<i>Belgium</i>	<i>180,104</i>	<i>656</i>	<i>0</i>
<i>Other countries</i>	<i>65,968</i>	<i>105,458</i>	<i>57,267</i>
attributed to customers outside EU:	59,627	232,439	630,324
Total revenue	14,686,636	6,909,909	2,503,526

External customers where total turnover for the year exceeded 10% of total revenue	2017 EUR	2016 EUR	2015 EUR
Customer 1	5,442,835	2,771,900	472,338
Customer 2	4,095,581	1,401,686	0
Customer 3	0	0	420,965
Customer 4	0	0	451,485

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Non-current assets according IFRS 8:			
Germany	1,147,938	744,648	406,474
Poland	2,812,038	1,531,318	683,436
	3,959,975	2,275,966	1,089,910

6. OPERATING COSTS / COSTS BY NATURE

	2017 EUR	2016 EUR	2015 EUR
Operating costs / costs by nature			
Depreciation and amortisation	519,096	390,321	288,068
Use of materials and energy	12,076,271	6,345,601	1,942,463
External services	2,618,143	1,606,788	1,251,110
Taxes and fees	91,434	45,596	40,954
Salaries and wages	2,183,520	1,526,368	1,205,881
Social security benefits	539,723	360,836	230,976
Other operating costs	1,074,485	1,148,833	414,472
Purchase value of raw materials and goods for resale sold	1,138,431	175,674	134,608
Total operating costs / costs by nature	20,241,102	11,600,015	5,508,531
Change in the value of inventories of finished goods and accruals	(999,811)	130,706	(436,542)
Selling costs (negative value)	(2,242,968)	(2,069,132)	(1,051,391)
General management costs (negative value)	(1,945,779)	(1,634,423)	(1,594,326)
Research costs	(1,000,735)	(673,473)	(329,911)
Other operating costs	(1,175,918)	(910,135)	0
Cost of sales	12,875,890	6,443,557	2,096,361

7. FINANCIAL INCOME

	2017 EUR	2016 EUR	2015 EUR
Interest income:			
Other interest	356	12,959	3,690
	356	12,959	3,690
Total interest income			
Other	357	1,578	9,324
	713	14,537	13,014

8. FINANCIAL COSTS

	2017 EUR	2016 EUR	2015 EUR
Interest costs:			
Interest on loans received	571,814	300,103	85,926
Interest on liabilities	143	50	1
Interest on finance lease liabilities	17,849	5,754	1,629
Interest on late payments of taxes	321	106	20,060
Other	201	262	581
Total interest cost	590,327	306,275	108,197
<i>Including interest expense calculated using the effective interest method</i>	<i>17,849</i>	<i>5,754</i>	<i>1,629</i>
Total financial cost	590,327	306,275	108,197

9. OTHER OPERATING INCOME AND COSTS

9.1 Other operating income

	2017 EUR	2016 EUR	2015 EUR
Gains on sale of long-term assets	6,306	4,877	7,107
	6,306	4,877	7,107
Other operating income:			
Reversed provisions	30,245	33,051	0
Gain on a bargain purchase of Vectrix - see Note 35	0	0	113,334
Reinvoiced income	29,588	13,753	3,439
Trilateral partnership	0	0	12,361
Other	63,229	20,800	142,541
Total other operating income	129,367	72,481	278,781

9.2 Other operating costs

	2017 EUR	2016 EUR	2015 EUR
Penalty provision	400,000	0	0
Training and pre-operating costs	633,014	344,408	310,561
Reinvoiced costs	19,567	16,571	3,443

	2017 EUR	2016 EUR	2015 EUR
Other	3,884	34,209	190,820
Total other operating costs	1,056,465	395,188	504,824

10. INCOME TAX

10.1 Income Tax in the Profit or Loss

	2017 EUR	2016 EUR	2015 EUR
Current tax:			
Related to the current year	0	0	0
	0	0	0
Deferred tax:			
Related to the current year	0	0	0
	0	0	0
Total tax expense for the year	0	0	0

The tax rate for the years covered by this reporting package was 33% in Germany and 19% in Poland.

The reconciliation between the tax and accounting results is as follows:

	2017 EUR	2016 EUR	2015 EUR
Result before tax	(5,058,150)	(4,527,498)	(2,963,544)
Tax @ 32.975%	(1,667,925)	(1,492,943)	(977,229)
Effect of income that is exempt from taxation	(150,249)	(26,567)	(14,107)
Effect of expenses that are not deductible in determining taxable profit	1,362,089	726,627	(14,107)
Effect of previous year expenses tax deductible in the current period	805,788	967,188	364,940
Difference in tax and accounting depreciation and amortization of fixed assets and intangibles	46,086	92,506	805,245
Adjustment to Polish tax rate (19%)	(455,932)	(320,641)	9,167
Other	60,142	53,830	(193,093)
Total tax expense in the profit or loss	0	0	0
Effective tax rate	0%	0%	0%

11. DISCONTINUED OPERATIONS

During the period covered by this consolidated financial statements no components of the Group were disposed of or classified as held for sale.

12. EARNINGS PER SHARE

	2017 EUR	2016 EUR	2015 EUR
Basic earnings per share:	(3.52)	(3.15)	(2.06)
Basic earnings per share (EUR/share)	(3.52)	(3.15)	(2.06)

Diluted earnings per share:

There were no diluting facts during the period covered by these consolidated financial statements Therefore diluted earnings per share were always equal to the basic earnings per share.

Basic earnings per share

Net result and weighted average of shares

	2017 EUR	2016 EUR	2015 EUR
Net result for the period attributable to controlling interest	(5,058,150)	(4,527,498)	(2,963,544)
Net result used to calculate basic earnings per share	(5,058,150)	(4,527,498)	(2,963,544)

	2017	2016	2015
Weighted average number of shares during the period	1,435,683	1,435,683	1,435,683

13. SUBSIDIARIES

The details on subsidiaries are as follows:

Name of subsidiaries	Primary business activity	Registered premises	% of interest held by the Group			
			2017	2016	2015	2014
Govecs Poland Sp. z o.o.	Manufacturing of electric scooters, R&D	Wroclaw, Poland	100%	100%	100%	100%
Govecs Business Solutions GmbH (est. 2015)	Leases of electric scooters to end users	Munich, Germany	100%	100%	100%	0
Govecs Inc. (est. 2015)	dormant	Stamford, Connecticut, USA	100%	100%	100%	0

Name of subsidiaries	Primary business activity	Registered premises	% of interest held by the Group			
			2017	2016	2015	2014
Govecs LLC (100% subs. of Govecs Inc, est. 2015))	dormant	Stamford, Connecticut, USA	100%	100%	100%	0

Apart from the above there are no other subsidiaries or associates of the Govecs Group.

14. TANGIBLE FIXED ASSETS

Net book values:	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Tenant Fixtures	10,265	14,447	28,077	41,645
Plant and machinery	326,957	360,200	167,646	59,529
Motor vehicles	654,011	305,387	47,787	63,078
- including assets under finance leases	640,525	285,863	32,497	41,096
Other fixed assets	1,144,585	326,017	413,914	367,853
- including assets under finance leases	8,890	10,960	0	0
Assets under construction (i)	8,011	230,705	9,279	37,503
	2,143,830	1,236,756	666,702	569,608

	Tenant Fixtures EUR	Plant and machinery EUR	Motor vehicles EUR	Other fixed assets EUR	Assets under construction EUR	Total EUR
Gross book value						
As at 1 Jan 2015	64,130	147,277	87,183	923,488	37,503	1,259,581
Increases due to purchase	0	121,949	5,346	36,730	0	164,025
Increases due to business combination	8	27,661	0	142,033	0	169,674
Decreases due to:						
- sale	0	(667)	(34,693)	(11,621)	0	(46,993)
- liquidation	0	0	(2,235)	0	0	(2,235)
- transfer to tangible fixed assets due to completion	0	0	0	0	(28,224)	(28,231)
As at 31 Dec 2015	64,138	296,220	55,601	1,090,630	9,279	1,515,820

	Tenant Fixtures EUR	Plant and machinery EUR	Motor vehicles EUR	Other fixed assets EUR	Assets under construction EUR	Total EUR
Gross book value						
Increases due to purchase	0	234,851	11,611	57,863	227,992	532,318
Increases due to reclassification	0	5,909	0	12,053	0	17,962
Increases due to leasing	0	0	306,220	0	0	306,220
Decreases due to:						
- sale	0	0	0	(2,730)	0	(2,730)
- liquidation	0	0	0	0	0	0
- transfer to tangible fixed assets due to completion	0	0	0	0	(6,566)	(6,566)
As at 31 Dec 2016	64,138	536,980	373,432	1,157,817	230,705	2,363,025
Increases due to purchase	0	599	0	182,732	650,004	833,336
Increases due to reclassification	8,152	36,159	0	832,207	0	876,519
Increases due to leasing	0	0	470,609	0	0	470,609
Decreases due to:						
- sale	0	(2,734)	0	(9,412)	0	(12,146)
- liquidation	0	0	0	0	0	0
- transfer to tangible fixed assets due to completion	0	0	0	0	(872,698)	(872,698)
As at 31 Dec 2017	72,289	571,005	844,041	2,163,344	8,011	3,658,643

	Tenant Fixtures EUR	Plant and machinery EUR	Motor vehicles EUR	Other fixed assets EUR	Assets under construction EUR	Total EUR
<i>Accumulated depreciation</i>						
As at 1 Jan 2015	22,485	87,748	24,105	555,635	0	689,973
Increases (depreciation for the period)	13,576	41,494	18,602	122,693	0	196,365
Decreases due to:						

	Tenant Fixtures EUR	Plant and machinery EUR	Motor vehicles EUR	Other fixed assets EUR	Assets under construction EUR	Total EUR
<i>Accumulated depreciation</i>						
- sale	0	(667)	(32,658)	(1,612)	0	(34,937)
- liquidation	0	0	(2,235)	0	0	(2,235)
As at 31 Dec 2015	36,061	128,575	7,814	676,716	0	849,165
Increases (depreciation for the period)	13,630	48,205	60,232	155,084	0	277,151
Decreases due to:						
- sale	0	0	0	0	0	0
- liquidation	0	0	0	0	0	0
As at 31 Dec 2016	49,691	176,780	68,045	831,800	0	1,126,316
Increases (depreciation for the period)	12,334	67,456	121,984	188,529	0	390,303
Decreases due to:						
- sale	0	(188)	0	(1,570)	0	(1,736)
- liquidation	0	0	0	0	0	0
As at 31 Dec 2017	62,024	244,048	190,030	1,018,759	0	1,514,883

There were no borrowing costs capitalized for tangible assets under construction.

No impairment were necessary during the period covered by these consolidated financial statements.

The following useful lives were applied to calculate depreciation of the tangible fixed assets and intangible assets:

Tenant fixtures	5 years
Plant and machinery	1.5-10 years
Motor vehicles	3-10 years
Other fixed assets	3-10 years
Development costs	5-10 years
Other intangible assets	3-10 years

15. ASSETS PLEDGED AS SECURITY

Except for the assets certain in finance lease arrangements, no long-term assets were pledged as security at either balance sheet date.

16. INTANGIBLE ASSETS

Net book values	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Development costs	1,198,290	672,438	0	0
Licenses for industrial property rights	500	500	500	0
Other intangibles	244,764	235,049	271,389	171,822
	1,443,554	907,987	271,889	171,822
	Development costs	Licenses for industrial property rights	Other intangibles	Total
	EUR	EUR	EUR	EUR
Gross book value				
As at 1 Jan 2015	0	0	649,498	649,496
Increases due to purchase	0	500	79,768	80,268
Increases due to business combinations (Vectrix purchase)	0	0	111,503	111,503
Decreases	0	0	0	0
As at 31 Dec 2015	0	500	840,769	841,267
Increases due to purchase	0	0	76,804	76,804
Development costs capitalised	672,438	0	0	672,438
Decreases	0	0	0	0
As at 31 Dec 2016	672,438	500	917,573	1,590,508
Increases due to purchase	0	0	111,203	111,203
Development costs capitalised	578,306	0	0	578,306
Increases due to business combinations	0	0	0	0
Decreases	(23,648)	0	(1,583)	(23,491)
As at 31 Dec 2017	1,227,096	500	1,027,193	2,256,526

	Development costs	Licenses for industrial property rights	Other intangibles	Total
	EUR	EUR	EUR	EUR
<i>Accumulated amortization</i>				
As at 1 Jan 2015	0	0	477,676	477,675
Increases (amortization for the period)	0	0	91,703	91,703

	Development costs	Licenses for industrial property rights	Other intangibles	Total
Decreases due to:				
- sale	0	0	0	0
- liquidation	0	0	0	0
As at 31 Dec 2015	0	0	569,379	569,378
Increases (amortization for the period)	0	0	113,169	113,169
Decreases due to::	0	0	0	0
- sale	0	0	(25)	(25)
- liquidation	0	0	0	0
As at 31 Dec 2016	0	0	682,524	682,523
Increases (amortization for the period)	28,806	0	99,987	128,793
Decreases due to:				
- sale	0	0	(82)	(82)
- liquidation	0	0	0	0
As at 31 Dec 2017	28,806	0	782,429	811,234

No impairment write-offs were made in the period covered by these consolidated financial statements.

16.1 Significant intangible assets - development costs

The following development costs were capitalised, with their initial values listed:

FLAMINGO EUR 1,138,300.85

17. DEFERRED TAX

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Deferred tax asset	0	0	0	0
Deferred tax liabilities	0	0	0	0
	0	0	0	0

17.1 Deferred tax assets

31/12/2017	As at the beginning of the year EUR	Charged to profit and loss EUR	As at the end of the year EUR
Temporary differences related to the deferred tax asset:			
Trade, other liabilities and provisions	98,310	0	110,965
Exchange differences	21,216	0	52,957
Deferred income: Leaseback	7,495	0	12,110
	127,021	0	176,032
Unused tax losses			
Tax losses	2,923,793	0	3,729,581
Deferred tax asset	3,050,814	0	3,905,613
Write-off	(3,050,814)	0	(3,905,613)
Deferred tax asset	0	0	0

31/12/2016	As at the beginning of the year	Charged to profit and loss	As at the end of the year
	EUR	EUR	EUR
Temporary differences related to the deferred tax asset:			
Trade, other liabilities and provisions	41,482	0	98,310
Exchange differences	0	0	21,216
Deferred income: Leaseback	0	0	7,495
	41,482	0	127,021
Unused tax losses			
Tax losses	1,956,605	0	2,923,793
Deferred tax asset	1,998,087	0	3,050,814
Write-off	(1,998,087)	0	(3,050,814)
Deferred tax asset	0	0	0

31/12/2015	As at the beginning of the year	Charged to profit and loss	As at the end of the year
	EUR	EUR	EUR
Temporary differences related to the deferred tax asset:			
Trade, other liabilities and provisions	27,215	0	41,482
Exchange differences	0	0	
	27,215	0	41,482
Unused tax losses			
Tax losses	1,151,359	0	1,956,605
Deferred tax asset	1,178,574	0	1,998,087
Write-off	(1,178,574)	0	(1,998,087)
Deferred tax asset	0	0	0

17.2 Deferred tax liabilities

31/12/2017	As at the beginning of the year	Charged to profit and loss	As at the end of the year
	EUR	EUR	EUR
Temporary differences related to the deferred tax liabilities:			
Finance lease	1,896	0	4,821
Deferred tax liabilities	1,896	0	4,821
Write-off (not to be paid as tax)	(1,896)	0	(4,821)
Deferred tax liabilities	0	0	0

31/12/2016	As at the beginning of the year	Charged to profit and loss	As at the end of the year
	EUR	EUR	EUR
Temporary differences related to the deferred tax liabilities:			
Exchange differences	8,080	0	0
Finance lease	782	0	1,896
Deferred tax liabilities	8,862	0	1,896
Write-off (not to be paid as tax)	(8,862)	0	(1,896)
Deferred tax liabilities	0	0	0

31/12/2015	As at the beginning of the year	Charged to profit and loss	As at the end of the year
	EUR	EUR	EUR
Temporary differences related to the deferred tax liabilities			
Exchange differences	3,098	0	8,080
Finance lease	665	0	782
Deferred tax liabilities	3,763	0	8,862
Write-off (not to be paid as tax)	(3,763)	0	(8,862)
Deferred tax liabilities	0	0	0

Since no tax payments on deferred tax liabilities were expected at either of the balance sheet dates no deferred tax liabilities were recognised.

17.3 Unrecognised tax losses and unused tax credits

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Unused tax losses	15,280,677	12,133,893	8,623,519	5,507,360
Unused tax credits	0	0	0	0
Temporary differences	0	0	0	0
	15,280,677	12,133,893	8,623,519	5,507,360

The unrecognised tax losses as of 31 December 2017, which will expire solely related to Poland:

2,106,753 in 2022

1,586,411 in 2021

1,581,469 in 2020

1,435,821 in 2019

2,325,146 in 2018

988,807 in 2017

18. OTHER ASSETS

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Prepaid assets under construction	0	22,500	60,000	0
Deferred costs	0	0	28,293	25,252
Security deposit on rent	109,735	88,635	91,318	91,678
Prepayments for inventories	763,853	446,082	47,554	6,000
Prepayments for intangible assets	237,903	20,089	0	68,673
Deposit paid to lessors	132,000	119,704	0	0
Prepaid expenses	84,351	16,855	10,212	12,229
Prepaid liabilities	0	77,544	0	97,635
Prepayments of approval costs	41,589	0	0	0
Other	44,349	44,252	121,483	0
	1,413,780	835,660	358,860	301,467
Current assets	909,189	584,733	207,542	141,116
Non-current assets	504,591	250,927	151,318	160,351

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
	1,413,780	835,660	358,860	301,467
thereof Financial Assets	241,735	208,338	91,318	91,678
thereof Non-Financial Assets	1,172,045	627,322	267,542	209,790

19. INVENTORY

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Raw materials	5,374,018	3,259,450	2,168,608	1,835,036
Work in progress	42,969	213,874	3,017	13,576
Finished goods	1,479,365	264,865	304,621	299,366
Goods for resale	78,579	3,613	18,177	0
Less inventory write-off (negative value)	(678,069)	(512,541)	(524,465)	(455,529)
Total inventory	6,296,862	3,229,261	1,969,958	1,692,448

Raw materials include the necessary components for the construction of scooters.

The amount of inventories written off (due to net realisable value adjustment) was 678,069 EUR for 2017, 512,541 EUR for 2016, and 524,465 EUR for 2015. This was also the carrying value of inventories as write-off was always 100%, therefore the net book value of written off inventories was also 678,069 EUR for 2017, 512,541 EUR for 2016 and 524,465 EUR for 2015.

The amount of reversal of inventory written off was 243,168 EUR for 2017, 11,350 EUR for 2016 and 118,678 EUR for 2015. The underlying reason for reversals was the usability for other projects.

The value of inventory charged to expenses amounted to 12,398,844 EUR in 2017, 5,361,839 EUR in 2016 and 1,992,989 EUR in 2015.

20. TRADE AND OTHER RECEIVABLES

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Trade receivables	924,219	290,021	502,748	200,079
Expected credit losses	(273,768)	(106,184)	(103,874)	(41,866)
	650,451	183,838	398,874	158,213
Finance lease receivables	78,121	119,145	118,466	0
Expected credit losses	(7,031)	(11,915)	(11,847)	0
	71,090	107,231	106,619	0

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Other receivables				
VAT receivable	847,223	473,879	203,775	207,165
Other	11,553	12,094	140,796	0
Tax refund	66,437	10,049	0	0
Total receivables	1,646,754	787,090	850,065	365,377
Current assets	1,605,987	700,661	765,972	365,377
Non-current assets	40,767	86,429	84,093	0
	1,646,754	787,090	850,065	365,377

All trade receivables come from contracts with customers per IFRS 15 except receivables according to IAS 17 with an amount of 44,264 EUR as of 31 December 2017, an amount of 1,512 EUR as of 31 December 2016 and an amount of 0 EUR as of 31 December 2015.

20.1 Trade receivables

The average period to collect trade receivables was 15 days in 2017, 21 days for 2016 and 51 days for 2015.

Expected credit loss provision matrix

Maturity of receivables	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
within maturity	356,021	21,842	233,703	142,444
overdue under 60 days	0	0	13,713	0
overdue 60-90 days	113,235	6,485	128,372	50,696
overdue 91-180 days	233,453	22,471	5,127	2,620
overdue above 180 days	221,510	239,222	121,832	4,319
Total	924,219	290,021	502,748	200,079
Average age of overdue receivables (days)	91	177	69	25

Expected credit loss provision matrix

Percentages of default	31/12/2017 %	31/12/2016 %	31/12/2015 %	01/01/2015 %
within maturity	9%	10%	10%	10%
overdue under 60 days	38%	39%	39%	39%
overdue 60-90 days	40%	41%	41%	41%
overdue 91-180 days	47%	48%	48%	48%
overdue above 180 days	52%	53%	53%	53%

The above percentages were calculated for the years 2016 and 2015 and as at 31.12.2017 adjusted for the

forward-looking component. The adjustment decreased the percentages in each age bracket by 1% because the directors expect the improvement of receivables collection thanks to the bigger and better financed B2B clients.

Development of expected credit loss on trade receivables

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Balance at beginning of the year	(106,184)	(103,874)	(41,866)	0
Impairment losses recognised on receivables	(239,760)	(2,309)	(62,008)	(41,866)
Amounts written off during the year as uncollectible	0	0	0	0
Reversal of impairment losses on receivables	72,175	0	0	0
Balance at end of the year	(273,768)	(106,184)	(103,874)	(41,866)

20.2 Finance lease receivables

The same provision matrix was applied to the finance lease receivables. The resulting expected credit loss is presented in the first table in this note.

21. CASH AND CASH EQUIVALENTS

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Cash at hand and in bank	877,489	500,753	251,434	329,392
	877,489	500,753	251,434	329,392

No material expected credit losses on cash and cash equivalents were expected at any of the balance sheet dates. This is due to the fact that the Group's cash and cash equivalents are only held with banks, which possess high quality ratings from rating agencies.

22. SHARE CAPITAL

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Share capital (1,435,683 shares, 1 EUR nominal value each, all shares issued and fully paid)	1,435,683	1,435,683	1,435,683	1,435,683
	1,435,683	1,435,683	1,435,683	1,435,683

There are no preferences and restrictions attaching to shares including restrictions on the distribution of dividends and the repayment of capital. All the shares gave the same rights for voting and dividends allocation.

23. EQUITY RESERVES

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
General capital reserves	35,150,399	18,505,629	18,505,629	17,655,629
	35,150,399	18,505,629	18,505,629	17,655,629

General capital reserves

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Beginning of the year	18,505,629	18,505,629	17,655,629	15,194,010
Allocation of previous year net result				
Additional payment	70,000	0	850,000	2,461,619
Increase in capital reserves	0	0	0	0
Capital contribution through loan conversion	16,574,770	0	0	0
Shareholder's loans conversion	0	0	0	0
End of the year	35,150,399	18,505,629	18,505,629	17,655,629

General capital reserve consists of the premium on the issuance of shares and benefits in kind. The increases during the reporting period were related to cash injections as well as contributions due to conversions of shareholder's loans to equity.

24. RETAINED LOSSES

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Retained losses	(29,737,601)	(24,679,451)	(20,151,952)

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Beginning of the year	(24,679,451)	(20,151,952)	(17,188,408)
Net result for the year	(5,058,150)	(4,527,498)	(2,963,544)
End of the year	(29,737,601)	(24,679,451)	(20,151,952)

25. LOANS

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Unsecured - at amortized cost				
Loan from Blitz 14-106 GmbH (i)	19,356	3,658,503	1,822,073	255,313
Loan from Norsant Management Ltd. (iv)	5,356	254,678	255,313	255,313
Loan from PMP Inwestycje Sp. z o.o. (v)	5,356	254,804	255,313	255,313
Loan from D2 Equity Partner GmbH (ii)	0	2,670,000	0	0
Loan from Duerr Holding GmbH (iii)	802,740	0	0	0
Finance lease liabilities (vi)	630,192	289,177	28,381	37,598
	1,463,001	7,127,162	2,361,079	803,536
Secured - at amortized cost				
Loan from Blitz 14-106 GmbH (i)	82,403	82,755	82,382	0
	82,403	82,755	82,382	0
Short-term liabilities	1,114,193	5,456,988	192,393	25,160
Long-term liabilities	431,210	1,752,929	2,251,067	778,375
	1,545,404	7,209,917	2,443,461	803,535

25.1 Summary of borrowing arrangements

- (i) The loans from Blitz 14-106 GmbH have fixed interest rates in the range of 5%-8.5%. The remaining term of the loans at 31 December 2017 is between 1 to 4 months. Except for one loan which is secured with the pledges on all current and future receivables from Scoot Network Inc. and related companies, all loans are unsecured.
- (ii) The loans from D² Equity Partner GmbH are carrying interests of 5%. The remaining term of the loans at 31 December 2016 was 18 month. All of these loans were unsecured.
- (iii) The loan from Duerr Holding GmbH is carrying interests of 5%. The remaining term of the loan as at 31 December 2017 is 12 months. All of these loans were unsecured.
- (iv) The loan from Norsant Management Ltd. is carrying interests of 8.5%. The remaining term of the loan at 31 December 2017 is 1 month. The loan is not secured.
- (v) The loan from PMP Inwestycje Sp. z o.o. is carrying interests of 8.5%. The remaining term of the loan at 31 December 2017 is 1 month. The loan is not secured.
- (vi) During the period 2014-2017 the Group used cars, scooters (in the sale-and-leaseback transactions) and palette racks based on its finance lease contracts. The average period of leases amounted to 3-4 years. At 31 December 2017 the remaining term of these leases is between 10 to 41 months. The Group will purchase the leased assets for nominal amounts when the lease agreements are over. The liabilities were either secured with the leased assets, with a global cession on current and future receivables resulting from lease and rental contracts, or by joint and several liability of Dürr Beteiligung Holding GmbH.

The rates of loans from the shareholder (direct and indirect) were market rates.

25.2 Increase of capital through conversion of loans from shareholders

As of 31.12.2017 the loans from Blitz 14-106 GmbH (direct shareholder) and D² Equity Partner GmbH (indirect shareholder) were converted to equity at their capital amounts amounting to 16,574,770 EUR (see statement of changes in equity).

26. PROVISIONS

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Warranty provision (i)	510,889	508,349	219,967	117,716
Penalty provision (ii)	400,000	0	0	0
Other	4,646	5,000	8,000	46,611
	915,535	513,349	227,967	164,327
Short-term provisions	768,630	348,113	196,310	139,786
Long-term provisions	146,905	165,236	31,658	24,541
	915,535	513,349	227,967	164,327

Provision movements

Warranty	EUR
As at 1 Jan 2015	117,716
Increases (set up):	102,252
Decreases:	0
As at 31 Dec 2015	219,967
Increases (set up):	401,401
Decreases (usage, warranty claims):	113,020
As at 31 Dec 2016	508,349
Increases (set up):	538,991
Decreases (usage, warranty claims):	536,451
As at 31 Dec 2017	510,889
Penalty provision	EUR
As at 1 Jan 2015	0

Warranty	EUR
Increases:	0
Decreases:	0
As at 31 Dec 2015	0
Increases:	0
Decreases:	0
As at 31 Dec 2016	0
Increases (set up):	400,000
Decreases:	0
As at 31 Dec 2017	400,000
Other	EUR
As at 1 Jan 2015	46,611
Increases (set up):	28,297
Decreases (use of provision):	66,908
As at 31 Dec 2015	8,000
Increases (set up):	0
Decreases (use of provision):	3,000
As at 31 Dec 2016	5,000
Increases (set up):	4,646
Decreases (use of provision):	5,000
As at 31 Dec 2017	4,646

(i) Accounting for provisions for warranty claims has been based on the historical experience. The warranty period is 2 years since sale. The expected timing of any resulting outflows of economic benefits is therefore not exceeding 2 years. The actual outflow of economic benefits to settle the provision may vary and the amount of the provision is the best estimate of management.

(ii) In 2018 the Group and one of its customers signed an agreement to settle the claims from this customer of EUR 400,000 for the sales of scooters made before 31 December 2017.

27. TRADE LIABILITIES AND OTHER LIABILITIES

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Trade liabilities	2,235,426	1,350,307	875,910	294,410
Other liabilities				
Non Financial Liabilities				
Tax liabilities due to personal income tax	32,607	13,185	7,880	7,343
Social Security premiums liabilities	120,261	35,712	21,302	15,065
Other tax liabilities	2,142	3,386	549	0
Payroll liabilities	132,511	15,392	12,925	5,932
Contract liabilities (Prepayments received) (i)	1,482,054	2,686,621	760,629	6,153
Financial Liabilities				
Accruals	141,461	37,984	0	0
Other liabilities	5,994	96,122	19,247	32,451
Security deposits received, long term	50,773	35,992	20,512	0
Period-end closing/audit costs accrual	24,470	23,033	29,658	25,186
Liabilities to shareholders / partners	53,278	23,800	71,400	71,400
Total other liabilities	2,045,552	2,971,228	944,102	163,530
Short-term liabilities	2,015,291	2,955,748	944,102	163,530
Long-term liabilities	30,261	15,480	0	0
	2,045,552	2,971,228	944,102	163,530

- (i) The revenue recognised in the reporting periods that was included in the contract liability balance at the beginning of the period was as follows:

	2017 EUR	2016 EUR	2015 EUR
Revenue recognised	2,673,491	760,629	6,153

28. FINANCE LEASE LIABILITIES

28.1 General lease terms

The Group is leasing scooters, cars and palette racks. These arrangements are classified as finance leases. The period of the leases amounted to 3-4 years. Except for the leases of scooters from one lessor, the Group was

entitled to purchase the leased assets for nominal amounts at the end of the lease term. The liabilities were either secured with the leased assets, with a global cession on current and future receivables resulting from lease and rental contracts, or by joint and several liability of Duerr Beteiligung Holding GmbH.

The interest rates of all the lease contracts were fixed and amounted 2.5% to 12.1% annually.

The leases of scooters are Sale-and-Leaseback-Transactions. The sales prices of the scooters in these arrangements are their fair values. For information relating to the excess of sales proceeds over the relating carrying amounts which is classified as deferred income see note 30.

28.2 Finance lease liabilities

	Minimum lease payments			
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Less than 1 year	246,666	90,321	10,812	10,822
1-3 years	482,211	226,493	19,910	30,716
over 3 years	0	0	0	0
	728,878	316,813	30,722	41,538
Less future interest	(98,685)	(27,636)	(2,341)	(3,940)
Present value of lease liabilities	630,192	289,177	28,381	37,598

	Minimum lease payments			
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
In the statement of financial position				
Short-term loans and finance lease liabilities (please refer to Note 25)	198,982	77,806	9,695	9,223
Long-term loans and finance lease liabilities (please refer to Note 25)	431,210	211,371	18,686	28,375
	630,192	289,177	28,381	37,598

29. EMPLOYEE BENEFITS LIABILITIES

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Unused holiday	91,202	69,407	37,691	49,921
Bonus accrual	28,717	47,423	20,000	4,114
	119,919	116,829	57,691	54,035
Short-term liabilities	119,919	116,829	57,691	54,035

Long-term liabilities	0	0	0	0
	119,919	116,829	57,691	54,035
Liability movements				EUR
Unused holiday				
As at 1 Jan 2015				49,921
Increases (set up):				10,755
Decreases (use of previous years holiday):				22,985
As at 31 Dec 2015				37,691
Increases (set up):				60,772
Decreases (use of previous years holiday):				29,058
As at 31 Dec 2016				69,406
Increases (set up):				79,691
Decreases (use of previous years holiday):				57,895
As at 31 Dec 2017				91,202
Bonus				
As at 1 Jan 2015				4,114
Increases (set up):				20,000
Decreases (payments):				4,114
As at 31 Dec 2015				20,000
Increases (set up):				47,423
Decreases (payments):				20,000
As at 31 Dec 2016				47,423
Increases (set up):				28,717
Decreases (payments):				47,423
As at 31 Dec 2017				28,717

30. DEFERRED INCOME

	31/12/2017	31/12/2016	31/12/2015	01/01/2015
	EUR	EUR	EUR	EUR
Donations received (i)	21,133	24,046	30,418	47,374
Leaseback (ii)	80,735	49,969	0	0
Other	10,084	0	0	0
	111,952	74,014	30,418	47,374
Short-term	61,420	37,990	30,418	47,374

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Long-term	50,532	36,024	0	0
	111,952	74,014	30,418	47,374

- (i) The group received a donation for computer server in 2013. This asset has been depreciated for the period of 10 years together with deferred income.
- (ii) Leaseback relates to deferred income resulting from sale-and-leaseback transactions.

31. TRANSACTION WITH RELATED PARTIES

The disclosure requirements according IAS 24 refer to transactions with its controlling shareholders (immediate parent, senior parent and ultimate parent) as well as key management personnel. No other related parties transactions have been identified during the reporting period. Based management assessment the related parties transactions have been conducted at arm's length. The interest rates as well as the other conditions of the shareholders loans have been disclosed in Note 25. Other transactions with the controlling shareholders have been immaterial. Key management personnel has been represented by Thomas Gruebel and Nicolas Holdcraft for all the reporting periods and Robert Rau for the years 2015 and 2016. The compensation of key management personnel consists of a fixed salary as well as variable bonus payments which are included in the short term employee benefits liability.

31.1 Trade

	Sales of goods			Purchases of goods		
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Parents						
<i>Immediate parent (Blitz 14-106 GmbH)</i>						
<i>Senior parent (D 2 Equity Partner GmbH)</i>						
<i>Ultimate parent (Duerr Holding GmbH)</i>						
Key management personnel	0	267	0	0	0	0
Other related parties	0	0	0	0	0	0
	0	267	0	0	0	0
Expenses for a service contract between the senior parent and GOVECS GmbH occurred with an amount of EUR 120,000 for 2017, EUR 140,000 for 2016 and EUR 181,200 for 2015. Other expenses with the senior parent occurred in 2017 with an amount of EUR 9,000. Other liabilities from this service contract against the senior parent were EUR 52,360 as of 31 December 2017, EUR 23,800 as of 31 December 2016, EUR 71,400 as of 31 December 2015 and EUR 71,400 as of 1 January 2015.						
	Amounts owed by related parties			Amounts owed to related parties		
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Parents						
<i>Immediate parent</i>						

<i>Senior parent</i>						
<i>Ultimate parent</i>						500
Key management personnel	1,480	266	404	0	500	2,156
Other related parties					1,381	
	1,480	266	404	0	1,881	2,656

There was no credit loss on amounts owed by related parties

Expense recognised during either of the periods in respect of bad or doubtful debts due from related parties was nil.

31.2 Loans to related parties

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Parents	0	0	0
<i>Immediate parent</i>			
<i>Senior parent</i>			
<i>Ultimate parent</i>			
Key management personnel	0	0	0
Other related parties	0	0	0

31.3 Loans from related parties

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Parents			
<i>Immediate parent</i>	101,759	3,741,258	1,904,455
<i>Senior parent</i>	0	2,670,000	0
<i>Ultimate parent</i>	802,740	0	0
Key management personnel	0	0	0
Other related parties	0	0	0
	904,499	6,411,258	1,904,455

During 2017 the Group received loans from Blitz 14-106 GmbH of the total value of 10,293,000 EUR. As at 31 December 2017 the loans of the total value of 16,574,770 EUR from Blitz 14-106 GmbH were converted to equity.

Interest expense on the loans received from related parties amount to 572 kEUR in 2017, 300 kEUR in 2016 and 86 kEUR in 2015. Refer to Note 8.

31.4 Key management compensations

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Short-term employee benefits:	299,243	307,129	348,757
Total key management benefits	299,243	307,129	348,757

32. OPERATING LEASE ARRANGEMENTS

32.1 The Group as lessor

The Group leases scooters to operators of sharing fleets. The renting agreements are cancellable on short term notice. Usually the cancellation terms are within a three month period. The total income recognised in operating lease arrangements was EUR 106,006 for 2017 and EUR 49,276 for 2016.

32.2 The Group as lessee

32.2.1 Leasing arrangements

Operating leases relate to renting the Group's premises with terms of between 3 and 10 years, as well as car leasing for 3 years and floor washer for 4 years. The contracts to rent the offices spaces in Munich and Berlin have a renewal option of 1 year. The contract to lease the office in Wroclaw, Stregomska Street, Poland may be renewed for the undisclosed period of time. Other contracts do not have the renewal option.

No operating lease contracts have a purchase option.

32.2.2 Payments recognised as an expense

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Minimum lease payments	373,884	277,516	279,788
	373,884	277,516	279,788

32.2.3 Operating lease commitments

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Less than 1 year	391,518	321,199	323,663
1 year - 5 years	995,724	944,500	850,339
More than 5 years	35,400	257,249	460,200
	1,422,642	1,522,948	1,634,202

33. FINANCIAL INSTRUMENTS

33.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from inception.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 25 - 25.2 and 28 offset by cash and bank balances) and equity of the Group (comprising share capital, equity reserves and retained losses as detailed in notes 22 to 24).

The Group is not subject to any externally imposed capital requirements.

The Management reviews the capital structure of the Group on an ongoing basis. As part of this review, the CFO considers the cost of capital and the risks associated with capital.

33.1.1 Gearing ratio

The gearing ratio at end of the reporting period was as follows.

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Debt(i)	1,545,404	7,209,917	2,443,461
Cash and bank balances	(877,489)	(500,753)	(251,434)
Net debt	667,915	6,709,165	2,192,027
Equity (ii)	6,848,481	(4,738,139)	(210,641)
Net debt to equity ratio	9.75%	(iii)	(iii)

(i) Debt is defined as long- and short-term borrowings, as described in notes 25 and 28-28.2.

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

(iii) Not calculated due to negative value of equity.

33.2 Categories of financial instruments

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Financial assets				
Trade receivables	650,451	183,838	398,874	158,213
Cash and cash equivalents	877,489	500,753	251,434	329,392
Other financial assets	241,735	208,338	91,318	91,678
Finance leases receivables	71,090	107,231	106,619	0
Financial liabilities				
Loans	915,211	6,920,740	2,415,080	765,937
Trade liabilities	2,235,426	1,350,307	875,910	294,410

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	01/01/2015 EUR
Other financial liabilities	275,977	216,932	140,817	129,037
Finance leases liabilities	630,192	289,177	28,381	37,598

33.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

33.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 33.6 below) and interest rates (see note 33.7 below).

Market risk exposures are measured using value-at-risk (VaR) supplemented by sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

33.5 Value at Risk (VaR) analysis

The VaR measure estimates the potential loss in pre-taxation profit over a given holding period for a specified confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities as well as risk diversification by recognising offsetting positions and correlations between products and markets. Risks can be measured consistently across all markets and products, and risk measures can be aggregated to arrive at a single risk number. The one-day 99% VaR number used by the Group reflects the 99% probability that the daily loss will not exceed the reported VaR.

While VaR captures the Group's daily exposure to currency and interest rate risk, sensitivity analysis evaluates the impact of a reasonably possible change in interest or foreign currency rates over a year. The longer time frame of sensitivity analysis complements VaR and helps the Group to assess its market risk exposures. Details of sensitivity analysis for foreign currency risk are set out in note 33.6 below and for interest rate risk in note 33.7 below.

33.6 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. However, during the reporting period financial instruments denominated in foreign currencies have been of a minor volume.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Trade receivables			
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	1/01/2015 EUR
PLN (Polish zloty)	10,056	1,390	322	0

	Cash			
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	1/01/2015 EUR
PLN (Polish zloty)	10,011	285,096	7,605	17,474
	Financial lease liabilities			
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	1/01/2015 EUR
PLN (Polish zloty)	3,783	17,999	28,381	37,598

33.6.1 Foreign currency sensitivity analysis

The Group is mainly exposed to the PLN currency.

The following table details the Group's sensitivity to a 10% increase and decrease in the EUR against PLN. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as financial leasing. A positive number below indicates an increase in profit or equity where the EUR strengthens 10% against the relevant currency. For a 10% weakening of the EUR against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Value at risk			
	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR	1/01/2015 EUR
Trade receivables	10,056	1,390	322	0
Cash	10,011	285,096	7,605	17,474
Loans	3,783	17,999	28,381	37,598

PLN/EUR +10%								
	31/12/2017		31/12/2016		31/12/2015		1/01/2015	
	Profit or loss impact	Equity impact	Profit or loss impact	Equity impact	Profit or loss impact	Equity impact	Profit or loss impact	Equity impact
Trade receivables	1,006	1,006	139	139	32	32	n/a	0
Cash	1,001	1,001	28,510	28,510	761	761	n/a	1,747
Loans	(378)	(378)	(1,800)	(1,800)	(2,838)	(2,838)	n/a	3,760
	1,628	1,628	26,849	26,849	(2,045)	(2,045)	n/a	5,507

PLN/EUR -10%								
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	31/12/2017		31/12/2016		31/12/2015		1/01/2015	
	Profit or loss impact	Equity impact	Profit or loss impact	Equity impact	Profit or loss impact	Equity impact	Profit or loss impact	Equity impact
Trade receivables	(1,006)	(1,006)	(139)	(139)	(32)	(32)	n/a	0
Cash	(1,001)	(1,001)	(28,510)	(28,510)	(761)	(761)	n/a	(1,747)
Loans	378	378	1,800	1,800	2,838	2,838	n/a	(3,760)
	(1,628)	(1,628)	(26,849)	(26,849)	2,045	2,045	n/a	(5,507)

33.6.2 Forward foreign exchange contracts

The Group does not enter into forward foreign exchange contracts.

33.7 Interest rate risk management

The Group is not significantly exposed to interest rate risk because entities in the Group borrow funds at fixed interest rates.

33.8 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (25-30% down payments), where appropriate, as a means of mitigating the risk of financial losses from defaults. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits.

Trade receivables consist of a number of customers, spread across several countries. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

At each financial year the maximum exposure to credit risk for trade and other receivables by geographic region was follows:

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
domestic (Germany)	110,695	96,903	236,037
attributed to customers in EU:	716,512	281,048	226,165
<i>France</i>	125,722	155,501	49,428
<i>Spain</i>	339,524	18,212	14,545
<i>Portugal</i>	57,699	1,400	4,300
<i>Netherlands</i>	101,556	75,382	79,028
<i>Denmark</i>	0	25,625	74,904
<i>Other countries</i>	92,011	4,929	3,961
attributed to customers outside EU:	175,134	31,215	159,012
	1,002,341	409,165	621,214
less expected credit loss	(280,799)	(118,098)	(115,721)

	31/12/2017 EUR	31/12/2016 EUR	31/12/2015 EUR
Total receivables	721,541	291,068	505,493

33.8.1 Collateral held as security and other credit enhancements

Apart from requesting 25-30% down payments on the contracts to provide scooters, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

33.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Management Board, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

33.9.1 Liquidity and interest risk tables

The following tables show the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The amounts also include contractual interest payments.

		Less than 1 month EUR	1-3 months EUR	3 months to 1 year EUR	1 - 5 years EUR	5+ years EUR	Total EUR	Carrying amount EUR
	31/12/2017							
Finance lease liabilities		18,407	36,821	163,811	447,995	0	667,034	630,192
Loans from other entities		30,618	83,501	842,630	0	0	956,749	915,212
Trade liabilities		2,235,426	0	0	0	0	2,235,426	2,235,426
		2,284,451	120,322	1,006,441	447,995	0	3,859,209	3,780,830

		Less than 1 month EUR	1-3 months EUR	3 months to 1 year EUR	1 - 5 years EUR	5+ years EUR	Total EUR	Carrying amount EUR
	31/12/2016							
Financial lease liabilities		8,473	16,949	76,283	265,843	0	367,548	289,177
Loans from other entities		29,373	1,098	5,982,982	1,393,256	0	7,406,709	6,920,740
Trade		1,350,307	0	0	0	0	1,350,307	1,350,307

liabilities								
		1,388,153	18,047	6,059,265	1,659,099	0	9,124,564	8,560,224

		Less than 1 month EUR	1-3 months EUR	3 months to 1 year EUR	1 - 5 years EUR	5+ years EUR	Total EUR	Carrying amount EUR
	31/12/2015							
Financial lease liabilities		917	1,834	8,261	20,277	0	31,289	28,381
Loans from other entities		23,264	1,098	94,170	2,733,557	0	2,852,089	2,415,080
Trade liabilities		875,910	0	0	0	0	875,910	875,910
		900,090	2,932	102,431	2,753,834	0	3,759,288	3,319,370

33.10 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

33.10.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

None of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

There were no transfers between Level 1 and 2 in the period.

33.10.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

	31/12/2017		31/12/2016		31/12/2015		01/01/2015	
	Carrying amount	Fair value (i)	Carrying amount	Fair value (i)	Carrying amount	Fair value (i)	Carrying amount	Fair value (i)
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Financial assets								
<i>Loans and receivables:</i>	892,186	892,186	392,176	392,176	490,192	490,192	249,890	249,890
– trade receivables	650,451	650,451	183,838	183,838	398,874	398,874	158,213	158,213
– other financial assets	241,735	241,735	208,338	208,338	91,318	91,318	91,678	91,678
<i>Cash and cash equivalents</i>	877,489	877,489	500,753	500,753	251,434	251,434	329,392	329,392
<i>Finance lease receivables</i>	71,090	71,090	107,231	107,231	106,619	106,619	0	0
Total	1,840,765	1,840,765	1,000,159	1,000,159	848,245	848,245	579,283	579,283
Financial liabilities								
<i>Financial liabilities held at amortised cost:</i>	3,426,615	3,442,045	8,487,979	8,658,191	3,431,807	3,575,487	1,189,385	1,215,158
– loans from other entities	915,212	930,642	6,920,740	7,090,952	2,415,080	2,558,761	765,938	791,711
– trade and other liabilities	2,511,403	2,511,403	1,567,239	1,567,239	1,016,727	1,016,727	423,447	423,447
<i>Finance lease payables</i>	630,192	614,537	289,177	333,645	28,381	28,996	37,598	37,572
Total	4,056,807	4,056,583	8,777,156	8,991,836	3,460,188	3,604,484	1,226,983	1,252,730

Fair values of the above financial assets and liabilities were calculated using the discounted cash flows of all the contracted future payments related to these assets and liabilities (level 2 inputs as per IFRS 13). The applied discount rate is 5%. Short-term items (trade receivables and liabilities, and cash) were not discounted

because their carrying values approximated fair values.

34. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Liabilities	
	Loans and borrowings	Financial lease liabilities
Balance at 1 January 2015	765,938	37,598
Changing from financing cash flows		
Proceeds from borrowings	1,650,000	
Repayment of borrowings	(17,597)	
Payment of finance lease liabilities	0	(9,218)
Changing from financing cash flows	1,632,403	(9,218)
Other changes		
Interest expense	85,926	1,629
Interest paid	(69,187)	(1,629)
New finance leases	0	0
Balance at 31 December 2015	2,415,080	28,381
Proceeds from borrowings	4,830,000	0
Repayment of borrowings	(505,910)	0
Payment of finance lease liabilities	0	(45,423)
Changing from financing cash flows	4,324,090	(45,423)
Other changes		
Interest expense	300,103	5,754
Interest paid	(118,533)	(5,754)
New finance leases	0	306,220
Balance at 31 December 2016	6,920,740	289,178
Proceeds from borrowings	10,293,000	0
Repayment of borrowings	(170,000)	0
Payment of finance lease liabilities	0	(129,593)
Changing from financing cash flows	10,123,000	(129,593)
Other changes		
Interest expense	571,814	17,849
Interest paid	(125,572)	(17,849)
New finance leases	0	470,609

Loan conversion	(16,574,770)	0
Balance at 31 December 2017	915,211	630,194

35. BUSINESS COMBINATIONS

On 26 June 2015 Govecs Poland Sp. z o.o., subsidiary of the Govecs Group, purchased a set of assets of Vectrix Sp. z o.o., a bankrupt enterprise located in Wroclaw, Poland. Vectrix had assembled electric scooters prior to the purchase. The primary purpose of the acquisition was to obtain technology and production capabilities for production of the Schwalbe line scooters. The purchase was paid in cash. The purchase constituted a business combination (purchase of the business) in accordance with IFRS 3. The control was obtained by means of the contract with the seller (official Polish State manager of the bankrupt enterprise). The following assets were acquired:

- fixed assets
- inventories, including raw materials and finished goods

No other assets or liabilities were recognised on the purchase.

The total consideration paid (in cash) was equal to EUR 132.479. There was no contingent consideration.

The purchase resulted in the gain on bargain purchase of EUR 113.334. The reason for the gain was negotiating the price for the specific assets to be utilised only in the Govecs industry. This gain was immediately recognised in the profit or loss in other operating income (see Note 9.1).

The calculation of revenue and profit or loss of the acquiree since the acquisition date as well as of the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period, would be impracticable since the bankrupt enterprise did not measure the revenues or results generated by the assets acquired.

	31/12/2015
Assets acquired, at fair values:	EUR
Fixed assets	169,674
Inventories	76,139
	245,813
Less consideration paid	132,479
Resulting gain on bargain purchase	113,334

36. SUBSEQUENT EVENTS

As of 25 May 2018 Blitz 14-106 GmbH merged with Govecs GmbH where Govecs GmbH was an acquirer. This was a business combination of entities under common control, a non-adjusting event. Blitz 14-106 GmbH was a holding company, its only assets were shares in Govecs GmbH. The transaction did not bring any material changes to the Govecs financial situation or results, and was accounted for by elimination of Govecs shares held by Blitz 14-106 GmbH with the share capital of Blitz 14-106 GmbH.

The Group has acquired as of July 2018 all assets related to the trademark ELMOTO. These assets represent a business in accordance with IFRS 3. The purchase price is amounting up to 1.5 Mio. EUR. There is fixed portion of the purchase price amounting to 1,0 Mio. EUR relating to tangible assets amounting to 747 kEUR and intangible assets amounting to 253 kEUR. There is also an earn-out liability which depends on future

sales of units within the next four years. The valuation of the fair value of the assets and liabilities acquired as well as the fair value of the purchase price is analysed by the company and is not finalized as at the date of this report.

As of 4 May 2018 GOVECS GmbH founded the subsidiary HappyScooter GmbH, Munich.

In July 2018 GOVECS entered into a framework supply agreement and a subsidy agreement with a major customer. The subsidy agreement obliges GOVECS to pay EUR 1.0 million to the major customer.

37. CONTINGENCIES

On 5 January 2015 Govecs GmbH issued a guarantee to one of the suppliers, amounting to EUR 500.000 on behalf of its subsidiary, Govecs Poland Sp. z o.o. This guarantee remained unchanged for the periods covered by these consolidated financial statements. Management expects that the probability for a future cash outflow is remote.

38. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Management Board and authorised for issue on 26 July 2018.

Munich, 26 July 2018

Thomas Gruebel
Managing Director

Auditors Report

To the GOVECS GmbH, Munich:

We were engaged to audit the consolidated financial statements of GOVECS GmbH and its subsidiaries (the group), which comprise the consolidated statements of financial position as at December 31, 2017, 2016 and 2015, and the consolidated statements of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for each of the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), *as adopted by the EU*, are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

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

Our audit has not led to any reservations, except for the following qualification: Concerning the fully-consolidated subsidiary GOVECS Poland Sp.z.o.o. we did not observe the counting of physical inventories at the beginning and the end of the year 2015. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held by the subsidiary at January 1, 2015 and December 31, 2015, which are stated in the statements of financial position at EUR 1,566,957 and EUR 1,902,400 respectively.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary in respect of the presentation of recorded or unrecorded inventories and the elements making up the statement of profit and loss and other comprehensive income for the financial years from January 1, 2015 to December 31, 2015 and from January 1, 2016 to December 31, 2016 and statement of changes in equity as at these dates.

In our opinion, based on the findings of our audit, except for the possible effects of adjustments, if any, as might have been determined to be necessary had we observe the counting of physical inventories as at December 31, 2015 and January 1, 2015, the consolidated financial statements as at December 31, 2017, December 31, 2016 and 2015 give a true and fair view of the financial position and of its performance and its cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Munich, 1 August 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hanshen	Schwarzhuber
Wirtschaftsprüfer	Wirtschaftsprüfer

**Audited financial statements of GOVECS GmbH as of and for the financial year ended
31 December 2017 (HGB)**

Assets	31.12.2017		31.12.2016		Liabilities and equity	
	EUR	EUR	EUR	EUR	31.12.2017	31.12.2016
III. Financial fixed assets						
Interest in affiliated companies						
	21,175,732.14		10,859,157.11		1,392,935.95	7,262,579.50
	21,682,411.14		11,316,058.42		3,069,928.37	9,787,618.62
B. Current assets						
I. Inventories						
1. Finished goods and merchandise	213,048.53		38,056.07			
2. Advance payments	101,078.81	314,127.34	0.00	38,056.07		
II. Receivables and other assets						
1. Trade receivables	243,455.58		253,348.29			
2. Receivables from affiliated companies	3,651,815.24		6,351,175.51			
3. Other assets	280,889.56	4,176,160.38	67,338.18	6,671,861.98		
III. Cash on hand and bank balances						
		176,162.58		116,254.69		
		4,666,450.30		6,826,172.74		
C. Prepaid expenses and deferred charges						
		84,351.09		12,081.80		
		26,433,212.53		18,154,312.96	26,433,212.53	18,154,312.96

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

		2017	2016
		EUR	EUR
1.	Revenue	12,234,928.71	5,195,004.57
2.	Cost of sales	(10,853,678.66)	(4,877,541.43)
3.	Gross profit on sales	1,381,250.05	317,463.14
4.	Selling expenses	(1,410,316.86)	(1,211,812.32)
5.	General administrative expenses	(1,120,309.44)	(981,620.85)
6.	Other operating income	92,617.31	38,651.85
	– of which income from currency translation		
	EUR 1.592,67 (previous year: EUR 1.578,46) –		
7.	Other operating expenses	(406,936.85)	(38,056.08)
	– of which expenses from currency translation		
	EUR -1.641,48 (previous year: EUR -15.635,10) –		
8.	Other interest and similar income	38,736.60	22,629.12
	– of which from affiliated companies		
	EUR 29.172,00 (previous year: EUR 9.675,72) –		
9.	Interest and similar expenses	(571,901.68)	(300,356.69)
10.	Taxes on income	1.02	0.00
11.	Earnings after taxes	(1,996,859.85)	(2,153,101.83)
12.	Other taxes	(583.00)	(583.00)
13.	Net loss for the year	(1,997,442.85)	(2,153,684.83)
14.	Loss carried forward	(11,693,667.79)	(9,539,982.96)
15.	Accumulated loss	(13,691,110.64)	(11,693,667.79)

Notes to the Annual Financial Statements for the 2017 Financial Year

GOVECS GmbH, Munich

I. General information

The Company has its registered office in Munich and is entered in the Munich District Court commercial register under HRB 177707 under the name of GOVECS GmbH.

These annual financial statements were prepared in accordance with sections 242 ff. and sections 264 ff. of the German Commercial Code (HGB) and in accordance with the relevant provisions of the Limited Liability Companies Act (GmbHG) and the articles of association. The Company is a small corporation with the meaning of section 267 (1) HGB. The Company in some cases makes use of the size-dependent relief provisions.

The structure of the balance sheet and income statement complies with sections 266 and 275 HGB and section 42 GmbHG.

The Company has generated losses in the past years, but has positive equity as of 31 December 2017. Dürr Holding GmbH, Ludwigsburg, as the ultimate parent company, granted the Company a line of credit of EUR 10,000 million until 31 December 2019. Accordingly, the management is of the view that the conditions are met for valuation on a going concern basis.

The income statement has been prepared using the cost of sales method pursuant to section 275 (3) HGB.

The financial year is the calendar year.

II. Accounting policies

The annual financial statements were prepared on a going concern basis pursuant to section 252 (1) no. 2 HGB.

The following accounting policies continued to be applied to the preparation of the annual financial statements.

The balance sheet structure was unchanged compared to the previous year.

Purchased non-current **intangible assets** are carried at acquisition costs and, if they are eligible, reduced by scheduled amortisation.

Useful lives	Years
Intangible assets	3-10

Property, plant and equipment are carried at acquisition cost, reduced by scheduled depreciation based on use. Depreciation is calculated using the straight-line method over the useful life of the assets.

	Years
Technical equipment and machinery	3-8
Operating and office equipment	3-13
Demonstration scooters (recognised in operating and office equipment)	3

Minor value assets with a value of EUR 150.00 to EUR 1,000.00 were combined in a summary item in accordance with the tax regulations and depreciated over five years.

The acquisition or production costs for **low value assets** in the reporting year with a value of up to EUR 410.00 were deducted in full in the year of acquisition or production.

Interests in affiliated companies (financial assets) are recognised at acquisition cost or at the permanently lower fair value of the balance sheet date.

Inventories were measured at acquisition cost taking into account the lower of cost or market principle.

Receivables and other assets are measured at the lower of nominal value or fair value on the balance sheet date. Foreign currency receivables are posted at the exchange rate on the date on which they arise. If the exchange rate on the balance sheet date is lower than this, the receivable is recognised at the lower exchange rate. Receivables in foreign currencies with a term of less than one year are measured at the mean exchange rate on the balance sheet date.

Cash on hand and bank balances are carried at nominal value.

Prepaid expenses and deferred charges concern payments made for expenses in subsequent years and are carried at nominal value.

Subscribed capital is recognised at nominal value.

Provisions take into account all the identifiable risks and uncertain obligations and were recognised in the settlement amount necessary according to prudent business judgement.

Liabilities are recognised at their settlement amounts. Liabilities that are denominated in foreign currency are measured at the exchange rates at the date they arose or the higher exchange rate of the reporting date. Liabilities in foreign currencies with a term of less than one year are measured at the mean exchange rate on the balance sheet date.

III. Notes to the balance sheet

Changes in individual **non-current asset** items are presented in the schedule of non-current assets (annex to the Notes).

The amount of receivables and other assets with a remaining term of more than one year is EUR 37,896.71 (previous year: EUR 18,267.08).

Receivables from affiliated companies of EUR 3,651,815.24 (previous year: EUR 6,351,175.51) are recognised under receivables and other assets. Of which, EUR 3,636,944.73 (previous year: EUR 793,020.38) have a remaining term of more than one year.

The remaining terms of the other receivables and other assets of EUR 486,448.43 (previous year: EUR 302,419.39) are up to one year.

The share capital of EUR 1,435,683.00 (previous year: EUR 1,435,683.00) was fully paid up.

The liabilities with a remaining term of up to one-year amount to EUR 2,194,316.44 (previous year: EUR 7,457,631.74). These include liabilities to shareholders of EUR 967,571.18 (previous year: EUR 4,638,157.81) and liabilities to affiliated companies of EUR 425,364.77 (previous year: EUR 318,039.34).

The liabilities with a remaining term of more than one-year amount to EUR 855,099.73 (previous year: EUR 1,460,977.53). These include liabilities to shareholders of EUR 855,099.73 (previous year:

EUR 1,458,803.49).

The total amount of liabilities with a remaining term of more than one year is EUR 20,512.20 (previous year: EUR 869,009.35). These include liabilities to shareholders of EUR 0.00 (previous year: EUR 847,578.86) and liabilities to affiliated companies of EUR 0.00 (previous year: EUR 918.29).

IV. Notes to the income statement

In the financial year, the Company recognised out-of-period revenue of EUR 0.104 million and out-of-period cost of sales of EUR 0.119 million. The transaction allocated to the 2016 financial year was not posted until 2017. The resulting error in the 2016 annual financial statements was thus corrected in the ongoing accounts for 2017.

V. Other information

Contingent liabilities

In addition to the liabilities listed in the balance sheet, the following contingent liabilities are to be noted:

	31/12/2017 EUR
Sureties	500,000.00
<i>of which from GOVECS Poland Sp.z. o.o. surety (affiliated company)</i>	<i>500,000.00</i>
	500,000.00

Furthermore, the company is liable for all liabilities from the lease of its subsidiary GOVECS Poland Sp. z.o.o. for the leased production and office building at the site in Wrocław in Poland. The Company classifies the probability of utilisation of contingent liabilities to the Polish subsidiary as unlikely.

Other off-balance-sheet financial obligations

In addition to the liabilities recognised in the balance sheet, other financial obligations of EUR 283,008.49 exist. In detail, these obligations include the following:

Obligation from leases EUR 283,008.49

There is a lease for offices in Munich until 15 October 2019 (financial obligation: EUR 0.117 million) (previous year: EUR 0.118 million) and a lease for offices in Berlin until 30 April 2020 (financial obligation: EUR 0.166 million) (previous year: €0.000 million).

Management

The following people are appointed managing directors of the Company:

Thomas Grübel, Unterhaching (businessperson)

As the sole appointed managing director, Thomas Grübel has sole power of representation and is exempt from the restrictions of section 181 BGB.

Signing authorisation (*Prokura*)

Alexander Schmidt, Ludwigsburg (businessperson) with the authorisation to represent the Company together with a managing director.

Average number of employees during the financial year

The average number of employees during the financial year was 12 (previous year: 8).

Munich, 26 July 2018

Thomas Grübel

- Managing Director -

Development of the fixed assets during financial year 2017

	Cost			Accumulated depreciation and amortisation				Carrying amounts	
	1.1.2017	Additions	Disposals	31.12.2017	1.1.2017	Depreciated on and amortisati on in the financial year	Disposals	31.12.2017	31.12.2016
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets									
1. Internally generated industrial property rights and similar rights and assets	147,269.20	0.00	0.00	147,269.20	147,268.20	0.00	0.00	1.00	1.00
2. Purchased concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	550,055.65	43,090.73	1,583.33	591,563.05	441,474.65	45,541.73	82.33	104,629.00	108,581.00
	697,324.85	43,090.73	1,583.33	738,832.25	588,742.85	45,541.73	82.33	104,630.00	108,582.00

	1.1.2017			Cost			31.12.2017			Accumulated depreciation and amortisation			Carrying amounts		
	EUR			EUR			EUR			EUR			EUR		
	1.1.2017	Additions	Disposals	1.1.2017	Additions	Disposals	1.1.2017	Depreciated on and amortisati on in the financial year	Disposals	31.12.2017	31.12.2017	31.12.2017	31.12.2017	31.12.2017	31.12.2016
II. Property, plant, and equipment															
1. Technical equipment and machinery	246,199.85	694.08	3,166.67	243,727.26			56,906.85	37,980.08	165.67	94,721.26	149,006.00	189,293.00			
2. Other equipment, operating and office equipment	842,201.99	210,820.79	51,670.90	1,001,351.88			705,675.68	76,115.10	33,481.90	748,308.88	253,043.00	136,526.31			
3. Advance payments and assets under construction	22,500.00	0.00	22,500.00	0.00			0.00	0.00	0.00	0.00	0.00	22,500.00			
	1,110,901.84	211,514.87	77,337.57	1,245,079.14			762,582.53	114,095.18	33,647.57	843,030.14	402,049.00	348,319.31			
III. Financial assets															
Interest in affiliated companies	10,859,157.11	10,324,203.73	7,628.70	21,175,732.14			0.00	7,628.70	7,628.70	0.00	21,175,732.14	10,859,157.11			
	12,667,383.80	10,578,809.33	86,549.60	23,159,643.53			1,351,325.38	167,265.61	41,358.60	1,477,232.39	21,682,411.14	11,316,058.42			

Auditor's report

To the GOVECS GmbH (GOVECS limited liability Company)

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of the GOVECS GmbH for the business year from 1 January 2017 to 31 December 2017. The maintenance of the books and records and the preparation of the annual financial statements in accordance with German commercial law (and supplementary provisions of the shareholder agreement/articles of incorporation) are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

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

Our audit has not led to any reservations.

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

Munich, 26 July 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hanshen	Schwarzhuber
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

