PROSPECTUS

for the

PUBLIC OFFERING

in the Federal Republic of Germany

of

4,945,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), consisting of (i) 350,000 newly issued ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), (ii) 3,950,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the shareholders of the Company, and (iii) 645,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the shareholders of the Company to cover a potential over-allotment

and

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 segment (*regulierter Markt*) with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 10,377,259 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*)

– each such share with a notional value of EUR 1.00 and full dividend rights from January 1, 2020 –

of

Knaus Tabbert AG
Jandelsbrunn, Germany

Price Range: EUR 58.00 – EUR 74.00

International Securities Identification Number (ISIN): DE000A2YN504

German Securities Code (*Wertpapier-Kenn-Nummer*, WKN): A2Y N50

Trading Symbol: KTA

Sole Global Coordinator and Joint Bookrunner

Jefferies

Joint Bookrunners

UniCredit Bank AG **ABN AMRO**

The date of this prospectus is September 11, 2020.

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I. SUMMARY OF THE PROSPECTUS

A. Introduction and Warnings

This prospectus (the ***Prospectus***) relates to shares of Knaus Tabbert AG, a German stock corporation (*Aktiengesellschaft*) with its registered seat at Helmut-Knaus-Straße 1, 94118 Jandelsbrunn, Federal Republic of Germany (***Germany***), Legal Entity Identifier (***LEI***) 391200V57NOSGK8UVW09 , (the ***Company*** or ***Knaus Tabbert***, and together with its subsidiaries, the ***Group*** or the ***Knaus Tabbert Group***). The international securities identification number (***ISIN***) of the Company's shares is DE000A2YN504.

The Prospectus is dated September 11, 2020 and has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, ***BaFin***) on that date. BaFin can be contacted at Marie-Curie-Str. 24–28, 60439 Frankfurt am Main, Germany, by telephone +49 228 4108-0, or via its website www.bafin.de

The shares of the Company will be offered by Jefferies International Limited, 100 Bishopsgate, London EC2N 4JL, United Kingdom, LEI S5THZMDUJCTQZBTRVI98 (***Jefferies***, or the ***Sole Global Coordinator***), UniCredit Bank AG, with its registered seat at Arabellastraße 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170, and ABN AMRO Bank N.V., with its registered seat at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, LEI BFXS5XCH7N0Y05NIXW11 (together with the Sole Global Coordinator, the ***Underwriters***).

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

B. Key Information on the Issuer

(i) Who is the issuer of the securities?

The Company is incorporated as a stock corporation (*Aktiengesellschaft*) under the laws of Germany. It operates under the commercial name Knaus Tabbert. The Company's registered seat is at Helmut-Knaus-Straße 1, 94118 Jandelsbrunn, Germany, and it is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau, Germany, under HRB 11089. The Company's LEI is 391200V57NOSGK8UVW09.

a. Principal activities	The Group is active in the market for leisure vehicles and is a leading European manufacturer of leisure vehicles as measured by market share (based on new registrations as reported in Caravaning Industrie Verband e.V., Jahresband/Annual Report 2019/2020 (***CIVD Statistics 2019***)). The Group possesses a balanced portfolio of brands, producing caravans, motorhomes and van conversions and also operates the internet platform "Rent and Travel", which allows customers to rent leisure vehicles from the Group's brands, typically for short periods of time. The Group's target customers differ among its brands and comprise both price-conscious and modern lifestyle-oriented customers as well as sophisticated and experienced caravanning users. The products of the Knaus Tabbert Group are sold via its dealer network, which as of December 31, 2019 consisted of more than 450 dealers and extended over more than 20 countries. The Group has strong positions across key markets such as Germany, Scandinavia, France and the Netherlands. In 2019, the Knaus Tabbert Group produced approximately 26,200 vehicles and sold more than 25,700 vehicles, representing a share of more than 10% of all leisure vehicles newly registered in Europe in 2019 (source: CIVD Statistics 2019). In 2019, the Knaus Tabbert Group had 2,404 employees on average (headcount including trainees, excluding temporary workers (*Leiharbeitnehmer*)).
b. Major shareholders	As of the date of the Prospectus, H.T.P. Investments 1 B.V. (***HTP***), with its ultimate shareholder Willem Paulus de Pundert, holds approximately 58.1% of the shares of the Company, Catalina Capital Partners B.V. (***Catalina***), with its ultimate shareholder Klaas Meertens, holds approximately 38.7% of the shares of the Company and Palatium Beteiligungsgesellschaft mbH

	(***Palatium*** and together with HTP and Catalina, the ***Selling Shareholders***), with its ultimate shareholder Wolfgang Speck, holds the remaining approximately 3.2% of the shares of the Company. As part of the offer, the Selling Shareholders' shares in the Company will decrease significantly.
c. Key managing directors	The Company's management board consists of four members: Wolfgang Speck is Chief Executive Officer (CEO), Marc Hundsdorf is Chief Financial Officer (CFO), Gerd Adamietzki is Chief Sales Officer (CSO) and Werner Vaterl is Chief Operating Officer (COO).
d. Statutory auditors	The Company has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Nuremberg Office, Bahnhofstr. 30, 90402 Nuremberg, Germany as (i) the statutory auditor of its unconsolidated financial statements to be prepared in accordance with German Commercial Code (*Handelsgesetzbuch*, ***HGB***) as of and for the fiscal year ending December 31, 2020, and (ii) the auditor of its consolidated financial statements to be prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (***IFRS***) as of and for the fiscal year ending December 31, 2020. The Company appointed KPMG as (i) the statutory auditor of its unconsolidated financial statements as of and for the fiscal year ended December 31, 2019, prepared in accordance with HGB, and (ii) the auditor of its consolidated financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2017, each prepared in accordance with IFRS.

(ii) What is the key financial information regarding the issuer?

The unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020 were prepared by the Company in accordance with IFRS on interim financial reporting (IAS 34). The audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2019, 2018 and 2017 were prepared by the Company in accordance with IFRS. Where financial data in this prospectus is labeled "audited", this means that it has been taken from the audited financial statements of the Company. The label "unaudited" is used in this prospectus to indicate financial data that has not been taken from the audited financial statements of the Company but from the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020 or from the Company's internal accounting system, or that has been calculated based on financial data from the above-mentioned sources.

a. Key financial information from the consolidated income statement

	Six-month period ended June 30,		Fiscal year ended December 31,		
(in EUR thousand)	**2020**	**2019**	**2019**	**2018**	**2017**
	(unaudited)			**(audited)**	
Revenue	359,349	394,046	780,386	728,013	591,968
Consolidated profit for the period	15,401	19,735	31,170	28,621	29,276

b. Key financial information from the consolidated statement of financial position

	As of June 30,	As of December 31,		
(in EUR thousand)	**2020**	**2019**	**2018**	**2017**
	(unaudited)		**(audited)**	
Total equity	88,180	98,202	82,203	68,824
Total assets	320,698	310,938	280,590	259,813

c. Key financial information from the consolidated statement of cash flows

	Six-month period ended June 30,		Fiscal year ended December 31,		
(in EUR thousand)	**2020**	**2019**	**2019**	**2018**	**2017**
	(unaudited)			**(audited)**	
Cash flows from operating activities	47,415	35,504	44,116	28,586	35,812
Cash flows from investing activities	(7,241)	(12,727)	(28,118)	(30,635)	(31,702)
Cash flows from financing activities	(38,557)	(21,569)	(15,824)	1,558	(5,238)

d. Key other financial information

(in EUR thousand, unless otherwise indicated)	Six-month period ended June 30, 2020	2019	Fiscal year ended December 31, 2019	2018	2017
	(unaudited)		(unaudited, unless otherwise indicated)		
Revenue	359,349	394,046	780,386*	728,013*	591,968*
Thereof Premium segment	*307,601*	*342,287*	*684,946**	*647,486**	*526,809**
Thereof Luxury segment	*51,748*	*51,759*	*95,441**	*80,527**	*65,159**
EBITDA(1)	32,844	36,700	64,269*	56,710*	54,226*
Thereof Premium segment	*26,129*	*30,275*	*55,153**	*48,705**	*46,738**
Thereof Luxury segment	*6,715*	*6,426*	*9,116**	*8,005**	*7,488**
Adjusted EBITDA(2)	33,626	37,164	65,046	58,444	56,002
EBIT(3)	23,428	28,581	45,874	43,216	42,743
Equity Ratio (in %)(4)	27.5%	31.5%	31.6%	29.3%	26.5%
ROIC (in %)(5)	18.3%	21.0%	21.9%	23.9%	28.2%
ROCE (in %)(6)	21.6%	24.5%	24.1%	27.2%	35.1%
ROE (in %)(7)	28.2%	32.8%	34.6%	37.9%	47.5%
Cash Conversion Rate (in %)(8)	3.1	1.8	1.4	1.0	1.2

* Audited.

(1) Earnings before interest, tax, depreciation and amortization (EBITDA) is defined as consolidated profit for the period adjusted for taxes, finance costs, finance income and depreciation and amortization.

(2) Adjusted earnings before interest and tax (Adjusted EBITDA) is defined as EBTIDA adjusted for certain extraordinary items relating in particular to (i) the first-time preparation of audited consolidated financial statements of the Company in accordance with IFRS in 2017, (ii) certain extraordinary transaction costs in connection with preparation of the Company's IPO readiness in 2017 and 2018 as well as costs associated with strategic evaluations of the Group in 2019 and (iii) certain consulting fees related primarily to certain management fees and, in the fiscal year ended December 31, 2017, a finance service agreement with SD-Leasing.

(3) Earnings before interest and tax (EBIT) is defined as consolidated income for the period adjusted for taxes, finance costs and finance income.

(4) Equity Ratio is defined as the ratio of equity to the balance sheet total.

(5) Return on invested capital (ROIC) is defined as the ratio of EBIT of the last twelve months to the average invested capital of the last twelve months whereby invested capital is the sum of property, plant and equipment, inventories and trade receivables less trade payables.

(6) Return on capital employed (ROCE) is defined as the ratio of EBIT of the last twelve months to the average capital employed of the last twelve months whereby capital employed is the sum of equity, non-current liabilities to banks, current liabilities to banks, cash and cash equivalents, bank balances and a security fund established together with one of the Group's financing partners, S-Kreditpartner GmbH, in order to manage the risk of damages as a result of the disappearance of vehicles (e.g. due to fraud) and loss of proceeds (e.g. due to embezzlement).

(7) Return on equity (ROE) is defined as the ratio of the consolidated profit of the last twelve months to the average equity of the last twelve months.

(8) Cash Conversion Rate is defined as the ratio of cash flows from operating activities to the consolidated profit for the period.

(iii) What are the key risks that are specific to the issuer?

An investment in the Company's shares is subject to a number of risks, some of which are presented in this section and under section "*C. (iii) What are the key risks that are specific to the securities?*" of this summary. The occurrence of any of the following risks, individually or together with other circumstances, could have a material adverse effect on the Company's business, results of operations, financial position, and cash flows.

The following risks are key risks specific to the Company:

- The leisure vehicle industry is influenced by a variety of factors, including, among other things, the development of the global economy, economic recessions and periods of high inflation. As a result, the Group is exposed to substantial risks associated with the performance of the global economy, including the uncertainties resulting from the COVID-19 pandemic (such as the duration and spread of the outbreak as well as the timing, suitability and effectiveness of measures imposed by authorities).

- Sales of leisure consumer products, such as caravans, motorhomes and van conversions, depend on discretionary consumer spending. As a result, the Group is exposed to risks related to a downturn in the economy that could affect consumer purchases of leisure items and adversely affect the Group's sales, profitability and financial condition.

- The Group may not be able to maintain or grow its revenue or its business. Also, if the Group is unable to manage its growth effectively, this could have a material adverse effect on the Group's business, results of operations and financial position.

- The Knaus Tabbert Group is dependent on its suppliers, especially its largest chassis suppliers, who may not always be able to deliver their products in time or make changes to their products, which in turn might lead to delays in delivery to customers, production slow-downs or even production stops. The limited number of suppliers in the caravanning business leads to price and market power of the suppliers, and further consolidation of these suppliers may adversely affect the Group's business, results of operations and financial position.

- Any disruption in the operations of the Group's manufacturing facilities could adversely affect the Group's business, financial condition as well as results of operations and may not be covered by the Group's insurance policies.

- The Knaus Tabbert Group does not, to a large extent, sell its products to its end customers directly but rather to dealers that sell the leisure vehicles on to the end customers. Accordingly, the Knaus Tabbert Group is dependent on its well-developed dealer network for ensuring the continued sale of its products.

- The Knaus Tabbert Group is particularly dependent on the financing abilities of its existing dealer network as these dealers frequently have a low equity base and rely on credit lines for filling their stock. The Group's business could suffer if these dealers defaulted or failed to procure funds for filling their stock.

- As a manufacturer of consumer products, the Knaus Tabbert Group is exposed to guarantee, warranty as well as product liability claims and might be required to recall its products.

- Antitrust authorities may focus on investigating possible violations of competition (antitrust) laws by automotive manufacturers, which may include the Knaus Tabbert Group or its subsidiaries as far as such laws are also applicable to the caravanning business. As a result, the Group may be subject to antitrust investigations, the outcome of which could lead to fines and related damage claims.

- In particular because the Group operates manufacturing facilities, it is subject to stringent environmental and other regulatory requirements, which may change or which may result in additional costs or liability, or restrict the Group's operations.

C. Key Information on the Securities

(i) What are the main features of the securities?

The Prospectus relates to ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), each with a proportionate amount of EUR 1.00 in the Company's share capital and full dividend rights as from January 1, 2020, with the ISIN: DE000A2YN504. All shares of the Company are of the same class and denominated in Euro.

Each of the Company's shares entitles the shareholder to one vote at the shareholders' meeting of the Company. There are no restrictions on voting rights. The Company's shares are subordinated to all other securities and claims in case of an insolvency of the Company; all shares are entitled to a share of any distributable liquidation proceeds or insolvency surpluses at the ratio of their share in the share capital. Subject to customary lock-up commitments by the Company and the Selling Shareholders for a period of six months and, respectively, twelve months in case of Palatium, as well as selling restrictions applicable to international sales, the Company's shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*).

Subject to the availability of distributable profit (*Bilanzgewinn*), legal restrictions with respect to the distribution of profits and available funds, the Company intends to pay an annual dividend from 2021 onwards, in each year aiming to distribute approximately 50% of its net income for the prior fiscal year.

(ii) Where will the securities be traded?

The Company will apply for admission of its shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

(iii) What are the key risks that are specific to the securities?

The following risks are key risks specific to the Company's shares:

- The shares of the Company have not been publicly traded, and there can be no assurance that a liquid trading market for the Company's shares will develop. Hence, in particular, the Company's share price and trading volume of its shares could fluctuate significantly, and investors could lose all or part of their investment.

- Significant shareholders may use their factual majority at shareholders' meetings to adopt resolutions serving their interests, and the interests of such significant shareholders may conflict with the interests of other shareholders. The main selling shareholders may make investments in businesses that compete with the Knaus Tabbert Group, which may have a negative effect on the Group's business.

D. Key Information on the Offer of Securities to the Public and Admission to Trading on a Regulated Market

(i) Under which conditions and timetable can I invest in this security?

a. Scope of the Offering

The offer relates to 4,945,000 shares of the Company (the ***Offering***), consisting of (i) 350,000 newly issued ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from a capital increase against contribution in cash resolved by an extraordinary shareholders' meeting of the Company on September 21, 2020 and expected to be consummated on or about September 22, 2020 (the ***Primary Base Shares***), (ii) 3,950,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of Selling Shareholders (the ***Secondary Base Shares*** and, together with the Primary Base Shares, the ***Base Shares***), (iii) 645,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholders in connection with a potential over-allotment (the ***Over-Allotment Shares*** and, together with the Base Shares, the ***Offer Shares***).

The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States of America (the ***United States*** or ***U.S.***), the Company's shares will be offered and sold only to qualified institutional buyers (***QIBs***) as defined in and in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the ***Securities Act***). Outside the United States, the Company's shares will be offered and sold only in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act. The Offer Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or otherwise transferred to or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

b. Anticipated timetable

The anticipated timetable for the Offering, which may be extended or shortened and remains subject to change, is as follows:

September 11 2020	Approval of this prospectus by BaFin Publication of the approved prospectus on the Company's website (www.knaustabbert.de)
September 14, 2020	Commencement of the Offer Period Application for admission of the Company's 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)
September 22, 2020	Close of the Offer Period for private investors (natural persons) at 12:00 noon (Central European Summer Time, ***CEST***) and for institutional investors at 15:00 (CEST)
September 22, 2020	Determination of the Offer Price (as defined below) and final number of shares allocated Publication of the results of the Offering in the form of an ad hoc release on an electronic information dissemination system and on the Company's website (www.knaustabbert.de)
September 22, 2020	Admission decision to be issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
September 23, 2020	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
September 25, 2020	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

c. Terms of the Offering

The price range within which purchase orders may be placed is from EUR 58.00 to EUR 74.00 per Offer Share (the ***Price Range***). The placement price (the ***Offer Price***) and the final number of Offer Shares to be placed in the Offering will be set jointly by the Company, the Selling Shareholders and the Underwriters once the Offer Period has expired on the basis of the submitted purchase orders.

The Company and the Selling Shareholders reserve the right, together with the Sole Global Coordinator, 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.

d. Plan for distribution	The allotment of Offer Shares to private investors and institutional investors will be decided by the Company and the Selling Shareholders after consultation with the Sole Global Coordinator. The allotment to private investors will be in accordance with the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) on June 7, 2000.
e. Stabilization measures, over-allotment, and greenshoe option	In connection with the placement of the Base Shares, Jefferies, acting for the account of the Underwriters, will act as the stabilization manager (the ***Stabilization Manager***) and may, as Stabilization Manager acting in accordance with legal requirements take stabilization measures to support the market price of the Company's shares during a period terminating no later than 30 calendar days after the date of commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) – expected to take place on September 23, 2020 – and thereby counteract any selling pressure. The Stabilization Manager is under no obligation to take any stabilization measures. Under the possible stabilization measures, investors may, in addition to the Base Shares, be allotted the Over-Allotment Shares as part of the allotment of the Offer Shares. For these purposes, the Selling Shareholders have granted the Underwriters an option to acquire a number of Company's shares equal to the borrowed shares at the Offer Price less agreed commissions (the ***Greenshoe Option***). The Greenshoe Option will terminate 30 calendar days after commencement of trading of the Company's shares expected to take place on September 23, 2020.
f. Dilution	According to the consolidated balance sheet in the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020, the Group's net asset value, which is calculated as total assets less total non-current and total current liabilities, amounted to EUR 88.2 million as of June 30, 2020, and would amount to EUR 8.79 per share of the Company based on 10,027,259 outstanding shares of the Company immediately prior to the Offering. Assuming full placement of the Primary Base Shares at the mid-point of the Price Range, after completion of the Offering, the net asset value attributable to the shareholders as of June 30, 2020, would amount to EUR 10.60 per share, which corresponds to an immediate dilution of 83.94% for investors acquiring Offer Shares in the Offering.
g. Expenses	The expenses related to the Offering and the listing of the Company's entire share capital are expected to total approximately EUR 18.05 million at the mid-point of the Price Range. The Company estimates that the overall costs for the Company will be approximately EUR 1.28 million at the mid-point of the Price Range, and that the overall costs for the Selling Shareholders will be approximately EUR 16.77 million at the mid-point of the Price Range, assuming, in each case, full placement of the Offer Shares, full exercise of the Greenshoe Option and payment in full of a discretionary fee. Investors will not be charged expenses by the Company or the Underwriters in connection with their role as underwriters. Investors may, however, have to bear customary transaction and handling fees charged by their account-keeping financial institution.

(ii) Who is the offeror and/or the person asking for admission to trading?

The Offering will be made by Jefferies International Limited, 100 Bishopsgate, London EC2N 4JL, United Kingdom, LEI S5THZMDUJCTQZBTRVI98, UniCredit Bank AG, with its registered seat at Arabellastraße 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170, and ABN AMRO Bank N.V., with its registered seat at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, LEI BFXS5XCH7N0Y05NIXW11.

(iii) Why is this prospectus being produced?

a.	**Reasons for the Offering and listing**	The Company intends to have the Company's shares admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) to achieve better access to the capital markets and further support the development of the Knaus Tabbert Group. The Selling Shareholders will offer the Secondary Base Shares and the Over-Allotment Shares to partially divest their shareholdings in the Company, to ensure sufficient free float and trading liquidity in the Company's shares and to facilitate stabilization measures. The Company and the Selling Shareholders believe the listing will provide a number of benefits to the Group, including an enhanced external profile, further improved brand recognition and increased flexibility and ability to support and develop the Group's business through organic growth and selected acquisitions.
b.	**Use and estimated net amount of proceeds**	The Company intends to use the estimated net proceeds from the offering of the Primary Base Shares, in the amount of approximately EUR 21.82 million (assuming an Offer Price at the mid-point of the Price Range), (i) to expand the Group's production facilities, in particular in Hungary for van conversions, and linked investments; (ii) to continue executing its corporate strategy, including, among other things, the potential establishment of a new brand; and (iii) for general corporate purposes. Assuming full placement of the Offer Shares at the mid-point of the Price Range, full exercise of the Greenshoe Option and payment in full of a discretionary fee, the Company estimates that the net proceeds to the Company from the sale of the Primary Base Shares would amount to approximately EUR 21.82 million. Assuming full placement of the Offer Shares at the mid-point of the Price Range, full exercise of the Greenshoe Option and payment in full of a discretionary fee, the Company estimates that the net proceeds to the Selling Shareholders from the sale of the Secondary Base Shares and the Over-Allotment Shares would amount to approximately EUR 286.5 million.
c.	**Underwriting agreement**	The Company, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement with respect to the offer and sale of the Offer Shares on September 11, 2020 (the ***Underwriting Agreement***). In the Underwriting Agreement, each Underwriter agreed, subject to certain conditions (in particular, the conclusion of a pricing agreement), to acquire the number of Offer Shares specified in the Underwriting Agreement, but in any event only up to the maximum number of Offer Shares set forth in the Underwriting Agreement.
d.	**Most material conflicts of interest pertaining to the offer or the admission to trading**	In connection with the Offering and admission of the Company's Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Underwriters have formed a contractual relationship with the Company and the Selling Shareholders. The Underwriters act for the Company and the Selling Shareholders in connection with the transaction and the coordination, structuring and execution of the transaction. In addition, Baader Bank Aktiengesellschaft, Weihenstephaner Straße 4, 85716 Unterschleißheim, Germany, LEI 529900JFOPPEDUR61H13, has been appointed to act as designated sponsor for the Company's shares and Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany, LEI 5299004IU009FT2HTS78, has been appointed to act as paying agent. Upon successful implementation of the transaction, the Underwriters will receive a commission. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering. The Selling Shareholders will receive the proceeds from the sale of the Secondary Base Shares and the Over-Allotment Shares (if any) in the Offering. Members of the company's supervisory board and the company's management board who hold shares in the Company and members of the company's management board whose compensation will be based in part on the price of the Company's shares have a financial interest in the Offering since the value of their shareholding in the Company after completion of the Offering may be influenced by the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

II. ZUSAMMENFASSUNG DES PROSPEKTS

A. Einleitung und Warnhinweise

Dieser Prospekt (der ***Prospekt***) bezieht sich auf Aktien der Knaus Tabbert AG, einer deutschen Aktiengesellschaft mit Sitz in Helmut-Knaus-Straße 1, 94118 Jandelsbrunn, Bundesrepublik Deutschland (***Deutschland***), Rechtsträgerkennung (***LEI***) 391200V57NOSGK8UVW09, (die ***Gesellschaft*** oder ***Knaus Tabbert*** und, gemeinsam mit ihren Tochtergesellschaften, die ***Gruppe*** oder die ***Knaus Tabbert Gruppe***). Die internationale Wertpapier-Identifikationsnummer (***ISIN***) der Aktien der Gesellschaft lautet DE000A2YN504.

Der Prospekt datiert vom 11. September 2020 und wurde von der Bundesanstalt für Finanzdienstleistungsaufsicht (***BaFin***) an diesem Tag gebilligt. Die BaFin ist erreichbar unter Marie-Curie-Str. 24–28, 60439 Frankfurt am Main, Deutschland, telefonisch unter +49 228 4108-0 oder über ihre Webseite www.bafin.de.

Die Aktien der Gesellschaft werden von Jefferies International Limited, 100 Bishopsgate, London EC2N 4JL, Vereinigtes Königreich, LEI S5THZMDUJCTQZBTRVI98 (***Jefferies*** oder der ***Alleinige Globale Koordinator***), und gemeinsam mit UniCredit Bank AG, mit Sitz in Arabellastraße 12, 81925 München, Deutschland, LEI 2ZCNRR8UK83OBTEK2170 und ABN AMRO Bank N.V, mit Sitz in Gustav Mahlerlaan 10, 1082 PP Amsterdam, Niederlande, LEI BFXS5XCH7N0Y05NIXW11, (gemeinsam mit dem Alleinigen Globalen Koordinator, die ***Konsortialbanken***) angeboten werden.

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

B. Basisinformationen über die Emittentin

(i) Wer ist die Emittentin der Wertpapiere?

Die Gesellschaft ist eine Aktiengesellschaft nach deutschem Recht. Sie ist unter ihrer kommerziellen Bezeichnung Knaus Tabbert tätig. Der Sitz der Gesellschaft ist Helmut-Knaus-Straße 1, 94118 Jandelsbrunn, Deutschland und sie ist im Handelsregister des Amtsgerichts Passau unter HRB 11089 eingetragen. Die LEI der Gesellschaft lautet 391200V57NOSGK8UVW09.

a. Haupttätigkeiten der Emittentin	Die Gruppe ist im Markt für Freizeitfahrzeuge aktiv und ein führender europäischer Hersteller von Freizeitfahrzeugen gemessen am Marktanteil (basierend auf Neuzulassungen wie gemeldet vom Caravaning Industrie Verband e.V., Jahresband/Annual Report 2019/2020 (***CIVD Statistik 2019***)). Die Gruppe verfügt über ein ausgeglichenes Portfolio an Marken, die Wohnwagen, Wohnmobile und Kastenwagen produzieren und betreibt die Internetplattform „Rent and Travel“, die es Kunden ermöglicht, Freizeitfahrzeuge von den Marken der Gruppe für typischerweise einen kurzen Zeitraum zu mieten. Die Zielkunden der Gruppe unterscheiden sich zwischen ihren Marken und bestehen sowohl aus preisbewussten und an einem modernen Lebensstil orientierten Kunden, als auch aus anspruchsvollen und erfahrenen Caravaningnutzern. Die Produkte der Knaus Tabbert Gruppe werden über ihr Händlernetz vertrieben, welches zum 31. Dezember 2019 aus mehr als 450 Händlern bestand und sich über mehr als 20 Länder erstreckte. Die Gruppe hat starke Positionen in Schlüsselmärkten wie Deutschland, Skandinavien, Frankreich und den Niederlanden. Im Jahr 2019 hat die Knaus Tabbert Gruppe ungefähr 26.200 Fahrzeuge produziert und mehr als 25.700 Fahrzeuge verkauft. Dies stellt einen Anteil von mehr als 10% an allen neu registrierten Freizeitfahrzeugen in Europa im Jahr 2019 dar (Quelle: CIVD Statistik 2019). Im Jahr 2019 beschäftigte die Knaus Tabbert Gruppe durchschnittlich 2.404 Mitarbeiter (Personalbestand einschließlich Auszubildenden, ohne Leiharbeitnehmer).

b. Hauptanteilseigner

Zum Datum des Prospekts, hält H.T.P. Investments 1 B.V. (***HTP***), mit ihrem obersten Anteilseigner Willem Paulus de Pundert ungefähr 58,1% der Anteile der Gesellschaft, Catalina Capital Partners B.V. (***Catalina***), mit ihrem obersten Anteilseigner Klaas Meertens, hält ungefähr 38,7% der Anteile der Gesellschaft und Palatium Beteiligungsgesellschaft mbH (***Palatium*** und zusammen mit HTP und Catalina, die ***Abgebenden Aktionäre***), mit ihrem obersten Anteilseigner Wolfgang Speck, hält die verbleibenden 3,2% der Anteile der Gesellschaft. Im Rahmen des Angebots werden die Anteile der Abgebenden Aktionäre am Unternehmen spürbar sinken.

c. Hauptgeschäftsführer

Der Vorstand der Gesellschaft besteht aus vier Mitgliedern: Wolfgang Speck ist Vorstandsvorsitzender (CEO), Marc Hundsdorf ist Finanzvorstand (CFO), Gerd Adamietzki ist Vertriebsvorstand (CSO) und Werner Vaterl ist Operativer Vorstand (COO).

d. Abschlussprüfer

Die Gesellschaft hat die KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Nürnberger Büro, Bahnhofstr. 30, 90402 Nürnberg, Deutschland (***KPMG***) (i) zum Abschlussprüfer ihres nach den Vorschriften des Handelsgesetzbuches (***HGB***) zu erstellenden Jahresabschluss zum und für das am 31. Dezember 2020 endende Geschäftsjahr, und (ii) zum Abschlussprüfer ihres nach den Vorschriften der von der Europäischen Union übernommenen International Financial Reporting Standards (***IFRS***) zu erstellenden Konzernabschluss zum und für das am 31. Dezember 2020 endende Geschäftsjahr bestellt. Die Gesellschaft hat KPMG (i) zum Abschlussprüfer ihres nicht konsolidierten Jahresabschlusses zum und für das am 31. Dezember 2019 endende Geschäftsjahr, der in Übereinstimmung mit dem HGB erstellt wurde, und (ii) zum Abschlussprüfer der für die zum und am 31. Dezember 2019, 2018 und 2017 endenden Geschäftsjahre nach den Vorschriften der IFRS erstellten Konzernabschlüsse bestellt.

(ii) Welches sind die wesentlichen Finanzinformationen über die Emittentin?

Der ungeprüfte verkürzte Konzernzwischenabschluss der Gesellschaft zum und für den Sechsmonatszeitraum bis zum 30. Juni 2020 wurde von der Gesellschaft in Übereinstimmung mit den IFRS zur Zwischenberichterstattung (IAS 34) erstellt. Die geprüften konsolidierten Jahresabschlüsse der Gesellschaft zum und für das Geschäftsjahr, das am 31. Dezember 2019, 2018 und 2017 endete, wurden von der Gesellschaft in Übereinstimmung mit IFRS erstellt. Wenn Finanzdaten in diesem Prospekt als „geprüft" gekennzeichnet sind, bedeutet dies, dass sie den geprüften Jahresabschlüssen des Unternehmens entnommen wurden. Der Vermerk „ungeprüft" wird in diesem Prospekt verwendet, um Finanzdaten zu kennzeichnen, die nicht den geprüften Jahresabschlüssen des Unternehmens, sondern dem ungeprüften verkürzten Konzernzwischenabschluss der Gesellschaft zum und für den Sechsmonatszeitraum bis zum 30. Juni 2020 oder dem internen Buchhaltungssystem des Unternehmens entnommen wurden oder die auf der Grundlage von Finanzdaten aus den oben genannten Quellen berechnet wurden.

a. Wesentliche Finanzinformationen aus der Konzern-Gewinn- und Verlustrechnung

	Für den Sechsmonatszeitraum bis zum 30. Juni		Für das Geschäftsjahr bis zum 31. Dezember		
(in tausend Euro)	**2020**	**2019**	**2019**	**2018**	**2017**
	(ungeprüft)		**(geprüft)**		
Umsatzerlöse	359.349	394.046	780.386	728.013	591.968
Konzernergebnis	15.401	19.735	31.170	28.621	29.276

b. Wesentliche Finanzinformationen aus der Konzernbilanz

(in tausend Euro)	Zum 30. Juni 2020	Zum 31. Dezember 2019	2018	2017
	(ungeprüft)		(geprüft)	
Gesamtes Eigenkapital	88.180	98.202	82.203	68.824
Bilanzsumme	320.698	310.938	280.590	259.813

c. Wesentliche Finanzinformationen aus der Konzern-Kapitalflussrechnung

(in tausend Euro)	Für den Sechsmonatszeitraum bis zum 30. Juni 2020	2019	Für das Geschäftsjahr bis zum 31. Dezember 2019	2018	2017
	(ungeprüft)			(geprüft)	
Cashflow aus der laufenden Geschäftstätigkeit	47.415	35.504	44.116	28.586	35.812
Cashflow aus der Investitionstätigkeit	(7.241)	(12.727)	(28.118)	(30.635)	(31.702)
Cashflows aus der Finanzierungstätigkeit	(38.557)	(21.569)	(15.824)	1.558	(5.238)

d. Wesentliche andere Finanzinformationen

(in tausend Euro)	Für den Sechsmonatszeitraum bis zum 30. Juni 2020	2019	Für das Geschäftsjahr bis zum 31. Dezember 2019	2018	2017
	(ungeprüft)		(ungeprüft, soweit nicht anders angegeben)		
Umsatzerlöse	359.349	394.046	780.386*	728.013*	591.968*
Davon Premium Segment	*307.601*	*342.287*	*684.946**	*647.486**	*526.809**
Davon Luxus Segment	*51.748*	*51.759*	*95.441**	*80.527**	*65.159**
EBITDA(1)	32.844	36.700	64.269*	56.710*	54.226*
Davon Premium Segment	*26.129*	*30.275*	*55.153**	*48.705**	*46.738**
Davon Luxus Segment	*6.715*	*6.426*	*9.116**	*8.005**	*7.488**
Bereinigtes EBITDA(2)	33.626	37.164	65.046	58.444	56.002
EBIT(3)	23.428	28.581	45.874	43.216	42.743
Eigenkapitalquote (in %)(4)	27,5%	31,5%	31,6%	29,3%	26,5%
ROIC (in %)(5)	18,3%	21,0%	21,9%	23,9%	28,2%
ROCE (in %)(6)	21,6%	24,5%	24,1%	27,2%	35,1%
ROE (in %)(7)	28,2%	32,8%	34,6%	37,9%	47,5%
Cash Conversion Rate (in %)(8)	3,1	1,8	1,4	1,0	1,2

* Geprüft.

(1) EBITDA ist definiert als Konzernjahresüberschuss bereinigt um Steueraufwand, Finanzaufwendungen, Finanzerträge und Abschreibungen.

(2) Bereinigtes EBITDA ist definiert als EBTIDA bereinigt um bestimmte außerordentliche Posten, die sich insbesondere auf (i) die erstmalige Erstellung von geprüften Konzernabschlüssen des Unternehmens nach IFRS im Jahr 2017, (ii) bestimmte außerordentliche Transaktionskosten im Zusammenhang mit der Vorbereitung der Erstplatzierungbereitschaft des Unternehmens in 2017 und 2018 sowie Kosten im Zusammenhang mit strategischen Evaluierungen der Gruppe in 2019 und (iii) bestimmte Beratungsgebühren, die sich hauptsächlich auf bestimmte Managementgebühren und im Jahr 2017 auf einen Finanzdienstleistungsvertrag mit SD-Leasing beziehen.

(3) EBIT ist definiert als Konzernjahresüberschuss bereinigt um Steueraufwand, Finanzaufwendungen und Finanzerträge.

(4) Eigenkapitalquote ist definiert als das Verhältnis von Eigenkapital zur Bilanzsumme.

(5) Return on invested capital (ROIC) ist definiert das Verhältnis von EBIT der letzten zwölf Monate zum durchschnittlich investierten Kapital der letzten zwölf Monate, wobei das investierte Kapital die Summe von materiellen Vermögenswerten, Vorräten und Forderungen aus Lieferungen und Leistungen abzüglich Verbindlichkeiten aus Lieferungen und Leistungen ist.

(6) Return on capital employed (ROCE) ist definiert als das Verhältnis von EBIT der letzten zwölf Monate zum durchschnittlichen Capital Employed der letzten zwölf Monate, wobei das Capital Employed die Summe aus Eigenkapital, langfristigen Verbindlichkeiten gegenüber Kreditinstituten, kurzfristigen Verbindlichkeiten, Bankverbindlichkeiten, liquiden Mitteln, Bankguthaben und einem Sicherungsfonds ist, der gemeinsam mit einem der Finanzierungspartner der Gruppe, der S-Kreditpartner GmbH, eingerichtet wurde, um das Risiko von Schäden infolge des Verschwindens von Fahrzeugen (z.B. durch Betrug) und des Verlustes von Erträgen (z.B. durch Veruntreuung) zu steuern.

(7) Return on equity (ROE) ist definiert als das Verhältnis des Konzerngewinns der letzten zwölf Monate zum durchschnittlichen Eigenkapital der letzten zwölf Monate.

(8) Cash Conversion Rate ist definiert als das Verhältnis von Cashflow aus der laufenden Geschäftstätigkeit zu Konzernergebnis.

(iii) Welches sind die zentralen Risiken, die für die Emittentin spezifisch sind?

Eine Investition in Aktien der Gesellschaft unterliegt einer Reihe von Risiken, von denen einige in diesem Abschnitt und unter Abschnitt „*C.(iii) Welches sind die wichtigsten Risiken, die für die Wertpapiere spezifisch sind?*" dieser Zusammenfassung dargestellt werden. Das Eintreten eines der folgenden Risiken, einzeln oder zusammen mit anderen Umständen, könnte einen wesentlichen negativen Einfluss auf das Geschäft, die Betriebsergebnisse, die Finanzlage und den Cashflow des Unternehmens haben.

Die folgenden Risiken sind wesentliche, für die Gesellschaft spezifische Risiken:

- Die Industrie für Freizeitfahrzeuge wird von einer Vielzahl von Faktoren beeinflusst, darunter, unter anderem, die Entwicklung der Weltwirtschaft, wirtschaftliche Rezessionen und Zeiten hoher Inflation. Daraus resultiert, dass die Gruppe wesentlichen Risiken im Zusammenhang mit der weltweiten Konjunkturentwicklung ausgesetzt ist, einschließlich der Unsicherheiten, die aus der COVID-19 Pandemie resultieren (wie z.B. der Dauer und Ausbreitung des Ausbruchs sowie Zeitpunkt, Eignung und Wirksamkeit von behördlichen Maßnahmen).

- Der Absatz von Freizeitgütern wie Wohnwagen, Wohnmobilen und Kastenwagen hängt von diskretionären Konsumausgaben ab. Daher ist die Gruppe Risiken ausgesetzt, die im Zusammenhang mit einem Konjunkturabschwung stehen, welcher Verbraucherkäufe von Freizeitgütern beeinflussen und die Verkäufe, Profitabilität und die Finanzlage der Gruppe negativ beeinträchtigen könnte.

- Die Gruppe ist möglicherweise nicht in der Lage ihren Umsatz oder ihr Geschäft zu erhalten oder zu steigern. Wenn die Gruppe nicht in der Lage ist ihr Wachstum effektiv zu steuern, so kann dies ebenfalls eine wesentliche nachteilige Auswirkung auf das Geschäft der Gruppe, deren Ertragslage und deren Finanzlage haben.

- Die Knaus Tabbert Gruppe ist von ihren Zulieferern, insbesondere ihren größten Fahrgestell-Zulieferern, abhängig, die nicht immer in der Lage sein könnten ihre Produkte rechtzeitig zu liefern oder Veränderungen an ihren Produkten vorzunehmen, was wiederum zu Verzögerungen der Lieferung an Kunden, Produktionsdrosselungen oder sogar Produktionsstopps führen könnte. Die begrenzte Anzahl an Zulieferern in der Caravaning-Industrie führt zur Preis- und Marktmacht dieser Zulieferer. Eine weitergehende Konsolidierung dieser Zulieferer könnte die Geschäfte der Gruppe, deren Ertragslage und deren Finanzlage nachteilig beeinträchtigen.

- Jegliche Betriebsstörung der Fertigungsstätten der Gruppe könnte die Geschäfte der Gruppe, deren Finanzlage sowie deren Ertragslage nachteilig beeinträchtigen und könnte nicht von den Versicherungspolicen der Gruppe abgedeckt sein.

- Die Knaus Tabbert Gruppe verkauft ihre Produkte zu einem großen Teil nicht direkt an ihre Endkunden, sondern an Händler, die die Freizeitfahrzeuge an die Endkunden weiterverkaufen. Deshalb ist die Knaus Tabbert Gruppe von ihrem gut ausgebauten Händlernetz abhängig, um den kontinuierlichen Verkauf ihrer Produkte gewährleisten zu können.

- Die Knaus Tabbert Gruppe ist insbesondere von der Finanzierungsfähigkeit ihres bestehenden Händlernetzes abhängig, da diese Händler häufig über eine geringe Eigenkapitalbasis verfügen und zur Auffüllung ihrer Lagerbestände auf Kreditlinien angewiesen sind. Die Geschäfte der Gruppe könnten beeinträchtigt werden, wenn diese Händler zahlungsunfähig werden oder keine Geldmittel für das Auffüllen ihrer Bestände beschaffen können.

- Als Hersteller von Konsumgütern, ist die Gruppe Garantie-, Gewährleistungs- und Produkthaftungsansprüchen ausgesetzt und könnte gezwungen sein, ihre Produkte zurückzurufen.

- Kartellbehörden könnten sich auf die Untersuchung möglicher Verstöße gegen Wettbewerbsgesetze (Kartellrecht) durch Automobilhersteller konzentrieren, wozu auch die Knaus Tabbert Gruppe oder ihre Tochtergesellschaften gehören könnten, soweit diese Gesetze auch auf das Caravaning-Geschäft anwendbar sind. Infolgedessen könnte die Gruppe Gegenstand kartellrechtlicher Untersuchungen sein, deren Ausgang zu Geldbußen und damit zusammenhängenden Schadensersatzforderungen führen könnte.

- Insbesondere weil die Gruppe mehrere Fabriken betreibt, unterliegt sie strengen umwelt- und aufsichtsrechtlichen Anforderungen, die sich ändern oder zu zusätzlichen Kosten oder Haftungen führen oder die Geschäfte der Gruppe einschränken könnten.

C. Basisinformationen über die Wertpapiere

(i) Welches sind die wichtigsten Merkmale der Wertpapiere?

Der Prospekt bezieht sich auf Inhaberaktien ohne Nennwert, jeweils mit einem anteiligen Betrag am Grundkapital der Gesellschaft von je EUR 1,00 und voller Dividendenberechtigung ab dem 1. Januar 2020 mit der ISIN: DE000A2YN504. Alle Aktien der Gesellschaft sind gleicher Gattung und in Euro denominiert.

Jede Aktie der Gesellschaft berechtigt den Aktionär zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Die Aktien der Gesellschaft sind im Falle einer Insolvenz der Gesellschaft allen anderen Wertpapieren und Ansprüchen nachrangig; alle Aktien haben Anspruch auf einen Anteil an dem ausschüttungsfähigen Liquidationserlös oder Insolvenzüberschuss im Verhältnis ihres Anteils am Grundkapital. Vorbehaltlich üblicher Lock-up-Verpflichtungen der Gesellschaft und der Abgebenden Aktionäre für einen Zeitraum von sechs Monaten bzw. zwölf Monaten im Fall von Palatium sowie Verkaufsbeschränkungen für internationale Verkäufe sind die Aktien der Gesellschaft nach den gesetzlichen Bestimmungen für Inhaberaktien frei übertragbar.

Vorbehaltlich der Verfügbarkeit eines Bilanzgewinns, gesetzlicher Beschränkungen bezüglich der Ausschüttung von Gewinnen und verfügbarer Mittel, beabsichtigt die Gesellschaft ab dem Jahr 2021 Dividenden auszuschütten und strebt in jedem Jahr die Ausschüttung von ungefähr 50% ihres Jahresüberschusses des vorausgegangenen Geschäftsjahres an.

(ii) Wo werden die Wertpapiere gehandelt?

Die Gesellschaft wird die Zulassung ihrer Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*) beantragen.

(iii) Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

Die folgenden Risiken sind zentrale Risiken, die für die Aktien der Gesellschaft spezifisch sind:

- Die Aktien der Gesellschaft wurden bisher nicht öffentlich gehandelt, sodass es keine Garantien geben kann, dass sich ein liquider Handelsmarkt für die Aktien der Gesellschaft entwickeln wird. Daher könnten insbesondere der Kurs und das Handelsvolumen der Aktien der Gesellschaft erheblich schwanken und Anleger könnten ihre Investition ganz oder teilweise verlieren.

- Bedeutende Aktionäre könnten ihre tatsächliche Mehrheit auf der Hauptversammlung dazu nutzen Beschlüsse zu fassen, die ihren Interessen dienen. Die Interessen dieser bedeutenden Aktionäre könnten mit den Interessen der anderen Aktionäre in Konflikt stehen. Die wesentlichen Abgebenden Aktionäre könnten Investitionen in Unternehmen tätigen, die mit der Knaus Tabbert Gruppe konkurrieren. Dies könnte negative Auswirkungen auf das Geschäft der Gruppe haben.

D. Basisinformationen über das öffentliche Angebot von Wertpapieren und die Zulassung zum Handel an einem geregelten Markt

(i) Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

a. Konditionen des Angebots	Das Angebot bezieht sich auf 4.945.000 Aktien der Gesellschaft (das ***Angebot***), bestehend aus (i) 350.000 neu ausgegebenen Inhaberaktien ohne Nennwert aus einer von einer außerordentlichen Hauptversammlung der Gesellschaft am 21. September 2020 beschlossenen und voraussichtlich am oder um den 22. September 2020 vollzogenen Kapitalerhöhung gegen Bareinlage (die ***Primären Basisaktien***), (ii) 3.950.000 Inhaberaktien ohne Nennwert aus der Beteiligung der Abgebenden Aktionäre (die ***Sekundären Basisaktien*** und, zusammen mit den Primären Basisaktien, die ***Basisaktien***), (iii) 645.000 Inhaberaktien ohne Nennwert aus der Beteiligung der Abgebenden Aktionäre zur Abdeckung potenzieller Mehrzuteilungen (die ***Mehrzuteilungsaktien*** und, zusammen mit den Basisaktien, die ***Angebotsaktien***). Das Angebot besteht aus einem öffentlichen Angebot in Deutschland and Privatplatzierungen in bestimmten Jurisdiktionen außerhalb Deutschlands. In den Vereinigten Staaten von Amerika (die ***Vereinigten Staaten*** oder ***USA***) werden die Aktien der Gesellschaft nur an qualifizierte institutionelle Käufer (***QIBs***) im Sinne und auf der Grundlage von Rule 144A des Securities Act (der ***Securities Act***) angeboten und verkauft. Außerhalb der Vereinigten Staaten werden die Aktien der Gesellschaft nur im Rahmen von Offshore-Transaktionen auf der Grundlage von Regulation S Securities Act angeboten und verkauft. Die Angebotsaktien wurden und werden nicht

		gemäß dem Securities Act oder den Wertpapiergesetzen einer anderen Gebietskörperschaft der Vereinigten Staaten registriert und dürfen nicht in die oder innerhalb der Vereinigten Staaten angeboten, verkauft oder anderweitig übertragen werden, außer gemäß einer Ausnahme von den Registrierungsanforderungen des Securities Act oder im Rahmen einer Transaktion, die nicht den Registrierungsanforderungen des Securities Act unterliegt und in Übereinstimmung mit den geltenden Wertpapiergesetzen eines Bundesstaates oder einer anderen Jurisdiktion in den Vereinigten Staaten.
b.	**Voraussichtlicher Zeitplan**	Der voraussichtliche Zeitplan für das Angebot, das verlängert oder verkürzt werden kann und Änderungen vorbehalten bleibt, sieht wie folgt aus: 11. September 2020: Billigung des Prospekts durch die BaFin Veröffentlichung des gebilligten Prospekts auf der Website der Gesellschaft (www.knaustabbert.de) 14. September 2020: Beginn des Angebotszeitraums Antrag auf Zulassung der Aktien der Gesellschaft zum regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (Prime Standard) 22. September 2020: Ende des Angebotszeitraums um 12:00 Uhr (Mitteleuropäische Sommerzeit, ***MESZ***) für Privatanleger und 15:00 Uhr (MESZ) für institutionelle Anleger 22. September 2020: Festlegung Angebotspreis (wie unten definiert) und der endgültigen Anzahl der zugeteilten Aktien Veröffentlichung der Ergebnisse des Angebots im Wege einer ad hoc Mitteilung über ein elektronisches Informationsverbreitungssystem und auf der Website der Gesellschaft (www.knaustabbert.de) 22. September 2020: Zulassungsentscheidung durch die Frankfurter Wertpapierbörse 23. September 2020: Aufnahme des Handels der Aktien der Gesellschaft im regulierten Markt der Frankfurter Wertpapierbörse 25. September 2020: Buchmäßige Lieferung der Angebotsaktien gegen Zahlung des Angebotspreises (Abwicklung und Vollzug)
c.	**Angebotsbedingungen**	Die Preisspanne, innerhalb derer Kaufangebote abgegeben werden können, liegt zwischen EUR 58,00 und EUR 74,00 pro Angebotsaktie (die ***Preisspanne***). Der Platzierungspreis (der ***Angebotspreis***) und die endgültige Anzahl der im Rahmen des Angebots zu platzierenden Angebotsaktien werden gemeinsam von der Gesellschaft, den Abgebenden Aktionären und den Konsortialbanken nach Ablauf des Angebotszeitraums auf der Grundlage der eingereichten Kaufangebote festgelegt. Die Gesellschaft und die Abgebenden Aktionäre behalten sich das Recht vor, gemeinsam mit dem Alleinigen Globalen Koordinator, die Gesamtzahl der Angebotsaktien zu erhöhen oder herabzusetzen, die Ober- und/oder Untergrenze der Preisspanne zu erhöhen oder zu senken und/oder den Angebotszeitraum zu verlängern oder zu verkürzen.
d.	**Plan für den Vertrieb**	Die Zuteilung von Angebotsaktien an Privatanleger und institutionelle Investoren wird von der Gesellschaft und den Abgebenden Aktionären nach Rücksprache mit dem Alleinigen Globalen Koordinator beschlossen. Die Zuteilung an Privatanleger erfolgt in Übereinstimmung mit den „Grundsätzen für die Zuteilung von Aktienemissionen an Privatanleger" herausgegeben von der Börsensachverständigenkommission am 7. Juni 2000.
e.	**Stabilisierungsmaßnahmen, Mehrzuteilung und Greenshoe-Option**	Im Zusammenhang mit der Platzierung der Basisaktien wird Jefferies, als Vertreter der Konsortialbanken auftretend, als Stabilisierungsmanager (der ***Stabilisierungsmanager***) handeln und kann als Stabilisierungsmanager entsprechend den gesetzlichen Vorschriften Stabilisierungsmaßnahmen

	ergreifen, um den Kurs der Aktien der Gesellschaft während eines Zeitraums, der spätestens 30 Kalendertage nach Handelsbeginn der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse – voraussichtlich am 23. September 2020 – endet, zu stützen und dadurch einen etwaigen Verkaufsdruck entgegenzuwirken. Der Stabilisierungsmanager ist nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Im Rahmen der möglichen Stabilisierungsmaßnahmen können Anlegern zusätzlich zu den Basisaktien Mehrzuteilungsaktien, als Teil der Zuteilung der Angebotsaktien zugeteilt werden. Zu diesem Zweck haben die Abgebenden Aktionäre den Konsortialbanken eine Option zum Erwerb einer Anzahl von Aktien der Gesellschaft, die der Anzahl der geliehenen Aktien gegen Zahlung des Angebotspreises abzüglich vereinbarter Provisionen entspricht, gewährt (die ***Greenshoe Option***). Die Greenshoe Option endet 30 Kalendertage nach der, voraussichtlich am 23. September 2020 stattfindenden Aufnahme des Handels der Aktien der Gesellschaft.
f. Verwässerung	Zum 30. Juni 2020 betrug der in der Konzernbilanz der Gesellschaft auf der Grundlage des ungeprüften verkürzten Konzernzwischenabschlusses für den von und zum 30. Juni 2020 endenden Sechsmonatszeitraum ausgewiesene Nettovermögenswert der Gruppe, der die Summe der Aktiva abzüglich der gesamten kurz- und langfristigen Verbindlichkeiten ist, EUR 88,2 Mio., was EUR 8,79 je Aktie der Gesellschaft auf der Grundlage von 10.027.259 ausstehenden Aktien der Gesellschaft unmittelbar vor dem Angebot entspricht. Unter der Annahme einer vollständigen Platzierung der Primären Basisaktien zum Mittelwert der Preisspanne würde der den Aktionären zum 30. Juni 2020 zurechenbare Nettovermögenswert nach Abschluss des Angebots EUR 10,60 pro Aktie betragen, was einer unmittelbaren Verwässerung von 83,94 % für Anleger, die im Rahmen des Abgebots Angebotsaktien erwerben, entspricht.
g. Kosten	Die Kosten im Zusammenhang mit dem Angebot der Angebotsaktien und der Zulassung des gesamten Grundkapitals der Gesellschaft zum Handel werden zum Mittelwert der Preisspanne voraussichtlich rund EUR 18,05 Mio. betragen. Die Gesellschaft schätzt, dass sich die Gesamtkosten für die Gesellschaft zum Mittelwert der Preisspanne auf ungefähr EUR 1,28 Mio. und die Gesamtkosten der Abgebenden Aktionäre zum Mittelwert der Preisspanne auf ungefähr EUR 16,77 Mio. belaufen werden, jeweils unter der Annahme der vollständigen Platzierung der Angebotsaktien, der vollständigen Ausübung der Greenshoe Option und der vollständigen Zahlung einer Ermessensvergütung. Anlegern werden von der Gesellschaft oder den Konsortialbanken (in ihrer Eigenschaft als Konsortialbanken) keine Kosten in Rechnung gestellt. Anleger können jedoch die üblichen Transaktions- und Abwicklungsgebühren zu tragen haben, die von ihren Brokern oder anderen Finanzinstituten, über die sie ihre Wertpapiere halten, erhoben werden.

(ii) Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Das Angebot wird von Jefferies International Limited, 100 Bishopsgate, London EC2N 4JL, Vereinigtes Königreich, LEI S5THZMDUJCTQZBTRVI98, UniCredit Bank AG, mit Sitz in Arabellastraße 12, 81925 München, Deutschland, LEI 2ZCNRR8UK83OBTEK2170 und ABN AMRO Bank N.V, mit Sitz in Gustav Mahlerlaan 10, 1082 PP Amsterdam, Niederlande, LEI BFXS5XCH7N0Y05NIXW11 unterbreitet.

(iii) Weshalb wird dieser Prospekt erstellt?

a. Gründe für das Angebot und die Zulassung zum Handel	Die Gesellschaft beabsichtigt, dass die Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*) zugelassen werden, um einen besseren Zugang zu den Kapitalmärkten zu erhalten und weiter die Entwicklung der Knaus Tabbert Gruppe zu fördern. Die Abgebenden Aktionäre werden die Sekundären Basisaktien und die Aktien aus der Mehrzuteilung anbieten, um ihre Aktienanteile am Unternehmen teilweise zu veräußern, um einen ausreichenden Streubesitz und Handelsliquidität der Aktien der Gesellschaft zu gewährleisten und Stabilisierungsmaßnahmen zu erleichtern.

		Die Gesellschaft und die Abgebenden Aktionäre sind der Ansicht, dass die Zulassung der Aktien der Gesellschaft zum Handel der Gruppe eine Reihe von Vorteilen bringen wird, darunter eine weiter verbesserte Visibilität und Bekanntheit ihrer Marken sowie erhöhte Flexibilität und die Fähigkeit, das Geschäft der Gruppe durch organisches Wachstum und ausgewählte Akquisitionen zu unterstützen und zu entwickeln.
b.	**Zweckbestimmung und geschätzter Nettobetrag der Erlöse**	Die Gesellschaft beabsichtigt, den geschätzten Nettoerlös aus dem Angebot der Primären Basisaktien von ungefähr EUR 21,82 Mio. (unter der Annahme eines Angebotspreises zum Mittelwert der Preisspanne) dazu zu verwenden, (i) um ihre Produktionsstätten, insbesondere in Ungarn für Kastenwagen sowie damit zusammenhängende Investitionen auszubauen, (ii) um ihre Unternehmensstrategie weiter umzusetzen, wozu unter anderem potentiell die Einrichtung einer neuen Marke und (iii) die Verfolgung allgemeiner Unternehmenszwecke zählen. Unter der Annahme einer vollständigen Platzierung der Angebotsaktien zum Mittelwert der Preisspanne, der vollständigen Ausübung der Greenshoe-Option und vollständiger Zahlung einer Ermessensvergütung, schätzt die Gesellschaft, dass sich der Nettoerlös für die Gesellschaft aus dem Verkauf der Primär Basisaktien auf ungefähr EUR 21,82 Mio. belaufen würde. Unter der Annahme einer vollständigen Platzierung der Angebotsaktien zum Mittelwert der Preisspanne, der vollständigen Ausübung der Greenshoe-Option und vollständiger Zahlung einer Ermessensvergütung, schätzt die Gesellschaft, dass sich der Nettoerlös für die Abgebenden Aktionäre aus dem Verkauf der Sekundär Basisaktien und Mehrzuteilungsaktien auf ungefähr EUR 286,5 Mio. belaufen würde.
c.	**Übernahmevertrag**	Die Gesellschaft, die Abgebenden Aktionäre und die Konsortialbanken haben am 11. September 2020 bezüglich des Angebots und Verkaufs der Angebotsaktien einen Übernahmevertrag abgeschlossen (***der Übernahmevertrag***). In dem Übernahmevertrag hat jede der Konsortialbanken sich verpflichtet, unter bestimmten Bedingungen (insbesondere dem Abschluss einer Preisvereinbarung) eine im Übernahmevertrag angegebene Anzahl an Angebotsaktien, aber in jeden Fall nur bis zur im Übernahmevertrag bestimmten maximalen Anzahl an Angebotsaktien, zu übernehmen.
d.	**Wesentlichste Interessenkonflikte in Bezug auf das Angebot oder die Zulassung zum Handel**	Im Zusammenhang mit dem Angebot und der Zulassung der Aktien der Gesellschaft zum Handel am regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zu dessen Teilbereich mit weiteren Zulassungsfolgepflichten (*Prime Standard*), sind die Konsortialbanken mit der Gesellschaft und den Abgebenden Aktionären eine vertragliche Beziehung eingegangen. Die Konsortialbanken handeln für die Gesellschaft und die Abgebenden Aktionäre im Zusammenhang mit dem Angebot und der Koordination, Strukturierung und Durchführung des Angebots. Darüber hinaus wurde Baader Bank Aktiengesellschaft, Weihenstephaner Straße 4, 85716 Unterschleißheim, Deutschland, LEI 529900JFOPPEDUR61H13, beauftragt, als Designated Sponsor für die Aktien der Gesellschaft zu handeln, und Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Deutschland, LEI 5299004IU009FT2HTS78 wurde als Zahlstelle beauftragt. Nach erfolgreicher Durchführung des Angebots erhalten die Konsortialbanken eine Provision. Aufgrund dieser Vertragsbeziehungen haben die Konsortialbanken ein finanzielles Interesse am Erfolg des Angebots. Die Abgebenden Aktionäre erhalten den Erlös aus dem Verkauf der Sekundären Basisaktien und der Mehrzuteilungsaktien (falls vorhanden). Mitglieder des Vorstands und des Aufsichtsrats, die Anteile an der Gesellschaft halten und Mitglieder des Vorstands deren Vergütung teilweise auf dem Preis der Aktien der Gesellschaft basieren wird, haben ein finanzielles Interesse an dem Angebot, da der Wert ihrer Aktienbeteiligung an der Gesellschaft nach dem Abschluss des Angebots von der Notierung der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse beeinflusst werden könnte.

1. RISK FACTORS

*Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this prospectus, before investing in shares of Knaus Tabbert AG (the **Company** or **Knaus Tabbert**, and together with its subsidiaries, the **Group** or the **Knaus Tabbert Group**). In each category, the most material risks, in the assessment undertaken by the Company, taking into account the expected magnitude of their negative impact on the Company and the probability of their occurrence, are set out first, with at least the two most material risk factors mentioned at the beginning of each category. The occurrence of any of these risks, individually or together with other circumstances, could have a material adverse effect on the business, results of operations, financial position, and cash flows of the Knaus Tabbert Group. Consequently, the value of the shares of the Company could decrease as a result of the occurrence of any of these risks, and prospective investors could lose all or part of their investment.*

1.1 Risks related to the Company's industry

1.1.1 The Group is exposed to substantial risks associated with the performance of the global economy, including the uncertainties resulting from the COVID-19 pandemic.

The Knaus Tabbert Group is active in the market for leisure vehicles and produces a diverse portfolio of caravans, motorhomes and van conversions. In general, demand for leisure vehicles and services is cyclical and influenced by a variety of factors, including, among other things, the development of the global economy, economic recessions, periods of high inflation, availability of credit, disposable income of consumers, interest rates, environmental policies, tax policies, safety regulations, freight rates and fuel prices. Therefore, the Knaus Tabbert Group's income and results of operations have been, and will continue to be, influenced by the general state, and the performance, of the global economy. The global economy has recently been particularly affected by the outbreak of SARS-CoV-2 and its associated disease (***COVID-19***) discussed below, by trade disputes as well as by uncertainty as to the final terms of a post-Brexit settlement between the European Union (***EU***) and the United Kingdom (***Brexit*** being the departure of the United Kingdom from the EU). Global macroeconomic conditions have had, and will continue to have, a significant effect on the German and other European markets where the Knaus Tabbert Group is primarily active. A severe or protracted downturn in major European economies, or the European economy in general, could cause demand in the Group's relevant markets to decline.

COVID-19, as well as similar pandemics, epidemics, outbreaks of infectious diseases or other serious public health crises, may have a material adverse effect on the global economy and international financial markets. This adverse effect could be compounded by measures aimed at preventing or mitigating a further expansion of the crises. These measures could include restrictions on travel, imposition of quarantines, prolonged closures of workplaces, curfews or other social distancing measures.

The implications of such outbreaks depend on a number of factors, such as the duration and spread of the outbreak as well as the timing, suitability and effectiveness of measures imposed by authorities, the availability of resources (including human, material, infrastructure resources, as well as financial resources such as governmental stimulus packages or measures taken by central banks) required to implement effective responses to the situation at the international, national and regional level, as well as the level of civil compliance with such measures. There is no guarantee that any such measures would be an effective means to combat such an outbreak and its consequences.

A number of factors that are important for the successful conduct of the Knaus Tabbert Group's business could be materially affected by the spread of COVID-19 or similar crises. The social distancing measures implemented by countries around the world to slow the spread of COVID-19 have caused significant economic downturns in a number of markets. These measures could ultimately result in a severe and prolonged global recession and financial crisis with considerable stock market declines and volatility. As economic activity has been, and may continue and/or resume to be, drastically reduced for several months, many businesses could be forced to close, leading to a dramatic increase in reduced working programs and unemployment and a corresponding decrease in consumers' disposable income. Production and supply chains have also been, and may for the foreseeable future continue to be, disrupted. Ongoing or recurring travel warnings and travel restrictions, including the closure of borders or the prospect thereof, may significantly curb travel activity. A rise in public and private debt, among other factors, could lead to an increase in interest rates and taxes and a reduction in the availability of credit.

Any of these or other macroeconomic factors, as well as any combination thereof, may have a significant negative impact on the caravanning industry in general and the Group's business in particular, for example, reducing consumer demand for the Group's products, negatively affecting customer orders, revenue and cash flows from operating activities. Any disruption in the Group's production and supply could cause delays in the Group's production processes and increase production costs. For example, the Group was forced to stop production at two of its plants for several weeks in April 2020 as a result of plant closures at one of its key suppliers due to COVID-19, which meant that chassis required in the Group's production lines were temporarily unavailable. Disruptions could also result from restrictions on cross-border commuting to workplaces, affecting the Group's Czech workers at its Jandelsbrunn plant and Slovakian workers at its Hungarian plant. The Group's dealers and other customers may also become financially impaired. Further, research and development projects could be delayed. Moreover, if motor vehicle departments closed for several weeks, as was the case in the spring of 2020 in the context of COVID-19, the registration of new leisure vehicles could temporarily be halted, which could negatively impact deliveries and ultimately sales of the Group's products. In addition, the Group may face increased credit and liquidity risks.

Measures the Group has taken to strengthen its equity base and other instruments the Group has implemented to address the situation, such as reduced working hours, cost savings and working capital optimization may prove insufficient. The Group's liquidity needs may exceed the amount projected by the Company. Negative effects on the Group's business could increase if Germany or other European countries in which the Group operates experienced a second wave of COVID-19 infections.

1.1.2 The Group is exposed to risks related to a downturn in the economy that could affect consumer purchases of leisure items and adversely affect the Group's sales, profitability and financial condition.

The Group's business focuses on products that are considered discretionary, and with regard to some of its products luxury, items for consumers. Purchases of such items tend to decline during periods of turbulence and/or downturns of the economy, when consumers tend to have lower disposable income. In the past, major deteriorations in the global financial markets or any other challenging conditions in the macroeconomic environment have negatively impacted consumer spending. In particular, in 2007 the deterioration of the global financial markets and worsening general macroeconomic conditions negatively impacted consumer spending, and the Group believes that this impact affected the sales of its products as a result. The COVID-19 pandemic, the measures imposed by authorities to mitigate the crisis and the resulting economic implications may have a similar or even worse effect on consumer spending and, consequently, on the sales of the Group's products as consumers decide to delay or forgo purchases of the Group's products.

The leisure goods industry is especially susceptible to general economic conditions because sales of leisure consumer products, such as caravans, motorhomes and van conversions, depend on discretionary consumer spending. Accordingly, the Group is particularly vulnerable to economic downturns or other adverse events that have a negative effect on consumer confidence in any of the markets in which the Group operates (whether as a result of actual or perceived economic slowdowns), or have a negative effect on the European economies, sales to which accounted for 98.6% of the Group's revenue in 2019.

For example, a hard Brexit – that is, a failure of the EU and United Kingdom to agree on a final settlement and post-Brexit trade terms by December 31, 2020 or by such later date (if any) as may be agreed by the EU and the United Kingdom – may have significant but uncertain consequences for economies and financial markets in the EU as well as in the United Kingdom. A hard Brexit, or other economically unfavorable outcomes of the Brexit process, could result in significant macroeconomic deterioration in Europe, including increased volatility of foreign exchange markets, a further devaluation of the euro against other leading currencies, a decrease of the gross domestic product in the EU and the introduction of tariffs within Europe. Any of these developments could have a severe adverse impact on the economic situation and consumer climate in the EU, including Germany (for which the United Kingdom is an important trade partner), which could reduce demand for the Group's products and adversely affect its sales. Moreover, other EU countries could also leave the EU in the future, or threaten to leave unless certain concessions are made, which could further impact the economy and consumer confidence in Europe and adversely impact the Group's sales.

Similarly, any other event which undermines consumer confidence, whether of an economic nature or not, such as for example, job insecurity, job losses, bankruptcies, higher consumer debts or interest rates and/or uncertainty or changes in tax policies and tax rates, might affect the sales of the Group's products.

1.1.3 The seasonal nature of the caravanning business may adversely affect the Knaus Tabbert Group's operating and financial results.

In general, the caravanning business is characterized by seasonal demand patterns within the Group's fiscal year. The Group's order book development has traditionally peaked in the months of March/April (demonstration vehicles), June/July (inventory build-up) and September/October, including in the fiscal years ended December 31, 2019, 2018 and 2017. The spike observed in September/October is caused by the fact that the Knaus Tabbert Group launches its new models of leisure vehicles every year at the September caravanning fairs, where dealers also receive customer feedback on which models are most popular.

As a result of the seasonal demand for its products, the Group's quarterly results may vary within the fiscal year and may therefore not be comparable, in particular if the Group's intermediary layer of dealers fails to mitigate the seasonal effect of the caravanning business. Also, as the Group's year-end figures in its audited financial statements do not reflect this seasonality, such annual figures should not be relied upon as an indication of future sales and operating results measured on a quarterly basis. Seasonal fluctuations may also affect the Group's financial condition.

The peak in end customer demand usually occurs in the spring and summer months. There can be no assurance that the pricing system the Group has implemented to achieve consistent utilization of its factories by incentivizing its dealers to order demonstration vehicles and refill their inventory in preparation of the summer season as early as possible will be effective to even out capacity utilization at the Group's facilities throughout the year. If the Group fails to successfully manage its order book and the delivery dates of its finished vehicles, this could have a negative effect on the consistent utilization of its factories, which could lead to increased production costs.

The Group's products are typically ordered well in advance. As a result, production costs may end up exceeding the amount assumed in the development phase and agreed in the relevant contract. If the assumptions on which the Group relies for concluding such contracts turn out to be inaccurate, the sales margin on these products could be reduced.

1.1.4 The Knaus Tabbert Group's future success depends on the continuing popularity of camping and changing technologies for motor engines.

The Group's success depends on the continuing popularity of camping as a recreational activity both in its traditional, aging customer segment as well as in its young customer segment. If general economic conditions worsen, the Group's customers may have, or perceive that they have, less disposable income for leisure activities, or they may not be able to obtain credit for discretionary purchases. Factors such as the relative or perceived cost due to higher energy prices and fuel costs, the availability and comfort of leisure vehicle use versus other methods of travel, such as air travel and rail, and accommodation or uncertainty due to national or international security and health concerns may further reduce the popularity of camping as a leisure activity. As a result, consumers may travel less frequently, spend less for travelling and reduce, delay or forego their purchases or rentals of leisure vehicles.

Additionally, the Group believes that the increasing popularity of electric drive vehicles will have an impact on the leisure vehicle market, since the majority of the Group's current van conversions and motorhomes feature diesel engines and its caravans are dependent on the traction ability of the towing vehicles. There may be a time lag between the general migration to electric drive vehicles and the corresponding switch to electric drive technology that companies in the caravanning industry, including the Group, are developing with their suppliers. Electric drive technology is still in a relatively early stage. Successful migration of caravanning to motors powered solely by electricity without the use of fossil fuels will require the resolution of a number of issues that are currently unresolved or not yet technically feasible. For example, users of leisure vehicles typically drive long distances, often in relatively remote areas where there may as yet be no sufficient network of charging stations. Due to the weight of batteries available under current technology, legal weight restrictions limit the ability to add batteries powerful enough for the traction of trailers. In addition, any electric drive or hybrid solution would also have to be cost-efficient in order to enter serial production, which is often not yet the case. In addition, the Knaus Tabbert Group depends on its suppliers, in particular chassis suppliers, and development partners for important aspects of this technology. For example, the Group has developed an electric drive for caravans to ease traction together with Knott GmbH, the Caravaning Industrie Verband e.V. (***CIVD***) and the German Federal Ministry of Transport and Digital Infrastructure (*Bundesministerium für Verkehr und digitale Infrastruktur*). This new technology will require changes to the regulatory framework for the so-called homologation, i.e. the granting of approval by the competent authority, and registration of towed vehicles. There can be no assurance that such technologies will be developed successfully, and the technological and regulatory risks described above could result in a temporary or longer-term decline in the popularity of the leisure vehicles.

1.1.5 The Group is exposed to risks in connection with public health and environmental concerns relating to diesel and petrol engine emissions.

Vehicle emissions standards and test procedures have been under scrutiny in both Europe and the United States of America (***United States*** or ***U.S.***). The European Commission has also published a range of regulations and provisions (in particular, the tightening of the Euro 6 standards and implementing the European Commission Regulations 2016/646, 2016/427, 2017/1151, 2017/1154, and 2018/832 and mandating the use of "Real Driving Emissions" (***RDE***) test procedures in addition to current standards). The U.S. Environmental Protection Agency (the ***EPA***) has also announced stricter diesel emissions testing, which will include testing diesel vehicles in on-road situations. As a general matter, regulators, consumer groups and environmental and social interest groups are now heavily focused on any data that suggests that different testing methods indicate inconsistent emissions results, even where the different methods are each compliant with regulations and considered valid by the industry. Any such inconsistencies yielded in emissions results could materially affect individual manufacturers, including the Group, as its van conversions and motorhomes feature diesel engines. In addition, consumers may develop negative perceptions of diesel-engine cars for a variety of reasons, including their potential environmental impact, uncertainty related to their resale value and unresolved questions related to performance, all of which could lead to a decreasing demand for the leisure vehicles of the Knaus Tabbert Group.

There is also a risk that public health concerns relating to diesel engines in particular may influence government policies, leading to economic disincentives toward the production and purchase of diesel vehicles. For example, in late 2019, the U.K. and Sweden introduced or increased, respectively, taxes on motor caravans, which led to declining customer demand for such vehicles. In addition, even more wide-reaching restrictions on the use of certain technologies are discussed. The governments of both France and the United Kingdom have, for example, indicated a long-term intention to prohibit the sale of all diesel and petrol cars by 2040 and 2035, respectively. The use of certain diesel vehicles in traffic has been restricted or prohibited in certain cities in Germany, and additional cities may impose similar restrictions. Pursuant to a decision by the German Federal Administrative Court (*Bundesverwaltungsgericht*) dated February 27, 2018, these traffic restrictions are generally permissible provided they are proportionate, and local authorities use them as a last resort. Such traffic restrictions could significantly impede the Group's marketing efforts for city vacations in leisure vehicles and might seriously impact the number of leisure vehicles sold to customers living in cities.

As emissions regulations are constantly evolving, the Group cannot fully estimate their potential future impact. To comply with such regulations, the Group will likely have to incur additional capital expenditures and research and development expenditures to upgrade products and plants or to eventually replace diesel-engine driven van conversion/motorhomes with electric drive vehicles, which, if the Group does not manage to develop or source the respective products, might lead to a decrease in the popularity and demand for the Group's products. In addition, the introduction of new emissions standards may cause disruptions to the Group's production processes and sales. For example, certain of the Group's suppliers suffered delays in achieving certification of their van and truck models subsequent to the introduction of the tightened Euro 6d TEMP emissions standards, which were required in order for the Group to sell its products. As a result, the Group experienced an inventory build-up during 2019, which put additional strain on the Group's available liquidity and working capital during the year. Any future delays or difficulties in achieving certification of the Group's products, either at the level of the Knaus Tabbert Group or its suppliers, could delay or adversely impact its ability to sell such products to end consumers.

1.1.6 Long-term and continuing increase of fuel costs may have an adverse impact on the Group's operational and financial results.

Disruption of the supply of fuel and/or a prolonged increase of fuel costs may be detrimental to the financial performance of the Group. Historically, the Group has not discerned a relation between fuel costs and customer demand. However, there is no assurance that a prolonged or permanent increase of the fuel costs will not lead to a reduction in the use of private motor vehicles, including motorhomes and van conversions. Furthermore, using caravans for leisure activities generally increases transportation costs.

As one of its measures intended to meet national climate targets under its Climate Protection Program 2030, the German Federal Government (*Bundesregierung*) announced that it will include vehicle emissions from the burning of fossil fuels in its new national carbon dioxide pricing and trading system. The system, which will start in 2021, introduces mandatory emission certificates (*Emissionszertifikate*) that will be sold to fossil fuel suppliers who are expected to pass the related costs on to the fossil fuel consumers, i.e. the vehicle users. A price path has been set per ton of carbon dioxide. On May 25, 2020, the German Federal Government (*Bundesregierung*) adopted a draft amendment act which, if passed into law, would significantly increase such prices, starting at EUR 25/t of carbon dioxide in 2021 and gradually stepping up to EUR 55/t of carbon dioxide in 2025, ultimately leading to an auctioning model with an initial price corridor of EUR 55 to EUR 65/t from 2026 onwards. The new system could significantly increase fuel costs and result in declining demand for, as well as sales of, the Group's products.

1.1.7 Users of the Group's products depend on campsite availability and infrastructure. Capacity shortages and insufficient infrastructure may depress demand for these products.

Leisure vehicles are highly mobile, but their users depend to a significant extent on fixed, dedicated campsites and leisure vehicle parking facilities. Leisure vehicle users rely on these facilities not merely as stopping points, but also for electrical power, water, and facilities for trash and waste water disposal. The Knaus Tabbert Group has no ability to control or influence availability at these sites or the infrastructure services they provide. Capacity shortages at campsites, especially in popular locations and during peak seasons, or insufficient infrastructure offerings at the sites, could reduce the attractiveness of leisure vehicle vacations, in turn depressing demand for the Group's products. This reduced demand could in turn adversely affect the Group's revenue and results of operations.

1.1.8 The industry in which the Group operates is highly competitive. Failure to compete effectively against competitors could negatively impact its business and operating results.

The market for the Knaus Tabbert Group's products is very competitive. Competitive factors in the industry include design, quality and features of vehicles, value, innovation, safety, development time, ability to control costs, pricing, reliability, fuel economy, environmental impact and perception thereof, customer service and financing terms, brand awareness and reputation. There can be no assurance that existing or new competitors will not develop products that are superior to the Group's, or that achieve better consumer acceptance, thereby adversely affecting the Group's market share, sales volume, and profit margins.

Any consolidation or entering into of strategic agreements such as alliances of the Knaus Tabbert Group's competitors could enhance their product offerings and financial resources, further strengthening their competitive position relative to the Knaus Tabbert Group and enable them to take better advantage of economies of scale. In addition, such industry consolidation could lead to declining sales volumes for the Group's products and services and increased competition may result in pricing pressures and reduced margins. Furthermore, new market entrants could increase competition or existing competitors could strive to become bigger market players, expand their product lines or intensify efforts within existing product lines and thus invigorate the competitive landscape. Such changes in the competitive landscape could potentially reduce the Group's market share, in particular since the Group's largest competitors are also based in Germany and target the German market as one of their key markets.

Some of the Group's competitors are much larger than the Group and large vehicle manufacturers might decide to enter the European leisure vehicle market, in particular, in the area of van conversions as this sub-market has lower barriers to entry compared to the other sub-markets. The size advantage of larger competitors provides them with more financial resources and access to capital, additional purchasing power, greater leverage with their dealer networks and suppliers, as well as the ability to exploit economies of scale more fully. If, for example, during times of exceptionally high demand, chassis suppliers were not able to satisfy the market, competitors of the Group, especially larger ones, may get preferential treatment, and the Group may not get the number of units it needs.

Any such changes to the competitive situation in the Group's industry or competitive advantages of the Group's competitors could adversely impact the Group's market share and competitive position.

1.2 Risks related to the Company's business and financial position

1.2.1 The Group may not be able to maintain or grow its revenue or its business. Also, if the Group is unable to manage its growth effectively, this could have a material adverse effect on the Group's business, results of operations and financial position.

The Knaus Tabbert Group cannot assure prospective investors that it will be able to sustain the significant revenue growth it has experienced in recent years.

The rapid growth of the Knaus Tabbert Group's business in recent years has placed, and any future growth is expected to continue to place, significant demands on the Group's management and its operational and financial infrastructure. The effect of these demands may be exacerbated by the difficulties and uncertainties resulting from the COVID-19 crisis.

As the Group's operations grow further, the Knaus Tabbert Group will need to continue to improve and upgrade its systems and infrastructure to deal with the greater scale and complexity of operations, in particular its fulfillment infrastructure. Such further expansion, e.g. the planned construction of an additional assembly line at the Group's Nagyoroszi facility in Hungary, will require the Knaus Tabbert Group to commit substantial management, operational and other resources in advance of any increase in the size of the business, with no assurance that the Group's revenue and profit will increase accordingly.

Continued growth could in particular strain the Group's ability to attract, train, motivate and retain the required number of employees and workers, making it necessary for the Group to increase spending in order to raise its attractiveness as employer in an environment of skilled labor shortage and generally low unemployment rates. In addition, the Group is dependent on suppliers that might not be able to meet increasing demands since they may operate at near capacity already. Furthermore, the Knaus Tabbert Group might not be able to increase its production automation to such a high degree as potentially its competitors.

Additionally, the Group may decide to acquire or make investments in other companies, businesses and technologies or enter into various forms of cooperation arrangements or even merge with competitors. As a result, the Group faces risks resulting from the expansion of its operations through acquisitions or co-operations. In the case of acquisitions, the Group might be unable to successfully integrate new businesses.

The Knaus Tabbert Group expects that its growth rate will decline over time if the Group achieves its strategic goal of higher penetration rates in all the markets and customer segments in which it operates. To the extent the Knaus Tabbert Group's growth rate slows, its business performance will become increasingly dependent on factors such as its ability to use its operating leverage, increase its fulfillment efficiencies and potentially decrease operating costs in relation to its revenue.

If the Group's revenue growth slows or if its revenue declines, this could have a material adverse effect on the Group's business, results of operations and financial position. Similarly, any failure to effectively manage future growth, including any businesses it acquires. could have a material adverse effect on the Group's business, results of operations and financial position.

1.2.2 The Knaus Tabbert Group is dependent on its suppliers, especially its largest chassis suppliers, who may not always be able to deliver their products in time or make changes to their products, which in turn might lead to delays in delivery to customers, production slow-downs or even production stops. The limited number of suppliers in the caravanning business leads to price and market power of the suppliers, and further consolidation of these suppliers may adversely affect the Group's business, results of operations and financial position.

The Group's ability to meet customer demand may be limited by supply constraints of key materials. A balanced supply chain management is of particular importance to the production process of the Knaus Tabbert Group, since the manufacturing of leisure vehicles requires various components from a wide range of different suppliers. As of the date of this prospectus, approximately 400 suppliers worldwide provide accessories, furnishings and chassis to the Knaus Tabbert Group at various stages in the production process. The top five suppliers accounted for more than half of the Group's cost of materials in 2019, while only about 20% of cost of materials was attributed to suppliers outside of the top 30 suppliers.

With regard to chassis, the Group's major supplier is Fiat, which accounted for approximately three eighths of the Group's total supply volume in 2019. Despite the ongoing expansion of its chassis supplier base, the Group expects that it will continue to depend materially on Fiat for the foreseeable future as certain chassis are typically linked to certain of the Group's models and are therefore not readily interchangeable.

The Group is not in all cases able to ensure multiple suppliers for a given part or component. In some cases, no alternative suppliers exist. In other cases, alternative suppliers are unable to provide the component in the quality the Group requires. Where the Group is dependent on a single supplier, it is at a heightened risk of price increases for the required component, given the absence of an alternative source. The Group may also experience disruptions of production and delays in delivering finished vehicles if a single-source supplier ceases operations or is unable to supply the quantities the Group needs.

The Group runs a just-in-time and just-in-sequence inventory strategy for most of its inventory and supplies (with the exception of bulk material). A just-in-time inventory strategy aims at increasing efficiency by receiving goods only as they are needed in the production process, thereby reducing inventory costs. In addition, a just-in-sequence inventory strategy, complements the just-in-time procedure as suppliers not only ensure that the necessary parts are delivered in time in the necessary quantity, but also that they are delivered in the sequence they are needed for production. Failures in the management and supervision of this supply chain structure or the inability of the Group's suppliers to deliver their products in time or in the right sequence might therefore lead to delays in delivery of products to customers and production slow-down or even production stops and increases in inventory, including finished products. In particular, disruptions with certain of the Group's key suppliers might lead to difficulties in the production process, as these frequently provide the Group with specialized components, such as chassis, furnishings or custom-made accessories that might not be able to be substituted within a reasonable timeframe. In 2017, delivery delays led the Knaus Tabbert Group having to pay compensatory damages in the amount of approximately EUR 604,000. In 2019, the Group experienced an inventory build-up because certain of its chassis suppliers suffered delays in achieving certification of their models subsequent to the introduction of the tightened Euro 6d TEMP emissions standards. More recently, the Group has been faced with supply shortages as a result of factory shutdowns and reduced capacity on the supplier side in connection with the COVID-19 crisis.

In particular, because Fiat supplies the large majority of the chassis used in the Group's vehicles, any disruption of Fiat's supply capabilities could materially affect the Group's production. In addition, as the Group is strongly dependent on the supplied chassis to manufacture its vehicles, even small changes in Fiat's design might force the Group to amend its production process and/or the structure of the models based on them. The likelihood that the Group will need to change processes or structures is even higher when Fiat replaces current models with new chassis, which the Group expects Fiat will do in the medium term. Such disruptions, updates and changes to the supplied chassis might lead to production downtimes as well as additional planning and development efforts.

Furthermore, the supplier landscape in the caravanning business is partly characterized by low competition. Any negotiations regarding prices have thus proven difficult with respect to certain suppliers, as there are no or only limited alternatives to these suppliers. Price increases resulting from an increase in costs for materials such as wood or windows and other interior equipment (up to 5% or sometimes even more) and other input costs, such as labor costs, have been passed on to the Knaus Tabbert Group, in some cases several times during one year. With regard to many materials, price negotiations are reduced to an attempt to guarantee the supply of materials as such, no matter at what cost. Unexpected price increases of components and materials can have a material adverse effect on the Group's business, results of operations and financial position, if it were not able to compensate for the increased costs or pass them on to its buyers, e.g. due to the generally high price pressure in the caravanning market. The situation could be exacerbated in case of further cooperation or consolidation between the suppliers of the Knaus Tabbert Group regarding accessories and furnishings.

Any price increases due to the market power of suppliers or shortages or unavailability of components the Group purchases from suppliers could increase the Group's costs and affect its ability to produce its products in time and on-schedule, which could have a material adverse effect on the Group's business, results of operations and financial position.

1.2.3 Any disruption in the operations of the Group's manufacturing facilities could adversely affect the Group's business, financial condition as well as results of operations and may not be covered by the Group's insurance policies.

The Group could experience disruption to its manufacturing facilities affecting its ability to manufacture and sell its vehicles for a variety of reasons, including, among others, extreme weather, fire, epidemics and other natural catastrophes, mechanical failures and similar risks. If any of those events were to occur, the Group cannot be certain that it would be able to shift its engineering and manufacturing operations to alternative sites in a timely manner or at all. For example, as a result of the COVID-19 pandemic and the resulting shutdown of plants at some of the Group's key chassis suppliers, the Group was forced to shut down production at its Jandelsbrunn and Mottgers plants for several weeks in April 2020, significantly reducing output. Even where the pandemic does not require the Group to suspend operations at one of its sites, production may suffer if a significant number of employees were unable to work due to illness or restrictions on cross-border commuting. Any such disruption could materially affect its business, results of operations and financial position. The Group's production plants, equipment and other assets are insured for property damage and business interruption risks. However, the Group's insurance policies are subject to deductibles and other coverage limitations, and the Knaus Tabbert Group cannot ensure that it is – fully or at all – insured against all potential hazards incident to its business, including losses resulting from risks of war or terrorist acts and certain natural hazards (such as pandemics), including damage to its reputation.

1.2.4 The Knaus Tabbert Group is dependent on its well-developed dealer network for ensuring the continued sale of its products.

The Knaus Tabbert Group does not, to a large extent, sell its products to its end customers directly but only to dealers that sell the caravans, van conversions and motorhomes on to the end customers. Accordingly, the Knaus Tabbert Group is dependent on such dealers being able and willing to buy and sell Knaus Tabbert products and strives to retain and develop its dealer network. As of the date of this prospectus the Group's dealer network consists of more than 450 dealers, many of which are family-owned, with the top 10 accounting for approximately 23% and the top 30 for approximately 46% of the Group's revenue in 2019.

The cooperation and good relationships with its dealers regarding marketing, customer services and identifying customer demand and new trends is of great importance to the Knaus Tabbert Group. This is also true for caravanning fairs, which are very important marketing events of the Group. In cooperation with its dealers, the Knaus Tabbert Group participates in local, regional and national caravanning fairs in Germany and abroad, where customers have the chance to inspect a wide variety of product models. In particular, the large fairs held annually in Stuttgart and Düsseldorf contribute to the Group's high public profile and a peak in customer orders with the Knaus Tabbert Group's dealers.

However, none of the external dealers with which the Knaus Tabbert Group works has a contractual commitment to full exclusivity. Therefore, the dealers may, at any time, change their opinion about the Knaus Tabbert Group, relinquishing Knaus Tabbert products and focusing their product portfolio on other leisure vehicle manufacturers. Dealers might also start pooling their purchases, thus negatively influencing the sales prices of Knaus Tabbert products. In addition, if dealers believe they are well stocked to meet end customer demand, they might delay further purchases, reducing the Group's sales volume.

1.2.5 The Knaus Tabbert Group is particularly dependent on the financing abilities of its existing dealer network, and its business could suffer if these dealers defaulted or failed to procure funds for filling their stock.

The Knaus Tabbert Group sells its products almost exclusively to dealers that then sell the caravans, van conversions and motorhomes on to end customers. The frequently low equity base of the Group's dealers has caused and may continue to cause individual companies to default on their obligations towards the Group and/or to leave the Group's dealer network, which may have negative impacts on the financial position, cash flows from operating activities and results of operations of the Knaus Tabbert Group. The Group's maximum exposure from trade receivables due from its dealers amounted to EUR 37 million as of December 31, 2019. Countermeasures such as enhanced co-operation with the credit institutions financing the dealers' purchases of the Group's products, expanded inventory controls, constant monitoring of accounts receivable and the monitoring of early warning indicators like inventory trends, issue of vehicle documentation upon payment only and collection deadlines may prove insufficient to prevent losses. The Group has in the past experienced, and may continue to experience, delays in the collection by dealers of products purchased by them, which may cause the Group to incur additional costs for storing sold but uncollected inventories.

Moreover, the Knaus Tabbert Group depends on the financing capabilities of its dealers. In particular, in markets where the Group's dealers have no funding capacities, as for example with regard to certain customer groups in France, the Group experiences serious impediment to growing its market share.

The Knaus Tabbert Group's dealers usually have credit lines with various banks, which are normally earmarked percentage-wise for the acquisition of products from specific manufacturers. However, such earmarked credit lines may be used for different manufacturers, which could lead to a reduction of its dealers' funding capabilities with regard to the Group's products.

In order to support its dealers' funding capabilities, the Knaus Tabbert Group has entered into various framework financing agreements with several credit institutions for financing the purchase of the Group's products by its dealer network across Europe. Under these agreements, the Group's dealers conclude individual financing agreements with a participating credit institution for a limited financing period. If the credit institution terminates an individual dealer financing agreement due to cross-default, insolvency or any other event of default of the dealer, the Knaus Tabbert Group is typically obligated to repurchase the portfolio of vehicles that the credit institution financed for the dealer at the remaining financing amount. If this happens, the Group may need to sell the reclaimed vehicles at an aggregate price below the remaining financing amount. In addition, given that such financing agreements are critical for the funding of the dealers' operations, the Group is dependent upon the continued access of the dealers to these or similar financing arrangements. For example, as a result of the governmental responses to COVID-19 and the temporary halt to the dealers' activities, the Group negotiated a moratorium on interest payments under the framework financing agreement with the lending institutions. If in the future the Group is unable to adapt the terms of its dealer financing programs to address the needs of its dealers, their access to financing and, as a result, sales of the Group's products, could be adversely impacted.

1.2.6 The Knaus Tabbert Group's business depends on its strong brands which it might not be able to maintain or enhance, and unfavorable customer feedback or negative publicity could adversely affect the Group's various brands. The Knaus Tabbert Group's business could suffer if the reputation of its brands were damaged, for example, due to manufacturing defects or recall actions.

The Group's success depends on the value of its brands. The Knaus and Tabbert names are integral to the Group's business as well as its strategies for expanding its business. Maintaining, enhancing, promoting and positioning its brands, particularly in new markets, where the Group has limited brand recognition, will depend largely on the success of the Group's marketing and merchandising efforts and its ability to provide high quality products and resources and a consistent, high quality customer experience. The Group's brands could be adversely affected, if the Group fails to achieve these objectives, if it fails to comply with local laws and regulations, if it were subject to publicized litigation or if its public image or reputation were to be tarnished by negative publicity.

Since the Knaus Tabbert Group's business depends to a significant extent on its reputation and the reputation of the brands under which the Group markets its products, actual or alleged instances of inferior product quality or of damage caused or allegedly caused by the Group's products, might – even if any product liability claim is not successful or is not fully pursued – lead to negative publicity harming the Group's reputation with existing and potential customers. Thus, any assertion that the Group's products caused property damage or personal injury could damage brand identity and lead to a decrease in the perceived quality of the Group's manufacturing processes. Errors or delays caused by mistakes or miscalculations in the Group's product management could damage the Group's reputation as well as that of its products in the markets in which it operates and could lead to customers becoming less willing to buy the relevant brand. Particularly within customer segments that use the Group's products on a daily basis, instances of product deficiencies have led to serious damage of the Knaus Tabbert brands and less customer demand from such customer segments in the past. Some of these risks may be beyond the Group's ability to control, such as the effects of negative publicity regarding certain of its suppliers, dealers and partners, third party providers of services or negative publicity related to members of the management of the Group.

Any of these events could result in decreases in revenue. Further, maintaining, enhancing, promoting and positioning the images of the Group's brands may require substantial investments in areas such as merchandising, marketing, dealer relations, community relations and employee training, which could adversely affect the Group's cash flows from operating activities and which may ultimately be unsuccessful.

1.2.7 The Group's innovation strategy and focus on introducing new products and entering new product markets poses commercial risks, including lack of market acceptance, delays, failure to meet customer specifications or cost overruns.

The Knaus Tabbert Group focuses a major part of its business and growth strategy around innovative products such as, for example, lightweight technology. The Group's aim is to optimize its research and development structure as well as continuously work on improving its existing products and develop new ones. However, the successful implementation of its innovation strategies and plans depends on a number of factors including, among other things, innovative products by competitors, operational capacity, cost basis of supplies, changes in the market, the availability of funds, government policy and the Group's ability to obtain governmental consents, permits and licenses. As new products are brought to the market, the Group faces risks related to a potential lack of market acceptance, delays in product development or launch schedule, a failure to meet customer specifications or agreed delivery dates or to address a new trend. In such cases, customer relationships may be negatively impacted and the Group may face cost overruns. Furthermore, it is not clear whether newly developed technologies and innovations are competitive in terms of costs, and there can be no assurance that the Group will be able to turn them into serial production.

Additionally, there can be no assurance that the Group will be able to develop sufficient new revenue streams to replace revenue streams that may diminish as competitors catch up with any technological advantage the Group may possess. The Group may be unable to sustain its development efforts and achievements at the same level in the future. If the Group fails to develop new products that generate profitable business, in particular ahead of the competition, or if the Group is unable to adapt product approaches to the respective market requirements, its market share could decrease and its competitive and technological position could suffer, harming its reputation and the perception of its brands.

Any such failure to successfully implement innovation strategies or gain market acceptance of new products could lead to a decline in popularity of the Group's products or impair the Group's competitive position.

As part of its strategy to address new customer target groups in the leisure vehicle markets, the Group has also entered and expanded into new product markets, and may continue such expansions in the future. For example, in 2016, the Knaus Tabbert Group established a new rental system, the internet platform "Rent and Travel", which allows customers to rent leisure vehicles from the Knaus Tabbert Group brands, typically for short periods of time, and to connect with travel agencies to plan their journeys. In addition, it has started a cooperation with Indie Campers, a motorhome rental company active in a number of European countries, in 2019. The Group's success in new fields of business is dependent on various factors such as market research, a sound understanding of the strategies and requirements of customer groups that are new to the Group's business, and the right positioning within such newly-entered markets, as well as the ability to offer newly-developed products at competitive terms and conditions. No assurance can be given that the Group will be able to successfully penetrate and operate in such markets on a sustainable and profitable basis. For example, in order to facilitate its cooperation with Indie Campers, the Group has agreed to repurchase any vehicles purchased by Indie Campers that are financed by a European bank or leasing company under certain terms for a period of up to 24 months (all of the financed vehicles) and 36 months (a third of the financed vehicles), respectively, after delivery of such vehicles, if Indie Campers becomes insolvent. So far, the Group has delivered approximately 400 vehicles for an aggregate purchasing price of approximately EUR 13 million earlier in 2020 that are subject to such a potential repurchasing obligation, and may deliver at least another approximately 400 vehicles under such an obligation until April 2021. The Group may not be able to resell vehicles it may have to repurchase under the described obligations at an amount that at least matches the repurchasing price.

1.2.8 Customer expectations and behavior with regard to leisure vehicles is rapidly evolving and failure to successfully adapt to these changes could have a material adverse effect on the Group's business. The Group's ability to meet customer demand may be limited in case of unanticipated shifts in consumer demand.

The Group's success depends in a large part upon its ability to attract and retain active customers for its products and services, by successfully adapting to evolving customer expectations and behavior with regard to leisure vehicles. Customer expectations and behavior are affected by a number of factors, such as general economic trends and increases in living standards, technological trends or new developments and overall changes in consumer preferences due to increasing social and environmental awareness. In particular, general concerns about climate change resulting from activities that emit carbon into the atmosphere through the release of carbon dioxide (CO_2) and other global warming gases has driven demand for more efficient vehicles and technology in the global market for automobiles (which includes van conversions and motorhomes produced by manufacturers in the caravanning industry). Given the relatively higher traction requirements for caravans and motor caravans, new electronic or hybrid technologies may not be feasible for leisure vehicle applications or their application for such uses may be delayed, in which case customers preferences could shift to favor other forms of mobility. Many of the factors driving consumer expectations and behavior are outside of the Group's control and require it to anticipate consumer preferences and competitive products far in advance. In identifying new customer desires and new trends, the Knaus Tabbert Group is also dependent on input from its dealer network, since the dealers are in direct contact with end customers while the Group's sales to end customers are almost exclusively indirect via the dealer network.

A misjudgment or delayed recognition of trends and customer requirements in individual markets, or other changes in demand could lead to a decline in product sales and, over the long term – should fundamental or repeated misjudgment be made – to a loss of reputation and customers. For example, the rising popularity of caravanning amongst younger people and families may lead to increasing demand for lower-priced leisure vehicles and a corresponding shift in the Group's product mix toward such vehicles, putting pressure on the Group's profit margins.

As a result of a change in customers' preferences and desire for certain products, demand may increase or decrease drastically. Many of the Group's customers consider owning and using a leisure vehicle as a lifestyle choice rather than only a specific holiday alternative. Should the Group's customers' positive perception about this lifestyle change (e.g. due to an attitude shift toward the leisure vehicle industry, company, products or leisure activity), the Group's inability to anticipate or quickly respond to a decrease in customer demand could have a material adverse impact on the Group's business, financial condition, results of operations and cash flows from operating activities. On the other hand, the Group might be unable to satisfy an unanticipated period of exceptionally high demand. The Group is focused on operating with a very lean working capital level, and there can be no assurance that such working capital level will allow the Group to fulfill all surges in demand. Also, certain of the Group's products have a longer order to delivery lead time, which may inhibit its capacity to respond quickly to changes in customer demand. Such a risk also applies for a general shift in product trends.

If the Group is unable to adapt to rapidly evolving consumer preferences with respect to leisure vehicles, whether in the short term or the long term, it could fail to attract or maintain its customers, which could have a material adverse effect on the Group's business.

1.2.9 If the Knaus Tabbert Group fails to retain its existing customers or to attract new customers, its marketing spend may increase and its business as well as its results of operations may be negatively affected.

The development of the Knaus Tabbert Group's business depends upon its ability to retain existing end customers and to acquire new end customers. If the Group is unable to do so, the growth rates for order numbers and gross merchandise value may slow down. The Knaus Tabbert Group currently relies on a variety of online and offline marketing channels, including costly basic marketing techniques such as advertisements and flyers. The Group expects to continue to incur costs to acquire additional customers, in particular due to marketing initiatives. In addition, the Group relies on a variety of unpaid marketing factors, such as reputation within the caravanning communities, social media and other referrals from existing customers. These factors are largely beyond the Group's control and it cannot be assured that they will be maintained. Most importantly, however, the Knaus Tabbert Group is dependent on retaining and developing its dealer network since the Group, to a large extent, does not sell to end customers directly. Accordingly, the cooperation and good relationships with its dealers is of great importance to the Knaus Tabbert Group. This is also true for caravanning fairs, which are a very important marketing event of the Group. In particular, the big fairs held annually in Stuttgart and Düsseldorf contribute to the Group's high public profile and an increase in customer orders with the Knaus Tabbert Group's dealers.

Nevertheless, competitors may decide to spend significant amounts on marketing, and the Knaus Tabbert Group may be required to increase its marketing budget in order to defend its market position. While its marketing budget is typically set and allocated based on a return-driven approach, the Knaus Tabbert Group may decide to adapt its allocation or increase its marketing budget without regard to return targets if competitors increase their marketing efforts in certain countries or regions, or in certain product categories, depending on the potential effect of the contemplated marketing efforts and the general competitive landscape. As a result, the Knaus Tabbert Group may sometimes exceed its expected marketing budget. However, the Knaus Tabbert Group may not be able to reliably measure the effectiveness of its marketing campaigns due to inaccuracy or lack of data. There is no assurance that the revenue from newly acquired customers will ultimately exceed the cost of acquisition.

1.2.10 The Group could fail to retain or attract suitably qualified personnel, including skilled workers (Facharbeiter), essential for the Group's business and planned future growth. The Group is further dependent on its key management team.

The Group is dependent on highly-qualified and dedicated employees whose training the Group considers a strategic priority. Accordingly, the Group recognizes that its operations depend to a large extent on the technical, marketing and sales-related knowledge of its staff and their commitment to the Group's business. The Group's production capacity is particularly dependent on its large number of skilled workers (*Facharbeiter*). The Group's employees (key and other) are therefore essential to the Group's business and play a significant role in achieving the Group's intended future growth, including the production of innovative products, which hinges on highly skilled workers that will be able to implement these innovative solutions. However, competition for talent in general and skilled workers (*Facharbeiter*) in particular is intense, especially in technology-driven industries such as the caravanning and automotive business segment as well as in the Bavarian region where the Knaus Tabbert Group has its headquarters.

Historically, the Group has relied on the local workforce in the Bavarian region and the neighboring Czech Republic as well as in Hesse, where its Mottgers plant is located, and in the region near its Nagyoroszi plant in Hungary, including neighboring Slovakia. However, in recent years the regional unemployment rate has dropped significantly and it is generally getting more difficult to recruit qualified personnel, including skilled workers, locally. In particular, the Group's continuing growth might render it necessary to seek new employees from outside its plants' natural catchment areas, which may increase recruitment costs and prolong the recruitment process. In this respect, any tightening of European or local employment and immigration regulations may negatively affect the Knaus Tabbert Group. If the Group were not able to effectively recruit and retain talented personnel and skilled workers, its business and its ability to achieve its strategic objectives would be harmed.

It cannot be guaranteed that the Group's efforts to retain its qualified and dedicated workforce will be successful. In the future, the Group might not be able to hire new, equally talented and qualified persons, including skilled workers. Furthermore, the Group's compensation structure, in particular in Hungary where skilled workers often move abroad for better pay, may not be sufficiently attractive to keep and/or attract talented and qualified staff in the future. Any inability to retain personnel or successfully recruit new staff or otherwise efficiently manage staff levels could have a material adverse effect on the Group's growth prospects, business, results of operations and financial position.

From time to time, there may be changes in the Knaus Tabbert Group's senior management team that may be disruptive to its business. Also, if senior management teams fail to work together effectively and to execute the Group's plans and strategies, its business and results of operations could be harmed. Recruiting and retaining talented and dedicated individuals requires significant time, expense, and attention. This is especially true with regard to the Group's current management team which the Group regards as key to its business. Attracting, retaining and providing for the succession of highly skilled management team members will be critical for the long-term success of the Group.

The unexpected departure or loss of any of the Group's key personnel could have a material adverse effect on the Knaus Tabbert Group's business, results of operations and financial position. The scope of non-competition agreements can be limited under the laws of the jurisdictions where the Group operates. The negative consequences of the departure of key personnel may therefore be worsened if such personnel were hired by the Group's competitors. There can be no assurance that the Group will be able to attract or retain suitable replacements for such personnel in a timely manner or at all. In addition, the Knaus Tabbert Group may not succeed in formulating and implementing adequate successions plans to ensure continuity in critical positions. Any material loss of knowledge caused by a loss of key employees may negatively affect the Knaus Tabbert Group's business.

1.2.11 Rising labor costs, especially at the production site in Nagyoroszi, Hungary, and concerted workers action in Germany could have an adverse effect on the Group. Labor disruptions could materially adversely affect the Group's business, results operations and financial positions.

In the past, the Group's production has been characterized by a highly flexible cost structure. As of December 31, 2019, a substantial portion of its production work force were working on a mix of leased, temporary and short-term contracts. However, due to legal requirements in Germany, the use of leased employees – that is, temporary workers provided by an employment service that remains these workers' legal employer – at the German subsidiaries may continue to decrease since, generally, they automatically receive limited contracts with the subsidiaries of the Group after they have been employed by the Knaus Tabbert Group for 15 months. Under certain conditions, such temporary contracts will eventually turn into permanent ones, which gradually reduces the Group's flexibility regarding its workforce. In the past, a significant portion of the skilled workforce in Jandelsbrunn had to be employed directly by the Company and not on a leased basis every year. This trend is likely to continue. If that were the case, the Knaus Tabbert Group may incur additional costs from additional personnel expenses and might not be able to reduce its workforce in times of low production.

Changes in legal and regulatory conditions could lead to rising labor costs or (further) restrict the use of labor leasing. For example, new laws could impose significant restrictions on labor leasing, particularly the use of leased workers for temporary or short-term work. In addition, the ongoing political and public debate around the use of leased labor may contribute to the negative perception of these models in large parts of the population. This may harm the Group's reputation as employer. Should such reputational or legal restrictions materialize, the Group might need to reduce the scale of its operations or hire additional employees, with the risk of generally increasing labor costs as well as reduced cost flexibility in case of declining demand.

Moreover, the Group operates a production and administration site in Nagyoroszi, Hungary. The fact that Eastern European countries have joined the European Union on the one hand and, on the other hand, the continuing shift of workplaces of other companies to the vicinity of the Group's site has in the past led to a sharp increase in wage levels. In each of the years 2018 and 2019 wage levels at the Knaus Tabbert Group's production site in Hungary rose significantly. Further increases in wage levels are likely to occur in the future whereas work efficiency and productivity might not increase proportionally. Since the Group employs staff from Slovakia (mainly leased personnel) in Hungary, the Knaus Tabbert Group's presence in this country also entails the cross-border assignment of personnel and related legal intricacies. The Group is also subject to the risk that additional taxes and social insurance contributions may be assessed or challenged by the relevant authorities, leading to additional costs for the Group.

Furthermore, the Knaus Tabbert Group has introduced training programs in Hungary, which mostly benefit unskilled workers. Having received extensive training, including German language courses, the newly skilled workers (especially the male workers) then often leave the country to profit from higher wage levels in Germany or Austria that their training affords them. The Knaus Tabbert Group thus often faces the risk of investing in workers who leave the Group at a point in time when their training starts to pay off and they would become particularly useful for the Group. In such cases the Group is often dependent on hiring less skilled employees which generally leads to a temporary increase in production costs due to time spent on training the new employees, which also ties up human resources, as more experienced workers are diverted from production to conduct this training.

In addition, a large portion of the Group's workforce in Germany is unionized, and the subsidiaries in Jandelsbrunn and Mottgers have established workers' councils. The subsidiary in Nagyoroszi has also established a workers' council and introduced wage agreements. There can be no assurance that the good relations the Group believes it has established with its employees and their unions in Germany will not deteriorate in the future. The Group could experience demand for significant wage increases, strikes or other types of conflicts with labor unions or its employees. Furthermore, agreements with labor unions could reduce the cost flexibility of the Group's business.

Any stoppage or slowdown at any of the Group's facilities resulting from labor disruptions could cause material interruptions, and the Group cannot be certain that alternate qualified capacity would be available on a timely basis or at all. Furthermore, running at full production capacity, as the Group has been in the past, would only be achievable through (re-)implementing shift labor in the different assembly stations. The final assembly output would thus be higher than that of the individual production stages. Only the cooperation with the workers' councils on strategic decisions of the Group and day-to-day operations as well as the payment of voluntary bonuses may enable the Group to implement working overtime and in shifts, none of which is guaranteed. Also, if an already strained level of production capacity were further stressed, the Knaus Tabbert Group might not be able to further increase its final assembly output. Many of the Group's customers and suppliers also have unionized workforces. Refusals to work or work downtime experienced by the Group's customers or suppliers could result in decreased productivity of the Group's production sites.

Any such increase in labor costs or deterioration in relations with the Group's employees could adversely impact the Group's cost structure and cause disruptions to the production process.

1.2.12 In some regions, the Knaus Tabbert Group works with commercial agents and could therefore be exposed to commercial agents' compensation payments.

Due to local peculiarities of specific regions where the Knaus Tabbert Group is operative, the Knaus Tabbert Group works with commercial agents (*Handelsvertreter*) that maintain the local dealer network. Some of these commercial agents have written contracts with the Group, for example in Norway, Italy and the United Kingdom. Other agents, however, in particular those in smaller markets, have not concluded such contracts with the Group. Parts of the Group's sales are made through distribution partners (e.g. importers). If these partners are deemed commercial agents under Section 84 of the German Commercial Code (*Handelsgesetzbuch,* ***HGB***) or similar regulations in other jurisdictions, the Group may be obligated to pay commercial agent's compensation pursuant to Section 89b HGB or similar regulations in other jurisdictions upon the end of the contractual relationship, in particular if the Knaus Tabbert Group terminates the relationship. The amount of these payments depends on applicable law, jurisprudence and/or case law, which look to a multitude of factors to determining whether commercial agent's compensation should be paid, including the length of and terms of the relationships, as well as the revenue earned by the commercial agent. As a result, it is difficult to predict whether the Group will be liable to make such payments, amount of which could be substantial. If a commercial agent were successful with such claim, this could have a material adverse effect on the Group's business, results of operations and financial position.

1.2.13 The Knaus Tabbert Group manufactures leisure vehicles that have to comply with certain weight restrictions. Due to the fact that the Group's products may be individualized regarding configuration and ancillary equipment, the Group faces the risk of non-compliance with such legal requirements.

The Knaus Tabbert Group manufactures leisure vehicles that have to comply with certain legal requirements, in particular size and weight regulations regarding the admission of leisure vehicles on public roads. With regard to certain products in its portfolio, the Knaus Tabbert Group faces a higher risk that such weight restrictions are not always complied with during the production process, in particular taking into account any additional weight that will be loaded onto the vehicle when it is driven on the road. Such risk of non-compliance is usually dependent on a combination of factors, such as vehicle design, technically permissible maximum weight, standard configuration and the ancillary equipment ordered from the dealer. Differences in weight may also derive from the (natural) materials used during production.

Due to the current driving license regulations in Germany, customers in this market of the Knaus Tabbert Group tend to buy caravans-car-combinations (i.e. a caravan being towed by a car, for which the total weight of the combination is relevant for the permitted maximum weight) and motorhomes with a technically permitted maximum weight of 3,500 kilograms. Likewise, such a weight restriction of 7,500 kilograms applies with respect to the Group's luxury motorhomes. This restriction limits the amount of extra equipment that can be ordered as part of the vehicle. Furthermore, in the Group's experience customers may order vehicles with an amount of equipment exceeding the technically permissible maximum weight even after having received professional advice from the dealer on this issue. If a leisure vehicle does exceed the permitted maximum weight and the Knaus Tabbert Group is responsible for this non-compliance, customers are frequently entitled to rescind the contract since repair in such cases is usually not feasible. In the past, some vehicles of the Group's luxury brand Morelo were designed in a way that they allowed for hardly any additional weight. The Group took most of these vehicles back, retrofitted them and is now selling them as refurbished vehicles.

Additionally, if cases of non-compliance with weight specifications occur more frequently, there is a risk that the authorities may withdraw the Group's manufacturing license.

1.2.14 The Group is exposed to various operational risks, including risks in connection with the use of information technology and digital infrastructure.

The Group is exposed to a variety of operational risks. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. These risks include losses that are caused by lack of controls within internal procedures, violation of internal policies by employees, disruption or malfunction of information technology (***IT***) systems, computer networks and telecommunication systems, mechanical failures, human error, natural disasters, security breaches or malicious acts by third parties (including, for example hackers). The Group is generally exposed to risks in the field of information technology, since unauthorized access to or misuse of data processed on its IT-systems, human errors associated therewith or technological failures of any kind could disrupt its operations, including the manufacturing and engineering processes or result in breaches of regulations. For example, numerous essential functional processes of the Group in development, production and sales depend on computer-controlled applications and cannot be carried out without properly functioning IT systems and IT infrastructure. The Group has in the past experienced outages of its IT systems, in one instance lasting up to several hours, and any such outages in the future could affect the Group's production processes. In addition, the Knaus Tabbert Group expects further integration and implementation of the Internet of Things (IoT) infrastructure that may increase the dependency between the Group's infrastructure and that of its partners and may require the Group to add new competences.

If the protection measures that the Group puts in place to protect against operational risks prove insufficient, its results of operations and financial condition could be materially adversely affected.

1.2.15 The assumptions made in preparing the profit forecast and business outlook included in this prospectus may prove incomplete or inaccurate.

The profit forecast and business outlook included in this prospectus reflect numerous assumptions made by the Company's management. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market and economic conditions and applicable legislation, regulations or rules, all of which are difficult to predict and are beyond the Group's control. Accordingly, the assumptions made in preparing the profit forecast and business outlook could prove incomplete or inaccurate, and there may be differences between the Group's actual and projected results, which could be material and could in the future impact the price of the Company's shares. As the global COVID-19 pandemic is still ongoing, the negative impact on the Group's business cannot be adequately determined or reliably quantified at this point. In particular, the profit forecast and business outlook included in this prospectus assume that a second wave of the COVID-19 infections will not occur in the remainder of 2020. The inclusion of the profit forecast and outlook in this prospectus should not be regarded as an indication that the Company considers such financial targets to be achievable or any outlook to be reliable predictions of future events. Accordingly, investors should not place undue reliance on any of the profit forecast or outlook information included in this prospectus.

1.2.16 The Group's leverage and debt-service obligations could limit the cash it has available for growing its business, dividend payments and other measures, and if the Group does not comply with financial covenants the lender may terminate the Group's loans.

As of December 31, 2019, the Group's total non-current and current financial liabilities amounted to EUR 212.7 million, its total equity amounted to EUR 98.2 million, and its total assets amounted to EUR 310.9 million. To the extent the cash flows from operating activities are dedicated to the payment of principal and interest on the Knaus Tabbert Group's indebtedness, they reduce the amount of cash the Group has available for other purposes, including capital expenditures, the exploitation of business opportunities, future acquisitions and other general corporate needs, as well as any future dividends.

In addition, the terms of the Group's EUR 100 million syndicated loan facility require it to comply with certain financial covenants related to the ratio of total net debt to earnings before interest, tax, depreciation and amortization (***EBITDA***) (adjusted for certain non-operative effects), net working capital ratio and equity ratio. If the Group violates these financial covenants, the lenders have the right to terminate the facility and require repayment of the loan. Many of the factors that could cause the Group's financial condition to deteriorate to the point that it would no longer be in compliance with these covenants are beyond the Group's control. In particular, the spread of COVID-19 and the economic impact of the pandemic may increase this risk. Any of the above-mentioned developments could increase the Group‘s costs of financing, or cause the Group to become obligated to repay some or all of its indebtedness early, either of which could have a material adverse effect on the Group's business, results of operations and financial position.

1.2.17 The Knaus Tabbert Group's ability to raise capital in the future could be limited and thus have a material adverse effect on the Group's business, results of operations and financial position.

In the future, the Knaus Tabbert Group might need or desire to raise capital through public or private financing or other arrangements, for example, to refinance the Group's syndicated loan facility provided under the lead of Commerzbank AG in an aggregate amount of up to EUR 100 million, which will be due for repayment in 2022. Furthermore, the Knaus Tabbert Group's business requires a certain level of capital investments. Financing for such purposes might not be available on acceptable terms, or at all. Factors that could increase the difficulty of obtaining financing include, but are not necessarily limited to, a deterioration in general economic conditions globally or in the markets in which the Group operates, higher interest rates, a deterioration in the Group's financial results or condition, insufficient competition among banks or other potential sources of financing, and insufficient demand for securities in the debt or equity capital markets.

For example, as a result of increased levels of defaults caused by the COVID-19 crisis and its economic aftermath, banks may have reduced liquidity, which could make it harder for the Group to obtain financing. Furthermore, a significant increase in the Group's net indebtedness could result in changes in the terms on which banks and suppliers are willing to extend credit to the Group.

Any inability to raise capital as needed or to refinance existing indebtedness going forward could harm the Group's business, prevent it from realizing business opportunities, prevent it from growing its business or prevent it from responding to competitive pressures, and could thus have a material adverse effect on the Group's business, results of operations and financial position.

1.3 Regulatory and legal risks

1.3.1 The Group is exposed to guarantee, warranty as well as product liability claims and might be required to recall its products.

As a manufacturer, the Knaus Tabbert Group is subject to product liability lawsuits and other proceedings alleging violations of due care, guarantee and warranty obligations, treatment errors and safety provisions as well as claims arising from breaches of contract, guarantees, recall actions or fines imposed by government or regulatory authorities in relation to the Group's products. Any such lawsuits, proceedings and other claims could result in increased costs for the Knaus Tabbert Group. In addition, warranty claims and certain product liability claims might not be covered by the Group's product liability insurance. Additionally, authorities could prohibit the future sale of the Group's products, particularly in cases of safety concerns, which could result in loss of market acceptance, loss of revenue and loss of customers. The corresponding insurance coverage, if any, could prove insufficient in individual cases.

The Group forms provisions for certain guarantee and warranty obligations. However, they might prove insufficient. Warranty expense is recorded on the date that revenue is recognized and requires significant assumptions about what costs will be incurred in the future. As an example, the Group determines provisions for warranties based on its past experience of costs for repairs. The Group may be required to record material adjustments to accruals and expenses in the future if actual costs for these warranties are different from the Group's assumptions. If the Group's warranty costs increased unexpectedly, they could substantially reduce profit and materially adversely affect the Group's operations.

Furthermore, a recall can divert managerial and financial resources even when the Group has created adequate provisions to cover costs until the recall has been completed. For example, the Group had to recall a defective product in 2012, and did not reach a final settlement with the supplier responsible for the defect until 2018. A recall can also adversely affect the Group's reputation with its customers as a manufacturer of safe, quality products. Any future costs required to recall or rework any defective products could be material, which may have a material adverse effect on its financial condition and results of operations. Also, product insurance policies typically provide for limits that, if exceeded, may result in substantial costs that would have an adverse effect on results of operations.

In France, customers have the right to a reduction of the purchase price for faulty products or alternatively they can rescind the contract. In both instances, the customers are additionally entitled to damages. Furthermore, the statute of limitations for warranty claims is not two years from acquiring the product as in Germany but two years from the time the customer positively knows about deficiencies in a product (and a maximum of five years from buying the product). Moreover, in France the customer can assert a direct claim against a product's manufacturer even if it does not have a contractual relationship with the manufacturer. For all these reasons, the Knaus Tabbert Group is currently more exposed to risk from customer litigation in France than in other European markets.

1.3.2 The Group may be subject to antitrust investigations, the outcome of which could lead to fines and related damage claims.

Antitrust authorities, in particular those in Europe, may focus on investigating possible violations of competition (antitrust) laws by automotive manufacturers, which may include the Knaus Tabbert Group or its subsidiaries as far as such laws are also applicable to the caravanning business. While the duration and outcome of these investigations is uncertain, the risk remains that competition authorities in Europe or elsewhere may impose penalties or that third parties may claim for damages. Of particular importance to the Group are Art. 101 para. 1 Treaty on the Functioning of the European Union (***TFEU***) and Section 1 of the German Act against Restraints of Competitions (***GWB***) which prohibit agreements that have an anticompetitive object or restrictive effects on competition, unless such agreements fall under so-called block exemptions or individual exemptions pursuant to Art. 101 para. 3 TFEU and Section 2 GWB. Block exemptions are provided, under certain conditions, by

Commission Regulation (EU) No 330/2010 of April 20, 2010 of the TFEU to categories of vertical agreements and concerted practices and Commission Regulation (EU) No 461/2010 of May 27, 2010 on the application of Art. 101 para. 3 TFEU. The Knaus Tabbert Group sells its vehicles mainly through a network of dealers. Its business success therefore depends on the cooperation of its dealers. The Group supports and incentivizes such cooperation through a mix of support services (e.g. sales staff training), reward programs, advertising cost subsidies, a bonus system and subsidized dealer financing packages for the purchase of the Group's products. Such models of cooperation rely on the exemptions described above. However, it cannot be ruled out that individual aspects of the models may be deemed unlawful by the competent competition authorities or that the cooperation models may become unlawful in the future due to, for example, changes in legislation at the European or national level.

A determination that the Knaus Tabbert Group or any of its subsidiaries has violated European or national competition (antitrust) laws with respect to the relationships with its dealers could result in significant penalties, which could have a material adverse effect on the Group's reputation, business, results of operations and financial position.

1.3.3 The Group is subject to stringent environmental and other regulatory requirements, which may change or which may result in additional costs or liability, or restrict the Group's operations.

The Group operates under a strict environmental-law regime. These environmental laws and regulations are designed to protect the environment and to regulate the use of, and human exposure to, hazardous materials. This regulatory regime can expose the Group to significant potential liabilities and compliance costs. Environmental laws and regulations may require expenditures over a long period of time to control or ameliorate environmental effects at current and former operating sites, including facilities that the Group acquired from third parties. If the Knaus Tabbert Group fails to comply with these increasingly stringent laws and regulations exercised through an extensive body of European Union and national legislation, it could be subject to future liabilities or experience limitation or suspension of the sale or production of its products.

The Group incurs, and expects to continue to incur, operating costs to comply with the applicable environmental laws and regulations, the technical requirements of which are becoming increasingly complex and stringent and therefore more and more difficult to comply with. These laws may also provide for strict liability for damage to natural resources or threats to public health and safety, which can render a party liable without proof of negligence or fault and, if imposed by way of fine or penalty, is generally not something for which insurance can be procured. The Knaus Tabbert Group may also be liable for clean-up costs and replacement costs and subject to litigation claims under these regimes.

The Group is currently dealing with an environmental incident at its Mottgers site, where soil and groundwater contamination with arsenic and cobalt was detected several years ago. A cleanup and containment plan has been developed. The Company has recognized a provision for the related cost in the amount of EUR 2 million. However, the competent agency has ordered additional investigations, and discussions with the Company about the further course of action and the exact scope of the remediation are ongoing. The ultimate cost related to the cleanup and containment may, as a result, exceed the Company's estimate. Factors that could cause additional costs include the relocation of production, compensatory environmental measures, health hazards, or claims for damages. In the context of such environmental incidents, the Group has no assurance that it will be able to seek recourse from the parties who caused the pollution or from the former owner(s) of the affected properties. In addition, any provisions recognized by the Company may turn out to be insufficient, and/or the incident may not be covered by insurance, thus adversely affecting the Group's financial resources.

Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require the Group to incur costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations.

1.3.4 The Group may be unable to protect its intellectual property rights effectively.

The Knaus Tabbert Group’s products are highly dependent upon the Group’s technological knowhow and the scope and limitations of its proprietary rights therein. The Group has obtained and applied for a large number of intellectual property rights that are of considerable importance to the Group’s business. As of December 31, 2019, the Group held more than 160 registered trademarks, more than 20 registered patents, more than 15 registered utility patents, more than 280 internet domains and a few registered design patents/designs. In particular, the process of seeking patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide the Knaus Tabbert Group with meaningful protection or commercial advantage. In addition, while there is a presumption that patents are valid, the granting of a patent does not necessarily imply that it is effective or that possible patent claims can be enforced to the degree necessary or desired. Furthermore, a significant part of the Group’s knowhow and industrial secrets is not patented or cannot be protected through intellectual property rights. Consequently, there is a risk that certain parts of the Group’s knowhow and trade secrets could be transferred to collaboration partners, customers or suppliers. Granted patents for important products may also expire before these products are replaced by new products. This poses a risk that competitors will copy the Group’s knowhow without incurring any expenses of their own.

Moreover, the Group has concluded a number of licenses, cross-licenses, and cooperation and development agreements with third parties under which the Knaus Tabbert Group is granted rights in industrial property and/or knowhow of such third parties. It is possible that license agreements could be terminated, for example, in the event of the licensing partner’s insolvency or bankruptcy or in the event of a change-of-control in either party, leaving the Knaus Tabbert Group with reduced access to intellectual property rights to commercialize its own technologies.

1.3.5 There is a risk that the Knaus Tabbert Group infringes intellectual property rights of third parties.

There is a risk that the Knaus Tabbert Group could infringe on intellectual property rights of third parties, since the Group’s competitors, suppliers and customers submit a large number of inventions for industrial property protection as well. It is not always possible to determine with certainty whether processes, methods or applications that the Knaus Tabbert Group uses are subject to intellectual property rights of third parties. Therefore, third parties could assert infringements of intellectual property rights (including illegitimate ones) against the Knaus Tabbert Group. As a result, the Group could be required to cease manufacturing, using or marketing the relevant technologies or products in certain countries or could be forced to make changes to manufacturing processes and/or products. In addition, the Knaus Tabbert Group could be liable to pay compensation for infringements or could have to purchase licenses to make use of technology from third parties. Even in the case of an illegitimate claim, the Group may have to incur significant costs to defend itself.

1.3.6 The Group may face risks relating to the acquisition of employee inventions.

The Group’s technological knowhow and intellectual property is often discovered by its employees during the course of their employment. Present or former employees who made inventions could continue to hold rights to the inventions they created and may demand the registration of intellectual property rights in their name (vindication) and, under certain circumstances, may also claim damages. The use of the relevant invention by the Group in such cases is not secure, because the inventor could be able to obtain an injunction prohibiting use.

In accordance with the German law relating to employees’ inventions (*Gesetz über Arbeitnehmererfindungen*), an invention is deemed to have been effectively claimed by the employer if the employer has not released the invention within four months after having been properly notified of the invention by the employee. If, however, under the provisions of the law, an employee inventor retained sole ownership or co-ownership of any inventions or related intellectual property rights, the Group may lose valuable intellectual property rights (including to competitors) and may be required to obtain and maintain licenses from such employee inventors to such inventions or intellectual property rights in order to use the invention, which may not be possible on commercially reasonable terms or at all. Employee inventors might also claim that the compensation the Group paid to them was insufficient, and the Group may be required to increase such compensation or pay damages for the use of the invention. Similar risks exist or may exist in the future in Hungary.

Moreover, any disputes between the Group and present or former employees pertaining to alleged non-adherence to the provisions of the abovementioned laws relating to employee inventions may be costly to defend and may take up the management's time and efforts irrespective of whether the Group prevails or fails in such dispute.

1.3.7 The Company's transition to listed company status will result in new and increased regulatory requirements, in particular with regard to internal controls, risk management and reporting. The Group's risk management system might prove ineffective in ensuring compliance and in identifying and mitigating risks.

The Company's transition to listed company status will involve changes in ownership structure, corporate governance, management culture and financial and non-financial reporting practices as well as the implementation of an internal compliance framework and function. When it becomes a public company listed on the Frankfurt Stock Exchange, the Company will operate in an environment that subjects it to greater scrutiny and more detailed financial and non-financial disclosure requirements. As part of the Company's transformation into a German Stock Corporation (*Aktiengesellschaft*) prior to its initial public offering, the Group has established an internal risk management system in accordance with Section 91 para. 2 of the German Stock Corporation Act (*Aktiengesetz*), as well as other systems and structures deemed necessary to ensure compliance with all laws and regulations applicable to listed companies, such as, for example shareholder notification requirements pursuant to the German Securities Trading Act (*Wertpapierhandelsgesetz*).

Compliance with increased regulatory obligations and the performance of new services and functions will require significant management attention. The Company expects that its related compliance and internal control costs will increase, and the increase may be significantly higher than expected.

In addition, especially as these systems and structures are still new, they might turn out to be partially or in their entirety ineffective or fail, and risks to the Group's business might materialize or might not be identified quickly enough, or laws and regulations applicable to listed companies might not be complied with, which might lead to significant monetary penalties or other sanctions, including suspension of trading in the Company's shares.

1.3.8 The Knaus Tabbert Group could be required to pay additional taxes or lose tax credits following tax audits of the Group companies or changes in the general tax environment in the jurisdictions in which the Group operates.

The Knaus Tabbert Group is regularly subject to tax audits in Germany and abroad. The most recent tax audit of the German companies covered the fiscal years 2014 to 2017 and was completed in 2019. The amount of additional taxes payable by the Group resulting from such tax audit has been paid to the German tax authorities. A tax audit of Knaus Tabbert Kft, Hungary, for the fiscal year 2018 is scheduled to start in July 2020. As a consequence of current or future tax audits or previously completed tax audits for which no final tax assessments have been issued, or as a result of possibly divergent tax law interpretations by the tax authorities or tax courts, tax loss carry-forwards could be reduced, or the Knaus Tabbert Group could be obliged to pay additional taxes, including additional value added tax (***VAT***).

The Group's business is subject to the general tax environment in Germany and abroad. Changes in tax legislation, administrative practice or case law could result in higher tax liability than expected and could have adverse tax consequences for the Group. Despite a general principle prohibiting retroactive changes, amendments to applicable laws, orders and regulations can be issued or altered with retroactive effect. Additionally, divergent interpretations of tax laws by the tax authorities or the tax courts are possible. These interpretations may be changed at any time with adverse effects on the Group's tax position. Furthermore, in Germany, court decisions are often overruled by the tax authorities by way of issuing non-application decrees (*Nichtanwendungserlasse*). As a result, major uncertainties may exist with regard to the tax rules applicable to the Group and its German and foreign subsidiaries. Deviating views adopted by the tax authorities or the tax courts might lead to a higher tax burden. Additionally, adverse changes in the tax framework, individually or together, could have a material adverse effect on the Group's business and cash flows, financial condition and results of operations.

1.4 Risks related to the Company's shares and the Offering

1.4.1 The shares of the Company have not been publicly traded, and there can be no assurance that a liquid trading market for the Company's shares will develop. Hence, in particular, the Company's share price and trading volume of its shares could fluctuate significantly, and investors could lose all or part of their investment.

Prior to the offering and listing of the Company's shares, there has been no public trading in the shares of the Company and they have never been offered to the public. There is no assurance that an active, liquid trading market for the shares will develop or be sustained following the listing of the Company's shares. Furthermore, low liquidity of the Company's shares may entail high volatility regarding share price.

Investors may not be able to sell their shares quickly or at the market price if there is no active trading in the Company's 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. Since the Company's share price will be affected primarily by the supply and demand for its shares, which cannot be foreseen, in particular, as the shares of the Company have not been publicly traded, it may fluctuate significantly. Such significant fluctuation might be in response to numerous factors, many of which are beyond the Knaus Tabbert Group's control. These factors include, among others, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on the Company's shares, changes in trading volumes in the Company's shares, changes in macroeconomic conditions, including fluctuations in foreign currencies, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of the Company or the Group's industry (including due to changes in public opinion, for example as a result of adverse media coverage), changes in the statutory framework in which the Group operates and other factors.

If an active market for the shares does not develop after the listing, the Company's shares might also be particularly prone to changes in general market conditions and fluctuations of share prices and trading volumes, particularly of shares of companies in the same sector, could lead to pressure on the Company's share price, even though there may not be a reason for this based on the Company's business performance or earnings outlook. Stock prices of many companies, including vehicle companies, have experienced price and volume fluctuations in a manner often unrelated to the operating performance of such companies. In particular, the adoption or further refinement of environmental, social, and governance (ESG) investment principles by investors (for example, so-called green funds) might lead to a divestment of shares in companies in the (fossil fuel burning) vehicle industry, including the Company's. The COVID-19 crisis has also lead to repeated turmoil at global stock markets. If the Company's share price or the trading volume in its shares declines as a result of the realization of any or all of these events, investors could lose part or all of their investment in the Company's shares. This also applies in the event of an insolvency of the Company since the Company's shares are subordinated to all other securities and claims.

1.4.2 Significant shareholders may use their factual majority at shareholders' meetings to adopt resolutions serving their interests, and the interests of such significant shareholders may conflict with the interests of other shareholders. The main selling shareholders may make investments in businesses that compete with the Knaus Tabbert Group, which may have a negative effect on the Group's business.

The Company's main selling shareholders, H.T.P. Investments 1 B.V. (***HTP***), the Netherlands, and Catalina Capital Partners B.V. (***Catalina***), the Netherlands, and other significant shareholders, if applicable, may be able to exert influence (through actual or factual majority in shareholders' meetings) and cast their votes to take resolutions or implement measures that are in their own interest and/or not supported by or in the best interest of, other shareholders. Immediately after completion of the offering, HTP and Catalina will hold at least 33.90% and 22.60%, respectively, of the Company's share capital (assuming placement of all of the offered shares, but excluding the overallotment shares). Due to their significant remaining shareholding after the completion of the offering, HTP and, to a lesser extent, Catalina will remain in a position to exercise significant influence relating to the Company's general shareholders' meeting, and HTP may be able, solely through the exercise of its votes and depending on the attendance at the resolving shareholders' meeting, to adopt shareholders' resolutions at the Company that require only a simple majority of the votes cast. Likewise, such action by the significant shareholders of the Company may not always serve the Group's strategy, policies and objectives. Such voting behavior or the exertion of influence in any other way may have a significant adverse effect on the price of the Company's shares and thus adversely affect the Company's ability to raise further capital, irrespective of whether or not the selling shareholders participate in a future capital increase of the Company. The concentration of share ownership could also delay or prevent certain major corporate actions, including a change of control in the Company, and could thus deter mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

Furthermore, the interests of significant shareholders of the Company and of other shareholders of the Company may not be aligned. The Company's main selling shareholders may have economic or business interests or goals that would turn out inconsistent with the Group's interests or goals. They may engage, participate or hold a right or interest in or render services to a business which competes with the Group, or have investments in companies that are suppliers of the Group. For example, the Company's main shareholders acquired a 100% interest in Morelo Reisemobile GmbH before merging it with Knaus Tabbert GmbH in 2017.

To the extent that the main selling shareholders engage in the same or similar business activities or lines of business as the Group, or engage in business with any of the Group's suppliers, dealers or customers, the Group's ability to successfully operate and expand its business may be hampered. These investment activities could have a material adverse effect on the Group's business, results of operations and financial position.

1.4.3 Future sales by the Company's shareholders or investors acquiring shares in the offering, or the perception that such sales occur, could depress the price of the Company's shares.

Sales of a substantial number of the Company's shares in the public market following the listing of the Company's shares, or the perception that such sales might occur, could depress the market price of the Company's shares and could impair the Company's ability to raise capital through the sale of additional equity securities. The shares owned by HTP, Catalina and Palatium Beteiligungsgesellschft mbH (***Palatium***) (together, the ***Selling Shareholders***) are subject to a customary lock-up following the listing of the Company's shares for a period of six months and, respectively, twelve month in case of Palatium. There is no assurance that the Selling Shareholders, whose interests may not be aligned with those of other shareholders of the Company, will not dispose of their shares in the Company under an exemption from the lock-up or following the expiration of the lock-up period. If this happens or if one or more of the Company's other shareholders effect a sale or sales of a substantial number of the Company's shares, or if the market believes that such sales might take place, this could have a material adverse effect on the share price of the Company's shares.

1.4.4 Future offerings of debt or equity securities by the Company may adversely affect the market price of the Company's shares, and future capital measures could lead to a significant dilution of existing shareholdings in the Company. Investors in certain jurisdictions (particularly in the United States) could be precluded from participating in any rights offering altogether.

The Company may require further capital in the future to finance the Group's business operations and planned growth or to fulfill regulatory requirements. Therefore, the Company may seek to raise capital through offerings of debt securities (possibly including convertible debt securities) or additional equity securities. 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 Company's 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 (particularly in the United States of America) may not be able to acquire and/or exercise any subscription rights due to local laws, and would therefore be excluded from participating in such rights offering and face the risk of dilution of their economic and voting interests.

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 of the Company, as well as the exercise of stock options by the Group's employees in the context of possible future stock option programs or the issuance of shares to employees in the context of possible future employee stock participation programs could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the general shareholders' meeting to take any of the above mentioned measures, with dilutive effects on the existing shareholdings, or any other announcement thereof, could adversely affect the market price of the Company's shares.

1.4.5 The Company's ability to pay dividends depends, among other things, on the Group's results of operations, financial investment needs, the availability of distributable reserves and overall financial position.

The Company's general shareholders' meeting will decide matters relating to the payment of future dividends. These decisions will be based on the particular situation of the Company at the time. The Company's ability to pay dividends depends upon, among other things, its results of operations, financing and investment requirements, as well as the availability of distributable profit (*Bilanzgewinn*). Certain reserves must be established by law, including with respect to activated internally generated intangible assets, and must be deducted when calculating the distributable profit (*Bilanzgewinn*) or determining the amount of dividends payable to shareholders. Because the Company conducts parts of its operational business through its subsidiaries, its ability to pay dividends also depends on the ability of its operating subsidiaries to generate income and transfer profits. In addition, the Company's and the Group's respective debt financing arrangements contain and future debt financing arrangements may contain covenants which limit the Company's ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends. Given that the Company's shares are, and any dividends to be paid in respect of them will be, denominated in Euro, an investment in the Company's shares by an investor whose principal currency is not the Euro exposes the investor to an additional foreign currency exchange rate risk.

1.4.6 Shareholders of the Company in jurisdictions outside Germany may not be able to participate in future issues of Company's shares unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions.

In the case of certain increases in the Company's issued share capital, the Company's existing shareholders are generally entitled to subscribe to the newly issued shares unless such subscription rights are specifically excluded. Shareholders outside Germany may, however, not be able to exercise their subscription rights unless the Company decides to comply with applicable local laws and regulations. The Company cannot assure any shareholders outside Germany that steps will be taken to enable them to exercise their subscription rights, or to permit them to receive any proceeds or other amounts relating to their subscription rights.

1.4.7 The ability of shareholders to bring actions or enforce judgments against the Company or members of its management board or supervisory board may be limited.

The ability of shareholders to bring an action against the Company may be limited. The Company is a stock corporation incorporated under the laws of Germany. The rights of shareholders are governed by German law and by the Company's articles of association. These rights differ from the rights of shareholders in other jurisdictions. It may be difficult for a shareholder to prevail in a claim against the Company or to enforce liabilities predicated upon the laws of jurisdictions other than Germany.

A shareholder may not be able to enforce a judgment against some or all of the members of the Company's management board or supervisory board. It may not be possible for a shareholder to effect service of process upon members of the management board or supervisory board within such shareholder's country of residence, or to enforce against members of the management board or supervisory board judgments of courts of such shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a shareholder will be able to enforce any judgment in civil and commercial matters or any judgments against the members of the Company's management board or supervisory board who are residents of countries other than those in which the judgment is made. In addition, German and other courts may not accept jurisdiction and impose civil liability on members of the management board or supervisory board in any original action based solely on foreign securities laws brought against the Company or members of the management board or supervisory board in a court of competent jurisdiction in Germany or other countries. In addition, the Company cannot assure prospective investors that civil liabilities predicated upon foreign securities laws will be enforceable in Germany or any other jurisdiction.

2. GENERAL INFORMATION

2.1 Responsibility statement

Knaus Tabbert AG, with its registered seat in Jandelsbrunn, Federal Republic of Germany (***Germany***), and its business address at Helmut-Knaus-Straße 1, 94118 Jandelsbrunn, Germany, a stock corporation (*Aktiengesellschaft*) organized under German law and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau under number HRB 11089, Legal Entity Identifier (***LEI***) 391200V57NOSGK8UVW09 (the ***Company*** or ***Knaus Tabbert***, and together with its subsidiaries, the ***Group*** or the ***Knaus Tabbert Group***), together with Jefferies International Limited, with its registered seat at 100 Bishopsgate, London EC2N 4JL, United Kingdom, LEI S5THZMDUJCTQZBTRVI98. (***Jefferies*** or the ***Sole Global Coordinator***), UniCredit Bank AG, with its registered seat at Arabellastraße 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170 (***UniCredit***), and ABN AMRO Bank N.V., with its registered seat at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, LEI BFXS5XCH7N0Y05NIXW11 (***ABN AMRO*** and, together with the Sole Global Coordinator and UniCredit, the ***Joint Bookrunners*** or the ***Underwriters***) assume responsibility for the contents of this prospectus pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as well as Article 11 para. 1 of Regulation (EU) 2017/1129 (the ***Prospectus Regulation***), and hereby declare that, to the best of their knowledge, the information contained in this prospectus is in accordance with the facts and that this prospectus makes no omission likely to affect its import.

Neither the Company nor the Underwriters are required by law to update this prospectus subsequent to the date hereof, except in accordance with Article 23 of the Prospectus Regulation, which stipulates that every significant new factor, material mistake, or material inaccuracy relating to the information included in a prospectus which may affect the assessment of the securities and which arises or is noted between the time when the prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later, shall be mentioned in a supplement to the prospectus without undue delay. In any event, the obligation to supplement a prospectus does no longer apply when a prospectus is no longer valid. The closing of the offer period is expected to take place on September 22, 2020. The first day of trading of the Company's shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to take place on September 23, 2020. Accordingly, the validity of this prospectus is expected to expire at the end of the day on September 23, 2020.

This prospectus constitutes a prospectus for the purposes of Article 3 of the Prospectus Regulation and has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, ***BaFin***), as competent authority under the Prospectus Regulation. BaFin only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Company or its shares. Investors should make their own assessment as to the suitability of investing in the securities. BaFin can be contacted at Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany, by telephone +49 228 4108-0, or via its website www.bafin.de.

The Company's website is www.knaustabbert.de. Information contained on the Company's website, or any website mentioned in this prospectus, is not incorporated by reference into this prospectus and does not form part of this prospectus.

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

2.2 Purpose of this prospectus

This prospectus relates to the offering of 4,945,000 ordinary bearer shares (*Inhaberaktien*) of the Company with no par value (*Stückaktien*) and each such share with full dividend rights from January 1, 2020 (the ***Offering***), consisting of:

- 350,000 newly issued ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from a capital increase against contribution in cash resolved by an extraordinary shareholders' meeting on September 21, 2020 and expected to be consummated on or about September 22, 2020 (the ***Primary Base Shares***);

- 3,950,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholders (as defined below) (the ***Secondary Base Shares***, and, together with the Primary Base Shares, the ***Base Shares***); and

- 645,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholders (as defined below) in connection with a potential over-allotment (the ***Over-Allotment Shares*** and, together with the Base Shares, the ***Offer Shares***).

The ***Selling Shareholders*** are H.T.P. Investments 1 B.V. (previously H.T.P. Investments B.V.), Goes, the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number KvK 12062493 (***HTP***), Catalina Capital Partners B.V., Amsterdam, the Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under number KvK 78165709 (***Catalina***) and Palatium Beteiligungsgesellschaft mbH, St. Ingbert, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Saarbrücken, Germany, under number HRB 18653 (***Palatium***).

Furthermore, for purposes of admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard), this prospectus relates to up to 10,377,259 ordinary bearer shares (*Inhaberaktien*) of the Company with no par value (*Stückaktien*) (the entire share capital of the Company) and each such share with full dividend rights from January 1, 2020.

For further information on the Offering, see "*3. The Offering*".

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 of the date of this prospectus. This applies, in particular, to statements in this prospectus containing information on the Company's 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 "anticipate", "expect", "intend", "plan", "predict", "project", and "target", or the negative of these words may be an indication of forward-looking statements.

The forward-looking statements in this prospectus are subject to risks and uncertainties and are based on current estimates and assessments. The forward-looking statements involve assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause actual circumstances, 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. Forward-looking statements can be found in several sections in this prospectus, particularly in the sections describing risk factors, markets and competition, the Company's business and recent developments and outlook, and wherever information is contained in this 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. For more information on the regulatory and legal environment, see "*13. Regulatory and Legal Environment*".

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this prospectus will not occur or differ materially from actual events. In addition, the forward-looking estimates and forecasts reproduced in this prospectus from third-party reports could prove to be inaccurate. For more information on the third-party sources used in this prospectus, see "*2.4. Sources of market data*". Various factors may cause the Group's actual results, performance or events to differ materially from those in such statements. These factors include:

- changes in general economic conditions in the markets in which the Group operates, including changes in, among other things, the unemployment rate, the level of consumer prices, wage levels, and changes due to pandemics such as COVID-19 or other public health crises, as well as the impact of these economic conditions on the dealer network;
- demographic changes and changes in customer behavior with respect to the markets in which the Group operates and, in particular, with respect to Germany;
- changes affecting interest rate levels;
- changes in the Group's competitive environment and in the competition level;
- unanticipated labor issues, including strikes and an inability to attract and retain qualified personnel;
- guarantee, warranty and product liability claims brought against the Company as well as antitrust investigations; and
- changes in laws and regulations.

This list of important factors is not exhaustive. See "*1. Risk Factors*" for a further description of some of the factors that could influence the Company's forward-looking statements.

The forward-looking statements contained in this prospectus speak only as of the date of this prospectus. Neither the Company nor any Underwriter assumes any obligation, except as required by law, to update, revise or adjust any forward-looking statement or to conform any such statement to actual events or developments.

2.4 Sources of market data

This prospectus contains information on markets and market trends sourced from studies, reports and information published by third parties and publicly available information. Third-party publications generally state that the information they contain originates from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the calculations contained therein are based on assumptions. Irrespective of the assumption of responsibility for the content of this prospectus by the Company and the Underwriters (see "*2.1. Responsibility statement*"), neither the Company nor the Underwriters have independently verified the figures, market data or other information on which third parties have based their studies and information. Accordingly, the Company and the Underwriters make no representation or warranty as to the accuracy of any such information from third-party sources included in this prospectus.

These sources may not fully reflect the potential impact of the ongoing global COVID-19 pandemic or of a potential second wave of infections with the virus. Because the potential effects of this pandemic on the economy, society and markets in which the Group operates cannot be predicted with accuracy, all current forecasts are subject to a degree of uncertainty. This applies particularly in the context of links and interrelations between the global financial markets, economies and political decisions. Each of these factors may have its own separate influence on economic and political developments; taken together, their combined effect is impossible to foresee. In particular, the CIVD Prognosis: 2020-2025 (as defined below) assumes that there will be no second lockdown and that there will be no economic recession in the EU.

Where information in this prospectus has been sourced from a third party, the Company confirms that this information has been accurately reproduced and that, as far as the Company is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this information with caution.

The following third-party sources were used in the preparation of this prospectus:

- AutoBild Reisemobil, "*Preisverleihung auf dem Caravan Salon*", dated October 29, 2018, available at https://www.autobild.de/artikel/das-goldene-reisemobil-2018-12538229.html (***AutoBild***);
- Bundesministerium für Umwelt, Naturschutz und nukleare Sicherheit (BMU), "*Umweltbewusstsein in Deutschland 2018*", dated May 2019, available at https://www.umweltbundesamt.de/publikationen/umweltbewusstsein-in-deutschland-2018 (***BMU***);
- Camping, Cars & Caravans, "*König Kunde Award 2019*", dated September 6, 2019, available at: https://www.camping-cars-caravans.de/news-termine/awards/koenig-kunde-2019-verleihung/ (***Camping, Cars & Caravans***);
- CARAVANING, "*CARAVANING-Leserwahl*", dated January 11, 2020, available at https://www.caravaning.de/neuheiten/beliebteste-caravan-oberklasse-luxusklasse-2020/ (***CARAVANING***);
- Caravaning Industrie Verband e.V. (CIVD), Jahresband/Annual Report 2019/2020 (***CIVD Statistics 2019***);
- Caravaning Industrie Verband e.V. (CIVD), "*Marktstudie: Caravaning Prognose: 2020-2025*" (***CIVD Prognosis: 2020-2025***);
- Caravaning Industrie Verband e.V. (CIVD), "*Markt und Stastik INFORMATION – Neuzulassungen Freizeitfahrzeuge in Deutschland Juni 2020*", available at https://www.civd.de/wp-content/uploads/2020/07/152020_PM_Fact-Sheet.pdf (***CIVD-Info 7/2020***);
- Caravaning Industrie Verband e.V. (CIVD), "*Aktuelle Neuzulassungszahlen*", available at https://www.civd.de/artikel/aktuelle-neuzulassungszahlen/ (***CIVD New Registrations***)
- European Caravan Federation, "EUROPE: Registrations of new Motor Caravans per month 2020", dated May 25, 2020, available at http://www.e-c-f.com/fileadmin/templates/4825/images/statistics/europazul-4.pdf (***ECF Statistic Q1 2020***);
- European Innovation Award, press releases on the Innovation Awards from 2017 to 2020, available at https://european-innovation-award.com/presse-2/ (***European Innovation Awards***);
- European Statistical Office, database on demographic data in Europe, available at https://ec.europa.eu/eurostat/de/data/database (***Eurostat***);
- Gesellschaft für Konsumforschung (GfK), study: "*Wie relevant ist Caravaning in Deutschland und wie wird sich der Markt entwickeln?*" (How relevant is caravanning in Germany and how will the market develop?), dated August 30, 2019, available at https://www.civd.de/wp-content/uploads/2019/05/civd.de_GfK-Studie_Wie_relevant_ist_Caravaning_in_Deutschland_und_wie_wird_sich_der_Markt_entwickeln.pdf (***GfK***);
- Practical Caravan, "Owner Satisfaction Awards 2018: full results" dated March 19, 2018, available at https://www.practicalcaravan.com/news/owner-satisfaction-awards-2018-full-results (***Practical Caravan***);
- Promobil, "*Reisemobile des Jahres 2020*", available at https://www.promobil.de/beste-reisemobile-des-jahres-leserwahl/ (***Promobil***); and
- Statista/IfD Allensbach, "*Personen in Deutschland, die einen Wohnwagenanhänger oder Caravan besitzen, nach Alter im Vergleich der Jahre 2017 bis 2019*" (People in Germany, who own a motorhome or caravan, by age compared from 2017 to 2019), available at https://de.statista.com/statistik/daten/studie/877698/umfrage/besitz-von-wohnwagenanhaenger-caravan-nach-alter/ (***Statista/IfD Allensbach***)

This prospectus also contains estimates of market and other data and information derived from such data that cannot be obtained from the above-mentioned publications or other independent sources. Such information is partly based on the Company's own market observations, the evaluation of industry information (from conferences, sector events, etc.) and internal assessments. The Company believes that its estimates of market and other data and the information derived from such data assist investors in gaining a better understanding of the industry in which the Group operates and its position therein. While the Company believes that its own market observations and estimates are reliable, they have not been checked or verified externally. The Company assumes no responsibility for the accuracy of its own estimates and the information derived therefrom. They may differ from estimates made by its competitors or from current and future studies conducted by market research institutes or other independent sources.

Information contained on any website mentioned in this prospectus, including the Company's website, is not incorporated by reference into this prospectus and is not part of this prospectus.

2.5 Documents available for inspection

For the period during which this prospectus is valid, copies of the following documents, as well as the Company's future financial statements, will be available for inspection on the Company's website at www.knaustabbert.de:

- the Company's articles of association (the ***Articles of Association***);
- the CIVD Prognosis: 2020-2025;
- the CIVD Statistics 2019;
- the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (***EU***) (***IFRS***) on interim financial reporting (IAS 34) as of and for the six-month period ended June 30, 2020;
- the audited consolidated financial statements of the Company prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2019;
- the audited consolidated financial statements of the Company prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2018;
- the audited consolidated financial statements of the Company prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2017; and
- the audited unconsolidated financial statements of the Company prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*, ***HGB***) as of and for the fiscal year ended December 31, 2019;

The Company's future consolidated annual and interim financial statements and unconsolidated annual financial statements will be available from the Company on its website (www.knaustabbert.de) and from the German Company Register (Unternehmensregister) (www.unternehmensregister.de). The Company's future consolidated annual and interim financial statements and unconsolidated annual financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

2.6 Presentation of financial information

2.6.1 Note on currency

In this prospectus, "euro" and "EUR" refer to the single European currency adopted by certain participating EU member states (***Member States***), including Germany, and "HUF" refers to Hungarian forint, the official currency of Hungary.

The functional currency of the Group is the euro and financial statements are prepared in euro.

2.6.2 *Data presentation*

Where financial data in this prospectus is labeled “audited”, this means that it has been taken from the audited financial statements of the Company. The label “unaudited” is used in this prospectus to indicate financial data that has not been taken from the audited financial statements of the Company but from the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020 or from the Company’s internal accounting system, or that has been calculated based on financial data from the above-mentioned sources. All of the financial data presented in this prospectus are shown in thousands of euro (in EUR thousand), except as otherwise stated. Certain financial data (including percentages) in this prospectus 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 in the tables in this prospectus may not correspond in all cases to the corresponding rounded amounts contained in the tables in this prospectus. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented in parentheses denotes the negative of such number presented. With respect to financial data set out in this prospectus, a dash (“ – ”) signifies that the relevant figure is not applicable, while a zero (“0”) signifies that the relevant figure is available but is or has been rounded to zero.

All prices for vehicles of the Group stated in this prospectus are base prices in euro (including value added tax (***VAT***)) taken from the Group’s catalogues valid in Germany as of July 2020.

2.6.3 *Application of IFRS and HGB*

The consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019, 2018 and 2017 were prepared in accordance with IFRS. The unconsolidated financial statements of the Company as of and for the fiscal year ended December 31, 2019 were prepared in accordance with HGB. Such consolidated and unconsolidated annual financial statements were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Frankfurt office (Nuremberg Office, Bahnhofstr. 30, 90402 Nuremberg, Germany) (***KPMG***), as stated in their auditor’s reports (*Bestätigungsvermerk*) thereon.

The unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020 were prepared in accordance with IAS 34 on interim financial reporting.

2.6.4 *Segmentation*

The Knaus Tabbert Group divides its business operations into two segments:

- the Premium segment, consisting of the brands Knaus, Tabbert, Weinsberg and T@B, which offer vehicles in a price range of up to approximately EUR 112,000; and
- the Luxury segment, consisting of the brand Morelo with prices of up to more than EUR 600,000.

For additional information on the brands comprising both segements, see “*12.5. Brands and products*”.

2.6.5 *Non-IFRS and alternative performance measures*

This prospectus contains certain financial and performance measures that are not required by, or presented in accordance with, IFRS or HGB. These measures are alternative performance measures (***APMs***) as defined in the guidelines issued by the European Securities and Markets Authority (*ESMA*) on October 5, 2015 on alternative performance measures (the ***ESMA Guidelines***). This prospectus contains the following APMs:

- Earnings before interest and tax (***EBIT***) is defined as consolidated profit for the period adjusted for taxes, finance costs and finance income;
- Earnings before interest, tax, depreciation and amortization (***EBITDA***) is defined as consolidated profit for the period adjusted for taxes, finance costs, finance income and depreciation and amortization;

- Adjusted earnings before interest and tax (***Adjusted EBITDA***) is defined as EBTIDA adjusted for certain extraordinary items relating in particular to (i) the first-time preparation of audited consolidated financial statements of the Company in accordance with IFRS in 2017, (ii) certain extraordinary transaction costs in connection with preparation of the Company's IPO readiness in 2017 and 2018 as well as costs associated with strategic evaluations of the Group in 2019, and (iii) certain consulting fees related primarily to certain management fees (see also, "*18.2. Relationships between the Company and its controlling shareholder*") and, in the fiscal year ended December 31, 2017, a finance service agreement with SD-Leasing;

- ***Capital Employed*** is the sum of equity, non-current liabilities to banks, current liabilities to banks, cash and cash equivalents, bank balances and a security fund established together with one of the Group's financing partners, S-Kreditpartner GmbH, Bad Homburg, Germany (***SKP***), in order to manage the risk of damages as a result of the disappearance of vehicles (e.g. due to fraud) and loss of proceeds (e.g. due to embezzlement);

- ***Cash Conversion Rate*** is defined as the ratio of cash flows from operating activities to the consolidated profit for the period;

- ***Equity Ratio*** is defined as the ratio of equity to the balance sheet total;

- ***Invested Capital*** is defined as the sum of intangible assets, property, plant and equipment, inventories and trade receivables less trade payables;

- ***Net Working Capital*** is defined as the sum of inventories, trade receivables and receivables from factoring less trade payables;

- ***Operating Cash Cycle*** is defined as DIO (average days inventory outstanding) plus DSO (average days sales outstanding) less DPO (average days payables outstanding). DPO and DIO are calculated as the ratio of trade accounts payables and inventory, respectively, divided by cost of materials based on yearly averages. DSO is calculated as the ratio of trade accounts receivable divided by net revenue based on yearly averages;

- Return on invested capital (***ROIC***) is defined as the ratio of EBIT for the last twelve months to the average Invested Capital of the last twelve months (which is the sum of Invested Capital as of the respective end date of the period and Invested Capital as of the same date one year earlier, divided by two)

- Return on capital employed (***ROCE***) is defined as the ratio of EBIT for the last twelve months to the average capital employed of the last twelve months (which is the sum of capital employed as of the respective end date of the period and capital employed as of the same date one year earlier, divided by two) whereby capital employed is the sum of equity, non-current liabilities to banks, current liabilities to banks, cash and cash equivalents, bank balances and a security fund established together with one of the Group's financing partners, SKP, in order to manage the risk of damages as a result of the disappearance of vehicles (e.g. due to fraud) and loss of proceeds (e.g. due to embezzlement); and

- Return on equity (***ROE***) is defined as the ratio of the consolidated profit of the last twelve months to the average equity of the last twelve months (which is the sum of equity as of the respective end date of the period and equiy as of the same date one year earlier, divided by two).

The Company presents alternative performance measures because they are used by management in monitoring, evaluating and managing its business and because the Company believes that they and similar measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry. The definitions of the alternative performance measures may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Company's operating results as reported under IFRS or HGB. Alternative performance measures such as such as EBIT are not measurements of the Company's performance or liquidity under IFRS or HGB and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS, HGB or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities.

For a calculation or reconciliation of alternative performance measures to results or other performance measures presented in accordance with IFRS, see "*9. Operating and Financial Review*".

3. THE OFFERING

3.1 Subject matter of the Offering

The Offering relates to the sale of 4,945,000 ordinary bearer shares (*Inhaberaktien*) of the Company with no par value (*Stückaktien*) and each such share with full dividend rights from January 1, 2020, consisting of:

- 350,000 Primary Base Shares;
- 3,950,000 Secondary Base Shares; and
- 645,000 Over-Allotment Shares.

The Offering consists of an initial public offering in Germany and private placements in certain jurisdictions outside Germany. In the United States of America (the ***United States*** or ***U.S.***), the Company's shares will be offered and sold only to qualified institutional buyers (***QIBs***) as defined in and in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended (the ***Securities Act***). Outside the United States, the Company's shares will be offered and sold only in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act.

The Offer Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or otherwise transferred to or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

The Offer Shares carry, and will carry upon admission to trading, the same rights as all other shares of the Company and confer no additional rights or benefits. All shares of the Company, including the Offer Shares, are subject to and governed by German corporate law. For information on the share capital of the Company, see "*16. Description of the Company's Share Capital and Applicable Regulations*".

As of the date of this prospectus, the share capital of the Company amounts to EUR 10,027,259.00. The Offer Shares that are the subject of the Offering, including a potential over-allotment, will total EUR 4,945,000. Thus, approximately 47.65% of the Company's share capital will be offered (approximately 41.44% without the Over-Allotment Shares).

The Company will receive the proceeds from the sale of the Primary Base Shares, less certain commissions and expenses relating to the Offering. The Selling Shareholders (see "*14.1. Current shareholders*") will receive consideration for the sale of the Secondary Base Shares and from a potential sale of Over-Allotment Shares, if and to the extent the option to acquire a number of Company's shares equal to the borrowed shares at the Offer Price less agreed commissions granted to the Underwriters by the Seeling Shareholders (the ***Greenshoe Option***) is exercised, less commissions and expenses in connection thereto.

The Underwriters are acting in the following capacities: Jefferies is acting as Sole Global Coordinator and Joint Bookrunner, and UniCredit and ABN AMRO are acting as Joint Bookrunners.

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

None of the Company, the Selling Shareholders or the Underwriters, or any of the respective affiliates, is making any representation to any offeree or purchaser of the Shares regarding the legality of an investment in the Shares by such offeree or purchaser. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

The investors also acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with the Underwriters in connection with any investigation of the accuracy of any information contained in this prospectus or their investment decision; and (ii) they have relied only on the information contained in this document, and (iii) that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries or the Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholders or the Underwriters.

3.2 Price Range, Offer Period, Offer Price and allotment

The price range within which purchase orders may be placed is EUR 58.00 to EUR 74.00 per Offer Share (the ***Price Range***).

The period during which investors may submit purchase orders for the Offer Shares is expected to begin on September 14, 2020 and is expected to end on September 22, 2020 (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 private investors and (ii) until 15:00 (CEST) by institutional investors. Purchase orders must be for at least 10 shares and be expressed in full euro amounts or increments of 25, 50 or 75 euro cents. Multiple purchase orders are permitted.

The Company and the Selling Shareholders reserve the right, together with the Sole Global Coordinator, 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 relation to 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 such change requires the publication of a supplement to this prospectus, investors who submitted purchase orders before the supplement is published have the right, pursuant to Article 23 of the Prospectus Regulation, to withdraw these offers to purchase within two business days of the publication of the supplement. To the extent that the terms of the Offering are changed, such change will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by Regulation (EU) No 596/2014 (***MAR***), as an ad-hoc release via an electronic information system, on the Company's website and as a supplement to this prospectus. Investors who have submitted offers to purchase will not be notified individually. Under certain conditions, the Underwriters may terminate the underwriting agreement regarding the offer and sale of the Offer Shares in connection with the Offering entered into with the Company and the Selling Shareholders on [September 11], 2020 (the ***Underwriting Agreement***), even after commencement of trading of the Company's shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (see "*19.3. Termination/indemnification*").

The placement price (the ***Offer Price***) and the final number of Offer Shares to be placed in the Offering will be set jointly by the Company, the Selling Shareholders and the Underwriters. The price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the 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 maximizing 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 Company's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors 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 behavior. The Company and the Selling Shareholders will not charge any expenses and taxes related to the Offering and listing to investors.

The Offer Price and the final number of Offer Shares placed in the Offering (i.e. the result of the Offering) are expected to be set on September 22, 2020. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the offers to purchase then available. The Offer Price and the final number of Offer Shares (that is, the result of the Offering) are expected to be published on or about September 22, 2020 by means of an ad hoc release on an electronic information dissemination system and on the Company's website. Investors who have placed orders to purchase Offer Shares with one of the Underwriters can obtain information from that Underwriter about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. As commencement of trading of the Company's shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to take place one business day following the setting of the Offer Price, investors may not have obtained information about the number of Offer Shares allotted to them at the time of commencement of trading (*Aufnahme des Handels*). Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place two business days after commencement of trading. Particularly if the placement volume prove insufficient to satisfy all orders placed at the placement price, the Underwriters reserve the right to reject orders, or to accept them in part only.

3.3 Expected timetable for the Offering

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

September 11, 2020	Approval of this prospectus by BaFin
	Publication of the approved prospectus on the Company's website (www.knaustabbert.de)
September 14, 2020	Commencement of the Offer Period
	Application for admission of the Company's 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)
September 22, 2020	Close of the Offer Period for private investors (natural persons) at 12:00 noon (CEST) and for institutional investors at 15:00 (CEST)
September 22, 2020	Determination of the Offer Price and final number of shares allocated
	Publication of the results of the Offering in the form of an ad hoc release on an electronic information dissemination system and on the Company's website (www.knaustabbert.de)
September 22, 2020	Admission decision to be issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
September 23, 2020	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
September 25, 2020	Book-entry delivery of the Offer Shares against payment of the Offer Price (settlement and closing)

3.4 Information on the shares

3.4.1 Current share capital; form of the shares

As of the date of this prospectus, the share capital of the Company amounts to EUR 10,027,259.00 and is divided into 10,027,259 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), each representing a notional value of EUR 1.00 of the Company's share capital. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany and are denominated in euro.

The Company's shares are represented by a global share certificate, which is deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany (***Clearstream***).

3.4.2 Voting rights

Each share in the Company carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights. Major shareholders do not have different voting rights.

3.4.3 *Dividend and liquidation rights*

The Company's shares carry full dividend rights from January 1, 2020. In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

3.5 ISIN/WKN/ticker symbol

International Securities Identification Number (ISIN)	DE000A2YN504
German Securities Code (*Wertpapier-Kenn-Nummer*, WKN)	A2Y N50
Trading Symbol	KTA

3.6 Transferability of the shares, lock-up

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares (*Inhaberaktien*). Except for the restrictions described under "*3.11. Lock-up agreement*" and "*19.4. Selling restrictions*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

3.7 Information on the existing shareholders

Immediately prior to the Offering, the Selling Shareholders hold 100% of the Company's outstanding share capital. It is expected that following completion of the Offering and assuming placement of all of the Offer Shares and full exercise of the Greenshoe Option, the Selling Shareholders will continue to hold approximately 52.35% of the Company's share capital. For further details on the ownership structure of the Company, see "*14. Shareholder Information*".

3.8 Allotment criteria

The allotment of Offer Shares to private investors and institutional investors will be decided by the Company and the Selling Shareholders after consultation with the Sole Global Coordinator. The decision ultimately rests with the Company and the Selling Shareholders. Allotments will be made on the basis of the quality of the individual investors and individual orders and other important allotment criteria to be determined by the Company and the Selling Shareholders after consultation with the Sole Global Coordinator. The allotment to private investors will be in accordance with the "Principles for the Allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued by the German Commission of Stock Exchange Experts (*Börsensachverständigenkommission*) on June 7, 2000. "Qualified Investors" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) in connection with the Prospectus Regulation, as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) as defined in the German Securities Trading Act (*Wertpapierhandelsgesetz*) are not viewed as "private investors" within the meaning of the allotment rules. Multiple subscriptions by the same investors are permitted. The details of the allotment procedure will be stipulated after expiration of the Offer Period and published in accordance with the above-mentioned allotment principles.

3.9 Stabilization measures, over-allotments and Greenshoe Option

In connection with the placement of the Base Shares, Jefferies, acting for the account of the Underwriters, will act as the stabilization manager (the ***Stabilization Manager***) and may, as Stabilization Manager acting in accordance with legal requirements (Article 5 para. 4 and 5 of the MAR in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), take stabilization measures to support the market price of the Company's shares during the Stabilization Period (as defined below) and thereby counteract any selling pressure. As set forth in Article 6 para. 5 of the Commission Delegated Regulation (EU) 2016/1052, the Stabilization Manager shall act as central point responsible and shall assume responsibility for the public disclosure requirements and for handling any request from any competent authorities referred to in such regulation.

The Stabilization Manager must record each stabilization order and transaction pursuant to applicable regulations. In addition, details of all stabilization transactions must be reported to the competent authorities of each trading venue on which the securities are admitted to trading or traded, as well as the competent authority of each trading venue where transactions in associated instruments for the stabilization of securities are carried out (if any).

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may be taken from the date of commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) – expected to take place on September 23, 2020 – and must be terminated no later than 30 calendar days after such date (the ***Stabilization Period***). Any profits or losses out of or in connection with stabilization measures shall be borne by the Underwriters.

These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level. Stabilization measures shall not be carried out above the Offer Price.

Under the possible stabilization measures, investors may, in addition to the Base Shares, be allotted the Over-Allotment Shares as part of the allotment of the Offer Shares (the ***Over-Allotment***). For the purpose of a potential Over-Allotment, the Stabilization Manager, for the account of the Underwriters, will be provided with up to 645,000 shares from the holdings of the Selling Shareholders in the form of a securities loan; the number of Over-Allotment Shares will not exceed 15% of the Base Shares. In addition, the Selling Shareholders have granted the Underwriters an option to acquire a number of Company's shares equal to the borrowed shares at the Offer Price less agreed commissions (the ***Greenshoe Option***). The Greenshoe Option will terminate 30 calendar days after commencement of trading of the Company's shares expected to take place on September 23, 2020.

The Stabilization Manager is entitled to exercise the Greenshoe Option up to the extent to which Over-Allotments were initially made; the number of shares from the holdings of the Selling Shareholders for which the Greenshoe Option is exercised is to be reduced by the number of shares held by the Stabilization Manager as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of stabilization measures.

Once the Stabilization Period has ended, an announcement will be made within one week in various media outlets distributed across the entire EEA stating (i) whether stabilization measures were taken, (ii) when stabilization started and when it last occurred, (iii) the price range within which the stabilization measures were taken for each of the dates during which stabilization measures were carried out, and (iv) the trading venue(s) on which stabilization transactions were carried out, where applicable.

3.10 Target market assessment

Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU on markets in financial instruments, as amended (***MiFID II***), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 and (iii) local implementing measures (together, the ***MiFID II Requirements***), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) 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 (ii) eligible for distribution through all distribution channels permitted by MiFID II (the ***Target Market Assessment***).

Notwithstanding the Target Market Assessment, 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 suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together 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 from such investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Offering and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the Offer Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

3.11 Lock-up agreement

In the Underwriting Agreement, the Company has agreed with each Underwriter that the Company will not, and will not agree to, without the prior written consent of the Sole Global Coordinator (such consent not to be unreasonably withheld or delayed), for a period of six months following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (expected to take place on September 23, 2020):

- announce or effect an increase of the share capital of the Company out of authorized capital;
- submit a proposal for a capital increase to any shareholders' meeting for resolution;
- announce to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company or with option rights for shares of the Company; or
- enter into a transaction or perform any action economically similar to those described in the bullet points above,

in each case of the four bullets above other than as expressly described in this prospectus.

In the Underwriting Agreement, two of the Selling Shareholders, HTP and Catalina, have undertaken not to, without the prior written consent of the Sole Global Coordinator (such consent not to be unreasonably withheld or delayed), for a period of six months following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (expected to take place on September 23, 2020):

(a) 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 member of the Knaus Tabbert Group, or any other securities of the Company, or any other member of the Knaus Tabbert Group, including securities convertible into or exercisable or exchangeable for shares of the Company, or any other member of the Knaus Tabbert Group;

(b) 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 clause (a) above or this clause (b) is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise;

(c) make any demand for, or exercise any right with respect to, the registration under U.S. 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;

(d) propose any increase in the share capital of the Company, vote in favor 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

(e) enter into a transaction or perform any action economically similar to those described in (a) through (d) above, in each case of the clauses (a) to (e) above other than for the purposes of the Offering or as expressly described in this prospectus.

In the Underwriting Agreement, Palatium, as third Selling Shareholder, has undertaken, for a period of twelve months following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (expected to take place on September 23, 2020), not to (in the last six months of the twelve-month period: not without the prior written consent of the Sole Global Coordinator (such consent may not to be unreasonably withheld or delayed)), take any of the measures described in the clauses (a) to (e) above (in each case other than for the purposes of the Offering or as expressly described in this prospectus).

The foregoing lock-up restrictions for the Selling Shareholders will not restrict (i) the tender, sale and transfer of the Company's shares in a takeover bid for the shares of the Company pursuant to the German Securities Acquisition and Takeover Act *(Wertpapiererwerbs- und Übernahmegesetz)*, (ii) the over-the-counter *(außerbörsliche)* transfer of Company's shares by the Selling Shareholders to any of its affiliates and the transfer of Company's shares by any Authorized Recipient (as defined below) to another Authorized Recipient, and (iii) any allotments or distributions of the Company's shares to direct or indirect shareholders or other securities holders of the Selling Shareholders or any affiliates of such shareholders or securities holders (together with any affiliates under (ii), the ***Authorized Recipients***), provided that in each case mentioned in (i) and (ii) the Authorized Recipient agrees to be bound by the foregoing lock-up restrictions by entering into a corresponding lock-up undertaking.

3.12 Admission to the Frankfurt Stock Exchange and commencement of trading

The Company expects to apply for admission of the Company's 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 September 14, 2020. The listing approval for the Company's shares is expected to be granted and announced on or about September 22, 2020. The decision on the admission of the Company's shares to trading will be made solely by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at its discretion. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on September 23, 2020.

3.13 Designated sponsor

Baader Bank Aktiengesellschaft, Weihenstephaner Straße 4, 85716 Unterschleißheim, Germany, LEI 529900JFOPPEDUR61H13, has agreed to assume the function of a designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least one year from the first day of trading of the Company's shares. Pursuant to the designated sponsor agreements concluded among the designated sponsor and the Company, the designated sponsor will, among other things, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares. The designated sponsor is entitled to delegate its duties under the designated sponsor's agreements to third parties. In accordance with Sections 76 and 77 of the Exchange Rules (*Börsenordnung*) for the Frankfurt Stock Exchange, the designated sponsor's agreements stipulate the duties and responsibilities of the designated sponsor. Among other things, the designated sponsor shall be available during trading hours and, upon receipt of a request for a quote, shall promptly supply quotes and enter into transactions on such basis. In addition, the designated sponsor shall provide quotes throughout the auction.

3.14 Interests of parties participating in the Offering

In connection with the Offering and admission of the Company's Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Underwriters have formed a contractual relationship with the Company and the Selling Shareholders.

The Underwriters act for the Company and the Selling Shareholders in connection with the transaction and the coordination, structuring and execution of the transaction. In addition, Baader Bank Aktiengesellschaft, Weihenstephaner Straße 4, 85716 Unterschleißheim, Germany, LEI 529900JFOPPEDUR61H13, has been appointed to act as designated sponsor for the Company's shares and Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany, LEI 5299004IU009FT2HTS78, has been appointed to act as paying agent. Upon successful implementation of the transaction, the Underwriters will receive a commission. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for their own account, may acquire 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 Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of shares in the Company. None of the Underwriters 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.

The Selling Shareholders will receive the proceeds from the sale of the Secondary Base Shares and the Over-Allotment Shares (if any) in the Offering.

Members of the company's supervisory board (***Supervisory Board***) and the company's management board (***Management Board***) who hold shares in the Company or take part in the Offering and members of the Management Board whose compensation will be based in part on the price of the Company's shares have a financial interest in the Offering since the value of their shareholding in the Company after completion of the Offering may be influenced by the listing of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). In addition, it is envisaged that in the event of a successful listing of the Company's shares on the Frankfurt Stock Exchange the members of the Management Board will receive an appreciation payment from a shareholder for their long-term relationship with such shareholder.

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

The Company will receive the proceeds from the sale of the Primary Base Shares. The Selling Shareholders will receive the proceeds of the Offering resulting from the sale of the Secondary Base Shares and from the sale of Over-Allotment Shares, if and to the extent that the Greenshoe Option in relation to the Over-Allotment Shares is exercised.

Assuming full placement of the Offer Shares at the mid-point of the Price Range, full exercise of the Greenshoe Option and payment in full of a discretionary fee, the Company estimates that the net proceeds to the Company from the sale of the Primary Base Shares would amount to approximately EUR 21.82 million.

Assuming full placement of the Offer Shares at the mid-point of the Price Range, full exercise of the Greenshoe Option and payment in full of a discretionary fee, the Company estimates that the net proceeds to the Selling Shareholders from the sale of the Secondary Base Shares and the Over-Allotment Shares would amount to approximately EUR 286.50 million.

The expenses related to the Offering and the listing of the Company's entire share capital are expected to total approximately EUR 18.05 million at the mid-point of the Price Range. The Selling Shareholders will pay the portion of the costs that is attributable to (i) the sale of the Secondary Base Shares and (ii) if and to the extent that the Greenshoe Option is exercised, the sale of the Greenshoe Shares. The Company estimates that the overall costs for the Company will be approximately EUR 1.28 million at the mid-point of the Price Range, and that the overall costs for the Selling Shareholders will be approximately EUR 16.77 million at the mid-point of the Price Range, assuming, in each case, full placement of the Offer Shares, full exercise of the Greenshoe Option and payment in full of a discretionary fee.

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

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

The Company intends to use the estimated net proceeds from the offering of the Primary Base Shares to (i) expand the Group's production facilities, in particular in Hungary for van conversions, and linked investments (ii) continue executing its corporate strategy, including, among other things, the potential establishment of a new brand and for general corporate purposes. The Company intends to have the Company's shares admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) to achieve better access to the capital markets and further support the development of the Knaus Tabbert Group. The Company and the Selling Shareholders believe the listing will provide a number of benefits to the Group, including an enhanced external profile, further improved brand recognition and increased flexibility and ability to support and develop the Group's business through organic growth and selected acquisitions.

The Selling Shareholders will offer the Secondary Base Shares and the Over-Allotment Shares to partially divest their shareholdings in the Company, to ensure sufficient free float and trading liquidity in the Company's shares and to facilitate potential stabilization measures.

6. DIVIDEND POLICY, RESULTS AND DIVIDENDS PER SHARE

6.1 General provisions relating to profit allocation and dividend payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. The participation of new shares issued in the future may be determined differently. For a stock corporation (*Aktiengesellschaft*) under German law, the distribution of dividends for a given fiscal year and the amount and payment date thereof are generally resolved by the shareholders' meeting of the subsequent fiscal year. The shareholders' meeting must be held within the first eight months of each fiscal year. Proposals for the distribution of dividends will be issued by the Management Board and the Supervisory Board jointly or by the Management Board and the Supervisory Board separately, with the shareholders' meeting not bound by those proposals.

Dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit (*Bilanzgewinn*) is calculated based on the Company's unconsolidated financial statements prepared in accordance with HGB. Accounting regulations under HGB differ from IFRS in material aspects.

When determining the distributable profit (*Bilanzgewinn*), net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profit/loss carry-forwards (*Gewinn-/Verlustvorträge*) from the prior fiscal year and releases of or allocations to reserves. Certain reserves are required to be set up by law, and amounts mandatorily allocated to these reserves in the given fiscal year must be deducted when calculating the distributable profit (*Bilanzgewinn*). The Management Board must prepare unconsolidated financial statements (balance sheet, income statement and notes to the unconsolidated financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the auditors and the Supervisory Board immediately after preparation. At the same time, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's distributable profit (*Bilanzgewinn*) pursuant to Section 170 para. 2 of the German Stock Corporation Act (*Aktiengesetz*). According to Section 171 of the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board must review the unconsolidated financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit (*Bilanzgewinn*) and report to the shareholders' meeting in writing on the results. The Supervisory Board must submit its report to the Management Board within one month after the documents were received. If the Supervisory Board approves the financial statements after its review, these are deemed adopted unless the Management Board and the Supervisory Board resolve to assign adoption of the financial statements to the shareholders' meeting. If the Management Board and the Supervisory Board choose to allow the shareholders' meeting to adopt the financial statements, or if the Supervisory Board does not approve the financial statements, the Management Board must convene a shareholders' meeting without undue delay.

The shareholders' meeting's resolution on the allocation of the distributable profit (*Bilanzgewinn*) requires a simple majority of the votes cast. If the Management Board and the Supervisory Board adopt the financial statements, they can allocate an amount of up to half of the Company's net loss/income for the fiscal year to other retained earnings. In addition, pursuant to the Articles of Association, they are authorized to allocate up to 100% of the net loss/income for the fiscal year to other retained earnings as long and as far as the other retained earnings do not exceed half of the registered share capital and would not exceed such amount following a transfer. Additions to the legal reserves and loss carry-forwards must be deducted in advance when calculating the amount of net loss/income for the year to be allocated to other retained earnings. Pursuant the Articles of Association, the share holders' meeting may also resolve to distribute the distributable profit (*Bilanzgewinn*) by way of a dividend in kind in addition to or instead of a cash dividend, or it may allocate further amounts to retained earnings or carry such amounts forward as profit in the resolution on the allocation of the distributable profit (*Bilanzgewinn*).

Dividends resolved by the shareholders' meeting are due and payable on the third business day following the relevant shareholders' meeting, unless a later payment has been resolved in the dividend resolution or the Articles of Association, in compliance with the rules of the respective clearing system. Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts and German custodian banks are under an obligation to distribute the funds to their customers. Shareholders using a custodian bank located outside Germany must inquire at their respective bank regarding the terms and conditions applicable in their case. Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) immediately after the shareholders' meeting. To the extent dividends can be distributed by the Company in accordance with HGB and corresponding decisions are taken, there are no restrictions on shareholder rights to receive dividends.

Any dividends not claimed within the past three years become time-barred. If dividend payment claims expire, the Company becomes the beneficiary of the dividends. Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For more information on the taxation of dividends, see "*20. Taxation of Shareholders in Germany*".

6.2 Dividend policy and dividend per share

Subject to the availability of distributable profit (*Bilanzgewinn*), legal restrictions with respect to the distribution of profits and available funds, the Company intends to pay an annual dividend from 2021 onwards, in each year aiming to distribute approximately 50% of its net income for the prior fiscal year.

Any income from the capitalisation of internally generated intangible fixed assets or deferred taxes and from the valuation of financial instruments or assets acquired for trading purposes at fair value less the deferred tax liabilities created for this purpose may only be distributed if the freely available reserves remaining after the distribution less any loss carried forward or plus any profit carried forward at least equal the total amount of income. This results in a blocked amount of EUR 8,226 thousand for the current fiscal year, which is not available for distribution.

Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

The following distributions of profits or reserves were made to the shareholders of the Company in the fiscal years ended December 31, 2019, 2018 and 2017:

	Fiscal year ended December 31,		
	2019	**2018**	**2017**
	(audited, unless indicated otherwise) (in EUR thousand, unless indicated otherwise)		
Consolidated profit for the period	31,000	28,494	29,219
Total dividend payment(1)	15,000	15,000	15,000
Dividend per share (in EUR) (unaudited)*	1.50	1.50	1.50
Dividend payout ratio (in %) (unaudited) (*total dividend payment divided by consolidated profit for the period*)	48.4	52.6	51.3

* Figures based on 10,027,259 shares, each with a notional value of EUR 1.00 in the Company's share capital, which corresponds to the number of shares of the Company as of the date of this prospectus.

(1) In each case, total dividend payment relates to the dividend for the respective previous fiscal year, which was paid out in the year indicated in the table.

In the six-month period ended June 30, 2020, EUR 30.0 million were distributed to the shareholders of the Company, corresponding to a dividend per share of EUR 3.00 (based on 10,027,259 shares, each with a notional value of EUR 1.00 in the Company's share capital, which corresponds to the number of shares of the Company as of the date of this prospectus).

7. CAPITALIZATION AND INDEBTEDNESS

The following tables set forth the Knaus Tabbert Group's capitalization and indebtedness as of June 30, 2020 based on the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020.

Investors should read these tables in conjunction with "*9. Operating and Financial Review*" and the unaudited condensed consolidated interim financial statements for the six-month period ended June 30, 2020, which are included in this prospectus.

7.1 Capitalization

	As of June 30, 2020	**As of June 30, 2020 (adjusted for the net proceeds from a full placement of the Primary Base Shares)***
	(unaudited) **(in EUR thousand)**	
Total current debt (including current portion of non-current debt)(1)	**197,188**	**197,188**
Guaranteed(2)	-	-
Secured(3)	75,530	75,530
Unguaranteed/unsecured	121,659	121,659
Total non-current debt (excluding current portion of long-term debt)(4)	**35,329**	**35,329**
Guaranteed(2)	-	-
Secured(3)	7,268	7,268
Unguaranteed/unsecured	28,062	28,062
Shareholder's equity(5)	**88,180**	**110,003**
Share capital(6)	29	10,377
Legal reserve(7)	17,475	29,021
Other reserves(8)	70,676	70,605
Total(9)	**320,698**	**342,521**

* Assuming that both the issue of 350,000 Primary Base Shares (each such share with a notional value of EUR 1.00 in the share capital) at the Offer Price of EUR 66.00 (based on the mid-point of the Price Range) with net proceeds of EUR 21.82 million and the capital increase out of the Company's reserves (*Kapitalerhöhung aus Gesellschaftsmitteln*) from EUR 28,897.00 by EUR 9,998,362.00 to EUR 10,027,259.00 were effected prior to June 30,2020 (see "*16.1.2. Development of the share capital*").

(1) Total current debt includes current provisions, current liabilities to banks, trade payables, current other liabilities and tax liabilities, each as presented in the Company's consolidated financial statements.

(2) The Company had no guaranteed debt as of June 30, 2020.

(3) Secured debt comprises current liabilities to banks as presented in the Company's consolidated financial statements, which are secured by mortgaged properties, as well as pledged inventories and trade receivable.

(4) Total non-current debt includes non-current provisions, non-current liabilities to banks, non-current other liabilities and deferred tax liabilities, each as presented in the Company's consolidated financial statements.

(5) Shareholders' equity reflects the sum of share capital, legal reserve and other reserves.

(6) Share capital is referred to as subscribed capital in the Company's consolidated financial statements.

(7) Legal reserves is referred to as capital reserve in the Company's consolidated financial statements.

(8) Other reserves comprises retained earnings, retained earnings/accumulated losses brought forward, consolidated profit for the period and accumulated other income, each as presented in the Company's consolidated financial statements.

(9) Total reflects the sum of total current debt, total non-current debt and shareholder's equity.

7.2 Indebtedness

	As of June 30, 2020	As of June 30, 2020 (adjusted for the net proceeds from a full placement of the Primary Base Shares)*
	(unaudited) (in EUR thousand)	
A.Cash	3,310	25,133
B.Cash equivalents[(1)]	6,100	6,100
C.Other current financial assets	-	-
D.Liquidity (A) + (B) + (C)	**9,410**	**31,233**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)[(2)]	76,805	76,805
F. Current portion of non-current financial debt	-	-
G. Current financial indebtedness (E) + (F)	**76,805**	**76,805**
H. Net current financial indebtedness (G) –(D)	**67,395**	**45,572**
I. Non-current financial debt (excluding current portion and debt instruments)[(3)]	7,268	7,268
J. Debt instruments	-	-
K. Non-current trade and other payables[(4)]	7,760	7,760
L. Non-current financial indebtedness (I) + (J) + (K)	**15,028**	**15,028**
M. Total financial indebtedness (H) + (L)	**82,422**	**60,600**

* Assuming the issue of 350,000 Primary Base Shares (each such share with a notional value of EUR 1.00 in the share capital) at the Offer Price of EUR 66.00 (based on the mid-point of the Price Range) and net proceeds of EUR 21.82 million.

(1) Cash equivalents is included in cash and cash equivalents in the Company's consolidated financial statements and mainly consists of the balance of a security fund the Knaus Tabbert Group and one of its financing partners have established in order to manage the risk of damages as a result of the disappearance of vehicles (e.g. due to fraud) and loss of proceeds (e.g. due to embezzlement), see also "*12.8. Dealer Network*".

(2) Current financial debt comprises current liabilities to banks and current liabilities from leases, each as presented in the Company's consolidated financial statements.

(3) Non-current financial debt comprises non-current liabilities to banks in the Company's consolidated financial statements.

(4) Non-current trade and other payables comprises non-current liabilities from leases and derivative financial instruments, each as presented in the Company's consolidated financial statements.

7.3 Indirect and contingent indebtedness

The Company's indirect and contingent indebtedness amounted to EUR 69.8 million as of June 30, 2020. As of June 30, 2020, indirect and contingent indebtedness included future payment obligations of EUR 2.9 million, other current provisions of EUR 4.6 million, other current liabilities (excluding prepayments, short-term liabilities from financing leases and accruals) of EUR 45.8 million (thereof relating to provisions for bonuses and discounts EUR 21.5 million and relating to provisions in connection with personnel expenses EUR 10.7 million), other non-current provisions of EUR 12.0 million and current tax liabilities of EUR 3.6 million.

For additional information on contractual obligations and commercial commitments, see "*9. Operating and Financial Review*".

7.4 Off-balance sheet arrangements

As of June 30, 2020, the Knaus Tabbert Group had no material off-balance sheet arrangements.

7.5 Statement on working capital

In the Company's opinion, its working capital is sufficient to meet the Group's present requirements over at least the next twelve months from the date of this prospectus.

7.6 Statement regarding significant changes

Between June 30, 2020 and the date of this prospectus, no significant change in the financial and trading position of the Company and its subsidiaries, for which unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2020 are provided in this prospectus, has occurred.

For information on current trading and management's view on future trends, see "*23. Recent Developments and Outlook*".

8. DILUTION

According to the consolidated balance sheet in the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020, the Knaus Tabbert Group's net asset value, which is calculated as total assets less total non-current and total current liabilities, amounted to EUR 88.2 million as of June 30, 2020, and would amount to EUR 8.79 per share of the Company based on 10,027,259 outstanding shares of the Company immediately prior to the Offering.

The dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price at the mid-point of the Price Range exceeds the equity attributable to shareholders per share after completion of the Offering assuming the steps of the Offering described below had taken place on June 30, 2020. In this respect, the net book value attributable to shareholders as of June 30, 2020 is adjusted for the effects of the Offering, assuming an increase in the net book value attributable to shareholders at the mid-point of the Price Range by EUR 21.82 million. The assumed increase is based on the expected net proceeds from the sale of the Primary Shares not considering any tax effects. The adjusted net book value attributable to shareholders is expressed as a per share figure, assuming 10,377,259 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***).

	As of June 30, 2020 (unaudited)
Offer price per share (in EUR; based on the mid-point of the Price Range)................	66.00
Total gross proceeds to the Company assuming full placement of the Primary Shares at the mid-point of the Price Range	23,100,000
Estimated total costs of the Offering to be borne by the Company (including underwriting and placement commissions payable to the Underwriters and assuming further payment in full of the discretionary fee) at the mid-point of the Price Range	1,277,303.42
Total net proceeds to the Company assuming full placement of the Primary Shares at the mid-point of the Price Range	21,822,696.58
Equity attributable to shareholders per share as of June 30, 2020 (assuming 10,027,259 outstanding shares of the Company immediately prior to the Offering) (in EUR)	8.79
Post-IPO Equity attributable to Shareholders per Share (in EUR)	10.60
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)	55.40
Percentage by which the Offer Price per share exceeds the Post-IPO Equity attrributable to Shareholders per Share	522.60%

For information on the shareholdings of the Group's major shareholders, HTP, Catalina and Palatium, each immediately prior to implementation of the Offering and upon completion of the Offering, see "*14.1. Current shareholders*".

9. OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of financial condition and results of operations should be read together with the additional information contained elsewhere in this prospectus, in particular in the sections on "1. Risk Factors", "2.6. Presentation of financial information" and "7. Capitalization and Indebtedness", as well as in the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020 and the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019, 2018 and 2017, and related notes included elsewhere in this prospectus.

The Knaus Tabbert Group's audited consolidated financial statements and the other historical financial information included in this prospectus do not necessarily indicate the Group's future results of operations, financial position and cash flows. In addition, the results of operations for interim periods included in this prospectus are not necessarily indicative of the results to be expected for the full year or any future reporting period.

9.1 Overview

The Knaus Tabbert Group is active in the market for leisure vehicles and is a leading European manufacturer of leisure vehicles as measured by market share (based on new registrations as reported by CIVD Statistics 2019, for details on the competitive position of the Group, see "*11.4. Competitors and competitive position of the Group*"). The Group has a balanced portfolio of brands, producing caravans (trailers which are not self-propelled and hence have to be towed by a car), motorhomes (self-propelled leisure vehicles) and van conversions (a regular van equipped for camping), which it sells mostly via its dealer network. In 2019, caravans accounted for 28% (approximately 14,000 units sold) of the Group's revenue, van conversions for 19% (approximately 4,300 units sold) and motorhomes for 51% (approximately 7,500 units sold). The Group has a strong focus in Europe, particularly in Germany, and produced approximately 26,200 vehicles with 2,404 employees on average (headcount including trainees, excluding temporary workers (*Leiharbeitnehmer*)), in 2019. Its brand portfolio comprises the brands Knaus, Tabbert, T@B, Weinsberg, and Morelo. In addition, the Group operates the internet platform "Rent and Travel", which allows customers to rent leisure vehicles from the Knaus Tabbert brands, typically for short periods of time.

9.2 Factors affecting results of operations

Set forth below are certain key factors that affected the Knaus Tabbert Group's results of operations in the six-month periods ended June 30, 2020 and 2019 and in the fiscal years ended December 31, 2019, 2018 and 2017, and that may impact the Group's results of operations in the future.

9.2.1 General economic conditions, political and social environment and demographic developments

The Knaus Tabbert Group is active in the market for leisure vehicles and produces a diverse portfolio of caravans, motorhomes and van conversions. Demand for leisure vehicles and services is seasonal and influenced by a variety of factors. These factors include, among other things, the development of the global economy, economic recessions, periods of high inflation, availability of credit, disposable income of consumers, interest rates, environmental policies, tax policies, safety regulations, freight rates and fuel prices, the effect of border closures, travel warnings and notices and public health considerations on the availability or desirability of holiday locations, as well as consumer preferences and trends. On the one hand, consumers typically regard the Knaus Tabbert Group's products as discretionary items, and in the case some of its products, luxury items. Therefore, purchases of the vehicles produced and sold by the Group tend to decline during periods of turbulence in or downturns of the economy, when consumers tend to have lower disposable income. On the other hand, these products give consumers an individualized alternative to spend their holidays and to travel safely. In the past, the Knaus Tabbert Group's results of operations have been, and are expected to continue to be, influenced by the general state, and the performance, of the global economy, as well as the overall political and social situation and stability.

Recently the global economy has been particularly impacted by the outbreak of the COVID-19 pandemic, by ongoing international trade disputes and, to an extent, by ongoing uncertainty about the ultimate effects of the departure of the United Kingdom from the EU, commonly referred to as Brexit. Since the Group is predominantly active in the German and the European market, an economic downturn particularly in the European, and more generally, the global economies could cause demand in the Group's relevant markets to decline. The COVID-19 pandemic has caused particular challenges for the industry, including disruption of the supply chain and closure of the Group's production facilities for several weeks in April 2020. These factors had a negative impact on the Group's production capacity and utilization rates. However, the pandemic has also had positive effects on the Group's industry. It has already enhanced, and may continue to enhance, a trend towards more regional and individual tourism, which could cause demand in the Group's relevant markets to increase.

The caravanning industry and, thus, the Group's results of operations have also been, and the Group expects that they will continue to be, affected by the demographic development in the markets in which the Group is active. Traditionally, the key group of customers for leisure vehicles has been aged between 45 and 79. However, the popularity of leisure vehicles among new younger consumer groups has also been growing in recent years.

According to Eurostat, as of January 1, 2019, the population of the ***EU-28*** (defined as the EU together with the United Kingdom, at that time still an EU member state) was estimated at 513.5 million. Young people (0 to 14 years old) made up 15.5% of the EU-28's population, while persons considered to be of working age (15 to 64 years old) accounted for 64.5% of the population. Older persons (aged 65 or over) had a 20.0% share. In Germany, the Group's home market, young people (0 to 14 years old) made up 13.6% of the population, while persons considered to be of working age (15 to 64 years old) accounted for 64.9% of the population and older persons (aged 65 or over) had a 21.5% share on January 1, 2019 (based on Eurostat).

According to Eurostat, the median age of the EU-28's population was 43.3 years on January 1, 2019, an increase of five years between 2001 and 2019. According to Eurostat, the EU-28's population is projected to continue to age. In the coming decades, a large number of so-called "baby boomers", i.e people born in the 1940s, 1950s and 1960s, will swell the number of older people, all of which increases a key target customer group for caravanning products and could potentially lead to a further revenue growth of the Knaus Tabbert Group. According to Eurostat, the EU-28's median age is projected to reach 46.9 years by 2050 with the population aging across all EU-28 States. However, based on Eurostat, the age profiles of Denmark, Belgium, France, Germany and Sweden will likely evolve at a slower pace than the European average, as their median ages are projected to increase by less than three years by 2050.

9.2.2 Trends in the caravanning industry

In the period under review, the European market for leisure vehicles, where the Knaus Tabbert Group is particularly active and which is the second largest globally (based on new registrations), has been characterized by a positive growth. The market in Europe has grown steadily from 2014 to 2019 with a CAGR of 2.9% in the caravan segment and 12.9% in the van conversion/motorhome segment. In 2019, the number of newly registered leisure vehicles in Europe rose by 4.0% (2018: 6.5%, 2017: 11.7%) (source: CIVD Statistics 2019).

In particular the following major trends have impacted the caravanning business in recent years and thus the Knaus Tabbert Group's business and results of operations: aging population, younger customers, product enhancements/innovation, sharing economy, new work and regional tourism.

Due to an aging population associated with increased life expectancy, the key group of customers for leisure vehicles aged over 45 is continually growing (and is expected to reach 55% of the EU-28's population by 2050 (source: Eurostat)). Furthermore, product enhancements in recent years have led to different options for product usage with leisure vehicles resembling luxury hotel rooms that feature and constitute high-tech products appealing to a wide range of different customer groups. Another trend that impacts the Knaus Tabbert Group's order book is the continuing instability of classical vacation destinations around Europe (e.g. Turkey, MENA region) and the COVID-19 pandemic, which has led to increased regional tourism.

After an expected decline in 2020 as a result of the COVID-19 pandemic, the CIVD expects the European market to return to a growth trend from 2021 onwards, with a CAGR of 5.1% from 2020 to 2025, resulting in 236.000 new registrations on the European leisure vehicle market in 2025 (source: CIVD Prognosis: 2020-2025).

For additional information on the markets in which the Knaus Tabbert Group operates, see "*11. Markets and Competition*".

9.2.3 Product range and product lifetime

The Knaus Tabbert Group generates the large majority of its revenue by producing and selling caravans, van conversions and motorhomes. In the fiscal year ended December 31, 2019, the Knaus Tabbert Group generated revenue in the amount of EUR 215.4 million or 27.6% of its total revenue in the caravan product group (2018: EUR 202.1 million, 2017: EUR 169.1 million), EUR 149.7 million or 19.2% in the van conversion product group (2018: EUR 106.8 million, 2017: EUR 128.3 million) and EUR 394.5 million or 50.5% in the motorhome product group (2018: EUR 402.8 million, 2017: EUR 275.5 million). The Knaus Tabbert Group puts an emphasis on maintaining this diverse product range while also adjusting the individual product groups to focus on products that yield higher profit margins or optimized utilization which has led to an increase in the production – in terms of units and in terms of revenue. However, profit margins might be negatively affected as the Group from time to time introduces special models that are based on existing models and include certain special equipment at a discounted price.

Generally speaking, the Knaus Tabbert Group introduces new models on average every five years. The underlying development process, from product planning and designing as well as the implementation (which includes the construction of a prototype) to the production of the vehicle and its market launch, typically takes at least 1.5 years to 2 years on average, but can also take much longer time. Facelifts – that is, optical and technical enhancements of existing models – are implemented in a shorter average cycle of every three years. Additionally, existing models get minor updates on a yearly basis (so-called "model year"). Continually enhancing its product range, the Knaus Tabbert Group also focuses on the development of new technologies, in recent years in particular on lightweight and related technologies. The Knaus Tabbert Group has filed patent applications for a frame with a lightweight core and a fiber reinforced sheath. The Knaus Tabbert Group considers those patent designations particularly important due to the increasing popularity of electronic drive vehicles which – at least with currently available technology – have weaker traction capabilities than vehicles powered by internal combustion engines.

As of December 31, 2019 the Knaus Tabbert Group had a headcount of more than 100 employees working exclusively in research and development. In the fiscal year ended December 31, 2019 the Knaus Tabbert Group incurred research and development expenditures of EUR 1.9 million (2018: EUR 2.3 million; 2017: EUR 2.5 million), which related to both the introduction of new models, including new exterior and/or interior designs, as well as to facelifts of existing models. In addition, the Knaus Tabbert Group capitalized development costs of EUR 5.6 million in the fiscal year ended December 31, 2019 (2018: EUR 5.4 million; 2017: EUR 2.5 million). In principle, the Knaus Tabbert Group capitalizes only the development of new products (i.e. new models of caravans, van conversions or motorhomes). Facelifts (minor changes to the interior and the exterior of vehicles) are itemized as an expense.

9.2.4 Investments in production facilities and operational optimizations

With respect to capital expenditures, the Knaus Tabbert Group has invested in production facilities in recent years. In the fiscal year ended December 31, 2017 through 2019, the Knaus Tabbert Group recorded capital expenditures for investments related to property, plant and equipment (as shown in "*9.7.3. Investments*", less first-time application of IFRS 16 in the fiscal year 2019) in the amount of EUR 89 million. The investments related in particular to the new production facilities in Jandelsbrunn and in Nagyoroszi, as well as, more generally, to the Group's capacity expansions, its focus on improvements to production facilities, product range enhancement and operational efficiency. In the medium term, the Knaus Tabbert Group intends to keep capital expenditures, including capital expenditures on property plant and equipment as well as capital expenditures on intangible assets, at a level of approximately 2.5% of revenue.

In the period under review, the Knaus Tabbert Group implemented lean production methods that allow for multiline assembly, enabling the Group to easily switch between the production of different models. Modular design and building block systems allow the exchange of production steps and programs between factories and thus precise control of production capacities and utilization. Additionally, the Knaus Tabbert Group strives to remain flexible when it comes to production sequences which allows the Knaus Tabbert Group to rearrange individual production steps to a certain degree in case specific supply materials have not been delivered in time. Furthermore, the Knaus Tabbert Group generally focuses on tight management of dealer inventory through visibility to end customers, initiating production only once an order has been received.

9.2.5 Costs for raw materials and components and personnel expenses

The prices of raw materials and components that the Knaus Tabbert Group uses in its business, primarily chassis, material for boxes, roof and interior equipment for production purposes, fluctuate from year to year. Many of the Knaus Tabbert Group’s suppliers negotiate price adjustment on a regular basis, sometimes a few times within one year, to account for increases or decreases in material prices. Some suppliers in the caravanning business enjoy monopolist or oligopolistic positions, which makes price negotiations difficult. Price increases resulting from an increase in costs for materials and other interior equipment as well as other input costs, such as labor costs, are generally passed on to the Knaus Tabbert Group, in some cases several times per year. Historically, the Knaus Tabbert Group has been able at least partially to pass on price increases to end customers. However, there is usually a delay until the Knaus Tabbert Group is able to pass on any such price movements. Also, the full impact of any price changes with respect to the materials that the Knaus Tabbert Group sourced is not always passed on to the same extent to end customers as price policy is also influenced by the behavior of competitors who are facing same situation and may choose to accept the negative impact on their margins in order to compete based on price.

Personnel expenses constitute another significant cost item in the Group’s results of operations. To account for the substantial growth of the Group’s business in the period under review, the Group had to expand its workforce accordingly and implement overtime work shifts to achieve the required production volumes. In addition to the number of employees, personnel expenses are also impacted by the development of tariffs and surcharges for overtime hours, both in Germany and Hungary, where the Group’s productions facilities are located. In order to be able to cope with further changes in global conditions, the Group uses various instruments to manage its personnel structure, such as part-time work arrangements for older employees.

As of December 31, 2019, a substantial portion of the Group’s production work force were working on a mix of leased, temporary and short-term contracts. However, due to legal requirements in Germany, the number of leased employees at the German subsidiaries may continue to decrease since, generally, they automatically receive limited contracts with the subsidiaries of the Group after they have been employed by the Knaus Tabbert Group for 15 months. Under certain conditions, such temporary contracts will eventually turn into permanent ones, which gradually reduces the Group’s flexibility regarding its workforce. In the past, a significant portion of the skilled workforce in Jandelsbrunn had to be employed directly by the Company and not on a leased basis every year. This trend is likely to continue. If that were the case, the Knaus Tabbert Group may incur additional costs from additional personnel expenses and might not be able to reduce its workforce in times of low production.

Moreover, the Group operates a production and administration site in Nagyoroszi, Hungary. The fact that Eastern European countries have joined the European Union on the one hand and, on the other hand, the continuing shift of workplaces of other companies to the vicinity of the Group’s site has in the past led to a sharp increase in wage levels. In each of the years 2018 and 2019 wage levels at the Knaus Tabbert Group’s production site in Hungary rose significantly. Further increases in wage levels are likely to occur in the future, whereas work efficiency and productivity might not increase proportionally.

9.2.6 Net working capital management

The development of the Knaus Tabbert Group’s net working capital is a key factor for its cash flows from operating activities. The Knaus Tabbert Group defines net working capital as the sum of inventories and trade receivables less trade payables.

The following table shows the composition of net working capital as of June 30, 2020 as well as of December 31, 2019, 2018 and 2017:

	As of June 30,	As of December 31,		
	2020	2019	2018	2017
	(unaudited)	(audited, unless otherwise indicated)		
		(in EUR thousand)		
Inventories	131,986	119,728	105,174	120,644
+ Trade receivables	38,714	37,275	37,462	27,301
+ Receivables from factoring	13,552	10,905	15,495	8,339
– Trade payables	63,896	47,057	55,920	60,088
Net Working Capital	120,356	120,851*	102,211*	96,195*

* Unaudited.

On an ongoing basis, the Knaus Tabbert Group takes steps to reduce its working capital, although developments outside the Group's control may prevent it from realizing this goal in a given period. The Group actively manages its net working capital and aims to keep it efficient, in particular by actively managing its inventories. This is demonstrated by the Group's Operating Cash Cycle.

The following table shows the Operating Cash Cycle as of June 30, 2020 and 2019, as well as as of December 31, 2019, 2018 and 2017:

	As of June 30,		As of December 31,		
(in days)	2020	2019	2019	2018	2017
	(unaudited)			(unaudited)	
DIO (average days inventory outstanding)	92.6	80.6	72.6	81.0	80.5
+ DSO (average days sales outstanding)	16.7	18.0	17.5	16.2	14.7
– DPO (average days payables outstanding)	41.2	36.7	33.2	41.6	34.7
Operating Cash Cycle	68.1	61.9	56.8	55.6	60.5

The active management of the Group's net working capital is even more important with regard to the strong growth in the industry leading to capacity bottlenecks at suppliers. When feasible, by way of its just-in-time supply strategy, the Knaus Tabbert Group focuses on ordering from suppliers only as needed. Delivery curve observation helps the Knaus Tabbert Group determine when material should be delivered to its production facilities to optimize inventory turnover, reduce time in stock and availability for customers. The increase in net working capital in 2019 was in particular due to effects from an engine upgrade required by a new EU emission standard (6d TEMP) as, for a while, chassis suppliers were only able to supply a limited number of chassis types meeting the new standard, to which the Group reacted by manufacturing excess models based on such chassis types without corresponding customer orders in order to avoid production downtime, resulting in increased inventory of finished vehicles. The Knaus Tabbert Group's reduction of working capital in 2018 resulted in an improved cash flow from operating activities. For the future, the Company strives to continue to actively manage Net Working Capital which is expected to increase at a slower pace compared to the targeted revenue growth.

The caravanning industry is also subject to certain trends and patterns. Notably, many order decisions of the Group's dealer customers are taken at the large trade fairs occurring in the third quarter of the year and this period is therefore key for the Group's overall performance. Accordingly, the Group's order book is generally significantly impacted in the second half of the Group's fiscal year. For example, in 2020, the Group's order book exceeded the production capacity available for the rest of 2020 early in the second half of the year. Usually, this leads to a high level of binding sales orders on hand that have not yet been invoiced (***Order Backlog***), at the end of each year. As of December 31, 2019, the Order Backlog amounted to approximately 13,000 vehicles with a total sales volume of EUR 400 million, corresponding to a CAGR of approximately 19.4% (in terms of revenue volume in EUR) or 12.5% (in terms of units), respectively, in Order Backlog over the period from 2015 to 2019.

Finished goods that form part of the Group's inventory increase over the course of the year until the last quarter of the fiscal year when the orders placed at the large trade fairs start being processed. In contrast, the first quarter of any fiscal year tends to be the weakest in terms of order intake and revenue. The first quarter of the Group's fiscal year is characterized by a reduction of trade receivables and corresponding cash inflows due to customer payments. These trends are generally expected to continue in the future.

The Knaus Tabbert Group's trade receivables mainly consist of outstanding dealer invoices, which are closely monitored. In addition, the Knaus Tabbert Group uses payment reminders, pre-collection notices and late payment fees to encourage the timely payment of invoices. The Knaus Tabbert Group's trade payables consist of payables for goods, marketing, logistics and other obligations.

9.3 The Knaus Tabbert Group's key performance indicators

The Knaus Tabbert Group uses the following key performance indicators (the ***KPIs***) to measure its performance, identify trends, and make strategic decisions: revenue, EBITDA and Equity Ratio. In addition, the Company presents certain additional KPIs that the Company believes are widely used by certain investors, securities analysts, and other parties as supplemental measures of operating and financial performance: Adjusted EBITDA, EBIT, ROIC, ROCE, and ROE. For additional information on non-IFRS and alternative performance measures, see "*2.6.5. Non-IFRS and alternative performance measures*".

All KPIs are APMs within the meaning of the Commission Delegated Regulation (EU) 2016/301 and the ESMA Guidelines introduced in July 2016 with the sole exception of revenue. The Company presents these APMs as (i) supplemental information because they are used by its management to measure the Knaus Tabbert Group's operating performance and as a basis for strategic planning and forecasting, and (ii) they represent measures that the Company believes are widely used by certain investors, securities analysts, and other parties as supplemental measures of operating and financial performance. These APMs may enhance management's and investors' understanding of the Knaus Tabbert Group's financial performance by excluding items that are not classified as part of its ongoing operations.

However, these APMs are not defined by IFRS or any other internationally accepted accounting principles, and a prospective investor should not consider such items as an alternative to the historical financial results or other indicators of the Knaus Tabbert Group's performance, liabilities, or net assets based on IFRS measures. In particular, they should not be considered as alternatives to the Knaus Tabbert Group's net profit as an indicator of the Knaus Tabbert Group's performance and profitability, or as alternatives to cash flows from operating activities as an indicator of the Knaus Tabbert Group's financial strength. The APMs, as defined by the Company, may not be comparable to similarly titled measures as presented by other companies due to differences in the way the Knaus Tabbert Group's APMs are calculated. Even though the APMs are used by management to assess ongoing operating performance and indebtedness, and though these types of measures are commonly used by investors, they have important limitations as analytical tools and a prospective investor should not consider them in isolation, or as substitutes for, the analysis of the Knaus Tabbert Group's results of operations, financial position, and cash flows as reported under IFRS.

The presented KPIs in this Prospectus should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020 and the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019, 2018 and 2017, and related notes included elsewhere in this prospectus.

The following table shows the Knaus Tabbert Group's KPIs for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017 followed by the respective reconciliations:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited)		**(unaudited, unless otherwise indicated)**		
	(in EUR thousand, unless otherwise indicated)				
Revenue	359,349	394,046	780,386*	728,013*	591,968*
Thereof Premium segment	*307,601*	*342,287*	*684,946**	*647,486**	*526,809**
Thereof Luxury segment	*51,748*	*51,759*	*95,441**	*80,527**	*65,159**
EBITDA	32,844	36,700	64,269*	56,710*	54,226*
Thereof Premium segment	*26,129*	*30,275*	*55,153**	*48,705**	*46,738**
Thereof Luxury segment	*6,715*	*6,426*	*9,116**	*8,005**	*7,488**
Adjusted EBITDA	33,626	37,164	65,046	58,444	56,002
EBIT	23.428	28,581	45,874	43,216	42,743
Equity Ratio (in %)	27.5%	31.5%	31.6%	29.3%	26.5%
ROIC (in %)	18.3%	21.0%	21.9%	23.9%	28.2%
ROCE (in %)	21.6%	24.5%	24.1%	27.2%	35.1%
ROE (in %)	28.2%	32.8%	34.6%	37.9%	47.5%
Cash Conversion Rate (in %)	3.1	1.8	1.4	1.0	1.2

* Audited.

The following table shows a reconciliation of Adjusted EBITDA to EBITDA for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited)		**(unaudited, unless otherwise indicated)**		
	(in EUR thousand)				
Adjusted EBITDA	33,626	37,164	65,046	58,444	56,002
+ IFRS adoption costs	(0)	(2)	(2)	(43)	(246)
+ Transaction costs	(472)	(152)	(155)	(1,071)	(291)
+ Consulting fees	(310)	(310)	(620)	(620)	(1,238)
EBITDA	32,844	36,700	64,269*	56,710*	54,226*

* Audited.

IFRS adoption costs in the fiscal year ended December 31, 2017 related to the first-time preparation of audited consolidated financial statements of the Company in accordance with IFRS. Transaction costs related, (i) in the fiscal years ended December 31, 2017 and 2018, primarily to preparation of the Company's IPO readiness, (ii) in the fiscal year ended December 31, 2019, primarily to strategic evaluations of the Group and (iii) in the six-month period ended June 30, 2020, primarily to the preparation of the Offering.

Consulting fees related (i) in the fiscal year ended December 31, 2017, primarily to certain management fees (see also, "*18.2. Relationships between the Company and its controlling shareholder*") and a finance service agreement with SD-Leasing, (ii) in the fiscal year ended December 31, 2018, primarily to the aforementioned management fees, (iii) in the fiscal year ended December 31, 2019, primarily to the aforementioned management fees and (iv) in the six-month period ended June 30, 2020, primarily to the aforementioned management fees.

The following table shows a reconciliation of EBIT to consolidated profit for the period for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited, unless otherwise indicated)		
	(in EUR thousand)				
EBIT	23,428	28,581	45,874*	43,216*	42,743*
+ Finance income	20	12	437	221	308
+ Finance costs	(1,535)	(1,164)	(2,598)	(2,530)	(2,006)
+ Taxes	(6,511)	(7,694)	(12,543)	(12,286)	(11,770)
Consolidated profit for the period	15,401	19,735	31,170	28,621	29,276

* Unaudited.

The following table shows a calculation of ROIC for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited, unless otherwise indicated)		
	(in EUR thousand, unless otherwise indicated)				
Intangible assets	15,866	15,030	15,114	13,144	10,256
+ Property, plant and equipment	101,106	100,621	106,069	88,828	74,631
+ Inventories	131,986	127,705	119,728	105,174	120,644
+ Trade receivables	38,714	29,681	37,275	37,462	27,301
+ Trade payment	(63,896)	(51,725)	(47,057)	(55,920)	(60,088)
Invested Capital	**223,776**	**221,312**	**231,129***	**188,688***	**172,744***
Average Invested Capital over the last twelve months(1)	222,544	204,680	209,908*	180,716*	151,767*
EBIT for the last twelve months	40,721	43,013	45,874*	43,216*	42,743*
ROIC (in %)	18.3%	21.0%	21.9%*	23.9%*	28.2%*

* Unaudited.

(1) Average Invested Capital over the last twelve months is the sum of Invested Capital as of the respective end date of the period in the table and Invested Capital as of the same date one year earlier, divided by two.

The following table shows a calculation of ROCE for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited, unless otherwise indicated)		
	(in EUR thousand, unless otherwise indicated)				
Capital Employed	**180,387**	**196,878**	**200,089***	**179,976***	**137,943***
Thereof Equity	*88,180*	*101,891*	*98,202*	*82,203*	*68,824*
Thereof Non-current liabilities to banks	*7,268*	*14,744*	*12,348*	*17,260*	*21,379*
Thereof Current liabilities to banks	*75,530*	*71,656*	*81,941*	*73,133*	*41,313*
Thereof Cash and cash equivalents(1)	*9,410*	*8,587*	*7,597*	*7,380*	*6,427*
Average Capital Employed over the last twelve months(2)	188,633	175,343	190,033*	158,960*	121,809*
EBIT for the last twelve months	40,721	43,013	45,874*	43,216*	42,743*
ROCE (in %)	21.6%	24.5%	24.1%*	27.2%*	35.1%*

* Unaudited.

(1) The Knaus Tabbert Group and one of its financing partners, SKP, have established a security fund in order to manage the risk of damages as a result of the disappearance of vehicles (e.g. due to fraud) and loss of proceeds (e.g. due to embezzlement), see also "*12.8. Dealer Network*". The balance of this fund is included in cash and cash equivalents.

(2) Average Capital Employed over the last twelve months is the sum of Capital Employed as of the respective end date of the period in the table and Capital Employed as of the same date one year earlier, divided by two.

The following table shows a calculation of ROE for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited, unless otherwise indicated)		
	(in EUR thousand, unless otherwise indicated)				
Equity	88,180	101,891	98,202	82,203	68,824
Thereof subscribed capital	*29*	*29*	*29*	*29*	*29*
Thereof capital reserve	*17,475*	*12,475*	*12,475*	*12,475*	*12,475*
Thereof retained earnings	*6,435*	*6,435*	*6,435*	*6,435*	*6,550*
Thereof earnings/accumulated losses brought forward from prior years	*49,797*	*63,627*	*48,627*	*35,006*	*20,730*
Thereof consolidated profit for the period	*15,401*	*19,735*	*31,170*	*28,621*	*29,276*
Thereof accumulated other income	*(957)*	*(410)*	*(533)*	*(363)*	*(236)*
Average equity over the last twelve months(1)	95,035	87,553	90,203*	75,513*	61,664*
Consolidated profit for the last twelve months	26,836	28,701	31,170*	28,621*	29,276*
ROE (in %)	28.2%	32.8%	34.6%*	37.9%*	47.5%*

* Unaudited.

(1) Average equity over the last twelve months is the sum of equity as of the respective end date of the period in the table and equity as of the same date one year earlier, divided by two.

The following table shows a calculation of the Group's Cash Conversion Rate for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	2019	2019	2018	2017
	(unaudited)		(audited, unless otherwise indicated)		
	(in EUR thousand, unless otherwise indicated)				
Consolidated profit for the period	15,401	19,735	31,170	28,621	29,276
Cash flows from operating activities	47,415	35,504	44,116	28,586	35,812
Cash Conversion Rate	3.1	1.8	1.4	1.0	1.2

9.4 Presentation of financial information and factors affecting the comparability of the Knaus Tabbert Group's financial information

9.4.1 Introductory note on financial information

Where financial data in this section is labeled "audited", this means that it has been taken from the audited financial statements of the Company. The label "unaudited" is used to indicate financial data that has not been taken from the audited financial statements of the Company but from the unaudited condensed consolidated interim financial statements of the Company as of and for the six-month period ended June 30, 2020 or from the Company's internal accounting or management reporting systems, or that it has been calculated based on financial data from any of the above-mentioned sources.

For additional information on the financial information presented in the Prospectus, see "*2.6. Presentation of financial information*".

9.4.2 Segment reporting

The segment information is provided on the basis of the Knaus Tabbert Group's internal reporting in order to enable the nature and financial effects of the business activities in which the Knaus Tabbert Group engages and the economic environments in which it operates to be evaluated. These reportable segments are reported in compliance with IFRS 8.

The segment information is published on the basis of the management's specification for the Premium segment and the Luxury segment. The Luxury segment represents the Group's business activities related to the Morelo brand, while the Premium segment encompasses all the Group's other brands, including the Group's rental business under the "Rent and Travel" umbrella. After-sales are attributed to the segment of the brand respective products to which they relate. There are no other segments within the Knaus Tabbert Group. For additional information on the Group's segment reporting, see Note 4 to the consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019, 2018 and 2017, included elsewhere in this prospectus.

9.4.3 First-time application of new accounting standards

Certain new or amended accounting standards were applied for the first time during the financial periods shown in this prospectus, none of which had a material impact on the Group's consolidated financial statements except for those described below. For further details see, "*Note 2 of the unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2020*", "*Note 3.18 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*", "*Note 3.18 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2018*" and "*Note 3.17 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2017*".

9.4.3.1 IFRS 16 – Leases

The Knaus Tabbert Group applied IFRS 16 for the first time as of January 1, 2019. IFRS 16 introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. The Knaus Tabbert Group has applied IFRS 16 using the modified retrospective method. As a result, comparative information for 2018 has not been restated, i.e. as previously presented in accordance with IAS 17 and the related interpretations. The details of the changes in accounting policies are set out below. In addition, the disclosure requirements in IFRS 16 were not generally applied to the comparative information.

In the transition to IFRS 16, the Knaus Tabbert Group decided to apply the relief provision to maintain the assessment of which transactions are leases. The Knaus Tabbert Group only applied IFRS 16 to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reviewed to determine whether they qualify as leases under IFRS 16. Therefore, the definition of a lease under IFRS 16 was only applied to contracts concluded or modified on or after January 1, 2019.

As a lessee, the Knaus Tabbert Group rents land and buildings, technical equipment and machinery as well as cars. The Knaus Tabbert Group previously classified leases as operating leases or finance leases based on its assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. In accordance with IFRS 16, the Knaus Tabbert Group recognizes rights of use and lease liabilities for most of these leases, i.e. these leases are recognized in the balance sheet.

On transition to IFRS 16, the Knaus Tabbert Group recognized additional rights of use and additional lease liabilities. The effects at the time of transition are summarized below.

	As of January 1, 2019
	(in EUR thousand) (audited)
Rights of use – property, plant and equipment	6,774
Lease liabilities	6,774

In measuring lease liabilities under operating leases, the Knaus Tabbert Group discounted the lease payments at its marginal borrowing rate as of January 1, 2019. The weighted average interest rate was approximately 1.1%.

The transition to IFRS 16, led to depreciation and amortization in the amount of EUR 1.6 million in the fiscal year ended December 31, 2019. This effect was largely offset by several counter-effects in the aggregated amount of negative EUR 1.6 million (rent: negative EUR 1.1 million, leases: negative EUR 0.6 million, and interest: EUR 0.1 million) in the fiscal year ended December 31, 2019.

As a result, the transition to IFRS 16 had virtually no impact on the results of operation in the fiscal year ended December 31, 2019.

	As of January 1, 2019
	(in EUR thousand) (audited)
Obligation from operating leases as of December 31, 2018, as disclosed in the consolidated financial statements in accordance with IAS 17	2,634
Discounted at the marginal borrowing rate as of January 1, 2019	2,578
Finance lease liabilities as at December 31, 2018	2,642
– leases not recognized in accordance with the discretionary option where the underlying asset is of minor value	(375)
– leases not recognized in accordance with the discretionary option whose term ends within 12 months after the date of first-time application	(47)
– extension options that will be exercised with sufficient certainty	4,618
Lease liabilities as of January 1, 2019	9,416

For additional information regarding the first-time application of IFRS 16, see "*Note 3.18 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*".

9.4.3.2 IFRS 9 – Financial Instruments

The Knaus Tabbert Group applied IFRS 9 for the first time as of January 1, 2018. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaced IAS 39 Financial Instruments: Recognition and Measurement.

The first-time application of IFRS 9 had the following effects on the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2018:

The following table shows the effects on retained earnings:

	Retained earnings
	(in EUR thousand) (audited)
As of January 1, 2018	6,550
Effect from the first-time application of IFRS 9 (after tax)	(115)
As of December 31, 2018	6,435

The following table shows the effects on expected credit losses on trade receivables:

	Valuation adjustments
	(in EUR thousand) (audited)
As of December 31, 2017 in accordance with IAS 39	177
Change in valuation adjustments on trade receivables at the transition date	158
As of January 1, 2018 in accordance with IRFS 9	335
Reduction of individual valuation adjustments within the fiscal years ended December 31, 2018	(26)
Changes in expected credit losses on trade receivables within the fiscal years ended December 31, 2018	83
As of December 31, 2018 in accordance with IRFS 9	392
Total changes in valuation adjustments on trade receivables due to conversion to IFRS 9	241

For additional information regarding the first-time application of IFRS 9, see “*Note 3.18 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2018*”.

9.5 Results of operations

9.5.1 Description of key line items from the consolidated statement of comprehensive income

In the following, the key line items of the consolidated statement of comprehensive income of the Knaus Tabbert Group, prepared in accordance with IFRS are explained.

9.5.1.1 Revenue

Due to the Knaus Tabbert Group’s business activities, revenue is made up in particular of (i) the sale of goods, (ii) the provision of services or repair services as well as (iii) the rental of caravans and motorhomes.

Sale of goods

Revenue from the sale of goods, i.e. motorhomes, caravans, van conversions and spare parts, is recognized upon delivery to the customer, as control of the goods is transferred to the customer at that time and the Knaus Tabbert Group has therefore fulfilled its contractual obligation to perform. The transaction price is calculated on the basis of the contractually agreed purchase price, taking into account various variable compensation in the form of price discounts.

Provision of service and repair work

Revenue from the delivery of services and reparation is recognized when the contractually agreed service has been rendered by the Knaus Tabbert Group. The benefit obligation is therefore fulfilled at a specific point in time.

Rental of caravans and motorhomes

Revenue from the rental of caravans and motorhomes would generally have to be recorded on a period basis. Due to the low significance of this revenue stream, however, the corresponding revenue are recognized at the beginning of the rental agreement to simplify this procedure. Since the Knaus Tabbert Group does not rent out any vehicles over the period of the fiscal year-end, this simplification has no effect on the sales revenue attributable to a fiscal year. For the purposes of reporting during the year, revenue from rental income are recognized on an accrual basis. The transaction price, which is the contractually agreed rent, is paid by the customer at the beginning of the rental agreement.

9.5.1.2 Changes in inventory

The accounting method for work in progress and finished goods is the product of quantity and value, i.e. the development between two balance sheet dates as the combined result of changes in quantity and value. Changes in inventories therefore reflect the change in inventories of finished and unfinished goods, measured at production cost and any write-ups and depreciation.

9.5.1.3 Other own work capitalized

Other own work capitalized represents the equivalent of expenses incurred during the fiscal year for manufactured goods used by the company itself. This item also includes capitalized research and development costs for the fiscal year.

9.5.1.4 Other operating income

Other operating income contains as a residual category all operating income that is not to be shown under another operating income item listed in the classification system. This includes e.g. (i) income from (insurance) compensation, (ii) income from the reversal of provisions, (iii) reversals of impairment losses on property, plant and equipment and intangible assets, (iv) income from the disposal of property, plant and equipment, if not included in sales revenue, (v) income from currency translation, (vi) incoming payments on written-off or value-adjusted receivables, and (vii) income from the reversal of value adjustments.

9.5.1.5 Cost of materials

The cost of materials includes the cost of raw materials, supplies and purchased services in relation to goods produced and services rendered. Costs for raw materials, consumables and supplies result primarily from consumption, in the manufacturing, e.g. in the process of transition to unfinished products. Depreciation, e.g. for non-marketability, diminishing or falling prices, is included in the cost of materials. In addition, expenses for temporary workers (*Leiharbeitnehmer*) employed in the production facilities are included in the cost of materials.

9.5.1.6 Personnel expenses

Personnel expenses include expenses for wages and salaries and social security contributions as well as expenses for pensions and other employee benefits.

9.5.1.7 Amortization and depreciation

In addition to depreciation on assets with a finite life, this line item also includes impairment losses on assets. Depreciation of current assets is generally recorded within changes in inventories for finished goods, within material costs for raw materials and supplies, and under other operating expenses for receivables and other assets.

9.5.1.8 Other operating expenses

As a residual category, other operating expenses contain all other operating expenses which are not connected with the Knaus Tabbert Group's core business but which result from its operating activities. Other operating expenses include (i) non-capitalized research and development costs, (ii) expenses for social facilities (company apartments, canteens, etc.), (iii) expenses for reorganization and restructuring, (iv) losses on disposal of assets, (v) additions to provisions, (vi) foreign exchange losses and (vii) impairments on receivables.

9.5.1.9 Finance income and finance costs

The Knaus Tabbert Group's finance income comprises (i) interest income, (ii) income from disposals of financial instruments and (iii) income from derivative financial instruments. The Knaus Tabbert Group's finance costs comprises (i) interest expenses and (ii) expenses from derivative financial instruments.

Interest income and expenses are recognized in profit or loss in accordance with the effective interest method, if this applies. If the effective interest method does not apply, interest income and expenses are recognized in profit or loss at the time they arise.

9.5.1.10 Taxes

Tax expenses include, on the one hand, expenses for income taxes, such as German corporation tax or German commercial trade tax, and other taxes (real estate tax, motor vehicle tax or real estate transfer tax). Income tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognized in profit or loss, except to the extent that they are associated with a business combination or with an item recognized directly in equity or other comprehensive income.

Current taxes

Current taxes are the expected tax liability or tax receivable on the taxable income or tax loss for the fiscal year, based on tax rates that apply or will shortly apply on the reporting date, and any adjustments to the tax liability for prior years.

Deferred taxes

Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes and the taxable amount. Deferred taxes are not recognized for

- temporary differences upon initial recognition of assets or liabilities in a transaction other than a business combination that neither affects profit before tax nor taxable profit or loss

- temporary differences relating to investments in subsidiaries, associates and joint operations to the extent that the Knaus Tabbert Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and

- taxable temporary differences on initial recognition of goodwill.

9.5.1.11 Consolidated profit for the period

The consolidated profit for the period represents the positive difference between all income and expenses recognized in the income statement for the relevant fiscal year.

9.5.1.12 Other comprehensive income

Other comprehensive income is the difference between income and expenses recognized in equity. Other comprehensive income essentially relates to currency translation differences.

9.5.1.13 Currency translation difference

Assets and liabilities of foreign operations are translated into the presentation currency of the consolidated financial statements at the exchange rate on the closing date. Equity is translated at historical rates. Income and expenses for the period are translated at the respective average exchange rate for the period. These currency effects are recognized directly in other comprehensive income. Otherwise certain conditions (e.g. loss of control over the foreign subsidiary, liquidation or capital repayment) are met, these cumulated conversion differences are reclassified (recycling) to profit or loss.

9.5.1.14 Overall result

The overall result is the sum of the profit or loss for the fiscal year and other comprehensive income.

9.5.2 Data from the consolidated statement of comprehensive income

The following table shows financial information from the unaudited condensed consolidated interim statements of comprehensive income of the Company for the six-month periods ended June 30, 2020 and 2019, as well as from the audited consolidated statements of comprehensive income of the Company for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		**Fiscal year ended December 31,**		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited)		**(audited)**		
	(in EUR thousand)				
Revenue	359,349	394,046	780,386	728,013	591,968
Changes in inventory	(3,772)	22,256	12,001	(13,001)	24,839
Other own work capitalized	1,866	2,599	5,321	6,801	2,566
Other operating income	1,879	1,772	5,831	4,517	3,905
Cost of materials	(243,736)	(297,605)	(565,467)	(508,693)	(437,086)
Personnel expenses	(54,426)	(56,122)	(108,127)	(95,199)	(76,241)
Depreciation and amortization	(9,416)	(8,119)	(18,395)	(13,494)	(11,483)
Other operating expenses	(28,316)	(30,245)	(65,677)	(65,727)	(55,724)
Finance income	20	12	437	221	308
Finance costs	(1,535)	(1,164)	(2,598)	(2,530)	(2,006)
Taxes	(6,511)	(7,694)	(12,543)	(12,286)	(11,770)
Consolidated profit for the period	15,401	19,735	**31,170**	**28,621**	**29,276**
Other comprehensive income	(424)	(47)	(170)	(127)	(57)
Currency translation differences	(424)	(47)	(170)	(127)	(57)
Overall result	14,977	19,688	**31,000**	**28,494**	**29,219**

9.5.3 *Comparison of the six-month periods ended June 30, 2020 and June 30, 2019*

9.5.3.1 *Revenue*

The following table shows the Knaus Tabbert Group's revenue for the six-month periods ended June 30, 2020 and June 30, 2019 including breakdowns by product group and regions:

	Six-month period ended June 30,	
	2020	**2019**
	(unaudited) **(in EUR thousand)**	
Revenue	359,349	394,046
Thereof caravans	*97,909*	*116,313*
Thereof motorhomes	*179,262*	*199,528*
Thereof camper vans	*72,479*	*67,073*
Thereof after-sales/others	*9,700*	*11,131*
Thereof Germany	*259,136*	*261,313*
Thereof Europe (excluding Germany)	*92,611*	*125,839*
Thereof rest of the world	*7,603*	*6,894*

Revenue decreased by EUR 34.7 million, or 8.8%, from EUR 394.0 million in the six-month period ended June 30, 2019 to EUR 359.3 million in the six-month period ended June 30, 2020. This decrease was primarily due to a lower number of vehicles sold as a result of the governmental responses to COVID-19 and the temporary hold to the dealers' activities, as well as the closing of certain of the Group's factories in April and the subsequent ramp-up period in the first two weeks of May. The volume of vehicles sold decreased to approximately 11,000 units in the six-month period ended June 30, 2020, compared to approximately 13,400 vehicles in the six-month period ended June 30, 2019.

The decrease in volume was partly offset, in the six-month period ended June 30, 2020, by a rise in the average selling price of the Group's vehicles to approximately EUR 31,600 (Premium segment: approximately EUR 27,500, Luxury segment: approximately EUR 229,400), an increase of approximately 10.2% compared to an average selling price of approximately EUR 28,700 (Premium segment: approximately EUR 25,300, Luxury segment: approximately EUR 218,100) in the six-month period ended June 30, 2019. This increase was mainly a result of a change in product mix, brand split and specific vehicle equipment, as well as higher base prices.

From a regional perspective, the Knaus Tabbert Group's revenue decrease in the six-month period ended June 30, 2020 compared to the six-month period ended June 30, 2019 was impacted primarily by the strong decrease in revenue from European (excluding Germany) customers, while revenue from German customers and the rest of the world remained almost unchanged.

The following table shows the Knaus Tabbert Group's revenue from external customers for the six-month periods ended June 30, 2020 and June 30, 2019 broken down by segments:

	Six-month period ended June 30,	
	2020	**2019**
	(unaudited) **(in EUR thousand)**	
External revenue	359,349	394,046
Thereof Premium segment	*307,601*	*342,287*
Thereof Luxury segment	*51,748*	*51,759*

In the Premium segment, external revenue decreased by EUR 34.7 million, or 10.1%, from EUR 342.3 million in the six-month period ended June 30, 2019 to EUR 307.6 million in the six-month period ended June 30, 2020. This decrease was primarily a result of the COVID-19 pandemic and its impact on the economy, as well as on the dealer activities.

In the Luxury segment, external revenue remained virtually unchanged at EUR 51.7 million in the six-month period ended June 30, 2020, compared to EUR 51.8 million in the six-month period ended June 30, 2019. While the vehicles sold decreased slightly, this was offset by the above-described rise in the average selling price in the Luxury segment from the six-month period ended June 30, 2019 to the six-month period ended June 30, 2020.

9.5.3.2 Changes in inventory

Changes in inventory decreased by EUR 26.0 million from EUR 22.3 million in the six-month period ended June 30, 2019 to negative EUR 3.8 million in the six-month period ended June 30, 2020. This decrease was primarily due to a normalization after the relatively high level of inventory in June 2019 due to the situation with regard to an engine upgrade required by a new EU emission standard (6d TEMP), as detailed under "*9.5.4.2. – Comparison of the fiscal years ended December 31, 2019 and December 31, 2018 – Changes in inventory*".

9.5.3.3 Other own work capitalized

Other own work capitalized decreased by EUR 0.7 million, or 28.2%, from EUR 2.6 million in the six-month period ended June 30, 2019 to EUR 1.9 million in the six-month period ended June 30, 2020. This decrease was primarily due to a lower level of capitalization of development costs, which declined by EUR 0.5 million from the six-month period ended June 30, 2019 to the six-month period ended June 30, 2020 and fewer new development projects in the six-month period ended June 30, 2020 compared to the six-month period ended June 30, 2019.

9.5.3.4 Other operating income

Other operating income increased by EUR 0.1 million, or 6.0%, from EUR 1.8 million in the six-month period ended June 30, 2019 to EUR 1.9 million in the six-month period ended June 30, 2020. This increase was primarily due to higher income from material related recourse claims, the release of provisions and the reduction of individual value adjustments. An offseting effect was caused by a decrease in income from insurance compensation.

9.5.3.5 Cost of materials

Cost of materials decreased by EUR 53.9 million, or 18.1%, from EUR 297.6 million in the six-month period ended June 30, 2019 to EUR 243.7 million in the six-month period ended June 30, 2020. This decrease was primarily due to a COVID-19-related drop in produced units by approximatly 23% in the six-month period ended June 30, 2020 compared to the same period in 2019. In particular the lower production volume resulted in a decrease in the cost of materials related to temporary workers (*Leiharbeitnehmer*) employed in the production facilities by EUR 2.6 million, or 41.9%, from EUR 6.2 million in the six-month period ended June 30, 2019 to EUR 3.6 million in in the six-month period ended June 30, 2020.

9.5.3.6 Personnel expenses

Personnel expenses decreased by EUR 1.7 million, or 3.0%, from EUR 56.1 million in the six-month period ended June 30, 2019 to EUR 54.4 million in the six-month period ended June 30, 2020. Mainly the melting down of working hours accounts that had been built up by employees but also a refund of social contributions by the German employment agency (*Agentur für Arbeit*) in connection with the Group's COVID-19-related use of short-time work compensation (*Kurzarbeitergeld*) contributed to this decrease in personnel expenses.

9.5.3.7 Amortization and depreciation

Amortization and depreciation increased by EUR 1.3 million, or 16.0%, from EUR 8.1 million in the six-month period ended June 30, 2019 to EUR 9.4 million in the six-month period ended June 30, 2020. This increase was primarily due to the higher level of depreciable assets as of June 30, 2020 compared to June 30, 2020 which resulted from the steady investments by the Group in the previous years (for details, see "*9.7.3. Investments*"). In the medium term, depreciation and amortization in relation to revenue is targeted by the Group to be in line with historical average depreciation and amortization rates.

9.5.3.8 Other operating expenses

Other operating expenses decreased by EUR 1.9 million, or 6.4%, from EUR 30.2 million in the six-month period ended June 30, 2019 to EUR 28.3 million in the six-month period ended June 30, 2020. This decrease was primarily due to a significant decrease in the costs for temporary workers (*Leiharbeitnehmer*) employed in other areas than production and in line with the overall decrease of operating activities by the Group due to the COVID-19 pandemic in the six-month period ended

June 30, 2020. In addition, other operating expenses includes the total impairment of capitalized development costs for products which were discontinued before the end of their lifecyle, which contributed to the increase in other operating expenses from the six-month period ended June 30, 2019 to the six-month period ended June 30, 2020.

9.5.3.9 Finance income

The Group had virtually no material finance income in both periods under review.

9.5.3.10 Finance costs

Finance costs increased by EUR 0.4 million, or 31.9%, from EUR 1.2 million in the six-month period ended June 30, 2019 to EUR 1.5 million in the six-month period ended June 30, 2020. This increase was primarily due to an arrangement fee for a loan provided by Kreditanstalt für Wiederaufbau (KFW) and higher interest paid for loans in the six-month period ended June 30, 2020, in particular, in the period from March to May 2020 in connection with dividend payments, compared to the six-month period ended June 30, 2019.

9.5.3.11 Taxes

Taxes decreased by EUR 1.2 million, or 15.4%, from EUR 7.7 million in the six-month period ended June 30, 2019 to EUR 6.5 million in the six-month period ended June 30, 2020. This decrease was primarily due to the decreased earnings before taxes and the deferred payments of trade tax and corporate income tax that resulted in a rise in tax liabilities as of June 30, 2020 (as shown under "*9.6.3.2. Total liabilities*").

9.5.3.12 Consolidated profit for the period

Consolidated profit for the period decreased by EUR 4.3 million, or 22.0%, from EUR 19.7 million in the six-month period ended June 30, 2019 to EUR 15.4 million in the six-month period ended June 30, 2020. This decrease was mainly the result of the impact of the COVID-19 pandemic in the six-month period ended June 30, 2019, as detailed above.

9.5.3.13 Other comprehensive income

Other comprehensive income decreased to negative EUR 0.4 million in the six-month period ended June 30, 2020, while there had been virtually no other comprehensive income in the six-month period ended June 30, 2019. The other comprehensive income in the six-month period ended June 30, 2020 was solely due to the change in exchange rates of HUF/EUR.

9.5.3.14 Overall result

Overall result decreased by EUR 4.7 million, or 23.9%, from EUR 19.7 million in the six-month period ended June 30, 2019 to EUR 15.0 million in the six-month period ended June 30, 2020. This decline was primarily due to the impact of the COVID-19 pandemic on the Group's business in the six-month period ended June 30, 2020 and the related drop in revenue, both as described above.

9.5.4 Comparison of the fiscal years ended December 31, 2019 and December 31, 2018

9.5.4.1 Revenue

The following table shows the Knaus Tabbert Group's revenue for the fiscal years ended December 31, 2019 and 2018 including breakdowns by product group and regions:

	Fiscal year ended December 31,	
	2019	**2018**
	(audited)	
	(in EUR thousand)	
Revenue	780,386	728,013
Thereof caravans	*215,382*	*202,118*
Thereof motorhomes	*394,480*	*402,811*
Thereof camper vans	*149,720*	*106,777*
Thereof after-sales/others	*20,805*	*16,307*
Thereof Germany	*523,912*	*473,439*
Thereof Europe (excluding Germany)	*245,842*	*249,525*
Thereof rest of the world	*10,631*	*5,049*

Revenue increased by EUR 52.4 million, or 7.2%, from EUR 728.0 million in the fiscal year ended December 31, 2018 to EUR 780.4 million in the fiscal year ended December 31, 2019. This increase was primarily due to a mix of price and volume effects.

On the one hand, the Group was able, in 2019, to increase the average selling price of its vehicles to approximately EUR 30,300 (Premium segment: approximately EUR 27,100, Luxury segment: approximately EUR 226,000), an increase of approximately 2.4% compared to an average selling price of approximately EUR 29,600 (Premium segment: approximately EUR 26,700, Luxury segment: approximately EUR 210,200) in 2018 as a result of a change in product mix, brand split and specific vehicle equipment, as well as higher base prices.

On the other hand, the volume of vehicles sold increased to more than 25,700 vehicles in 2019, compared to approximately 24,600 vehicles in 2018. These increases were primarily due to the ability of the Group to use the overall good market environment in the caravanning business in 2019, as well as a number of new models which were released resulting in strong customer demand for the Knaus Tabbert Group's products. The Knaus Tabbert Group's portfolio comprises the full price ranges in different product groups which also allowed the Knaus Tabbert Group to exploit the overall good market and improve its revenue across most of its product groups, including in particular caravans and camper vans, as well as after-sales/others. From a regional perspective, the Knaus Tabbert Group's revenue growth in 2019 compared to 2018 was driven primarily by the strong growth in Germany supported by additional growth in the rest of the world, while revenue from other European customers in 2019 declined slightly compared to 2018.

The following table shows the Knaus Tabbert Group's revenue from external customers for the fiscal years ended December 31, 2019 and 2018 broken down by segments:

	Fiscal year ended December 31,	
	2019	**2018**
	(audited) **(in EUR thousand)**	
External revenue	780,386	728,013
Thereof Premium segment	*684,946*	*647,486*
Thereof Luxury segment	*95,441*	*80,527*

In the Premium segment, external revenue increased by EUR 37.5 million, or 5.8%, from EUR 647.5 million in the fiscal year ended December 31, 2018 to EUR 684.90 million in the fiscal year ended December 31, 2019. This increase was primarily due to the ability of the Company to use the continuously good market environment in the caravanning industry in 2019 with the Knaus Tabbert Group selling approximately 25,700 vehicles compared to approximately 24,200 vehicles in 2018. Knaus Tabbert Group's growth in this segment is based on higher numbers for caravans and van conversions in 2019 compared to 2018. In contrast, the Group experienced a slight decrease in motorhome sales due to the effects from an engine change that was required to meet new emissions standards (6d TEMP) which impacted the availability of certain chassis types

In the Luxury segment, external revenue increased by EUR 14.9 million, or 18.5%, from EUR 80.5 million in the fiscal year ended December 31, 2018 to EUR 95.4 million in the fiscal year ended December 31, 2019. This increase was primarily due to approximately 40 additional vehicles sold compared to the previous year (2019: approximately 420 vehicles; 2018: approximately 380 vehicles) vehicles following the sustainable good market situation and increasing brand recognition.

9.5.4.2 Changes in inventory

Changes in inventory increased by EUR 25.0 million from negative EUR 13.0 million in the fiscal year ended December 31, 2018 to EUR 12.0 million in the fiscal year ended December 31, 2019. This increase was primarily due to a high inventory level at the end of 2019 resulting from unsold vehicles attributable to a lack of financing options for dealers especially in France, where cooperation with one particular bank was terminated, and Norway, where a large dealer was experiencing sales difficulties. Furthermore, inventory of finished vehicles increased in 2019 in particular due to effects from an engine upgrade required by a new EU emission standard (6d TEMP) as, for a while, chassis suppliers were only able to supply a limited number of chassis types meeting the new standard, to which the Group reacted by manufacturing excess models based on such chassis types without corresponding customer orders in order to avoid production downtime.

9.5.4.3 Other own work capitalized

Other own work capitalized decreased by EUR 1.5 million, or 21.8%, from EUR 6.8 million in the fiscal year ended December 31, 2018 to EUR 5.3 million in the fiscal year ended December 31, 2019. This decrease was primarily due to lower capitalization of rental cars due to a comparatively high number of rental cars sold at the end of the 2019 season versus the 2018 season. In contrast, capitalization of development costs increased by EUR 0.2 million in 2019 compared to 2018. In 2019, the Knaus Tabbert Group spent more research and development costs on the development of new models and less for face lift developments, which led to an increased capitalization of development costs compared to 2018.

9.5.4.4 Other operating income

Other operating income increased by EUR 1.3 million, or 29.1%, from EUR 4.5 million in the fiscal year ended December 31, 2018 to EUR 5.8 million in the fiscal year ended December 31, 2019. This increase was primarily due to the repayment by a supplier in 2019 of EUR 1.4 million that the Group had overpaid pursuant to a bonus arrangement in 2016.

9.5.4.5 Cost of materials

Cost of materials increased by EUR 56.8 million, or 11.2%, from EUR 508.7 million in the fiscal year ended December 31, 2018 to EUR 565.5 million in the fiscal year ended December 31, 2019. This increase was primarily due to the increase in sales and production volumes in 2019 compared to 2018. A higher share of van conversions and motorhomes in 2019 versus 2018 also contributed to the increase of cost of materials, also as a percentage of revenue. The cost of materials related to temporary workers (*Leiharbeitnehmer*) employed in the production facilities sunk by EUR 1.6 million or 12.2%, from EUR 12.9 million in the fiscal year ended December 31, 2018 to EUR 11.3 million in the fiscal year ended December 31, 2019, slightly offsetting the overall increase.

9.5.4.6 Personnel expenses

Personnel expenses increased by EUR 12.9 million, or 13.6%, from EUR 95.2 million in the fiscal year ended December 31, 2018 to EUR 108.1 million in the fiscal year ended December 31, 2019. This increase was primarily due to higher sales and production volumes which induced the Knaus Tabbert Group to hire additional employees in 2019 (average number of employees in 2019: 2,334; 2018: 2,017). Additionally, labor tariff increases in Germany (according to the collective bargaining agreement with the IG Metall union) and in the Knaus Tabbert Group's Hungarian facility contributed to higher personnel expenses in 2019.

9.5.4.7 Amortization and depreciation

Amortization and depreciation increased by EUR 4.9 million, or 36.6%, from EUR 13.5 million in the fiscal year ended December 31, 2018 to EUR 18.4 million in the fiscal year ended December 31, 2019. This increase was primarily due to higher investments compared to the previous year whereby the highest share of increase resulted from fixed assets.

Most of the investments were made to increase production capacity in Nagyoroszi, Hungary and Jandelsbrunn as well as tools and machines required for the production of the new models. Another factor leading to slightly higher depreciation in 2019 was the impairment of capitalized development costs relating to development projects that could not be implemented, in the amount of EUR 0.6 million in 2019; no such impairment was recorded in 2018.

9.5.4.8 Other operating expenses

Other operating expenses remained virtually flat, at EUR 65.68 million in the fiscal year ended December 31, 2019 compared to EUR 65.73 million in the fiscal year ended December 31, 2018. Other operating expenses relating to temporary workers (*Leiharbeitnehmer*), excluding such workers in the production facilities, decreased by 12.7%, or EUR 0.4 million from EUR 2.9 million in the fiscal year ended December 31, 2018 to EUR 2.5 million in the fiscal year ended December 31, 2019. Regular price increases across all cost types were offset by effects from the first-time application of IFRS 16 in 2019 (for additional information on the effects from the first-time application of IFRS 16, see also "*9.4.3.1. IFRS 16 – Leases*").

9.5.4.9 *Finance income*

Finance income increased by EUR 0.2 million, or 97.7%, from EUR 0.2 million in the fiscal year ended December 31, 2018 to EUR 0.4 million in the fiscal year ended December 31, 2019. This increase was primarily due to the repayment of an interest-bearing shareholder loan which was repaid at the end of 2019; as of the date of this prospectus, no shareholder loans are outstanding.

9.5.4.10 *Finance costs*

Finance costs increased by EUR 0.1 million, or 2.7%, from EUR 2.5 million in the fiscal year ended December 31, 2018 to EUR 2.6 million in the fiscal year ended December 31, 2019. This increase was primarily due to higher costs for interest resulting from the increased drawing of credit lines and thus higher liabilities to banks in line with the Company's growth.

9.5.4.11 *Taxes*

Taxes increased by EUR 0.3 million, or 2.1%, from EUR 12.3 million in the fiscal year ended December 31, 2018 to EUR 12.5 million in the fiscal year ended December 31, 2019. This increase was primarily due to increased earnings before taxes.

9.5.4.12 *Consolidated profit for the period*

Consolidated profit for the period increased by EUR 2.5 million, or 8.9%, from EUR 28.6 million in the fiscal year ended December 31, 2018 to EUR 31.2 million in the fiscal year ended December 31, 2019. This increase was primarily due to the Knaus Tabbert Group's growth in 2019 as detailed above.

9.5.4.13 *Other comprehensive income*

Other comprehensive income decreased by 33.9% from negative EUR 0.1 million in the fiscal year ended December 31, 2018 to negative EUR 0.2 million in the fiscal year ended December 31, 2019. This decrease was mainly due to the change in exchange rates of HUF/EUR for equity. In general, equity is translated using spot exchange rates as of the balance sheet date, whereas income and expenses are translated using average exchange rates for the relevant period.

9.5.4.14 *Overall result*

Overall result increased by EUR 2.5 million, or 8.8%, from EUR 28.5 million in the fiscal year ended December 31, 2018 to EUR 31.0 million in the fiscal year ended December 31, 2019. This increase was primarily due to the Knaus Tabbert Group's growth in 2019 and the related increase in revenue, as described above.

9.5.5 *Comparison of the fiscal years ended December 31, 2018 and December 31, 2017*

9.5.5.1 *Revenue*

The following table shows the Knaus Tabbert Group's revenue for the fiscal years ended December 31, 2018 and 2017 including breakdowns by product group and regions:

	Fiscal year ended December 31, 2018	**2017**
	(audited) **(in EUR thousand)**	
Revenue	728,013	591,968
Thereof caravans	*202,118*	*169,061*
Thereof motorhomes	*402,811*	*275,458*
Thereof camper vans	*106,777*	*128,329*
Thereof after-sales/others	*16,307*	*19,120*
Thereof Germany	*473,439*	*388,393*
Thereof Europe (excluding Germany)	*249,525*	*199,476*
Thereof rest of the world	*5,049*	*4,099*

Revenue increased by EUR 136.0 million, or 23.0%, from EUR 592.0 million in the fiscal year ended December 31, 2017 to EUR 728.0 million in the fiscal year ended December 31, 2018 due to a mix of price and volume effects. This increase was primarily enabled by the significant capacity expansion of the Group, as a newly constructed assembly line at Jandelsbrunn started operations in January 2018. In addition, favorable market conditions for most product categories in 2018 led to the

Knaus Tabbert Group selling approximately 24,600 vehicles (approximately 3,800 vehicles more) compared to approximately 20,800 vehicles in 2017, resulting in the Knaus Tabbert Group's increase in revenue. This increase in vehicles sold in the caravans and motorhomes categories was partially offset by certain delivery delays in connection with the complete redevelopment of the Group's camper van fleet led to a corresponding decrease by approximately 570 in camper van units sold in 2018 compared to 2017. The Group was also able, in 2018, to increase the average selling price of its vehicles to approximately EUR 29,600 (Premium segment: approximately EUR 26,700, Luxury segment: approximately EUR 210,200), an increase of approximately 4.0% compared to an average selling price of approximately EUR 28,500 (Premium segment: approximately EUR 25,700, Luxury segment: approximately EUR 195,200) in 2017. Despite a delay in the production of new van conversion models in Nagyoroszi in 2018 which led to fewer produced van conversions in Nagyoroszi compared to 2017, the Knaus Tabbert Group, supported by its strong dealer network, was able to match customer demand, which was particularly strong with respect to motorhomes, with its model and brand portfolio. From a regional perspective, the Knaus Tabbert Group's revenue growth in 2018 compared to 2017 was driven by all regions at similar rates.

The following table shows the Knaus Tabbert Group's revenue from external customers for the fiscal years ended December 31, 2018 and 2017 broken down by segments:

	Fiscal year ended December 31,	
	2018	**2017**
	(audited)	
	(in EUR thousand)	
External revenue	728,013	591,968
Thereof Premium segment	*647,486*	*526,809*
Thereof Luxury segment	*80,527*	*65,159*

In the Premium segment, external revenue increased by EUR 120.7 million, or 22.9%, from EUR 526.8 million in the fiscal year ended December 31, 2017 to EUR 647.5 million in the fiscal year ended December 31, 2018. This increase was primarily due to the increased number of newly registered leisure vehicles, which led to a corresponding increase in vehicles sold. In 2018, the Knaus Tabbert Group sold approximately 24,200 vehicles compared to approximately 20,500 vehicles in 2017, i.e., approximately 3,700 vehicles more in 2018, as a result of the favorable market condition for most product categories, driven by strong performance of the caravans and motorhomes product groups. The Knaus Tabbert Group was able to match customer demand with its model and brand portfolio supported by its strong dealer network. This increase in vehicles sold in the caravans and motorhomes categories was partially offset by certain delivery delays in connection with the complete redevelopment of the Group's camper van fleet led to a corresponding decrease by approximately 570 in camper van units sold in 2018 compared to 2017.

In the Luxury segment, external revenue increased by EUR 15.4 million, or 23.6%, from EUR 65.2 million in the fiscal year ended December 31, 2017 to EUR 80.5 million in the fiscal year ended December 31, 2018. This increase was primarily due to approximately 380 vehicles sold in 2018 compared to approximately 330 vehicles in 2017 (approximately 50 vehicles more compared to the previous year) and a change in the product mix to more expensive motorhomes, which resulted in an increased average selling price in 2018 compared to 2017.

9.5.5.2 Changes in inventory

Changes in inventory decreased by EUR 37.8 million, or 152.3%, from EUR 24.8 million in the fiscal year ended December 31, 2017 to a negative EUR 13.0 million in the fiscal year ended December 31, 2018. This decrease was driven by significant decreases in finished goods. After extraordinarily high levels of inventory at the end of 2017, which resulted from high levels of unfinished goods as the Group was waiting for missing components to complete production, inventory levels decreased at year-end 2018. The main reason for the high inventory levels at the end of 2017 was high demand across the whole industry, which resulted in supply shortages as suppliers needed some time to adjust their capacities.

9.5.5.3 Other own work capitalized

Other own work capitalized increased by EUR 4.2 million, or 165.0%, from EUR 2.6 million in the fiscal year ended December 31, 2017 to EUR 6.8 million in the fiscal year ended December 31,

2018. In 2018, the Knaus Tabbert Group spent a significant amount on research for the development of new models, which resulted in increased other own work capitalized from EUR 2.5 million in the fiscal year ended December 31, 2017 to EUR 5.4 million in the fiscal year ended December 31, 2018. In addition, EUR 2.3 million were capitalized for rental cars in 2018 compared to EUR 0.7 million in 2017.

9.5.5.4 Other operating income

Other operating income increased by EUR 0.6 million, or 15.7%, from EUR 3.9 million in the fiscal year ended December 31, 2017 to EUR 4.5 million in the fiscal year ended December 31, 2018. This increase in 2018 was primarily due to increased income from the release of provisions, increased compensation in kind and higher other income mainly related to bonus credits from the use of temporary work quotas, on-charged MAN test vehicles and income from recourse payments.

9.5.5.5 Cost of materials

Cost of materials increased by EUR 71.6 million, or 16.4%, from EUR 437.1 million in the fiscal year ended December 31, 2017 to EUR 508.7 million in the fiscal year ended December 31, 2018. This increase was primarily due to the increase in sales and production volumes as well as certain inefficiencies resulting from the significant capacity expansion in 2018. As a percentage of revenue, cost of materials actually decreased in 2018 compared to 2017 due to a decreased share of van conversions and an increased share of motorhomes as the production of the latter requires a lower cost of materials input. The cost of materials related to temporary workers (*Leiharbeitnehmer*) employed in the production facilities rose by EUR 2.0 million or 18.1%, from EUR 10.9 million in the fiscal year ended December 31, 2017 to EUR 12.9 million in the fiscal year ended December 31, 2018, contributing to the overall increase.

9.5.5.6 Personnel expenses

Personnel expenses increased by EUR 19.0 million, or 24.9%, from EUR 76.2 million in the fiscal year ended December 31, 2017 to EUR 95.2 million in the fiscal year ended December 31, 2018. This increase in 2018 was primarily due to two factors, the increased number of employees (many of which received salaries higher than the average of the Group's employees) in line with the significant capacity expansion and the build-up of overhead functions. Additionally, the adjustments to collective bargaining agreements in 2018 also contributed to the Group's increased personnel expenses.

9.5.5.7 Amortization and depreciation

Amortization and depreciation increased by EUR 2.0 million, or 17.5%, from EUR 11.5 million in the fiscal year ended December 31, 2017 to EUR 13.5 million in the fiscal year ended December 31, 2018. This increase was primarily due to higher investments in property, plant and equipment primarily related to the aforementioned newly build assembly line in Jandelsbrunn, which was partially offset by impairments of EUR 0.9 million recognized in 2017 attributable to certain development projects expected to miss the respective revenue targets with no such effects in 2018.

9.5.5.8 Other operating expenses

Other operating expenses increased by EUR 10.0 million, or 18.0%, from EUR 55.7 million in the fiscal year ended December 31, 2017 to EUR 65.7 million in the fiscal year ended December 31, 2018. This increase was primarily due to increased costs for storage of chassis, higher marketing and fair-related costs, as well as higher costs for guarantees due to the aforementioned increase in revenue. A rise in other operating expenses relating to temporary workers (*Leiharbeitnehmer*), excluding such workers in the production facilities, by 60.5% or EUR 1.1 million from EUR 1.8 million in the fiscal year ended December 31, 2017 to EUR 2.9 million in the fiscal year ended December 31, 2018 also contributed to this overall increase.

9.5.5.9 Finance income

Finance income decreased by EUR 0.1 million, or 28.2%, from EUR 0.3 million in the fiscal year ended December 31, 2017 to EUR 0.2 million in the fiscal year ended December 31, 2018. This decrease was primarily due to lower income from interest on advertising cost subsidies for the Group's dealers (in the form of loans granted by the Group to such dealers) corresponding to a decrease of subsidies (i.e., loans outstanding) to the Group's dealers in 2018 compared to 2017.

9.5.5.10 *Finance costs*

Finance costs increased by EUR 0.5 million, or 26.1%, from EUR 2.0 million in the fiscal year ended December 31, 2017 to EUR 2.5 million in the fiscal year ended December 31, 2018. This increase was primarily due to a higher usage of available bank credits, both short term and long term, to finance the Group's investments, in combination with a renewal of the working capital consortium bank loan in 2018 which increased from EUR 35 million to EUR 80 million.

9.5.5.11 *Taxes*

Taxes increased by EUR 0.5 million, or 4.4%, from EUR 11.8 million in the fiscal year ended December 31, 2017 to EUR 12.3 million in the fiscal year ended December 31, 2016. This increase was primarily due to the increased earnings before taxes.

9.5.5.12 *Consolidated profit for the period*

Consolidated profit for the period decreased by EUR 0.7 million, or 2.2%, from EUR 29.3 million in the fiscal year ended December 31, 2017 to EUR 28.6 million in the fiscal year ended December 31, 2018. This decrease was primarily due to the aforementioned cost increases in connection with Knaus Tabbert Group's growth and capacity expansion in 2018, which outweighed the related increase in revenue.

9.5.5.13 *Other comprehensive result*

Other comprehensive result decreased slightly by EUR 0.1 million, from negative EUR 0.1 million in the fiscal year ended December 31, 2017 to negative EUR 0.1 million in the fiscal year ended December 31, 2018. This decrease was due to currency translation differences.

9.5.5.14 *Overall result*

Overall result decreased by EUR 0.7 million, or 2.5%, from EUR 29.2 million in the fiscal year ended December 31, 2017 to EUR 28.5 million in the fiscal year ended December 31, 2018. This decrease was primarily due to aforementioned cost increases due to the Knaus Tabbert Group's growth in 2018 which outweighed the related increase in revenue.

9.6 Consolidated Balance Sheet – Assets and Liabilities

9.6.1 *Description of key line items from the consolidated balance sheet*

9.6.1.1 *Total assets*

Total assets comprise all current and non-current assets of the Knaus Tabbert Group that have to be recognized. All assets are classified by maturity, with a 12-month limit for realization between current and non-current assets. Non-current assets include, in particular, intangible assets, property, plant and equipment and deferred tax assets. Current assets include, in particular, inventories, any tax receivables, cash and cash equivalents. A breakdown into current and non-current assets was made for certain balance sheet items; accounts receivable and other financial and non-financial assets are reported as either current or non-current assets, depending on their maturity.

9.6.1.2 *Total liabilities*

Total liabilities comprise all current and non-current liabilities of the Knaus Tabbert Group that have to be recognized in the balance sheet. Liabilities, provisions and debt are classified by maturity, with the limit for repayment between current and non-current liabilities being 12 months. Other provisions, liabilities to financial institutions or banks, trade payables and other financial and non-financial liabilities were split into current and non-current liabilities, depending on their maturity. Deferred tax liabilities are reported as non-current liabilities and any regular tax liabilities as current liabilities.

9.6.1.3 *Total equity*

The total (consolidated) equity of the Knaus Tabbert Group consists of the equity due to the shareholders of the parent company and non-controlling interests. The equity due to the shareholders of the parent company consists of the subscribed capital, the capital reserve, the revenue reserves, the retained earnings from previous years, the profit or loss for the reporting period and the currency translation reserve (i.e. other comprehensive income).

9.6.2 *Data from the consolidated balance sheet*

The following table shows the consolidated balance sheets in the unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2020 as well as in the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2017:

	As of June 30, 2020	As of December 31, 2019	2018	2017
	(unaudited)	(audited) (in EUR thousand)		
ASSETS				
Intangible assets	15,866	15,114	13,144	10,256
Property, plant and equipment	101,106	106,069	88,828	74,631
Other assets	1,438	603	1,233	734
Deferred tax assets	3,041	3,415	1,573	1,859
Non-current assets	**121,452**	**125,201**	**104,778**	**87,480**
Inventories	131,986	119,728	105,174	120,644
Trade receivables	38,714	37,275	37,462	27,301
Other assets	18,744	20,327	23,126	17,820
Tax receivables	391	810	2,670	141
Cash and cash equivalents	9,410	7,597	7,380	6,427
Current assets	**199,246**	**185,737**	**175,812**	**172,333**
Total assets	**320,698**	**310,938**	**280,590**	**259,813**
EQUITY AND LIABILITIES				
Liabilities				
Other provisions	11,951	12,291	11,386	7,841
Liabilities to banks	7,268	12,348	17,260	21,379
Trade payables	–	–	–	378
Other liabilities	9,241	9,167	3,073	9,149
Deferred tax liabilities	6,869	7,217	5,131	4,451
Non-current liabilities	**35,329**	**41,022**	**36,851**	**43,198**
Other provisions	4,613	4,233	4,585	6,536
Liabilities to banks	75,530	81,941	73,133	41,313
Trade payables	63,896	47,057	55,920	60,088
Other liabilities	49,584	37,667	27,785	26,958
Tax liabilities	3,566	816	114	12,896
Current liabilities	**197,188**	**171,713**	**161,537**	**147,791**
Liabilities	**232,518**	**212,735**	**198,387**	**190,989**
Equity				
Subscribed capital	29	29	29	29
Capital reserve	17,475	12,475	12,475	12,475
Retained earnings	6,435	6,435	6,435	6,550
Retained earnings/accumulated losses brought forward from prior years	49,797	48,627	35,006	20,730
Consolidated profit for the period	15,401	31,170	28,621	29,276
Accumulated other income	(957)	(533)	(363)	(236)
Equity attributable to shareholders	**88,180**	**98,202**	**82,203**	**68,824**
Total equity	**88,180**	**98,202**	**82,203**	**68,824**
Total equity and liabilities	**320,698**	**310,938**	**280,590**	**259,813**

9.6.3 *As of June 30, 2020 compared to December 31, 2019*

9.6.3.1 *Total assets*

As of June 30, 2020, total assets consisted of non-current assets in the amount of EUR 121.5 million (37.9% of total assets; December 31, 2019: 40.3%) and of current assets in the amount of EUR 199.2 million (62.1% of total assets; December 31, 2019: 59.7%).

Non-current assets decreased by EUR 3.7 million, or 3.0%, from EUR 125.2 million as of December 31, 2019 to EUR 121.5 million as of June 30, 2020.

This decrease resulted mainly from the decrease of property, plant and equipment by EUR 5.0 million from EUR 106.0 million as of December 31, 2019 to EUR 101.1 million as of June 30, 2020, and was partly offset by an increase of other assets by EUR 0.8 million from EUR 0.6 million as of December 31, 2019 to EUR 1.4 million as of June 30, 2020.

Current assets increased by EUR 13.5 million, or 7.3%, from EUR 185.7 million as of December 31, 2019 to EUR 199.2 million as of June 30, 2020. The increase mainly derived from an increase in inventories (mainly chassis) by EUR 12.3 million as of June 30, 2020. In particular, raw materials, consumables and supplies increased by EUR 16.4 million to EUR 80.5 million as of June 30, 2020 compared to EUR 64.1 million as of December 31, 2019, while finished goods and merchandise decreased by EUR 4.6 million from EUR 49.7 million as of December 31, 2019 to EUR 45.1 million as of June 30, 2020. This was a result of the COVID-19-related shutdown of the Group’s production at certain plants in April 2020 and the sale of already produced vehicles after the end of the public lockdown in most of the Group’s key markets.

9.6.3.2 Total liabilities

As of June 30, 2020, total liabilities consisted of non-current liabilities in the amount of EUR 35.3 million (15.2% of total liabilities; as of December 31, 2019: 19.3%) and EUR 197.2 million current liabilities (84.8% of total liabilities; as of December 31, 2019: 80.7%).

Non-current liabilities decreased by EUR 5.7 million from EUR 41.0 million as of December 31, 2019 to EUR 35.3 million as of June 30, 2020. This decrease was primarily due to lower non-current liabilities to banks, which decreased by EUR 5.1 million from EUR 12.3 million as of December 31, 2019 to EUR 7.3 million as of June 30, 2020 due to the scheduled repayment of loans in the amount of EUR 3.1 million and the reclassification of non-current liablitites relating to the SKP Fund in the amount of EUR 2.0 million to current liabilities.

Current liabilities increased by EUR 25.5 million, from EUR 171.7 million as of December 31, 2019 to EUR 197.2 million as of June 30, 2020. In particular higher trade payables which increased by EUR 16.8 million, from EUR 47.1 million as of December 31, 2019 to EUR 63.9 million as of June 30, 2020, roughly corresponding to the above-shown rise in raw materials, consumables and supplies, and current other liabilities which increased by EUR 11.9 million, from EUR 37.7 million as of December 31, 2019 to EUR 49.6 million as of June 30, 2020 (mainly as a result of reimbursement liabilities to dealers pursuant to the Group’s bonus system for its dealer network, which are only due in August each year) contributed to the increase of current liabilities from December 31, 2019 to June 30, 2020. Furthermore, liabilities relating to VAT rose from almost nil as of December 31, 2019 to EUR 3.9 million as of June 30, 2020 due to deferred payments for VAT. In addition, a rise in tax liabilities (mainly resulting from deferred payments for income tax) by EUR 2.8 million from EUR 0.8 million as of December 31, 2019 to EUR 3.6 million as of June 30, 2020 contributed to the increase of current liabilities from December 31, 2019 to June 30, 2020. This increase was partly offset by lower current liabilities to banks (decrease by EUR 6.4 million from EUR 81.9 million as of December 31, 2019 to EUR 75.5 million as of June 30, 2020), which partly resulted from the reclassification of liabilities relating to the financial support of the Group for its dealer network (for details of the financial support, see “*12.8. Dealer Network*”) in light of the strong demand after the end of the COVID-19-related public lockdown.

9.6.3.3 Total equity

Total equity decreased by EUR 10.0 million, or 10.2%, from EUR 98.2 million as of December 31, 2019 to EUR 88.2 million as of June 30, 2020 primarily as a result of dividend payouts in February and March in the total amount of EUR 30 million, as well as the decreased consolidated profit for the period. The decline in consolidated profit for the period was partly offset by a increase of the capital reserve by EUR 5.0 million from EUR 12.5 million as of December 31, 2019 to EUR 17.5 million as of June 30, 2020 as the result of a contribution in the same amount by the shareholders in June 2020.

9.6.4 *As of December 31, 2019 compared to December 31, 2018*

9.6.4.1 *Total assets*

As of December 31, 2019, total assets consisted of non-current assets in the amount of EUR 125.2 million (40.3% of total assets; December 31, 2018: 37.3%) and of current assets in the amount of EUR 185.7 million (59.7% of total assets; December 31, 2018: 62.7%).

Non-current assets increased by EUR 20.4 million, or 19.5%, from EUR 104.8 million as of December 31, 2018 to EUR 125.2 million as of December 31, 2019. This increase resulted mainly from investments in property, plant and equipment, primarily investments in the enhancement of production capacity at the production facilities in Jandelsbrunn and Nagyoroszi, Hungary as well as the new service center dedicated to the Morelo brand. In addition, the first-time application of IFRS 16 contributed to the increase of non-current assets as of December 31, 2018, compared to December 31, 2019.

Current assets increased by EUR 9.9 million, or 5.6%, from EUR 175.8 million as of December 31, 2018 to EUR 185.7 million as of December 31, 2019. The major part of the increase is derived from an increase in inventories by EUR 14.6 million in 2019. In particular, finished goods and merchandise (mainly vehicles) increased by EUR 14.1 million in 2019. This was a result of effects from an engine change and unsold vehicles due to lack of financing options for dealers in 2019, leading to lower demand from the Group's dealer network than anticipated at the time of production planning.

9.6.4.2 *Total liabilities*

As of December 31, 2019, total liabilities consisted of non-current liabilities in the amount of EUR 41.0 million (19.3% of total liabilities; as of December 31, 2018: 18.6%) and EUR 171.7 million current liabilities (80.7% of total liabilities; as of December 31, 2018: 81.4%).

Non-current liabilities increased by EUR 4.2 million from EUR 36.9 million as of December 31, 2018 to EUR 41.0 million as of December 31, 2019. This increase was primarily due to higher non-current other liabilities which increased by EUR 6.1 million from EUR 3.1 million as of December 31, 2018 to EUR 9.2 million as of December 31, 2019 due to increased non-current lease liabilities resulting from the first-time application of IFRS 16. This was partially offset by a decrease in non-current liabilities to banks in the amount of EUR 4.9 million, from EUR 17.3 million as of December 31, 2018 to EUR 12.3 million as of December 31, 2019 due to the scheduled repayment of loans.

Current liabilities increased by EUR 10.2 million from EUR 161.54 million as of December 31, 2018 to EUR 171.7 million as of December 31, 2019. Current liabilities to banks increased by EUR 8.8 million from EUR 73.1 million as of December 31, 2018 to EUR 82.0 million as of December 31, 2019. This increase was mainly a result of higher financing needs in line with the Group's business growth. Additionally, in particular higher provisions for dealer bonuses, the first-time application of IFRS 16 and a major prepayment from a business customer contributed to the increase of current liabilities from December 31, 2018 to December 31, 2019.

9.6.4.3 *Total equity*

Total equity increased by EUR 16.0 million, or 19.5%, from EUR 82.2 million as of December 31, 2018 to EUR 98.2 million as of December 31, 2019 primarily as a result of the increased consolidated profit for the period on the one hand, partially offset by dividend payments on the other hand.

9.6.5 *As of December 31, 2018 compared to December 31, 2017*

9.6.5.1 *Total assets*

As of December 31, 2018, total assets consisted of non-current assets in the amount of EUR 104.8 million (37.3% of total assets; December 31, 2017: 33.7%) and EUR 175.8 million of current assets (62.7% of total assets; December 31, 2017: 66.3%).

Non-current assets increased by EUR 17.3 million, or 19.8%, from EUR 87.5 million as of December 31, 2017 to EUR 104.8 million as of December 31, 2018. This increase mainly resulted from investments in property, plant and equipment, primarily investments in the enhancement of production capacity at the production facilities in Jandelsbrunn including a newly constructed assembly line as well as tools and machines required for the production of the models in both segments.

Current assets increased by EUR 3.5 million, or 2.0%, from EUR 172.3 million as of December 31, 2017 to EUR 175.8 million as of December 31, 2018. Inventories decreased strongly due to decreased vehicles in inventories in comparison to the previous year. Inventory was extraordinarily high as of December 31, 2017 because, at year end, the Group was still awaiting delivery of missing components needed to complete production, resulting in high levels of unfinished goods. Inventory levels decreased as of December 31, 2018 because the Group did not experience the same supplier issues in that year and therefore did not have unusually high levels of unfinished goods at year end.

9.6.5.2 Total liabilities

As of December 31, 2018, total liabilities consisted of non-current liabilities in the amount of EUR 36.9 million (18.6% of total liabilities; December 31, 2017: 22.6%) and EUR 161.5 million of current liabilities (81.4% of total liabilities; December 31, 2017: 77.4%).

Non-current liabilities decreased by EUR 6.3 million from EUR 43.2 million as of December 31, 2017 to EUR 36.9 million as of December 31, 2018. This decrease was primarily due to lower non-current other liabilities and non-current liabilities to banks. Non-current other liabilities decreased by EUR 6.1 million from EUR 9.1 million as of December 31, 2017 to EUR 3.1 million as of December 31, 2018 due to repayment of the remaining outstanding amount of a shareholder loan granted to the Group to finance the acquisition of Morelo. Non-current liabilities to banks also decreased by EUR 4.1 million from EUR 21.4 million as of December 31, 2017 to EUR 17.3 million as of December 31, 2018 due to the as scheduled repayment of long-term loans.

Current liabilities increased by EUR 13.7 million from EUR 147.8 million as of December 31, 2017 to EUR 161.5 million as of December 31, 2018. Most notably, current liabilities to banks increased by EUR 31.8 million from EUR 41.3 million as of December 31, 2017 to EUR 73.1 million as of December 31, 2018. This was as a result of higher financing needs for the growth of the business for working capital and tax payments, which were partially offset by a decrease in tax liabilities by EUR 12.8 million from EUR 12.9 million as of December 31, 2017 to EUR 0.1 million as of December 31, 2018. This resulted from refunds related to taxes paid for the years 2016 and 2017, as well as prepayments which occurred in 2018.

9.6.5.3 Total equity

Total equity increased by EUR 13.4 million, or 19.4%, from EUR 68.8 million as of December 31, 2017 to EUR 82.2 million as of December 31, 2018. This was primarily a result of the increased consolidated profit for the period on the one hand, which was partially offset by dividend payments as the main balancing effect on the other hand.

9.7 Liquidity and capital resources

9.7.1 Overview

During the periods presented, the Knaus Tabbert Group's primary sources of liquidity for funding its operations, capital expenditures and working capital requirements were cash generated from operations and lines of credit (including, until 2018, shareholder loans). The most important component of the Knaus Tabbert Group's financing structure is a syndicated loan, which has been renegotiated in March 2018 and further amended in 2019 and provides additional liquidity for the Knaus Tabbert Group's business planning. During the periods presented, the Knaus Tabbert Group also received a total of EUR 2.3 million in subsidies from the state of Hungary relating to the Group's facility in Nagyoroszi, Hungary. As of June 30, 2020, EUR 1.5 million of this amount remained available and unused.

The Group may also, from time to time, seek other sources of funding, which may include debt or equity financing, depending on the Group's acquisition and investment strategy, its financing needs and market conditions.

9.7.2 *Cash flows*

9.7.2.1 *Data from the consolidated cash flow statement*

The following table shows the consolidated cash flow statement in the unaudited condensed consolidated interim financial statements as of and for the six-month periods ended June 30, 2020 and 2019, as well as in the audited consolidated financial statements for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		Fiscal year ended December 31,		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited)		(audited)		
	(in EUR thousand)				
Cash flows from operating activities					
Consolidated profit for the period	15,401	19,735	31,170	28,621	29,276
Adjustments for:					
Depreciation and amortisation expense/reversals of impairment losses	9,416	8,119	18,395	13,494	11,483
Increase/decrease in provisions	41	669	1,367	12,055	2,161
Other non-cash income and expenses	1,013	293	827	83	(70)
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities	(11,543)	(13,499)	(11,359)	(4,100)	(56,454)
Increase/decrease in trade payables as well as other liabilities not related to investing or financing activities	28,335	17,610	555	(23,511)	41,220
Gain/loss on the disposal of fixed assets	298	(399)	(651)	(353)	(223)
Net finance costs	1,515	1,290	2,161	2,310	1,698
Income tax expense	6,278	7,528	12,074	11,873	10,854
Income taxes paid	(3,339)	(5,841)	(10,423)	(11,885)	(4,133)
Cash flows from operating activities	**47,415**	**35,504**	**44,116**	**28,586**	**35,812**
Cash flows from investing activities					
Proceeds from the sale of property, plant and equipment	–	1,760	3,870	7,051	3,312
Payments for the purchase of property, plant and equipment	(4,059)	(10,801)	(25,410)	(31,576)	(31,672)
Proceeds from the sale of intangible assets	–	–	–	11	–
Payments for the purchase of intangible assets	(3,187)	(3,687)	(6,578)	(6,121)	(3,131)
Payments for the acquisition of a subsidiary, net of cash acquired	–	–	–	–	(211)
Interest received	5	–	–	–	–
Cash flows from investing activities	**(7,241)**	**(12,727)**	**(28,118)**	**(30,635)**	**(31,702)**
Cash flows from financing activities					
Cash proceeds from capital increases	5,000	–	–	–	100
Distributions paid	(30,000)	(15,000)	(15,000)	(15,000)	(15,000)
Cash receipts from shareholders	–	–	–	–	500
Cash payments to shareholders	–	–	–	(8,416)	(1,768)
Cash proceeds from bank borrowings	43,148	13,771	51,742	64,667	41,519
Cash repayments of liabilities to banks	(53,919)	(18,558)	(47,845)	(36,965)	(28,080)
Interest paid	(1,413)	(491)	(2,186)	(2,023)	(1,615)
Cash repayments of finance lease liabilities	(1,373)	(1.291)	(2,534)	(704)	(894)
Cash flows from financing activities	**(38,557)**	**(21,569)**	**(15,824)**	**1,558**	**(5,238)**
Net change in cash and cash equivalents	**1,616**	**1,209**	**175**	**(491)**	**(1,128)**
Effects of exchange rate changes on cash and cash equivalents	10	2	18	282	53
Cash and cash equivalents at the beginning of the period	**1,684**	**1,491**	**1,491**	**1,701**	**2,776**
Cash and cash equivalents at the end of the period	**3,310**	**2,702**	**1,684**	**1,491**	**1,701**

9.7.2.2 Cash flows from operating activities

Cash flows from operating activities include all operating in-going and out-going payments. As a result, all non-cash related items such as write downs and write ups or increase/decrease of provisions are deducted from consolidated profit for the period. Non-operating payments, such as financing or tax related payments, are also deducted from consolidated profit for the period as they are operative.

In the six-month period June 30, 2020, the Knaus Tabbert Group's cash flows from operating activities amounted to EUR 47.4 million, compared to EUR 35.5 million in the six-month period ended June 30, 2019. This increase in cash flows from operating activities resulted primarily from a higher increase in trade payables as well as other liabilities not related to investing or financing activities (as detailed under "*9.6.3.2. Total liabilities*") in the six-month period June 30, 2020 compared to the six-month period ended June 30, 2019. This higher increase was mainly attributable to the increase in trade payables resulting from higher levels of raw materials, consumables and supplies.

In the fiscal year ended December 31, 2019, the Knaus Tabbert Group's cash flows from operating activities amounted to EUR 44.1 million, compared to EUR 28.6 million in the fiscal year ended December 31, 2018. This increase in cash flows from operating activities resulted from the higher consolidated profit for the period (as detailed under "*9.5.4.12. Consolidated profit for the period*") in combination with an increase of trade payables, as well as other liabilities not attributable to investment or financing activities, which were then partially offset by the increase in inventories during the same period.

In the fiscal year ended December 31, 2018, the Knaus Tabbert Group's cash flows from operating activities was EUR 28.6 million compared to EUR 35.8 million in the fiscal year ended December 31, 2017. In addition to a decline in consolidated profit for the period in 2018 compared to 2017, cash flows from operating activities were negatively affected by the increase in trade payables as well as other liabilities not attributable to investment or financing activities which was mainly due to a high number of chassis delivered at the end of 2017 that did not have to be paid until early 2018. This increase could not be off-set by opposing effects from the changes in inventories, trade receivables and other assets not attributable to investing or financing activities, which were primarily attributable to an increase in raw materials due to the above-mentioned high level of year-end deliveries of chassis and to an increase in finished goods due to the start-up of a new assembly line in Jandelsbrunn.

9.7.2.3 Cash flows from investing activities

Cash flows from investing activities comprise all ingoing and outgoing payments related to investing activities, such as investments and sales of fixed, intangible and financial assets.

In the six-month period ended June 30, 2020, the Knaus Tabbert Group's cash flows from investing activities amounted to negative EUR 7.2 million compared to negative EUR 12.7 million in six-month period ended June 30, 2019. This lower level in negative cash flows from investing activities was primarily due to lower overall investments planned for the fiscal year 2020 compared to investments in the fiscal year 2019, which, in particular, related to the introduction of a new service center for Morelo in Schlüsselfeld in the first half of 2019. This effect was partly offset by the absence of any proceeds from the sale of property, plant and equipment in six-month period ended June 30, 2020.

In the fiscal year ended December 31, 2019, the Knaus Tabbert Group's cash flows from investing activities amounted to negative EUR 28.1 million, compared to negative EUR 30.6 million in the fiscal year ended December 31, 2018. This development in cash flows from investing activities was primarily due to lower investments in fixed assets and lower proceeds from the sale of fixed assets in 2019 compared to 2018, which in both years related primarily to the enhancement of production capacity at the production facilities including, in 2018, a newly constructed assembly line in Jandelsbrunn as well as tools and machines required for the production of the new models.

In the fiscal year ended December 31, 2018, the Knaus Tabbert Group's cash flows from investing activities amounted to negative EUR 30.6 million compared to negative EUR 31.7 million in the fiscal year ended December 31, 2017. This development in cash flows from investing activities was primarily due to slightly lower investments in fixed assets in 2018 compared to 2017 as substantial prepayments for the aforementioned assembly line in Jandelsbrunn were already made in 2017, as well as due to fewer sales of rental vehicles held as fixed assets.

9.7.2.4 Cash flows from financing activities

Cash flows from financing activities comprises all ingoing and outgoing payments related to financing activities, such as dividend payments, usage of credit lines or payments of interest.

In the six-month period ended June 30, 2020, the Knaus Tabbert Group's cash flows from financing activities amounted to negative EUR 38.6 million compared to negative EUR 21.6 million in the six-month period ended June 30, 2019. This development in cash flows from financing activities was primarily due to distributions paid to the shareholders in the six-month period ended June 30, 2020 which doubled compared to the six-month period ended June 30, 2019. This was, however, partly offset by a contribution from the shareholders in the amount EUR 5.0 million into the Company's capital reserve in June 2020.

In the fiscal year ended December 31, 2019, the Knaus Tabbert Group's cash flows from financing activities amounted to negative EUR 15.8 million compared to EUR 1.6 million in the fiscal year ended December 31, 2018. This development in cash flows from financing activities was primarily due to the increased of cash repayments to banks and reduced cash proceeds from bank borrowings in 2019 compared to the previous year.

In the fiscal year ended December 31, 2018, the Knaus Tabbert Group's cash flows from financing activities amounted to EUR 1.6 million compared to negative EUR 5.2 million in the fiscal year ended December 31, 2017. This development in cash flows from financing activities was primarily due to large cash proceeds from bank borrowings in 2018 in connection with the new syndicated loan agreement in the amount of EUR 80.0 million with a term until 2021, which the Group concluded in fiscal year 2018 under the leadership of Commerzbank AG.

9.7.3 Investments

The Group's investments reflect (i) capital expenditures (used to acquire, upgrade, and maintain physical assets such as property, plant, and equipment, as well as intangible assets such as software or licenses) and (ii) capitalized development costs/other own work capitalized.

The following table shows the Group's investments for the six-month periods ended June 30, 2020 and 2019, as well as for the fiscal years ended December 31, 2019, 2018 and 2017:

	Six-month period ended June 30,		**Fiscal year ended December 31,**		
	2020	**2019**	**2019**	**2018**	**2017**
	(unaudited)			**(unaudited)**	
	(in EUR thousand)				
Capital expenditures for buildings	1,442	6,168	11,403	13,157	12,879
Capital expenditures for expansion and rationalization	993	1,756	5,460	9,635	7,627
Capital expenditures for replacement	1,148	1,907	5,131	5,089	3,589
Capital expenditures for tools	795	1,446	3,263	2,142	5,456
Development third party	133	68	1,482	2,142	418
Own work capitalized	2,662	3,122	4,072	3,245	2,064
Rental vehicles	73	20	1,144	2,287	784
Investments	**7,246**	**14,487**	**31,957**	**37,697**	**32,816**
Leases including first-time application of IFRS 16	658	8,794	9,332	–	1,987
Total	**7,905**	**23,282**	**41,289**	**37,697**	**34,803**

The Knaus Tabbert Group's capital expenditures mainly related to capacity expansions, its focus on improvements to production facilities, product range enhancement and development and operational efficiency.

Capitalized development costs/other own work capitalized mainly related to the development of new caravans, motorhomes and vans, both in the Premium segment and in the Luxury segment.

The share of investments related to intangible assets has gone up from 9% in the fiscal year ended December 31, 2017, to 16% in the fiscal year ended December 31, 2018, and to 21% in the fiscal year ended December 31, 2019.

In the medium term, the Knaus Tabbert Group expects capital expenditures, including capital expenditures on property plant and equipment as well as capital expenditures on intangible assets, to normalize at a level of approximately 2.5% of revenue.

9.7.3.1 Ongoing and future investments

The Knaus Tabbert Group's ongoing investment activities relate predominantly to the adaption to further sales growth, operational improvements with regard to productivity as well as investing into innovations for long-term business success. For the fiscal year ending December 31, 2020, the Knaus Tabbert Group has budgeted investments of approximately EUR 25.0 million with a focus on capital expenditures primarily related to rebuilding and infrastructure improvements and mandatory legal or environment maintenance and repairs at all of the Group's sites. Capitalized development costs/other own work capitalized is expected to be primarily related to the new development of integrated three-axle motorhomes.

The Group plans to invest approximately EUR 9.0 million to expand its production facility in Hungary for van conversions in the short to medium term.

9.7.3.2 Investments in the six-month period ended June 30, 2020

In the six-month period ended June 30, 2020, investments amounted to EUR 7.2 million. They resulted to a large extent from capital expenditures of EUR 1.4 million with a focus on various new buildings for Jandelsbrunn, Mottgers, Nagyoroszi and Schlüsselfeld. Own work capitalized in the amount of EUR 2.7 million related mainly to development work on new caravan and motorhome models.

9.7.3.3 Investments in the fiscal year ended December 31, 2019

In the fiscal year ended December 31, 2019, investments amounted to EUR 32.0 million. They resulted to a large extent from capital expenditures with a focus on buildings and tools, primarily related to training facility for employees, as well as the optimization and enhancement of the small parts production in Jandelsbrunn and the purchase of new land near the Schlüsselfeld production site. Capitalized development costs/other own work capitalized related mainly to development work on integrated two-axle motorhomes and a luxury caravan including a slide out option.

9.7.3.4 Investments in the fiscal year ended December 31, 2018

In the fiscal year ended December 31, 2018, investments amounted to EUR 37.7 million. They resulted to a large extent from capital expenditures with the new facility in Jandelsbrunn including three assembly lines for caravans and motorhomes as well as the necessary machinery and assembly devices being the main focus. Another major investment concerned the establishment of the long fiber injection (LFI) factory in Freyung for the serial production of certain frame parts of the Knaus Deseo model. Capitalized development costs/other own work capitalized focus on the development of a fully integrated vehicle as well as the first semi-integrated motorhome based on a MAN chassis.

9.7.3.5 Investments in the fiscal year ended December 31, 2017

In the fiscal year ended December 31, 2017, investments amounted to EUR 34.8 million. They resulted to a large extent from capital expenditures into the new hall in Jandelsbrunn with three assembly lines for caravans and motorhomes including the necessary machinery and assembly devices. Other major capital expenditures made were for a new research and development (***R&D***) building which included a central workshop for prototypes and the acquisition of Hüttl Rent GmbH. Capitalized development costs/other own work capitalized in the fiscal year ended December 31, 2017 mainly related to a lightweight caravan and a new van based on a MAN chassis.

9.7.4 *Liabilities*

9.7.4.1 *Financial and other liabilities*

The following table shows the financial and other liabilities of the Knaus Tabbert Group as of June 30, 2020 and as of December 31, 2019, 2018 and 2017:

	As of June 30, 2020	As of December 31, 2019	2018	2017
	(unaudited)	(audited)		
	(in EUR thousand)			
Liabilities to banks	82,797	94,289	90,393	62,692
Trade payables	63,896	47,057	55,920	60,088
Other liabilities	58,825	46,834	30,858	36,107
Thereof other financial liabilities	*30,008*	*22,973*	*13,213*	*19,587*
Liabilities from leases included in other financial liabilities	*8,977*	*9,507*	*2,642*	*3,347*
Thereof accruals	*17,051*	*15,247*	*12,819*	*10,421*
Thereof other non-financial liabilities	*11,766*	*8,613*	*4,826*	*6,099*

As of December 31, 2019, liabilities to banks related to a syndicated loan agreement, which the Group concluded in fiscal year 2018 under the leadership of Commerzbank AG. The maximum principal amount available under this agreement was increased from EUR 80.00 million to EUR 100.00 million in fiscal year 2019, and the term was extended until July 2022. For additional information, see "*Note 5.10 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*".

Trade payables included liabilities to related parties in the amount of EUR 0.1 million as of December 31, 2019.

As of December 31, 2019, other liabilities consisted of other financial liabilities, accruals and other non-financial liabilities. For additional information including a breakdown of such other liabilities, see "*Note 5.12 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*".

As of December 31, 2019, other financial liabilities included finance lease liabilities, the negative fair values from derivative financial instruments, liabilities to shareholders and refund liabilities. For additional information including a breakdown of such other liabilities, see "*Note 5.12 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*".

The following table shows the Group's financing liabilities as of December 31, 2019 as carrying amounts and as contractually agreed undiscounted gross amounts (including interest for the respective period) broken down by maturity:

	As of December 31, 2019				
	Maturity up to 1 year	Maturity of > 1-5 years	Maturity of > 5 years	Contractually agreed cash flows	Carrying amounts
	(unaudited)				(audited)
	(in EUR thousand)				
Liabilities to banks	82,336	11,789	951	95,075	94,289
Liabilities from leases	2,200	6,822	819	9,840	9,507

As of December 31, 2019, liabilities to banks with a maturity of up to one year related mainly to revolving credit facility drawings under a syndicated loan agreement, which the Group concluded in the fiscal year 2018 under the leadership of Commerzbank AG and amended in 2019. For additional information, see "*Note 5.10 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*".

9.7.4.2 *Contractual obligations and contingent liabilities*

The following table shows the Knaus Tabbert Group's liabilities relating to future payment obligations and contingent liabilities as of December 31, 2019, 2018 and 2017:

	As of December 31,		
	2019	**2018**	**2017**
	(audited) (in EUR thousand)		
Future payment obligations	3,110	3,139	938
Contingent liabilities	6,981	6,522	12,388

In addition to the payment obligations resulting from leases, the Group has entered into further payment obligations. As of December 31, 2019, the future payment obligations included contractual obligations in the amount of EUR 2.1 million for the acquisition of intangible assets and property, plant and equipment. Further future payment obligations resulted from maintenance and service contracts.

As of December 31, 2019, contingent liabilities were mainly associated with the bank balance of the security fund the Group has established with SKP in order to manage the risk of damages as a result of the disappearance of vehicles, and are based on a dealer financing model in effect with SKP. Within the framework of the agreement, there is a contingency fund in place, supplied at a ratio of two-thirds by the Group and one-third by SKP. The fund is used to compensate for any financial losses arising from the destruction or recovery of vehicles financed by means of the model.

Contractual obligations and contingent liabilities as of June 30, 2020 were materially unchanged as contractual obligations and contingent liabilities as of December 31, 2019.

9.8 Quantitative and qualitative disclosure on selected risks

Due to the existing financial instruments, the Knaus Tabbert Group is exposed to various risks.

The parent company's management is responsible for the development and control of group risk management. The risk management system in place at the Knaus Tabbert Group identifies potential risks and assesses these with a risk analysis. The finance department is responsible for developing and monitoring this risk control and reports to the management in this regard on a regular basis. The risks identified are then systematically assessed based on the criteria of "likelihood of occurrence", "potential loss" and "time horizon" and assigned to defined risk classes.

The defined risk classes result in different reporting obligations to the management on the part of the individual risk managers. Measures have been developed for risk mitigation and risk prevention. An essential part of the risk management system is also regular reporting with analyses of deviations in results of operations and in orders trends by the Company's controlling operation. The individual risks identified are subject to continuous monitoring by the responsible employees and by the management.

Due to the business operations in which it is involved, the Knaus Tabbert Group must consciously enter into certain risks in order to be able to avail itself of opportunities and successfully exist on the market. In so doing, the Knaus Tabbert Group touches on a wide range of opportunities and fields of risk.

The Knaus Tabbert Group is exposed to the following risks from the use of financial instruments: (i) receivables and default risks, (ii) liquidity risks and (iii) market risks.

For a detailed description of quantitative and qualitative disclosure on selected risks, see "*Note 7.3 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*".

9.9 Critical accounting policies concerning judgments, estimates and assumptions

In preparing financial statements, management is required to make judgments, estimates and assumptions concerning the application of accounting policies. This applies, in particular, to the following items: (i) determining fair values, (ii) determination of the useful life of the tangible fixed asset and of software and licenses, (iii) classification as an operating lease or finance lease, (iv) impairment losses on receivables, (v) recognition of deferred tax assets on tax loss carry forwards, (vi) provisions, (vii) impairment test of the intangible assets with an indefinite useful life and of the goodwill, (viii) determination of the net realizable value of inventories, and (ix) classification of assets and liabilities or disposal groups as held for sale.

The values that actually arise can deviate from these estimates as the result of unforeseeable developments outside the management's sphere of influence. Both estimates and the underlying assumptions are reviewed on a regular basis.

For a detailed description of critical accounting policies, see "*Note 1.4 of the audited consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019*".

9.10 Additional information relating to the audited unconsolidated financial statements of prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*) as of and for the fiscal year ended December 31, 2019

In the fiscal year ended December 31, 2019, the Company accumulated net income for the fiscal year (*Jahresüberschuss*) of EUR 27.53 million. As of December 31, 2019, the total assets of the Company amounted to EUR 228.2 million.

10. PROFIT FORECAST

The Company's forecast of EBITDA for the fiscal year ending December 31, 2020 (***EBITDA Forecast 2020*** and, together with the explanatory notes, hereinafter collectively referred to as ***Profit Forecast***) discussed in this section is not a statement of facts and should not be regarded as such by investors. Rather, it reflects the forward-looking expectations of the Company with respect to EBITDA of the Group. Any forward-looking statements, including the Profit Forecast, are necessarily based on 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 the Group's control, and upon assumptions with respect to future business decisions subject to change.

This Profit Forecast is based on the factors and assumptions made by the Company's management board with respect to the development of EBITDA as set out below. These assumptions relate to (i) factors that are beyond the Group's control and related assumptions and (ii) factors that can be influenced to a certain extent by the Group and related assumptions. Although the Company believes that these factors and assumptions are reasonable on the date on which the Profit Forecast is prepared, they may be subsequently proved to be inappropriate or incorrect. If one or more assumptions prove to be inappropriate or incorrect, the actual EBITDA of the Group for the fiscal year ending December 31, 2020 may deviate materially from the EBITDA Forecast 2020. Accordingly, prospective investors should treat this information with caution and should not place undue reliance in this Profit Forecast.

10.1 Definition of EBITDA

The Group uses EBITDA as a key performance indicator as management believes it is a meaningful measure to evaluate the performance of the Group's business activities over time. Management understands that this measure is broadly used by analysts and investors in assessing the Group's performance. EBITDA is used by the Group as key financial measure to assess the operating performance of the Group.

For the purpose of this Profit Forecast, EBITDA is defined as consolidated profit for the period adjusted for taxes, finance costs, finance income and depreciation and amortization.

Based on the assumptions detailed below, the Company assumes the Group's EBITDA for the fiscal year ending December 31, 2020, to be generally in line with the EBITDA for the fiscal year ending December 31, 2019 under the premise that the fiscal year 2020 remaining at the time of this forecast will not be negatively affected by a second shutdown or temporary closing of borders in connection with COVID-19.

However, if there is a second shutdown or temporary closing of borders, the Company anticipates a decline in the Group's EBITDA for the fiscal year ending December 31, 2020 compared to the Group's EBITDA for the fiscal year ended December 31, 2019.

10.2 Underlying principles

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

Although EBITDA is not an IFRS measure of operating income, operating performance or liquidity, this Profit Forecast was prepared based on IFRS. With respect to the accounting policies applied, reference is made to the Notes to the Audited Consolidated Financial Statements as of and for the fiscal years ended December 31, 2019 of the Knaus Tabbert Group.

The Profit Forecast has been prepared solely for the inclusion in this Prospectus for the issuance of the Company's shares and represents the Company's best estimate at the current time.

The EBITDA Forecast 2020 is influenced by a number of factors, the development of these factors is based on assumptions made by the Management Board set forth below.

10.3 Factors and assumptions

10.3.1 Factors beyond the Group's control and related assumptions

The Company's EBITDA Forecast 2020 is subject to factors beyond the Group's control. These factors, and the Company's assumptions about their development, are set out below.

Factor: *Unforeseeable events such as force majeure*

For purposes of the EBITDA Forecast 2020, the Company assumes that no significant unforeseeable events such as force majeur including fires, floods, hurricanes, storms, earthquakes and terrorist attacks, strikes, extraordinary macroeconomic or geopolitical events or war will occur that could lead to significant constraints in the ongoing business operations of the Group.

Factor: Legislative and other regulatory measures

In preparing this forecast, the Company assumes that there will be no or only insignificant changes to the existing legal framework and that there will be no significant legal changes, e.g. in income tax law. Additionally, leasure vehicle manufacturers are subject to increasingly strict and at times conflicting environmental laws and regulations in the market. The Group is also exposed to legal risks regarding antitrust regulation and related enforcement actions and damage claims. For the purpose of the EBITDA Forecast 2020, the Company assumes that there will be no changes in the legal and regulatory framework. In addition, for the purpose of this Profit Forecast, the Company does not assume any financial impact from revised future CO2 targets, which might have an impact on the sales volumes of the Group's products.

Factor: COVID-19 and economic development

The COVID-19 pandemic has resulted in a deterioration of the political, socio-economic and financial situation in Europe and Germany. With the global COVID-19 pandemic still ongoing, the overall economy, the markets in which the Group operates and the Group's business are influenced. For the purpose of the EBITDA Forecast 2020, the Company assumes that the economic developments and prospects in the European economies and particularly the German economy do not continue to deteriorate in the second half of the fiscal year ending December 31, 2020 compared to the first half of the fiscal year ending December 31, 2020.

Effects on the Company's business that have already occurred at the time of this forecast as a result of the COVID-19 pandemic, such as the temporary closure of production facilities or the temporary reduction of production capacity are adequately included in the forecast. Furthermore, for purposes of the EBITDA Forecast 2020, the Company assumes that there will be no second shutdown in Germany and Hungary, which would require repeated site closures, or Italy from where the Group procures significant shares of its supplies including chassis. The Company also does not expect any interruptions to production coming from temporary closing of borders, as part of the Group's workforce is commuting to work from Hungary, as well as the Czech Republic and Slovakia.

However, in the case of a second shutdown or temporary closing of borders caused by the COVID-19 pandemic, the negative impact on the overall economy, on the markets in which the Group operates and on the Group's business cannot be reasonably estimated or reliably quantified at this time. Therefore, in the case of a second shutdown or temporary closing of borders, contrary to the expectations formulated above, the Company could be affected negatively in terms of EBITDA for the fiscal year ending 31 December 2020 compared to the Group's EBITDA for the fiscal year ending 31 December 2019.

Factor: Development of the market for leisure vehicles

For the purposes of the EBITDA Forecast 2020, the Company assumes that the recovery of customer demand for leisure vehicles, which occurred after the nationwide lockdown in April, will continue and even exceed its level prior to the COVID-19 event. For the demand in Germany, the Company expects this to be driven, among others, by the temporary reduction of VAT and a corresponding increase in demand. Furthermore, the Company expects that the demand for leisure vehicles will be accelerated by the COVID-19 as the Company believes caravanning to support the trend for a safe and healthy environment and privacy. In addition, the Company does not expect any substantial change in the drivers of the market development, including the anticipated market growth.

Factor: Competition

For the purposes of the EBITDA Forecast 2020, the Company assumes that the competitive environment in the markets in which the Group operates will remain generally unchanged in the fiscal year 2020 compared to the fiscal year ended December 31, 2019.

Factor: Access to financing and refinancing costs

The Group is financed by external loans. A substantial portion of the Group's financial liabilities is subject to variable interest rates. Within this Profit Forecast, the Company assumes that it will maintain its financial covenants and that the financing of the Group is secured and and that therefore no major changes in the conditions for financing available to the Group and no additional financing related costs will arise.

Factor: No material effects from bad debt and financial guarantees

For the purposes of the EBITDA Forecast 2020, the Company assumes no material bad debt risks, in terms of customer´s default risks. Furthermore, the Company assumes in its forecast that it is not exposed to any significant risks from the utilisation of the financial guarantee in connection with dealer financing, as the financing banks for the Group's customers showed a high level of reliability, support and committment during the COVID-19 pandemic.

Factor: Foreign currency rates

In preparing this Profit Forecast, the Company assumes that exchange rate fluctuations—particularly regarding the Hungarian forint, which is of predominant relevance for the Group—will not have a significant negative impact on the EBITDA of the fiscal year 2020 (more than the impact which has already occurred up until July 31, 2020).

10.3.2 Factors that can be influenced by the Group to a certain extent and related assumptions

In addition to the factors and assumptions that are beyond the Group's control, the EBITDA Forecast 2020 is subject to factors that can be influenced by the Group to a certain extent. These factors, and the Company's assumptions about their development, are described below:

Factor: Revenues and Order Backlog

For the purposes of the EBITDA Forecast 2020, the Company assumes that the sales volume for the fiscal year ending December 31, 2020 will develop in accordance with the existing order backlog, future incoming orders and production plans. The Company expects a very stable development of order intake and order backlog for the second half of the fiscal year ending December 31, 2020, supporting the sales expectations for the rest of the year. For its revenue from after-sales the Company does not expect any decline in 2020.

For the purposes of the EBITDA Forecast 2020, the Company assumes revenue for the fiscal year 2020 to be generally in line with 2019 results.

Factor: Cost of production

For the purpose of the EBITDA Forecast 2020, the Company assumes that cost of production will generally develop in line with the anticipated development in revenue due to the high share of variable costs in the Group's cost base, meaning that cost of production in relation to output volume is stable in comparison to the previous fiscal year. In this context, the Company anticipates the following assumptions:

- The purchase prices for materials purchased by the Group are largely contracted. Therefore, for the purposes of the EBITDA Forecast 2020, the Company assumes that the corresponding costs are accurately reflected in the product cost estimates.

- Production planning was coordinated with sales planning as well as order intake. In this respect, the Company assumes for the purposes of the EBITDA Forecast 2020 that production capacities will be fully utilized by the end of 2020, as long as there is no second shutdown or temporary closing of borders in context with COVID-19 pandemic.

- With regard to the development of personnel expenses, the Company assumes for the purposes of the EBITDA Forecast 2020 a slight increase due to tariff increases and other increases in wage levels in the fiscal year 2020 compared to the fiscal year ended December 31, 2019. Personnel are expected to be available for the execution of order intake in the required numbers.

Factor: Selling and other expenses

Selling and other expenses are expected to develop substantially in line with sales development and usual yearly cost increases. Sales and marketing expenses in the fiscal year 2020 will be slightly higher compared to the fiscal year 2019, as the trade fair appearance for Düsseldorf (trade fair Caravan Salon Düsseldorf) will cost more due to the rental of an additional exhibition hall compared to 2019. Also, maintenance expenses are expected to be higher in 2020 compared to 2019, but in line with normal maintenance cycles and periodically-occuring refurbishment and renewal of equipment and infrastructure.

For the purpose of the EBITDA Forecast 2020, the Company additionally assumes that other costs will increase in comparison to the fiscal year 2019, due to costs incurred in connection with the planned transaction.

Factor: Supply chain economics

The Group depends on the uninterrupted operation of its manufacturing operations and is subject to risk of volume shortfall with respect to production interruptions. Due to the partly oligopolistic supply structures on the supplier side, both the industry and the Knaus Tabbert Group are exposed to procurement and price risks. Although the Group works closely with its suppliers to avoid supply shortages, there can be no guarantee that the Group will not run into supply difficulties in the future or that it will be able to replace a supplier who cannot meet the Group’s requirements. For the purpose of the EBITDA Forecast 2020, the Company assumes stable relationships with existing and new suppliers and that there will not be any additional outages or bottlenecks, which, as a result, would lead to higher sourcing costs than anticipated and possibly production and delivery delays.

Factor: Development of inventory stock and valuation of inventory

The Group produces vehicles based on customer orders as well as for inventory stock. For the purpose of the EBITDA Forecast 2020, the Company assumes that the Group’s inventory stock meets customer demands and the Group will not have prolonged periods of unsold inventory that would lead to impairments. The Company does not assume any extraordinary impairments regarding residual values in the fiscal year 2020.

Factor: Technical and quality issues

The Group’s products might face risks associated with technical or quality issues. In this context, the Group might face customer claims and litigation arising from any defects and resulting consequences on product use or safety. For the purpose of the EBITDA Forecast 2020, the Company assumes that the provisions for warranties, guarantees and campaigns recognized based on historical rates and procedures are sufficient to cover malfunctions and production defects. The Company therefore does not assume any negative impacts on the Group’s EBITDA for the fiscal year 2020 from technical or quality issues that are above the risk provisions already included.

10.4 Other Explanatory Notes

As this EBITDA Forecast 2020 relates to periods that have not ended yet and is based on several assumptions regarding uncertain future events and actions, it inherently involves considerable uncertainties. As a result of such uncertainties, the actual EBITDA of the Group for the period ending December 31, 2020 may deviate from the respective EBITDA Forecast 2020, even substantially.

The Profit Forecast was prepared on September 1, 2020 and is stil valid as of the date of this prospectus.

11. MARKETS AND COMPETITION

The statements on markets and competition provided below are based on the third-party sources cited and on the Company's internal market observations and estimates – some of which are, in turn, derived from various sources the Company believes to be reliable. For more information on the sources used, see "2.4. Sources of market data". These sources, including the CIVD Prognosis: 2020-2025, do not fully reflect the potential impact of the ongoing global COVID-19 pandemic and potential second wave of infections. In view of the potential effects of this pandemic on the economy, society and markets in which the Group operates, all current forecasts can be made only with a high degree of uncertainty. This applies particularly in the context of links and interrelations between the global financial markets, economies and political decisions, which each individually may have an influence on the economic and political development, and when combined are currently impossible to assess with any certainty ex ante. In particular, the CIVD Prognosis: 2020-2025 assumed that there will be no second lockdown and that there will be no economic recession in the EU.

In addition, the forward-looking statements in this section are subject to various other risks and uncertainties as they relate to future events and are based on certain estimates and assessments that may be inaccurate. Additional factors that should be considered in assessing the market and competitive data and, in particular, the forecasted growth rates, are described elsewhere in this prospectus, including in sections "1. Risk Factors" and "2.3. Forward-looking statements".

All figures in the following section were taken from the CIVD Statistics 2019 unless explicitly stated otherwise. The CIVD Statistics 2019 do not show market shares for individual manufacturers in certain geographic markets, including the United Kingdom, Portugal, Slovenia and other Eastern European Countries. For purposes of this section 11, the European market therefore excludes these countries, when calculating manufacturers' market shares are concerned. For all market data contained in the CIVD Statistics 2019 and other market share (including data with respect to new registrations are concerned) the European market comprises, among others, Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden, Switzerland and the United Kingdom.

The Knaus Tabbert Group is active in the market for leisure vehicles and is a leading German manufacturer of leisure vehicles in the European market based on market share (as measured by new registrations), covering all product groups (i.e. caravans, van conversions and motorhomes). In 2019, the Knaus Tabbert Group was among the top three manufacturers of leisure vehicles in Europe (based on new vehicle registrations) with a particular focus on Germany.

11.1 Market segments

The market for leisure vehicles comprises caravans and motor caravans, i.e. van conversions and motorhomes.

For the purpose of this section 11, caravans are trailers towed behind a motor vehicle to provide a mobile living accommodation with interior furnishings. Unlike motor caravans, they are unpowered.

For purposes of this section 11, motor caravans are self-propelled leisure vehicles, which offer living accommodations combined with a vehicle engine. They can be classified in two broad types, van conversions and motorhomes, each coming in many different varieties. Motor caravans come in a broad range of options with respect to comfort and equipment, starting with the most basic models with the fewest amenities (such as, e.g., enhanced series production van conversions and pick-up truck based models), through partially-integrated models (which use a cab and chassis from a major van manufacturer as a base, over which the motorhome body is built or alcoves with over-cab storage), all the way to fully-integrated motor caravans without a separate cab, which generally offer the most space and widest range of amenities.

11.2 Market overview

Within the last few years, most of the national leisure vehicle markets outside of the North American region have been characterized by a relatively stable growth (measured by new registrations).

As the Group is primarily active in the European market, the following sections focus on the European and the German market, as the latter is the Group's most important national market.

11.2.1 Global market

The global market for leisure vehicles showed a significant decline by 9.0% from 2018 to 2019. 688,502 vehicles were newly registered in 2019 compared to 756,716 in 2018 and 760,716 in 2017. This decline is primarily attributable to the North American market, (which was the largest regional market for leisure vehicles with 406,070 newly registered vehicles in 2019, representing a 59.0% share of the global market based on new vehicle registrations), as new registrations dropped by 16.0% from 2018 when 483,672 vehicles were newly registered. In contrast, the Chinese market was particularly fast growing, but due to the lower level in absolute terms (global market share of 1.4% in 2019 based on new vehicle registrations) could not offset the decline in the North American market. 9,400 newly registered vehicles in China in 2019 corresponded to a growth rate of 28.8%.

11.2.2 European market

While the global market declined, the European leisure vehicle market, where the Group is particularly active, grew from 2018 to 2019. Over this period, it was the second largest globally when taken as a whole and in this market the motor caravan product group represents the majority of the fleet (in each case, based new on registrations in 2019). In 2019, the European market reached the highest number of new registrations since 1981, with 210,188 vehicles newly registered. Thereof, 131,970 vehicles were motor caravans (62.8%) and 78,218 vehicles were caravans (37.2%). Compared to 2018, the number of newly registered leisure vehicles in Europe in 2019 rose by 4.0%. From 2014 to 2019, the European leisure vehicle market grew with a CAGR of 8.4% (motor caravans: 12.9% and caravans: 2.8%) (source: CIVD Prognosis: 2020-2025). In 2019, with regard to the European leisure vehicle market, the U.K. leisure vehicle market accounted for 16.0% of all new registrations (33,608 vehicles), the French leisure vehicle market accounted for 15.0% of of all new registrations (31,485 vehicles),the Scandinavian leisure vehicle market (including Sweden, Norway, Denmark and Finland) accounted for 9.3% of all new registrations (19,584 vehicles) and the Dutch leisure vehicle market accounted for 4.3% of all new registrations (9,131 vehicles), corresponding to a CAGR of 2.3%, 6.3 %, 3.4% and 5.2%, respectively, for the years 2014 to 2019.

Following an anticipated decline to 184,446 newly registered vehicles in 2020, primarily as a result of the COVID-19 pandemic (which reflects the CIVD's assumptions as to the effects of the COVID-19 pandemic at the time of the publication of the study), the CIVD expects the European market to return to a growth trend from 2021 onwards, with a CAGR of 5.1% (motor caravans: 6.3% and caravans: 2.9%) from 2020 to 2025, resulting in 236,000 new registrations on the European leisure vehicle market in 2025 (source: CIVD Prognosis: 2020-2025).

11.2.2.1 European market for newly registered caravans

In line with the European leisure vehicle market, the European caravan market continued to grow in 2019, albeit at a lower rate than the overall leisure vehicle market. With 78,218 newly registered caravans in 2019, the new registrations in Europe rose by 1.6% from 77,015 in 2018. With 26,941 vehicles in this product category (24,327 vehicles in 2018), the German market remained the largest in Europe and grew by 10.7% in 2019 compared to the previous year. The U.K. market remained the second largest European market with 18,266 newly registered vehicles in this product group newly registered in 2019, despite a decline by 10.8% compared to 2018 (20,480 vehicles in 2018). In 2019, the Portuguese caravans market showed the highest relative growth within the European market for newly registered caravans with an 82.5% rise since 2018, almost doubling from 57 to 104 newly registered caravans.

From 2014 to 2019, the European market for newly registered caravans grew with a CAGR of 2.8% (source: CIVD Prognosis: 2020-2025). For the year 2020, due to the impact of the COVID-19 pandemic (as assumed by the CIVD at the time of publication of the study), the CIVD expects a decrease of 15.7% to 65,906 new registrations of caravans in Europe compared to 2019. However, starting in 2021, the CIVD predicts a return to growth in the European caravan market with an overall CAGR of 2.9% for the period from 2020 to 2025 and expects a total of 75,735 newly registered caravans in Europe in 2025. (Source: CIVD Prognosis: 2020-2025).

11.2.2.2 European market for newly registered motor caravans

In 2019, new registrations of motor caravans in Europe increased by 5.5% to 131,970 from 125,050 in 2018. From 2014 to 2019, the European market for newly registered motor caravans grew with a CAGR of 12.9% (source: CIVD Prognosis: 2020-2025). In 2019, Germany remained the largest market with 53,922 newly registered vehicles and a share in the European market for motor caravans of 40.9%, France ranked second with 23,767 units and a share of 18.0% followed by the United Kingdom with 15,342 vehicles and a market share of 11.6%. From 2018 to 2019, the highest growth was registered in Denmark with a growth rate of 29.1% (from 592 vehicles in 2018 to 764 vehicles in 2019), followed by Spain with 23.1% (from 4,857 vehicles in 2018 to 5,977 vehicles in 2019) and Luxembourg with 21.7% (from 217 vehicles in 2018 to 264 vehicles in 2019).

For 2020, a temporary decline of 10.2% compared to the prior year is expected (which reflects the CIVD's assumptions as to the effects of the COVID-19 pandemic at the time of the publication of the study), corresponding to 118,446 newly registered motor caravans anticipated for 2020. Following this temporary setback, the CIVD predicts a renewed growth of the European motor caravan market with an overall anticipated CAGR of 6.3% from 2020 to 2025. For 2025, CIVD forecasts 159,804 newly registered motor caravans in Europe. (Source: CIVD Prognosis: 2020-2025)

11.2.3 German market

The German market for leisure vehicles, which is the Group's core market, remained largest geographical market for leisure vehicles in Europe based on the number of new registrations in 2019. The Group believes that the German market is well developed and dominated by local brands. However, compared to for example, Scandinavia and Benelux, the number of leisure vehicles per capita in the German market is relatively low.

The German leisure vehicle market (including new vehicles, pre-owned vehicles and accessories) generated a total sales of approximately EUR 11.7 billion in 2019 to which new vehicles contributed approximately EUR 6.5 billion. Compared to 2018, sales grew by 3.7% in 2019. In the same year, 80,863 leisure vehicles (including both caravans and motor caravans) were newly registered in Germany, which corresponds to a growth of 13.6% (71,186 vehicles in 2018). For motor caravans, despite the COVID-19 outbreak, this positive trend continued for the German market in the first six months of 2020, with a growth of 12.0% compared the same period in 2019 (source: CIVD-Info 7/2020). After a sharp decline by 53.9% in April compared to the same period in the previous year, in May 2020, new registrations of motorhomes were 31.7% higher than in May 2019 and, in June 2020, new registrations of motorhomes rose by 65.4% compared to the same month in the previous year (source: CIVD-Info 7/2020). New registrations for motorhomes in Germany increased again in July 2020 by 99.5% compared to July 2019 (source: CIVD New Registrations).

After expecting basically no change in the number of new registrations in Germany from 2019 to 2020 (80,437 vehicles), the CIVD predicts a renewed growth of the German leisure vehicle market from 2021 onwards, with an overall CAGR of 6.6% for the period from 2020 to 2025, leading to a total of 110,826 newly registered leisure vehicles in Germany by 2025 (source: CIVD Prognosis: 2020-2025).

11.2.3.1 German market for newly registered caravans

The German caravan market is the largest market for caravans in Europe (based on new registrations in 2019). With 698,596 caravans in use (included temporarily decommissioned and permanently parked caravans) as of January 1, 2020, Germany had the highest number of vehicles in use in Europe. In 2019, the number of newly registered caravans rose for the sixth time in a row by 10.7% to 26,941 vehicles (2018: 24,327 and 2017: 22,702). From 2014 to 2019, the German market for newly registered caravans grew with a CAGR of 9.4% (source: CIVD Prognosis: 2020-2025). For 2020, CIVD predicts 24,235 (10% less than in 2019) caravans to be newly registered in Germany (source: CIVD Prognosis: 2020-2025).

The German manufacturers of caravans (including caravans produced abroad) produced 47,432 caravans in 2019, close to prior year levels (48,149 caravans produced in 2018). 22,906 caravans produced by German manufacturers were exported in 2019, which corresponds to 48.3% of Germany's total production. Compared to 2018 exports by German manufacturers, however, decreased by 10.0% in 2019 and, from 2015 to 2019, the market grew with a CAGR of 9.2%.

In 2019, buyers of caravans by German manufacturers were to a large extent customers from the Netherlands with a share of 24.4% followed by France with a share of 21.8% and Switzerland with a share of 6.2%.

The CIVD predicts a return to continuing growth of the German caravan market starting in 2021, with a CAGR of 4.2% over the years 2020 to 2025 and expects a total of 29,798 newly registered caravans in Germany in 2025 (source: CIVD Prognosis: 2020-2025).

11.2.3.2 German market for newly registered motor caravans

Germany is also the largest market for motor caravans in Europe (based on new registrations), and the market in Europe with the largest number of motor caravans in use (589,355 as of January 1, 2020). From the beginning of 2016 to January 1, 2020, the German motor caravan market grew by a total of 29.2% to such date (measured by new registrations). The number of new registrations of 53,922 motor caravans in 2019 constituted a new record number for Germany, after 46,859 vehicles in 2018, corresponding to a 15.1% increase compared to the previous year. The annual sales of motor caravans have increased steadily since 2010. In particular, from 2014 to 2019, the German market for newly registered motor caravans grew with a CAGR of 15.9% (source: CIVD Prognosis: 2020-2025). For 2020, the CIVD predicts 56,202 caravans to be newly registered in Germany (up 4.2% from 2019) (source: CIVD Prognosis: 2020-2025).

Despite the partial impact from the beginning of the COVID-19 pandemic and the related containment measures implemented, the positive trend continued in the first quarter of 2020 when 15,383 motor caravans were newly registered in Germany which corresponds to a growth of 26.5% compared to the first quarter of 2019 (source: ECF Statistic Q1 2020). The CIVD predicts further growth of the German motor caravan market in the years 2020 to 2025 with a CAGR of 7.6% and expects a total of 81,028 newly registered motor caravans in Germany by 2025 (source: CIVD Prognosis: 2020-2025).

In alignment with the high domestic and international demand, the production of motor caravans in Germany increased by 3.0% from 2018 to 2019 and had grown with a CAGR of 11.0% since 2013. Of 76,961 motor caravans produced by German manufacturers (regardless of the place of production) in 2019, 29,545 vehicles, or 38.4%, were exported abroad corresponding to a relative decline of 4.0% compared to the export share in 2018. In 2019, most of the motor caravans by German manufacturers were exported to France (18.2%) and Switzerland (13.2%).

In 2019, the product group of van conversions made up the largest share of the total German motor caravan production with 46.5% and increased by 10.7% from the previous year. Further expansion of the van conversion segment at the expense of other product groups is not expected as the different product groups cater to different customers in terms of comfort, equipment and budget. As of January 1, 2020, the average age of motor caravans in use in Germany was 13.1 years with 27% being up to four years and 19% being between five and ten years old, while the rest was at least eleven years old. The Company believes a substantial portion of vehicles in the latter category may be replaced with new vehicles by their owners in the medium term.

11.3 Structural growth trends

11.3.1 Aging population

In 2019, more than 50% of German motorhome and caravan owners were older than 40 years (source: Statista/IfD Allensbach). Due to aging population associated with increased life expectancy, the key group of customers for leisure vehicles (aged 45 years and older) is expected to increase. According to Eurostat, the median age of the EU-28's population was 43.3 years on January 1, 2019, and, in the coming decades, the high number of so-called "baby boomers", i.e people born in the 1940s, 1950s and 1960s, will swell the number of elderly people resulting in a median age of 46.9 years by 2050 with the population aging across all EU-28 States. The key group of customers (aged 45 years and older) is expected to increase from approximately 48% in 2020 to approximately 54% of the European population by 2050, according to Eurostat. In addition, these customers increasingly are not staying at home once retired, but rather continue to be active and travel, which the Group believes increases the likelihood of the acquisition of a leisure vehicle.

11.3.2 *Sharing economy/rental*

The recent trend towards “access over ownership” is expected to accelerate growth in the rental market and provide an entry point for younger families and adventure seekers, as well as for new joiners seeking to experience caravanning holidays. After having rented one or more times, the Group believes that many of those rental customers develop sufficient comfort to acquire their own leisure vehicle and hence transform into potential new buyers. With approximately 14.2 million people in Germany expressing interest in spending caravanning holidays between 2019 and 2024, there are approximately 4.7 million potential rental customers projected for the period from 2019 to 2022 (source: GfK). In recent years, several leisure vehicle producers, including the Knaus Tabbert Group, have started their own rental platforms to benefit from this trend.

11.3.3 *Younger consumers*

Popularity of leisure vehicles with younger consumers, i.e. under the age of 39 years, is growing due to the increasing importance of individualization and activity within this consumer group. As they deem leisure vehicles “trendy”, they are becoming an important customer group (source: GfK). They also prefer the freedom and flexibility of travel that can be achieved with a leisure vehicle. This is underlined by the fact, that in 2019, 31% of motorhomes and caravans in Germany were owned by people under 40 years of age (source: Statista/IfD Allensbach) and, in the same year, 35% of people in Germany that expressed interest in spending caravanning holidays between 2019 and 2024, were under the age of 35 years (source: GfK). The rising popularity of caravanning amongst younger people and families may lead to a widening of the traditional base of key customer groups, which the Group believes could support demand for leisure vehicles in the coming years. On the other hand, a demographical shift toward younger customers could also lead to increasing demand for lower-priced leisure vehicles, shifting the overall product mix in the leisure vehicles market toward such products.

11.3.4 *Neo-ecology*

In recent times, environmental awareness has increased within the population. From 53% in 2016, the share of the German population (14 years and older) considering environmental protection a high priority, rose to 64% in 2018, with 64% of the German population in favor of environmental protections being included in transport policy. (source: BMU) Additionally, regulators have pushed to minimize CO_2 emissions, both leading to a rising demand for e-mobility. Consumer preferences shift to a “quality over quantity” mindset, making the leisure vehicle industry an attractive alternative for the carbon-footprint intensive long-distance vacation destinations. In addition, there is a trend in the industry towards environmentally friendly production materials and a focus on the development of lightweight construction of leisure vehicles and therefore lower fuel consumption also catering to the demands of an increasingly environmentally cautious customer base.

11.3.5 *New work*

Due to the increasing popularity of so-called “new work”, i.e. modern and flexible forms of work, such as teleworking, employees enjoy more freedom with regard to their location when they are working compared to more traditional forms of work. This development, accelerated by home office solutions gaining broader acceptance during the COVID-19 pandemic, is accompanied by a blurring of the strict separation between private life and business, allowing people to work “on the road” as technological advancements and network coverage allow for work even in remote locations. By providing effective working environments virtually everywhere, leisure vehicles are well positioned to benefit from the new work trend.

11.3.6 *Product enhancements, innovation and connectivity*

Changing consumer preferences regarding interior layouts and product usage are expected to lead to the development of well-furnished leisure vehicles, making them an attractive alternative to hotels and holiday apartments. In addition, intelligent interconnectivity of information allows for new and innovative applications for use in leisure vehicles that attract technology-oriented consumers. The Group believes that such product enhancements have led to a different perception of leisure vehicles and to increasing attractiveness of such vehicles for new customer groups, allowing the caravanning and motor caravan markets to tap into new customer groups, which may not have previously considered camping vacations. Furthermore, in 2019, close to 40% of people in Germany that expressed interest in spending caravanning holidays between 2019 and 2024 had an outstanding household net income of more than EUR 3,000 per month (source: GfK) providing them with the financial means to invest in upgraded vehicles.

11.3.7 *Regional tourism*

In recent years, there has been a trend for vacationers to stay in their home country or region, often on a camping site, rather than flying long distances or traveling by cruise ship. There were, approximately 7,000 camping sites available (in Germany as of 2019). Approximately 36 million nights were spent at German camping sites in 2019 with a CAGR of 5.1% from 2014 to 2019, and more than 410 million nights were spent at camping sites in Western Europe in 2019 (2.3% CAGR over the period 2014 to 2019) (source: Eurostat). This trend has been boosted by recent events, in particular, the outbreak of COVID-19, as well as by travel restrictions imposed with respect to certain destinations. Furthermore, this trend is driven by improvements of camping sites with facilities such as playgrounds for kids, swimming pools, internet connectivity or dining restaurants at a competitive price compared to hotels, motels and B&Bs. This is expected to lead to an increase in the popularity of holidays close to home and, as a consequence, to a trend towards more regional tourism, from which the Group also expects the leisure vehicle industry to benefit.

11.4 Competitors and competitive position of the Group

The caravanning industry in Europe is highly competitive, with differentiation among products based on the dimensions of both price and product quality, equipment and comfort of leisure vehicles.

The Knaus Tabbert Group considers the key competitor brands of the brand Knaus in Germany to include Adria, Bürstner, Dethleffs, Hobby and Pössl. The Group believes Dethleffs and Coco to be the main competitiors of T@B. Furthermore, Fendt is considered to be Tabbert's key competitor by the Group and Adria, Sunlight, Sterckeman, Caravelair, Carado, as well as Pössl to be among Weinsberg's key competitors. In addition, Concorde, Carthago, Frankia, Phoenix, Niesmann + Bischoff, Volkner Mobil and Vario mobil are believed by the Group to be among Morelo's key competitors.

According to the CIVD Statistics 2019, based on net revenue generated in 2019, the leading market players in manufacturing leisure vehicles in Europe are:

- Ranking first is the Hymer Group (which is part of the Thor Industries Group, a U.S. based leisure vehicles manufacturer, since February 1, 2019) comprising 15 brands, such as, among others, Bürstner, Dethleffs, Hymer, Niesmann + Bischoff and Sunlight. It generated a net revenue of more than EUR 2 billion in its fiscal year 2018/2019 and new registrations of leisure vehicles by the Hymer Group grew at a CAGR of approximately 12% from 2015 to 2019.

- Second ranks the French Trigano Group, which is composed of 32 brands, including, among others, Adria, Challenger, Caravelair, as well as Sterckeman and generated more than EUR 2 billion in net revenue in its fiscal year 2018/2019. Based on new registrations, the Trigano Group grew at a CAGR of approximately 16% over the period from 2015 to 2019.

- The Knaus Tabbert Group follows in third place with a net revenue of EUR 780.4 million and new registrations of leisure vehicles by the Group grew at a CAGR of approximately 16% from 2015 to 2019 (23% CAGR from 2014 to 2019).

- In fourth and fifth place follow the French Rapido Group with a net revenue of more than EUR 500 million in the fiscal year 2019 and the German Hobby Group, which generated a net revenue of close to EUR 500 million in its fiscal year 2017/2018.

11.4.1 *Competitive Position of the Group regarding the market for newly registered caravans*

11.4.1.1 *Certain European core markets*

As set out above, in this paragraph the European market excludes the United Kingdom, Portugal, Slovenia and certain other Eastern European countries. In 2019, the German Hobby Group with its brands Hobby and Fendt was the market leader with a share of 34.5% of the market for caravans in Europe based on 58,051 newly registered caravans. With 12,193 newly registered caravans in 2019 (2017: 9,827), the Knaus Tabbert Group held a market share of 21.0% in the European market and the German Hymer Group had a market share of 20.6%. The Trigano Group ranked fourth with a market share of 17.5% in the European market. The Company believes that, based on non-public third-party information, from 2015 to 2019, the Knaus Tabbert Group grew with a

CAGR of approximately 12%, the Hymer Group with a CAGR of approximately 7% and the Hobby Group with a CAGR of approximately 5%, while the remaining manufacturers' new registrations declined with a CAGR of approximately 2%.

In the Scandinavian caravan market, including Sweden, Norway, Denmark and Finland, which had 2.0% more caravans newly registered in 2019 compared to 2018, the Knaus Tabbert Group's market share increased by 0.8 percentage points from 2018 to 2019 to 12.4%. Market leader in Scandinavia in 2019 was the Trigano Group with a market share of 29.5%. In general, among the national markets forming the Scandinavian leisure vehicle market, Sweden is the largest and Norway the market with the highest growth rate. Compared to the rest of Europe, the Scandinavian market has by far the highest number of leisure vehicles per capita.

The French market for newly registered caravans declined significantly in 2019 compared to 2018 (4.9%) with 7,728 vehicles newly registered. With regard to the number of newly registered caravans in 2019, the Group maintained its third place in the manufacturer ranking with a market share of 25.8%, behind the Hobby Group (35.6%) and the French Trigano Group (28.7%).

In the Netherlands, the Group benefitted from the positive trend of the Dutch market, which grew by 6.1% concerning the newly registered caravans. The Knaus Tabbert Group registered a growth of 11.8% in 2019 compared to 2018 corresponding to a market share of 19.6% in 2019. With this market share, the Group ranks third in the Dutch caravan market behind the Hobby Group with a market share of 38.1% and the Hymer Group with a market share of 23.5%.

With regard to the strongly growing Spanish market, which grew by 31.2% from 2018 to 2019 to 2,399 newly registered caravans, Knaus Tabbert registered a growth of 33.9% in newly registered caravans leading to a market share of 21.7%. This resulted in second place after the Trigano Group, which accounted for a market share of 49.8% in 2019.

In the Italian market, the Knaus Tabbert Group was the market leader in 2019 based on its market share of 43.4% of newly registered caravans, increasing its vehicles sold in Italy by 20.7% compared to 2018. Over the same period, the French Trigano Group's sales of caravans on the Italian market decreased by 20.9% to 117 vehicles in 2019. From 2018 to 2019, the Italian market grew by 0.8% to 779 caravans. In general, the Group regards the Italian leisure vehicle market as challenging, due to, instability of its retail network and strong price competitiveness.

11.4.1.2 Germany

6,059 of the 26,941 newly registered caravans in Germany in 2019 were attributable to the Knaus Tabbert Group. Compared to 2018 (5,353 vehicles), the Group grew by 13.2%. Thereby the Group's market share in 2019 was 22.5%, ranking third in Germany behind the Hobby Group with a market share of 39.8% and the Hymer Group with a market share of 26.3%. Compared to 2018, the Hobby Group's market share increased by 0.5 percentage points and the Hymer Group's market share decreased by 1.2 percentage points. The Company believes that, based on non-public third-party information, the Knaus Tabbert Group's share in the German caravan market in June 2020 has increased by 1.6 percentage points compared to June 2019 while its main competitiors' market shares declined over the same period.

The number of new registrations, in the periods under review also had a corresponding impact on the existing fleet of caravans in use by manufacturer. In 2019, the most caravans registered in Germany had been produced by the Hymer Group which accounted for 30.1% of all caravans. The Hobby Group followed second with a market share of 27.5% and the Knaus Tabbert Group ranked third with its market share of 24.6% and 167,617 vehicles registered. This translated into a growth of 2.1% compared to 2018.

11.4.2 Competitive Position of the Group regarding the market for newly registered motor caravans

11.4.2.1 Certain European core markets

As described above, in this paragraph the European market excludes the United Kingdom, Portugal, Slovenia and certain other Eastern European countries. Compared to caravans, the business line of newly registered motor caravans is more competitive, featuring a larger range of manufacturers.

In 2019, the Trigano Group was the market leader in Europe for motor caravans with a market share of 28.8%, followed by the German Hymer Group, which accounted for 25.9% of newly registered motor caravans in Europe. Ranked third, the Knaus Tabbert Group (including the brand Morelo) accounted for 7.9%. This corresponded to 10,443 newly registered motor caravans (2017: 7,356). The Knaus Tabbert grew by 13.4% compared to 2018 (9,210 vehicles). Further competitors of the Knaus Tabbert Group are and the German Pössl Group with a market share of 7.9%, the French Rapido Group with a market share of 6.0% and the German Hobby Group with a market share of 1.5%. With the growth of the market in recent years, new registrations have also increased for many manufacturers. The Company believes that, based on non-public third-party information, from 2015 to 2019, as measured by new motor caravan registrations, the Knaus Tabbert Group grew with a CAGR of approximately 22%, the Hymer Group with a CAGR of approximately 18% and the Trigano Group with a CAGR of approximately 14%. The remaining manufacturers' new registrations increased with a CAGR of approximately 11%.

On the French market, which decreased slightly by 0.5% from 2018 to 2019, the Group recorded gains of 23.7% in 2019 compared to 2018, corresponding to 245 newly registered motor caravans in 2019 (2018: 198). The French market is dominated by domestic manufacturers, such as the Trigano Group (with a market share of 44.4% in 2019), the Rapido Group (16.0%) and the Pilote Group (13.1%). In that year, the Knaus Tabbert Group's market share in France was 0.8%. In general, the Group believes that the dealer network in France is highly concentrated, which makes it harder to enter the market as the dealers have existing relationships with competitors.

From 2018 to 2019, despite a significant decrease by 24.5% in the Scandinavian motor caravan market, consisting of Sweden, Norway, Denmark and Finland, the number of newly registered motor caravans produced by the Group only decreased by 15.6%, i.e. from 918 to 775 vehicles. With its market share of 6.1%, the Group ranked third on the Scandinavian market in 2019, which was headed by the Hymer Group with a market share of 32.3%, followed by the Trigano Group with a market share of 25.8%.

The Knaus Tabbert Group was able to increase its registration numbers in Italy by 9.5% from 370 vehicles in 2018 to 405 newly registered vehicles in 2019. It held a market share of 6.7% of the Italian market, which decreased by 1.4% from 2018 to 2019, making it number three on the Italian market based on newly registered vehicles in 2019. In the same year, the Trigano Group with its market share of 50.1% was leading the market and the Hymer Group ranked second with a market share of 25.0%.

In Spain, where the number of newly registered motor caravans grew by 23.1% from 4,857 vehicles in 2018 to 5,977 vehicles in 2019, over the same period, the Knaus Tabbert Group grew by 26.7%, corresponding to an increase from 255 vehicles in 2018 to 323 vehicles in 2019. In 2019, the market was headed by the French Trigano group with a market share of 52.5%, followed by the German Hymer Group with a market share of 21.2% and the French Rapido Group with a market share of 9.7%. The Knaus Tabbert Group accounted for 5.4% of all new registrations of motor caravans in 2019. The Group believes that the market situation described above is the effect of dealer network consolidation that it has observed in the Spanish leisure vehicle market in general.

In 2019, on the growing Dutch market (5.1% from 2018), the Knaus Tabbert Group grew by 22.6% (compared to 2018) selling 293 motor caravans (2018: 239). This translated into a market share of 14% and third place in the ranking of the manufacturers in the Netherlands. The German Hymer Group reported a higher market share with 34.0% and the French Trigano Group with a market share of 23.6%.

11.4.2.2 Germany

In 2019, the market leader with regard to new registrations in the segment of motor caravans in Germany was the Hymer Group with a market share of 30.6%. The Trigano Group followed in second place and accounted for 18.5%. The Knaus Tabbert Group registered a growth rate of 16.1% from 2018 to 2019 resulting in a market share of 14.2%, which translates into third place in Germany. The Company believes that, based on non-public third-party information, the Knaus Tabbert Group's share in the German motor caravan market in June 2020 compared to June 2019 increased by 3.0 percentage points and, thus, exhibited a stronger performance than the market shares of its main competitors.

12. BUSINESS

12.1 Overview of the Group's business

The Knaus Tabbert Group is active in the market for leisure vehicles and is a leading European manufacturer of leisure vehicles as measured by market share (based on new registrations as reported by CIVD Statistics 2019, for details on the competitive position of the Group, see "*11.4. Competitors and competitive position of the Group*"). The Group has a balanced portfolio of brands, producing caravans (trailers which are not self-propelled and hence have to be towed by a car), motorhomes (self-propelled leisure vehicles) and van conversions (a regular van equipped for camping). In 2019, caravans (approximately 14,000 units sold) accounted for 28% of the group's revenue, whereas van conversions (approximately 4,300 units sold) and motorhomes (approximately 7,500 units sold), in both the Premium and the Luxury segment, accounted for 70%. The rest of the revenue in the amount (recognized as after-sales/other) of 3% was generated mostly through after-sales.

The Group's brands comprises the brands Knaus, which focuses on caravans, van conversions and motorhomes, Tabbert and T@B, which produce caravans, Weinsberg, which is specialized on caravans, van conversions and motorhomes and Morelo, which produces luxury motorhomes. The Group also operates the internet platform "Rent and Travel". Although "Rent and Travel" does not generate significant direct revenue for the Group, the Group regards it as a valuable marketing tool, designed to allow customers to rent Knaus Tabbert Group brand leisure vehicles, typically for short periods of time.

The Group's wide product range allows it to offer a clear differentiation across brands. Each brand targets a different market and price segment. The Group's target customers vary from brand to brand and include both price-conscious, modern lifestyle-oriented customers and sophisticated, as well as experienced caravanning users. They include avid campers and sport/outdoor enthusiasts, as well as travelers making city trips who want to bring their accommodation along with them. In addition, a particular focus lies on the Premium segment, providing customers with caravans, van conversions and motorhomes at a higher price range. The Knaus Tabbert Group's broad product and customer range ensures its overall relevance and appeal to dealers and allows the Group to develop dealer relationships and adapt to changing demands and preferences in customer taste.

The Knaus Tabbert Group's products are sold via its extensive dealer network, which as of December 31, 2019 consisted of more than 450 dealers in more than 20 countries (see "*12.8. Dealer Network*"). As of December 31, 2019, Germany constituted the largest market in terms of the number of distributors with over 25% of the Group's distributors located there. The backbone of the Knaus Tabbert Group's growing dealership network is its more than ten-year-old Caravaning Partner Program (the ***CAPP***). CAPP is a Europe-wide initiative that supports dealers on all levels with sales promotion, training and customer loyalty programs.

The Knaus Tabbert Group strives to retain and develop its dealer network, as the Group generally does not sell to end customers directly. The Group even has specific dealers that cater to specific customer segments. Accordingly, the cooperation and good relationships with its dealers is of great importance to the Knaus Tabbert Group regarding sales, marketing, customer services and identifying customer demands and new trends. This is also true for one of the most important marketing events of the Group. In cooperation with its dealers, the Knaus Tabbert Group participates in local, regional and national caravanning fairs in Germany and abroad, where customers have the chance to view and inspect a wide range of product models. Particularly, the big fairs held on a yearly basis in Stuttgart and in Düsseldorf contribute to the Group's high public profile and a peak in customer orders with the Knaus Tabbert Group's dealers.

The Group has a strong focus in Europe and operates in most European countries, with strong positions across key markets such as Germany, Scandinavia, France and the Netherlands, where camping has traditionally been favored and where the corresponding infrastructure is readily available. In Germany, the Group is number three among leisure vehicle producing companies (based on new registrations in the motorhome and caravan segments in 2019, according to the CIVD Statistics 2019). In 2019, the Group generated 67% of its revenue from sales in Germany, 7% from sales in Scandinavia, 6% from sales in France, 5% from sales in Netherlands and the remainder from sales in other countries.

In 2019, the Knaus Tabbert Group produced approximately 26,200 vehicles at its three manufacturing sites in Germany and its production facility in Hungary and sold more than 25,700 vehicles, representing a share of more than 10% of all leisure vehicles newly registered in Europe in 2019 (based on 210,188 leisure vehicles newly registered in Europe according to the CIVD Statistics 2019).

In the fiscal year ended December 31, 2019, the Knaus Tabbert Group generated revenue of EUR 780.4 million (2018: EUR 728.0 million and 2017: EUR 592.0 million) and EBITDA of EUR 64.3 million (2018: EUR 56.7 million and 2017: EUR 54.2 million). In 2019, the Knaus Tabbert Group had 2,404 employees on average (headcount including trainees, excluding temporary workers (*Leiharbeitnehmer*)) (2018: 2,082 and 2017: 1,765).

The Knaus Tabbert Group divides its business operations into two segments:

- the Premium segment, comprising the brands Knaus and Tabbert as well as Weinsberg and T@B which offer vehicles in a price range of up to approximately EUR 112,000; and

- the Luxury segment consisting of the brand Morelo, which tenders to luxury motorhomes with prices of up to more than EUR 600,000.

For additional information on the brands comprising both segements, see "*12.5. Brands and products*".

The Group considers its Premium segment, which made up 87.8% of the Group's revenue in 2019, to possess strong market positions across its product range in Europe, with a significant increase in the European market share from 2018 to 2019 (source: CIVD Statistics 2019; for details, see "*11.4. Competitors and competitive position of the Group*"). This market growth has mainly been achieved through continued investments in product innovations and the dealer network. As a result, the Group believes that its strengths allow it to further take advantage of market opportunities in this segment.

The Luxury segment, which accounted for 12.2% of the Group's revenue in 2019, represents the Group's exposure to the high-end caravanning segment. It provides the Group with access to the luxury segment of the European leisure vehicle market. All products are manufactured in its facility in Schlüsselfeld, Germany, using modern production technology combined with traditional craftsmanship. The majority of the Morelo products are sold into the European market, with business people and professionals being among the most frequent target customers. In 2019, according to Company information, the Morelo brand held a market share of approximately one third in the luxury caravanning segment on a European level (based on registration statistics, according to which the total number of registrations for luxury motorhomes was about 1,010 in 2019). The Group considers Morelo to benefit from a relatively stable business model in a niche market that is less susceptible to swings in consumer confidence and has less intense competition compared to the European premium caravanning segment.

12.2 History and key milestones

While the Company was established in its current form only in 2009, its historical origins go back to the leisure vehicle manufacturers Knaus AG and TIAG Tabbert Industrie AG, which both have a long tradition in the manufacturing of leisure vehicles in Germany, reaching back to the year 1932.

TIAG Tabbert Industrie AG was created in 1932 by its founder, Alfred Tabbert, and produced its first caravan for the professional segment in 1937. The first serial production of leisure vehicles designed for the public started in 1953. With a product portfolio of caravans that grew to comprise 14 models by 1971, the company quickly established itself as one of the leaders in the German leisure vehicle production industry. After the acquisition of Caravans International Wilk Bad Kreuznach GmbH in 1986, the company was converted to TIAG Tabbert Industrie AG in 1987 and became a publicly traded company in 1990. In 1992, TIAG Tabbert Industrie AG acquired the vehicle construction branch of Weinsberg GmbH, continuing the business under the name Weinsberg Mobile GmbH. In the same year, TIAG Tabbert Industrie AG moved its production to its current site in Mottgers, Germany. In addition, in 1992, the TIAG Tabbert Industrie AG opened a further production site in Nagyoroszi, Hungary.

Knaus AG, founded in 1960 as Knaus KG and named after its founder Helmut Knaus, developed its first caravan in 1961 and started the industrial production of leisure vehicles in 1965. In 1970, Knaus KG established its main factory in Jandelsbrunn, Germany, which remains the main office of the Group as of the date of this prospectus. In the following years, distribution expanded throughout Europe, with Knaus KG becoming one of the leaders among leisure vehicle producers in Europe. In 1996, the company changed its name and legal form to Knaus AG and started cooperation with TIAG Tabbert Industrie AG. This cooperation eventually led to the merger of the two companies in 2001 and the creation of Knaus Tabbert Group GmbH in 2002.

Following the merger, the impact of the global financial crisis in 2008 and increasing financial difficulties of Knaus Tabbert Group GmbH led to its insolvency. After the initiation of insolvency proceedings, HTP acquired the assets of Knaus Tabbert Group GmbH in 2009 and established an entirely new company from a legal perspective, Knaus Tabbert GmbH, with the aim of restructuring its business and helping it grow to become one of the leaders in European leisure vehicle manufacturing. The period between 2009 and 2013 was characterized by financial and operational restructuring and a repositioning of the brands under a new management team. Supported by a strengthening of the dealer network and strong investments in research and development, manufacturing as well as platforms, the Company was able to become profitable again.

The subsequent growth of the Company was further accelerated by a partnership with Morelo Reisemobile GmbH, a manufacturer of luxury motorhome vehicles. Morelo Reisemobile GmbH was founded in 2010 in Schlüsselfeld, Germany. In August 2010, Morelo Reisemobile GmbH presented its first prototype at the Caravan Salon in Düsseldorf, Germany. A greenfield business expansion, without any legacy issues and a careful tailoring to leverage market opportunities, helped Morelo Reisemobile GmbH to establish itself as one of the leaders in the luxury motorhome vehicle sector. In 2011, HTP acquired a share in Morelo Reisemobile GmbH, before acquiring 100% of its shares in 2015 and subsequently merging it with Knaus Tabbert GmbH in 2017.

12.3 Key competitive strengths

The following provides an overview on what the Knaus Tabbert Group believes to be its key competitive strengths within the leisure vehicles market:

12.3.1 The Knaus Tabbert Group believes that it has a strong market position that will allow it to grow in the future.

The Knaus Tabbert Group believes it has a strong market position in its core markets in Europe, particularly in Europe's largest leisure vehicle market Germany. According to the CIVD Statistics 2019, it is one of the top three manufacturers of leisure vehicles in Europe (based on new registrations) covering all market segments: caravans, van conversions and motorhomes. In the fiscal year ended December 31, 2019, the Group sold more than 25,700 vehicles and generated EUR 780.4 million in revenue, resulting in revenue growth of 32% between the fiscal years ended December 31, 2017 and December 31, 2019. From 2017 to 2019, the Group had a particularly high revenue CAGR of 12.9%, 8.0% and 19.7% in the categories caravans, van conversions and motorhomes, respectively. The Company strives to drive future growth through its motorhomes and van conversions at a level in line with the revenue CAGR for the period 2017 to 2019.

With more than 210,000 vehicles sold within Europe in 2019 (source: CIVD Statistics 2019), the Knaus Tabbert Group believes there is a positive market opportunity in its home region, which it aims to leverage to the best extent possible and which it will attempt to further exploit in the future.

In order to further strengthen its competitive position and implement its innovation agenda as well as its intention to grow, the Knaus Tabbert Group has invested a total of EUR 27 million on R&D (including capitalized research and development costs, personnel expenses and capitalized development third party) during the fiscal years ended December 31, 2019, 2018 and 2017.

Due to such investments and the Knaus Tabbert Group's reputation for high quality products with the different caravanning communities, the Group considers itself well-positioned in comparison to its competitors to gain further market shares and to grow in the future as has been the case in recent years (pursuant to the CIVD Statistics 2019 and Company data, from 2015 to 2019, the Knaus Tabbert Group had a CAGR of 22% in the European motor caravan market and a CAGR of 12% in the European caravan market).

The Knaus Tabbert Group strives to provide new experiences to its customers and to change the way people vacation and spend their leisure time. Accordingly, it aims at designing its products to provide freedom, individuality and comfort to its customers. The Group believes that the Knaus Tabbert brands are very popular in the caravanning community due to the extensive variety of different types of leisure vehicles and configurations that the Group has to offer, thus catering to individual customer needs and lifestyles. The broad selection of different layouts and furnishings can accommodate individual customer tastes, thus steering the Knaus Tabbert Group into a strong market position across different product categories and customer groups.

12.3.2 The Knaus Tabbert Group operates in an attractive market that has a strong base of end customers, which the Group believes will increase in the next few years.

From 2014 to 2019, the European leisure vehicle market grew with a CAGR of 8.4% and – after an expected decline in 2020 as a result of the COVID-19 pandemic – the CIVD expects the European market to return to a growth trend from 2021 onwards, resulted in a projected overall CAGR of 5.1% from 2020 to 2025, and a projected 236,000 new registrations on the European leisure vehicle market in 2025 (source: CIVD Prognosis: 2020-2025). By then, the CIVD expects the European leisure vehicles industry to have reached a market volume of EUR 8.7 billion (source: CIVD Prognosis: 2020-2025). The CIVD bases this anticipated development on various structural growth trends, one of which is the aging European population. According to Eurostat, by 2050, people aged 45 years or older are expected to make up approximately 55% of the European population, thereby increasing the target clientele of the Knaus Tabbert Group.

Another trend that positively influences the development of the leisure vehicle market is the growing popularity of motorhomes in the younger customer segments, i.e. those under 39 years of age, which is fueled by a trend towards more individuality, an increasing focus on a healthy, active lifestyle and a growing awareness of the importance of nature and the environment. According to Statista/IfD Allensbach, in 2019, 31% of motorhomes and caravans were owned by people under 40 years. Also, rental offerings now make it possible for younger customers in particular to use leisure vehicles without making a significant investment.

Recently, in particular due to the COVID-19 pandemic, home office solutions gained broader acceptance and lead to an increasing popularity of so-called “new work”, i.e. modern and flexible forms of work, such as, teleworking. This development allows employees more freedom with regard to work location compared to more traditional forms of work. The formerly strict separation between private life and business is becoming increasingly blurred, allowing people to work “on the road” as technological advancements and network coverage allow for work even in remote locations. By providing effective working environments virtually everywhere, leisure vehicles are well positioned to benefit from the new work trend.

Finally, product enhancements introduced in recent years and continuing innovation, both of which are at the center of the Knaus Tabbert Group’s business, have added different options regarding interior layouts and thus product usage (for example the possibility to transport a motorbike in the caravan or motorhome to provide for additional freedom during the vacation/travel). Furthermore, these product enhancements have led to a different perception of leisure vehicles and to increasing attractiveness of such vehicles for younger customer groups. Today’s leisure vehicles resemble luxury hotel rooms and feature and constitute high-tech products that appeal to a wide range of different age groups. However, product enhancements and innovation also incentivize customer desire for more transformative and innovative designs, thus further expanding and defining the market that the Knaus Tabbert Group is operating in.

12.3.3 The Knaus Tabbert Group focuses on a modern product range across different brands and commands a strong product pipeline, in particular regarding innovative camping experiences.

The Knaus Tabbert Group comprises five different brands (see “*12.5. Brands and products*”), offering different product types and styles, from traditional or stylish caravans, through practical and innovative van conversions and all the way to luxurious motorhomes, targeting different customer segments, from camping enthusiasts to luxury seekers. The Company believes it is the only European leisure vehicles producer that covers the range from entry-level caravans to high-end luxurious motorhomes.

At the same time, the Knaus Tabbert Group offers products across all price segments, catering to different customer groups. As a result of this balanced and diverse product portfolio, the Knaus Tabbert Group believes that it has managed to strategically position all of its brands to increase the visibility and awareness of the Knaus Tabbert Group in the relevant market segments, thereby increasing the overall relevance of the Group as a serious competitor and strong market participant. Furthermore, the Knaus Tabbert Group's wide product range focusing on consumer preferences increases the Group's appeal to dealers, as it enables them to accommodate a comprehensive scope of customer demands with Knaus Tabbert products. While the brands Knaus and Tabbert focus on traditional caravans and motorhomes, with Knaus having established its role as innovation driver within the Group and Tabbert promoting vast experience in caravanning, Weinsberg targets more price-conscious customers. T@B, in turn, has cemented its status as a cult brand, with products starting at a base price of approximately EUR 11,000. Recently, the Group's T@B brand started cooperating with the University of Regensburg to develop future concepts for caravanning.

In 2017, Morelo was integrated into the Knaus Tabbert Group. Morelo is designed for first-class travel in motorhomes and provides the Knaus Tabbert Group important access to the luxury business line of the European leisure vehicle market. Apart from lavish interior design and furnishings, most Morelo motorhomes also feature opening rears that facilitate the transport of normal passenger vehicles. Luxury motorhomes constitute a niche market segment which the Group believes to be more resilient than other leisure vehicle segments as it generates relatively stable revenue at generally higher product margins.

Since its incorporation in 2010, the Morelo brand has proven particularly popular, which is illustrated by its operational growth, resulting in more than 420 vehicles produced in the fiscal year ended December 31, 2019. With regard to Morelo, the Knaus Tabbert Group has a strong pipeline of luxury products that combine innovative technology with traditional craftsmanship. However, also with regard to its other brands, the Knaus Tabbert Group has, in the recent past, started to focus on product enhancements and innovation and will continue to do so in the future.

12.3.4 The Knaus Tabbert Group profits from a lean organization and flexible production lines, enabling a state-of-the-art, well-invested and cost competitive production base.

As of December 31, 2019, the Knaus Tabbert Group had 2,495 employees (headcount including trainees, excluding temporary workers (*Leiharbeitnehmer*)) working primarily at four different locations: the factories in Mottgers, Schlüsselfeld and Jandelsbrunn in Germany and the production site in Nagyoroszi in Hungary.

The Group's production is characterized by a highly flexible cost structure. As of December 31, 2019, approximately one fourth of its production work force and approximately one sixth of its total headcount were working on a share of leased, temporary and short-term contracts. As of December 31, 2019, production costs at the Group's Hungarian facilities were approximately 2.5 times lower than at the Group's German facilities. Additionally, the Group strives to enhance operational efficiency across all facilities. By introducing lean production methods and advanced (and progressing) automation in a generally manual work heavy industry, the Group has managed to increase the overall efficiency of its production process.

This lean and concentrated structure of Group facilities, which facilitates the Group's efforts to maintain a high degree of product quality, provides the Knaus Tabbert Group with key competitive advantages, starting with the fact that the Group facilities constitute a well-invested production footprint with a cumulative investment (related to property, plant and equipment as shown in "*9.7.3. Investments*" excluding first-time application of IFRS 16 in the fiscal year 2019) of EUR 89 million over the fiscal years ended December 31, 2019, 2018 and 2017 and a focus on improvements of production facilities, enhancements of the product range and operational efficiency.

Furthermore, all of the Group's production facilities feature production methods with advanced automation ensuring competitive production costs and production flexibility through multi-line assembly, enabling the production of different leisure vehicles on one assembly line. Due to the Group's superior execution capabilities, new facilities are generally fully operational within a short period of time. Newer areas of two facilities in Hungary and Germany, for example, were both finished and in full working order within nine months of breaking ground.

In order to match the increasing demand and future market growth of the leisure vehicle market, the Knaus Tabbert Group has made investments and will continue to do so to increase its capacity. Another advantage of the Knaus Tabbert Group's lean organization is the corresponding efficient workforce structure.

As of December 31, 2019, the vast majority of the Knaus Tabbert Group's employees (approximately 83%) worked in production, while approximately 4% contributed to R&D, approximately 4% worked in customer support, approximately 3% in marketing and approximately 5% in other administrative functions. Costs for administration in comparison to production costs and costs related to the core business are thus extremely low.

12.3.5 The Knaus Tabbert Group considers itself an innovation driver with products whose production can be easily switched during the production phase.

The Knaus Tabbert Group places high importance on innovation, improvements to its product range and, as a consequence, R&D. This is reflected by the Group's target to invest approximately EUR 9 million per annum in the development of new products in the next years. In the fiscal years ended December 31, 2019, 2018 and 2017, the Knaus Tabbert Group cumulatively spent EUR 27 million on R&D (including capitalized research and development costs, personnel expenses and capitalized development third party), representing 1.3% of the cumulative revenue over these three fiscal years. Furthermore, as of December 31, 2019, more than 100 employees worked in R&D.

In order to stay ahead of trends and customer demands, the Knaus Tabbert Group focuses on constantly introducing new models and facelifting existing models to attract new customer groups not served historically. The Knaus Tabbert Group owns an extensive portfolio of intellectual property rights in the Group's key markets (see "*12.12. Intellectual property*"). The Knaus Tabbert Group has also introduced a strategic innovation hub, which serves to exchange ideas and strengthen the competitive advantage of the Knaus Tabbert Group. Through its focus on innovation and R&D the Group has built a strong track-record of developing award-winning products, such as the Morelo Empire Liner, which was awarded the German Design Award in 2018, or the Knaus L!VE I model, which was awarded the European Innovation Award in the category "overall concept" in 2020.

The Knaus Tabbert Group has, in particular, demonstrated innovation in the field of lightweight frames technologies, which are expected to be an important component of new leisure vehicle solutions in the future. For example, it has filed patent applications for a frame with a lightweight core and a fiber-reinforced sheath. The registration of these patents is pending as of the date of this prospectus. This new technology allows for new layouts, enhanced access due to the introduction of rear doors and a dynamic power axle lightweight chassis, significantly reducing the overall weight of the caravan while, at the same time, making it more stable, agile and safer.

Furthermore, due to driving license regulations in Germany, German customers of the Knaus Tabbert Group tend to buy caravans and motorhomes with a technically permitted maximum weight of 3,500 kilograms (in case of caravans, for the caravan-car-combination, i.e. a caravan being towed by a car, for which the total weight of the combination is relevant for the permitted maximum weight). This limits the amount of extra equipment that can be ordered as part of the vehicle. While the lightweight technology offers the Knaus Tabbert Group market potential in respect of weight limitations, lighter frames also lead to less fuel consumption and less CO_2 emissions. The increasing demand for such lightweight frames resulting from emissions-related regulations has recently shaped the caravanning business.

Additionally, the Group believes that the increasing popularity of electric drive vehicles will have an impact on the leisure vehicle market, since the majority of current van conversions and motorhomes feature diesel engines and caravans are dependent on the traction ability of the towing vehicles. While the Knaus Tabbert Group is already working on hybrid solutions for its products, such as, for example, an intelligent 48-volt electric power system (see "*12.6. Research and development*") or using combustion engines in the countryside and electronic drive in cities, there may be a time lag between the general migration to electric vehicles and the corresponding switch to electronic motors in the caravanning industry. This is because electronic drive technology is still under development, and the Group does not yet consider the technology to be feasible or powerful enough for the traction of trailers. Lightweight technology does, however, offer the Knaus Tabbert Group a technological feature that can help maintain or even increase its market position, as weight-saving efficiencies are expected to be critical to the development of electronic drive technologies in leisure vehicles.

Generally, the Knaus Tabbert Group's innovative product solutions provide for greater flexibility in the production phase (which includes 3D printing as a production technology), allowing the Group to individualize products according to customer specifications, e.g. the Group's patented self-supported frame (enabling the customization of layouts) or its lightweight integrated chassis technology. In addition, the Group's proprietary rear wheel electric drive solution for the so-called "last mile" (the last stretch of road leading to the driver's destination, often within the city limits), the significantly improved energy management, simpler production processes with larger scope for automation and the introduction of new, lighter and more rigid construction materials ensure a strong pipeline of pioneering products, as reflected in a CAGR of 7.5% in the Group's order book from 2015 to 2019.

In recent years, the Company has made extensive efforts to implement several initiatives regarding digitalization, with more projects planned or currently underway. A large number of these digitalization initiatives relates to the optimization of processes (e.g. an employee portal with digital time management; a reduction of documentation for customers, suppliers and manufacturers through a "digital supply-chain"; the paper-free office; and a supplier portal, which allows, among other things, for price requests and the exchange of construction drawings), which aim at reducing costs and increasing production efficiency at the same time.

12.3.6 The Knaus Tabbert Group has established a strong financial profile.

In the fiscal years ended December 31, 2019, 2018 and 2017, the Knaus Tabbert Group established a strong growth profile with a focus on the Group's Premium segment and increasing importance of the Luxury segment (with the EBITDA of the Premium segment increasing from EUR 46.7 million in the fiscal year ended December 31, 2017 to EUR 48.7 million in the fiscal year ended December 31, 2018 and EUR 55.2 million in the fiscal year ended December 31, 2019 and the EBITDA of the Luxury segment increasing from EUR 7.5 million in the fiscal year ended December 31, 2017 to EUR 8.0 million in the fiscal year ended December 31, 2018 and EUR 9.1 million in the fiscal year ended December 31, 2019).

Furthermore, the Knaus Tabbert Group profits from a high flexibility of its cost structure, with variable costs making up approximately between 78% and 79% of total costs and fixed costs accouting for approximately between 21% and 22% in the fiscal years ended December 31, 2017, 2018 and 2019, thus allowing the Knaus Tabbert Group to swiftly respond to any potential changes in the economic environment and/or customer demand. In the fiscal years ended December 31, 2019, 2018 and 2017, the Knaus Tabbert Group had a strong EBITDA margin of 9.2%, 7.8% and 8.2% (in the three-month period ended March 31, 2020: 10.3%), respectively, and an attractive cash conversion rate between 1.0 and 1.4, as well as a strong track record of improving its EBITDA. Starting out with an EBITDA of EUR 54.2 million in the fiscal year ended December 31, 2017, increasing to EUR 56.7 million in the fiscal year ended December 31, 2018 and to EUR 64.3 million in the fiscal year ended December 31, 2019 (in the three-month period ended March 31, 2020: EUR 22.5 million). This development demonstrates a strong profitability profile of the Group, driven by revenue growth coupled with attractive EBITDA margins. In addition, the Group's revenue grew with a strong CAGR of 14.8% over the period from 2017 to 2019. The Company believes this significantly exceeds the revenue growth of its largest competitors in Europe. Furthermore, the Group's order intake has increased at a 7.5% CAGR from 2015 to approximately 2,500 units in 2019 and, respectively, at a 20.8% CAGR from 2015 to approximately EUR 3.4 million in 2019.

Additionally, the Knaus Tabbert Group has seen a positive development of its order book, increasing from a total of approximately 3,200 in van conversion orders in the fiscal year ended December 31, 2017 to approximately 3,600 in the fiscal year ended December 31, 2018 and to approximately 5,100 in the fiscal year ended December 31, 2019, and from approximately 6,600 in motorhome orders in the fiscal year ended December 31, 2017 to approximately 6,900 in the fiscal year ended December 31, 2018 and to approximately 7,400 in the fiscal year ended December 31, 2019. All of these developments underline the Knaus Tabbert Group's positive development in recent years and indicate further growth opportunities for the Group.

12.4 Strategy

The Knaus Tabbert Group aims to execute the following key strategic initiatives:

12.4.1 Leverage and build upon strengths of current business model

The Knaus Tabbert Group believes that it has established a successful business model that the Group can leverage and build upon to further expand its business and implement profitable growth. Part of this business model is the Knaus Tabbert Group's focus on high quality and advanced technology of its products, both of which form an integral part of the Knaus Tabbert Group's company culture. The Knaus Tabbert Group has traditionally placed a strong emphasis on maintaining its high quality standards and will continue to invest in its production facilities and in R&D to enforce such standards.

Another element of the Knaus Tabbert Group's business model, which the Group can further exploit to solidify its market position, is the Group's strong presence across all product categories and price segments, from camping enthusiasts to luxury seekers. With such a diverse product portfolio and target group, the Knaus Tabbert Group intends to attract further customers and increase its market share *via-à-vis* its competitors.

Additionally, as part of its current business model, the Knaus Tabbert Group cultivates close and supportive relationships with its dealers through which the Group sells the majority of its products. As part of its strategy to leverage its business model, the Knaus Tabbert Group intends to retain and further develop its dealer network. By intensifying the cooperation with existing dealers of the Knaus Tabbert network, the Knaus Tabbert Group may be able to reach an increased number of customers. In addition, the Knaus Tabbert Group also strives to expand into new geographic regions by reaching out to new dealers.

The Knaus Tabbert Group's CAPP forms the backbone of this strategy and aims to increase the consulting and sales competence of the Group's CAPP trading partners as well as to provide strategic consulting services and exclusive training courses. CAPP also provides caravanning dealers with a set of reward programs and incentives to support Knaus Tabbert Group's corporate identity and to increase the share of Knaus Tabbert Group vehicles in their portfolio, thus strengthening customer loyalty. Another aspect of the Knaus Tabbert business model that has contributed to its successful development is the Group's production flexibility, which allows the Group to quickly respond to customer needs. Such production flexibility includes multi-line assembly, used in different shifts, but also the high percentage of variable production costs that can be increased or reduced as necessary.

The Knaus Tabbert Group intends to maintain this production flexibility and further increase it in any upgrade of its existing facilities. In addition, the implementation of the Group's just-in-time and just-in-sequence supply strategy and the according production leeway achieve cost advantages which together with the discipline and flexibility of the Knaus Tabbert Group's workforce enable the Group to stay ahead of its competitors and reinforce its position as a major player in the European caravanning market. Furthermore, the just-in-time and just-in-sequence supply strategy enables the Group to avoid high inventory in finished products and corresponding cash flow restrictions which allows the Group to react quickly and adjust its production capabilities to diminishing customer demand and market downturns.

12.4.2 Secure profitable growth

Starting from its current business model, which the Knaus Tabbert Group strives to translate into increased production and sales, the Knaus Tabbert Group aims to secure profitable growth in its key markets. As part of such strategy, the Group aspires to enhance its production capacities in order to capture the anticipated market growth of the caravanning business and to reinforce its market position as leading leisure vehicle producer in Europe compared to its competition or even encroach on the market shares of its competitors.

Furthermore, the Knaus Tabbert Group will continue its strong commitment to R&D, which allows the Group to stay ahead of technological developments by offering innovative products and features and thus enables the Group to maintain a competitive advantage. By leading the way to innovative new products such as lightweight frames, the Group aims to exploit the first mover advantage in such product areas to profit from key market opportunities.

Due to the Group's focus on sustainable and profitable growth, it will focus on certain key markets in Europe and concentrate additional investments regarding production facilities as well as the distribution network in this region. Since the Group has already established lucrative business lines in a number of European countries, the Group believes further expansion in these regions will allow it to maintain sustainable growth.

Besides, the focus on Europe puts the Knaus Tabbert Group in an excellent position to take advantage of consolidation opportunities, which, in recent years, have become increasingly popular in the caravanning industry. The Knaus Tabbert Group intends to identify such opportunities in the future and start profiting from scale operations, especially by adding production capacities with an operative workforce.

Another aspect of the Knaus Tabbert Group's strategy to secure profitable growth is its intention to leverage its internet platform "Rent and Travel", which it has created in 2016. This platform allows customers to rent Knaus Tabbert Group brand leisure vehicles from dealers or travel agencies, typically for short periods of time, and to connect with travel agencies to plan their journeys. The platform functions as a great marketing tool to expand the Knaus Tabbert Group's customer base with a new type of customer group interested in this type of leisure activities. The Group plans to enhance the user experience by, among other things, introducing customized user profiles and new layouts.

Additionally, the Group's internet platform also has an impact on the Group's order book development since the customers get to know caravanning as well as different models without buying a leisure vehicle, which helps overcome initial hesitation to buy one of the Group's products. In addition, the Group intends to offer an online configurator to customers, allowing them to look at different customizing options, starting with its 2021 models. The Group is currently exploring options for using such online applications to establish additional distribution channels.

12.4.3 Industrialize new technology and implement further automation;

The Knaus Tabbert Group has traditionally dedicated substantial portions of its revenue to R&D and innovation. In order to translate such investments into profitable growth, the Knaus Tabbert Group has to industrialize its new technologies. Part of this strategy is to invest in automated production processes, with first robotic production support having been introduced in 2020, and to create additional flexibility with suppliers in further pursuing the Knaus Tabbert Group's just-in-time and just-in-sequence supply approach (for an explanation on just-in-time and just-in-sequence, see Section 1.2.2. above). This approach gives the Group enough leeway to optimize its response to market developments and customer demand, including semi and full automation of production stops which forms part of the Knaus Tabbert Group's innovative production concept. In the medium term, the Group strives to establish a fully-automated robot for the gluing of all component parts and complete frames. The Group envisages fully-automated production is in the long term.

As part of the Knaus Tabbert Group's strategy to industrialize any newly created technology, the Group also intends to capitalize, to the extent possible, from being the first one among its competitors to introduce a new technology and corresponding state-of-the-art products. While the Group aims to benefit from such a leading innovation position financially, being the first one to present the market with newly developed features for leisure vehicles also allows the Knaus Tabbert Group to attract new customers that fancy new products and layouts.

Overall, the Knaus Tabbert Group believes that it is well-positioned to enhance its position as an innovation driver and intends to make the most of its technological advancements and production capacities to further strengthen such positions in its key markets.

12.5 Brands and products

The Group's business comprises a portfolio of five focused and differentiated brands: Knaus, Tabbert, Weinsberg, T@B and Morelo. The Group believes that this is a well-balanced portfolio of brands that focuses on consumer preferences and covers the full scope required by dealers. In 2019, the Group sold a total of more than 25,700 vehicles. The Company is considering establishing an additional brand using the proceeds from the Offering (see "*5. Reasons for the Offering and the Listing and Use of Proceeds*"). This brand is envisaged to be introduced by the end of 2021 and to offer van conversions in a price range below Weinsberg in order to attract younger consumers.

In addition, the Group operates the internet platform "Rent and Travel" that allows customers to rent leisure vehicles for short periods of time.

12.5.1 Knaus

The brand Knaus offers medium-price van conversions, motorhomes and caravans in the medium price market segment. The Group believes Knaus to be positioned as a key brand across this market segment, focusing on innovation and functionality with a variety of products. It believes the Knaus brand to differentiate itself from the competition due to its wide product range with a good balance of design and function. The target customers of Knaus are modern, lifestyle-oriented and tech-savvy customers with a geographical focus on the markets in Europe and further deliveries to China and South Korea, among others. Therefore, its products are priced as a step-up from the entry-level segment.

As of June 30, 2020, its product range comprised six different caravan models, with base prices per unit from approximately EUR 15,000 to approximately EUR 30,000, eight different van conversion models with base prices per unit from approximately EUR 43,000 to approximately EUR 63,000 and eleven motorhome models with base prices per unit from approximately EUR 52,000 to approximately EUR 112,000.

In 2019, sales of vehicles of the Knaus brand made up approximately 45% of all vehicles sold by the Group. From 2015 to 2019, the number of Knaus vehicles sold had increased with a CAGR of approximately 9.1% to nearly 11,500 units (2018: approximately 10,900; 2017: approximately 10,400).

12.5.2 Tabbert

Tabbert offers caravans in the professional and premium price segment. The Group believes the Tabbert brand to be positioned as a key brand in the caravan segment, placing emphasis on quality, competence and durability with a strong traditional image, high quality, classic design and continuous innovation being the key differentiators compared to other brands. The brand is characterized by its unique construction features (for example, its innovative roof design). The target customers of the Tabbert brand are sophisticated and experienced caravanning customers. Typically, these customers are professionals (such as traveling carnival employees) and other frequent users. The geographical focus of the brand is on markets in Europe, with further deliveries to China and South Korea. Tabbert's focus on the professional segment allows for higher price points for its caravans.

As of June 30, 2020, its product range comprised seven caravan models with base prices per unit from approximately EUR 20,000 to up to approximately EUR 70,000. In 2019, approximately 15% of all vehicles sold by the Group were Tabbert vehicles. In the period from 2015 to 2019, the number of Tabbert branded vehicles sold increased with a CAGR of 7.5% resulting in more than 3,900 units (2018: approximately 3,900; 2017: approximately 2,900).

12.5.3 Weinsberg

The Weinsberg brand offers van conversions, motorhomes and caravans. The Group believes Weinsberg to be an "honest" entry-level and beginner's brand, with an excellent price-performance ratio at a high quality within its price segment. The brand focusses on simple and smart products and aims to differentiate itself from its competition by a wide product range with a highly personal customer service. The target customers of Weinsberg are price and quality conscious entry level and beginner customers. The geographical focus of the brand is on markets in Europe, with presence in China and South Korea.

As of June 30, 2020, the product range of the Weinsberg brand comprised three caravan models with base prices from approximately EUR 11,000 to approximately EUR 29,000, three van conversion models with base prices per unit from approximately EUR 40,000 to approximately EUR 55,000 and six different motorhome models with base prices per unit from approximately EUR 47,000 to approximately EUR 62,000.

Approximately 35% of all vehicles sold by the Knaus Tabbert Group in 2019 were Weinsberg branded vehicles. From 2015 to 2019, the number of Weinsberg vehicles sold increased with a CAGR of approximately 31% to approximately 8,900 units (2018: approximately 7,900; 2017: approximately 6,200). From 2014 to 2019, with respect to Weinsberg vehicles, caravans, motorhomes and van conversions sold by the Group increased with a CAGR of approximately 23%, approximately 43% and approximately 19%, respectively, corresponding to a combined CAGR of approximately 28% over the period.

12.5.4 T@B

Established in 2001, T@B one of the younger brands of the Knaus Tabbert Group and concentrates on the entry-level market segment. It has the reputation of a cult brand, which the Group attributes to the distinctive silhouette and modern retro design of T@B caravans. As of June 30, 2020, T@B's product range comprised four caravan models with base prices per unit from approximately EUR 11,000 to approximately EUR 20,000.

The target customers of T@B include lifestyle-oriented customers with a geographical focus on markets in Europe. The Group considers T@B to benefit from a high degree of differentiation from its competitors within its market segment competition due to T@B's unique style and positioning within the market. It seeks to differentiate itself via the distinctive shape and design as well as the strong recognition of T@B products, which accounted for approximately 2% of all vehicles sold by the Group in 2019. From 2015 to 2019, the T@B units sold slightly increased by 2.9% year by year on average with almost 500 units sold in 2019 (2018: approximately 600; 2017: approximately 400).

12.5.5 Morelo

Morelo represents the Group's luxury brand with a focus on first class motorhomes for target customers in the upper-class segment. As of June 30, 2020, Morelo's product range consisted of eight different motorhome models with base prices per unit from approximately EUR 156,000 to approximately EUR 635,000.

The target customers of Morelo are luxury-oriented travelers, who place emphasis on quality and comfort. Most of its products are sold into the European market, with retired business people often being the target customers. The popularity of the brand is underlined by the fact that, despite its short history (see "*12.2. History and key milestones*"), as of 2019, Morelo has reached a market share of approximately one third in the luxury caravanning segment on a European level (based on registration statistics, according to which the total number of registrations for luxury motorhomes was about 1,010), and accounted for approximately 2% of all vehicles sold by the Group. In addition, from 2011 to 2019, the number of vehicles produced by Morelo has grown by approximately 24.5% from year to year on average resulting in over 420 vehicles sold in 2019 (2018: approximately 380; 2017: approximately 330), while when just looking at more recent years, from 2015 to 2019, Morelo grew at a CAGR of 13.9%.

Morelo seeks to differentiate itself from its competition by its modern production technology with traditional craftsmanship to produce high-end leisure vehicles as well as the personal aftermarket service, with a particular emphasis on customer support and a high level of customer service.

12.5.6 Rent and Travel

In 2016, the Group created the internet platform "Rent and Travel", which is designed to bring together potential leisure vehicle rental customers, travel agencies and leisure vehicle rental agencies. The platform also serves as a marketing tool, since it offers only Knaus Tabbert products. Additionally, the platform helps the Knaus Tabbert Group to strengthen its existing dealer network and enables the Group to expand the network, as the platform is also used by dealers that are not yet part of the Knaus Tabbert Group network.

The platform is designed to attract in particular first-time and irregular leisure vehicle users. By closely working with travel agencies (more than 350 as of June 30, 2020), users can consult with professional travel agents in planning and booking their vacation and rent a leisure vehicle suitable for their purpose, either by booking directly online or by visiting travel agents.

The rental agreements are concluded between the end customer and the rental agency, either over the counter or brokered by cooperating partners of the Group, such as travel agencies (for example BEST Reisen, SchmetterlingReisen, LidlReisen or CamperDays) or by the Group itself via the internet platform. Customers can only choose from the Knaus Tabbert portfolio, specifically, Knaus and Weinsberg models. The offering comprises seven different categories, ranging from a maneuverable and easy to drive van model designed for city trips to fully equipped mobile homes with many available features for the active outdoor vacation.

Since 2018, “Rent and Travel” has been available nationwide in Germany and, in 2019, expanded into further countries, such as, Sweden and Italy. In the near to medium term, the Company aims to expand “Rent and Travel” even more broadly, targeting regions such as the Austria, Switzerland and Norway.

As of December 31, 2019, “Rent and Travel” listed more than 1,900 rental vehicles and more than 160 rental stations. Based on the Company’s estimate, “Rent and Travel” is among the top three German leisure vehicle rental portals (based on a Google search for the keyword “*Wohnmobil mieten*” (“rent motorhome”) in June 2020), usable both as a website and as an app.

The platform provides for a significant market potential from the rental business, with approximately 14.2 million people in Germany expressing interest in spending caravanning holidays between 2019 and 2024 resulting in approximately 4.7 million potential rental customers for the period from 2019 to 2022 (source: GfK). In the first half of 2020, more than 7,500 bookings were made through “Rent and Travel”, compared to approximately 4,000 bookings in the full year of 2019.

In addition to the Group’s vehicles available through its own rental platform, more than 600 additional Knaus Tabbert vehicles were available for renting in Germany as of December 31, 2019 (Company estimate based on non-public third-party information) and, in January 2019, the Knaus Tabbert Group established a cooperation with Indie Campers, a motorhome rental company active in a number of European countries. The parties have agreed that, between 2021 and 2024, Indie Campers’ portfolio of new vehicles for the European market shall consist almost exclusively of van conversion models and semi-integrated vehicles from the Knaus Tabbert Group. In addition to around 400 vehicles from the Knaus Tabbert Group that are already being rented out by Indie Campers, the Group and Indie Campers have agreed to source another approximately 400 vehicles with a total value of approximately EUR 13 million until April 2021. If Indie Campers finances the purchase of vehicles from the Knaus Tabbert Group through a European financing partner (bank or leasing company), the Company has agreed to assume a repurchasing obligation with respect to the financed vehicles under certain terms for a period of up to 24 months (all of the financed vehicles) and 36 months (a third of the financed vehicles), respectively, after delivery of such vehicles, if Indie Campers becomes insolvent. Such an obligation already exists for the first approximately 400 vehicles delivered by the Knaus Tabbert Group earlier in 2020 against payment of approximately EUR 13 million.

12.6 Research and development

Since its founding, the Group has focused on R&D to continually improve its products and expand its product portfolio through innovations. The Group’s central R&D hub is located in Jandelsbrunn, with a recently constructed and specifically designed R&D center housed at the Jandelsbrunn facility. From this strategic innovation hub, the Group manages its R&D activities and develops new concepts, which are then refined through local input, as necessary.

With a cumulative R&D spend of EUR 27 million (including capitalized research and development costs, personnel expenses and capitalized development third party) in the years from 2017 (EUR 7.0 million) through 2018 (EUR 9.8 million) to 2019 (EUR 10.4 million), the Group constantly focuses both on introducing new models (on average approximately every five years per product category per brand and usually every year on a Group level) and on “facelifts” to existing models (on average approximately every three years). As of December 31, 2019, the Group employed more than 100 employees as part of its R&D activities and is the owner of an extensive portfolio of intellectual property rights in all of the Group’s key markets (see “*12.12. Intellectual property*”). These include innovative solutions such as patent applications for a frame with a lightweight core and a fiber-reinforced sheath, enhanced access designs due to the introduction of rear doors or a dynamic power axle lightweight chassis.

The Group believes it manages the Group's R&D activities efficiently and shows a strong commitment to continuous R&D investments. For example, in 2017 it entered into a development partnership with Stadur Produktions GmbH & Co. KG, a manufacturer of vehicle so-called "sandwich elements", i.e. elements comprising layered materials, in order to develop glass-fiber reinforced composite components as well as aluminum components for the nose, tail, roof and wall systems of caravanning vehicles. In 2018, the Group invested in the field of external vehicle bodywork development. Further technology and concept development projects in that year included a strategic partnership with Lab4, a start-up in the area of chassis construction, relating to the development of a lightweight chassis caravan, as well as a cooperation with Fahrzeugbau Meier GmbH, a caravan chassis developer, for the development of base structures and chassis. The Group also focused on the development of energy management systems in the areas of heat recovery, technical integration of functional components (e.g. heating, warm-water systems and cooling) and energy storage systems in 2018.

In 2019, the Knaus Tabbert Group, together with Bosch Engineering GmbH under a development agreement, presented an 48-volt electric power system, which includes an electrified axle, sensors, and lithium-ion batteries, thereby enabling the generation of electrical energy. The generated energy can be stored in stationary 48-volt batteries inside the caravan or converted into propulsive power, i.e. used to help the vehicle move forward. In addition, R&D in 2019 focused on the development of new lightweight chassis. Moreover, in 2019, the Group started to equip all new models with a water filtration system.

Furthermore, in the framework of a coorperation agreement with Knott GmbH, CIVD and the German Federal Ministry of Transport and Digital Infrastructure (*Bundesministerium für Verkehr und digitale Infrastruktur*), the Group is currently working on a system for caravans that supports the towing vehicle through actively powering the caravan itself; historically, caravans have been passive vehicles, moving forward solely by means of the towing power of the vehicle to which they are connected. Providing the caravan with an active propulsion system is intended to allow hybrid and electric cars to tow them over longer distances, as towing a caravan without this power assistance would otherwise usually result in a significant reduction in the range of such cars. A first prototype is expected to be tested in early 2021. However, as of the date of this prospectus, German traffic regulations do not include any rules on such a system, hence, making a tight coordination with the the German Federal Ministry of Transport and Digital Infrastructure (*Bundesministerium für Verkehr und digitale Infrastruktur*) necessary.

12.6.1 Awards

The Group has won various awards over the last years. Products of the Group have been honored by various caravanning magazines, design award panels and based on customer surveys across various categories, in particular for their design and functionality.

For example, the Group has won numerous European Innovation Awards in the last years. In 2018, the Knaus Deseo model was awarded in the category "overall concept caravan". In 2019, the Knaus van conversion models were awarded in the category "audience focus". In addition, in 2020, the Knaus L!VE I model was awarded in the category "overall concept". The European Innovation Award is an award for manufacturers and suppliers of motorhomes, vans, caravans or accessories and honors innovative products of the caravanning industry. The judges panel includes reporters from Europe's leading caravanning magazines. (Source: European Innovation Awards)

Furthermore, in 2018, Knaus caravanning products received the "Owner Satisfaction Award", which is issued annually on the basis of a survey that is conducted by the British caravanning magazine Practical Caravan and the Camping and Caravanning Club, a worldwide non-profit camping interest group. The approximately 2,000 participants of the Owner Satisfaction Survey that were asked to rate the quality and their preference of various caravanning manufacturers selected Knaus as Gold Award winner in the category "new caravans for sale", evidencing the widespread popularity of Knaus products among caravan customers. (Source: Practical Caravan)

In 2018, the Group was also awarded the "Golden Motorhome 2018" in the category "alcoves" by the readers of the German caravanning magazine "AutoBild Reisemobil" for the Knaus L!VE Traveller (source: AutoBild). Furthermore, in 2020, the caravanning magazines "CARAVANING" and "promobil" awarded ten awards in different categories to the Knaus Tabbert Group for, among other things, the Knaus L!VE Traveller, the Weinsberg CaraHome (source: Promobil) and the Tabbert Cellinie Slide-out (source: CARAVANING). The awards were given based on a vote by the readers of both magazines.

In addition, the Group received multiple "König Kunde Awards" between 2017 and 2019, which are issued on the basis of customer satisfaction surveys among the readers of the German caravanning magazines "Reisemobil International" and "Camping, Cars & Caravans". In 2019, the Group was, among other things, awarded the second place in the category "overall winner" for its Tabbert brand and received a special award for "particularly inexpensive vehicles" for its Weinsberg brand. (Source: Camping, Cars & Caravans)

12.6.2 Caravisio concept caravan

In collaboration with an expert group of industry-established and external suppliers and designers, the Group has designed and developed a new concept caravan model titled "Caravisio" that aims to feature the caravanning trends of the future. The purpose of the concept caravan is to raise the general interest in camping and to offer a new concept to encourage people to enjoy camping as a form of holiday making or during leisure time. The development lasted for about two years and the concept has been presented for the first time in 2013 at the Caravan Salon in Düsseldorf, the world's largest caravanning fair.

The Caravisio concept caravan has been designed with an aerodynamic exterior and is equipped with various technologies, including a new layout concept inspired by yacht building, a multi-functional seating group and a projector integrated in the ceiling. The caravan can be controlled via mobile applications.

The Caravisio caravan is planned to accommodate the needs of technology-affiliated customers in the Luxury segment. Although the Caravisio is a concept car which the Group does not intend to put into serial production, it aims to develop and integrate features of the Caravisio, such as the lowerable chassis or the opening rear, into the Knaus Tabbert Group's product portfolio.

12.7 Production, supply chain and service

The Knaus Tabbert Group operates a total of four main production facilities, with three facilities located in Germany (Jandelsbrunn, Schlüsselfeld and Mottgers) and one facility located in Hungary (Nagyoroszi) as of the date of this prospectus. All of these properties are owned by the Group. In addition, in 2018, the Group has leased a fifth production facility in Freyung for the production of composite materials used for the frames of its DESEO model.

Since 2012, when the Group only produced approximately 13,500 vehicles (thereof Jandelsbrunn: approximately 7,100, Schlüsselfeld: approximately 180, Mottgers: approximately 2,600, Nagyoroszi: approximately 3,600) in its four facilities, the number of vehicles produced has gone up year by year (with an exception in 2013) resulting in more than 26,000 vehicles (thereof Jandelsbrunn: approximately 13,000, Schlüsselfeld: 426, Mottgers: approximately 4,300, Nagyoroszi: approximately 8,500) produced in 2019. The ***Utilization Rate*** (defined as actual production volume during the relevant period divided by the theoretical production capacity) of the Group's production facilities was approximately 112% in 2019 (2018: 104%, 2017: 110%). The actual production volume was larger than the theoretical production capacities, which was primarily due to the fact that the actual working hours of the production facilities exceeded the working hours being used as a presumption to calculate the production capacity

The production facility in Jandelsbrunn is the largest production facility of the Group, both by capacity and by output. It has an annual production capacity of approximately 11,500 vehicles and houses key technological competences of the Knaus Tabbert Group. Its Utilization Rate in 2019 was approximately 113%. The Jandelsbrunn facility underwent a period of investments between 2017 and 2019, which included the erection of a new production building with a total area of approximately 10,000 m², an assembly line expansion, including one motorhome and two caravan assembly lines as well as a new production line for additional projects and an expansion of warehousing capacity for fiber frame vehicles.

The second largest production facility by production capacity and output is the Nagyoroszi facility in Hungary. The Nagyoroszi facility went through a period of investments between 2016 and 2018, which included a new body shop to increase in-house supply of body work parts and a furniture hall expansion. The investments in the Nagyoroszi plant provided the Group with a competitive cost positioning as well as a higher degree of flexibility by installing a new "multi-line" assembly that allows for an annual production capacity of approximately 7,700 vehicles (caravans, van conversions and motorhomes), as of December 31, 2019. With the new "multi-line" assembly becoming fully operational within nine months of the commencement of its construction, the Group has demonstrated its ability to execute new capacity expansion plans within a short timeframe. The in-house upholstery hall provides for over 40% of demand at Jandelsbrunn and Nagyoroszi. The Utilization Rate of the Nagyoroszi facility was approximately 111% in 2019.

As of December 31, 2019, the other two production facilities, Mottgers (caravans) and Schlüsselfeld (motorhomes), had an annual production capacity of approximately 3,800 and 439 vehicles, respectively. Their Utilization Rate in 2019 was approximately 114% and 97%, respectively.

In 2019, the Group invested approximately EUR 6.5 million into its Schlüsselfeld facilities and development of vehicles (2018: approximately EUR 2.1 million). For the production of its 2021 models, starting in 2020, the Group plans to introduce robotics support. Contracts for the envisaged expansion of the Group's Nagyoroszi facility in Hungary (see "*5. Reasons for the Offering and the Listing and Use of Proceeds*") have been signed and the completion of the first new line is expected in the third quarter of 2021 with full capacity being reached by 2024. In addition, Group plans to invest approximately EUR 1.4 million in its plant in Schlüsselfeld in 2020. Such investments in the Group's production facilities included a new service center as well as a spare parts warehouse and aim at increasing capacities to be able to take advantage of the opportunities in the European market, focusing to ensure flexibility in the production mix and upgrading the facilities' methods of production. Recently the Group has introduced its first robotic production support for the DESEO model.

A balanced supply chain management is of particular importance to the production process of the Knaus Tabbert Group, as the manufacturing of motorhomes requires various components from a wide range of different suppliers. As of December 31, 2019, approximately 400 suppliers, mainly from Germany and the rest of Europe, provided accessories, furnishings and chassis to the Knaus Tabbert Group at various stages in the production process. The Group actively evaluates the quality of their services based on constant feedback and an evaluation system, which allows it to structure discussions and negotiate better prices. Such price negotiations are performed on an annual basis and prices are agreed in euro, thus mostly excluding any exchange rate risks. Certain suppliers, which are specialized in the caravan market, have strong market positions, making price negotiations difficult. This especially relates to suppliers of wood, steel and plastics, as well as of components such as, among other things, heating systems, refrigerators or toilets, and vehicle chassis. However, in 2019, the Group managed to keep the increase in material costs (excluding chassis) at 0.15%.

A just-in-time inventory strategy and standardization in the supply chain process, e.g. by reducing the number of colors and fabrics or sharing color schemes and fabrics between different models, allow the Group to further reduce overall costs. On average, the Group requires approximately eight weeks for the assembly of caravans and approximately 18 weeks for the assembly of motor caravans. In addition, the Company is striving to lower its cost of materials by producing more parts in-house and through modularization that allows it to exploit economies of scale.

In the Premium segment, as measured by volume of accounts payable in 2019, approximately half of the Group's cost of material was attributable to suppliers of vehicle chassis. Of these chassis suppliers, Fiat, Peugeot and Iveco were among the most important. The remaining suppliers provided other components and materials, such as accessories and furnishings. Measured by accounts payable, Dometic, Truma and Zambelli were among the most important in 2019. Major suppliers of the Group also include Meier, Vöhringer, K2WO, Remis, Technoform, Juteks, Al-Ko and Parat.

In addition to vehicle sales, the Knaus Tabbert Group also operates an aftermarket business, accounting for 3% of the Group's revenue in 2019. Besides certain in-house repair services provided at the Group's Jandelsbrunn and Mottgers facilities, the aftermarket business comprises, in particular, the exclusive supply of spare parts and training to the Group's network of authorized service partners. Customer service is largely outsourced to dealers and authorized service providers. For example, in

2019, the Knaus Tabbert Group established a cooperation with MAN service locations regarding the service and repairs of all Knaus and Weinsberg branded vehicles. The services offered are not limited to MAN base vehicles, but also cover comprehensive work on the bodywork of all motorhomes and van conversions. As of December 31, 2019, there were twelve MAN service locations across Germany and more than 1,200 across Europe. The services provided by MAN to owners of the Group's vehicles include 24/7 roadside assistance, accelerated workshop appointments and staff trained by the Group at certain locations.

12.8 Dealer Network

The Group operates its own sales organization in Germany, which coordinates all sales activities with external sales partners. In addition, the Group owns two independently operating sales partners in Germany, Caravan-Welt GmbH Nord, Bönningstedt, and HÜTTLrent GmbH, Maintal.

The products of the Knaus Tabbert Group are sold via an extensive dealer network. Not all dealers of the network sell all brands of the Group, and many of them just sell caravans or motorhomes but not both. As of December 31, 2019, the Group's dealer network consisted of more than 450 dealers, more than 30 of which exclusively sell the Knaus Tabbert Group's portfolio, in more than 20 countries. In terms of the number of dealers, as of July 31, 2020, Germany constituted the largest market: over 25% of the Group's dealers were located in that country, approximately 10% of the Group's dealers each were located in France and the Netherlands, with the rest of Europe accounting for approximately 50%. The remaining approximately 3% of the dealers were located outside Europe, mainly in Asia. By working with a relatively stable dealer base, the Knaus Tabbert Group seeks to focus on strengthening relationships with its dealers and managing its growth in conjunction with its dealers.

In 2019, Knaus Tabbert Group products accounted for more than 60% of sales for more than a quarter of the Group's, dealers and for between 25% and 60% of sales for approximately an eighth of the dealers. More than half of the Group's dealers generated less than 25% of their sales with Knaus Tabbert Group products.

CAPP, the Knaus Tabbert Group's partner program that has been in operation for more than ten years, forms the backbone of the Group's growing dealership network. CAPP is a Europe-wide quality initiative that supports dealers at all levels with sales promotion, technical service, training and customer loyalty measures. The program aims to increase the consulting and sales competence of the Group's CAPP trading partners and their staff. CAPP provides strategic consulting services as well as exclusive training courses, such as qualifications as "Caravanning Premium Seller" or "Caravanning Customer Service Consultant", that are certified by the German Chamber of Industry and Commerce (*Industrie- und Handelskammer*, IHK). CAPP also provides caravanning dealers with a system of reward programs, a detailed discount system for the Group's vehicles (based on various factors) and incentives to support the Knaus Tabbert Group's corporate identity and to increase the share of Knaus Tabbert Group vehicles in their portfolio, thus strengthening customer loyalty. For example, under the Group's "CAPP-Points" reward program, a participating dealer is credited points for each caravan or motorhome sold. These points can be redeemed within one year for Knaus Tabbert Group related non-cash incentives. In addition, caravanning dealers are supported by a technical field service and aftermarket promotion services for tending to the Knaus Tabbert Group's products.

In addition, as of the date of this prospectus, the Group provides two different kinds of support to selected dealers for the purchase of motorhomes and caravans used as rental cars, sets of demonstrators to equip the showroom and vehicles ordered as "*dispo*" (i.e. for stock).

First, the Group has framework agreements in place with four financial institutions (SKP, Wells Fargo, Satander, DF Capital and Commerzbank) (the ***Financing Partners***) allowing certain dealers to finance the purchase of caravans and motorhomes of the latest model year from the Group's portfolio, using the vehicles as collateral. Since 2003, the available credit line under the framework agreements with the Financing Partners has nearly doubled to more than EUR 240 million as of December 31, 2019. Additionally, KTG provides a buy-back guarantee to the respective Financing Partners at residual financing value. The chosen Financing Partner establishes a business relationship with the dealer and finances the vehicle. Financing is limited to a maximum period of between 360 days and 450 days (depending on the Financing Partner). The vehicles, purchased under the framework agreements, are used as collateral for the Financial Partners and their titles are held in trust by the Group on behalf of the Financing Partners.

In case of termination of individual dealer financing agreements by the Financing Partner due to cross-default, insolvency or any other event of default by an authorized dealer, the Knaus Tabbert Group, with certain exceptions, is obliged to repurchase the portfolio of vehicles funded by the particular Financing Partner for the dealer at the remaining financing amount provided the Financing Partner can get the Group possession of the vehicle. In such case, the Group faces the risk of having to sell the reclaimed vehicles below the remaining financing amount.

Additionally, the Knaus Tabbert Group and one of the Financing Partners, SKP, have established a security fund in order to manage the risk of damages owed to the Financing Partners under the framework agreements as a result of the disappearance of vehicles (e.g., due to fraud) and loss of proceeds (e.g., due to embezzlement), for which the Group is generally not liable, as well as losses resulting from the forced sale of any vehicles used as collateral. The fund is limited to an amount of 5% of the credit line granted to all of the Group's authorized dealers financed by SKP. Two thirds are funded by the Group and one third by SKP, which corresponds to the risk allocation in the event of damages. The SKP fund bank balances bear interest at a market rate for savings deposits and amounted to EUR 5.9 million as of December 31, 2019. By regularly requesting updates from the dealers participating in the dealer financing arrangements, the Group is able to closely follow the dealer's credit line usage.

Secondly, the Group assumes the payment of interest on vehicle financing from certain German dealers for up to eight months. The duration of this interest-payment assumption depends on the dealer's classification in the Group's dealer structure. The average period for which interest is assumed across all vehicles and dealers is approximately seven months. The interest assumption is settled by the financing company at the end of each month by means of corresponding monthly statements. In 2019, the interest paid by the Group under the program amounted to EUR 1.6 million.

In order to monitor the market and the level of inventories held by its dealers, the Knaus Tabbert Group has a number of early warning systems and procedures in place. Such mechanisms include the monitoring of stock financing, monitoring of general market statistics, regular visits of dealers by sales managers of the Knaus Tabbert Group, monthly inventory reports submitted by the dealers and the monitoring of the current order status in the dealers' SAP systems and of receivables. The Group believes that this approach should allow it to quickly spot any potential signs of weakening consumer sentiment in the wider market and potential financial problems of individual dealers which has happened in the past (since 2013) only in few cases.

12.9 Marketing

The Knaus Tabbert Group pursues a diverse marketing strategy in order to promote its brand and increase its visibility among end customers. It uses a combination of traditional advertising (e.g. print, video and physical advertising channels) and digital advertising (e.g. internet, interactive magazines). The Group also makes an effort to use social media as an advertising tool, having established and maintaining channels on Facebook, Xing, Twitter, Instagram and YouTube. Trade fairs are another very important pillar of the Group's overall marketing strategy. For example, in 2019, the "Caravan Salon" in Düsseldorf, Germany, attracted more than 250,000 visitors, who were able to experience products of more than 300 exhibitors.

In recent years, the Group has stepped up its marketing efforts. Since 2015, the Group has rented an exclusive hall at the Stuttgart trade fair, and since 2016, it has rented an exclusive hall at the Düsseldorf trade fair which is expected to be extended by a second hall from 2020 onwards. Usually on an annual basis, the Group's marketing campaign also includes so-called "dealer days" (i.e. a press conference with journalists and several hundred caravanning dealers) and the participation in trade fairs, such as the tourism trade fairs CMT (*Caravan, Motor und Touristik*, CMT) in Stuttgart, Germany, the Caravan Salon in Düsseldorf, Germany, and the "Made in FRG" in the Freyung-Grafenau district in Germany. Despite the recent COVID-19 pandemic, many leisure vehicle trade fairs still take place subject to certain precautionary measures. The Company expects such measures to result in fewer visitors than in previous years. However, trade fairs remain an important markting tool for the Group.

In 2019, of its total of EUR 14.7 million (EUR 13.9 million in 2018 and EUR 13.1 million in 2017) in marketing costs (exluding related personnel expenses), the Group spent EUR 5.4 million (EUR 5.0 million in 2018 and EUR 4.7 million in 2017) on trade fairs and EUR 9.3 million

(EUR 9.0 million in 2018 and EUR 8.4 million in 2017) on traditional advertising. In 2021, the Company expects to spend approximately EUR 1.0 million on marketing for the new brand, that it intends to establish (see "*5. Reasons for the Offering and the Listing and Use of Proceeds*").

Furthermore, the Knaus Tabbert Group pays advertising cost allowances to large dealers participating in its CAPP, if they comply with certain conditions. If all conditions are met, the retailer receives a sales-related bonus in the amount of a certain percentage of its annual sales, which is offset against the advertising cost allowance until it is used up.

As an additional marketing measure, since early 2018, customers of the Knaus, Weinsberg and T@B brands can collect their new vehicles at the production facility in Jandelsbrunn where they are given a tour of the facilities before their new vehicle is handed over to them.

12.10 Employees

The Group had a total of 2,495 employees (headcount) as of December 31, 2019, 406 of which were employed in Hungary (309 as of December 31, 2018 and 321 as of December 31, 2017). In addition to its permanent employees, in 2019, the Group deployed approximately 560 temporary workers (*Leiharbeitnehmer*) (headcount) on average.

The following table shows the average number of the Group's staff (headcount) for the six-month period ended June 30, 2020 and the fiscal years ended December 31, 2019, 2018 and 2017, each divided by type:

	For the six-month period ended June 30, 2020	For the fiscal year ended December 31, 2019	2018	2017
	(unaudited)		(audited)	
Types of employees				
Industrial workers	2,024	1,915	1,627	1,314
Employees	431	419	390	388
Average total employees without trainees	**2,455**	**2,334**	**2,017**	**1,702**
Trainees	71	70	65	63
Average total employees including trainees	**2,526**	**2,404**	**2,082**	**1,765**

As of the date of this prospectus, there has been no material change in the number of employees and no pension obligations borne by the Group.

The Group aims to achieve the best possible professional development of its employees by increasing the qualification of the employees, providing development opportunities, and stimulating interdepartmental process optimization. Furthermore, the Group operates its own competence center, which was completed in early 2020 and is used to train wood mechanics, electricians and mechatronic engineers.

Since January 1, 2016, the Group has been party to certain recognition collective agreements (*Anerkennungstarifverträge*) and hence applies the respective regional collective agreements of the wood and plastics processing industry at its Jandelsbrunn and Mottgers sites. Such collective bargaining agreements typically regulate minimum working conditions, such as, among other things, wages or partial retirement arrangements.

12.11 Quality management

The Knaus Tabbert Group maintains a quality management system at the Jandelsbrunn and Mottgers production sites for the area of "development, production and sale of motorhomes and caravans" in order to meet its responsibility towards customers and society for safe, high-quality and functional leisure vehicles.

The Group's quality policy is set out in ten guiding principles, which form the basis of its actions. The aim of the quality policy is to avoid mistakes and to carry out the value-added processes based on current technology. The Group is also committed to the continuous improvement of processes. This is checked in regularly conducted audits and documented in the corresponding reports. For example, the Group is certified according to DIN EN ISO 9001:2015 (“Quality management systems – Requirements”) of SGS-TÜV Saar GmbH and has been awarded a certificate of conformity (COC) according to the specifications of the Federal Motor Transport Authority.

12.12 Intellectual property

The Group owned more than 160 registered trademarks in Germany and other countries (excluding the Luxury segment). The trademarks of the Group cover a broad range of company names, brand names and brand logos, including the terms “Knaus”, “Tabbert”, “Weinsberg”, “T@B” and “Rent and Travel”.

In addition, the Group held more than 15 registered utility patents, relating to vehicles with movable wardrobes, mechanisms for folding down beds, camping vehicles with a floor storage component, mechanisms for lowering the chassis, roof systems and maintenance and supply units. Furthermore, the Group has a few registered design patents/designs.

Furthermore, the Group owned more than 20 registered patents, including a two-story caravan floor and a system of sanitary cabins and shower-baths. As of the date of this Prospectus, the registration process for four additional patents is pending.

The Group also owned more than 280 domains and had registered its most important internet domain names with top-level-domain registrars, including www.knaus.com, www.tabbert.com, www.weinsberg.com, www.tabme.de, www.rentandtravel.de and www.knaustabbert.de.

All figures shown in this section 12.12. are as of December 31, 2019 unless explicitly stated otherwise.

12.13 Material contracts

On May 17, 2018, the Knaus Tabbert Group entered into a syndicated loan agreement lead by Commerzbank AG (the ***Syndicated Loan Agreement***), under which a revolving credit facility of EUR 80.0 million was made available to the Company and (with certain restrictions) to certain of its subsidiaries (the ***Revolving Credit Facility***). The Syndicated Loan Agreement originally had a term until 2021, but with effect as of August 1, 2019. On August 1, 2019, the Group entered into an amendment to the Syndicated Loan Agreement (the ***Loan Amendment***). The amendment included an increase in the amount available under the Revolving Credit Facility of EUR 20 million to EUR 100.0 million and an extension of the facility’s term to July 31, 2022.

The Revolving Credit Facility may be utilized by way of loans for the purpose of financing or refinancing the working capital requirements (including acquisitions and investments) of the Group, financing a special dividend in the amount of up to EUR 30.0 million and financing of investments in tangible and intangible fixed assets. The Revolving Credit Facility may also be utilized by way of ancillary facilities up to the maximum amount of EUR 20.0 million.

Each loan extended under the Revolving Credit Facility is repayable on the earlier of the last day of its interest period or the scheduled final maturity of the Revolving Credit Facility. The interest period of a loan extended under the Revolving Credit Facility consist of one or three months or any such period as agreed by Commerzbank AG. The scheduled final maturity date of the Revolving Credit Facility is on the date that is three years after the signing of the Loan Amendment or an extension under the Syndicated Loan Agreement.

Interest is payable on amounts drawn by way of loans under the Revolving Credit Facility at a margin ranging between 0.85% and 2.10% per annum over EURIBOR (depending on the ratio of total net debt to EBITDA (adjusted for certain non-operative effects)). Additionally, a commitment fee of 35% of the applicable margin is payable on unutilized amounts under the Revolving Credit Facility. Additionally, certain other customary fees are payable.

Morelo Reisemobile GmbH is jointly and severally liable for the loans provided under the Revolving Credit Facility (*Gesamtschuldner*) and Knaus Tabbert Kft, Hungary, has provided a guarantee under the Syndicated Loan Agreement. In addition, certain material subsidiaries of the Company may be required to join the Syndicated Loan Agreement as debtors or to provide guarantees.

The Syndicated Loan Agreement also contains customary prepayment, cancellation, and default provisions, customary representations and warranties (subject to certain exceptions and qualifications), and covenants, including:

- a financial covenant requiring that the ratio of total net debt to EBITDA (adjusted for certain non-operative effects) does not exceed 2.75 and that the equity ratio (as defined in the Syndicated Loan Agreement) is above a value between 22.5% and 30% (depending on the date), as well as that the net working capital ratio (as defined in the Syndicated Loan Agreement) is not less than 1.0 (with an option to remove the last requirement);
- covenants that impose restrictions on the Group's ability to enter mergers, restructure the Group, incur additional financial indebtedness, make disposals, grant security or loans, enter into or maintain operating leasing agreements, or make a substantial change to the general nature of the business of the Group (in each case subject to certain exceptions);
- if required by a lender, mandatory prepayment of all utilizations provided by that lender upon certain events, including a change of control (with certain exceptions, such as, a public offering);
- voluntary prepayment of loans or right of termination for unutilized amounts (in each case subject to minimum amounts and prior notice);
- events of default including non-payment, failure to comply with the financial covenant or financial information provisions, breaches of representation and other obligations, insolvency and cross default (in relation to certain other financial indebtedness of the Group, subject to a EUR 1.0 million de minimis threshold), illegality, invalidity, and repudiation of the finance documents, enforcement measures on the assets of the Group, cessation of business, and material adverse effect (in each case, subject to customary grace periods and thresholds); and
- ongoing provision of information, such as financial statements, quarterly reports and budgets, as well as periodical confirmation of compliance with the financial covenant.

Other than as described in this section 12.13, there are no contracts that are material to the Group's business or profitability.

12.14 Legal and arbitration proceedings

The Knaus Tabbert Group is from time to time involved in court, arbitration and regulatory proceedings in Germany and other countries, which are not described herein and that are incidental to the ordinary conduct of the Group's business. Such disputes and proceedings have in the past, and will likely in the future, relate to, among other things, contractual claims by or against business partners, claims for infringement of intellectual property rights (such as, e.g., patents and trademarks), product liability claims, employment matters, and regulatory compliance matters. As of the date of this prospectus, the Group believes that, other than as described below in this section 12.14, no actual or threatened governmental, legal, or arbitration proceedings (including any proceedings which are pending or threatened of which the Group is aware) during the last twelve months may have, or have had in the recent past, a material effect on the Group's financial position or profitability.

The Group is currently dealing with a regulatory proceeding regarding an environmental incident at its Mottgers site, where soil and groundwater contamination with arsenic and cobalt was detected several years ago. A cleanup and containment plan has been developed. However, the competent agency has ordered additional investigations, and discussions with the Company about the further course of action and the exact scope of the remediation are ongoing. As of the date of this prospectus, the Company has recognized a provision for the related cost in the amount of EUR 2 million.

In particular, circumstances, legal disputes in which the Company or its subsidiaries are not directly involved could have an impact on the Group due to their fundamental importance for the caravanning industry (e.g. regarding issues relating to diesel vehicles).

12.15 Insurance

The Group's insurance coverage includes general liability and product liability insurance, product recall insurance, environmental impairment liability insurance, cyber insurance, legal aid insurance, property damage insurance covering buildings, facilities and machinery and business interruption insurance covering loss of profits.

The Company has also obtained directors' and officers' (***D&O***) liability insurance *(Vermögensschaden-Haftpflichtversicherung)* for the benefit of the members of the Management Board and the Supervisory Board, with a total coverage of approximately EUR 100 million per fiscal year. The D&O insurance provides coverage in case of liability claims due to breaches of duty and wrongful acts by these board members. As required by applicable German law, each member of the Management Board remains personally responsible in the case of any finding of personal liability, as the case may be, for 10% of the total amount of such personal liability, up to an amount equaling 1.5 times of the member's total annual fixed remuneration from the Group.

In addition to its group-level insurance, the Knaus Tabbert Group maintains insurance policies in Hungary that cover fixed assets, equipment and leased properties and that protect the Hungarian production site in the event of natural disasters or third-party injury.

As of the date of the prospectus, on the basis of its current knowledge and based on the Group`s risk management, the Company believes that its insurance coverage, including the maximum coverage amounts and terms and conditions of the policies, are standard for the caravanning business and appropriate. The Company cannot guarantee, however, that it will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance policy. The Company may increase its insurance coverage in the future as it deems appropriate.

13. REGULATORY AND LEGAL ENVIRONMENT

The Knaus Tabbert Group is subject to laws, rules and regulations at supranational, national, state and municipal levels, governing its business activities in the countries in which it operates. The provisions of law applicable to the Knaus Tabbert Group and its products are subject to change, including in particular the provisions under environmental and regulatory law.

Since all of the Group's subsidiaries and/or production sites are located in Member States, mainly in Germany, and since the Group generates a significant portion of the Group's turnover within the EU, the following description focuses on particularly relevant provisions of German and EU law. Acts adopted by EU institutions may be complemented by additional (stricter) requirements established by the national implementation legislation of the respective Member States. EU Member States may also have specific laws and regulations, e.g. within areas of law that have not yet been harmonized fully at the EU level.

This chapter contains selected information on certain aspects of the regulatory and legal environment in the European countries in which the Knaus Tabbert Group operates. The purpose is to provide a brief overview of the regulations applicable to the Knaus Tabbert Group. By contrast, it is not intended to provide a comprehensive or complete description of the regulatory and legal requirements in the relevant jurisdictions.

13.1 Regulatory and legal environment relating to the Group's production sites in the European Union

The industrial sites operated by the Knaus Tabbert Group have to comply with several environmental and regulatory requirements, which can be enforced by competent authorities, by competitors (e.g. via competition laws) or by environmental non-governmental organizations (NGOs). In addition, environmental liabilities can arise pursuant to public or civil law. In the following, the main legal sources in the EU and Germany for such obligations or liabilities are summarized.

Non-compliance with the requirements set out in specific permits and their conditions may trigger administrative fines and orders to implement remediation or containment measures, and the individuals responsible may also be subject to criminal prosecution. Furthermore, in case of serious violations of the law, the authority may order even a (partial) shutdown of the facility and, under certain circumstances, revoke the permit.

13.1.1 Emissions control

EU emissions control law is set out in various sources of law. One of the main EU instruments regulating pollutant emissions from industrial installations is the Directive 2010/75/EU on industrial emissions (*Industrial Emissions Directive, **IED***). The IED aims at the reduction of harmful industrial emissions across the EU in order to achieve a high level of protection of human health and the environment.

The IED has been transposed into German national law, including into the German Federal Emissions Control Act (*Bundes-Immissionsschutzgesetz*, ***BImSchG***), which is one of the core environmental acts at a national level. The BImSchG contains, for example, regulations on air pollution, noise, vibrations and similar processes. It is complemented by legal ordinances and two important administrative regulations (*TA Luft and TA Lärm*). The construction and operation of most of the Group's manufacturing sites in Germany require permits under the BImSchG.

13.1.2 Waste from production processes

On a European level, Directive 2008/98/EC on waste (***Waste Framework Directive***) has redefined the legal framework on waste treatment within the EU. The Knaus Tabbert Group must comply with the requirements of the Waste Framework Directive as implemented at a national level. This relates in particular to the disposal of waste from production processes. The measures provided for in the Waste Framework Directive apply to all substances or objects that the holder discards, or intends or is required to discard. They do not apply to gaseous effluents and some other types of waste that are subject to specific EU rules. The Waste Framework Directive introduced a new waste hierarchy, i.e. the Member States have to take the following measures for the treatment of their waste (listed in order of priority): (i) prevention, (ii) preparing for re-use, (iii) recycling, (iv) other recovery, such as energy recovery and (v) disposal.

In Germany, the Knaus Tabbert Group is subject to statutory provisions regarding waste management. In particular, the discharge of waste is restricted to licensed facilities. Under the German Act on Recycling (*Kreislaufwirtschaftsgesetz*), generators, owners, collectors and transporters of waste must demonstrate to the competent authority and to other parties that they have properly disposed of hazardous waste (*gefährliche Abfälle*) by proof of waste disposal (*Entsorgungsnachweis*). Documentation requirements include certain details regarding the handling, type, amount and origin of hazardous waste. The German Act on Recycling is supplemented by a series of statutory ordinances.

Similarly, in many European jurisdictions, plants must use licensed contractors for the disposal of hazardous or non-hazardous waste.

13.1.3 Soil and groundwater contamination

The liability of Knaus Tabbert Group for any soil and groundwater contamination may result in particular pursuant to national law. In Germany, liability for soil and groundwater contamination is primarily found in the Federal Soil Protection Act (*Bundes-Bodenschutzgesetz*) in conjunction with the Federal Soil Protection and Contamination Regulation (*Bundes-Bodenschutz- und Altlastenverordnung*) and soil protection acts at a state level. These provisions require specific measures if certain thresholds of hazardous substances are exceeded. These measures include that contamination of soil and groundwater must be explored, removed, reduced or at least prevented from spreading onto adjacent sites or that its spreading should be mitigated in the long term. If there is reasonable suspicion that contamination of soil and groundwater may be present on a site, the authority may order investigation measures to explore the contamination. If the suspicion is confirmed, the authority may order remediation or containment measures. Under the German federal soil protection regime, both the present owner and the party currently in possession of the premises may be held liable by the authorities to undertake such measures that often cause significant costs. The same applies to the party who caused the contamination and, under certain circumstances, to all former owners if the ownership was transferred after March 1, 1999. Further, if a legal entity is liable for soil and groundwater contamination under the aforementioned provisions, it cannot be ruled out that the shareholders in this entity may be held liable (piercing the corporate veil) in evident cases of circumvention of liability for soil and groundwater contamination.

At the European level, specific measures in order to prevent and control groundwater pollution have been established by Directive 2006/118/EC on the protection of groundwater against pollution and deterioration. By contrast, the liability for contamination of soil has not, to date, been subject to specific regulations. Provisions on soil protection can rather be found scattered in various environmental EU legislations, for example, concerning water, waste, chemicals, industrial emissions, nature protection and pesticides. However, these provisions do not establish a comprehensive European soil protection regime including liability for soil and groundwater contamination.

13.1.4 Transport of hazardous goods

While the majority of goods transported for and on behalf of the Knaus Tabbert Group are non-dangerous goods, there are some dangerous goods transported on behalf of the Knaus Tabbert Group. The transport of these 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 the Regulations concerning the International Carriage of Dangerous Goods by Rail (RID) as set forth in Appendix C to the Convention concerning International Carriage by Rail (COTIF). These international treaties contain basic regulations relating to the transport of hazardous substances as well as the packaging of these goods in the signatory states. They have been enacted in the European Union as part of Directive 2008/68/EC on the inland transport of dangerous goods and have been implemented into national legislation by the German Act on the Carriage of Dangerous Goods (*Gefahrgutbeförderungsgesetz*). This act regulates the permission of transporting goods, labeling of packages, requirements for the construction and identification of containers and tanks, certificates of qualification and transport documentation, protection measures during the transport as well as loading, unloading, handling and carriage procedures.

13.1.5 *Employee health and safety*

According to national and international provisions, the Knaus Tabbert Group is obliged in most jurisdictions to take measures related to health and safety at work. German law establishes a system of rules and regulations to protect employees' health and safety at work. German occupational safety regulation is largely shaped by the requirements of EU law. General obligations on employers, protective and preventive services, emergency measures and necessary information as well as the consultation, participation and training of workers are laid out in the Council Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work. Member States are free to maintain or establish more stringent measures of protection than those provided by Directive 89/391/EEC.

In Germany, significant occupational safety provisions are contained in the German Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work *(Arbeitsschutzgesetz,* ***ArbSchG***) and in the German Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists *(Arbeitssicherheitsgesetz*), which require employers to provide for their employees' safety. The ArbSchG sets out the fundamental duties of employers and employees regarding health protection. It places employers under an obligation to assess the hazards of the workplace and to take the appropriate preventive measures as well as to instruct employees about these measures. Employers must make precautions for especially hazardous workplaces and situations. They must also provide preventive occupational healthcare.

In general, compliance with employment safety regulations is subject to regulatory supervision. The law enforcement authorities are provided with wide-ranging enforcement powers including the right to enter a company's premises, search for documents and examine the work equipment and the personal health equipment. They are also authorized to impose fines.

13.2 Regulatory and legal environment relating to the Group's products

13.2.1 *Road safety and technical standards*

The Group's products for the commercial leisure vehicle sector have to comply with a number of road safety and technical standards and requirements. For example, at a European level, the Regulation (EU) 2018/858 and Directive 2007/46/EC (***Type-Approval Framework Directive***) establish a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles. In Part I of Annex IV, the Type-Approval Framework Directive lists various items and vehicle categories with the respective regulatory acts for EC type-approval of vehicles produced in unlimited series, including in relation to towing devices, steering equipment and coupling devices. In the event of infringement of such road safety and technical standards the Kraftfahrt-Bundesamt (KBA), as the competent authority in Germany, may take appropriate measures, which may extend to recalls.

A further example is Regulation (EC) No 661/2009 concerning type-approval requirements for the general safety of motor vehicles, their trailers and systems, components and separate technical units intended therefor (***Safety Regulation***). The Safety Regulation includes requirements related to steering, braking, towing and coupling. The Type-Approval Framework Directive was amended by Regulation (EU) No 1230/2012 to reflect the rules of the Safety Regulation accordingly.

Furthermore, the leisure vehicles of the Knaus Tabbert Group must comply with the generally accepted rules of technology. These rules are specified by technical regulations, such as DIN standards (set up by the German Institute for Standardization e.V.) and the VDE regulations (set up by the Association of German Electrical Engineers).

13.2.2 *Chemicals and hazardous substances*

As the Group uses several chemical substances and mixtures in the course of its production processes, the Group is subject to Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (***REACH***) as importer or downstream user. The main objectives of REACH include improving the protection of human health and the environment from the risks that can be posed by chemicals and ensuring the free circulation of substances within the internal market of the EU.

EU authorities can impose restrictions on the manufacture, use or placing on the market of substances causing an unacceptable risk to human health or the environment. The substances restricted under REACH and the conditions of their restrictions are included in Annex XVII to REACH.

Manufacturers and importers must provide their downstream users with the risk information they need to be able to use the substance safely. This is done via the classification and labeling system and safety data sheets, where necessary. In this context, Regulation (EC) No. 1272/2008 on classification, labeling and packaging of substances and mixtures (***CLP***) may become relevant. CLP provides uniform requirements for the classification, labeling and packaging of chemical substances and mixtures.

13.2.3 Substance regulations and prohibitions for all products

Certain other substance regulations and prohibitions exist that apply to all products that are installed in motor caravans or caravans at the Group's responsibility or that are destined to be installed in motor caravans or caravans. For example, on a national level, the German Chemicals Prohibition Ordinance (*Chemikalien-Verbotsverordnung*, ***ChemVerbotsV***) stipulates special national requirements under German law in addition to REACH and CLP. The ChemVerbotsV contains prohibitions and restrictions in the trading and marketing of certain hazardous substances and mixtures as well as certain articles containing such substances or mixtures. In addition, the ChemVerbotsV lays out requirements to be met with respect to the required expertise for trading in certain hazardous substances and mixtures as well as certain articles containing such substances or mixtures.

On a European level, Regulation (EC) No 850/2004 on persistent organic pollutants aims to protect human health and the environment by prohibiting, phasing out as soon as possible, or restricting the production, placing on the market and use of substances subject to the Stockholm Convention on Persistent Organic Pollutants or the 1998 Protocol to the 1979 Convention on Long-Range Transboundary Air Pollution on Persistent Organic Pollutants. In addition, Directive 94/62/EC on packaging and packaging waste applies to packaging materials used by the Group. It sets out certain essential requirements that include the minimization of packaging volume and weight and restricts the concentration of heavy metals, such as lead, cadmium, mercury or hexavalent chromium in packaging materials.

13.2.4 Substance regulations and prohibitions for products in specific application areas

In addition to the substance regulations that may apply to all products, certain additional substance regulations and prohibitions may apply that are relevant only for products in specific application areas depending on, for example, the location where the delivered product will be installed and used in the motor caravan or caravan.

For example, Directive 2011/65/EU restricts the use of certain hazardous substances in electrical and electronic equipment. Electrical and electronic devices that are especially designed as a part of a motor caravan and supposed to be installed as such and that can only fulfill their function as a part of a motor caravan are exempt from these restrictions. The provisions of Directive 2006/66/EC on batteries and accumulators as well as waste batteries and accumulators include restrictions on the use of mercury, cadmium and lead in batteries and accumulators.

Standards and regulations regarding the quality of water for human consumption are set out in Directive 98/83/EC on the quality of water intended for human consumption which, in Germany, was transposed into the Drinking Water Regulation (*Trinkwasserverordnung*). All materials and components of caravans that come into contact with drinking water, such as water installations and kitchens may generally have to meet the requirements of the German Drinking Water Regulation.

The Group is also subject to Regulation (EU) No 995/2010 laying down the obligations of operators who place timber and timber products on the market (***Timber Regulation***). All materials and components that are made of timber or timber components, such as wall cladding or installations, may generally have to comply with the requirements of the Timber Regulation according to which it is particularly prohibited to import illegal timber and illegal timber products.

Finally, the Group may be subject to the requirements of Regulation (EU) No 528/2012 concerning the making available on the market and use of biocidal products (***Biocidal Regulation***).

The Biocidal Regulation standardizes the authorization of biocides and regulates the making available on the market and use of biocidal products that are used to protect humans, animals, materials or articles against harmful organisms by the action of the active substances contained in the biocidal product. All materials and components that were treated with substances with biocidal effects, e.g. toilet tanks or air lines for air-conditioning, may generally have to comply with the requirements of the Biocidal Regulation.

13.2.5 Disposal, reuse, recycling and recovery of motor vehicles

Regulatory requirements related to the disposal, re-use, recycling and recovery of motor vehicles, illustrative examples of which are set out below, apply to the Group's customers in the commercial vehicle industry. Further, the Knaus Tabbert Group is legally obliged to support its customers in fulfilling such requirements by continuously developing its products according to the customers' needs. In particular, Directive 2000/53/EC on end-of life vehicles (***ELV Directive***) sets out measures to prevent waste originating from vehicles and to promote the collection, re-use and recycling and other forms of recovery of end-of life vehicles and their components. In order to promote the prevention of waste, Member States shall encourage vehicle manufacturers like the Knaus Tabbert Group in liaison with material and equipment manufacturers to (i) reduce the use of hazardous substances when designing vehicles, (ii) design and produce vehicles that facilitate the dismantling, re-use, recovery and recycling of end-of-life vehicles, their components and materials, (iii) increase the use of recycled materials in vehicle manufacture, and (iv) ensure that materials and components of vehicles placed on the market after July 1, 2003 do not contain mercury, hexavalent chromium, cadmium or lead, except in a limited number of applications. In Germany, the ELV Directive was transposed into national law by the End-of-life Vehicle Regulation (*Altfahrzeug-Verordnung*).

13.2.6 Product safety and liability

The Knaus Tabbert Group must comply with applicable requirements on product safety. For example, on a European level, Directive 2001/95/EC on general product safety (***GPSD***) is the main legislation for product safety of consumer products and the respective market surveillance. It particularly applies in the absence of specific provisions among the EU regulations governing the safety of products concerned, or if legislation is insufficient. Under the GPSD, manufacturers may only place consumer products on the market that are "safe", i.e. they must provide for a high level of protection for the safety and health of persons taking into account the use of the product. In order to achieve a higher level of safety for consumer products, the market surveillance mechanisms provided for in the GPSD were reinforced as regards products presenting a serious risk in accordance with the principles established by Regulation (EC) No 765/2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products. However, on February 14, 2019, the EU proposed a new regulation on market surveillance and compliance of products due to concerns over the number of unsafe and non-compliant goods on the EU market, which could further strengthen market surveillance and intensify compliance controls.

Under the GPSD, manufacturers must also provide consumers with the necessary information in order to assess a product's inherent risks, particularly when these are not immediately obvious. In the event of potential product issues, manufacturers might be under an obligation to take precautions against such risks (for example, withdraw products from the market, inform consumers, recall products that have already been supplied to consumers etc.). Depending on the individual case, the GPSD may also apply to authorized representatives, importers, distributors and retailers of the products. Unsafe products may be listed in an EU-wide, publicly accessible database such as RAPEX or ICSMS.

In addition, the Knaus Tabbert Group is subject to provisions on product liability that can become relevant in cases concerning damage caused by a defective product manufactured by the Group. For example, Directive 85/374/EEC on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products (***Product Liability Directive***) generally applies to movables that have been industrially produced, whether or not incorporated into another movable or into an immovable. It establishes the principle of strict liability, i.e. liability without fault of the producer, in cases of damage caused by a defective product. The Product Liability Directive does, as a general rule, not restrict compensation for damage under national legislation.

In Germany, the GPSD has been implemented by the German Product Safety Act (*Produktsicherheitsgesetz*) and in various ordinances on the safety of specific products and product groups. The German Product Liability Act (*Produkthaftungsgesetz*) implements the Product Liability Directive with a limited producer's total liability of up to EUR 85 million resulting from a death or personal injury and caused by identical items with the same defect. Furthermore, liability claims for defective products could arise from contractual liabilities and general civil tort law. A violation of the requirements of European and/or national laws may be sanctioned with fines and, in severe cases, criminal sanctions.

13.3 Other laws and regulations

13.3.1 German Employee Inventor's Act

Under German law, rights to an invention made in the context of an employment relationship do not, upon their creation, automatically vest in or transfer to the employer. Instead, the employer must assume ownership in accordance with the mandatory procedures set out in the German Act on Employees' Inventions (*Arbeitnehmererfindungsgesetz*, ***ArbEG***). Under the law, for inventions made after October 1, 2009, assumption of ownership by the employer is presumed, unless the employer has explicitly released the invention within four months following notification. With regard to inventions made by managing directors the ArbEG is not applicable. Such inventions must be assigned to the company by assignment agreement.

If an employer claims the rights to an invention in accordance with the ArbEG, the employee has a claim against the employer to receive appropriate compensation which is specified by the Guidelines for the Compensation of Employee Inventions (*Richtlinien für die Vergütung von Arbeitnehmererfindungen*). Such compensation payment is calculated by taking into account the value of the invention for the employer's business and the contribution of the employer to such invention. Typically, compensation is paid in the form of a running royalty on the basis of generated turnover. The applied royalty rate is typically lower than what a third-party licensee would have to pay taking into account the relevant market conditions. However, if the invention is very important the remuneration payable to the employee inventor can be quite substantial.

13.3.2 Antitrust

The Knaus Tabbert Group has to comply with European and national antitrust laws. In Germany, the Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen,* ***GWB***) is the central national legislation of antitrust and competition laws. The purpose of the GWB is to maintain a competitive environment which allows for functioning and unhindered competition and is as diverse as possible. The GWB regulates and primarily combats accumulation and abuse of market power as well as the coordination and limitation of the competitive behavior of independent market participants. Violations of competition and antitrust laws can have various consequences, including the nullity of agreements, fines, absorption of benefits, and civil claims for damages.

13.3.3 Data protection

When processing personal data, the Knaus Tabbert Group is subject to Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (*General Data Protection Regulation,* ***GDPR***) and the respective implementation legislation within the national laws of the Member States, which in Germany is the Federal Data Protection Act (*Bundesdatenschutzgesetz*). Both the GDPR and the Federal Data Protection Act (*Bundesdatenschutzgesetz*) have been in force since May 25, 2018. The GDPR has significantly changed the legal framework for data protection in Europe and triggered additional compliance efforts and costs for German companies in general. A violation of obligations under the GDPR may constitute an administrative offense, which can result in fines or investigative measures imposed by the competent data protection authority.

13.3.4 Emissions laws

In order to meet the national climate targets under its Climate Protection Program 2030, the German Federal Government (*Bundesregierung*) announced to include vehicle emissions from the burning of fossil fuels in its new national carbon dioxide pricing and trading system. The system, which will start in 2021, introduces mandatory emission certificates (*Emissionszertifikate*) that will be sold to fossil fuel suppliers who are expected to pass the related costs on to the fossil fuel consumers, i.e. the vehicle users. Details are set out in the Fuel Emission Trading Act (*Brennstoffemissionshandelsgesetz*), which also sets a price path per ton of carbon dioxide. On May 25, 2020, the German Federal Government (*Bundesregierung*) passed a draft amendment act to the Fuel Emission Trading Act (*Brennstoffemissionshandelsgesetz*) that increases the prices for emission certificates to EUR 25 per ton of carbon dioxide in 2021 up to EUR 55 per ton of carbon dioxide in 2025. The price corridor for the auctioning of the emission certificates from 2026 onwards shall initially lie between EUR 55 and EUR 65 per ton of carbon dioxide.

14. SHAREHOLDER INFORMATION

14.1 Current shareholders

The following table sets forth all shareholders in the Company's share capital and voting rights as of the date of this prospectus.

		Beneficial (Indirect) Ownership of the Company		
			upon completion of the Offering	
Ultimate Controlling Shareholder	**Direct Shareholder**	**immediately prior to the Offering**	**(no exercise of the Greenshoe Option)**	**(full exercise of the Greenshoe Option)**
Willem Paulus de Pundert	H.T.P. Investments 1 B.V.(1)	58.08%	33.90%	30.17%
Klaas Meertens	Catalina Capital Partners B.V.(2)	38.72%	22.60%	20.11%
Wolfgang Speck	Palatium Beteiligungsgesellschaft mbH	3.20%	2.06%	2.06%
Total		**100.00%**	**58.56%**	**52.34%**

(1) The voting rights in the Company held by HTP are attributed to Willem Paulus de Pundert through Zuiderhoofd B.V. (Amsterdam, The Netherlands), Windroos B.V. (Amsterdam, The Netherlands), and Stichting Administratiekantoor Windroos (Amsterdam, The Netherlands).

(2) The voting rights in the Company held by Catalina are attributed to Klaas Meertens through the trustee of The Stratus Family Trust, the trust itself not having any legal personality. The voting rights held by Catalina are further attributed to the parent companies of the trustee of The Stratus Family Trust.

14.2 Controlling interest

HTP (ultimately controlled by Willem Paulus de Pundert) holds 58.08% of the share capital and voting rights in the Company and therefore holds a controlling interest in the Company as of the date of this prospectus.

Following completion of the Offering and assuming placement of all of the Offer Shares and full exercise of the Greenshoe Option, HTP will hold approximately 30.17% of the Company's share capital and voting rights.

15. GENERAL INFORMATION ON THE COMPANY AND THE GROUP

15.1 Formation and incorporation

The Company's predecessor was formed as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under the laws of Germany by memorandum of association dated October 22, 2008. Its legal name was "Marmor 235. V V GmbH" with its registered office in Munich, Germany, registered under number HRB 175866 with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany.

By decision of its shareholders dated January 23, 2009, as amended on February 12, 2009, the memorandum of association was revised. The Company's legal name was changed to "Knaus Tabbert GmbH" and the registered office was transferred from Munich, Germany to Jandelsbrunn, Germany. The change in legal name and the transfer of the registered office were registered under number HRB 7579 with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau, Germany.

On August 7, 2020, the Company's shareholders approved a resolution to change the Company's legal form to a German stock corporation (*Aktiengesellschaft*) under the legal name "Knaus Tabbert AG". The changes in legal form and name were registered with the commercial register (*Handelsregister*) on August 14, 2020 under the Company's new number HRB 11089. All these changes were effected in accordance with the applicable provisions of the German Transformation Act (*Umwandlungsgesetz*).

15.2 Registered office, website and LEI

The Company is incorporated as a stock corporation (*Aktiengesellschaft*) in Germany and subject to the laws of Germany. The Company's registered office is in Jandelsbrunn and its business address is at Helmut-Knaus-Straße 1, 94118 Jandelsbrunn (tel. +49 85 83 21 – 1). The Company's website is www.knaustabbert.de. Information contained on the Company's website, or any website mentioned in this prospectus, is not incorporated by reference into this prospectus and does not form part of this prospectus.

The Company's LEI is 391200V57NOSGK8UVW09.

15.3 Fiscal year and duration

The Company's fiscal year is the calendar year. The Company was established for an unlimited period of time.

15.4 Corporate object of the Company

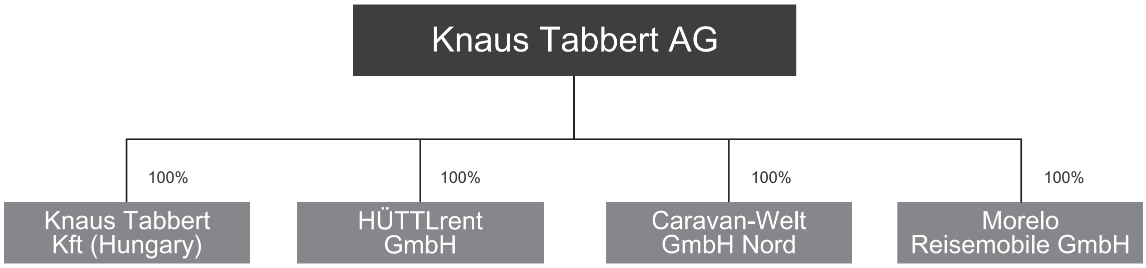
Pursuant to Section 2 of the Articles of Association, the Company's corporate object is the manufacture, trade and distribution of road vehicles, in particular caravans and motorhomes, camping articles of all kinds and other products for leisure purposes as well as facilities and equipment for camping sites and leisure facilities. The Company may also operate recreational and leisure facilities, in particular campsites. The Company may also entrust parts of its business to third parties. In particular, it may entrust the distribution of the road vehicles it manufactures.

To the extent permitted by law and not prohibited by the Articles of Association, the Company is entitled to take all actions and measures, engage in all transactions and conduct all business activities that relate to the object of the Company or are suitable for serving it directly or indirectly. It may also establish, acquire and participate in other companies in Germany and abroad as well as manage such companies or limit itself to the administration of the participation. It may have its operations, including participations held by it, wholly or partially managed by affiliated companies or transferred or outsourced to such companies, and may conclude intercompany agreements. The Company may also establish branches and permanent establishments in Germany and abroad. It may limit its activities to some of the areas of business specified in the paragraph above.

15.5 Commercial name and Group structure

The Company is the Group's parent company; the Group primarily operates under the commercial name "Knaus Tabbert". The business activities of the Group are conducted by the Company and its subsidiaries.

The following diagram provides a simplified overview of the Company's subsidiaries as of the date of this prospectus:



15.6 Significant subsidiaries

The following table provides an overview of the Company's significant subsidiaries. All such shareholdings are directly held by the Company. As of December 31, 2019, no amount was outstanding under the issued shares for each of the below listed subsidiaries.

Name	Registered seat	Company's share (directly and indirectly) in equity as of December 31, 2019 (in %)	Equity participations (HGB) as of December 31, 2019 (in EUR thousand)
Caravan-Welt GmbH Nord	Bönningstedt, Germany	100.00	1,025
HÜTTLrent GmbH	Maintal, Germany	100.00	2,489
Morelo Reisemobile GmbH	Schlüsselfeld, Germany	100.00	15,584
Knaus Tabbert Kft	Vac, Hungary	100.00	6,085*

* Converted from HUF 2,011 million.

Regarding the shareholdings held by the Company, there have been no changes since December 31, 2019.

15.7 Auditors

The Company appointed KPMG as (i) the statutory auditor of its unconsolidated financial statements to be prepared in accordance with HGB as of and for the fiscal year ending December 31, 2020, and (ii) the auditor of its consolidated financial statements to be prepared in accordance with IFRS as of and for the fiscal year ending December 31, 2020.

The Company appointed KPMG as (i) the statutory auditor of its unconsolidated financial statements as of and for the fiscal year ended December 31, 2019, prepared in accordance with HGB, and (ii) the auditor of its consolidated financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2017, each prepared in accordance with IFRS. In each case, KPMG has issued an unqualified auditor's report (uneingeschränkter Bestätigungsvermerk).

KPMG is a member of the Chamber of Public Accountants (Wirtschaftsprüferkammer), Rauchstraße 26, 10787 Berlin, Germany.

15.8 Announcements, paying agent

In accordance with the Articles of Association, the announcements of the Company are published in the German Federal Gazette (Bundesanzeiger), unless otherwise required by law.

In accordance with the Prospectus Regulation, announcements in connection with the approval of this prospectus or any supplements thereto will be published in the form of publication provided for in this prospectus, in particular through publication on the Company's website (www.knaustabbert.de).

The paying agent is Quirin Privatbank AG (LEI: 5299004IU009FT2HTS78). The mailing address of the paying agent is: Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany.

16. DESCRIPTION OF THE COMPANY'S SHARE CAPITAL AND APPLICABLE REGULATIONS

16.1 Provisions relating to the share capital of the Company

16.1.1 Current share capital, shares

As of the date of this prospectus, the share capital of the Company amounts to EUR 10,027,259.00 and is divided into 10,027,259 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), each representing a notional value of EUR 1.00 of the Company's share capital. The share capital has been fully paid up. The Company's shares were created pursuant to German law and are denominated in euro.

As of the date of this prospectus, the Company and its subsidiaries hold no shares in the Company, nor does a third party hold any shares of the Company on behalf, or for the account, of the Company.

Each share carries one vote at the Company's shareholders' meeting. There are no restrictions on voting rights and the shares carry full dividend entitlement.

16.1.2 Development of the share capital

The Company was founded on October 22, 2008 (with the initial legal name "Marmor 235. V V GmbH") and entered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich on October 27, 2008, as a limited liability company (*Gesellschaft mit beschränkter Haftung*) with a share capital of EUR 25,000.

On November 16, 2017, the shareholders' meeting of the Company resolved to increase the share capital from EUR 25,000.00 by EUR 3,897.00 to EUR 28,897.00 in order to effect the merger with H.T.P. Freizeitmobile GmbH. This capital increase was entered into the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau on November 23, 2017.

On August 7, 2020 the extraordinary shareholders' meeting of the Company resolved to increase the share capital from EUR 28,897.00 by EUR 9,998,362.00 to EUR 10,027,259.00 out of the Company's reserves (*Kapitalerhöhung aus Gesellschaftsmitteln*) in order to facilitate the trading of the Company's shares following the Offering. This capital increase was entered into the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau on August 13, 2020.

The share capital of the Company is expected to be increased by resolution at an extraordinary shareholders' meeting of the Company on September 21, 2020 against contribution in cash from EUR 10,027,259.00 by up to EUR 350,000.00 to up to EUR 10,377,259.00 for the purposes of creating the Primary Base Shares. It is anticipated that the implementation of this capital increase will be registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau on or about September 22, 2020.

16.1.3 Authorized capital

As of the date of this prospectus, the Company has an authorized capital pursuant to the Articles of Association in conjunction with Section 202 of the German Stock Corporation Act (*Aktiengesetz*). Pursuant to these Sections, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital on or before August 6, 2025, on one or more occasions, by up to EUR 5,000,000.00 through the issuance of up to 5,000,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) in return for contributions in cash or in kind (the ***Authorized Capital***).

As of the date of this prospectus, the Company has not made use of the Authorized Capital.

Shareholders will generally be granted a subscription right, unless the Management Board exercises the authorizations described below to exclude subscription rights, subject to the consent of the Supervisory Board. In the event of capital increases against cash contributions, the new shares may also be taken up by a credit institution or a financial institution operating pursuant to Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 the German Banking Act (*Kreditwesengesetz*) or a syndicate of such credit or financial institutions, in each case as determined by the Management Board, subject to an undertaking to offer the shares to shareholders for subscription (indirect subscription right).

The Management Board is furthermore authorized, in each case subject to the Supervisory Board's approval, to exclude the subscription rights of shareholders one or multiple times in each of the following cases:

- to the extent necessary in order to even out fractional amounts in the case of capital increases against cash or non-cash contributions;
- in the case of capital increases against contributions in kind for the purposes of business combinations or acquisitions of companies, company assets, operations or shares in companies, industrial property rights (i.e. patents, utility models, trademarks or licenses thereto) or other product rights; or
- in the case of capital increases against cash contributions, if the amount for which the new shares are issued does not significantly fall short of the market price of shares of the same class at the time of final determination of the amount for which the shares are issued (simplified exclusion of subscription rights in accordance with Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*)). The shares issued under exclusion of the subscription right in accordance with Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*) may not exceed 10% of the share capital existing at the time when the authorization enters into effect or when the authorization is exercised. This upper limit of 10% of capital stock shall be reduced by the prorated amount of the capital stock attributable to those shares sold as treasury shares during the period of effectiveness of this authorization under the exclusion of the subscription right in accordance with Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*).

The proportionate amount of the share capital attributable to shares which are issued under exclusion of the subscription right of the shareholders in exchange for cash contributions or contributions in kind may not exceed in total 50% of the share capital of the company existing at the time the shareholder's meeting passes the resolution. Subject to any renewed authorization on the exclusion of the subscription right passed by a future shareholder's meeting, those shares which are issued during the period of effectiveness of this authorization under the exclusion of the subscription right under any other authorization will be credited against this limit.

The Management Board is further authorized, subject to the approval by the Supervisory Board, to determine the remaining details regarding any such authorized capital and the conditions for the issuance of shares. The Supervisory Board is authorized to amend the wording of Section 4 of the Articles of Association following the completion, in whole or in part, of a capital increase out of Authorized Capital.

16.1.4 Conditional Capital

An extraordinary shareholders' meeting of the Company on September 21, 2020 is expected to resolve to insert a conditional share capital into the Articles of Association in accordance with Sections 192 et seqq. of the German Stock Corporation Act (*Aktiengesetz*). Pursuant to these Sections, the share capital of the Company may be increased, subject to certain conditions, by up to EUR 5,000,000.00, by issuing up to 5,000,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) (the ***Conditional Capital***).

The sole purpose of the Conditional Capital is to grant new shares to the holders or creditors of convertible and/or option bonds, participation rights and/or participating bonds (or combinations of these instruments), which would be issued by the Company or by a subordinate Group company on the basis of the authorization expected to be resolved by the extraordinary shareholders' meeting on the same day as the Conditional Capital in return for cash contributions by September 20, 2025. The new shares would be issued at the option or conversion price to be determined in each case in accordance with the authorization resolution described above.

The conditional capital increase would be carried out only in the event that bonds that are structured with option or conversion rights or obligations are issued, only in accordance with the authorization expected to be resolved by the extraordinary shareholders' meeting on the same day as the Conditional Capital, and only insofar as use is made of option or conversion rights or holders of bonds required to convert them or to exercise an option to fulfill their obligation to convert them or exercise their option or if the Company exercises an option to grant no-par value shares of the Company in full or in part in lieu of payment of the monetary amount that is due. The conditional capital increase would not be carried out if a cash settlement is granted or treasury shares, shares from authorized capital or shares from another listed company are used to service the increase.

The newly issued shares would participate in the profit of the Company from the beginning of the fiscal year in which they are created. To the extent permissible by law, the Management Board is entitled, subject to the approval by the Supervisory Board, to depart from this provision and from Section 60 para. 2 of the German Stock Corporation Act (*Aktiengesetz*), and can also determine an entitlement to profit participation for a fiscal year that has already ended.

The Management Board is authorized, subject to the approval by the Supervisory Board, to determine the remaining details for any such conditional capital increase. The Supervisory Board is authorized to amend the wording of the Articles of Association in accordance with the respective utilization of the Conditional Capital.

16.2 Authorization to issue convertible bonds and option bonds

On or about September 21, 2020, the extraordinary shareholders' meeting of the Company authorized the Management Board, subject to the approval by the Supervisory Board, to issue once or several times in return for cash, on or before September 20, 2025, bearer or registered convertible bonds and option bonds, participation rights, or participating bonds, or combinations of these instruments (together referred to hereinafter as the ***bonds***) for an aggregate nominal amount of up to EUR 400 million, with or without a definite maturity date, and to impose option obligations on the holders or creditors (together referred to hereinafter as the ***holders***) of option bonds, option participation rights, or option participating bonds, or to grant conversion rights or impose conversion obligations for up to 5,000,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) of the Company with a proportionate amount of the capital stock of up to EUR 5,000,000.00, in accordance with the respective bond conditions.

The bonds may be denominated in euro or in the legal currency of another OECD country provided the equivalent amounts to those stated above in euros are not exceeded. The bonds can also be issued by a subordinate Group company. In this case, the Management Board is authorized, subject to the approval by the Supervisory Board, to guarantee the bonds on behalf of the Company and to grant or impose on holders of the bonds conversion or option rights or obligations for new ordinary bearer shares (*Inhaberaktien*) with no-par value (*Stückaktien*) of the Company.

Shareholders are generally granted a subscription right to the bonds. If shareholders are not granted a direct subscription right, the statutory subscription right will be granted to shareholders in such a manner that the bonds will be issued to a credit institution, a financial institution or a syndicate of such credit or financial institutions, subject to the obligation to offer the bonds to shareholders for subscription. If the bonds are issued by a subsidiary of the Company, the Company must ensure that the Company's shareholders are granted subscription rights in line with the above sentence.

However, the Management Board is authorized, subject to the approval by the Supervisory Board, to exclude the shareholders' subscription right for fractional amounts resulting from the subscription ratio and also to exclude the subscription right to such extent as this is necessary in order to grant holders of bonds option or conversion rights or option or conversion obligations that have been issued by the Company or by subsidiaries of the Company, a right to subscribe for new bonds to the extent to which they would be entitled to as shareholders after exercising their option or conversion rights or, as the case may be, after fulfillment of their option or conversion obligations.

The Management Board is further authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' subscription right in its entirety for bonds issued against cash payment and with option or conversion rights or option or conversion obligations, if the Management Board, after due examination, comes to the conclusion that the issue price of the bond is not significantly lower than the hypothetical market price of the bond as determined in accordance with generally accepted, in particular financial mathematical, methods. However, this authorization to exclude the subscription right only applies to bonds with option or conversion rights or option or conversion obligations for shares with a proportionate amount of the capital stock which may not exceed 10% of the capital stock at the time when the authorization becomes effective or – if the value is lower – at the time when the authorization is exercised. The aforementioned 10%-limit includes shares that were issued or sold with an exclusion of subscription rights directly or indirectly pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*) during the term of the authorization up to the time of issuance of bonds with option or conversion rights or option or conversion obligations with an exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*).

If participation rights or participating bonds are issued without an option or conversion right or an option or conversion obligation, the Management Board is authorized, subject to the approval by the Supervisory Board, to exclude the shareholders' subscription right in its entirety if these participation rights or participating bonds are structured in a way similar to bonds, i.e. they do not provide for any shareholder rights in the Company or grant any share in the liquidation proceeds, and the amount of interest rate is not calculated on basis of net income, net retained profit or dividends. In addition, the interest rate and the issue price of profit participation rights or participating bonds must correspond to the market conditions prevailing at the time of issuance.

In the event that option bonds are issued, one or more options shall be attached to each bond (such bond, a ***partial bond***) that entitle the holder to subscribe to ordinary bearer shares (*Inhaberaktien*) of the Company with no par value (*Stückaktien*) under the bond conditions that are determined by the Management Board. For option bonds issued by the Company and denominated in euro, the bond conditions may stipulate that the option price can also be settled by the transfer of partial bonds and, as the case may be, an additional cash payment. The proportionate amount of the capital stock attributable to the shares to be issued for each partial bond may not exceed the nominal value of the partial bond. If there are fractional amounts of shares, it can be stipulated that these fractions can be added together, in accordance with the bond conditions, in return for an additional cash payment, as the case may be, for the purpose of acquiring whole shares. The same applies in the event options are attached to a profit participation right or a participating bond.

If convertible bonds are issued, the holders of the partial bonds are granted the right to convert their partial bonds into ordinary bearer shares (*Inhaberaktien*) of the Company with no par value (*Stückaktien*) in accordance with the convertible bond conditions as determined by the Management Board. The conversion ratio is determined by dividing the nominal value or the partial bond's issue price that is below the nominal value by the conversion price that has been set for a bearer share (*Inhaberaktie*) of the Company with no par value (*Stückaktie*) and can be rounded up or down to a whole number. Furthermore, the convertible bond conditions can set out that an additional cash payment has to be made for non-convertible fractional amounts and that these are to be consolidated or otherwise compensated. The convertible bond conditions may stipulate that the conversion ratio is variable and that the conversion price will be calculated (subject to the minimum price as determined below) within a predetermined range, depending on the performance of the Company's shares during the term of the bond. The same shall apply for convertible participation rights and convertible participating bonds.

The option or conversion price, as determined for a share of the Company, must be – except for cases in which an option or conversion obligation or a right to delivery of shares is provided for – equivalent to at least 80% of the volume-weighted average closing price of the Company's shares on the electronic trading system on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during the last ten trading days before the day of the Management Board's resolution on the issuance of the bond or – if a subscription right is granted – at least 80% of the volume-weighted average price of the Company's shares on the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during the subscription period, except for the days during the subscription period that are required for the timely announcement of the option or conversion price pursuant to Section 186 para. 2 sentence 2 of the German Stock Corporation Act (*Aktiengesetz*). Section 9 para. 1 and Section 199 of the German Stock Corporation Act (*Aktiengesetz*) remain unaffected.

The bond conditions may also provide for a conversion obligation or option obligation at the end of the term (or at another point in time) or for the right of the Company to grant holders of the bonds, upon the final maturity of the bond to which option or conversion rights or obligations are attached (including maturity due to termination), in whole or in part, shares of the Company or shares of another listed company in lieu of payment of the cash amount due. In these cases, the option or conversion price can, under the more detailed terms of the bond conditions, be equivalent to the volume-weighted average closing price of the Company's shares on the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during the ten trading days before or after the final maturity date, even if this average price is below the minimum price stated above. The proportionate amount of the capital stock of the Company's shares to be issued upon conversion or exercise of the option may not exceed the nominal value of the bonds. Compliance with Section 9 para. 1 and Section 199 para. 2 of the German Stock Corporation Act (*Aktiengesetz*) is necessary.

The authorization of the Management Board also includes the possibility that the more detailed terms of the bond conditions can under certain circumstances provide for protection against dilution or adjustment mechanisms, provided that such adjustments are not already regulated by law. Measures for protection against dilution and adjustment mechanisms may address, in particular, the event that the Company's capital changes during the term of the bonds (for example due to a capital increase or decrease, or a share split), but may also apply in connection with dividend payments, the issuance of further convertible or option bonds, as well as in case of extraordinary events that occur during the term of the bonds or the option bonds (for example, a change of control). Measures for protection against dilution and adjustment may include, in particular, granting subscription rights, changing the conversion or option price, and changing or granting cash components. Section 9 para. 1 and Section 199 of the German Stock Corporation Act (*Aktiengesetz*) remain unaffected.

The bond conditions may also stipulate that the bond that carries option or conversion rights can be converted at the Company's discretion into new shares from authorized capital or into existing shares of the Company or into shares of another listed company, instead of being converted into new shares from conditional capital, or that the option right can be fulfilled by delivering such shares or that an option obligation can be settled with the delivery of such shares. The bond conditions can also stipulate that the Company has the right to pay a cash amount instead of granting new shares in the event of a conversion or the exercise of an option.

The Management Board is authorized, subject to the approval by the Supervisory Board, to further specify the details of the issuance and structure of the bonds, in particular with regard to the interest rate, issue price, term and denomination, provisions for protection against dilution, the option or conversion period and, within the aforementioned framework, the option and conversion price, or to specify such details in agreement with the corporate bodies of the Group company issuing the option or convertible bond.

16.3 Authorization to acquire treasury shares

The Company may not acquire its own shares unless authorized by a shareholders' meeting or in other very limited circumstances as set out in the German Stock Corporation Act (*Aktiengesetz*). Shareholders may not grant a share repurchase authorization that is valid for more than five years. The rules of the German Stock Corporation Act (*Aktiengesetz*) generally limit repurchases to 10% of the share capital and re-sales must generally be made either on a stock exchange, in a manner that treats all shareholders equally or in accordance with the rules that apply to subscription rights relating to a capital increase.

The Company's extraordinary shareholders' meeting on September 21, 2020 is expected to authorize the Company to acquire for any purpose permissible, on or before September 20, 2025, treasury shares of up to a total maximum of 10% of the share capital existing at the time of the adoption of the resolution or – if such amount is lower – at the time the authorization is exercised. The authorization can be exercised individually or jointly, by the Company or also by one of its subordinate Group companies, or by third parties on behalf of the Company or on behalf of its subordinate Group companies. The authorization to acquire and use own shares can be exercised in whole or in part, once or multiple times.

The shares acquired based on this authorization, together with other shares of the Company which are in the possession of the Company or are attributable to it pursuant to Sections 71a et seq. of the German Stock Corporation Act (*Aktiengesetz*), may at no time exceed 10% of the Company's share capital. At the discretion of the Management Board, such acquisition may be conducted (i) through a stock exchange or (ii) by means of a public offer directed at all shareholders or a public solicitation to submit offers (***Acquisition Offer***).

- If the acquisition is conducted through a stock exchange, the consideration paid by the Company for each of the Company's shares (excluding incidental acquisition costs) may not be more than 10% higher or lower than the price of the Company's shares, as determined by the opening auction on the trading date, in the Xetra trading system (or a comparable successor system) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

- If the acquisition is made by way of an Acquisition Offer, the purchase or sales price offered, or the maximum amount of the purchase or sales price range per share (excluding incidental purchasing costs), may not be more than 10% higher or lower than the average of the closing auction price in the Xetra trading system (or a comparable successor system) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) over the three stock trading days before the date of the public announcement of the offer or the public request to submit a sales offer. If there is significant deviation from the relevant price after publication of a purchase offer, the offer can be adjusted. In this case, the average price over the three stock trading days before the date of publication of any adjustment will be the reference figure and the 10% ceiling must be applied to this amount. If the purchase offer is oversubscribed, or in the event of a request to submit a sales offer, if multiple identical offers are submitted but not all can be accepted, acceptance must be based on the ratio of shares tendered (tendering ratios). In addition, numbers can be rounded down to avoid fractional shares.

The authorization to acquire treasury shares can be exercised for any legally permissible purpose, particularly in pursuit of one of more of the purposes set out below, under exclusion of the subscription rights of the shareholders, and can be exercised individually or jointly, by the Company or a subsidiary Group company, or by third parties on behalf of the Company or on behalf of any subsidiary Group company:

- The Management Board is authorized, with the consent of the Supervisory Board, to sell shares acquired under the above authorization in another manner than through the stock exchange or by submitting an Acquisition Offer, provided that the sale is made for cash and at a price that is not significantly lower than the stock exchange price of the Company's shares at the time of sale (simplified exclusion of subscription rights under Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*)). The shares sold pursuant to this authorization cannot exceed 10% of the share capital, either at the time the resolution is adopted at the annual shareholders' meeting or when this authorization is exercised. The ceiling of 10% of capital stock shall be reduced by the pro-rated amount of the capital stock attributable to those shares issued during the period of effectiveness of this authorization under the exclusion of the subscription right in direct or analogous application of Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*). Furthermore, this ceiling is decreased by shares that have been or must be issued in order to satisfy option or conversion rights, if the bonds were granted or imposed under exclusion of the subscription right in accordance with Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktiengesetz*) during the period of effectiveness of this authorization.

- The Management Board is authorized, with the consent of the Supervisory Board, to transfer the shares acquired under the above authorization to third parties for contribution in kind, particularly for the acquisition of companies, parts of companies, or interests in companies or for business combinations, as well as for the acquisition of other assets, including rights and claims.

- The Management Board is authorized, with the consent of the Supervisory Board, to use the shares acquired under the above authorization to meet obligations under conversion or option rights or conversion obligations under convertible or option bonds issued by the Company or a subsidiary Group company, or under participation rights or participation bonds (or combinations of these instruments) that grant a conversion right or option right or stipulate a conversion or option obligation.

- The Management Board is authorized, with the consent of the Supervisory Board, to use the shares acquired under the above authorization in order to grant holders of convertible or option bonds issued by the Company or a subsidiary Group company, or under participation rights or participation bonds (or combinations of these instruments) that grant a conversion right or option right or stipulate a conversion or option obligation, shares in the amount they would be entitled to after exercising the conversion or option right, or to which they would have a subscription right after fulfillment of the conversion or option obligation.

- The Management Board is authorized to offer the shares acquired under the above authorization to persons who are or were employed by the Company or one of its affiliated companies for purchase (employee shares).

Additionally, in the event of a sale of shares with an offer to all shareholders, the Management Board can exclude the subscription right of the shareholders for fractional amounts with the consent of the Supervisory Board.

The Management Board is authorized to redeem the shares acquired under the above authorization without any further resolution by the shareholders' meeting. Generally, such a redemption will result in a reduction of capital. The Management Board is then authorized to change the definition of the number of shares in the Articles of Association. The Management Board can, however, declare that the share capital shall remain unchanged. In that case, the redemption will instead result in an increase of the remaining shares' proportion of the share capital under Section 8 para. 3 of the German Stock Corporation Act (*Aktiengesetz*).

In each case, the Management Board must inform the shareholders' meeting about the utilization of the above authorizations, in particular about the reasons for and the purpose of the acquisition of treasury shares, the number of treasury shares acquired and the amount of the share capital attributable to them, the portion of the share capital represented by them and the equivalent value of the shares.

16.4 General provisions governing a liquidation of the company

Apart from liquidation as a result of insolvency proceedings, the Company may be liquidated by a resolution of the shareholders' meeting to dissolve the Company followed by a liquidation procedure. The resolution of the shareholders' meeting requires a simple majority of the votes cast, as well as a majority of at least three quarters of the share capital represented at the time the resolution is adopted. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), in the event of liquidation, the assets remaining after all Company liabilities have been satisfied are distributed among the shareholders proportionally to their interest in the Company's share capital. Certain restrictions, in particular restrictions for the benefit of creditors, must be observed.

16.5 General provisions governing a change in the share capital

Under the German Stock Corporation Act (*Aktiengesetz*), a German stock corporation (*Aktiengesellschaft*) requires that a resolution of the shareholders' meeting be passed by a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is adopted, to increase its share capital. However, Section 20 of the Articles of Association provides that resolutions of the shareholders' meeting shall be passed with a simple majority of the votes cast, and, in so far as a majority of the share capital is necessary, with a simple majority of the registered share capital represented at the time the resolutions are adopted, unless a higher majority is required by mandatory law or by the Articles of Association. Accordingly, certain capital measures that do not mandatorily require a majority of at least 75% of the share capital represented at the vote, such as capital increases from the Company's own funds, may be adopted by a simple majority.

The shareholders' meeting can resolve to create authorized capital. This requires a resolution passed by a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is adopted, and subject to the approval by the Supervisory Board, authorizing the Management Board to issue shares up to a certain amount within a maximum period of five years. The total amount of the authorized capital created by the shareholders' meeting may not exceed 50% of the share capital existing at the time of the resolution. For details on the Company's Authorized Capital see "*16.1.3. Authorized capital*".

In addition, the shareholders' meeting can resolve to create conditional capital by way of a resolution passed with a majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is adopted, but only for the purposes of issuing (i) conversion or subscription rights to holders of convertible bonds, (ii) shares as consideration in a merger with another company, or (iii) subscription rights to employees or members of management of the Company or an affiliated company. The total amount of conditional capital may not exceed 10% of the share capital at the time the resolution is adopted in cases where it is created to issue shares to managers and employees, and may not exceed 50% in all other cases.

The shareholders' meeting may also resolve to decrease the share capital of the Company. Resolutions to decrease share capital require a simple majority of the votes cast, as well as a majority of at least 75% of the share capital represented at the time the resolution is adopted.

16.6 General provisions governing subscription rights

According to Section 186 of the German Stock Corporation Act (*Aktiengesetz*), all shareholders have subscription rights, which correspond to their existing proportionate participation in the company's share capital and relate to the issuance of new shares issued in the context of a capital increase. The same applies with regard to convertible bonds, bonds with warrants, profit participation rights and participation bonds. In general, subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. The subscription rights of the Company's shareholders may be excluded upon resolution by the shareholders' meeting with a majority of the votes cast and a majority of at least 75% of the share capital represented at the time the resolution is adopted. Such an exclusion of subscription rights further requires a report by the Management Board setting forth the reasons why the Company's interest in excluding the subscription rights outweighs the interest of the shareholders in retaining their subscription rights. Under the German Stock Corporation Act (*Aktiengesetz*), the exclusion of subscription rights with respect to the issuance of new shares is deemed permissible in particular if the Company increases its share capital against cash payment, with the amount of the capital increase not exceeding 10% of the existing share capital, and the issue price of the new shares being issued is not materially lower than the stock exchange price of the Company's existing shares.

16.7 Exclusion of minority shareholders

According to Sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz*), which govern the so-called "squeeze-out" of minority shareholders or "squeeze-out under stock corporation law", the shareholders' meeting of a stock corporation (*Aktiengesellschaft*) may resolve, upon request of a shareholder holding at least 95% of the share capital (majority shareholder), that the shares held by the remaining minority shareholders be transferred to the majority shareholder against payment of an adequate cash compensation. The amount of cash compensation to be granted to the minority shareholders must reflect the situation of the company at the time the resolution is adopted by the shareholders' meeting. The true value of the company determines the amount of cash compensation, which is generally calculated using the capitalized earnings method (*Ertragswertmethode*). The minority shareholders are entitled to initiate valuation proceedings (*Spruchverfahren*), in the course of which the fairness (*Angemessenheit*) of the cash compensation is reviewed.

If the majority shareholder of the stock corporation (*Aktiengesellschaft*) is itself a stock corporation (*Aktiengesellschaft*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien*), or a European company (*Societas Europea*), in each case having its registered office in Germany, a squeeze-out in accordance with Sections 327a et seq. of the German Stock Corporation Act (*Aktiengesetz*) may be effectuated under certain circumstances and according to the German

Transformation Act (*Umwandlungsgesetz*) providing for this so-called “squeeze-out under transformation law”, in order to facilitate an upstream merger of the stock corporation (*Aktiengesellschaft*) into the majority shareholder. Pursuant to Section 62 of the German Transformation Act (*Umwandlungsgesetz*), a majority shareholder holding at least 90% of the share capital is able to request the shareholders’ meeting to approve the squeeze-out within three months of the conclusion of the merger agreement. The procedure for the squeeze-out is essentially identical to the squeeze-out under stock corporation law described above, including the minority shareholders’ right to have the fairness (*Angemessenheit*) of the cash compensation reviewed.

In addition, according to Sections 39a and 39b of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), providing for a so-called “squeeze-out under takeover law”, an offeror holding at least 95% of the voting share capital of the target company (as defined in the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*)) after a takeover or mandatory public offer, may within three months of the expiry of the deadline for acceptance of the offer, request the transfer of the remaining voting shares to it by court order against payment of an adequate compensation. A resolution by the shareholders’ meeting is not required. To this end, the compensation guaranteed as part of the takeover or mandatory public offer is deemed adequate if, on the basis of the offering, the bidder has acquired shares amounting to at least 90% of the share capital affected by the offering. The nature of the compensation must be the same as the consideration paid under the takeover bid or mandatory offer; a cash alternative must be offered to shareholders in any event.

Furthermore, according to Section 39c of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), the shareholders of a target company who have not accepted the offering can accept it within a further three months after the acceptance period of the takeover or mandatory public offer has expired (“sell-out”), if the offeror has the right to file an application for the transfer of the outstanding voting shares in accordance with Section 39a of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been completed.

The German Stock Corporation Act (*Aktiengesetz*) further provides for what is called the integration of stock corporations (*Eingliederung*). Pursuant to the provisions of Sections 319 et seq. of the German Stock Corporation Act (*Aktiengesetz*), the shareholders’ meeting of a stock corporation (*Aktiengesellschaft*) may resolve to integrate another company, provided that the future principal company (*Hauptgesellschaft*) is a German stock corporation (*Aktiengesellschaft*) and holds at least 95% of the shares of the company to be integrated. The shareholders of the integrated company are entitled to an adequate compensation that must generally be granted in the form of shares of the principal company. The amount of compensation is determined by the so-called merger value ratio (*Verschmelzungswertrelation*) between the companies, i.e. the exchange ratio, which would be considered adequate if the two companies had merged. If the principal company is a controlled company (i.e. a legally separate company over which another company is able to exert, directly or indirectly, a controlling influence), the shareholders of the integrated company may also request an adequate cash compensation instead of compensation in form of shares of the principal company.

16.8 Mandatory takeover bids

Upon admission of the Company’s shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is subject to the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), according to which every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company must publish this fact, including the percentage of its voting rights, within seven calendar days by publication on the internet and through electronic media for disseminating financial information. Subsequently, such person must submit a mandatory public tender offer to all shareholders of the Company, unless the BaFin has granted an exemption from this obligation. The German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) contains provisions relating to the attribution and aggregation of voting rights in order to ensure that the shares are attributed to the person actually controlling the voting rights attached thereto. If a person fails to give notice of reaching or exceeding the 30% threshold or fails to submit a mandatory public tender offer, such person is barred from exercising shareholder rights (including voting rights and, in certain cases, the right to collect dividends and liquidation proceeds) for the duration of non-compliance. In addition, BaFin may impose a fine in connection with such non-compliance.

16.9 Shareholder notification requirements

Upon admission of the Company's shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is subject to the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Pursuant to Section 33 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), anyone who acquires, sells, or whose shareholding in any other way reaches, exceeds, or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, or 75% of the voting rights in an issuer whose home country (*Herkunftsstaat*) is Germany and whose shares are admitted to trading on an organized market must without undue delay, and no later than within four trading days of such occurrence, concurrently notify the issuer and BaFin. The notice period commences at the time that the person or entity subject to the notification requirement (*Meldepflichtiger*) has knowledge or, in consideration of the circumstances, should have had knowledge that his or her voting rights reach, exceed or fall below the aforementioned thresholds. The German Securities Trading Act (*Wertpapierhandelsgesetz*) contains a conclusive presumption that the person or entity subject to the notification requirement (*Meldepflichtiger*) has knowledge two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares pursuant to Section 33 para. 3 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). In 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 of such change, or upon the publication of the revised total number of voting rights by the Company, at the latest. The notice period commences at a later time only in case that the voting rights reach, exceed or fall below the thresholds as a result of a change affecting all voting rights. In such cases the notification requirement begins immediately when the obligation to transfer such ownership is determined (*ohne zeitliche Verzögerung*).

For purposes of the notification requirements, Section 34 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) contains various rules of attribution (*Zurechnung*) regarding voting rights of certain persons associated with the shareholder or acting in concert with the shareholder. For example, shares held by a subsidiary (as defined in Section 35 of the German Securities Trading Act (*Wertpapierhandelsgesetz*)) are attributed to the parent company or shares held by a third company for the account of another company are attributed to the latter. Furthermore, any kind of cooperation and/or acting in concert among shareholders that is intended to effect a permanent and material change in the business strategy of the Company can result in the attribution of voting rights. Although such cooperation and/or acting in concert does not necessarily have to specifically concern the exercise of voting rights, coordinating in individual cases is not considered as acting in concert and will not trigger the attribution of voting rights.

Section 38 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) provides for similar obligations to notify the Company and BaFin for reaching, exceeding or falling below the abovementioned thresholds (except for the 3% threshold) applicable to direct and indirect holders of certain financial instruments other than shares, that grant upon maturity an unconditional right to acquire already issued voting shares of the Company, a discretionary right to acquire such shares, or financial instruments that refer to such shares and have a similar economic effect. Pursuant to Section 38 para. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz)* such financial instruments include, among others, transferable securities, options, futures, swaps, forward rate agreements and contracts for difference. The number of voting rights with respect to the notification requirement is generally calculated by reference to the full nominal amount of shares underlying the financial instrument except where the financial instrument provides for cash settlement only. Details for such calculations are laid down in the Commission Delegated Regulation (EU) 2015/761 supplementing Directive 2004/109/EC with regard to certain regulatory technical standards on major holdings.

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 German Securities Trading, Voting Rights Notification and Insider List Regulation (*Wertpapierhandelsanzeigeverordnung*). The notice can be submitted either in German or English by means of electronic transmission; in case of technical impossibility in writing or via fax. The notice must include, irrespective of the event triggering the notification: (i) the number of voting rights and the proportion of total voting rights, (ii) the number of financial instruments and the proportion of total financial instruments and (iii) the aggregate number of voting rights and financial instruments and the proportion of total voting rights and financial instruments held by or attributed to the notifying person or entity. In addition, the notice must include certain attribution details, such as, 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, if voting rights or financial instruments are attributed.

As a domestic issuer, the Company must publish such notices via media outlets or outlets where it can be assumed that the notice will be disseminated in the EU and the non-EU parties to the agreement on the EEA (so-called "*Medienbündel*") without undue delay, but no later than three trading days after receipt. The Company must also transmit the notice to BaFin, specifying the time of publication and the media used, as well as to the German Company Register (*Unternehmensregister*) for storage.

There are certain exceptions to the notification requirements. For example, a company 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*). Furthermore, pursuant to Section 36 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), shares or financial instruments held for trading by a credit institution or a credit securities services company with a registered seat in a Member State or another member state of the EEA are not taken into account for determining the threshold for notification obligations or the proportion of voting rights held, provided that it is ensured that the voting rights held by such entities are not exercised and they amount to no more than 5% of the voting shares, or do not grant the right to purchase more than 5% of the voting shares, or do not have a similar economic effect.

The notification requirement under Section 33 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) applies *mutatis mutandis* to holders of voting rights within the meaning of Section 33 and financial instruments within the meaning of Section 38 of the German Securities Trading Act (*Wertpapierhandelsgesetz*). Notifiable holdings pursuant to Sections 33 and 38 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) must be aggregated, leading to a notification obligation for an aggregate total of voting rights above a 5% threshold pursuant to Section 39 of the German Securities Trading Act (*Wertpapierhandelsgesetz*) held by a single issuer.

Furthermore, pursuant to Section 43 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), a person or entity subject to the notification requirement (*Meldepflichtiger*) who reaches or exceeds the threshold of 10% of the voting rights or a higher threshold, is obligated to notify the issuer within 20 trading days of the objective of the acquisition of voting rights, as well as of the source of the funds used for the purchase. Changes with regard to such objectives must also be reported within 20 trading days. In calculating whether the 10% threshold has been reached or exceeded, the attribution rules mentioned above apply. An issuer may stipulate in its articles of association that the aforementioned disclosure requirement does not apply. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation.

In case the disclosure requirements described above are not met, shareholder rights (including voting rights and, in certain cases, the right to collect dividends and liquidation proceeds) are – subject to certain exceptions – suspended for the duration of non-compliance. If the failure to comply with the disclosure requirements specifically relates to the share of voting rights and is the result of a willful or grossly negligent conduct, the suspension period is extended by six months after the person or entity subject to the notification requirement (*Meldepflichtiger*) files the required notification. In addition, BaFin may impose a fine if a required notification is incomplete or incorrect, not made at all, not made in the right manner or not made in a timely fashion. BaFin has also the right to publish decisions on sanctions and measures with regard to violations of the disclosure obligations and persons responsible for such violations.

16.10 Disclosure of Transactions of Persons Discharging Management Responsibilities

Pursuant to Article 19 of the MAR, persons discharging managerial responsibilities (***Executives***) shall notify the Company and BaFin of every transaction conducted on their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto (so-called “managers’ transactions”). The same applies to persons closely associated with Executives. Transactions that must be notified include, among other things, pledging or lending financial instruments, transactions undertaken by any person professionally arranging or executing transactions on behalf of an Executive or by a closely associated person, including where discretion is exercised, and transactions made under a life insurance policy. The notification requirement applies to any subsequent transaction once a total amount of EUR 20,000 has been reached within a calendar year. Notification shall be made promptly and no later than three business days after the date of the transaction.

For the purposes of the MAR, Executive means a person within the company who is a member of the administrative, management or supervisory body of the company or a senior executive who is not a member of such bodies but who has regular access to inside information relating directly or indirectly to the company and who has power to take managerial decisions affecting the future developments and business prospects of the company. A person closely associated with an Executive means a spouse, a registered civil partner (*eingetragener Lebenspartner*), a dependent child, as well as a relative who has shared the same household for at least one year on the date of the transaction concerned. A person closely associated also includes a legal person, trust, or partnership, the managerial responsibilities of which are discharged by an Executive of the Company or by another person closely associated with him. Finally, the term includes a legal person, trust, or partnership, which is directly or indirectly controlled by an Executive of the Company or by another person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

The company must ensure that the information of which it is notified is made public promptly, but in any case, no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with European Securities and Markets Authority’s implementing technical standards. Furthermore, according to the German Securities Trading Act (*Wertpapierhandelsgesetz*), the company must transmit the information to the German Company Register (*Unternehmensregister*) and notify BaFin without undue delay. Non-compliance with the notification requirements may result in a fine.

16.11 Post-Admission Disclosure Requirements

As a result of the intended admission of the Company’s shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will for the first time be subject to the legal disclosure requirements for a stock corporation (*Aktiengesellschaft*) listed in Germany under the German Stock Corporation Act (*Aktiengesetz*). These contain, in particular, the disclosure of an audited report of the remuneration paid to members of the Management Board and Supervisory Board (*Vergütungsbericht*) and the disclosure of transactions with related parties, both inserted into the German Stock Corporation Act (*Aktiengesetz*) due to the Act on the Implementation of the Shareholder Rights Directive II (*ARUG II*) based on the Directive (EU) 2017/828 (Shareholder Rights Directive II). Furthermore, the Company will be subject to the disclosure requirements under the German Securities Trading Act (*Wertpapierhandelsgesetz*) and under the MAR, including, among other things, periodic financial reporting (disclosure of annual and half-year financial reports), regular calls with securities and industry analysts and other required disclosures. The Company will also be required to publish quarterly statements pursuant to the Listing Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*), as amended from time to time (unless the Company prepares quarterly financial reports), as the Company’s shares are intended to be listed on the sub-segment with additional post-admission obligations (Prime Standard) of the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

Pursuant to Article 17 of the MAR, the Company must inform the public of any inside information (as defined below) which directly concerns the Company as soon as possible (so called ad-hoc obligations). Prior to informing the public, the Company must inform 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 includes in particular 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, at its own risk, delay disclosure of inside information if (i) immediate disclosure is likely to prejudice 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 cases, the Company must also inform BaFin that disclosure of the information was delayed and provide a written explanation of how the conditions set out in the preceding sentence were met, immediately after the inside 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 must disclose such inside information to the public as soon as possible.

17. CORPORATE BODIES

17.1 Overview

The Company's corporate bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The Company has a two-tier management and control system, consisting of the Management Board and the Supervisory Board. The powers and responsibilities of these governing bodies are determined by the German Stock Corporation Act (*Aktiengesetz*), the German Co-Determination Act (*Mitbestimmungsgesetz*), the Articles of Association and the rules of procedure of the Supervisory Board and the Management Board.

The Management Board conducts the business of the Company in accordance with applicable laws, the Articles of Association and the rules of procedure of the Management Board and the Supervisory Board. The Management Board represents the Company when dealing with third parties. The members of the Management Board are appointed by the Supervisory Board and the Supervisory Board is also entitled to remove the members of the Management Board under certain circumstances. German law generally prohibits concurrent membership in the management board and the supervisory board of a stock corporation (*Aktiengesellschaft*).

The Management Board is tasked with the establishment and maintenance of appropriate risk management and risk control mechanisms within the Company, its subsidiaries and affiliates in order to ensure that developments endangering the existence of the Company can be identified at an early stage. The Management Board is required to report any material issues in relation to business transactions and any material developments regarding the business to the Supervisory Board. It shall report to the Supervisory Board at least on a quarterly basis on business development, in particular with regards to revenue, and the overall situation of the Company and its subsidiaries and joint ventures. The Management Board is further required to report to the Supervisory Board at least annually on the anticipated business strategy and other fundamental topics with respect to corporate planning (including financial, investment, and staff planning), as well as on material deviations of the actual developments from previously reported goals, including the reasons for any such deviations. The chairperson of the Supervisory Board shall be in regular contact with the Management Board, in particular, the chairperson of the Management Board, in order to discuss issues of strategy, business development, the risk situation, risk management, and compliance. In the meeting of the Supervisory Board in which the annual financial statements of the Company are discussed, the Management Board must also report on the profitability of the Company, especially in relation to return on equity. As a general rule, the Management Board is required to report events which could have a material effect on the Company and transactions which could be of material importance in a timely manner, especially in relation to the Company's profitability or liquidity in order to ensure that the Supervisory Board is able to assess such transactions prior to any action being taken. The Management Board is required to report any other important events to the chairperson of the Supervisory Board without undue delay; this includes events at any affiliated company of which the Management Board has become aware and which could potentially have a material impact on the Company. Moreover, any member of the Supervisory Board may at any time demand a report to the Supervisory Board about the affairs of the Company. In addition, the Management Board and the Supervisory Board shall, once the Company becomes a listed company, report annually in the annual report on the corporate governance of the Company and explain any deviations from the recommendations of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*), which was adopted by a governmental commission on the German Corporate Governance Code on February 26, 2002 and currently applies in the version dated December 16, 2019 (the ***Code***).

The Supervisory Board advises and oversees the Management Board's management of the Company, but is itself not entitled to manage the Company. However, if a position on the Management Board is vacant, the Supervisory Board may delegate the responsibilities attached to such position to one of its own members for a limited period of time. Such appointment shall not exceed a period of one year and the designated person's membership in the Supervisory Board is suspended while serving on the Management Board.

The Articles of Association may designate the types of transactions that may only be made with the approval of the Supervisory Board. In addition, the Supervisory Board may itself designate certain types of transactions as subject to its consent. Matters subject to the prior consent of the Supervisory Board pursuant to the rules of procedure of the Management Board include:

- approval of the annual planning (budget) and investment planning;
- other investments which are not included in the approved budget and exceed a total amount of EUR 5 million (net) in each individual case;
- the acquisition or disposal of enterprises, companies, businesses, participations, if the value (including the assumption of liabilities) exceeds an amount of EUR 5 million (net) in each individual case;
- the entering into, amendment, extension, termination or granting of credit lines, loans or other financing agreements with a nominal value of more than EUR 25 million (net) in each individual case;
- the purchase or sale, or creation, purchase or sale of rights equivalent to title rights in real estate, if the volume of the investment or disinvestment exceeds an amount of EUR 5 million (net) in each individual case;
- the commencement of significant new and the discontinuation of significant areas of activity;
- the establishment of or material amendment of existing employee participation programs, profit sharing or similar incentive programs;
- conclusion of inter-company agreements and measures in accordance with the German Transformation Act (*Umwandlungsgesetz*).

In addition to the aforementioned transactions and measures, the Supervisory Board may designate other types of transactions and measures as subject to its consent pursuant to the rules of procedure of the Management Board or of the Supervisory Board or by a resolution of its members. The Supervisory Board may also give revocable consent in advance to a certain group of transactions in general or to individual transactions that meet certain requirements.

The members of the Management Board and the Supervisory Board owe fiduciary duties to the Company, i.e. a duty of loyalty, a duty of legality and a duty of care. The members of these corporate bodies must perform their duties taking into account a broad range of interests, in particular those of the Company, its shareholders, employees, and creditors. The shareholders' right to equal treatment and equal access to information must also be taken into account. If members of the Management Board or the Supervisory Board breach their duties, they may be liable individually, or jointly and severally with other members of the Management Board or the Supervisory Board, as the case may be, to the Company for compensatory damages.

Under German law, a shareholder generally cannot take direct action against a member of the management board or the supervisory board of a German stock corporation (*Aktiengesellschaft*) with its registered office in Germany if the shareholder suspects that such member or members have violated their duties towards the company. Consequently, under German law, generally only the Company has the right to pursue claims for damages against a member of the Management Board or the Supervisory Board. The Management Board represents the Company in relation to claims brought against members of the Supervisory Board and, in turn, the Supervisory Board represents the Company in relation to claims brought against members of the Management Board. Pursuant to a decision by the German Federal Court of Justice (*Bundesgerichtshof*), the Supervisory Board is required to pursue damages claims that are likely to be successful against members of the Management Board, unless significant interests of the Company either take precedence over or are of equal importance to any such claim.

If the governing body authorized to represent the Company decides against pursuing a claim, claims for damages can be pursued by the shareholders following a resolution (by a simple majority of the votes cast) of the shareholders' meeting. The shareholders' meeting can also appoint a special representative (*besonderer Vertreter*) to pursue such claims. Based on the resolution of the shareholders' meeting to claim damages, shareholders with a combined shareholding of 10% or more of the entire share capital or holders of shares with an aggregate nominal value of EUR 1 million may also apply to the competent court for the appointment of a special representative (*besonderer Vertreter*), such decision being subject to the court's discretion.

Furthermore, the shareholders' meeting can, by a simple majority resolution, appoint a special auditor (*Sonderprüfe*r) to review any measures taken by the Company, in particular in relation to its management. If the shareholders' meeting rejects a motion to appoint a special auditor (*Sonderprüfe*r), the court must appoint a special auditor (*Sonderprüfe*r) at the request of shareholders who hold shares representing at least 1% of the share capital or shares with an aggregate nominal value of at least EUR 100,000 if the facts justify the suspicion of irregularities or that gross violations of the law or the Articles of Association have been committed. If the shareholders' meeting appoints a special auditor (*Sonderprüfe*r), the court must appoint a different special auditor (*Sonderprüfe*r) at the request of shareholders who hold shares representing at least 1% of the share capital or shares with an aggregate nominal value of at least EUR 100,000 if this is deemed necessary with respect to the person who has been appointed as special auditor (*Sonderprüfe*r). Shareholders and shareholder associations can use the shareholder forum of the German Federal Gazette (*Bundesanzeiger*), which is available through the German Company Register's (*Unternehmensregister*) website, to call upon other shareholders to jointly, or through third-party representation, request a special audit, appoint a special auditor (*Sonderprüfe*r), demand that a shareholders' meeting is convened, or exercise their voting rights in a shareholders' meeting. If there is evidence leading to the strong suspicion that the Company has incurred damages through irregularities or gross violations of the law or the Articles of Association, shareholders whose shareholding constitutes at least 1% of the share capital or who hold shares with an aggregate nominal value of at least EUR 100,000 may request with a court to be allowed to bring a claim for damages of the Company in their own name but on behalf of the Company against members of governing bodies, subject to certain procedural requirements. Such claims, however, become inadmissible if the Company itself files a claim for damages.

The Company may only waive or settle claims for compensation against members of the Management Board or the Supervisory Board three years after the claim has arisen and only if (a) the shareholders resolve to do so in a shareholders' meeting by a simple majority resolution and (b) a quorum of the shareholders, together holding shares which represent at least 10% of the share capital, does not object to this in the minutes of the meeting.

Under German law, individual shareholders and any other persons are prohibited from intentionally using their influence within the Company to cause a member of the Management Board or the Supervisory Board to engage in conduct that could be damaging to the Company. A shareholder controlling the Company may not use its influence to persuade the Company to act against the Company's interests unless there is a domination agreement (*Beherrschungsvertrag*) between such shareholder and the Company in place and the influence exerted is within the limits of certain statutory mandatory provisions or any damages are compensated. Anyone intentionally exercising influence to cause a member of the Management Board or the Supervisory Board, an authorized signatory (*Prokurist*), or a general representative (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders is required to compensate the Company and its shareholders for any damages resulting from such behavior. In addition, in this context, the members of the Management Board and the Supervisory Board are jointly and severally liable if their actions or omissions amount to a violation of their duty of care.

17.2 Management Board

17.2.1 Overview

The Management Board consists of one or more members with the Supervisory Board determining their number. The Supervisory Board appoints members of the Management Board for a maximum term of five years. The Supervisory Board may appoint members of the Management Board to act as chairperson and deputy chairperson of the Management Board.

Reappointment or extension of the term of members of the Management Board, each for a maximum period of up to five years, is permissible. The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the member's term for good cause, such as a gross breach of fiduciary duty, or if the shareholders' meeting passes a vote of no-confidence with respect to such member, unless the no-confidence vote was clearly unreasonable.

The Supervisory Board is also responsible for entering into, amending and terminating service agreements with members of the Management Board and, in general, for representing the Company in and out of court vis-à-vis the Management Board.

If all members of the Management Board were invited, at least half of the members of which the Management Board consists will constitute a quorum, provided they are present and take part in the resolution. Members of the Management Board who are connected via telephone or video conference are considered to be present and take part in the resolution. Absent members may cast their votes via telefax or by means of electronic media or by submitting their votes through another Management Board member in the meeting, in which case such members will also be considered to be present and to take part in the resolution. Generally, resolutions of the Management Board must be approved in a meeting. However resolutions may also be passed outside of meetings by casting votes orally, in writing, by telephone or telefax or by means of electronic media, unless a Management Board member objects to this procedure immediately specifiying the reasons. The Management Board adopts resolutions by a majority of its members unless otherwise stated by law. In the event of a tie, the chairperson's vote shall be decisive. Further details, particularly regarding composition, duties, overall responsibility, allocation of responsibility for particular functions and internal organization are governed by the rules of procedure of the Management Board. The Company is legally represented by two members of the Management Board or by one member of the Management Board together with an authorized signatory (*Prokurist*); if only one member of the Management Board is appointed, such member can solely represent the Company.

The Supervisory Board can determine that individual members of the Management Board are authorized to solely represent the Company. The Supervisory Board may also generally or in specific cases issue an exemption to all or to specific members of the Management Board from the prohibition to represent more than one party pursuant to Section 181, second alternative of the German Civil Code (*Bürgerliches Gesetzbuch*).

The rules of procedure of the Management Board provide for a delegation of responsibilities to individual members of the Management Board on the basis of the business responsibility plan (*Geschäftsverteilungsplan*). The business responsibility plan is an annex to the rules of procedure of the Management Board and it falls within the Supervisory Board's power to pass, change or repeal the business responsibility plan for the Management Board.

17.2.2 Members of the Management Board

The following table shows the names of the current members of the Management Board and – where applicable – lists all companies and partnerships outside the Group in which they currently are, or have been within the last five years, members of an administrative, management or supervisory board or a partner:

Name	Born	First appointed in(1)	Appointed until	Function within the Group	Positions held in companies and partnerships outside the Group within the last five years
Wolfgang Speck	1959	2020	July 31, 2022	Chief Executive Officer	• Chairperson of the supervisory board of Neue-Halberg-Guss GmbH* • Managing director of H.T.P Automotive GmbH* • Managing director of H.T.P Automotive Immobilien GmbH* • Managing director of Palatium Beteiligungsgesellschaft mbH
Marc Hundsdorf	1968	2020	July 31, 2023	Chief Financial Officer	• Liquidator of H.T.P. Automotive Immobilien GmbH* • Managing director of Neue-Halberg-Guss GmbH* • Managing director* and then liquidator of H.T.P Automotive GmbH • Managing director of REUM Kunststoff- und Metalltechnik GmbH*
Gerd Adamietzki	1967	2020	July 31, 2023	Chief Sales Officer	• Member of the advisory board of Volksbank Hanover*
Werner Vaterl	1964	2020	July 31, 2023	Chief Operating Officer	–

* Formerly held position.

(1) All members of the Management Board were previously (i.e. prior to the change of the Company's legal form) managing directors of the Company.

All members of the Management Board may be reached at the Company's offices at Helmut-Knaus-Straße 1, 94118 Jandelsbrunn, Germany (tel. +49 85 83 21 – 1).

The following description provides summary biographical information for the current members of the Management Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

17.2.2.1 Wolfgang Speck

Wolfgang Speck was born in 1959. He studied mechanical engineering at the University of Mannheim, graduating with a diploma in mechanical engineering (*Diplom-Ingenieur*). He continued to study economics in Mannheim and Bayreuth as well as at the University of Hagen while already in-service. In 1984, Wolfgang Speck started his professional career as production and planning engineer at Klein, Schanzlin & Becker AG (KSB AG) in Frankenthal, later continuing as head of the purchase department at KSB AG in Pegnitz. In 1989, he became head of sales and several years later chief financial officer (CFO) of Görtz+Schiele GmbH, Sankt Ingbert. Wolfgang Speck met the current (ultimate) shareholders of Knaus Tabbert, Willem de Pundert and Klaas Meertens, in 2009. He was responsible for the automotive activities of the HTP group including all mergers and acquisitions activities as well as extensive operational, financial and legal restructuring work at GEIGER Automotive GmbH, Garmisch-Partenkirchen, REUM Kunststoff- und Metalltechnik GmbH, Hardheim, and Neue-Halberg-Guss GmbH, Saarbrücken. From 2012 until 2017, he was chairperson of the supervisory board of Neue-Halberg-Guss GmbH. Wolfgang Speck is owner and managing director of Palatium Beteiligungsgesellschaft mbH, acting as co-investor and consultant for the HTP group. In 2013, he was appointed chief executive officer (CEO) of the Company. During the last five years, Wolfgang Speck was also a member of the management board and a minority shareholder of several companies owned by the HTP group.

17.2.2.2 Marc Hundsdorf

Born in 1968, Marc Hundsdorf studied mechanical engineering and process engineering at the University of Technology of Munich-Weihenstephan from 1990 through 1995, as well as economics from 1995 to 1998, graduating with diplomas in engineering and business (*Diplom-Ingenieur* and *Diplom-Wirtschaftsingenieur*). Marc Hundsdorf started his professional career in 1998 as a consultant at AMCG Unternehmensberatung GmbH in Munich. From 2000 to 2002, Marc Hundsdorf worked as a specialist for business planning and, from 2002 through 2003, as head of controlling at BetaResearch GmbH. Subsequently, he headed the controlling department at Hoerbiger Kompressortechnik GmbH from 2004 to 2007. From 2007 through 2010, Marc Hundsdorf served as head of the controlling business unit at Hoerbiger Automatisierungstechnik Holding GmbH and managing director of Hoerbiger Elektronik GmbH. Since 2011, Marc Hundsdorf has held managing positions with several of the HTP group's investments. He served as managing director/chief executive director (CEO) and chief financial officer (CFO), respectively, of the REUM group and the GEIGER Automotive group in the years between 2011 to 2016. In 2016, Marc Hundsdorf was appointed CEO of Neue-Halberg-Guss GmbH. He held this position until 2017. From 2016 to 2018, Marc Hundsdorf was managing director and from 2018 to 2020 liquidator of H.T.P. Automotive GmbH, as well as from 2016 to 2019, liquidator of H.T.P. Automotive Immobilien GmbH. In October 2017, Marc Hundsdorf began work with the Company as consultant before he was appointed chief financial officer (CFO) of Knaus Tabbert in 2018.

17.2.2.3 Gerd Adamietzki

Gerd Adamietzki was born in Garbsen in 1967. From 1984 through 1986, he completed his apprenticeship as a retail salesman. He started his professional career in 1991 as sales director at Eubo-Caravan Tirge GmbH. From 2004 to 2006, Gerd Adamietzki held the position as sales director at Veregge & Welz GmbH. From 2006 to 2008, he worked for the Knaus Tabbert Group as area manager Germany. subsequently serving as director of commerce and distribution. Since 2013, Gerd Adamietzki has been chief sales officer (CSO) of Knaus Tabbert.

17.2.2.4 Werner Vaterl

Werner Vaterl was born in Freyung in 1964. He studied business administration with a special focus on production management/informatics at the University of Passau, graduating with a diploma in business administration (*Diplom-Kaufmann*). He started his professional career as sales assistant at Knaus Tabbert in the year 1992. From 1994 to 2005, he was head of aftersales at Knaus Tabbert, from 2005 to 2011 head of logistics and from 2011 to 2013, factory manager at the Group's Jandelsbrunn, Mottgers and Nagyoroszi (Hungary) sites. Since 2014, he has been chief operating officer (COO) of Knaus Tabbert. Werner Vaterl has been a member of several committees as well as of the executive board of the CIVD since 1999.

17.2.3 Remuneration and other benefits of the members of the Management Board

17.2.3.1 Prior to conversion into German stock corporation (Aktiengesellschaft)

Prior to the Company's conversion into a German Stock Corporation (*Aktiengesellschaft*) on August 14, 2020 (see "*15.1. Formation and incorporation*"), the compensation of the members of the Management Board consisted of fixed monthly cash payments and occasional variable compensation.

In the six-month period ended June 30, 2020 and in the fiscal years ended December 31, 2019, 2018 and 2017, the members of the Management Board only received short-term remuneration relating to their function as persons in key positions. The Company did not pay any remuneration/ benefits after termination of the employment agreement, other long-term remuneration, compensation for termination or share-based compensation to members of the Management Board. In the financial periods under review, the Company did not disclose the individual compensation for the members of the Management Board in accordance with Sections 286 para. 5 sentence 1, 285 no. 9, 315a para. 1 and 314 para. 1 of the German Commercial Code (*Handelsgesetzbuch*).

One member of the Management Board did not have an employment agreement with the Company but invoiced his services in the amount of EUR 750 thousand (plus VAT) in the fiscal year ended December 31, 2019 (EUR 675 thousand in the fiscal year ended December 31, 2018 and EUR 600 thousand in the fiscal year ended December 31, 2017) through a related company which holds shares in the Company (see "*14.1. Current shareholders*" and "*18.3. Relationships between the Company and related companies*"). In the fiscal year ended December 31, 2019, the aggregate remuneration for the other members of the Management Board amounted to EUR 1,415 thousand (fiscal year ended December 31, 2018: EUR 1,296 thousand and fiscal year ended December 31, 2017: EUR 727 thousand).

17.2.3.2 After conversion into German stock corporation (Aktiengesellschaft)

Each member of the Management Board has entered into a service agreement with the Company governed by German law and based on substantially similiar terms. The service agreement of Mr. Speck has a term until July 31, 2022. The service agreements of Mr. Adamietzki, Mr. Hundsdorf and Mr. Vaterl have a term until July 31, 2023.

The remuneration of the members of the Management Board comprises non-performance-based components and performance-based components.

17.2.3.2.1 Non-performance-based Components

The members of the Management Board receive a fixed annual remuneration in cash which is paid in twelve equal installments as a monthly salary. The gross fixed annual remuneration for Mr. Speck amounts to EUR 750,000. Mr. Adamietzki, Mr. Hundsdorf and Mr. Vaterl each receive EUR 400,000 (gross) annually.

Additionally, other benefits and perquisites are granted to members of the Management Board, such as a company car or mobility subsidy, reimbursement of out-of-pocket expenses, accident insurance and contributions to health and long-term care insurance premiums. For the provisions on D&O insurance see "*17.2.3.2.4. Certain other provisions*".

17.2.3.2.2 Performance-based Components

In addition to the fixed annual remuneration, the members of the Management Board are entitled to receive a short-term variable remuneration element (Short-Term Incentive, ***STI***) and a long-term incentive variable remuneration element (Long-Term Incentive, ***LTI***) on the basis of the Company's long-term incentive plan (***LTIP***) for Management Board members.

Short-Term Incentive for members of the Management Board (STI)

The STI is determined on the basis of a specified target achievement level and individual targets set by the Supervisory Board and on which the Company and the respective Management Board member agree prior to each fiscal year. Extraordinary developments (*außerordentliche Entwicklung*) within the meaning of Section 87 para. 1 sentence 3 of the German Stock Corporation Act (*Aktiengesetz*) may be taken into account. The STI is paid as an annual cash bonus and capped at a maximum of EUR 140,000 (gross). If the respective service agreement begins or ends during the course of a fiscal year, the STI will be paid out pro rata temporis. Members of the Management Board whose service agreements are terminated for good cause according to Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch*) or who resign from office unjustified are not entitled to claim any STI for the fiscal year in which the agreement is terminated.

Long-Term Incentive for members of the Management Board (LTI)

Each member of the Management Board is entitled to take part in an LTIP. The LTIP is determined by the Supervisory Board and is based on the level of achievement during a four-year performance period (***Performance Period***) in accordance with the LTIP terms and conditions, as amended from time to time. Each Performance Period starts on January 1 of each fiscal year and ends on December 31 of the fourth fiscal year following the beginning of the period. Consequently, the first Performance Period starts on January 1, 2021 and ends on December 31, 2024.

The LTI is based on the development of virtual performance shares (***Performance Shares***) awarded in annual tranches (***LTIP-tranches***). At the beginning of a new Performance Period, each member of the Management Board is awarded a specific number of Performances Shares. The number of Performance Shares granted at the beginning of each Performance Priod is calculated by dividing the amount of EUR 160,000 by the initial share price. Initial share price is defined as the volume-weighted average stock price of the Company's shares on the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (or a functionally comparable successor system) during the last three months prior to the beginning of the Performance Period, whereas the final share price is defined as the volume-weighted average share price of the Company's shares on the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (or a functionally comparable successor system) during the last three months of the Performance Period.

In addition to the development of the Performance Shares, the LTI depends on the achievement level of an EBITDA-target.

The payout amount of each LTIP-Tranche is calculated by multiplying the number of Performance Shares with the final share price and with a multiplier. In case of 100% target achievement, the multiplier amounts to 1. If the target is not achieved with 100% but at least 81%, the multiplier is reduced by 5% for each deviating percentage point. If the target is achieved with only less than 81%, the multiplier shall be zero.

A Management Board member is only entitled to an LTI payment, if the target is achieved with at least 81% and the final share price is higher than the initial share price. The payout for each LTIP-Tranche is capped at a maximum of EUR 450,000 and the Supervisory Board is entitled to adjust the payout in case of exceptional developments upwards or downwards in an appropriate way. The LTI is granted and paid together with the monthly installment of the fixed annual remuneration, that is paid after the approval of the financial statements by the Supervisory Board for the fourth fiscal year of the Performance Period. The Company does not compensate any income tax resulting from the payment of the LTI.

The Supervisory Board, in its own discretion, may determine to pay the LTI by delivery of shares of the Company instead of a cash payment. The number of shares of the Company to be delivered in such case, is calculated by dividing the payout amount of the LTIP-Tranche by the final share price.

If a Management Board member resigns from office during the term of a Performance Period or a new member joins the Management Board during the term of a Performance Period, the member receives the LTI pro rata temporis for this period provided that the targets are achieved as described above. Members of the Management Board whose service agreements are terminated for good reason according to Section 626 of the German Civil Code (*Bürgerliches Gesetzbuch*) or who resign from office unjustified are not entitled to claim any payout for LTIP-Tranches that were already awarded but have not been paid out up to this date.

Malus and clawback

The payout of STI and LTI is subject to malus and clawback conditions. Before determining the payout amount of STI and LTI respectively, the Supervisory Board will review if one of a set of two defined events ((i) the stand-alone or group annual accounts on which the variable compensation is based are void or do not provide a true and fair view of the financial situation or (ii) serious misconduct within the meaning of Section 93 para. 1 of the German Stock Corporation Act (*Aktiengesetz*) occured during a fiscal year for which the variable remuneration shall be paid) justifies a reduction or even a forfeiture of the variable remuneration. Also, variable remuneration already paid out is subject to a clawback within a period of three years if one of the aforementioned two defined events occurred during a period for which the variable remuneration element was paid out.

17.2.3.2.3 Overall maximum remuneration

The annual overall maximum remuneration (including the fixed annual renumeration, the STI and the LTI) shall amount to EUR 1,340,000 (gross) for Mr. Speck and EUR 990,000 (gross) for each of Mr. Adamietzki, Mr. Hundsdorf and Mr. Vaterl.

17.2.3.2.4 Certain other provisions

All members of the Management Board are covered by D&O insurance policies with reasonable coverage and a deductible in line with the respective provisions of the German Stock Corporation Act (Aktiengesetz) of 10% of the damage but not exceeding 150% of the fixed annual remuneration. The D&O insurance policies cover financial losses arising from a breach of duty by the members of the Management Board in the course of fulfilling their duties.

Any severance payment that is granted in the course of a premature termination of a service agreement is capped at a maximum amount equivalent to two annual incomes. This severance-cap is generally calculated on the basis of the total amount of remuneration for the past fiscal year and, as the case may be, on the basis of the total amount of remuneration expected for the current fiscal year.

17.2.4 Shareholdings of the members of the Management Board in the Company

As of the date of this prospectus, the Company's Chief Executive Officer, Wolfgang Speck, holds 3.20% of the Company's share capital indirectly through Palatium (see "*14.1. Current shareholders*"); no other members of the Management Board hold any shares or options over shares in the Company. Mark Hundsdorf and Werner Veterl intend to purchase Offer Shares in the Offering.

17.3 Supervisory Board

17.3.1 Overview

Pursuant to the Articles of Association and in accordance with the requirements of German law, the Supervisory Board consists of twelve members. Six members are appointed by the shareholders. The other six members representing the employees are appointed in accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz*).

Unless the shareholders' meeting has set a shorter term of office, the term of office of each Supervisory Board member appointed by the shareholders, as well as the term of each substitute member, expires at the end of the annual shareholders' meeting ratifying the activities of the Supervisory Board for the fourth fiscal year following the commencement of the member's term of office, not including the fiscal year in which the term commences. Members may be re-elected.

If a Supervisory Board member resigns from office before the end of his or her term, a successor will be elected for the remainder of such leaving member's term of office unless the shareholders' meeting determines a different time period of appointment. A substitute member can be elected simultaneously with the appointment of a member of the Supervisory Board; the substitute member will in this case automatically replace the leaving member if he or she resigns prior to the expiration of his or her term of office. The appointment of such substitute member expires at the earlier of the appointment of a successor or the expiration of the term of office for which the member was elected. The election of substitute members for the members of the Supervisory Board representing the employees is governed by the German Co-Determination Act (*Mitbestimmungsgesetz*).

Each member of the Supervisory Board and each substitute member may resign from office without cause with one month's written notice issued to the chairperson of the Supervisory Board and the Management Board. The chairperson of the Supervisory Board (or, in the case of the chairperson's resignation, the deputy chairperson) can consent to a shortening of the notice period.

The Supervisory Board elects a chairperson and a deputy chairperson from among its members in accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz*). The terms of office of the chairperson and the deputy chairperson correspond to the terms of their appointment as members of the Supervisory Board unless a shorter period is determined at the time of their election. The Supervisory Board can revoke the appointment of the chairperson and the chairperson can resign, in each case without cause. If the chairperson leaves his or her position prior to the expiration of the respective term of office, the Supervisory Board must elect a substitute in accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz*) from among its members for the remaining term of office of the leaving chairperson. These rules also apply to the deputy chairperson.

The Supervisory Board can adopt rules of procedure. It is further authorized to establish committees in accordance with the law and the Articles of Association. According to the current rules of procedure meetings must take place at least twice each calendar half-year. Meetings of the Supervisory Board shall be called at least fourteen days in advance by the chairperson of the Supervisory Board, not including the day on which the invitation is sent and the day of the meeting itself. The notice of meetings may be given in writing, by telefax, by e-mail or any other customary means of communication. In urgent cases the chairperson may shorten this period and may call the meeting orally or by telephone.

The Articles of Association provide that resolutions of the Supervisory Board shall generally be passed in meetings.

At the order of the chairperson or with the consent of all Supervisory Board members, the meetings of the Supervisory Board may also be held in the form of a telephone conference or by other electronic means of communication (especially by video conference) and individual members of the Supervisory Board may be connected to the meetings via telephone or by other electronic means of communication (especially by video link). In such cases resolutions may also be passed by way of the telephone conference or by other electronic means of communication (especially by video conference). Absent members of the Supervisory Board or members who do not participate in, or are not connected to, the telephone or video conference can also participate in the passing of resolutions by submitting their votes in writing through another Supervisory Board member. In addition, they may also cast their vote following the meeting within a reasonable period as determined by the chairperson of the Supervisory Board by telefax, by e-mail or any other customary means of communication.

Resolutions may also be adopted outside of meetings as described above in writing, by telefax or by e-mail or any other comparable means of communication, whereas the aforementioned forms may also be combined, at the order of the chairperson of the Supervisory Board if preceded by reasonable notice or if all members of the Supervisory Board participate in the adoption of the resolution. In neither case objections to the form of resolution determined by the chairperson are permitted.

The Articles of Association provide that the Supervisory Board has a quorum if at least half of the members of which it has to consist take part in the resolution. Absent members of the Supervisory Board or members who do not participate or are connected via telephone or via other electronic means of communication (especially via video conference) and who cast their vote in the abovementioned way as well as members who abstain from voting are considered to take part in the resolution. Resolutions of the Supervisory Board are passed by a simple majority of the votes cast, unless otherwise provided by mandatory law. Abstentions in a vote shall not count as a vote cast in this case. If a vote in the Supervisory Board results in a tie, every Supervisory Board member is entitled to request a second vote on the same issue. If the second vote also results in a tie, the vote of the chairperson of the Supervisory Board is decisive. However the deputy chairperson's vote shall not be decisive.

Further details, particularly regarding duties, allocation of responsibility for particular functions and internal organization are governed by the rules of procedure of the Supervisory Board.

17.3.2 Members of the Supervisory Board

The following table shows the names of the current members of the Supervisory Board and – where applicable – lists all companies and partnerships outside the Group in which they currently are, or have been within the last five years, members of an administrative, management or supervisory board or a partner:

Name	Born	Member since	Appointed until	Positions held in companies and partnerships outside the Group within the last five years
Dr Esther Hackl (chairperson)	1982	2020	2025	–
Anton Autengruber** (deputy chairperson)	1968	2020	2025	–
René Ado Oscar Bours	1957	2020	2025	• Member of the board of Virginia Tax Services B.V. • Member of the board of Boudit B.V. • Member of the board of NBL International B.V. (and its Dutch subsidiaries) • Member of the board of Emed Pipeline Holding B.V. • Member of the board of Catalina Capital Partner B.V. • Member of the supervisory board of Cornelder Holding B.V. • Member of the board of Stichting Sorghvliet • Member of the supervisory board of P. de Bruijn Wijnkopers Anno 1772 B.V.* • Partner at Deloitte Netherlands*
Willem Paulus de Pundert	1957	2020	2025	• Director of STAK Windroos B.V. • Director of Windroos B.V. • Director of H.T.P. Investments 1 B.V. • Director/managing partner of H.T.P. Investments B.V.* • Director of AJLC Holding 1966 SL • Director of Noorderhofd N.V.* • Director of Zuiderhofd B.V.* • Director of STAK Luctor et Emergo* • Director of Oyster Marine Holdings Ltd.* • Member of the supervisory board of Neue-Halberg-Guss GmbH*
Jana Donath	1977	2020	2025	–
Michael Heim**	1956	2020	2025	–
Stephan Kern**	1993	2020	2025	–
Klaas Meertens	1957	2020	2025	• Director of STAK Cirrus Capital Partners • Director of Catalina Capital Partners B.V. • Managing partner of H.T.P. Investments B.V.* • Director of H.T.P. Investments 1 B.V.* • Director of Cirrus Capital Partners S.à.r.l.* • Director of Oyster Marine Holdings Ltd* • Member of the supervisory board of Neue-Halberg-Guss GmbH*
Daniela Fischer**	1967	2020	2025	–
Manfred Pretscher	1957	2020	2025	• Member of the management board of Grammer AG*
Robert Scherer**	1974	2020	2025	–
Ferdinand Sommer**	1963	2020	2025	–

* Formerly held position.

** Employee representative.

All members of the Supervisory Board may be reached at the Company's offices at Helmut-Knaus-Straße 1, 94118 Jandelsbrunn, Germany (tel. +49 85 83 21 – 1).

The following description provides summary biographical information for the current members of the Supervisory Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

17.3.2.1 Dr Esther Hackl (chairperson)

Dr Esther Hackl was born in Linz, Austria, in 1982. From 2001 to 2005, she studied law at the University of Vienna, where she also obtained a degree in political science in 2009. Dr Esther Hackl finished her doctoral studies in law at the University of Vienna in 2012. From 2010 to 2011, Dr Esther Hackl completed postgraduate studies (LL.M.) at Harvard Law School in the United States. Dr Esther Hackl started her professional career in 2011 in the corporate department of the Frankfurt office of the American law firm Debevoise & Plimpton LLP. In 2013, she switched to the Frankfurt capital markets team of the British-German law firm Freshfields Bruckhaus Deringer LLP. Since 2019, Dr Esther Hackl has been the General Counsel of the Düsseldorf fintech company auxmoney GmbH. In this function, she has furthermore been a member of the committee for legal questions & Europe of the association of German lending platforms (*Verband deutscher Kreditplattformen e.V.*) since 2020. Since 2020, Dr Esther Hackl has been the chairperson of the Supervisory Board of Knaus Tabbert.

17.3.2.2 Anton Autengruber (deputy chairperson)

Anton Autengruber was born in Jandelsbrunn in 1968. He finished his apprenticeship as wood mechanic in 1984 and subsequently trained as a design draftsman. Anton Autengruber started his professional career as an apprentice with Knaus GmbH in Jandelsbrunn in 1984. Since 2002, he has been head of the workers' council at the Jandelsbrunn site. Anton Autengruber has been a member of the Supervisory Board of the Company since 2020.

17.3.2.3 René Ado Oscar Bours

René Ado Oscar Bours was born in Virginia, South Africa, in 1957. From 1977 to 1984 he studied (Tax) Law at Leiden University. After graduating, René Bours started his professional career at Price Waterhouse in their The Hague and Rotterdam offices. Until his retirement as a tax lawyer in 2017, René Bours was a partner at Deloitte Netherlands in their Amsterdam and Rotterdam offices with a focus on mergers and acquisitions. Currently, René Bours holds various board positions with for-profit and non-profit organizations, among others with Cornelder Holding, a family-owned logistics company, and NBL International, a subsidiary of Noble Energy, a Houston based oil and gas exploration and production company. Furthermore, he is general counsel of Windroos B.V. Since 2020, René Bours has been a member of the Supervisory Board of Knaus Tabbert.

17.3.2.4 Willem Paulus de Pundert

Willem Paulus de Pundert was born Hoedekenskerke, Zeeland, the Netherlands, in 1957. He started his professional career as controller at DJ van der Haven B.V. in 1974. He became active in the private equity industry in 1990 and has since invested in numerous businesses across various sectors, mainly throughout Europe through the private group of companies currently held by Windroos B.V., located in Amsterdam, the Netherlands. In recent years, the group has diversified its investment portfolio and is now also active in the field of (international) real estate, loans, listed equities, and funds. From 2008 until June 2020, Willem de Pundert was managing partner of H.T.P. Investments 1 B.V., an owner-funded private equity firm which focuses on investments in Germany. Willem de Pundert held a 60% equity stake in H.T.P. Investments 1 B.V. and 50% of the voting rights. Since 2020, Willem de Pundert has been a member of the Supervisory Board of Knaus Tabbert.

17.3.2.5 Jana Donath

Jana Donath was born in Berlin in 1977. She studied economics at the University of Dresden, Constance and Aberdeen from 1997 to 2002 before finishing her postgraduate studies with a master's degree in economics from the University of Toronto, Canada, in 2003. She started her professional career with the international banking group ProCredit where, as chief financial officer (CFO) she was part of the management team in Ecuador. In 2010, she moved back to Germany and assumed various finance management positions at group level. She became the highest-ranking finance professional of the ProCredit group in 2016 and was part of the management team. In 2013, ProCredit obtained a banking license in Germany and came under group supervision. Since 2016, ProCredit Holding has been listed at the Frankfurt Stock exchange (Prime Standard). In 2018, Jana Donath joined the SMBC group as Head of Finance for Continental Europe. The Financial Stability Board (FSB) has defined the group as global, systemically important bank (G-SIB). As part of the senior management team in Europe, Jana Donath assisted in the foundation of the new European headquarter in Frankfurt am Main, Germany. Since 2020, Jana Donath has been a member of the Supervisory Board of the Company.

17.3.2.6 Michael Heim

Michael Heim was born in Schlüchtern in 1956. From 1972 to 1975 he served an apprenticeship as achitectural draftsman. Michael Heim began his professional career as architectural draftsman with different manufacturers of prefabricated houses in 1975. Since 1977, he worked for the TIAG Tabbert Industrie AG in Mottgers in different departments. Since 2009, Michael Heim has been employed by the Company, until 2014 in the design department and since 2014 in his function as head of the workers‘ council at the Mottgers site. Since 2020, Michael Heim has been a member of the supervisory board of Knaus Tabbert.

17.3.2.7 Stephan Kern

Stephan Kern was born in Freyung in 1993. He started his professional career as an apprentice at Knaus Tabbert in Jandelsbrunn in 2010 and has been employed there as qualified IT specialist since 2013. Since 2020, Stephan Kern has been a member of the Supervisory Board of Knaus Tabbert.

17.3.2.8 Klaas Meertens

Klaas Meertens was born in Dordrecht in the Netherlands in 1957. From 1976 to 1980, he studied physics (BSc) at the University of Utrecht, and from 1980 to 1983, he completed his master studies in management at the University of Delft. During this period, he spent one term in an exchange program at the Wharton Business School in Philadelphia, USA. In 1984, Klaas Meertens won the first price with his master’s thesis in the nation-wide NIVE competition. Klaas Meertens started his professional career at JPMorgan in New York and Amsterdam in 1984. In 1986, he switched to McKinsey & Company. From 1992 to 1996, he was a partner at their Amsterdam office before switching back to JPMorgan in 1997. From 1998 to 2007, he served as a managing director at their London office, first in charge of technology, media and telecom for EMEA and later heading the investment banking team for Benelux and Switzerland. He was also part of the Investment Banking Coverage Team’s management committee. From 2008 until June 2020, Klaas Meertens was managing partner of H.T.P. Investments 1 B.V., an owner-funded private equity firm, which focuses on investments in Germany. Klaas Meertens held a 40% equity stake in H.T.P. Investments 1 B.V. and 50% of the voting rights. On July 1, 2020, he became director of Catalina. Since 2020, Klaas Meertens has been a member of the supervisory board of Knaus Tabbert.

17.3.2.9 Daniela Fischer

Daniela Fischer was born in 1967 in Dillenburg. After working as a gas station attendant in 1988, Daniela Fischer worked as a machine operator from 1989 to 1999, first at Hailo in Haiger, Germany, and afterwards at Eickel & Spindeldreher in Arnsberg, Germany. From 1999 to 2002, she studied economics and political sciences in Hamburg, graduating with a diploma (*Diplom Wirtschafts- und Arbeitsjuristin*). Since 2002, she has worked in various positions at IG Metall union in Munich and Weilheim, Germany, where she was a director (*Geschäftsführerin*) from 2011-2020, before she became wage secretary at the IG Metall union regional management for Bavaria in 2020. Since the same year, Daniela Fischer has been a member of the Supervisory Board of the Knaus Tabbert.

17.3.2.10 Manfred Pretscher

Manfred Pretscher was born in Münnerstadt in 1957. After completing an apprenticeship as machinist at FAG Kugelfischer in Schweinfurt, he studied mechanical engineering at the University of Applied Sciences in Schweinfurt and Würzburg from 1980 to 1984, followed by studies in technical sales and distribution in Berlin from 1994 to 1995. In addition, he completed a professional training in industrial engineering at REFA AG from 1985 to 1986. Manfred Pretscher started his professional career at FAG Kugelfischer in the hard processing segment. From 2010 to 2018, Manfred Pretscher was chief operating officer (COO) of Grammer AG. In 2019, Manfred Pretscher took over the position of chief executive officer (CEO) and chief financial officer (CFO) at Grammer AG before retiring the same year. Manfred Pretscher has been a member of the Supervisory Board of Knaus Tabbert since 2020.

17.3.2.11 Robert Scherer

Robert Scherer was born in Passau in 1974. He served an apprenticeship as cutting machine operator from 1992 to 1994. In 2006, he qualified as metal foreman. Robert Scherer started his professional career as machine operator at ZF Friedrichshafen AG in Passau. Since 2013, he has been trade union secretary at the IG Metall union. Robert Scherer has been a member of the Supervisory Board of Knaus Tabbert since 2020.

17.3.2.12 Ferdinand Sommer

Ferdinand Sommer was born in Schindelstatt, Germany, in 1963. From 1987 to 1991, he studied mathematics at the University of Applied Sciences Regensburg. Ferdinand Sommer started his professional career as "CAD administrator" at Knaus GmbH in 1991 where he became head of operations scheduling (*Leiter Arbeitsvorbereitung*) in 1982. From 1999 to 2008, Ferdinand Sommer served as head of IT and organization at Knaus AG, where he was also an authorized agent (*Handlungsbevollmächtigter*). In 2009, he was appointed Chief Information Officer (CIO) at Knaus Tabbert GmbH. Since 2020, Ferdinand Sommer has been a member of the Supervisory Board.

17.3.3 Supervisory Board committees

According to the Articles of Association, the Supervisory Board forms the mediation committee (*Vermittlungsausschuss*) required pursuant to Section 27 para. 3 of the German Co-Determination Act (*Mitbestimmungsgesetz*) (the ***Mediation Committee***). The Supervisory Board may form additional committees. The Supervisory Board's decision-making authority may be delegated to these committees to the extent permitted by law.

Besides the Mediation Committee, the Supervisory Board has, in accordance with its rules of procedure, formed an audit committee (*Prüfungsausschuss*) (the ***Audit Committee***), a presiding committee (*Präsidium*) (the ***Presiding Committee***) and a nomination committee (*Nominierungsausschuss*) (the **Nomination Committee**).

17.3.3.1 Mediation Committee

In accordance with Section 27 para. 3 of the German Co-Determination Act (*Mitbestimmungsgesetz*) and pursuant to the rules of procedure of the Supervisory Board, the Mediation Committee shall consist of the chairperson of the Supervisory Board, the deputy chairperson of the Supervisory Board, one employee representative (elected by the employee representatives on the Supervisory Board) and one shareholder representative (elected by a majority vote of the shareholder representatives on the Supervisory Board).

As of the date of this prospectus, the Mediation Committee consists of Dr Esther Hackl (chairperson), Anton Autengruber (deputy), Willem Paulus de Pundert and Robert Scherer.

17.3.3.2 Audit Committee

The Audit Committee is composed of six members, four shareholder representatives and two employee representatives. Above all, the Audit Committee is responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit functions and compliance. The Committee shall prepare the Supervisory Board's resolutions on the annual financial statements and the agreements with the auditor (especially commissioning, establishing the main points of the audit and reaching agreement on the auditor's remuneration). Furthermore the Committee is obliged to take appropriate measures to ensure and control the auditor's independence.

As of the date of this prospectus, the Audit Committee consists of Jana Donath (chairperson), Dr Esther Hackl (deputy), Anton Autengruber, Willem Paulus de Pundert, Klaas Mertens and Ferdinand Sommer.

17.3.3.3 *Presiding Committee*

The Presiding Committee is composed of the chairperson, the deputy chairperson as well as one shareholder representative and one employee representative. The chairperson of the Supervisory Board chairs the Presiding Committee. On the initiative of its chairperson, the Presiding Committee shall consult important issues and prepare resolutions of the Supervisory Board. Under special circumstances or in urgent cases, the Presiding Committee is entitled to give the approval to transactions that are subject to the Supervisory Board's consent (see "*17.1. Overview*"). The Committee shall also consult the corporate planning of the Management Board and prepare the staffing decisions of the Supervisory Board. Additionally, the Presiding Committee shall adopt resolutions in lieu of the Supervisory Board regarding (i) the conclusion, alteration and termination of employment contracts of members of the Management Board except for resolutions according to Section 87 para. 1 and 2 sentence 1 and 2 German Stock Corporation Act (*Aktiengesetz*), which the Presiding Committee just shall prepare, (ii) the representation of the company vis-à-vis members of the Management Board under Section 112 of the German Stock Corporation Act (*Aktiengesetz*) as well as the granting of consent for business activities exceeding a total amount of EUR 50,000 between the company or an affiliate and a member of the Management Board or related parties to this member, unless the consent is not already necessary according to Sections 89, 111b of the German Stock Corporation Act (*Aktiengesetz*), (iii) the granting of consent for secondary occupations (including the acceptance of seats on supervisory boards and similar boards of commercial enterprises outside the Knaus Tabbert Group) and for other activities of a Management Board member under Section 88 of the German Stock Corporation Act (*Aktiengesetz*), (iv) the granting of loans to the persons named in Section 89 and 115 of the German Stock Corporation Act (*Aktiengesetz*), (v) the approval of agreements with Supervisory Board members under Section 114 of the German Stock Corporation Act (Aktiengesetz). Finally the Presiding Committee shall consult the long-term succession planning for the Management Board in consideration of the management planning of the Company and diversity.

As of the date of this prospectus, the Presiding Committee consists of Dr Esther Hackl (chairperson), Anton Autengruber (deputy), Willem Paulus de Pundert and Ferdinand Sommer.

17.3.3.4 *Nomination Committee*

The Nomination Committee is composed of the chairperson of the Supervisory Board as well as two additional shareholder representatives. The chairperson of the Supervisory Board shall chair the Nomination Committee. The Committee shall meet when necessary and propose suitable candidates to the Supervisory Board to propose to the annual shareholder's meeting. While doing so, it shall take the Company's international activity, potential conflicts of interests and diversity into account.

As of the date of this prospectus, the Nomination Committee consists of Dr Esther Hackl (chairperson), Willem Paulus de Pundert and Klaas Mertens.

17.3.4 *Remuneration of the members of the Supervisory Board*

17.3.4.1 *Prior to conversion into German stock corporation (Aktiengesellschaft)*

Prior to the Company's conversion into a German stock corporation (*Aktiengesellschaft*), the remuneration of the Supervisory Board members was regulated by Section 13 of the Articles of Association and a resolution of the shareholders' meeting. Each member of the Supervisory Board was entitled to an appropriate fixed annual remuneration (plus VAT) taking attendance into consideration. In addition, the members of the Supervisory Board were entitled to reimbursement of the necessary expenses incurred in the performance of their duties.

17.3.4.2 *After conversion into German stock corporation (Aktiengesellschaft)*

Since the Company's conversion into a German stock corporation, the remuneration of the Supervisory Board members is regulated by Section 14 of the Articles of Association. Each Supervisory Board member shall receive a fixed annual remuneration of EUR 25,000, except for the chairperson of the Supervisory Board and her or his deputy, who shall receive fixed annual remuneration of EUR 100,000 and EUR 37,500, respectively. Additionally, the following Supervisory Board members receive a fixed annual remuneration for their work on the committees of the Supervisory Board: The chairperson of the Audit Committee and the chairperson of the Presiding Committee each receive an additional fixed annual remuneration of EUR 35,000. The chairs of other committees each receive an additional annual fixed remuneration of EUR 5,000, provided the committee in question has acted at least once in the fiscal year. The remuneration of members of the Supervisory Board who have not been members for an entire year or have not chaired a committee for an entire year is calculated pro-rata for the respective year.

In addition to the remuneration paid, the Company reimburses the members of the Supervisory Board for their reasonable out-of-pocket expenses incurred in the performance of their duties as Supervisory Board members as well as the value added tax on their compensation and out-of-pocket expenses.

Furthermore, the Supervisory Board members shall be included, where existing, in a D&O liability insurance for board members maintained by the Company in the Company's interests that will provide reasonable coverage against financial damages. The premiums for this insurance policy are paid by the Company as well.

17.3.5 Shareholdings of the members of the Supervisory Board in the Company

As of the date of this prospectus, Willem Paulus de Pundert holds 58.08% of the Company's share capital indirectly via HTP and Klaas Meertens holds 38.72% of the Company's share capital indirectly via Catalina (see "*14.1. Current shareholders*").

No other members of the Supervisory Board hold any shares or options over shares in the Company.

17.4 Certain information regarding the members of the Management Board and Supervisory Board

In the last five years, no member of the Management Board or Supervisory Board has been (i) convicted of fraudulent offences, (ii) associated with any bankruptcy, receivership or liquidation (except for the positions as company liquidator Marc Hundsdorf has held stated in "*17.2.2. Members of the Management Board*" and "*17.2.2.2. Marc Hundsdorf*"), (iii) subject to any official public incriminations and/or sanctions by statutory or legal authorities (including designated professional bodies) or (iv) disqualified by a court from acting as a member of the administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

Except as disclosed in "*3.14. Interests of parties participating in the Offering*", "*17.2. Management Board*", "*17.3. Supervisory Board*" and "*18. Certain Relationships and Related-Party Transactions*", there are no conflicts of interest or potential conflicts of interest between the members of the Management Board and Supervisory Board as regards the Company on the one side and their private interests or other duties on the other side.

No member of the Management Board or the Supervisory Board has entered into a service agreement with a Group company that provides for benefits upon termination of employment or office.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the other body.

17.5 Shareholders' meetings

Pursuant to Section 23 para. 1 of the Articles of Association, an ordinary shareholder's meeting shall be held annually within the statutorily provided period of time. Shareholders' meetings (ordinary and extraordinary) take place at the registered seat of the Company or at the seat of a German stock exchange or in a city in Germany with more than 50,000 inhabitants. Except where other persons are authorized to do so by law and by the Articles of Association, the shareholders' meeting shall be convened by the Management Board. The notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days prior to the day of the shareholders' meeting. This notice period is extended by the days of the registration period, that is described in the next but one paragraph. Consequently the notice must be issued at least on the 37th day prior to the shareholders' meeting.

A shareholders' meeting may be convened by the Management Board, the Supervisory Board, or may be requested by shareholders whose shares collectively make up 5% of the share capital. Shareholders or shareholder associations may solicit other shareholders to make such a request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request made by shareholders whose Company's shares collectively make up 5% of the share capital, a shareholders' meeting of the Company is not held in due time, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested it or their representatives to convene a shareholders' meeting of the Company.

Pursuant to the Articles of Association, all shareholders who have duly submitted notification of attendance and of evidence of shareholding are entitled to participate in the shareholders' meeting and to exercise their voting rights. The registration for participation must be received by the Company at least six days prior to the date of the shareholders' meeting, unless a shorter period of time was set forth in the convening notice of the shareholders' meeting. When calculating this period, the day of the shareholders' meeting and the day of the receipt of the notice shall not be included. The shareholder's registration must be in text form or by way of other electronic means as specified by the Company in greater detail, in either German or English The ownership of the shares must be confirmed by separate confirmation from the final intermediary (*Letztintermediär*) in text form in German or English. A confirmation that the shares are held from the final intermediary (*Letztintermediär*) in accordance with the requirements in Section 67c para. 3 of the German Stock Corporation Act (*Aktiengesetz*) is sufficient. The separate confirmation must refer to the start of the 21st day prior to the shareholders' meeting and be received by the Company at least six days prior to the shareholders' meeting, unless a shorter period of time was set forth in the convening notice of the shareholders' meeting. Again when calculating this period, the day of the shareholders' meeting and the day of the receipt of the notice shall not be included. Voting rights may be exercised by proxy. The granting of a proxy, its revocation and the evidence of authority to be provided to the Company must be in text form unless the convening notice provides for a less strict form. The Management Board is authorized to provide that shareholders may cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote). The Management Board is further authorized to provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented and may exercise all or specific shareholders' rights in total or in part by electronic communication (online participation).

The shareholders' meeting is chaired by the chairperson of the Supervisory Board or by another member of the Supervisory Board appointed by its chairperson. In the event that neither are present, the chairperson of the shareholder's meeting is to be elected by the members of the Supervisory Board present. The chairperson of the shareholders' meeting may decide that topics on the agenda be dealt with in a sequence that differs from the notified sequence. He or she may determine type, form and sequence of voting. He or she is entitled to impose a suitable limit on the time allowed for shareholders to speak and ask questions.

Pursuant to Section 20 of the Articles of Association, resolutions of the shareholders' meeting are passed with a simple majority of the votes cast, and, in so far as a majority of the share capital is necessary, with a simple majority of the registered share capital represented at the voting, unless mandatory law or the Articles of Association stipulate otherwise. Amendments of the Articles of Association require a resolution of the shareholders' meeting of not less than three-fourths of the share capital represented at the passing of the resolution. According to the German Stock Corporation Act (*Aktiengesetz*), resolutions of fundamental importance (*grundlegende Bedeutung*) require both a majority of votes cast and a majority of at least 75% of the registered share capital represented at the vote on the resolution. Resolutions of fundamental importance include, among other things:

- amendments to the corporate object of the Company;
- capital increases without subscription rights for existing shareholders;
- capital reductions;
- creating authorized or conditional capital;

- execution of corporate group agreements (especially control and profit and loss transfer agreements);

- mergers, spin-offs, or amalgamations, as well as transfers of substantially all the assets of the Company;

- certain changes to the legal form of the Company; and

- dissolution of the Company.

Neither German law nor the Articles of Association limit the right of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise the voting rights associated therewith.

17.6 Corporate governance

The objective of the Code in its most recent version of December 16, 2019, as published in the German Federal Gazette (*Bundesanzeiger*) on March 20, 2020, is to make the dual German corporate governance system transparent and understandable. The Code includes principles (*Grundsätze*), recommendations (*Empfehlungen*) and suggestions (*Anregungen*) governing the management and monitoring of German listed companies that are accepted nationally and internationally as standards of good and responsible governance. It aims to promote confidence in the management and supervision of German listed companies by investors, customers, employees and the general public. The principles (*Grundsätze*) reflect material legal requirements for responsible governance, and are used to inform investors and other stakeholders. Recommendations (*Empfehlungen*) of the Code are indicated in the text by using the word “shall”. Companies may depart from recommendations (*Empfehlungen*), but in this case they are obliged to disclose and explain any departures each year (“comply or explain”). This enables companies to take into account sector- or company-specific special characteristics. Well-justified departures from recommendations (*Empfehlungen*) of the Code may be in the best interests of good corporate governance. Finally, the Code contains suggestions (*Anregungen*) from which companies may depart without disclosure. These suggestions (*Anregungen*) are indicated by using the word “should”.

The matters addressed by the Code include the shareholders’ meeting, the management board and the supervisory board, transparency and accounting, as well as auditing of financial statements. Compliance with the recommendations (*Empfehlungen*) or suggestions (*Anregungen*) of the Code is – as aforementioned – not obligatory. German stock corporation law only requires the management board and the supervisory board of a listed company to state annually that the recommendations (*Empfehlungen*) in the Code have been complied with, or to explain which recommendations have not been complied with and are not being applied and the reasons behind non-compliance. The declaration of conformity must be publicly available on the Company’s website for a period of at least five years.

Prior to the listing of the Company’s shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company is not subject to the obligation to render a declaration as to compliance with the Code. As of the date of this prospectus, the Company complies, and following the listing of the Company’s shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) intends to comply, with all recommendations of the Code.

18. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or entities that control or are controlled by the Group must be disclosed unless they have already been included as consolidated entities in the Company's audited consolidated financial statements. In addition, there is an obligation to disclose transactions with associates and persons who have significant influence over the operating and financial policies of the Group. Significant influence can mean a shareholding in the Company of 20% or more, a position on the Management Board or the Supervisory Board or a key management position.

Set forth below is a summary of such transactions with related parties as of and for the fiscal years ended December 31, 2019, 2018 and 2017 and for the current fiscal year up to and including the date of this prospectus. Further information on related party transactions, including quantitative amounts, are contained in the notes to the Company's audited consolidated financial statements as of and for the fiscal years ended December 31, 2019, 2018 and 2017 and the notes to the Company's unaudited condensed consolidated interim financial statements for the six-month period ended June 30, 2020, each of which are included in the section "Financial Information" of this prospectus starting on page F-1. Business relationships between companies of the Group are not included. The companies that are directly or indirectly controlled by the Company are listed in the "List of shareholdings" in Note 13.5 of the notes to the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 and Note 15.5 to the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017.

18.1 General

The Knaus Tabbert Group had business transactions with related parties in the fiscal years ended December 31, 2019, 2018 and 2017 and in the current fiscal year up to and including the date of this prospectus. All transactions were performed substantially on the same terms, including interest rates and security, as transactions of a similar nature with third party counterparts. All transactions with related parties were thus, in the Company's view, carried out in accordance with the arm's length principle.

The Group identified as related parties the Selling Shareholders, related companies and key management.

18.2 Relationships between the Company and its controlling shareholder

Transactions with HTP as controlling shareholder of the Group, and corresponding receivables and liabilities existing on the respective balance sheet date, resulted exclusively from ordinary-course business activities. Such transactions and receivables and liabilities are reflected in the tables below.

	Six-month period ended June 30, 2020			
	Transaction volume	**Liability**	**Transaction volume**	**Receivable**
	(unaudited) **(in EUR thousand)**			
Services	310	–	–	–
Loans	–	–	–	–
Interest on loans	–	–	–	–
Total	**310**	**–**	**–**	**–**

	Fiscal year ended December 31, 2019			
	Transaction volume	**Liability**	**Transaction volume**	**Receivable**
	(audited) **(in EUR thousand)**			
Services	620	–	–	–
Loans	–	–	(14,520)	–
Interest on loans	–	–	(296)	–
Total	**620**	**–**	**(14,816)**	**–**

	Fiscal year ended December 31, 2018			
	Transaction volume	Liability	Transaction volume	Receivable
	(audited) (in EUR thousand)			
Services	620	0	378	378
Loans	(8,416)	0	0	0
Interest on loans	77	0	0	0
Total	**(7,719)**	**0**	**378**	**378**

	Fiscal year ended December 31, 2017	
	Transaction volume	Liability
	(audited) (in EUR thousand)	
Services	620	0
Loans	848	13,663
Interest on loans	197	229
Total	**1,665**	**13,892**

18.2.1 Services

Transactions with HTP include a consultancy agreement entered into between the Company and HTP on January 15, 2011 as well as a consultancy agreement between Morelo and HTP effective as of January 1, 2015. For the provision of contractually agreed consulting services, the Company agreed to pay a fee of EUR 10 thousand per day worked and Morelo agreed to pay a fee of EUR 10 thousand per month. The object of both consultancy agreements is in each case, in particular, consultancy on corporate and business strategy on a European level, consultancy and assistance with sales and marketing activities in the Netherlands, consultancy and assistance with management and financing matters as well as with all M&A related questions. Upon successful completion of the Offering, both agreements will be terminated. In the fiscal year ended December 31, 2019, HTP invoiced the Company total fees of EUR 500 thousand and Morelo total fees of EUR 120 thousand, which had been fully paid by the balance sheet date.

18.2.2 Loans and interest on loans

In addition, loans and interest on loans in the fiscal year 2019 mainly relate to a loan (and corresponding interest) that the Company had given to HTP in 2019 and that was set off against dividend payments in the same year. Loans and Interest on loans in 2017 and 2018 essentialy relate to a shareholder loan granted to the Group by HTP to finance the acquisition of Morelo and its total repayment in 2018.

18.3 Relationships between the Company and related companies

Transactions with related companies, and corresponding receivables and liabilities existing on the respective balance sheet date, resulted exclusively from ordinary-course business activities. Such transactions and receivables and liabilities are reflected in the tables below.

	Six-month period ended June 30, 2020			
	Transaction volume	Liability	Transaction volume	Receivable
	(unaudited) (in EUR thousand)			
Purchase of goods	4,516	288	–	–
Services	389	–	–	–
Loans	–	–	–	–
Interest on loans	–	–	–	–
Total	**4,905**	**288**	**–**	**–**

	Fiscal year ended December 31, 2019			
	Transaction volume	Liability	Transaction volume	Receivable
	(audited) (in EUR thousand)			
Purchase of goods	11,413	119	(330)	–
Services	765	–	–	–
Loans	–	–	(480)	–
Interest on loans	–	–	(10)	–
Total	**12,178**	**119**	**(820)**	**–**

	Fiscal year ended December 31, 2018 Transaction volume	Liability
	(audited) (in EUR thousand)	
Purchase of goods	8,299	267
Services	945	37
Loans	0	0
Interest on loans	0	0
Total	**9,244**	**305**

	Fiscal year ended December 31, 2017 Transaction volume	Liability
	(audited) (in EUR thousand)	
Purchase of goods	5,289	105
Services	855	42
Loans	0	0
Interest on loans	0	0
Total	**6,144**	**147**

18.3.1 Services

Transactions with related companies recognized as services include a consulting agreement between the Company and Palatium (which is wholly owned by the Company's CEO, Wolfgang Speck; see "*14.1. Current shareholders*" and "*17.2.4. Shareholdings of the members of the Management Board in the Company*") for the provision of management services, which has been in effect since July 1, 2015. In accordance with the agreement, fees amounting to EUR 765 thousand were invoiced in the fiscal year ended December 31, 2019. The contract was extended in the fiscal year ended December 31, 2018 but terminated in August 2020. In addition, transactions with related companies in 2017 and 2018 include payments made by the Company to HTP Motorsport, a German-based auto racing team, under a sponsorship agreement.

18.3.2 Loans and interest on loans

Loans and interest on loans in the fiscal year 2019 relate to a loan (and corresponding interest) that the Company had given to Palatium in 2019 and that was set off against dividend payments in the same year.

18.3.3 Purchase of goods

Furthermore, in the periods under review, the vast majority of purchase of goods with related companies relates to procurement in the fields of thermoforming and polyurethane processing from FORMTEC, a specialist manufacturer in this field owned by the Selling Shareholders.

18.4 Relationships between the Company and its key management personnel and their close family members as well as other related party transactions

Certain relationships with related parties, including the service and other agreements concluded with the members of the Management Board and compensation arrangements for the members of the Supervisory Board, are described under "*17.2.3. Remuneration and other benefits of the members of the Management Board*" and "*17.3.4. Remuneration of the members of the Supervisory Board*".

19. UNDERWRITING

19.1 General

The Company, the Selling Shareholders and the Underwriters entered into the Underwriting Agreement with respect to the offer and sale of the Offer Shares on September 11, 2020.

The obligations of the Underwriters under the Underwriting Agreement are subject to various conditions, including, among other things, (i) the conclusion of a pricing agreement, an agreement on the allocation of costs between the Selling Shareholders and the Company covering also the indemnity against liability claims in connection with the Offering, and an IPO insurance agreement between the Company and an insurance company, (ii) the absence of a material adverse change, such as a reasonably likely 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 in trading of the Company's securities (other than an intraday suspension for technical reasons) or in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange, (iii) receipt of customary certificates, legal opinions and comfort letters, and (iv) the making of necessary filings and the receipt of necessary approvals in connection with the Offering and the admission of the Company's shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The Underwriters may, from time to time, provide services to companies of the Group and the Selling Shareholders in the ordinary course of business and may extend credit to and have regular business dealings with companies of the Group and the Selling Shareholders in their capacity as financial institutions (for a more detailed description of the interests of the Underwriters in the offering, see "*3.14. Interests of parties participating in the Offering*").

Subject to the conditions set forth in the Underwriting Agreement, each Underwriter is required to acquire the number of Offer Shares specified in the Underwriting Agreement, but in any event only up to the maximum number of Offer Shares set forth below opposite such Underwriter's name:

Underwriters	**Maximum number of Offer Shares to be underwritten***	**Percentage of maximum total number of Offer Shares underwritten (in %)***
Jefferies	3,708,750	75.00
UniCredit	741,750	15.00
ABN AMRO	494,500	10.00
Total	**4,945,000**	100.00

* Assuming full exercise of the Greenshoe Option.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. None of the Underwriters intends to disclose the extent of any such investment or transactions unless required by law or regulatory obligations. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps with investors) in connection with which such Underwriters (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

19.2 Commissions

Pursuant to the terms and conditions of the Underwriting Agreement, the Company is required to pay the Underwriters a base fee in connection with the Offering that equals 2.75% of the gross proceeds from the Offering and a discretionary fee of up to 1.75% of the gross proceeds of the Offering, see also "*4. Proceeds of the Offering and Costs of the Offering and the* Listing".

19.3 Termination/indemnification

The Underwriting Agreement provides that the Underwriters may under certain circumstances terminate the Underwriting Agreement, including after the shares have been allotted and listed, until delivery and settlement has occurred. Grounds for termination include, in particular:

- a material loss or interference with respect to the business of the Company or the Knaus Tabbert Group taken as a whole; and
- a general suspension or material limitation of trading on the Frankfurt Stock Exchange, the London Stock Exchange or the New York Stock Exchange.

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 security commissions already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial institution to which the investor submitted its purchase order. Investors who engage in short selling bear the risk of being unable to satisfy their delivery obligations.

The Company and the Selling Shareholders have further agreed in the Underwriting Agreement to indemnify the Underwriters against certain liabilities, including liabilities under applicable securities laws that may arise in connection with the Offering.

19.4 Selling restrictions

The distribution of this prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. The Offer Shares may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisement in connection with the Offer Shares may be distributed or published in or from any country or jurisdiction other than Germany, except in compliance with any applicable rules and regulations of such country or jurisdiction. It is the responsibility of any person who receives a copy of this prospectus to inform themselves about and observe any laws and restrictions, including, but not limited to, those set out below. Failure to comply with these restrictions may constitute a violation of securities laws.

No action has been or will be taken by the Company, the Selling Shareholders or the Underwriters to permit a public offering of any Offer Shares or the possession or distribution of this document in any country or jurisdiction other than Germany where action for such purposes may be required. This prospectus has been approved solely by BaFin as competent authority under the Prospectus Regulation, see "*2.1. Responsibility statement*".

The Offer Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and the Offer Shares may not be offered, sold or otherwise transferred to or within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. Accordingly, the Offer Shares are being offered and sold only (a) in the United States to persons reasonably believed to be QIBs pursuant to Rule 144A under the Securities Act and (b) outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this prospectus is only addressed to and directed to qualified investors who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the ***Order***), and/or (ii) are high net worth entities falling within Article 49(2)(a) through (d) of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as ***Relevant Persons***). The securities described herein are only available in the United Kingdom to Relevant Persons, and subsequently, any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this prospectus or any of its contents.

In relation to each member state of the EEA and the United Kingdom (each a ***Relevant State***), an offer to the public of any Offer Shares, other than the offer in Germany contemplated in this prospectus (once this prospectus has been approved by BaFin and published in accordance with the Prospectus Regulation), may not be made in that Relevant State, except that an offer to the public in that Relevant State of any Offer Shares may be made at any time in accordance with the following exceptions under the Prospectus Regulation:

- to any legal entity that is a "qualified investor" as defined in Article 2 lit. e) of the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than "qualified investors" as defined in Article 2 lit. e) of the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Underwriters for any such offer; or

- in any other circumstances falling within Article 1 para. 4 of the Prospectus Regulation,

provided that no such offer of Offer Shares result in a requirement for the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 1 para. 4 of the Prospectus Regulation, each financial intermediary will also be deemed to have represented, warranted and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, or with a view to their offer or resale to, persons in circumstances that may give rise to an offer of any Offer Shares to the public, other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

For the purposes of this prospectus, the expression "offer to the public" in relation to any Offer Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Offering and the Offer Shares, so as to enable an investor to decide to purchase or subscribe to Offer Shares, including any placing of Offer Shares through financial intermediaries.

20. TAXATION OF SHAREHOLDERS IN GERMANY

Income received from the shares of the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the investor and the tax laws of the Company's state of incorporation, statutory seat and place of effective management, i.e. Germany, might have an impact on the income received from the shares of the Company.

The following section presents a number of key German taxation principles which generally are or can be relevant to the acquisition, holding, or transfer of shares by a shareholder (an individual, a partnership, or a corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office, or place of management is in Germany) and by a shareholder without a tax domicile in Germany. The information is not exhaustive and does not constitute a definitive explanation of all possible aspects of taxation that could be relevant for shareholders. The information is based on the tax laws in force in Germany as of the date of this prospectus (and their interpretation by administrative directives and courts), as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax law can change – sometimes retrospectively. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation or application to be correct that differs from the one described in this section.

This section cannot serve as a substitute for tailored tax advice to individual shareholders. Shareholders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such advisers are in a position to take the specific tax-relevant circumstances of individual shareholders into due account.

20.1 Income tax implications of the holding, sale, and transfer of shares

In terms of the taxation of shareholders of the Company, a distinction must be made between taxation in connection with the holding of shares ("*20.2. Taxation of dividends*") and taxation in connection with the sale of shares ("*20.3. Taxation of capital gains*") and taxation in connection with the gratuitous transfer of shares ("*20.5. Inheritance and gift tax*").

20.2 Taxation of dividends

20.2.1 Withholding tax

As a general rule, dividends distributed to the shareholder are subject to a withholding tax (*Kapitalertragsteuer*) of 25.0% and a solidarity surcharge of 5.5% thereon (i.e. 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)); in this case no withholding tax will be withheld. However, these payments will reduce the acquisition costs of the shares and may, consequently, result in or increase a taxable gain upon the disposal of the shares (see below at "*20.3. Taxation of capital gains*"). The assessment basis for the withholding tax is the dividend approved by the shareholders' meeting.

If shares – as it is the case with the shares in the Company – are admitted for collective custody by a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is withheld and passed on for the account of the shareholders (i) by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*), or by the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends to the shareholder or disburses the dividends to a foreign agent, (ii) by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*), or (iii) by the Company itself if and to the extent shares held in collective custody (*Sammelverwahrung*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "*abgesetzte Bestände*" (stock being held separately) (each a ***Dividend Paying Agent***). Aside from the case of stock being held separately as described under (iii) above, the Company does not assume any responsibility for the withholding of the withholding tax.

In general, the withholding tax must be withheld without regard as to whether and to what extent the dividend is exempt from (corporate) income tax at the level of the shareholder and whether the shareholder is domiciled in Germany or abroad.

However, withholding tax on dividends distributed to a company domiciled in another Member State within the meaning of Art 2 of the Council Directive 2011/96/EU (***Parent-Subsidiary Directive***), may be refunded upon application and subject to further conditions. This also applies to dividends distributed to a permanent establishment of such a parent company in another Member State or to a parent company that is subject to unlimited tax liability in Germany, provided that the participation in the Company is actually part of such permanent establishment's business assets. Further requirements for the refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least 10% of the Company's registered share capital continuously for one year and that a respective application is filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel*, An der Küppe 1, 53225 Bonn, Germany). If, in the case of a holding of at least 10% of the Company's registered share capital, shares held in collective custody (*Sammelverwahrung*) by the German central securities depository (*Wertpapiersammelbank*) Clearstream are treated as so-called "*abgesetzte Bestände*" (stock being held separately), the German tax authorities will not object when the main paying agent (*Hauptzahlstelle*) of the Company upon presentation of a valid exemption certificate (*Freistellungsbescheinigung*) and of a proof that this stock has been held separately, disburses the dividend without deducting withholding tax. An exemption certificate can be granted upon application (using official application forms) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern)* (at the above address).

With respect to distributions made to shareholders not tax resident in Germany, the withholding tax may be at least partially refunded in accordance with an applicable double taxation treaty Germany has entered into with the respective shareholder's country of residence if the shares neither form part of the assets of a permanent establishment or a fixed place of business in Germany, nor form part of business assets for which a permanent representative in Germany has been appointed. The withholding tax refund is generally granted by the German Federal Central Tax Office (at the above address) upon application in such a manner that the difference between the total amount withheld, including the solidarity surcharge, and the reduced withholding tax actually owed under the relevant double taxation treaty (generally 15.0%) is refunded by the German Federal Central Tax Office. A refund is not required if the Federal Central Tax Office has, upon application on the officially prescribed form, issued an exemption certificate (*Freistellungsbescheinigung*) which documents that the prerequisites for the application of the reduced withholding tax rates have been met. Dividends covered by the exemption certificate of the shareholder are then only subject to the reduced withholding tax rates stipulated in the exemption certificate.

Forms for the reimbursement and the exemption from the withholding at source procedure are available at the German Federal Central Tax Office (at the above address or online at http://www.bzst.bund.de), as well as at German embassies and consulates.

If dividends are distributed to corporations subject to non-resident taxation in Germany, i.e. corporations with no registered office or place of management in Germany and if the shares neither belong to the assets of a permanent establishment or fixed place of business in Germany nor are part of business assets for which a permanent representative in Germany has been appointed, two-fifths of the tax withheld at the source can generally be refunded even if not all of the prerequisites for a refund under the Parent-Subsidiary Directive or an applicable double taxation treaty are fulfilled. The relevant application forms are available at the German Federal Central Tax Office (at the above address).

The aforementioned possibilities for an exemption from or a refund of withholding tax depend on certain other conditions being met (particularly the fulfillment of so-called substance requirements – *Substanzerfordernisse*).

Pursuant to a special rule, the aforementioned withholding tax relief, as well as the credit of withholding tax described in the section "*20.2.2. Taxation of dividends of shareholders with a tax domicile in Germany*" below for shares held as non-business and as business assets will only be granted if the shareholder (i) has been the economic owner of the shares for a continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date (the ***Minimum Holding Period*** (*Mindesthaltedauer*)), (ii) has been exposed (if taking into account claims of the shareholder from transactions reducing the risk of changes of the market value of the shares and corresponding claims of related parties of the shareholder) to at least 70.0% of the risk resulting from a decrease-in-value of the shares continuously during the Minimum Holding Period (the minimum change-in-value risk (*Mindestwertänderungsrisiko*)), and (iii) is not required to forward (*vergüten*) these dividends, directly or indirectly, in total or to more than 50.0% to another person.

In the event that a shareholder tax resident in Germany does not meet the aforementioned three requirements, three fifths of the withholding tax levied on the dividends (i.e. 15.0% of the dividends) is not creditable, but may, upon application, be deducted when determining the shareholder's taxable income in an assessment procedure. Shareholders who do not meet the requirements but who have, nevertheless, not suffered a withholding tax deduction on the dividends (for example, due to the presentation of a non-assessment certificate) or have already obtained a refund of the taxes withheld, are required to notify their competent tax office thereof and to make the payment of an amount corresponding to the amount which would otherwise be withheld; pursuant to the law regarding tax incentives for electric mobility and the amendment of further tax regulations (*Gesetz zur weiteren steuerlichen Förderung der Elektromobilität und zur Änderung weiterer steuerlicher Vorschriften*) that came into force on December 18, 2019, this amount will be equal to 15.0% of the dividends from 2019 onwards. The special rule on the restriction of withholding tax credit does not apply to a shareholder if either (i) his or her amount of dividend income on shares (including shares of the Company) and certain profit participation rights (*Genussrechte*) does not exceed an amount of EUR 20,000 in a given tax assessment period or (ii) he or she has been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

In the event that a shareholder not tax resident in Germany does not meet the aforementioned three requirements, a refund of the withholding tax pursuant to a double taxation treaty is not available. This restriction only applies if (i) the applicable double taxation treaty provides for a tax reduction leading to an applicable tax rate of less than 15.0%, (ii) the shareholder is not a corporation that directly holds at least a participation of 10.0% of the equity capital of the Company and is subject to tax on its income and profits in its state of residence without being exempt, and (iii) the shareholder has not been, upon actual receipt of the dividend, the economic owner of the shares for a continuous period of at least one year, whereby shares of the shareholder acquired first are deemed to be sold first (first in – first out).

20.2.2 Taxation of dividends of shareholders with a tax domicile in Germany

This section applies to shareholders with a tax domicile in Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

20.2.2.1 Shares held as non-business assets

Dividends distributed to shareholders with a tax domicile in Germany whose shares are held as non-business assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25.0% plus solidarity surcharge of 5.5% thereon (i.e. 26.375% in total plus church tax, if applicable). The income tax owed for this dividend income is generally satisfied by the withholding tax withheld by the Dividend Paying Agent (flat-rate withholding tax (*Abgeltungsteuer*)). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples and registered partners that are jointly assessed). However, the shareholder may request that his capital investment income (including dividends) along with his other taxable income be subject to a progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case, income-related expenses can also not be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

If the withholding tax deduction does not satisfy the tax liability of the shareholder, the withholding tax will generally be credited against the progressive income tax and any excess amount will be refunded if the requirements of the special rule on the restriction of withholding tax credit (see above "*20.2.1. Withholding tax*") are fulfilled.

Exceptions from the flat-rate withholding tax also apply upon application for shareholders who have a shareholding of at least 25.0% in the Company and for shareholders who have a shareholding of at least 1.0% in the Company and are able to entrepreneurially influence the business activities of the company through professional work for the Company (the latter alternative is applicable for tax assessment periods from 2017 onwards). In this situation, the tax treatment described below at "*20.2.2.2.2. Sole proprietors*") applies.

For taxpayers subject to church tax, the tax will be withheld by way of an automated procedure and remitted to the religious community levying the tax. Church tax withheld at source may not be deducted as a special expense (*Sonderausgabe*) in the course of the tax assessment, but the Dividend Paying Agent may reduce the standard aggregate withholding tax rate of 26.375% (including the solidarity surcharge) by 25% of the church tax to be withheld on the dividends. Where shareholders have lodged a timely written objection with the German Federal Central Tax Office (*Bundeszentralamt für Steuern* (at the above address)) (so-called blocking notice (*Sperrvermerk*)) as regards the automated retrieval of data on their religious affiliation, church tax will not be automatically deducted. In this case, a shareholder subject to church tax is obliged to declare the dividends in his income tax return. The church tax on the dividends is then levied in a tax assessment procedure.

Shareholders who are subject to German tax residents' taxation and hold their shares as non-business assets may be paid the dividends without deduction of withholding tax if certain prerequisites are met, in particular, if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption instruction (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do – contrary to the above – not form part of the shareholder's taxable income but reduce the acquisition costs for the underlying shares. This results in a higher capital gain in the event of the shares' disposal (see below at "*20.3. Taxation of capital gains*"). However, this will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1.0% of the share capital of the Company (a ***Qualified Holding***) and (ii) the dividend payment funded from the Company's contribution account for tax purposes exceeds the actual acquisition costs of the shares. In such a case of a Qualified Holding, a dividend payment funded from the Company's contribution account for tax purposes is deemed a sale of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's contribution account for tax purposes exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in the section "*20.3.1.1. Shares held as non-business assets*" with regard to shareholders maintaining a Qualified Holding.

20.2.2.2 Shares held as business assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. However, dividends are generally subject to the withholding tax on capital investment income of 25.0% plus 5.5% solidarity surcharge thereon, resulting in an aggregate tax rate of 26.375%, plus church tax for individuals, if applicable. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the Dividend Paying Agent will generally be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any excess if the requirements of the special rule on the restriction of withholding tax credit (see above "*20.2.1. Withholding tax*") are fulfilled. The taxation depends on whether the shareholder is a corporation, a sole proprietor, or a partnership (co-entrepreneurship).

On December 13, 2019, the law regarding a significant reduction of the solidarity surcharge (*Gesetz zur Rückführung des Solidaritätszuschlags 1995*) came into force. Even though this new law has no impact on the solidarity surcharge levied in addition to the withholding tax, it can affect the solidarity surcharge levied on the income tax liability which the withholding tax is credited against, as the case may be. According to this new law, the threshold as of which solidarity surcharge is levied will be significantly increased, so that the solidarity surcharge shall be abolished in full for approximately 90% of German taxpayers and partly for a further 6.5% of German taxpayers. The new rules apply as of 2021. Shareholders are advised to monitor further future developments.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets, are generally fully tax-exempt in the hands of such shareholder but reduce the acquisition costs for the underlying shares. To the extent the dividend payments funded from the Company's contribution account for tax purposes exceed the actual acquisition costs of the shares, a taxable capital gain occurs. The taxation of such gain corresponds with the description in the section "*20.3.1.2. Shares held as business assets*" made with regard to shareholders whose shares are held as business assets.

20.2.2.2.1 Corporations

If the shareholder is a corporation with a tax domicile in Germany, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a total tax rate of 15.825%. In other respects, business expenses actually incurred in direct relation to the dividends may be deducted. However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon), if the shareholder only holds a direct participation of less than 10% in the Company's registered share capital at the beginning of the calendar year (***Portfolio Participation*** (*Streubesitzbeteiligung*)). Participations of at least 10.0% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be a non-deductible business expense (amounting to 5.0% of the dividend). Trade tax depends on the municipal trade tax multiplier applied by the relevant municipal authority.

Special rules apply to dividends received by companies active in the financial and insurance sectors, as well as pension funds (see "*20.4. Special treatment of companies in the financial and insurance sectors and pension funds*").

20.2.2.2.2 Sole proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60.0% of the dividends are subject to a progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5%, known as the partial income method (*Teileinkünfteverfahren*). The partial income method does not apply with respect to church tax (if applicable). Only 60.0% of the business expenses economically related to the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deducting business expenses economically related thereto) is not only subject to income tax but is also fully subject to trade tax, unless the shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In this latter case, the net amount of dividends, i.e. after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.2.2.2.3 Partnerships

If the shareholder is a partnership with a tax domicile in Germany, the income or corporate income tax, as the case may be, and the solidarity surcharge are not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see "*20.2.2.2.1. Corporations*"). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see "*20.2.2.2.2. Sole proprietors*"). Upon application and subject to further conditions, a partner that is an individual can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the level of a commercial or deemed commercial partnership if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Due to a lack of case law and administrative guidance, it is unclear how the rules for the taxation of dividends from Portfolio Participations (see "*20.2.2.2.1. Corporations*") might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their tax advisers.

20.2.3 Taxation of dividends of shareholders with a non-German tax domicile

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly (see "*20.2.2.2. Shares held as business assets*"). The withholding tax (including the solidarity surcharge) withheld and passed on will generally be credited against the income or corporate income tax liability or refunded in the amount of any excess if the requirements of the special rule on the restriction of withholding tax credit (see "*20.2.1. Withholding tax*") are fulfilled.

In all other cases, any tax liability in Germany for dividends received by shareholders resident outside of Germany will be discharged through the withholding of the withholding tax by the Dividend Paying Agent. A refund or exemption is granted only as discussed under "*20.2.1. Withholding tax*" above.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) are generally not subject to German taxation.

20.3 Taxation of capital gains

20.3.1 Taxation of capital gains of shareholders with a tax domicile in Germany

This section applies to shareholders with a tax domicile in Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

20.3.1.1 Shares held as non-business assets

Gains on the disposal of shares acquired by a shareholder with a tax domicile in Germany and held as non-business assets are generally – regardless of the holding period – subject to a uniform tax rate on capital investment income in Germany (25.0% plus the solidarity surcharge of 5.5% thereon, i.e. 26.375% in total plus any church tax, if applicable). The taxable capital gain is equal to the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares plus the expenses related directly and materially to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes exceed the acquisition costs, negative acquisition costs – which can increase a capital gain – can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as a Qualified Holding.

Only an annual lump-sum deduction of EUR 801 (EUR 1,602 for married couples and registered partners that are jointly assessed) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related in substance to the disposal which can be deducted when calculating the capital gains. Losses from the disposal of shares may only be offset against profits from capital investments arising from the disposal of the Company's shares or other shares in stock corporations during the same assessment period or in future assessment periods.

If the shares are held in custody or administered by a domestic credit or financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (each a ***Domestic Paying Agent***), the tax on the capital gains will generally be satisfied by the Domestic Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) on the capital gain and transferring it to the tax authority for the account of the seller. If the shares were held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of tax withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire the shares. However, the withholding tax rate of 25% plus the 5.5% solidarity surcharge thereon and any church tax (if applicable), will be applied to 30% of the gross sales proceeds if the shares were not administered by the same custodian bank since acquisition and the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds must, verify the original costs of the shares in his or her annual income tax return.

The church tax deduction for capital gains is performed by way of standardized tax withholding procedure by the Domestic Paying Agent withholding such tax. The principles outlined above for church tax on dividend income (see "*20.2.2.1 Shares held as non-business assets*") apply accordingly.

The shareholder can apply for his total capital investment income, together with his other taxable income, to be subject to a progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability. In this case, the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded. Limitations on offsetting losses are applicable. Further, income-related expenses are non-deductible, except for the annual lump-sum deduction.

Shareholders who are subject to German residents' taxation and hold their shares as non-business assets may realize capital gains without deduction of tax on capital investment income and solidarity surcharge if certain prerequisites are met, particularly if the shareholder has provided a non-assessment certificate (*Nichtveranlagungs-Bescheinigung*) or an exemption instruction (*Freistellungsauftrag*) and the exempt amount indicated therein has not yet been exhausted.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a Domestic Paying Agent, the shareholder is required to declare the capital gains in his income tax return. The income tax and any applicable church tax on the capital gains will then be collected in a tax assessment procedure.

In case of a Qualified Holding, the capital gain deriving from the disposal of the shares is not subject to the flat-rate withholding tax, but to the progressive income tax regime. In this case, the partial income method applies to gains on the disposal of shares, which means that only 60.0% of the capital gains are subject to tax and only 60.0% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a Domestic Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare his capital gains in his income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax liability on his tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

20.3.1.2 Shares held as business assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to a uniform withholding tax. Withholding tax may only be withheld if the shares are kept with a Domestic Paying Agent. Subject to certain prerequisites, the tax on capital investment income withheld and remitted to the tax authorities will be imputed towards the shareholder's income tax liability and any excess amount paid will be refunded. Subject to certain requirements, however, the Domestic Paying Agent may refrain from deducting tax on capital investment income if (i) the shareholder is a corporation subject to German residents taxation, an association of individuals or an estate or (ii) the shares form part of the business assets of a business operation in Germany and the shareholders declare such to the Domestic Paying Agent in the officially prescribed form. Should the Domestic Paying Agent nonetheless have withheld tax on capital investment income, the tax withheld and remitted to the tax authorities (including solidarity surcharge, and church tax, if applicable) will be credited against the shareholder's personal income tax or corporate income tax liability and any excess amount paid will be refunded.

The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto* pursuant to Section 27 of the German Corporation Tax Act (*Körperschaftsteuergesetz*)) reduce the original acquisition costs. In the event of disposal, a higher taxable capital gain can arise therefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

20.3.1.2.1 Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are, in general, effectively 95.0% exempt from corporate income tax (including the solidarity surcharge) and trade tax, regardless of the size of the participation and the holding period. 5.0% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the respective municipal authority). As a rule, losses on disposals and other profit reductions in connection with shares (for example*,* from a write down) cannot be deducted as business expenses.

Special rules apply to capital gains realized by companies active in the financial and insurance sectors, as well as pension funds (see "*20.4. Special treatment of companies in the financial and insurance sectors and pension funds*").

20.3.1.2.2 Sole proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60.0% of the gains on the disposal of the shares are subject to a progressive income tax (plus the solidarity surcharge) at a total tax rate of up to approximately 47.5% (partial-income method). Only 60.0% of the losses on the disposal and expenses economically related thereto are tax deductible. The partial income method does not apply with respect to church tax (if applicable). If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60.0% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited towards the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.3.1.2.3 Partnerships

If the shareholder is a partnership with a tax domicile in Germany, the income or corporate income tax is not levied at the level of the partnership but at the level of the respective partners. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see "*20.3.1.2.1. Corporations*"). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above under "*20.3.1.2.2. Sole proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares are subject to trade tax at the level of a commercial or deemed commercial partnership, if the shares are attributed to a domestic permanent establishment of a business operation of the partnership, generally, at 60.0% to the extent attributable to the profit share of a partner of the partnership that is an individual, and, currently, at 5.0% to the extent attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60.0% in the context of general limitations if they are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his profit share will generally be credited, either in full or in part, against his personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

20.3.2 Taxation of capital gains of shareholders with a non-German tax domicile

Capital gains derived from the disposal of shares by shareholders with no tax domicile in Germany are only subject to German tax if the selling shareholder has a Qualified Holding in the Company or the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

Pursuant to a decision of the German Federal Fiscal Court (*Bundesfinanzhof*) dated May 31, 2017 (Federal Tax Gazette (*Bundessteuerblatt*), part II of 2018, p. 144), in case of a Qualified Holding, the capital gain on the disposal of shares is not subject to German taxation if the shareholder is a corporation which is not tax resident in Germany and neither maintains a permanent establishment nor has appointed a permanent representative in Germany.

If the shareholder is an individual, only 60.0% of the gains on the disposal of the shares are subject to progressive income tax plus the solidarity surcharge thereon and church tax, if applicable. However, most double taxation treaties provide for a partial or full relief from German taxation and assign the right of taxation to the shareholder’s country of residence. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25.0% (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%). However, if (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then, pursuant to a tax decree issued by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) on January 18, 2016, the Domestic Paying Agent will in general not be required to withhold the tax on capital investment income (plus solidarity surcharge thereon). In the case of a Qualified Holding, the capital gains must be declared in a tax return and will be taxed in a tax assessment procedure if no exemption under a double taxation treaty or under domestic law applies.

With regard to gains or losses on the disposal of shares belonging to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the abovementioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply accordingly (see “*20.3.1.2. Shares held as business assets*”). The Domestic Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the Domestic Paying Agent on the officially prescribed form that the shares form part of domestic business assets and certain other requirements are met.

20.4 Special treatment of companies in the financial and insurance sectors and pension funds

If credit institutions (*Kreditinstitute*) or financial services institutions (*Finanzdienstleistungsinstitute*) hold or sell shares that are allocable to their trading portfolio (*Handelsbestand*) pursuant to Section 340e(3) of the German Commercial Code (*Handelsgesetzbuch*), they will neither be able to benefit from the partial income method nor be entitled to the effective 95.0% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares acquired by financial institutions in the meaning of the German Banking Act (*Gesetz über das Kreditwesen*) held in the majority by credit institutions or financial services institutions and where the shares are to be allocated to the current assets (*Umlaufvermögen*) as of the date of acquisition. The preceding sentence applies accordingly for shares held in a permanent establishment in Germany by financial institutions, financial service institutions and financial institutions tax resident in another Member State or in other signatory states of the Treaty on the EEA.

Likewise, the tax exemption described in Section "*20.3.1.2.1. Corporations*" afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95.0% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

20.5 Inheritance and gift tax

The transfer of shares to another person by way of inheritance or gift is generally subject to German inheritance or gift tax if:

(i) The place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has, prior to the transfer, not spent more than generally five consecutive years outside of Germany without maintaining a place of residence in Germany;

(ii) the decedent's or donor's shares were part of business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed; or

(iii) the decedent or the donor, at the time of the succession or gift, held a direct or indirect interest of at least 10.0% of the Company's share capital either alone or jointly with other related parties.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in cases that fall under (i) and, subject to certain restrictions, under (ii) above. Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

20.6 Other taxes

No German capital transfer taxes, value-added-tax, stamp duties, or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

On February 14, 2013, the EU Commission adopted a proposal for a Council Directive (the ***Draft Directive***) on a common financial transaction tax (***FTT***) to be implemented in Austria, Belgium, France, Germany, Greece, Italy, Portugal, Spain, Slovakia, and Slovenia (the ***Participating Member States***) and Estonia, that has stated in 2015 that it will not participate in implementing the proposed FTT.

The Draft Directive has a very broad scope and could, if introduced, apply to certain dealings in the shares (including secondary market transactions) in certain circumstances. The Draft Directive focused on levying a FTT on financial transactions (as defined in the Draft Directive), including the purchase, sale and exchange of financial instruments. Under the Draft Directive, the rate of the FTT would not be lower than 0.1% (0.01% for derivatives), generally based on the amount of the paid or owed consideration or in case of derivatives, the notional amount referred to in the derivatives contract at the time of the financial transaction. The issuance should, however, be exempt.

Since the date of the publication of the Draft Directive, discussions have taken place between the Participating Member States. According to the German Federal Ministry of Finance (*Bundesministerium der Finanzen*), the FTT could be levied from 2021 onwards. Pursuant to a statement by the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) dated January 21, 2020, the new FTT shall apply to certain transactions that mainly involve shares issued by listed companies with a market capitalization higher than EUR 1 billion and at a rate of 0.2%. Under this proposal, certain exceptions could apply, for example, for initial public offerings.

Nevertheless, the FTT remains subject to negotiation between the Participating Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and altered prior to its adoption. Moreover, once any directive has been adopted, it will need to be implemented into the respective domestic laws of the Participating Member States, and the domestic provisions implementing the directive might deviate from the directive itself. Finally, additional Member States may decide to participate in or to dismiss the implementation.

Prospective holders of the shares should consult their own tax advisers in relation to the consequences of the FTT.

21. Financial Information

The following English-language financial statements are translations of the respective audited/ unaudited German-language financial statements.

The auditor's reports (Bestätigungsvermerke) for the audited consolidated financial statements, prepared in accordance with Section 322 of the German Commercial Code (Handelsgesetzbuch), refer to the respective consolidated financial statements together with the Group management report. The Group management reports are not included in this prospectus

Unaudited Condensed Consolidated Interim Financial Statements of Knaus Tabbert GmbH Prepared in Accordance with IFRS as of and for the Six-Month Period Ended June 30, 2020:

Knaus Tabbert GmbH

Interim financial statements

30 June 2020

Consolidated Balance Sheet – Assets

	Note	30 June 2020 KEUR	31 Dec. 2019 KEUR
Assets			
Intangible assets	**5.1**	15,866	15,114
Property, plant and equipment	**5.2**	101,106	106,069
Other assets		1,438	603
Deferred tax assets		3,041	3,415
Non-current assets		**121,452**	**125,201**
Inventories	**5.3**	131,986	119,728
Trade receivables	**5.4**	38,714	37,275
Other assets		18,744	20,327
Tax receivables		391	810
Cash and cash equivalents		9,410	7,597
Current assets		**199,246**	**185,737**
Total assets		**320,698**	**310,938**

Consolidated Balance Sheet – Equity and liabilities

	Note	30 June 2020 KEUR	31 Dec. 2019 KEUR
Equity			
Subscribed capital		29	29
Capital reserves	**5.5**	17,475	12,475
Retained earnings		6,435	6,435
Retained earnings/accumulated losses brought forward		49,797	48,627
Consolidated income		15,401	31,170
Accumulated other income		(957)	(533)
Total equity		**88,180**	**98,202**
Liabilities			
Other provisions		11,951	12,291
Liabilities to banks		7,268	12,348
Other liabilities		9,241	9,167
Deferred tax liabilities		6,869	7,217
Non-current liabilities		**35,329**	**41,022**
Other provisions		4,613	4,233
Liabilities to banks	**5.6**	75,530	81,941
Trade payables	**5.7**	63,896	47,057
Other liabilities	**5.8**	49,584	37,667
Tax liabilities	**5.8**	3,566	816
Current liabilities		**197,188**	**171,713**
Liabilities		**232,518**	**212,735**
Total equity and liabilities		**320,698**	**310,938**

Consolidated statement of comprehensive income

	Note	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
Revenue	**6.1**	359,349	394,046
Changes in inventory		(3,772)	22,256
Other own work capitalised		1,866	2,599
Other operating income		1,879	1,772
Cost of materials		(243,736)	(297,605)
Personnel expenses		(54,426)	(56,122)
Depreciation and amortisation		(9,416)	(8,119)
Other operating expenses		(28,316)	(30,245)
Financial income		20	12
Finance costs		(1,535)	(1,164)
Tax expense		(6,511)	(7,694)
Consolidated profit for the period		**15,401**	**19,735**
Other comprehensive income		**(424)**	**(47)**
Items that can be reclassified to profit or loss:			
Foreign currency translation differences (input tax = supplementary tax)		(424)	(47)
Total comprehensive income		**14,977**	**19,688**

Consolidated statement of cash flows

Cash flows from operating activities	Note	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
Consolidated income:		**15,401**	**19,735**
Adjustments for:			
Depreciation and amortisation expense/reversals of impairment losses		9,416	8,119
Increase/decrease in provisions		41	669
Other non-cash income and expenses		1,013	293
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities		(11,543)	(13,499)
Increase/decrease in trade payables and other liabilities not related to investing or financing activities		28,335	17,610
Gain/loss on the disposal of fixed assets		298	(399)
Net finance costs		1,515	1,290
Income tax expense		6,278	7,528
Income taxes paid		(3,339)	(5,841)
Cash flows from operating activities		**47,415**	**35,504**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		-	1,760
Payments for the purchase of property, plant and equipment		(4,059)	(10,801)
Payments for the purchase of intangible fixed assets		(3,187)	(3,687)
Interest received		5	-
Cash flows from investing activities		**(7,241)**	**(12,727)**
Cash flows from financing activities			
Proceeds from capital increases	**5.5**	5,000	-
Dividend payments (in 2019: interim dividend)	**5.5**	(30,000)	(15,000)
Cash proceeds from bank borrowings		43,148	13,771
Cash repayments of liabilities to banks		(53,919)	(18,558)
Interest paid		(1,413)	(491)
Cash repayments of finance lease liabilities		(1,373)	(1,291)
Cash flows from financing activities		**(38,557)**	**(21,569)**
Net change in cash and cash equivalents		**1,616**	**1,209**
Impact of exchange rate changes on cash and cash equivalents		10	2
Cash and cash equivalents at the beginning of the period		1,684	1,491
Cash and cash equivalents at the end of the period		**3,310**	**2,702**

Consolidated statement of changes in equity

HY 2019	Note	Issued capital KEUR	Capital reserves KEUR	Currency translation reserves KEUR	Retained earnings KEUR	Retained earnings/accumulated losses brought forward KEUR	Consolidated income KEUR	**Total KEUR**
As at 1 January		**29**	**12,475**	**(363)**	**6,435**	**35,006**	**28,621**	**82,203**
Allocation of consolidated income to retained earnings/ accumulated losses brought forward		-	-	-	-	28,621	(28,621)	**-**
Consolidated profit for the period		-	-	-	-	-	19,735	**19,735**
Other comprehensive income		-	-	(47)	-	-	-	**(47)**
Total comprehensive income		**-**	**-**	**(47)**	**-**	**28,621**	**(8,886)**	**19,982**
As at 30 June		**29**	**12,475**	**(410)**	**6,435**	**63,627**	**19,735**	**101,891**

HY 2020	Note	Issued capital KEUR	Capital reserves KEUR	Currency translation reserves KEUR	Retained earnings KEUR	Retained earnings/accumulated losses brought forward KEUR	Consolidated income KEUR	**Total KEUR**
As at 1 January		**29**	**12,475**	**(533)**	**6,435**	**48,627**	**31,170**	**98,202**
Allocation of consolidated income to retained earnings/ accumulated losses brought forward		-	-	-	-	31,170	(31,170)	**-**
Consolidated profit for the period		-	-	-	-	-	15,401	**15,401**
Other comprehensive income				(424)				**(424)**
Total comprehensive income		**-**	**-**	**(424)**	**-**	**31,170**	**(15,769)**	**14,977**
Transactions with owners								
Contributions and distributions								
Contributions to capital reserves	**5.5**		5,000					**5,000**
Distributions	**5.5**	-	-	-	-	(30,000)	-	**(30,000)**
Total contributions and distributions		**-**	**5,000**	**-**	**-**	**(30,000)**	**-**	**(25,000)**
Total transactions with owners of the Company		**-**	**5,000**	**-**	**-**	**(30,000)**	**-**	**(25,000)**
As at 30 June		**29**	**17,475**	**(957)**	**6,435**	**49,797**	**15,401**	**88,180**

Condensed notes to the consolidated financial statements

1. Reporting entity

Knaus Tabbert GmbH (also referred to in the following as ‘KTG’ or the ‘Company’) is the parent company of the Knaus Tabbert Group with its registered office in Germany. The address of the Company’s registered office is Helmut-Knaus-Str. 1, 94118 Jandelsbrunn. Knaus Tabbert GmbH is listed under commercial register number HRB 7579 at the register court in Passau. The interim financial statements comprise Knaus Tabbert GmbH and its subsidiaries (jointly referred to as the ‘Corporation’ or ‘Group’). The Group primarily produces and sells products for the leisure and commercial vehicle market. These are in particular caravans, motorhomes and camper vans. The Group’s main sales market is the European Union (EU).

2. Basis of accounting

The Group’s interim financial statements as at 30 June 2020 have been condensed and prepared in accordance with the provisions of International Accounting Standard (IAS) 34 Interim Financial Reporting. It does not therefore include all the information required for complete consolidated financial statements under International Financial Reporting Standards (IFRS). The interim financial statements should therefore be read in conjunction with the Company’s consolidated financial statements as at 31 December 2019.

In preparing the interim financial statements, all International Financial Reporting Standards (IFRS) valid on the balance sheet date and mandatory in the EU were applied.

The accounting policies applied in the interim financial statements are basically the same as those applied in the consolidated financial statements as at 31 December 2019. An exception is made for the following accounting standards which are mandatory in the EU for the first time for periods beginning on or after 1 January 2020 and have not had a material impact on the interim financial statements:

- Amendments to IFRS 3: Business Combinations
- Amendments to IFRS 9, IAS 39 and IAS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Changes to references to the framework in IFRS standards

Income tax expense for the interim reporting period is recognised based on the best estimate of the weighted average annual income tax rate expected for the full period.

The preparation of the interim financial statements requires management to make judgments and estimates concerning the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. These estimates and discretionary decisions are basically unchanged from the circumstances described in the consolidated financial statements as at 31 December 2019. In this context, reference is made to note 3 for an explanation of the effects of Covid-19.

The interim financial statements are presented in euros, the Company’s functional currency. Unless otherwise indicated, all amounts reported are rounded to the nearest thousand (KEUR). Deviations of up to one unit (KEUR) are rounding differences for computational reasons.

Management released the interim financial statements for publication on 06 August 2020.

3. Effects of Covid-19

Use of support measures

As a result of the Covid-19 crisis, the Group made partial use of the instrument of short-time working in the first half of 2020. In this connection, reimbursements of social security contributions granted by the Federal Employment Agency in the amount of KEUR 106 were recognised in profit and loss as a reduction in personnel expenses in the reporting period following the payment of short-time working compensation.

On the balance sheet date, there were still total receivables from the Federal Employment Agency from short-time working compensation and reimbursements of social security contributions amounting to KEUR 236. No other state support measures such as loans were taken up.

Impairment of non-current assets

Following an analysis of all relevant circumstances and conditions, management believes that there were no indications of impairment of goodwill or brands with indefinite useful lives in the first half of 2020. This was primarily due to the continued strong demand for luxury motorhomes of the Morelo brand, which was in fact not affected by the Covid-19 developments. With regard to the motorhomes, caravans and camper vans of the premium segment brands, a significant recovery in sales figures was also already evident in the months of May and June, i.e. immediately after the end of the lockdown, so that overall no impairment of the value of the brands can be assumed.

In the opinion of management, impairments of other non-current assets in the form of property, plant and equipment and intangible assets caused by Covid-19 were also not necessary for the reasons already mentioned above.

Valuation allowances on inventories and trade receivables

As a result of the temporary production stoppage due to the lockdown, there was a sharp increase in inventories of raw materials, consumables and supplies compared with 31 December 2019. Furthermore, due to the production stoppage, inventories could not be optimised out to the regular extent, resulting in value adjustments of KEUR 912 (see note 5.3). However, especially for finished motorhomes, caravans and camper vans, no significant impairments were necessary due to strong demand following the end of the lockdown and the resulting continued strong marketability of the products.

In addition, due to the increased uncertainty regarding the general future economic development as a result of the Covid-19 crisis, the expected credit losses on trade receivables increased by KEUR 134 to KEUR 666 in the period from January to June (see note 5.4).

Other

To strengthen equity and at the same time ensure compliance with equity-related covenants in loan agreements, the shareholders made a contribution to capital reserves of KEUR 5,000 in June 2020 (see note 5.5).

There were no other significant direct effects of the Covid-19 pandemic on the Group, such as the breach of covenants.

4. Operating segments

Compared with the consolidated financial statements as at 31 December 2019, there have been no changes in the Group's basis of segmentation or in the basis of assessment of the profit or loss of a segment (= Earnings before interest, taxes, depreciation and amortisation; EBITDA).

The following tables show the revenue and EBITDA of the segments:

1 January to 30 June 2020

KEUR	Luxury segment	Premium segment	**Total**
Revenue from external customers	51,748	307,601	**359,349**
Intersegment revenue	-	6	**6**
Segment revenue	**51,748**	**307,607**	**359,355**
EBITDA	**6,715**	**26,129**	**32,844**

1 January to 30 June 2019

KEUR	Luxury segment	Premium segment	**Total**
Revenue from external customers	51,759	342,287	**394,046**
Intersegment revenue	-	4	4
Segment revenue	**51,759**	**342,291**	**394,050**
EBITDA	**6,426**	**30,275**	**36,700**

The reconciliation of the segments' EBITDA to the Group's earnings before taxes is shown below:

	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
EBITDA		
Segments' EBITDA	32,844	36,700
Segment depreciation and amortisation	(9,416)	(8,119)
Segment financial result	(1,515)	(1,152)
Profit before tax, consolidated	**21,913**	**27,429**

The assets and liabilities of the two segments are as follows:

30. June 2020

KEUR	Luxury segment	Premium segment	**Total**
Assets	49,440	271,257	**320,697**
Liabilities	29,490	203,027	**232,517**

31 December 2019

KEUR	Luxury segment	Premium segment	**Total**
Assets	47,048	263,883	**310,930**
Liabilities	31,172	181,556	**212,728**

The external revenues of the segments can be broken down into the product groups caravans, motorhomes, camper vans and after-sales/others as follows:

1 January to 30 June 2020			**Product group**		
KEUR	Caravans	Motorhomes	Camper vans	After-sales/other	**Total**
Luxury segment	-	50,917	-	831	**51,748**
Premium segment	97,909	128,345	72,479	8,869	**307,602**
Total	**97,909**	**179,262**	**72,479**	**9,700**	**359,349**

1 January to 30 June 2019			**Product group**		
KEUR	Caravans	Motorhomes	Camper vans	After-sales/other	**Total**
Luxury segment	-	51,034	-	725	**51,759**
Premium segment	116,313	148,494	67,073	10,407	**342,287**
Total	**116,313**	**199,528**	**67,073**	**11,131**	**394,046**

In the following table, revenue by geographical area is based on the customer's respective country of domicile:

1 January to 30 June 2020		**Geographical region**		
KEUR	Germany	Rest of Europe	Rest of the world	**Total**
Luxury segment	40,932	10,462	174	**51,748**
Premium segment	218,204	81,969	7,429	**307,602**
Total	**259,136**	**92,611**	**7,603**	**359,349**

1 January to 30 June 2019		Geographical region		
KEUR	Germany	Rest of Europe	Rest of the world	Total
Luxury segment	35,935	15,823	1	**51,759**
Premium segment	225,379	110,015	6,893	**342,287**
Total	**261,313**	**125,839**	**6,894**	**394,046**

5. Notes on the consolidated balance sheet

5.1. Intangible assets

During the reporting period from January to June 2020, internally generated intangible assets in the form of development projects amounting to KEUR 2,662 were capitalised (previous year's period: KEUR 3,122) and a number of other intangible assets, primarily in the form of software, amounting to KEUR 525 were acquired (previous year's period: KEUR 565).

In addition, a disposal loss from the derecognition of an intangible asset in the form of a development project in the amount of KEUR 298 was recognised in the period from January to June 2020, which is attributable to the Group's premium segment (previous year's period: KEUR 0). The disposal loss resulted from the decision to discontinue the sale of certain products even though their regular life cycle had not yet been reached at that time. Subsequently, the carrying amount of the development projects was derecognised through profit or loss.

5.2. Property, plant and equipment and leases

In the first half of 2020, property, plant and equipment in the amount of KEUR 4,059 (previous year's period: KEUR 10,801) was capitalised. These were mainly various assets acquired in the categories of other equipment, operating and office equipment (including company vehicles, forklifts and tools) as well as advance payments made and assets under construction related to production tools and machines.

The Group did not enter into any significant new leases in the first six months of 2020.

5.3. Inventories

As a result of the temporary production stoppage and the associated increase in inventories due to the lockdown, the carrying amount of raw materials, consumables and supplies increased by KEUR 16,405 to KEUR 80,497 compared to 31 December 2019. On the other hand, the sale of vehicles already produced and of rental vehicles after the end of the lockdown resulted in a reduction in finished goods by KEUR 4,570 to KEUR 45,135 compared to 31 December 2019.

	30 June 2020 KEUR	**31 Dec. 2019 KEUR**
Raw materials, consumables and supplies	80,497	64,091
Work in progress	6,352	5,931
Finished goods and merchandise	45,135	49,705
Advance payments made on inventories	2	1
Total	**131,985**	**119,728**

Primarily due to the lack of a possibility for optimising the storage of certain materials for model year 2020, write-downs to the lower net realisable value for raw materials, consumables and supplies in the amount of KEUR 912 were recognised in the period from January to June 2020 (previous year's period: KEUR 175).

5.4. Trade receivables

The gross carrying amounts and the net carrying amounts of the trade receivables can be presented as follows:

	30 June 2020 KEUR	31 Dec. 2019 KEUR
Gross carrying amounts	**39,381**	**37,807**
Expected credit losses	(666)	(533)
Net carrying amount	**38,714**	**37,275**

In the period from January to June 2020, the expected credit losses included in other operating expenses increased by KEUR 133 to a total of KEUR 666 (previous year's period: increase of KEUR 56 to a total of KEUR 448).

5.5. Equity

Dividends of KEUR 30,000 were paid to the shareholders in the reporting period. In contrast, the distribution of KEUR 15,000 in the previous year's period as shown in the cash flow statement represents an originally short-term loan to the shareholders, which is already shown as an advance distribution based on its economic content. However, as it had not yet been decided at the time of payment, this interim dividend is not included in the statement of changes in equity for the previous year's period. For further information, please refer to the comments in the consolidated financial statements for 2019.

In addition, a shareholder resolution in June 2020 resolved to make a contribution into the capital reserves of Knaus Tabbert GmbH in the amount of KEUR 5,000, which was paid in the same month.

5.6. Liabilities to banks

Based on a change in an estimate made under IAS 8 as a result of strong demand for the Group's products in the first half of 2020 regarding the remaining term of a liability to banks in connection with a dealer financing model previously reported under non-current liabilities, the amount of KEUR 1,968 was reclassified to current liabilities as at 30 June 2020. In contrast, an amount of KEUR 1,917 was reported for the liability under non-current liabilities as at 31 December 2019.

5.7. Trade payables

Trade payables increased by KEUR 16,839 from KEUR 47,057 as at 31 December 2019 to KEUR 63,896. The increase is mainly due to the increase in raw materials, consumables and supplies (see note 5.3).

5.8. Other liabilities and tax liabilities

Other current liabilities increased by KEUR 11,917 to KEUR 49,584 compared to 31 December 2019. This increase is primarily due to the refund liabilities whose carrying amount increased by KEUR 7,580 to KEUR 20,973, as the underlying bonus settlements with customers are only made in August each year.

In addition, a financial guarantee in the amount of KEUR 184 in connection with a financial institution participating in a Group dealer financing model was recognised under other current liabilities as at 30 June 2020. The amount recognised under financial expenses as part of the measurement of this guarantee is KEUR 184 (previous year's period: KEUR 0).

In principle, however, there is the possibility of a claim in excess of the amount of the financial guarantee in the sense of a contingent liability, which management considers unlikely.

The increase in tax liabilities by KEUR 2,750 to KEUR 3,566 is due to deferrals and advance payments related to trade and corporate income tax.

Notes on the consolidated profit and loss account

6. Revenue

6.1. Breakdown of revenue

Broken down by the product groups caravans, motorhomes, camper cans and after-sales/other, the revenue can be presented as follows:

	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30 June 2019 KEUR
Caravans	97,909	116,313
Motorhomes	179,262	199,528
Camper vans	72,479	67,073
Aftersales/other	9,700	11,131
Total	**359,349**	**394,046**

The breakdown of the revenue by the geographical regions Germany, rest of Europe and rest of the world is produced as follows:

	01 Jan. to 30 June 2020 KEUR	01 Jan. to 30/06/2019 KEUR
Germany	259,136	261,313
Rest of Europe	92,611	125,839
Rest of the world	7,603	6,894
Total	**359,349**	**394,046**

Please see note 4 for the breakdown of the revenue into the luxury and premium segment.

6.2. Seasonal effects

The main season of the European caravan industry lasts from April to October. For this reason, retail sales by dealers are generally at a high level from February to mid-season. Nevertheless, there is basically a stable end customer business over an entire year, as many customers want to be prepared before the camping season. In addition, dealers endeavour to present their customers with as complete a range of products as possible and also the latest models in their showrooms in all seasons.

Against this background, the seasonality of the Group's business is reflected more in incoming orders than in sales. As a rule, incoming orders are strongest in the period after the main trade fairs at the end of January and August and somewhat weaker in the winter months of November to January. However, thanks to the stable order backlog, the Group is able to maintain production capacity utilisation at a constant level throughout the year. Against the background of the company holidays in the months of July and August, however, sales figures are regularly lowest in the third quarter.

In this context, however, the effects of the Covid-19 crisis, in particular the lockdown in March and April, must be taken into account in the reporting period. Reference is made to the corresponding comments on earnings in the interim management report.

7. Financial instruments

7.1. Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy of the fair value. It does not contain any information on the fair value for financial assets and financial liabilities that have not been measured at fair value if the carrying amount represents a reasonable approximation of the fair value.

	Carrying amount				Fair value			
30 June 2020 in KEUR	**Measured at amortised cost**	**Measured at fair value**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade receivables	38,714	-	-	**38,714**	-	-	-	**-**
Receivables from factoring	13,552	-	-	**13,552**	-	-	-	**-**
Cash and cash equivalents	9,410	-	-	**9,410**	-	-	-	**-**
06	**61,667**	**-**	**-**	**61,667**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Derivative financial instruments	-	58	-	**58**	-	58	-	**58**
Financial guarantee	-	184	-	**184**	-	-	184	**184**
	-	**242**	**-**	**242**	**-**	**58**	**184**	**242**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	-	-	75,530	**75,530**	-	-	-	**-**
Liabilities to banks (non-current)	-	-	7,268	**7,268**	-	7,078	-	**7,078**
Trade payables	-	-	63,896	**63,896**	-	-	-	**-**
Liabilities from leases	-	-	8,977	**8,977**	-	8,829		**8,829**
Refund liability	-	-	20,973	**20,973**	-	-	-	**-**
	-	**-**	**176,644**	**176,644**		**15,907**		**15,907**

31 Dec. 2019 in KEUR	Carrying amount Measured at amortised cost	Measured at fair value	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Trade receivables	37,275	-	-	**37,275**	-	-	-	**-**
Receivables from factoring	10,905	-	-	**10,905**	-	-	-	**-**
Cash and cash equivalents	7,597	-	-	**7,597**	-	-	-	**-**
	55,777	**-**	**-**	**55,777**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Derivative financial instruments	-	73	-	**73**	-	73	-	**73**
	-	**73**	**-**	**73**	**-**	**73**	**-**	**73**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	-	-	81,941	**81,941**	-	-	-	**-**
Liabilities to banks (non-current)	-	-	12,348	**12,348**	-	12,191	-	**12,191**
Trade payables	-	-	47,057	**47,057**	-	-	-	**-**
Liabilities from leases	-	-	9,507	**9,507**	-	9,389	-	**9,389**
Refund liability	-	-	13,393	**13,393**	-	-	-	**-**
	-	**-**	**164,247**	**164,247**	**-**	**21,580**	**-**	**21,580**

7.2. Determination of fair values

The following measurement methods have been used to calculate the fair values of levels 2 and 3.

Level 2

Derivative financial instruments

The fair values of the derivative financial instruments in the form of the interest rate swap and an interest rate cap are calculated using valuation methods based on market prices.

Other financial liabilities

The fair values of the other financial liabilities in the form of the non-current liabilities to banks and the lease liabilities have been calculated by discounting the expected cash flow using a risk-adjusted discount rate.

Level 3

Financial guarantee

The fair value of the financial guarantee was determined on the basis of the maximum possible utilisation of the Group using internal historical loss rates adjusted by risk adjustments observable on the market and recovery rates in line with market conditions from the realisation of collateral in the event of a loss event.

In the period from 1 January to 30 June 2020, no reclassifications were made between the individual fair value hierarchy levels.

8. Relationships with related parties

During the period from 1 January to 30 June 2020, there were no material changes compared with the information on related party transactions and relationships published in the 2019 consolidated financial statements.

Please refer to section 5.5 with regard to the distributions to shareholders and the contribution to the capital reserves made by the shareholders.

9. Events after the reporting date

Knaus Tabbert GmbH has announced an initial public offering (IPO), which is expected to take place on the Frankfurt Stock Exchange in the third quarter of 2020. To this end, it was also decided to change the legal form of the company to a stock corporation.

The Supervisory Board also approved an increase in the investment budget for a significant expansion of production capacity in Hungary.

Mr Ruben Paulus de Pundert will resign from the Supervisory Board with effect from 31 July 2020. From 1 August 2020, Ms Jana Donath, Head of Finance at Sumitomo Bank, will become a new member of the Supervisory Board representing the shareholders.

No other events occurred after 30 June 2020 which have a material impact on the Group's net assets, financial position and results of operations.

Jandelsbrunn, 06 August 2020

signed Wolfgang Speck
(Managing Director)

Marc Hundsdorf
(Managing Director)

Werner Vaterl
(Managing Director)

Gerd Adamietzki
(Managing Director)

Audited Consolidated Financial Statements of Knaus Tabbert GmbH Prepared in Accordance with IFRS as of and for the Fiscal Year Ended December 31, 2019:

Knaus Tabbert GmbH
Consolidated financial statements 2019

Consolidated balance sheet – Assets

	Note	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Assets			
Intangible assets	5.1	15,114	13,144
Property, plant and equipment	5.2	106,069	88,828
Other assets	5.7	603	1,233
Deferred tax assets	6.9	3,415	1,573
Non-current assets		**125,201**	**104,778**
Inventories	5.3	119,728	105,174
Trade receivables	5.4	37,275	37,462
Other assets	5.7	20,327	23,126
Tax receivables	5.5	810	2,670
Cash and cash equivalents	5.6	7,597	7,380
Current assets		**185,737**	**175,812**
Balance sheet total		**310,938**	**280,590**

Consolidated balance sheet – Equity and liabilities

	Note	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Equity	5.8		
Subscribed capital	5.8	29	29
Capital reserve	5.8	12,475	12,475
Retained earnings	5.8	6,435	6,435
Retained earnings/accumulated losses brought forward		48,627	35,006
Consolidated profit for the period		31,170	28,621
Accumulated other income	5.8	(533)	(363)
Equity attributable to shareholders		**98,202**	**82,203**
Total equity		**98,202**	**82,203**
Liabilities			
Provisions	5.9	12,291	11,386
Liabilities to banks	5.10	12,348	17,260
Other liabilities	5.12	9,167	3,073
Deferred tax liabilities	6.9	7,217	5,131
Non-current liabilities		**41,022**	**36,851**
Provisions	5.9	4,233	4,585
Liabilities to banks	5.10	81,941	73,133
Trade payables	5.11	47,057	55,920
Other liabilities	5.12	37,667	27,785
Tax liabilities	5.13	816	114
Current liabilities		**171,713**	**161,537**
Liabilities		**212,735**	**198,387**
Balance sheet total		**310,938**	**280,590**

Consolidated statement of comprehensive income

	Note	01.01 to 31.12.2019 KEUR	01.01 to 31.12.2018 KEUR
Revenue	6.1	780,386	728,013
Changes in inventory	6.2	12,001	(13,001)
Other own work capitalised	6.2	5,321	6,801
Other operating income	6.3	5,831	4,517
Cost of materials	6.4	(565,467)	(508,693)
Personnel expenses	6.5	(108,127)	(95,199)
Depreciation and amortisation	6.6	(18,395)	(13,494)
Other operating expenses	6.7	(65,677)	(65,727)
Financial income	6.8	437	221
Finance costs	6.8	(2,598)	(2,530)
Tax expense	6.9	(12,543)	(12,286)
Consolidated profit for the period		31,170	28,621
Other comprehensive income		**(170)**	**(127)**
Foreign currency translation differences		(170)	(127)
Total comprehensive income		**31,000**	**28,494**

Consolidated statement of cash flows

Cash flows from operating activities	Note	2019 KEUR	2018 KEUR
Consolidated profit for the period		31,170	28,621
Adjustments for:			
Depreciation and amortisation expense/reversals of impairment losses	**6.6**	18,395	13,494
Increase/decrease in provisions	**5.9**	1,367	12,055
Other non-cash income and expenses		827	83
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities		(11,359)	(4,100)
Increase/decrease in trade payables and other liabilities not related to investing or financing activities		555	(23,511)
Gain/loss on the disposal of fixed assets		(651)	(353)
Net finance costs	**6.8**	2,161	2,310
Income tax expense	**6.9.1**	12,074	11,873
Income taxes paid		(10,423)	(11,885)
Cash flows from operating activities		**44,116**	**28,586**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		3,870	7,051
Payments for the purchase of property, plant and equipment		(25,410)	(31,576)
Proceeds from the sale of intangible assets		-	11
Payments for the purchase of intangible assets		(6,578)	(6,121)
Cash flows from investing activities		**(28,118)**	**(30,635)**
Cash flow from financing activities			
Distributions paid	**5.8**	(15,000)	(15,000)
Cash payments to shareholders		-	(8,416)
Cash proceeds from bank borrowings		51,742	64,667
Cash repayments of liabilities to banks		(47,845)	(36,965)
Interest paid		(2,186)	(2,023)
Cash repayments of finance lease liabilities		(2,534)	(704)
Cash flow from financing activities		**(15,824)**	**1,558**
Net change in cash and cash equivalents		**175**	**(491)**
Impact of exchange rate changes on cash and cash equivalents		18	282
Cash and cash equivalents at the beginning of the period		1,491	1,701
Cash and cash equivalents at the end of the period		**1,684**	**1,491**

Consolidated statement of changes in equity

2018 financial year	Note	Issued capital KEUR	Capital reserve KEUR	Currency translation reserve KEUR	Retained earnings KEUR	Retained earnings/ accumulated losses brought forward KEUR	Consolidated profit for the period KEUR	**Total KEUR**
		Attributable to the owners of the parent						
As at 1 January		**29**	**12,475**	**(236)**	**6,550**	**20,730**	**29,276**	**68,824**
Impact from the first-time application of IFRS 9	5.12.1	**-**	**-**	**-**	**(115)**	**-**	**-**	**(115)**
Total comprehensive income								**-**
Adjustment of consolidated net income in retained earnings/accumulated losses brought forward		-	-	-	-	29,276	(29,276)	**-**
Consolidated profit for the period		-	-	-	-	-	28,621	**28,621**
Other comprehensive income		-	-	(127)	-	-	-	**(127)**
Total comprehensive income		**-**	**-**	**(127)**	**-**	**29,276**	**(655)**	**28,494**
Transactions with owners								
Contributions and distributions								
Distributions	5.8	-	-	-	-	(15,000)	-	**(15,000)**
Total contributions and distributions		**-**	**-**	**-**	**-**	**(15,000)**	**-**	**(15,000)**
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(15,000)**	**-**	**(15,000)**
As at 31 December		**29**	**12,475**	**(363)**	**6,435**	**35,006**	**28,621**	**82,203**

Financial year 2019	Note	Issued capital KEUR	Capital reserve KEUR	Foreign currency translation reserve KEUR	Retained earnings KEUR	Retained earnings/ accumulated losses brought forward KEUR	Consolidated profit for the period KEUR	**Total KEUR**
As at 1 January		**29**	**12,475**	**(363)**	**6,435**	**35,006**	**28,621**	**82,203**
Adjustment of consolidated net income in retained earnings/accumulated losses brought forward		-	-	-	-	28,621	(28,621)	**-**
Consolidated profit for the period		-	-	-	-	-	31,170	**31,170**
Other comprehensive income				(170)				**(170)**
Total comprehensive income		**-**	**-**	**(170)**	**-**	**28,621**	**2,549**	**31,000**
Transactions with owners								
Contributions and distributions								
Distributions	5.8	-	-	-	-	(15,000)	-	**(15,000)**
Total contributions and distributions		**-**	**-**	**-**	**-**	**(15,000)**	**-**	**(15,000)**
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(15,000)**	**-**	**(15,000)**
As at 31 December		**29**	**12,475**	**(533)**	**6,435**	**48,627**	**31,170**	**98,203**

Amended notes to the consolidated financial statements

1. General information

1.1 Reporting entity

Knaus Tabbert GmbH (also referred to in the following as 'KTG' or 'the Company') is the parent company of the Knaus Tabbert Group with its registered office in Germany. The address of the Company's registered office is Helmut-Knaus-Str. 1, 94118 Jandelsbrunn. Knaus Tabbert GmbH is listed under commercial register number HRB 7579 at the register court in Passau. The Company's consolidated financial statements comprise the Company and its subsidiaries (jointly referred to as the 'Corporation' or 'Group').

The Knaus Tabbert Group under the uniform control of Knaus Tabbert GmbH primarily produces and sells products for the recreational and utility vehicle market. The products can be allocated here to the luxury segment in the case of the motorhomes of the MORELO brand. In contrast, the premium segment comprises motorhomes of other brands belonging to the Group as well as caravans and camper vans. The main sales market of the Knaus Tabbert Group is the European Union (EU).

1.2 Basis of accounting

The Group's financial year comprises twelve months and ends on 31 December. The consolidated financial statements of the Company have been drawn up for all presented reporting periods based on Group-wide accounting policies. The consolidated statement of comprehensive income is prepared using the nature of expense method.

The consolidated financial statements as at 31 December 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as these are applied in the EU. The term IFRS also encompasses all currently valid International Accounting Standards (IAS) as well as all interpretations and amendments issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) – and by the former Standing Interpretations Committee (SIC).

The consolidated financial statements comply in their current version with the supplementary regulation of section 315e of the Handelsgesetzbuch (HGB – German Commercial Code). Together with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, it forms the basis for consolidated financial reporting based on international standards in Germany and is applicable to financial years beginning on or after 1 January 2005.

When preparing the consolidated financial statements as at 31 December 2019, the management of Knaus Tabbert GmbH assumes that the Group is able to continue as a going concern. The consolidated financial statements were approved by the management for publication on 20 May 2020.

1.3 Functional and presentation currency

These consolidated financial statements are presented in euros, the Company's functional currency. Unless otherwise indicated, all amounts reported in the consolidated financial statements are rounded to the nearest thousand (KEUR). Deviations of up to one unit (KEUR) are rounding differences for computational reasons.

1.4 Use of judgements and estimates

The preparation of the consolidated financial statements calls for the management to make judgements, estimates and assumptions concerning the application of accounting policies as well as the reported amounts of the assets, liabilities, income and expenses.

The values that actually arise can deviate from these estimates as the result of unforeseeable developments outside the management's sphere of influence. Both estimates and their underlying assumptions are reviewed on a regular basis. Changes to estimates are recognised on a prospective basis in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

Balance sheet items of this kind in which judgements and/or estimates can result in a material impact on carrying amounts in the consolidated financial statements within the next financial year are explained below. Please refer to note 3.1 concerning judgements made in connection with consolidation procedures.

Determining fair values

A number of the Group's accounting policies and disclosures require fair values for financial and non-financial assets and liabilities to be determined.

As far as possible, the Group uses data that can be observed on the market when determining the fair value of an asset or a liability. Based on the input factors used in the valuation techniques, the fair values are categorised into different levels in the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: Measurement parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Measurement parameters for assets or liabilities that are not based on observable market data.

If the inputs used to determine the fair value of an asset or liability can be allocated to different levels of the fair value hierarchy, the fair value measurement in its entirety is allocated to the level of the fair value hierarchy corresponding to the lowest input that is significant to the measurement as a whole.

The Group records reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

Capitalisation of internally generated intangible assets

When capitalising development costs, management estimates regarding the technical and economic feasibility of the development projects are taken into account in the recognition decision. The measurement of capitalised development costs and thus the assessment of their recoverability depends on assumptions regarding the amount and period of the inflow of expected future cash flows and the discount rates to be applied.

Determination of the useful life of property, plant and equipment and of software and licences

The Company bases the estimate of the useful life of assets on historical data. Accelerated technological progress can mean, however, that there is a possibility, for example, for a shorter useful life to arise.

Determination of the lease terms with extension/termination option

The Knaus Tabbert Group makes a discretionary decision when determining the terms of its leases, taking into account the extension or termination options. The assessment as to whether the extension or termination options can be exercised with sufficient certainty has an impact on the term of the lease agreement and may therefore have a significant influence on the rights of use assets or lease liabilities.

In addition, the Group takes an economic view of relevant leases with a short term and also makes a discretionary decision when determining the term, which also has a significant influence on the rights of use and lease liabilities.

Provisions

Provisions differ from other liabilities in terms of uncertainties concerning the time and/or the amount of the expenses required in the future. A provision has to be recognised when the Company has incurred a current obligation (legal or constructive) from a past event, the outflow of resources with economic benefits to settle the obligation is probable and a reliable estimate of the amount of the obligation is possible. Signification recognition and measurement uncertainties exist on account of different economic and legal assessments and the difficulties involved in defining the probabilities of occurrence.

Determination of the net realisable value of inventories

Inventories have to be carried at the lower of acquisition or production cost and net realisable value. Assumptions on the sales price trend and on costs still to be incurred to make the sale have to be made in particular when calculating the net realisable value.

1.5 Changes to the consolidated financial statements and Group management report

The auditing company KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, audited the consolidated financial statements as at 31 December 2019 and the Group management report in accordance with the resolution of the shareholders' meeting on 28 August 2019 and issued an unqualified audit opinion on the audit of the consolidated financial statements and Group management report dated 26 May 2020.

These audited consolidated financial statements and Group management report as at 31 December 2019, which were issued with an unqualified audit opinion, were amended by resolution of the Management Board on 26 June 2020 and KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, was commissioned to audit the amended consolidated financial statements and amended Group management report as required by the amendment. The unqualified audit opinion on the supplementary audit the supplementary audit is dated 26 June 2020.

The amendments relate to a change in the forecast reporting and a changed risk assessment of existing operating risks and liquidity risks in the Group management report and changes in the notes to the consolidated financial statements. This is due to the continuing considerable uncertainty in the wake of the Covid-19 pandemic with regard to the management's forecast reporting required by DRS 20.

In addition, clarifying adjustments were made mainly in the notes to the consolidated financial statements with regard to disclosures on discretionary decisions and estimates (section 1.4), foreign currencies (section 3.2), financial instruments (section 3.8), impairments (section 3.10), revenue recognition (3.15.1) and the effects of new accounting standards (section 3.18). Furthermore, the disclosure of fair values (section 7.1) and contingent liabilities (section 10) in the notes to the consolidated financial statements was adjusted.

The corresponding changes were made in section C 'Risks and opportunities' and section D 'Forecast report' of the Group management report and in these notes.

2 Measurement bases

The consolidated financial statements have been prepared on the basis of historical acquisition and production costs, with the exception of the derivative financial instruments, which are measured at the fair value on the reporting date.

3 Material accounting policies

The Group has consistently applied the accounting policies set out below to all periods presented in these consolidated financial statements

3.1 Consolidation principles

Scope of consolidation

In addition to Knaus Tabbert GmbH, all subsidiaries in which the Group has the possibility of exercising a controlling influence in accordance with the regulations of IFRS 10 are included in the consolidated financial statements. Control within the meaning of IFRS 10 is given if the Group has power of disposal over an investee, exposure, generates variable returns from its involvement with the investee and has the ability to use this power to affect its returns from the investee. Control can also arise in cases where the Group does not have a majority of voting rights if it has the possibility of unilaterally deciding on the material activities of the investee. All facts and circumstances have to be taken into consideration when assessing controls. These include in particular the purpose and the structure of the investee, the identification of the material activities and decisions on these activities, the ratio of the investor's own voting rights in comparison with the scope and distribution of other voting rights as well as potential voting rights and rights from other contractual agreements. The assessment of control requires consideration of all facts and circumstances subject to the judgement of the management.

The scope of consolidation of Knaus Tabbert GmbH with all subsidiaries in and outside Germany in which the Company can directly or indirectly exercise a controlling influence in accordance with IFRS 10 is presented in the following table:

Scope of consolidation	Registered office	Equity investment in %
Germany		
Caravan-Welt GmbH Nord[1)]	Bönningstedt	100.00
HÜTTLrent GmbH[1)]	Maintal	100.00
MORELO Reisemobile GmbH	Schlüsselfeld	100.00
Outside Germany		
Knaus Tabbert Kft	Vac (Hungary)	100.00

1) The Company makes use of the exemption from disclosure of the annual financial statements pursuant to section 264(3) HGB.

Business combinations

Subsidiaries that have been acquired are accounted for using the acquisition method in accordance with IFRS 3. The consideration transferred during a business combination has to be measured here at the fair value, which is calculated as the sum of the fair values of all assets transferred as consideration for control, the liabilities of the seller that are incurred or assumed and the equity instruments that are issued.

The identifiable assets and liabilities are measured at fair value in the course of the initial consolidation. The fair value of property, plant and equipment is calculated in principle using expert reports on the basis of observable market data, while the fair value of financial instruments, pensions and similar obligations as well as inventories is determined on the basis of existing market information. The fair value of significant intangible assets is calculated using adequate valuation methods on the basis of projected future cash flows or multiples. Costs connected with the business combination are recognised as expenses when they are incurred.

The Group decides on an individual basis for each business acquisition whether the non-controlling interests in the company acquired are recognised at fair value or using the proportionate share in the net assets of the company that has been acquired.

The goodwill corresponds to the positive difference between acquisition costs and the fair value of the assets and liabilities acquired in the course of a business combination. If the amount that is determined is negative, the difference is reviewed again and then recognised directly in profit or loss in the consolidated statement of comprehensive income.

Subsidiaries are fully consolidated with effect from the time of acquisition, i.e. from the time at which the Group gains control. Inclusion in the consolidated financial statements ends as soon as the Group loses control. If denial of control has to be accepted at a later time, the consolidated financial statements contain the results for the part of the financial year during which the Group had control.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are reported as equity transactions.

Intercompany profits or losses resulting from intragroup transactions that are not yet realised from the Group's perspective are eliminated in the consolidated financial statements. Receivables, liabilities, provisions, sales, expenses and income between Group companies are eliminated. Differences resulting from the consolidation of intercompany balances are reported under other operating expenses. Differences arising from the consolidation of income and expenses are recognised directly in equity.

Deferred taxes are created in accordance with IAS 12 on temporary differences arising from the consolidation.

If necessary, the annual financial statements of the subsidiaries are adjusted to the accounting policies of Knaus Tabbert GmbH.

3.2 Foreign currency

Transactions in foreign currency

Business transactions in foreign currencies are translated into euro at the exchange rate applicable at the time of the transaction. In subsequent periods, monetary assets and liabilities in foreign currency are translated using the closing rate. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Gains and losses from currency translation are recognised in the consolidated statement of comprehensive income.

Foreign business operations

Assets and liabilities of the Hungarian subsidiary Knaus Tabbert Kft, whose functional currency is not the euro, are translated into euros on each balance sheet date using the closing rate. The income and expenses of this subsidiary are translated at the exchange rate on the date of the relevant transaction.

Currency translation differences are recognised in other comprehensive income and reported in the currency translation reserve in equity. The following exchange rates for Hungarian forint (HUF) were used as the basis for the foreign currency translation:

	Average rates for the financial year		**Year-end rates as at 31 December**	
1 euro equals	**2019**	**2018**	**2019**	**2018**
Hungary (HUF)	325.30	318.83	330.53	320.98

3.3 Intangible assets and goodwill

a) Recognition and measurement

Goodwill and trademark rights acquired

The goodwill arising in the course of a business combination is measured at the acquisition cost less accumulated impairment losses.

Acquired trademark rights of the umbrella brands 'Weinsberg', 'Knaus', 'Tabbert', 'T@B' and 'MORELO' are measured at acquisition costs less accumulated impairment losses. An indefinite useful life is assumed for the trademark rights of the umbrella brands, as there are no indications of a foreseeable limit to the period over which these assets are expected to generate net cash inflows for the entity. A review is conducted here in each period of whether the expectation of an indefinite useful life continues to be justified for these trademark rights in due consideration of all relevant events and circumstances.

Internally generated intangible assets

Expenditure for research activities is recognised in profit or loss when it is incurred.

Development expenditure is capitalised only when it meets the definition of an intangible asset and can be reliably measured, the product or the process is technically and commercially feasible, a future economic benefit is probable and the Group both intends and has sufficient resources to complete the development and to use or sell the asset. Other development expenditure is recognised in profit or loss as soon as it is incurred.

In order to consistently review whether development costs can be capitalised, ongoing development projects are monitored at a central level and divided into multi-stage project phases. If the above-mentioned requirements are met from a specific project phase onwards, the related expenditure is capitalised as production costs for the internally generated intangible assets.

Other intangible assets

Other intangible assets that are acquired by the Group and have a limited useful life are measured at acquisition cost less accumulated amortisation and accumulated impairment losses.

b) Subsequent expenditure

Subsequent expenditure is capitalised as material improvement only if it increases the future economic benefits of the asset to which it relates. All other expenditure, including the expenditure for internally generated goodwill and internally generated brands, is recognised in profit or loss as soon as it is incurred.

c) Amortisation

Intangible assets are amortised in principle on a straight-line basis over the period of their estimated useful life. The amortisation is recognised in profit or loss here. On the other hand, goodwill is not amortised.

An impairment test is carried out on the goodwill at least once a year and in addition always when facts or changes in circumstances suggest that it might not be possible to recover the carrying amount of the goodwill. An impairment test for the goodwill was carried out for the first time on 1 January 2015.

The brands acquired have an indefinite useful life, as they are well established in their markets and will continue to be intensively advertised in the future. In addition, there are no other legal, regulatory or competition-related factors that limit the use of the brands. The brands are therefore not subject to any amortisation. They are instead reviewed for any impairment at least once a year and in addition always when facts or changes in circumstances suggest that it might not be possible to recover their carrying amount. An impairment test for the trademark rights acquired was carried out on 31 December 2019.

A finite useful life is assumed for the internally generated intangible assets in the form of the capitalised development projects. They are amortised in principle at the beginning of their useful life over a period of five years, which corresponds to the product life cycle. The Group assesses at each reporting date whether there are any indications that an internally generated intangible asset may be impaired.

The useful life of the other intangible assets in the form of patents, software and licences is two to eight years.

Methods of amortisation, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

3.4 Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment is measured at amortised acquisition/production cost less accumulated depreciation and accumulated impairment losses.

The acquisition costs of property, plant and equipment comprises the purchase price and all directly attributable costs that are incurred in order to bring the asset into operating condition. Rebates, discounts or bonuses are deducted from the purchase price. The costs for internally generated assets include all costs that can be allocated directly to the production process as well as overheads that can be attributed on a pro rata basis. Finance costs are generally not recognised as part of the acquisition or production costs. If they can be directly attributed to the acquisition, construction or production of a qualifying asset, however, they are capitalised in accordance with IAS 23 (*Borrowing Costs*). Repair and maintenance costs are recognised immediately as expenses if they do not generate any additional economic benefit.

If relevant, the acquisition or production costs include the estimated costs for dismantling and removing the assets as well as to restore the site.

b) Subsequent acquisition and production costs

Subsequent expenses are capitalised only if it is probable that the future economic benefits associated with the expenses will flow to the Group.

c) Amortisation

Depreciation of property, plant and equipment is carried out on a straight-line basis in accordance with the pattern of economic benefits, where the following estimated useful life is taken as the basis for the current year and comparison years for important property, plant and equipment:

Useful lives for property, plant and equipment	
Buildings	10 to 50 years
Other structures and land improvements	5 to 33 years
Plant and machinery	1 to 18 years
Other equipment, operating and office equipment	1 to 14 years

Low-value assets of the property, plant and equipment with an acquisition or production cost of less than EUR 250 are generally depreciated in the full amount. Furthermore, low-value purchases of property, plant and equipment valued from EUR 251 to EUR 1,000 are reported in an omnibus account, which is reversed over a period of five years.

When an item of property, plant and equipment is sold, profits or losses are calculated by comparing the sales proceeds with the carrying amount of the relevant item of property, plant and equipment. These profits and losses are recognised in the other operating income and in the other operating expenses.

The residual values, useful lives and depreciation methods of the assets are reviewed at the end of each financial year and adjusted if necessary, which can lead to a reversal of the impairment loss for the asset.

If there are indications of an impairment and the carrying amount of property, plant and equipment is greater than the recoverable amount, impairment losses are recorded. The recoverable amount is here the higher of the fair value less costs to sell and its value in use. If the reason for an impairment that has already been carried out has ceased to apply, the impairment is reversed up to the amortised acquisition or production cost.

3.5 Assets and disposal groups

Non-current assets or disposal groups that include assets and liabilities are classified as held for sale if it is highly likely that they will be recovered principally through disposal rather than through continuing use.

These assets are recognised at the lower of their carrying amount or fair value less costs to sell. Impairment losses in the first classification as held for sale and later gains and losses in any revaluation are recorded in profit or loss.

Intangible assets and property, plant and equipment are no longer amortised or depreciated, but recognised at their fair value less costs to sell, if this is lower than the carrying amount. The fair value is produced from purchase prices with potential customers.

3.6 Leases

The Knaus Tabbert Group has applied IFRS 16 in accordance with the modified retrospective approach and has therefore not adjusted the comparative information, but continues to present it in accordance with IAS 17 and IFRIC 4. Details of the accounting policies under IAS 17 and IFRIC 4 are presented separately.

Method applied from 1 January 2019

At the inception of the contract, the Group assesses whether the contract is a lease in accordance with IFRS 16 or whether the contract contains such a lease. This is the case when the contract gives the right to control the use of an identified asset for a specified period of time in return for a fee. To assess whether an agreement contains the right to control an identified asset, the Group uses the definition of a lease in accordance with IFRS 16.

This method is applicable to contracts entered into on or after 1 January 2019.

The Group only operates in the capacity of a lessee. It leases various types of assets, mainly land and buildings, technical equipment and machinery, cars and office furniture and equipment. The contracts are generally concluded for a fixed period of up to 15 years, but may also contain extension or termination options. The conditions are negotiated individually and may include a number of different provisions.

The Knaus Tabbert Group has decided not to recognise rights of use assets and lease liabilities for leases that are based on assets of minor value (new acquisition value of EUR 5,000 or less) and for short-term leases (shorter than 12 months and the contract does not include a purchase option). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

On the date of provision, the Group recognises an asset for the right of use granted and a lease liability. The right of use is initially measured at cost, which is equal to the initial measurement of the lease liability, adjusted for payments made on or before the date of commitment, plus any initial direct costs and the estimated costs of dismantling or removing the underlying asset or restoring the underlying asset or the site on which it is located, less any incentives received under the lease.

Subsequently, the right of use is amortised on a straight-line basis from the date of provision to the end of the lease term unless ownership of the underlying asset is transferred to the Group at the end of the lease term or the cost of the right of use reflects the fact that the Group will exercise a purchase option. In this case, the right of use is amortised over the useful life of the underlying asset, which is determined in accordance with the rules for property, plant and equipment. In addition, the right of use is continuously adjusted for impairment where necessary and adjusted for certain revaluations of the lease liability.

For the first time, the lease liability is initially measured at the present value of the lease payments still outstanding at the date of provision. These include fixed payments, including de facto fixed payments, variable lease payments linked to an index or (interest) rate, amounts expected to be paid under a residual value guarantee, the exercise price of a purchase option if the Group is reasonably certain to exercise it, lease payments for an extension option if the Group is reasonably certain to exercise it, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate the lease prematurely. The lease instalments are discounted at the interest rate underlying the lease agreement. If this interest rate cannot be readily determined, the Group uses the incremental borrowing rate. To determine its incremental borrowing rate, the Group obtains interest from various external sources and makes certain adjustments to reflect the terms of the lease and the nature of the asset.

The lease liability is measured at amortised cost using the effective interest method. It is revalued if future lease payments change due to a change in an index or (interest) rate, if the Group adjusts its estimate of the expected payments under a residual value guarantee, if the Group changes its assessment regarding the exercise of a purchase, extension or termination option or if a de facto fixed lease payment changes.

If the lease liability is revalued in this way, the carrying amount of the right of use is adjusted accordingly or, if the carrying amount of the right of use asset has been reduced to zero, the adjustment is recognised in profit or loss.

In the balance sheet, the Group reports rights of use assets that do not meet the definition of an investment property in property, plant and equipment, and lease liabilities in other financial liabilities.

Method applied before 1 January 2019

A lease is an agreement where the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The Group enters into these kinds of contracts exclusively where it is the lessee.

Operating leases

A lease is reported as an operating lease within the meaning of IAS 17 if all the risks and rewards arising from the ownership of the leased object remain with the lessor. Lease payments in the context of an operating lease in which the Group is the lessee are therefore recognised as expenses over the term of the lease.

Operating leases are in place in particular for buildings, office premises, office equipment, technical equipment and machinery and for vehicles.

Finance leases

Leases in which the Group bears essentially all the risks and rewards incidental to ownership that arise from the leased asset are reported as finance leases. In this event, the leased object is capitalised in accordance with IAS 17 at the beginning of the lease at the lower of the fair value or the present value of the minimum lease payments. The capitalised assets are depreciated on a straight-line basis over the estimated useful life or, if shorter, over the lease term. A liability is also recorded at the beginning of the lease in the amount of the present value of the minimum lease payments. Lease instalments are divided into principal and interest components. The interest component is recognised as an expense using the effective interest method.

Finance leases are used within the Group essentially in connection with the leasing of technical equipment and machinery.

3.7 Inventories

Inventories are measured in principle at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The acquisition costs are determined on the basis of the moving average method. In addition to the material, manufacturing and special direct production costs, the production costs of finished and unfinished goods also include the overheads attributable to the production as well as production-related depreciation. Overheads are allocated on the basis of normal operating capacity.

3.8 Financial instruments

a) Recognition and initial measurement

Trade receivables are recognised from the date on which they arise. All other financial assets and liabilities are recorded for the first time on the trade date when the Company becomes a party to the financial instrument in accordance with the contractual provisions of the instrument.

On initial recognition, a financial asset or liability is generally measured at fair value. In the case of a financial asset or liability which is not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue are added. Trade receivables without a significant financing component are initially recognised at the transaction price.

b) Classification and subsequent measurement

Financial assets:

On initial recognition, a financial asset is classified and measured as follows

- at amortised cost
- FVOCI debt instruments (investments in debt instruments measured at fair value with changes in other comprehensive income)
- FVTPL (at fair value with changes in value in profit or loss)

Financial assets are not reclassified after initial recognition unless the Group changes its business model to manage the financial assets. In this case, all financial assets concerned are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortised cost if both the following conditions are met and the asset is not designated as FVTPL:

- It is held as part of a business model whose objective is to hold financial assets to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and interest on the outstanding capital amount.

A debt instrument is designated as FVOCI if both the following conditions are met and it is not designated as FVTPL:

- It is held as part of a business model whose objective is both to hold financial assets to collect the contractual cash flows and to sell financial assets, and
- its contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the outstanding capital amount.

All financial assets not measured at amortised cost or FVOCI are measured at FVTPL.

Financial assets – assessment of the business model

The Group makes an assessment of the objectives of the business model in which the financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information to be taken into account includes:

- the stated policies and objectives for the portfolio and how these policies are implemented in practice, including whether the management’s strategy is to collect contractual interest income, maintain a specified interest rate profile, match the maturity of a financial asset with the maturity of an associated liability or expected cash outflows, or realise cash flows from the sale of assets
- how the results of the portfolio are evaluated and reported to the Group management
- the risks affecting the results of the business model (and the financial assets held under that business model) and how those risks are managed; and

- the frequency, amount and timing of sales of financial assets in prior periods and expectations about future sales activities.

Financial assets – assessment of whether the contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘capital amount’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as compensation for the time value of money and for the default risk associated with the outstanding capital amount over a period of time, as well as for other basic credit risks, costs (such as liquidity risk and administrative costs) and a profit margin.

In assessing whether the contractual cash flows are solely interest and principal payments on the capital amount, the Group considers the contractual terms of the instrument. This includes an assessment of whether the financial asset contains a contractual agreement which could change the timing or amount of the contractual cash flows so that they no longer meet these conditions. In making this assessment, the Group considers:

- certain events which would change the amount or timing of the cash flows
- conditions which would adjust the interest rate, including variable interest rates
- early redemption and renewal options and
- conditions which limit the Group’s right to receive cash flows from a particular asset (for example, no right of recourse).

An early redemption option is consistent with the criterion of interest and principal payments only if the amount of the early redemption essentially comprises unpaid interest and principal payments on the outstanding capital amount, which may include appropriate compensation for early termination of the contract.

In addition, a condition on a financial asset acquired at a premium or discount to the contractual nominal amount which permits or requires prepayment of an amount that is substantially the contractual principal plus accrued (but unpaid) contractual interest (which may include an appropriate charge for early termination of the contract) is treated as meeting the criterion provided the fair value of the early repayment option is not significant at inception.

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognised in profit or loss. Other net gains or losses are recognised in other comprehensive income. On derecognition, accumulated other comprehensive income is reclassified to profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. A gain or loss arising on derecognition is recognised in profit or loss.

As at the previous reporting date, the Group only holds financial assets in the form of trade receivables, factoring receivables and cash and cash equivalents.

These financial instruments are measured at amortised cost because the cash flow and business model conditions are met. In the case of factoring receivables, the original receivables from the customer were sold to the factoring company at the same time as they arose.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, is a derivative or is designated as such upon initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains or losses, including interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign currency translation differences are recognised in profit or loss. Gains or losses arising on derecognition are likewise recognised in profit or loss.

With the exception of derivative financial liabilities, the Group continues to hold only financial liabilities which are measured at amortised cost.

c) Derecognition

Financial assets

The Group derecognises a financial asset if the contractual rights concerning the cash flows from a financial asset expire or it transfers the rights to receive the cash flows in a transaction in which all material risks and rewards incidental to ownership of the financial assets are also transferred.

Derecognition also takes place if the Group neither transfers nor retains all material risks and rewards of ownership and does not retain control of the financial asset that has been transferred.

Financial liabilities

The Group derecognises a financial liability when the contractual obligations are fulfilled, are cancelled or expire. The Group also derecognises a financial liability if its contractual terms are changed and the cash flows of the adjusted liability are significantly different. In this case, a new financial liability is recognised at fair value based on the amended terms.

When a financial liability is derecognised, the difference between the carrying amount of the liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

d) Offsetting

Financial assets and liabilities are offset and presented in the balance sheet as a net amount if the Group has a present and enforceable legal right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

e) Derivative financial instruments

The Group holds derivative financial instruments to hedge interest rate risks.

Derivatives are measured at fair value upon initial recognition. In subsequent measurement, derivatives are measured at fair value. Any resulting changes are generally recognised in profit or loss.

The Group does not use hedge accounting for its derivative financial instruments.

f) Group dealer financing models and factoring agreements

Due to the high capital intensity of the independent dealers' sales business, agreements have been made with various credit institutions for the purchase financing of dealers. Within the framework of this model, the dealers can enter into financing with one of the banks for the vehicle acquired from the Group by them. In this case, the Group receives the purchase price from the relevant credit institution on behalf and for the account of the relevant dealer, who is granted a certain financing line by the credit institution for his purchases. The existing trade receivable from the dealer is derecognised upon payment by the bank, as the contractual rights regarding the cash flows from the financial asset expire at this time.

In addition, the Group maintains several factoring agreements. The underlying receivables from customers are sold to the relevant factoring company at the same time as they arise. In this connection, the Group retains neither significant risks nor opportunities from these sales of receivables and derecognises the trade receivables accordingly. Until payment is received, there is a receivable from the factoring company, which is shown under other current assets.

3.9 Cash and cash equivalents

Changes to the fair value of the standalone derivatives are recognised in the income statement. Cash and bank balances are recognised at their nominal value. Due to the good credit standing of the banks, the expected losses are not recognised for reasons of materiality.

3.10 Impairment

a) Non-derivative financial assets

Expected credit losses – General recognition

The Group recognises impairment losses for expected credit losses on financial assets measured at amortised cost.

With the exception of trade receivables, impairment losses on financial assets are determined in accordance with the general impairment model. Impairments of trade receivables are always measured at the amount of the expected credit loss over the term. The amount of the impairments and the interest received are determined on the basis of the allocation of the financial instrument to the three levels listed below:

Level 1:

In principle, all relevant instruments are initially allocated to the first level. The present value of expected credit losses from possible default events within the next 12 months after the balance sheet date must be recognised as an expense. Interest is recognised on the basis of the gross carrying amount. Accordingly the effective interest rate method is applied on the basis of the carrying amount before risk provisioning.

Level 2:

This includes all instruments which have been exposed to a significant increase in default risk since their initial recognition. The Group assesses at each balance sheet date whether there is a significant increase in the risk of default. In principle, a significant increase in the default risk is assumed if an instrument is overdue by more than 30 days. The amount of the impairment corresponds to the present value of the expected credit losses from possible default events over the entire remaining term of the instrument. Interest is recognised in the same way as on the first level.

Level 3:

If, in addition to an increased risk of default, there is objective evidence that an instrument is impaired, the impairment is measured on the basis of the present value of the expected losses from possible default events over the remaining term. Interest is recognised at this level on the basis of the net carrying amount, i.e. on the basis of the carrying amount after taking account of risk provisions.

Expenses from expected credit losses are recognised in the income statement under other operating expenses.

Expected credit losses – General recognition

The Group uses the simplified approach to determine expected credit losses for its trade receivables. Accordingly the credit losses expected over the term of all trade receivables are used.

In order to measure the expected credit losses, the receivables are allocated to the groups of an allowance matrix according to their maturity or overdue date. The loss ratios of these groups are calculated using the 'roll rate' method, which is based on the probability that a receivable will progress through successive stages in payment default.

Expenses from expected credit losses are recognised in the income statement under other operating expenses.

Default and depreciation

The Group regards a financial asset as in default if:

- it is unlikely that the debtor will be able to pay its credit obligation to the Group in full without the Group having to resort to measures such as the realisation of collateral (if any); or
- the financial asset is more than 180 days past due.

In this case, the gross carrying amount of a financial asset is written off directly because the Group cannot assume that all or part of the financial asset is realisable in these cases.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets – with the exception of inventories and deferred tax assets – are reviewed on each reporting date in order to ascertain whether there is any evidence of an impairment. If this is the case, the recoverable amount of the asset is estimated. Goodwill and intangible assets with an indefinite useful life are tested annually for impairment.

In order to examine whether there is an impairment, assets are aggregated into the smallest group of assets that generates cash inflows from continued use that are largely independent of the cash in-flows from other assets or CGUs. Goodwill that has been acquired in the case of a business combination is allocated to the CGUs or groups of CGUs that are expected to derive a benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs to sell. 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 or CGU.

An impairment loss is recorded if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairments that are recorded in respect of CGUs are allocated initially to any goodwill to be allocated to the CGU and subsequently allocated to the carrying amounts of the other assets of the CGU (group of CGUs) on a pro rata basis.

An impairment loss with regard to the goodwill will not be reversed. For other assets, an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

3.11 Provisions

A provision is recognised when the Group has incurred a current legal or constructive obligation arising from a past event and a reliable estimate of the amount of the obligation can be made, and when the outflow of resources with economic benefits to settle the obligation is probable (probability of occurrence greater than 50%). If the recognition criteria for provisions are not met, a contingent liability is disclosed in the notes to the financial statements under certain conditions.

If the time value of money is significant, non-current provisions are recognised at present value. To this end, the expected future cash outflows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The time value of money, including effects from the change in interest rates, is reported within the financial result.

3.12 Employee benefits

There are no pension obligations within the Group arising from defined benefit plans, but only defined contribution plans arising from payments to the statutory pension insurance. These obligations for contributions to defined contribution plans are recorded as an expense as soon as the related service is performed. Prepaid contributions are recognised as an asset if a right to reimbursement or reduction of future payments is created.

Termination benefits are recognised as an expense at the earlier of the following dates: when the Group can no longer withdraw the offer of benefits of this kind or when the Group recognises costs for a restructuring. Benefits are discounted if it cannot be expected that they will be settled in full within 12 months after the reporting period.

3.13 Accruals

Accruals include future expenses where the amount or the date may be uncertain, but the uncertainty is nevertheless lower than for provisions. They are liabilities to pay for goods or services that have been received or supplied and that have not been paid, nor invoiced by the supplier or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay).

The accruals are recognised in the amount of the expected utilisation.

3.14 Subsidies

Other subsidies related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions attached to the subsidy. These other subsidies are subsequently recognised as other income in profit or loss over the useful life of the assets.

Subsidies that compensate the Group for expenses incurred are recognised in profit or loss as scheduled in the periods in which the expenses are recognised.

3.15 Recognition of income and expenses

3.15.1 Revenue recognition

The Group recognises revenue in accordance with the provisions of IFRS 15 Revenue from Contracts with Customers.

The standard provides a five-step model, which is to be used to help determine the amount of revenue as well as the time or the period at or in which revenue is recognised.

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when the entity satisfies a performance obligation

The model stipulates that revenue has to be reported at the time or over the period that control of goods or services is transferred from the Company to customers at the amount to which the company expects to be entitled.

The Group essentially generates revenue from the production and the sale of motorhomes, caravans and camper vans. In addition, there are other revenue streams from the sale of spare parts, the performance of repair services and the leasing of motorhomes and caravans, but these are not significant.

Sale of goods

Revenues from the sale of goods, i.e. motorhomes, caravans, camper vans and spare parts, are recognised upon their delivery to the customer, as control over the good is transferred to the customer at this time. The purchase price is due for payment within 30 days from invoice date. If customers make advance payments, these are carried as contractual liabilities. The transaction price is produced on the basis of the contractually agreed purchase price, taking into account various variable considerations in the form of discounts, the estimate of which is regularly not limited and which are calculated by the Company on the basis of historical data. There are no significant financing components in this respect. In general, the customer has no right of return for the Group's products. The warranty claims for the goods acquired by the customer do not qualify as separate performance obligations, as they cannot be acquired separately and additionally do not extend beyond the statutory or standard industry provisions.

Provision of repair services

Revenue from the provision of repair services is recognised when the contractually agreed service has been provided by the Group. The repair times are mostly short-term. The transaction price in the form of the contractually agreed remuneration is due for payment in principle within 30 days from the invoice date. There are no material financing components in this connection. Furthermore, variable consideration, which is determined on the basis of historical data, is taken into account by the Group when calculating the transaction price.

Leasing of caravans and motorhomes

Revenue from the leasing of caravans and motorhomes would in principle have to be recognised in relation to a period of time. On account of the minor importance of this revenue stream, however, the relevant revenues are recognised at a specific point in time at the beginning of the lease agreement for simplification purposes. As the Group does not lease any vehicles in the period around the turn of the year, no impact of any kind on the revenues to be allocated to a financial year result from this simplification, however. The transaction price, which is produced as the contractually agreed rental rate, is paid by the customer at the beginning of the lease. It does not include any material financing components and is determined in due consideration of variable discounts, which are calculated using historical data.

Customer loyalty programme for dealers

The Group has a customer loyalty programme under which bonus points (CAPP points) are credited to a dealer for each motorhome or caravan purchased. The points can then be redeemed for selected group-related non-cash awards and are valid for one year. According to IFRS 15, this points scheme and the associated option to purchase additional goods constitutes a significant right of the customer. The transaction price allocated to the points in a contract for the sale of a motorhome/caravan is therefore carried as a contractual liability. This contractual liability will be cancelled with effect on sales when the points are redeemed, but at the latest when they expire.

As the Group's performance obligations from the business transactions described above result from contracts with an expected term of less than one year, the Group makes use of the practical expedient pursuant to IFRS 15.21.

Special bonuses

The Group grants special advance bonuses to strategic dealers to bind the dealer to the Group. The revenue-dependent bonuses are offset against the special bonus paid in advance in the amount of a certain percentage of the annual revenue until the bonus advance is used up or the term of the agreement is reached. Advance payments to special bonuses qualify as payments to customers. They do not, however, fulfil the necessary criteria for a distinct good or service. They are therefore distinguished as other assets and allocated as a sales allowance dependent on the share of the special bonus earned each year.

3.15.2 Recognition of expenses

Expenses are recognised in the balance sheet upon utilisation of the service or at the time they are incurred.

3.16 Finance income and finance costs

The finance income and finance costs of the Group comprise:

- Interest income
- Interest expenses
- Net profit or loss from the changes in the fair value of derivatives, which are recognised in profit or loss; and
- Income and expenses from the disposal of financial instruments.

Interest income and expenses are recognised in profit or loss in accordance with the effective interest method, if this applies. If the effective interest method does not apply, interest income and expenses are recognised in profit or loss at the time they arise.

3.17 Income taxes

The tax expense includes current and deferred taxes. Current and deferred taxes are recognised in profit or loss, except to the extent that they relate to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current taxes

Current taxes are the expected tax liability or tax receivable on the income to be taxed for the financial year or the tax loss using tax rates that have been enacted or substantively enacted by the reporting date as well as adjustments of the tax liability relating to prior periods. The amount of the expected tax liability or tax receivable reflects the amount that represents the best estimate in due consideration of tax uncertainties, if present. Current tax liabilities also include all tax liabilities that are incurred as a result of the determination of dividends.

Current tax assets and liabilities are offset only under certain conditions.

b) Deferred taxes

Deferred taxes are recognised in view of temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes and the amounts used for tax purposes. Deferred taxes are not recognised for

- temporary differences upon the initial recognition of assets or liabilities in a business transaction that is not a business combination and that does not influence either the pre-tax accounting profit or the taxable profit,
- temporary differences in conjunction with shares in subsidiaries, associates and joint ventures if the Group is able to control the timing of the reversal of the temporary difference and it is probable that they cannot be reversed in the foreseeable future, and
- taxable temporary differences upon the initial recognition of the goodwill.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available for which they can be used. Future taxable profits have to be calculated on the basis of the individual business plans of the subsidiaries. Deferred tax assets are reviewed on each reporting date and reduced to the extent that it is no longer probable that the related tax advantage will be realised; reversals of write-downs are carried out when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed on each reporting date and recognised to the extent that it is probable that future taxable profit will allow recovery.

Deferred taxes are measured using the tax rates that are expected to be applied to temporary differences as soon as they reverse; tax rates that have been enacted or announced by the reporting date are used here. The following tax rates have been used here:

Group entity	2019	2018
Knaus Tabbert GmbH	27.68%	27.68%
Knaus Tabbert Kft (HU)	10.00%	9.00%
MORELO Reisemobile GmbH	27.03%	27.03%
Caravan-Welt GmbH North (D)	26.68%	26.68%
HÜTTLrent GmbH	30.18%	30.18%

The measurement of deferred taxes reflects the tax consequences that result from the Group's expectations regarding how the carrying amounts of its assets will be realised or how its liabilities will be met as at the reporting date. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be realised as a result of its disposal has not been rebutted.

Deferred tax assets and deferred tax liabilities are offset if specific requirements are met.

3.18 Impact of new accounting standards

The Group has prepared these financial statements in accordance with IFRS. All IFRS accounting standards to be applied in the European Union as at 31 December 2019 were applied to the financial statements as at 31 December 2019.

Date of first application	New or amended standards	Impact on the consolidated financial statements
New accounting standards applied		
Financial years beginning on or after 01 January 2019	IFRS 16: Leases	See explanations below the table
Financial years beginning on or after 01 January 2019	IFRIC 23 Uncertainty over Income Tax Treatment	Insignificant
Financial years beginning on or after 01 January 2019	Amendment to IFRS 9 Prepayment Features with Negative Compensation	No impact
Financial years beginning on or after 01 January 2019	Amendment to IAS 28 Long-term Interests in Associates and Joint Ventures	Insignificant
Financial years beginning on or after 01 January 2019	Amendments to IFRS 19 Plan Amendment, Curtailment or Settlement	No impact
Financial years beginning on or after 01 January 2019	Annual improvement of IFRS (2015-2017): Changes to IFRS 3, IFRS 11, IAS 12 and IAS 23	Insignificant

IFRS 16 Leases

The Group applied IFRS 16 for the first time as at 1 January 2019. In addition, a number of other new standards had to be applied for the first time as at 1 January 2019, but these do not have a material impact on the consolidated financial statements.

The Group has applied IFRS 16 using the modified retrospective method. The comparative information for 2018 has not therefore been restated, i.e. as previously presented in accordance with IAS 17 and related interpretations. Details of the changes in accounting policies are set out below. Furthermore, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

In the transition to IFRS 16, the Group decided to apply the relief provision to maintain the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts which were previously identified as leases. Contracts that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reviewed to determine whether they qualify as leases under IFRS 16. The definition of a lease according to IFRS 16 was therefore only applied to contracts concluded or amended on or after 1 January 2019 (see note 3.6).

As a lessee, the Group rents land and buildings, technical equipment and machinery, and cars. The Group previously classified leases as operating leases or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset to the Group. In accordance with IFRS 16, the Group recognises rights of use and lease liabilities for most of these leases, i.e. these leases are recognised in the balance sheet.

a) Leases classified as operating leases under IAS 17

Previously, the Group classified real estate leases as operating leases in accordance with IAS 17. On transfer, the lease liabilities for these leases were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Rights of use assets are measured at an amount equal to the lease liability, adjusted by the amount of lease payments made or deferred in advance.

The Group tested its rights of use assets for impairment at the date of transition and concluded that there were no indications of impairment of the rights of use assets.

The Group has made use of a number of simplification provisions when applying IFRS 16 to leases that were classified as operating leases under IAS 17. In detail, the Group:

- has not recognised either rights of use assets or lease liabilities for leases that expire within 12 months of the date of initial application;
- has not recognised either rights of use assets or lease liabilities for leases where the underlying asset is of minor value;
- has not taken initial direct costs into account when measuring the right of use asset at the time of initial application.

b) Leases classified as finance leases under IAS 17

The Knaus Tabbert Group leases a number of technical systems and machines. These leasing agreements were classified as finance leases in accordance with IAS 17. For these finance leases, the carrying amount of the right of use and the lease liability as at 1 January 2019 was recognised at the carrying amount of the leased asset and the lease liability immediately before that date in accordance with IAS 17.

c) Impact on the financial statements at the date of transition

On transition to IFRS 16, the Group recognised additional rights of use and additional lease liabilities. The impact at the time of transition is summarised below.

2019 **KEUR**	**1 January 2019**
Rights of use – Property, plant and equipment	6,774
Leasing liabilities	6,774

In measuring lease liabilities under operating leases, the Group discounted the lease payments at its marginal borrowing rate as at 1 January 2019. The weighted average interest rate is approximately 1.11%.

2019 KEUR	1 January 2019
Liability under operating leases as at 31 December 2018, as disclosed in the consolidated financial statements in accordance with IAS 17	2,634
Discounted at the marginal borrowing rate as at 1 January 2019	2,578
- leases not recognised in accordance with the option, where the underlying asset is of minor value	(375)
- leases not recognised in accordance with the option whose term ends within 12 months of the date of first-time application	(47)
+ renewal options which are exercised with sufficient certainty	4,618
Total additional leasing liabilities under IFRS 16	**6,774**
+ present value of finance lease liabilities as at 31 December 2018	2,642
Leasing liability as at 1 January 2019	**9,416**

Renewal options exercised with sufficient certainty were included in the calculation under IFRS 16 on the basis of the estimate made at the transition date. These concern in particular contracts for land and buildings.

The first-time application of the new regulations in the above table had no material impact on the consolidated financial statements.

The following new standards and interpretations published by the IASB or amendments to existing standards and interpretations have not been taken into account in the preparation of these consolidated financial statements. As a matter of principle, new standards and interpretations or amendments to existing standards and interpretations are not applied by the Group before they become effective in the EU.

The following amended standards and interpretations do not have any material impact on the consolidated financial statements from the Group's perspective.

Date of first application	New or amended standards	Possible impact on the consolidated financial statements
Future new standards and interpretations to be applied for the first time		
Financial years beginning on or after 01 January 2020	Changes to references to the conceptual framework in IFRS standards	Insignificant
Financial years beginning on or after 01 January 2020	Amendments to IFRS 3 Definition of a Business Operation	Insignificant
Financial years beginning on or after 01 January 2020	Amendments to IAS 1 and IAS 8 Definition of Materiality	Insignificant
Financial years beginning on or after 01 January 2021	IFRS 17: Insurance Contracts	No impact
Date of first-time application postponed indefinitely	Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and an associate or joint venture	No impact

It should be noted that, to a certain extent, discretionary decisions, assumptions and estimates have to be made in the preparation of the consolidated financial statements in accordance with IFRS, which may have an impact on the amount and presentation of the assets and liabilities reported in the balance sheet, the information on contingent assets and liabilities and the income and expenses reported for the interim reporting period. The actual amounts may differ from the estimates. In this context, it cannot be ruled out that changes in discretionary decisions, assumptions and estimates may have a material impact on the presentation of the net assets, financial position and results of operations in the interim report.

4 Operating segments

The segment information is provided on the basis of the Group's internal reporting in order to enable the nature and financial effects of the business activities in which the Group engages and the economic environments in which it operates to be evaluated.

The Group's internal management reporting system is decisive here. The Group is structured as a divisional organisation, as business activities are organised, on the one hand, via the 'Premium Products' division (i.e. caravans, motorhomes and camper vans), which includes the 'Knaus', 'Tabbert', 'Weinsberg' and 'T@B' brands, and, on the other hand, via the 'Luxury Products' division, which includes the luxury motorhomes of the 'MORELO' brand.

The assessment is carried out by the CODM (Chief Operation Decision Maker). The CODM within the meaning of IFRS 8 is the management of the parent company, i.e. Knaus Tabbert GmbH, as it regularly reviews the segments for their profitability and resource allocation based on internal management reporting.

The profitability of each segment is assessed on the basis of EBITDA. EBITDA means earnings before interest, taxes, depreciation and amortisation and thus includes the operating result (= operating income) before depreciation, amortisation, interest and taxes. This figure therefore does not include any interest and financing elements. The accounting policies for segment reporting are based on the IFRS used in these consolidated financial statements. The Group measures the success of its segments using the segment earnings indicator EBITDA, as this is the most relevant information when assessing the results of certain segments in relation to other companies operating in these industries.

4.1 Basis of segmentation

The segment information is published on the basis of the management's specification for the 'premium segment' and the 'luxury segment'. There are no other segments within the Group.

Although the motorhomes that the segments offer are similar types of products, the production processes and target customer groups differ to a significant extent.

Reportable segments	Operations
Premium segment	Production and sale of caravans, motorhomes and camper vans as well as leasing of caravans and motorhomes
Luxury segment	Production and sale of luxury motorhomes

Monthly management reporting is in place for each business segment, which is distributed to the management and by means of which decisions about resources to be allocated to these segments and the assessment of their performance are reviewed.

The transfer prices between the segments for goods sold and the performance of services are defined based on arm's-length transactions.

4.2 Information about the segments

The information concerning the results of the segments and also the assets and liabilities for the 2019 financial year and the 2018 comparative period is provided below.

2019 **KEUR**	Luxury segment	Premium segment	**Total**
Revenue from external customers	95,441	684,946	780,386
Intersegment revenue	-	15	15
Segment revenue	**95,441**	**684,961**	**780,401**
EBITDA	**9,116**	**55,153**	**64,269**
Financial income	39	398	437
Finance costs	507	2,092	2,598
Depreciation and amortisation	1,483	16,321	17,804
Impairment loss for non-financial assets		591	591
Assets	**47,048**	**263,883**	**310,930**
Additions to non-current assets	6,935	34,355	41,289
Liabilities	**31,172**	**181,556**	**212,728**

2018 **KEUR**	Luxury segment	Premium segment	Total
Revenue from external customers	80,527	647,486	728,013
Intersegment revenue	-	23	23
Segment revenue	**80,527**	**647,509**	**728,036**
EBITDA	**8,005**	**48,705**	**56,710**
Financial income	41	180	221
Finance costs	665	1,865	2,530
Depreciation and amortisation	1,062	12,432	13,494
Impairment loss for non-financial assets	-	-	-
Assets	**41,763**	**240,670**	**282,433**
Additions to non-current assets	-	-	-
Liabilities	**28,383**	**171,616**	**199,999**

The external revenues of the segments can be broken down into the product groups caravans, motorhomes, camper vans and after-sales/others as follows:

2019			**Product group**		
KEUR	Caravans	Motorhomes	Camper vans	After-sales/other	**Total**
Luxury segment	-	93,981	-	1,459	**95,441**
Premium segment	215,382	300,499	149,720	19,345	**684,946**
Total	**215,382**	**394,480**	**149,720**	**20,805**	**780,386**

2018			**Product group**		
KEUR	Caravans	Motorhomes	Camper vans	After-sales/other	**Total**
Luxury segment	-	79,157	-	1,370	**80,527**
Premium segment	202,118	323,654	106,777	14,938	**647,486**
Total	**202,118**	**402,811**	**106,777**	**16,307**	**728,013**

When presenting information on a geographical basis, revenue is based on the geographical locations of customers.

Broken down by the geographical regions Germany, Europe and rest of the world, the revenue from external customers in the segments can be presented as follows:

2019	Geographical region			
KEUR	Germany	Europe	Rest of the world	Total
Luxury segment	64,539	30,879	22	**95,441**
Premium segment	459,373	214,963	10,609	**684,946**
Total	**523,912**	**245,842**	**10,631**	**780,386**

2018	Geographical region			
KEUR	Germany	Europe	Rest of the world	Total
Luxury segment	57,289	23,078	160	**80,527**
Premium segment	416,150	226,447	4,889	**647,486**
Total	**473,439**	**249,525**	**5,049**	**728,013**

4.3 Reconciliation of the information about the segments

The elimination of intragroup ties between the segments is indicated in summary in the reconciliation.

	2019 KEUR	2018 KEUR
Revenue		
Segment revenue	780,401	728,036
Elimination of intersegment revenue	(15)	(23)
Revenue, consolidated	**780,386**	**728,013**
EBITDA		
Segment EBITDA, consolidated	64,269	56,710
Segment depreciation and amortisation	(17,804)	(13,494)
Segment impairments	(591)	-
Segment financial result	(2,161)	(2,309)
Consolidation effects	-	-
Profit before tax, consolidated	**43,713**	**40,907**
Assets		
Segment assets	310,930	280,569
Consolidation effects	8	21
Assets, consolidated	**310,938**	**280,590**
Liabilities		
Segment liabilities	212,728	199,366
Consolidation effects	8	21
Liabilities, consolidated	**212,735**	**199,387**

4.4 Geographical information

The segments are administered in Germany. The subsidiary Knaus Tabbert Kft, with its registered office in Hungary, can be mentioned as the only international production plant and is assigned to the premium segment.

The non-current assets outside Germany are therefore exclusively located at the Hungarian subsidiary. The allocation of the non-current assets can thus be broken down as follows:

Country	2019 KEUR	2018 KEUR
Germany	104,108	85,994
Hungary	17,678	17,211
Non-current assets	**121,786**	**103,205**

5 Notes on the consolidated balance sheet

5.1 Intangible assets

Please see note 3.3 for the accounting policies.

A. Description of material items

The intangible assets break down as follows:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Internally generated industrial and similar rights and assets	10,848	9,183
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	3,320	2,994
Goodwill	841	841
Advance payments made	104	126
Total	**15,114**	**13,144**

The additions to intangible assets amounted to KEUR 6,578 in the 2019 financial year (31/12/2018: KEUR 6,121). The investments concern in particular the internally generated intangible assets and the purchased intangible assets.

The trend in the carrying amounts of the Group's intangible assets for the 2019 and 2018 financial years can be seen in the statement of changes in fixed assets.

Goodwill

The goodwill arose in the course of the initial inclusion of MORELO Reisemobile GmbH in the consolidated financial statements. The goodwill is not amortised. Goodwill is tested for impairment at least once a year. Goodwill was last tested for impairment as at 31 December 2019.

Intangible assets purchased

Purchased concessions, industrial and similar rights and assets and licences in such rights and assets refer primarily to expenses related to third parties that have been incurred in connection with the procurement of application software as well as acquired trademark rights. With the exception of the acquired trademark rights, the intangible assets purchased are amortised over their estimated useful lives. The acquired trademark rights, on the other hand, have an indefinite useful life and are consequently not amortised. They are tested for impairment at least once a year.

Intangible assets acquired against payment comprise the following main items:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	**3,320**	**2,994**
of which		
WEINSBERG brand	*87*	*87*
T@B brand	*57*	*57*
KNAUS brand	*856*	*856*
TABBERT brand	*576*	*576*
MORELO brand	*373*	*373*
Dealer sales network	*-*	*-*
Software	*1,027*	*667*
Licences	*317*	*377*
Other	*28*	*1*

Internally generated intangible assets

The Group distinguishes primarily between new developments and model updates in connection with internally generated intangible assets. New developments are projects that result in the development of a product that can clearly be identified as new by an external party. The contours must change on the exterior for this (e.g. use of new plastic parts or bodywork on a new chassis). Furthermore, there must be a new concept in the interior, which means that wet cells, kitchen, electrics and air conditioning/ heating are revised. Quasi new tools are required to a great extent for a new development. If the development projects fulfil the necessary requirements, they are capitalised as internally generated intangible assets.

If the development projects fulfil the necessary requirements, they are capitalised as internally generated intangible assets. If, in addition to technical modifications, the external appearance of a vehicle is changed during a model update measure, this is also described as a facelift or life cycle impulse. Model update measures are recognised by the Group as an expense at the time they are incurred.

The internally generated intangible assets are amortised over their useful life of five years.

KEUR 1,937 (31 December 2018: KEUR 2,255) in research and development costs was recognised as an expense in the 2019 financial year (see note 6.7). While research costs always have to be recognised as an expense, the development costs included in these expenses did not fulfil the related requirements that would be necessary to capitalise them as intangible assets.

B. Amortisation and impairment test

Please see note 6.6 for a presentation of the amortisation and the impairment tests on intangible as-sets.

Goodwill

The Group reviews whether the goodwill is impaired at least once a year. MORELO Reisemobile GmbH acts as the sole CGU, to which the goodwill is allocated in full, for the performance of the impairment test for the goodwill. The classification of MORELO Reisemobile GmbH as the cash generating unit corresponds here to the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The calculation of the recoverable amount for this CGU is based on the fair value less the costs of disposal, which have been estimated using the discounted cash flow. Based on the input factors of the measurement method used, the measurement of the fair value is classified as a level 3 fair value (see note 1.4).

The material assumptions that form the basis for estimating the recoverable amount are presented below. The values assigned to the material assumptions represent the assessment by the management of future developments in the relevant sector and are based on historical values from external and internal sources.

Calculation of the recoverable amount – Assumptions

All figures in per cent	**31 Dec. 2019**	**31 Dec. 2018**
CGU MORELO Reisemobile GmbH		
Discount rate (WACC)	7.8	7.6
Sales growth rate for detailed planning period (CAGR)	1.3	1.9
Planned EBITDA growth rate (Average of the next four years)	4.8	7.2
Sustainable growth rate	1.0	1.0

As part of the calculations, the cash flow forecast is determined based on the long-term planning adopted by the management and applicable at the time the impairment test is performed. This multi-year planning is based on expectations regarding future market shares, growth in the relevant markets and the profitability of the products and encompasses a detailed planning horizon of four years as well as a perpetual growth rate subsequent to that. The planning of the investments and of the current working capital is based primarily on historical values. The management takes the view here that the underlying growth rates are not higher than the long-term average growth rates of the business field in which MORELO Reisemobile GmbH operates (see note 4.1). The sustainable growth rate has been calculated by the management on the basis of the estimate of the long-term inflation expectations and is consistent with the assumptions that a market participant would make.

The discount rate that was applied was the weighted average cost of capital (WACC), after corporation tax, calculated historically on the basis of a group of benchmark companies (peer group).

No requirement for impairment for the goodwill arose when the impairment test was conducted as at 31/12/2019.

Furthermore, sensitivity analyses showed that, despite changes regarded as possible to the assumptions, the recoverable amounts are higher than the relevant carrying amounts.

Acquired trademarks with an indefinite useful life

The Group reviews whether the acquired trademarks with an indefinite useful life are impaired at least once a year. The impairment test is performed here at the level of the individual trademarks.

The impairment test of the trademarks is determined here by comparing the carrying amount with the fair value less costs to sell. To estimate the fair value, the Group has to estimate the expected future cash flows of the individual trademarks and additionally selected a reasonable discount rate in order to calculate the present value of this cash flow.

The trademarks' fair value less costs to sell is calculated in this connection by using the relief from royalty method, in which the fair value of the intangible asset us calculated as the present value of royalties saved. It is determined here which royalties would notionally have to be paid if the trademark was owned by a third party. The notional royalties are calculated using licence fees that can be observed for comparable trademarks on the market. The sales figures of the relevant trademark are used in this case as a reference value for the licence fees. Expressed in EUR/unit, the licence fee is then multiplied by the planned sales for the trademark. The fair value of the relevant trademark is produced from the discounting of the calculated notional royalties following deduction of corporation taxes.

The following licence fees – assumed to be constant over time for simplification purposes – have been assumed for all calculations: WEINSBERG brand EUR 25, T@B brand EUR 20, KNAUS brand EUR 20, TABBERT brand EUR 35 and MORELO brand EUR 150.

The other material assumptions that have been used to estimate the fair value are presented below. The values assigned to the material assumptions represent the assessment by the management of future developments in the relevant sector and are based on historical values from external and internal sources.

Determining fair value – Assumptions

All figures in per cent	**2019**	**2018**
WEINSBERG brand		
Sales growth rate for detailed planning period (CAGR)	3.7	1.0
T@B brand		
Sales growth rate for detailed planning period (CAGR)	-	-10.9
KNAUS brand		
Sales growth rate for detailed planning period (CAGR)	2.5	9.0
TABBERT brand		
Sales growth rate for detailed planning period (CAGR)	1.7	-0.8
MORELO brand		
Sales growth rate for detailed planning period (CAGR)	3.8	2.5
The following applies to all brands:		
Discount rate (WACC)	7.8	7.6
Sustainable growth rate	1.0	1.0

As part of the calculations, the relevant sales forecast is determined based on the long-term planning adopted by the management and applicable at the time the impairment test is performed. This multi-year planning is based on expectations regarding future market shares and the growth in the relevant markets and encompasses a detailed planning horizon of three years as well as a perpetual growth rate subsequent to that.

The discount rate that was applied was the weighted average cost of capital (WACC), after corporation tax, calculated historically on the basis of a group of benchmark companies (peer group).

No requirement for impairment for the acquired trademarks with an indefinite useful life arose when the impairment test was conducted as at 31/12/2019.

Furthermore, sensitivity analyses showed that, despite changes regarded as possible to the assumptions, the fair values less costs to sell are higher than the relevant carrying amounts.

5.2 Property, plant and equipment

Please see note 3.4 for the accounting policies.

A. Description of material items

The property, plant and equipment breaks down as follows:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Land, land rights and buildings including buildings on third-party land	63,121	48,418
Plant and machinery	21,984	19,654
Other equipment, operating and office equipment	17,160	15,137
Advance payments made and assets under construction	3,803	5,619
Total	**106,069**	**88,828**

The additions to property, plant and equipment amounted to KEUR 34,711 in the 2019 financial year (31 December 2018: KEUR 31,576). The investments concern in particular land and buildings, other equipment and operating and office equipment as well as the advance payments made and assets under construction.

The trend in the carrying amounts of the property, plant and equipment of the Knaus Tabbert Group for the 2019 and 2018 financial years can be seen in the statement of changes in fixed assets.

B. Amortisation and impairment test

Please see note 6.6 for a detailed presentation of the depreciation of property, plant and equipment.

As in previous years, indicators that call for an impairment test to be conducted were also not present in the 2019 financial year.

C. Leased plant and machinery (classified as finance leases under IAS 17)

In the previous financial year, the Group leased plant and machinery under a number of finance lease agreements. As at 31 December 2018, the net carrying amount of the leased plant and equipment was KEUR 2,607.

In the 2019 financial year, the Group recognised leases that were previously classified as operating leases as rights of use following the first-time application of IFRS 16. The net carrying amount of the rights of use recognised in the balance sheet was KEUR 7,550 as at 31 December 2019.

In the course of the 2019 financial year, the Group concluded leasing agreements which led to the capitalisation of additional rights of use in accordance with IFRS 16 in the amount of KEUR 2,558.

D. Collateral

As at 31 December 2019, properties with a carrying amount of KEUR 15,100 (31 December 2018: KEUR 15,100) are encumbered with a land charge to secure bank loans.

E. Property, plant and equipment under construction

The construction of a new factory building in Jandelsbrunn and another in Schlüsselfeld was completed in the course of the financial year. The acquisition and production costs incurred for the factory buildings amounted to KEUR 5,072.

5.3 Inventories

Please see note 3.7 for the accounting policies.

The inventories are broken down into the following main groups:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Raw materials, consumables and supplies	64,091	63,501
Work in progress	5,931	6,057
Finished goods and merchandise	49,705	35,616
Advance payments made on inventories	1	-
Total	**119,728**	**105,174**

The write-downs to the net realisable value that are recognised for inventories amount to KEUR 3,211 in the 2019 financial year (2018: KEUR 3,166).

5.4 Trade receivables

Please see note 3.8 for the accounting policies.

The gross carrying amounts and the net carrying amounts of the trade receivables can be presented as follows:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Gross carrying amount	**37,807**	**37,853**
Expected credit losses	(533)	(392)
Net carrying amount	**37,275**	**37,462**

The trade receivables do not contain any receivables with a term of more than one year.

Please refer to note 7.3.2 concerning the credit risk of the trade receivables.

5.5 Tax receivables

The tax receivables as at 31/12/2019 and 31/12/2018 can be presented as follows:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Tax receivables	810	2,670

The tax receivables concern exclusively income taxes here. Please refer to note 6.9.3 for the development of the deferred tax assets.

5.6 Cash and cash equivalents

Please see note 3.9 for the accounting policies.

The cash and cash equivalents break down as follows:

	31 Dec. 2019 KEUR	**31 Dec. 2018 KEUR**
Cash in hand	37	53
Bank balances	7,560	7,327
Total	**7,597**	**7,380**

Within the bank balances, cash in the amount of KEUR 5,913 is subject to restrictions on disposal (31 December 2018: KEUR 5,889). This is the collateral fund within the framework of the purchase financing model for dealers that exists with SKP GmbH (see notes 3.9 and 10).

The reconciliation of the cash and cash equivalents with the cash funds reported in the statement of cash flows can be presented as follows:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Cash and cash equivalents	**7,597**	**7,380**
less SKP fund bank balances	5,913	5,889
Cash funds	**1,684**	**1,491**

5.7 Other assets

For the accounting principles concerning the other financial assets, please see note 3.8.

The other assets break down as follows:

	31 Dec. 2019 KEUR	**31 Dec. 2018 KEUR**
Other non-current assets		
Other non-financial assets	603	1,233
Total	**603**	**1,233**
Other current assets		
Other financial assets	10,905	15,873
Other non-financial assets	9,422	7,253
Total	**20,327**	**23,126**
Total non-current	**603**	**1,233**
Total current	**20,327**	**23,126**
Total other assets	**20,930**	**24,359**

5.7.1 Other financial assets

The other financial assets include the following items:

Other financial assets	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Other non-current financial assets		
Miscellaneous	-	-
Total	**-**	**-**
Other current financial assets		
Receivables from factoring	10,905	15,495
Receivables from shareholders	-	378
Total	**10,905**	**15,873**
Total non-current	**-**	**-**
Total current	**10,905**	**15,873**
Total other financial assets	**10,905**	**15,873**

5.7.2 Other non-financial assets

The other non-financial assets can be presented as follows:

Other non-financial assets	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Other non-current non-financial assets		
Advertising cost subsidies	579	1,006
Miscellaneous	24	227
Total	**603**	**1,233**
Other current non-financial assets		
Prepaid expenses	1,841	1,473
Value added tax	2,478	1,478
Advertising cost subsidies	624	522
Bonus claims	2,954	2,989
Miscellaneous	1,524	792
Total	**9,422**	**7,253**
Total non-current	**603**	**1,233**
Total current	**9,422**	**7,253**
Total other non-financial assets	**10,025**	**8,486**

5.8 Equity

The development of the consolidated equity can be seen in the statement of changes in equity, which is presented as a separate element of the financial statements.

Subscribed capital

The subscribed capital of the Knaus Tabbert Group totals KEUR 29 (31 December 2018: KEUR 29) and is fully paid up.

Capital reserve

The capital reserves total KEUR 12,475 as at 31 December 2019 (31 December 2018: KEUR 12,475).

Other retained earnings

Retained earnings total KEUR 6,435 as at 31 December 2019 (31 December 2018): KEUR 6,435. The retained earnings contain the results generated in the past by the entities included in the consolidated financial statements in so far as they have not been distributed, but transferred to the reserves.

Difference in equity from currency translation

As the subsidiary Knaus Tabbert Kft, established in Hungary, acts in an economically independent capacity on its market, a foreign currency translation is carried out for the balance sheets and income statements that are not denominated in euros. The resulting translation differences are reported directly in equity in the consolidated equity under the item Difference in equity from currency translation and amount to KEUR -533 as at 31 December 2019 (31 December 2018: KEUR -363).

Distributions

Distributions to shareholders amounted to KEUR 15,000 in the 2019 financial year (2018: KEUR 15,000).

After the balance sheet date, the shareholders' meeting approved distributions of KEUR 30,000. The distributions were not recognised in the balance sheet in the 2019 financial year and there are no tax consequences.

5.9 Provisions

Please see note 3.11 for the accounting policies.

The table below presents the development of the other provisions:

	Tax provisions KEUR	Warranties KEUR	Other KEUR	**Total KEUR**
As at 1 January 2018	**573**	**8,398**	**5,406**	**14,377**
Additions	872	2,365	1,951	5,188
Utilisation	(308)	(540)	(1,610)	(2,458)
Reclassifications	-	-	(424)	(424)
Reversals	-	(14)	(697)	(711)
As at 31/12/2018	**1,136**	**10,209**	**4,626**	**15,971**
Non-current	**-**	**9,207**	**2,179**	**11,386**
Current	**1,136**	**1,002**	**2,447**	**4,585**
As at 01/01/2019	**1,136**	**10,209**	**4,626**	**15,971**
Additions	55	11,895	1,698	13,648
Utilisation	(1,135)	(10,007)	(943)	(12,085)
Reclassifications	-	-	(815)	(815)
Reversals	-	(38)	(158)	(196)
As at 31/12/2019	**57**	**12,059**	**4,408**	**16,523**
Non-current	**-**	**9,887**	**2,403**	**12,291**
Current	**57**	**2,171**	**2,005**	**4,233**

The tax provisions include other taxes based on the trade tax addition of trade fair costs for the 2018 and 2019 financial years.

Warranty provisions are formed both for statutory and for warranted design features such as tightness. This concerns in particular expenses for the free remedying of defects, supplies of spare parts, compensation and similar expenses. Furthermore, provisions were also created for general warranty risks. Percentage rates based on historical data are recognised here on the sales under warranty of the last three financial years. The general risk and thus of the percentage rates used is estimated on the basis of historical actual warranty costs in relation to sales. The time at which the warranty is claimed may extend over the entire warranty period. The cash outflows for the non-current provisions as at 31 December 2019 are largely expected within a period up to 2022 (31 December 2018: up to 2021).

Other provisions mainly comprise current provisions for litigation (2019: KEUR 776, 2018: KEUR 673) and long-term restoration and asset retirement obligations (2019: KEUR 2,166, 2018: KEUR 1,945) and miscellaneous other provisions (2019: KEUR 1,466, 2018: KEUR 2,008). The cash outflows for the non-current provisions as at 31 December 2019 are largely expected within a period up to 2025 (31 December 2018: up to 2025). The provision for a customer loyalty programme in the amount of KEUR 815 was recognised under other current provisions in the 2018 financial year. In the 2019 financial year, the disclosure will be adjusted and is now shown under contract liabilities within other liabilities.

In principle, the uncertainties regarding the amount or due date of the cash outflows from provisions can be classified as rather low from the Group's perspective.

5.10 Liabilities to banks

Please see note 3.8 for the accounting policies.

The liabilities to banks break down as follows:

	31 Dec. 2019 KEUR	**31 Dec. 2018 KEUR**
Liabilities to banks		
Non-current	12,348	17,260
Current	81,941	73,133
Total	**94,289**	**90,393**

As at 31 December 2019, properties with a carrying amount of KEUR 15,100 (31 December 2018: KEUR 15,100) are encumbered with a land charge to secure bank loans (see note 5.2). The carrying amount of inventories (see note 5.3), which are pledged as collateral for liabilities to banks, amounts to KEUR 105,786 in the 2019 financial year (2018: KEUR 0). The carrying amount of trade receivables (see note 5.4), which are pledged as collateral, amounts to KEUR 36,074 in the financial year 2019 (2018: KEUR 0).

Please see note 7.3.3 concerning the disclosures on the Group's foreign exchange and liquidity risks in relation to the liabilities to banks. The reconciliation of the change in liabilities to banks with the cash flows from financing activities is presented in note 5.10.

In the 2018 financial year, the Group concluded a new syndicated loan agreement led by Commerzbank AG in the amount of EUR 80.0 million and due in 2021; this agreement was increased to EUR 100.00 million in the 2019 financial year and its term was extended until 2022. The contractually agreed financial ratios in the areas of net debt, equity ratio and net working capital were met as at 31 December 2019.

5.11 Trade payables

Please see note 3.8 for the accounting policies.

The trade accounts payable break down as follows:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Non-current	-	-
Current	47,057	55,920
Total	**47,057**	**55,920**

Within current trade payables, trade payables to related parties account for KEUR 119 (2018: KEUR 267).

Please see note 7.3.3 concerning the disclosures on the Group's foreign exchange and liquidity risks in relation to the trade receivables.

5.12 Other liabilities

The other liabilities comprise other financial liabilities, the accruals and other non-financial liabilities. They break down as follows:

Other liabilities

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Other non-current liabilities		
Other financial liabilities	7,489	2,005
Other non-financial liabilities	1,678	1,068
Total	**9,167**	**3,073**
Other current liabilities		
Other financial liabilities	15,485	11,208
Accruals	15,247	12,819
Other non-financial liabilities	6,935	3,758
Total	**37,667**	**27,785**
Total non-current	**9,167**	**3,073**
Total current	**37,667**	**27,785**
Total other liabilities	**46,834**	**30,858**

5.12.1 Other financial liabilities

Please see note 3.8 for the accounting policies.

The other financial liabilities include the lease liabilities, the negative fair values from derivative financial instruments and refund liabilities.

Other financial liabilities

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Other non-current financial liabilities		
Liabilities from leases	7,416	1,894
Derivative financial instruments	73	112
Liabilities to shareholders	-	-
Total	**7,489**	**2,005**
Other current financial liabilities		
Liabilities from leases	2,092	748
Refund liability	13,393	10,460
Total	**15,485**	**11,208**
Total non-current	**7,489**	**2,005**
Total current	**15,485**	**11,208**
Total other financial liabilities	**22,973**	**13,213**

The refund liabilities result from the awarding of bonuses to dealers who achieve specific sales targets, where this award is expected with a high degree of probability.

In the previous year, the liabilities from finance leases resulted from the leasing of plant and machinery (see note 5.2). In this connection, the finance lease liabilities under IFRS 16 are due as follows:

	Future minimum lease payments		Interest paid		Present value of the future minimum lease payments	
Maturities of the lease liabilities	**31 Dec. 2019 KEUR**	**31 Dec. 2018 KEUR**	**31 Dec. 2019 KEUR**	**31 Dec. 2018 KEUR**	**31 Dec. 2019 KEUR**	**31 Dec. 2018 KEUR**
Due within one year	2,200	793	108	45	2,092	748
Due between one and five years	6,822	1,940	192	46	6,630	1,894
Longer than five years	819	-	33	-	786	-
Total	**9,841**	**2,733**	**333**	**91**	**9,508**	**2,642**

The liabilities from derivative financial instruments are an interest rate swap and an interest rate cap, which were entered into in the 2016 financial year. The nominal values and fair values of the two instruments receivables as at 31/12/2019 and 31/12/2018 can be presented as follows:

	Nominal value		Fair value	
Derivative financial instruments	**31 Dec. 2019 KEUR**	**31 Dec. 2018 KEUR**	**31 Dec. 2019 KEUR**	**31 Dec. 2018 KEUR**
Interest swap	**2,100**	**2,700**	**(73)**	**(103)**
Interest cap	**1,278**	**1,446**	**-**	**(8)**
Total	**3,378**	**4,146**	**(73)**	**(112)**

The reconciliation of the changes in financial liabilities with the cash flows from financing activities is presented below. In relation to the liabilities to banks, changes to bank overdrafts are presented on a net basis, whereas these changes are reported in the statement of cash flows in line with their nature either as proceeds from borrowings or repayments of liabilities to banks.

in KEUR	Liabilities to banks	Liabilities to shareholders	Liabilities from leases	Liabilities from derivative financial instruments
As at 01 January 2019	**90,393**	**-**	**2,642**	**112**
Changes in the cash flows from financing activities				
Proceeds from financial liabilities	51,742	-	-	-
Repayment of financial liabilities	(47,845)	-	-	-
Payments for lease liabilities	-	-	(2,534)	-
Interest paid	(2,050)	-	(136)	-
Distribution to shareholders	-	-	-	-
Total change in the cash flows from financing activities	**1,846**	**-**	**(2,670)**	**-**
Changes from the acquisition of subsidiaries	**-**	**-**	**-**	**-**
Other changes related to equity and liabilities				
Leasing liabilities Impact of first-time application of IFRS 16	-	-	9,400	-
Interest expenses	2,050	-	136	-
Expenses for other services	-	620	-	-
Payments for other services	-	(620)	-	-
Net gain/loss from derivative financial instruments	-	-	-	(39)
Total other changes, related to liabilities	**2,050**	**-**	**9,536**	**(39)**
As at 31 December 2019	**94,289**	**-**	**9,507**	**73**

	Equity			
in KEUR	Subscribed capital	Retained earnings	Retained earnings brought forward	Total
As at 01 January 2019	**29**	**6,435**	**63,627**	**163,237**
Changes in the cash flows from financing activities				
Proceeds from financial liabilities	-	-	-	51,742
Repayment of financial liabilities	-	-	-	(47,845)
Payments for lease liabilities	-	-	-	(2,534)
Interest paid	-	-	-	(2,186)
Distribution to shareholders	-	-	(15,000)	(15,000)
Total change in the cash flows from financing activities	**-**	**-**	**(15,000)**	**(15,824)**
Changes from the acquisition of subsidiaries	**-**	**-**	**-**	**-**
Other changes related to equity and liabilities				
Leasing liabilities Impact of first-time application of IFRS 16	-	-	-	9,400
Interest expenses	-	-	-	2,186
Expenses for other services	-	-	-	620
Payments for other services	-	-	-	(620)
Net gain/loss from derivative financial instruments	-	-	-	(39)
Total other changes, related to liabilities	**-**	**-**	**-**	**11,548**
As at 31 December 2019	**29**	**6,435**	**48,627**	**158,961**

in KEUR	Liabilities to banks	Liabilities to shareholders	Liabilities from finance leasing	Liabilities from derivative financial instruments
As at 1 January 2018	**62,692**	**8,177**	**3,347**	**152**
Changes in the cash flows from financing activities				
Proceeds from financial liabilities	64,667			
Repayment of financial liabilities	(36,965)	(8,416)		
Payments for finance lease liabilities			(704)	
Interest paid	(1,659)	(306)	(59)	-
Distribution to shareholders				
Total change in the cash flows from financing activities	**26,042**	**(8,722)**	**(763)**	**-**
Changes from the acquisition of subsidiaries	**-**	**-**	**-**	**-**
Other changes related to equity and liabilities				
Impact from the first-time application of IFRS 9				-
Interest expenses	1,659	545	59	
Expenses for other services		620		
Payments for other services		(620)		
Income from the reversal of negative goodwill				
Net gain/loss from derivative financial instruments				(40)
Shareholders' debt waiver				
Total other changes, related to liabilities	**1,659**	**545**	**59**	**(40)**
As at 31 December 2018	**90,393**	**-**	**2,642**	**112**

in KEUR	Equity			
	Subscribed capital	Retained earnings	Retained earnings brought forward	Total
As at 1 January 2018	**29**	**6,550**	**50,006**	**130,952**
Changes in the cash flows from financing activities				
Proceeds from financial liabilities				64,667
Repayment of financial liabilities				(45,382)
Acquisition of non-controlling interests				
Payments for finance lease liabilities				(704)
Interest paid				(2,023)
Distribution to shareholders			(15,000)	(15,000)
Total change in the cash flows from financing activities	**-**	**-**	**(15,000)**	**1,558**
Changes from the acquisition of subsidiaries	**-**	**-**	**-**	
Other changes related to equity and liabilities				
Impact from the first-time application of IFRS 9		(115)		(115)
Interest expenses				2,263
Expenses for other services				620
Payments for other services				(620)
Income from the reversal of negative goodwill				
Net gain/loss from derivative financial instruments				(40)
Shareholders' debt waiver				
Total other changes, related to liabilities	**-**	**(115)**	**-**	**2,108**
As at 31 December 2018	**29**	**6,435**	**35,006**	**134,617**

5.12.2 Accruals

Please see note 3.13 for the accounting policies.

The accruals are exclusively short term in nature and comprise the following material items:

Accruals

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Personnel-related accruals	10,342	9,761
Outstanding invoices	2,316	844
Audit costs and expenses for preparing the annual financial statements	385	492
Insurance premiums	818	764
Dealer financing	855	783
Miscellaneous accruals	531	175
Total accruals	**15,247**	**12,819**

5.12.3 Other non-financial liabilities

With the exception of deferred income (see note 5.12.4), the other non-financial liabilities are exclusively short term in nature and comprise the following material items:

Other non-financial liabilities

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Value added tax	-	24
Debtors with credit balances	600	469
Other taxes	1,096	1,003
Liabilities from wages and salaries	1,469	389
Contract liabilities	3,294	1,594
Deferred income	1,751	1,112
Miscellaneous liabilities	402	235
Total other non-financial liabilities	**8,613**	**4,826**

5.12.4 Subsidy

Please see note 3.14 for the accounting policies.

Deferred income

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Subsidy	1,751	1,112
Total deferred income	**1,751**	**1,112**
Total non-current	**1,678**	**1,068**
Total current	**73**	**44**
Total deferred income	**1,751**	**1,112**

One Group company was granted a subsidy of KEUR 1,161 in 2019 within the meaning of IAS 20, which relates to the capacity expansion of Knaus Tabbert Kft from 2018. Knaus Tabbert Kft undertakes to keep the assets acquired during the implementation of the investment, or the individual parts of the assets, at the place of implementation of the investment until the end of the five-year monitoring period and to manage the investment. Other eligibility requirements include the achievement of the total of chargeable costs, the creation of new jobs, the hiring of employees with a college or university degree, and a defined increase in sales. If these conditions are not fulfilled, Knaus Tabbert Kft is obliged to repay the subsidy sum already paid out proportionally or in full (in accordance with the specified offsetting procedure) together with interest. Knaus Tabbert GmbH assumes a guarantee for this in the amount of the subsidy paid out.

The subsidies recognised as deferred income is amortised over the useful lives of the assets. In 2019, KEUR 522 of this amount was released and shown under other operating income.

5.13 Tax liabilities

The tax liabilities as at 31/12/2019 and 31/12/2018 can be presented as follows:

	31 Dec. 2019 KEUR	**31 Dec. 2018 KEUR**
Tax liabilities	816	114

The liabilities concern exclusively income taxes here. For the development of the deferred tax liabilities, please refer to note 6.9.3.

6 Notes on the consolidated profit and loss account

6.1 Revenue

Broken down by the product groups caravans, motorhomes, camper vans and after-sales/other, the revenue can be presented as follows:

	2019	**2018**
	in KEUR	in KEUR
Caravans	215,382	202,118
Motorhomes	394,480	402,811
Camper vans	149,720	106,777
After-sales/other	20,805	16,307
Total	**780,386**	**728,013**

The breakdown of the revenue by the geographical regions Germany, Europe and rest of the world is produced as follows:

	2019	**2018**
	in KEUR	in KEUR
Germany	523,912	473,439
Europe	245,842	249,525
Rest of the world	10,631	5,049
Total	**780,386**	**728,013**

The revenue essentially comes under the scope of IFRS 15 and is realised in full at a specific point in time (see also note 3.15.1 on this). Please see note 4.2 for the breakdown of the revenue into the luxury and the premium segment.

The following table provides information on receivables and contractual liabilities from contracts with customers.

	Note	**31 Dec. 2019**	**1 Jan. 2019**	**31 Dec. 2018**	**1 Jan. 2018**
		in KEUR	in KEUR	in KEUR	in KEUR
Receivables included in trade and other receivables	5.4	37,275	37,462	37,462	27,301
Contract liabilities	5.12.3	3,294	2,409	1,594	1,512

The contractual liabilities result from advance payments received from customers and outstanding bonus points within the framework of a customer loyalty programme (see note 3.15.1). These contractual liabilities are expected to be reversed in the period of the next financial year.

The amount of KEUR 2,409 included in contract liabilities as at 1 January 2019 was recognised as revenue in the 2019 financial year (2018: KEUR 1,512). The difference compared to the amount of contract liabilities as at 31 December 2018 results from the outstanding bonus points of the customer loyalty programme in the amount of KEUR 815 that were still recognised under provisions at that date (see note 5.9).

The material changes in contractual liabilities within a financial year result, on the one hand, from the complete revenue-effective derecognition of the opening balance of contractual liabilities due to the fulfilment of the associated service obligations and, on the other hand, from the receipt of advance payments for ordered vehicles by customers and the granting of bonus points from the customer loyalty programme.

6.2 Changes in inventories and other own work capitalised

	2019 KEUR	2018 KEUR
Change in inventory of finished goods	12,128	(14,525)
Change in inventory of work in progress	(126)	1,524
Changes in inventory	**12,001**	**(13,001)**

	2019 KEUR	2018 KEUR
Other own work capitalised	**5,321**	**6,801**

In contrast to this, the other own work capitalised, which results essentially from the capitalised development projects, decreased by KEUR 1,480 from KEUR 6,801 to KEUR 5,321.

6.3 Other operating income

The other operating income increased by KEUR 1,315 in the 2019 financial year in comparison with the prior year from KEUR 4,517 to KEUR 5,831. They contain the following items:

	2019 KEUR	2018 KEUR
Income from asset disposals	671	386
Income from currency translation	209	192
Income from the reversal of provisions	774	1,066
Insurance compensation	495	643
Compensation payments	12	16
Subsidies	596	47
Remuneration in kind	438	396
CSC Income from material recourse from supplier	571	285
Other income	2,066	1,486
Total	**5,831**	**4,517**

Other operating income mainly comprises the receipt of an overpayment of a supplier's bonus from 2016 amounting to KEUR 1,445, bonus credits from the utilisation of temporary employment quotas amounting to KEUR 143 (2018: KEUR 323) and the refund of real estate tax in connection with the acquisition of Morelo Reisemobile GmbH, Schlüsselfeld, amounting to KEUR 191. In 2018, they also include income from the cost passed on to MAN Versuchsträger [test vehicles] in the amount of KEUR 359 and income from recourse payments in the amount of KEUR 285.

6.4 Cost of materials

The increase in the expenses for the cost of materials by KEUR 56,774 in the 2019 financial year in comparison with the prior year from KEUR 508,693 to KEUR 565,467 is caused by the growth in sales in the past financial year.

	2019 KEUR	2018 KEUR
Expenses for raw materials, consumables and supplies	537,139	480,749
Purchased services	28,328	27,944
Cost of materials	**565,467**	**508,693**

6.5 Personnel expenses

An average of 1,915 (2018: 1,627) manual workers and 419 (2018: 390) salaried employees were employed in the reporting year. The increase in payroll expenses can largely be attributed to the increase in the number of employees and the adjustments made to the pay scales. Social security, post-employment and other employee benefit costs are included in the personnel expenses.

	2019 KEUR	2018 KEUR
Wages and salaries	89,860	79,451
Social security, post-employment and other employee benefit costs	18,267	15,748
of which for retirement benefits	16,789	14,459
Personnel expenses	**108,127**	**95,199**

As a traditional manufacturing company with a high degree of vertical integration, the Group is an labour-intensive company. The personnel expense ratio (personnel expenses to total output) amounts to 14% in the 2019 financial year (2018: 13%).

The remuneration of the management and also of the employees in executive positions is structured to include variable components in different proportions.

The retirement benefit costs include the contributions paid by the employer to the German statutory pension insurance fund.

6.6 Depreciation and amortisation

The depreciation and amortisation and impairments can be presented as follows:

	2019 KEUR	2018 KEUR
Intangible assets	4,016	3,221
Property, plant and equipment	13,788	10,272
of which leasing and usage rights	2,501	712
Depreciation and amortisation	**17,804**	**13,494**
Intangible assets	591	-
Property, plant and equipment	-	-
Impairments	**591**	**-**

The impairments of KEUR 591 in the reporting year on intangible assets are allocated in full to capitalised development projects. No impairments were recorded in the previous year.

The impairments were carried out in 2019 in the premium segment, as the forecast sales expectations of the products related to the development projects can probably not be achieved. These mainly relate to development projects that have been fully written off and individually capitalised.

6.7 Other operating expenses

The other operating expenses decreased insignificantly by KEUR -50 in the 2019 financial year in comparison with the prior year from KEUR 65,727 to KEUR 65,677. They contain the following items:

	2019 KEUR	2018 KEUR
Costs for premises, energy and maintenance	8,291	8,498
Expenses for advertising, trade fairs and sales	23,797	22,262
Research and development expenditure	1,937	2,255
Expenses from foreign currency translation	674	725
Insurance policies and legal and consultancy costs	5,317	6,505
Warranty and goodwill expenses	9,741	9,124
Costs of orders	4,954	5,335
Travel and representation expenses	2,093	2,123
Costs for IT, tools and small devices	2,643	2,695
Other expenses	6,230	6,206
Total	**65,677**	**65,727**

6.8 Financial result

The material elements of the financial result can be seen in the table below:

	2019 KEUR	2018 KEUR
Interest income	398	180
Income from derivative financial instruments	39	41
Financial income	**437**	**221**
Interest expenses	2,484	2,437
Credit commissions and pool management fees	115	93
Finance costs	**2,598**	**2,530**
Financial result	**(2,161)**	**(2,309)**

The income and expenses from derivative financial instruments include the changes recognised in profit or loss to the fair value of the interest rate swap and of the interest rate cap.

The interest expenses contain expenses from the application of the effective interest totalling KEUR 548 in the 2019 financial year (2018: 508). These are allocated to liabilities to banks and to liabilities from leases, which are classified as financial liabilities measured at amortised cost (see note 7.1).

The net profits or net losses from the measurement of derivative financial instruments in profit or loss that are assigned to the category of the financial liabilities to be measured at fair value (see note 7.1) are presented in the table below:

	2019 KEUR	2018 KEUR
Net profits from derivative financial instruments	39	41
Net losses from derivative financial instruments	-	-

6.9 Income taxes

6.9.1 Taxes recognised in profit or loss

Taxes recognised in profit or loss

	2019 KEUR	2018 KEUR
Current year	11,676	9,949
Prior years	148	916
Current tax expense	**11,824**	**10,865**
Creation / reversal of temporary differences from tax losses	250	1,008
Deferred tax expense	**250**	**1,008**
Tax expense	**12,074**	**11,873**

The tax expense recognised in the income statement in the amount of KEUR 12,543 (31 December 2018: KEUR 12,286) also includes other taxes in the amount of KEUR 469 (31 December 2018: KEUR 413).

6.9.2 Reconciliation of the effective tax rate

An income tax rate of 27.7% (2018: 27.7%) is used to calculate the expected tax expense for the 2019 financial year, which corresponds to the mixed tax rate of trade tax and corporation tax plus the solidarity surcharge of the parent.

Reconciliation of the effective tax rate

	31 Dec. 2019 %	 KEUR	31 Dec. 2018 %	 KEUR
Profit before tax		43,244		40,494
Expected taxes	27.7	11,970	27.7	11,209
Deviations in tax rates	-0.4	-144	-0.4	-141
Tax rate changes	0.0	0	0.0	0
Tax adjustments (permanent effects)	0.4	156	0.3	128
Non-recognition of losses of the current year and change / valuation allowance of tax loss carryforwards and temporary differences	0.0	-	-0.6	-243
Prior year taxes	0.3	148	2.3	917
Other	-0.1	-56	0.0	3
Effective taxes	**27.9**	**12,074**	**29.3**	**11,873**

6.9.3 Change in the deferred taxes in the balance sheet during the year

Change in the deferred taxes in the balance sheet during the year

							As at 31 December		
Financial year 2019	Net as at 1 January KEUR	In profit/ loss KEUR	In other comprehensive income KEUR	Recognised in equity KEUR	Business combinations KEUR	Other KEUR	Net KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
Intangible assets	3,091	481	-	-	-	-	3,572	0	3,572
Property, plant and equipment	1,416	1,788	-	-	-	-	3,204	0	3,204
Inventories	162	42	-	-	-	-	204	0	204
Trade receivables	-433	-49	-	-	-	-	-482	-482	0
Other assets	109	-65	-	-	-	-	44	0	44
Tax loss carryforwards	0	0	-	-	-	-	0	0	0
Other provisions	-342	108	-	-	-	-	-234	-394	160
Liabilities to banks	0	0	-	-	-	-	0	0	0
Trade payables	39	-6	-	-	-	-	33	0	33
Other liabilities	-484	-2,050	-5	-	-	-	-2,539	-2,539	0
Tax assets (liabilities) before offsetting	**3,558**	**249**	**-5**	**0**	**-**	**-**	**3,802**	**-3,415**	**7,217**
Offsetting of taxes	0	-1	-1	0	-	-	0	0	0
Tax assets (liabilities) net	**3,558**	**250**	**-6**	**0**	**-**	**-**	**3,802**	**-3,415**	**7,217**

2018 financial year	Net as at 1 January KEUR	In profit/ loss KEUR	In other comprehensive income KEUR	Recognised in equity KEUR	Business combinations KEUR	Other KEUR	Net KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
							As at 31 December		
Intangible assets	2,336	755	-	-	-	-	3,091	0	3,091
Property, plant and equipment	1,536	-120	-	-	-	-	1,416	-12	1,428
Inventories	180	-18	-	-	-	-	162	0	162
Trade receivables	-282	-102	-	-49	-	-	-433	-443	10
Other assets	46	63	-	-	-	-	109	0	109
Tax loss carryforwards	-30	30	-	-	-	-	0	0	0
Other provisions	-219	-123	-	-	-	-	-342	-342	0
Liabilities to banks	0	0	-	-	-	-	0	0	0
Trade payables	-15	54	-	-	-	-	39	0	39
Other liabilities	-960	469	7	-	-	-	-484	-776	292
Tax assets (liabilities) before offsetting	**2,592**	**1,008**	**7**	**-49**	**-**	**-**	**3,558**	**-1,573**	**5,131**
Offsetting of taxes	0	0	0	0	-	-	0	2	2
Tax assets (liabilities) net	**2,592**	**1,008**	**7**	**-49**	**-**	**-**	**3,558**	**-1,572**	**5,131**

6.9.4 Outside basis differences

Temporary differences of KEUR 1,001 from outside basis differences in accordance with IAS 12.39 exist as at the balance sheet date of 31 December 2019 (2018: KEUR 816).

7 Other information on financial instruments

7.1 Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy of the fair value. It does not contain any information on the fair value for financial assets and financial liabilities that have not been measured at fair value if the carrying amount represents a reasonable approximation of the fair value.

	Carrying amount				**Fair value**			
31 Dec. 2019 in KEUR	**Measured at amortised cost**	**Measured at fair value**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value					**-**	**-**	**-**	**-**
Trade receivables	37,275	-	-	**37,275**	-	-	-	**-**
Receivables from factoring	10,905	-	-	**10,905**	-	-	-	**-**
Receivables from shareholders	-	-	-	**-**	-	-	-	**-**
Other financial assets	-	-	-	**-**	-	-	-	**-**
Cash and cash equivalents	7,597	-	-	**7,597**	-	-	-	**-**
	55,777	**-**	**-**	**55,777**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Derivative financial instruments	-	73	-	**73**	-	73	-	**73**
	-	**73**	**-**	**73**	**-**	**73**	**-**	**73**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	-	-	81,941	**81,941**	-	-	-	**-**
Liabilities to banks (non-current)	-	-	12,348	**12,348**	-	12,191	-	**12,191**
Trade payables	-	-	47,057	**47,057**	-	-	-	**-**
Liabilities from leases	-	-	9,507	**9,507**	-	9,389	-	**9,389**
Refund liability	-	-	-	**-**	-	-	-	**-**
	-	**-**	**150,854**	**150,854**		**21,580**		**21,580**

31 Dec. 2018 in KEUR	Carrying amount Loans and receivables	 Measured at fair value	 Other financial liabilities	 Total	Fair value Level 1	 Level 2	 Level 3	 Total
Financial assets not measured at fair value								
Trade receivables	37,462	-	-	**37,462**	-	-	-	**-**
Receivables from factoring	15,495	-	-	**15,495**	-	-	-	**-**
Receivables from shareholders	378	-	-	**378**	-	-	-	**-**
Other financial assets	-	-	-	**-**	-	-	-	**-**
Cash and cash equivalents	7,380	-	-	**7,380**	-	-	-	**-**
	60,715	**-**	**-**	**60,715**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value								
Derivative financial instruments	-	112	-	**112**	-	112	-	**112**
	-	**112**	**-**	**112**	**-**	**112**	**-**	**112**
Financial liabilities not measured at fair value								
Liabilities to banks (current)	-	-	73,133	**73,133**	-	-	-	**-**
Liabilities to banks (non-current)	-	-	17,260	**17,260**	-	17,128	-	**17,128**
Liabilities to shareholders	-	-	-	**-**	-	-	-	**-**
Trade payables	-	-	55,920	**55,920**	-	-	-	**-**
Finance lease liabilities	-	-	2,642	**2,642**	-	2,655	-	**2,655**
Refund liability	-	-	-	**-**	-	-	-	**-**
	-	**-**	**148,955**	**148,955**	**-**	**19,783**	**-**	**19,783**

7.2 Determination of fair values

The fair value is defined as the equivalent value that would be realised from selling an asset or paid for transferring a liability in an orderly transaction between market participants on the transaction date. With regard to the price, it is not important here whether this can be directly observed or is determined using a measurement method.

The following measurement methods have been used to calculate the fair values of level 2.

Derivative financial instruments

The fair values of the derivative financial instruments in the form of the interest rate swap and the interest rate cap are calculated by the counterparties using valuation methods based on market prices.

Other financial liabilities

The fair values of the other financial liabilities in the form of the non-current liabilities to banks and the lease liabilities have been calculated by discounting the expected cash flow using a risk-adjusted discount rate.

There were no reclassifications between the individual hierarchy levels of the fair value in the present reporting periods.

7.3 Financial risk management

7.3.1 Risk management principles

The Knaus Tabbert Group is exposed to a variety of risks on account of the existing financial instruments.

The management of the parent company bears the responsibility for setting up and controlling the Group risk management. The risk management system implemented at the Knaus Tabbert Group records potential risks and assesses them by means of a risk analysis. The finance department is responsible for developing and monitoring this risk management and reports on this to the management on a regular basis. The risks that are identified are subsequently assessed systematically using the criteria ‘probability of occurrence’, ‘potential scope of damage’ and ‘time horizon’ and assigned to defined risk classes.

The defined risk classes result in a variety of duties on the part of the individual risk managers to report to the management. Measures have been developed to prevent and mitigate risks. A material element of the risk management system here is also the regular reporting with variance analyses on the results of operations and on the trend in orders by the Company’s controlling department. The individual risks that are identified are constantly monitored by the responsible employees and also by the Company’s management.

On account of the operating activities, the Knaus Tabbert Group has to enter into certain risks deliberately to be able to exploit opportunities and successfully hold its own on the market. A broad range of opportunities and risk fields affect the Group here.

The Group is exposed to the following risks arising from the use of financial instruments:

- Receivables and credit risks
- Liquidity risks
- Market risks

7.3.2 Receivables and credit risks

The credit risk is the risk of financial losses if a customer or the party to a contract involving a financial instrument does not fulfil their contractual obligations The credit risk arises in principle from the trade receivables.

The carrying amounts of the financial assets corresponds to the maximum credit risk.

Trade and other receivables

The Group’s credit risk is primarily influenced by the individual characteristics of the customers. The frequently low equity base of our trading partners will also be the cause in the future of more companies dropping out from the current dealer network, which may lead to negative impacts on the financial position, cash flows and results of operations of the Knaus Tabbert Group. Enhanced cooperation with the purchase financing banks, expanded inventory controls, constant monitoring of accounts receivable and the monitoring of early warning indicators, such as inventory trends, issue of vehicle documentation and collection deadlines, therefore continue to be given the highest priority. A collateral fund has been set up for realisation risks of financed vehicles (see notes 3.8, 6.6 and 12).

In order to determine any necessary depreciation, amortisation and write-downs, the Group has introduced a procedure enabling an estimate to be made of losses from expected trade receivables.

The maximum credit risk for trade and other receivables on 31/12/2019 and 31/12/2018 broken down by geographical region can be presented as follows:

in KEUR	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Germany	23,235	24,850
Europe	9,122	10,327
Rest of the world	5,451	2,676
Total	**37,807**	**37,853**

The maximum credit risk for trade and other receivables on 31 December 2019 and 31 December 2018 broken down by type of customer can be presented as follows:

in KEUR	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Dealers	37,090	37,706
End customers	717	147
Total	**37,807**	**37,853**

The following table provides information on loss rates, gross carrying amounts and cumulative expected credit losses within the time bands used to determine the allowance for doubtful trade receivables.

2019	Loss rate (weighted average)	Gross carrying amount KEUR	Write-down KEUR
Not past due	0.27%	32,695	(88)
0 to 29 days past due	1.56%	2,480	(39)
30 to 60 days past due	2.94%	1,378	(41)
61 to 90 days past due	4.76%	422	(20)
More than 90 days past due	5.56%	832	(46)

2018	Loss rate (weighted average)	Gross carrying amount KEUR	Write-down KEUR
Not past due	0.21%	31,849	(67)
0 to 29 days past due	1.32%	4,760	(63)
30 to 60 days past due	5.32%	630	(34)
61 to 90 days past due	6.43%	171	(11)
More than 90 days past due	9.02%	443	(40)

In addition, further write-downs of KEUR 299 (2018: KEUR 177) were recognised on trade receivables.

The development of the write-downs concerning the trade receivables can be presented as follows:

	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
As at 1 January	392	335
Additions	219	83
Reversals	(18)	(26)
Utilisation	(59)	
As at 31 December	**533**	**392**

Cash and cash equivalents

The Group holds bank balances totalling KEUR 7,560 as at 31 December 2019 (31 December 2018: KEUR 7,327). This sum thus also represents the maximum credit risk with regard to these assets. The cash and cash equivalents are deposited at banks with a high credit rating.

Derivatives

The credit risk of derivative financial instruments arises if counterparties do not fulfil their payment obligations or fulfil them only to a limited extent. To limit this risk, contracts are accordingly entered into only with selected banks with an appropriately high credit rating.

7.3.3 Liquidity risk

The risk that the Knaus Tabbert Group will be unable to fulfil its payment obligations when they fall due is referred to as liquidity risk. In the course of managing the liquidity risk, the Knaus Tabbert Group ensures that sufficient liquidity to meet obligations that are due is always available without incurring unsustainable losses or compromising the reputation of the Knaus Tabbert Group in the process.

The liquidity-related risks of the Knaus Tabbert Group consist of the possibility that financial obligations such as the repayment of loans or the current capital requirements of the operating business activities cannot be met.

The Knaus Tabbert Group counters these risks as follows: The financial planning required to ensure liquidity is based on medium- and short-term annual planning. An adequate financing framework is available to the Company for the next four years in the form of the existing syndicated loan agreement. The Group discusses the current business performance and the prospects of its industry at regular meetings with its principal banks and ensures in this way that information is appropriately circulated.

Production that is adjusted to the order situation allows clear inventory management especially in the area of finished vehicles, which enables a stable liquidity situation to be achieved.

Significance of the liquidity risk

The contractual maturities of the non-derivative financial liabilities as at the reporting date is presented below. They involve undiscounted gross amounts:

31 Dec. 2019 in KEUR	Carrying amounts	Contractually agreed cash flows	Maturities of less than 1 year	Maturities of between 1 and 5 years	Maturities of over 5 years
Liabilities to banks	94,289	95,075	82,336	11,789	951
Trade payables	47,057	47,057	47,057	-	-
Liabilities from leases	9,507	9,840	2,200	6,822	819
Total	**150,854**	**151,973**	**131,592**	**18,611**	**1,770**

31 Dec. 2018 in KEUR	Carrying amounts	Contractually agreed cash flows	Maturities of less than 1 year	Maturities of between 1 and 5 years	Maturities of over 5 years
Liabilities to banks	90,393	91,520	73,609	16,508	1,403
Trade payables	55,920	55,920	55,920	—	—
Finance lease liabilities	2,642	2,753	748	1,894	—
Total	**148,955**	**150,193**	**130,277**	**18,402**	**1,403**

7.3.4 Market risk

Market risks are risks connected with changes in market prices, such as foreign exchange rates or interest rates, which have an influence of the Group's income or the value of the financial instruments that are held The aim of the market risk management is to manage and control market risks within acceptable ranges and to optimise the returns at the same time.

Foreign currency risk

Foreign currency risk can be described as a sub-item of the market risk. It is not necessary to hedge foreign currency risks, as the invoicing and the procurement are mainly carried out in euros. Foreign currency risks consequently play a minor role at the Knaus Tabbert Group.

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

Variable interest rate agreements contain the risk that interest rates for financial liabilities will rise. This risk is analysed, assessed and, if necessary, managed through the use of derivative interest rate hedges. The subject of this management is the interest-bearing net financial liabilities of the Knaus Tabbert Group.

Significance of the interest rate risk

in KEUR	31 Dec. 2019	31 Dec. 2018
Interest rate exposure		
Variable-rate financial liabilities	83,395	75,263

If the average interest rate of the variable-rate financial liabilities were to rise by 50 basis points, the earnings before tax would fall by KEUR 381 (2018: KEUR 274). A reduction by 50 basis points would have a positive impact on the earnings before tax of KEUR 381 (2018: KEUR 274).

7.4 Capital management

The Group's capital management primarily pursues the goal of ensuring a sufficiently strong equity ratio in order to support the continuation of the business activities and to maintain the Group's financial stability. The aim here is to provide the necessary financial and liquidity flexibility. The financial profile is actively managed and monitored. The equity ratio is primarily used for this. The equity ratio is calculated as a ratio from the reported equity and the total assets.

Furthermore, the Group monitors the capital using the ratio of net debt to adjusted EBITDA (debt-to-equity ratio). The net debt includes liabilities to banks, liabilities to shareholders and finance lease liabilities less the cash and cash equivalents. The adjusted EBITDA represents earnings before tax, interest, depreciation and amortisation adjusted by non-operating effects. This is calculated by eliminating income and expenses from the disposal of non-current assets, income from the reduction or reversal of write-downs on receivables, income from the reversal of provisions, income from the translation of foreign currency transactions and income from claims for damages and insurance benefits from the consolidated net profit for the period corrected by taxes, depreciation and amortisation and finance income and finance expenses.

With the conclusion of the syndicated loan agreement in the 2019 financial year, the above-mentioned key performance indicators of the Group were adjusted by adjustment parameters specified by the lenders.

The net working capital ratio is calculated from the adjusted current assets (see notes 5.3 and 5.4) amounting to KEUR 151,475 less trade payables (see notes 5.11) amounting to KEUR 47,057 in relation to the adjusted liabilities from credit facilities (see notes 5.10) amounting to KEUR 71,559. This involves adjusting current assets and liabilities under credit facilities for vehicles financed by SKP GmbH and related liabilities. The ratio has only been used for the management of the Group since the new syndicated loan agreement was concluded (see note 5.10).

The Group's management has set a target range for the equity ratio of 22.5–30%. The gearing ratio is to be below 2.75 and the net working capital ratio above 1.0.

in KEUR	31 Dec. 2019	31 Dec. 2018
Equity	98,202	82,203
Equity ratio	32%	29%
Debt-to-equity ratio	1.6	1.6
Net working capital	1.5	-

8 Leases

Please see note 3.6 for the accounting policies.

The Group leases land and buildings. The term of the agreements is typically 10 years with an option to extend the contracts after this period. The lease payments are renegotiated after a reasonable period of time to reflect market rents. Some agreements provide for additional rent payments based on changes in local price indices.

The rental of real estate was concluded years ago as a combined lease of land and buildings. These leases were previously classified as operating leases under IAS 17.

In addition, the Group leases production machinery under a number of lease agreements that were classified as finance leases in accordance with IAS 17 (see note 5.2(C)).

The Group leases IT equipment with contractual terms of between one and three years. These lease agreements are either short-term or (and/or) they are based on items of minor value. The Group has decided not to recognise either rights of use assets or lease liabilities for these lease agreements.

Information on leases in which the Group is a lessee is presented below.

(a) Rights of use

Rights of use in connection with leased property that does not meet the definition of investment property are presented as property, plant and equipment.

In KEUR	As at 1 January 2019	Access to rights of use	Depreciation amount for the financial year	Disposals to rights of use	As at 31 December 2019
Land and buildings	5,629	1,085	(957)	-	5,757
Plant and machinery	2,607	1,085	(890)	(8)	2,794
Operating and office equipment	1,145	384	(648)	-	881
Total	**9,382**	**2,558**	**(2,499)**	**(8)**	**9,432**

(b) Amounts recognised in the income statement

2019 – Lease agreements under IFRS 16 In KEUR	31 Dec. 2019
Interest expenses for lease liabilities	136
Expenses for short-term lease relationships	655
Expenses for leases for an asset of minor value, with the exception of short-term leases for assets of minor value	516

2018 – Operating leases under IAS 17

In KEUR	31 Dec. 2019
Lease expenses	764

c) Amounts recognised in the cash flow statement

In KEUR	31 Dec. 2019
Total cash outflows for leases	2,534

d) Renewal options

Some land and building leases contain renewal options which are exercisable by the Group up to six months before the end of the non-cancellable lease term. Where possible, the Group aims to include renewal options when concluding new leases in order to ensure operational flexibility. The Group assesses on the date of provision whether the exercise of renewal options is sufficiently certain. The Group reassesses whether it is reasonably certain that an extension option will be exercised if a significant event or change in circumstances within its control occurs.

The Group estimates that the potential future lease payments, if the extension options are exercised, would result in a lease liability of KEUR 82.

9 Future payment obligations

The Group contracted other payment obligations in addition to the payment obligations resulting from leases. Payment obligations include contractual obligations of KEUR2,114 for the acquisition of intangible assets and property, plant and equipment. Further payment obligations result from maintenance and service contracts.

Future payment obligations	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Due within one year	2,334	2,628
Due between one and five years	724	511
Longer than five years	52	-
	3,110	**3,139**

10 Contingent assets and liabilities

The following contingent liabilities exist on the balance sheet date:

Contingent liabilities	31 Dec. 2019 KEUR	31 Dec. 2018 KEUR
Provision of collateral for third-party liabilities – SKP fund bank balances	5,913	5,885
Liabilities from guarantees	1,068	637
	6,981	**6,522**

The contingent liabilities in connection with the SKP fund bank balances are based on a purchase financing model for dealers that is in place with SKP GmbH. Within the framework of the agreement, a collateral fund has been set up, two-thirds of which is supplied by the Group and one-third of which is supplied by SKP GmbH. The fund is used to compensate any financial losses arising from the loss of or the realisation of the vehicles financed by means of this model (see notes 3.8 and 6.6).

As a result of a calculation error, the previous year's figure was adjusted to KEUR 637 for liabilities from guarantees in the amount of KEUR 10,496.

The probability of a claim arising from the above-mentioned contingent liabilities is rated as low in the assessment of the Group on account of the generally good economic situation in the caravanning sector.

11 Relationships with related parties

In accordance with IAS 24, persons or companies that control the Company or are controlled by it have to be disclosed if they are not already included as a consolidated entity in the Group's consolidated financial statements. The concept of control here is defined in IFRS 10 (see section 3.1).

The disclosure regulations pursuant to IAS 24 also relate to transactions with associated companies as well as to transactions with persons who exercise a significant influence on the financial and business policy of the Company. These also include close members of the family and intermediary companies. Significant influence on the financial and operating policies of the Group is assumed if shares of 20% or more are held in KTG or a seat on the management board or on the supervisory board or another key position in the management is held.

Related parties

In accordance with the definitions of IAS 24, the members of the management have been identified as related persons. As shown in the table below, the members of the management received only short-term benefits in the form of their remuneration in the context of their function as persons in key positions. Post-employment benefits, other long-term benefits, termination benefits or share-based payments did not exist as at 31 December /2019. One managing director has no employment contract with the Company, but settles his services in the amount of KEUR 750 (2018: KEUR 675) in accordance with a contract through a related company through which he holds an interest in Knaus Tabbert GmbH. These services are not included in the table.

	2019 KEUR	**2018 KEUR**
Remuneration for members of the management	1,415	1,296
Social security contributions and expenses	39	38
of which for retirement benefits	22	22

For information on the constitution of the Supervisory Board, please refer to section 15. No expenses were recorded in 2019.

Business transactions with the parent

The business transactions with H.T.P. Investments 1 B.V. (formerly H.T.P. Investments B.V.) as the Group's parent and the assets and liabilities existing on the balance sheet date result from the ordinary course of business and can be presented as follows:

in KEUR

	2019			
	Transaction volume	**Liability**	**Transaction volume**	**Receivable**
Services	620	-	-	-
Distribution	-	-	(14,520)	-
Interest on borrowings	-	-	(296)	-
Total	**620**	**-**	**(14,816)**	**-**

The original short-term loan of KEUR 14,520 dated 8 April 2019 represents an advance distribution of profits. By shareholder resolution of 5 December 2019, a dividend for 2018 in the same amount was resolved and – as optionally agreed in the loan agreement – offset against the loan.

in KEUR

	2018			
	Transaction volume	**Liability**	**Transaction volume**	**Receivable**
Services	620	0	378	378
Borrowings	(8,416)	0	0	0
Interest on borrowings	77	0	0	0
Total	**(7,719)**	**0**	**378**	**378**

Business transactions with other related parties (IAS 24.19(g))

The business transactions with related companies and the assets and liabilities existing on the balance sheet date result from the ordinary course of business and can be presented as follows:

in KEUR

	2019			
	Transaction volume	**Liability**	**Transaction volume**	**Receivable**
Purchase of goods	11,413	119	(330)	-
Services	765	-	-	-
Distribution	-	-	(480)	-
Interest on borrowings	-	-	(10)	-
Total	**12,178**	**119**	**(820)**	**-**

The original short-term loan of KEUR 480 dated 8 April 2019 represents an advance distribution of profits. By shareholder resolution of 5 December 2019, a dividend for 2018 in the same amount was resolved and – as optionally agreed in the loan agreement – offset against the loan.

in KEUR

	2018	
	Transaction volume	**Liability**
Purchase of goods	8,299	267
Services	945	37
Borrowings	0	0
Interest on borrowings	0	0
Total	**9,244**	**305**

The business transactions with related companies that relate to services include the benefits in the amount of KEUR 750 (2018: KEUR 675) billed by a managing director who does not have an employment contract with the Company. The terms and conditions of these transactions were in line with market conditions.

Supreme dominant party

The ultimate controlling party of the Group and thus the beneficial owner is Windroos B.V., Amsterdam, Netherlands.

No other controlling parties above the parent of the Group publish consolidated financial statements as defined in IAS 24.13.

12 Events after the reporting date

Since January 2020, the novel coronavirus (SARS-CoV-2) has been spreading worldwide and was declared a pandemic by the WHO on 11 March 2020. The associated economic consequences are leading to a deep economic crisis, and in particular the production stoppages at important suppliers and tier-one suppliers as well as the plant closures in Jandelsbrunn and Mottgers are having a direct impact on the Knaus Tabbert Group. The loss of incoming orders and delays in development projects lead to further losses in sales and earnings. For this reason, extensive measures such as production stops, applications for short-time working compensation, expansion of existing financing and other measures have been taken or initiated to counteract this development.

At present, it is not expected that there will be a significant need for impairment losses on assets in the 2020 financial year. The actual impact depends largely on the duration of the pandemic and the time until business operations return to normal. We are unable to conclusively assess the extent of the crisis due to the fact that it cannot be reliably predicted and the associated high degree of uncertainty about future developments.

By shareholder resolution of 24 June 2020, it was decided to make a payment to the capital reserve of Knaus Tabbert GmbH in the amount of KEUR 5,000, which was made in June 2020.

13 Supplemental disclosures pursuant to HGB

13.1 Parent

The subscribed capital of Knaus Tabbert GmbH is held by H.T.P. Investments 1 B.V. with 96.799% and by Palatium Beteiligungsgesellschaft mbH with 3.201%. The consolidated financial statements of H.T.P. Investments 1 B.V. are published in the electronic business register in the Netherlands.

13.2 Number of employees

On average, the following groups of employees were employed by the Group during the financial year:

Employee groups	2019 KEUR	2018 KEUR
Manual workers	1,915	1,627
Salaried employees	419	390
Average number of employees, excluding apprentices	**2,334**	**2,017**
Apprentices	70	65
Total number of employees including apprentices	**2,404**	**2,082**

13.3 Remuneration of the management

Please see the statements on related parties in note 11 on this.

13.4 Total fee for the auditor of the consolidated financial statements

In accordance with section 314(1) No. 9 HGB, the fees for the auditor of the consolidated financial statements that are recognised as an expense are broken down as follows:

Fee for the auditor of the consolidated financial statements in accordance with section 314(1) No. 9 HGB in KEUR	2019
a) Audit servicess of the financial statements	261
b) Other assurance services	3
c) Tax consultancy services	87
d) Other services	120
Total	**471**

13.5 List of shareholdings

Statement of the list of shareholdings of Knaus Tabbert GmbH, Jandelsbrunn, as at 31 December 2019

Name of the company	Registered office	Equity according to IFRS (in KEUR)	in %
Caravan-Welt GmbH Nord	Bönningstedt, Germany	1,103	100
HÜTTLrent GmbH	Maintal, Germany	2,528	100
MORELO Reisemobile GmbH	Schlüsselfeld, Germany	15,876	100
Knaus Tabbert Kft	Vac (Hungary)	6,016	100

14 Members of the management

The management of Knaus Tabbert GmbH comprises:

Wolfgang Speck, chief executive officer, St. Ingbert;

Werner Vaterl, chief technology officer, Hinterschmiding;

Gerd-Rainer Adamietzki, businessman, chief sales officer, Seelze;

Marc Hundsdorf, chief finance officer, Munich.

15 Supervisory Board

In the opinion of the management of Knaus Tabbert GmbH, the size of the workforce means that Knaus Tabbert GmbH must form a Supervisory Board in accordance with sections 1(1), 6(1) and 6(2) MitbestG (German Co-Determination Act) and in compliance with the MitbestG. In accordance with sections 1(1), 6(2) and 7(1) sentence 1 No. 1 MitbestG, this Supervisory Board must be made up of six shareholder representatives and six employee representatives. Under section 7(2) No. 1 MitbestG, the six employee representatives on the Supervisory Board must include four employees of the Company and two trade union representatives. The first constituent meeting took place on 29 January 2020.

The Supervisory Board consists of the following members:

Shareholder representatives:
Willem Paulus de Pundert, entrepreneur
Klaas Meerten, entrepreneur
Rene Ado Oscar Bours, consultant
Manfred Pretscher, engineer
Ruben Paulus de Pundert, entrepreneur
Ester Hack, in-house counsel – Chair of the Supervisory Board

Employee representatives:
Anton Autengruber, Chair of the General Works Council
Stephan Kern, IT Administrator
Michael Heim, Works Council
Ferdinand Sommer, Head of IT and Organisation (authorised signatory)
Robert Scherer, Trade Union Secretary IG Metall
Ute Opritescu, Trade Union Secretary IG Metall

Statement of changes in fixed assets 2019

Knaus Tabbert GmbH – Group IFRS 31/12/2019

	Carrying amounts As at 31/12/2019 KEUR	Carrying amounts As at 31 December 2018 KEUR
A. FIXED ASSETS		
I. Intangible assets		
1. Industrial and similar rights and assets and licences in such rights and assets	3,320	2,994
2. Goodwill	841	841
3. Internally generated intangible assets	10,848	9,183
4. Advance payments made	104	126
	15,114	13,144
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	63,121	48,418
of which from leases[1)]	*5,757*	-
2. Plant and machinery	21,984	19,654
of which from leases[1)]	*2,794*	*2,607*
3. Other equipment, operating and office equipment	17,160	15,137
of which from leases[1)]	*881*	-
4. Advance payments made and assets under construction	3,803	5,619
	106,069	88,828
	121,183	101,972

	Development of acquisition and production costs						
	As at 01/01/2019	Foreign exchange differences	Additions	Reclassifications	Reinstatement	Disposals	As at 31/12/2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS							
I. Intangible assets							
1. Industrial and similar rights and assets and licences in such rights and assets	7,854	(2)	920	126	-	-	8,898
2. Goodwill	841	-	-	-	-	-	841
3. Internally generated intangible assets	29,239	(1)	5,554	-	-	1,674	33,118
4. Advance payments made	126	-	104	(126)	-	-	104
	38,060	(3)	6,578	-	-	1,674	42,960
II. Property, plant and equipment							
1. Land, land rights and buildings including buildings on third-party land	58,636	(339)	15,301	2,790	-	12	76,376
of which from leases[1)]	-	-	*6,714*	-	-	-	*6,714*
2. Plant and machinery	32,065	(206)	6,293	907	-	988	38,071
of which from leases[1)]	*4,248*	*(4)*	*1,089*	-	-	*41*	*5,291*
3. Other equipment, operating and office equipment	40,111	(82)	9,370	913	-	2,914	47,398
of which from leases[1)]	-	-	*1,529*	-	-	-	*1,529*
4. Advance payments made and assets under construction	5,619	(28)	3,747	(4,610)	-	926	3,803
	136,430	(654)	34,711	-	-	4,840	165,648
	174,490	(657)	41,289	-	-	6,514	208,608

	Development of the depreciation, amortisation and write-downs					
	As at 01/01/2019	Foreign exchange differences	Foreign exchange differences depreciation and amortisation	Depreciation and amortisation for the financial year	Disposals	As at 31/12/2019
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS						
I. Intangible assets						
1. Industrial and similar rights and assets and licences in such rights and assets	4,860	(1)	-	718	-	5,577
2. Goodwill	-	-	-	-	-	-
3. Internally generated intangible assets	20,056	(1)	-	3,889	1,674	22,269
4. Advance payments made	-	-	-	-	-	-
	24,916	(2)	-	4,607	1,674	27,847
II. Property, plant and equipment						
1. Land, land rights and buildings including buildings on third-party land	10,218	(55)	(10)	3,101	-	13,255
of which from leases[1)]	-	-	*(1)*	*958*	-	*957*
2. Plant and machinery	12,410	(65)	(19)	4,016	256	16,087
of which from leases[1)]	*1,641*	-	*(4)*	*893*	*33*	*2,497*
3. Other equipment, operating and office equipment	24,974	(32)	(10)	6,670	1,364	30,237
of which from leases[1)]	-	-	*(1)*	*649*	-	*648*
4. Advance payments made and assets under construction	-	-	-	-	-	-
	47,603	(152)	(39)	13,788	1,621	59,579
	72,518	(154)	(39)	18,395	3,295	87,426

1) Reference is made to 3.18 for the effects of IFRS 16

Statement of changes in fixed assets 2018

Knaus Tabbert GmbH – Group IFRS 31 December 2018

	Carrying amounts As at 31 December 2018	As at 31/12/2017
	KEUR	KEUR
A. FIXED ASSETS		
I. Intangible assets		
1. Industrial and similar rights and assets and licences in such rights and assets	2,994	2,834
2. Goodwill	841	841
3. Internally generated intangible assets	9,183	6,525
4. Advance payments made	126	56
	13,144	10,256
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	48,418	35,597
2. Plant and machinery	19,654	11,663
of which leasing	*2,607*	*3,321*
3. Other equipment, operating and office equipment	15,137	11,281
4. Advance payments made and assets under construction	5,619	16,091
	88,828	74,632
	101,972	84,888

Knaus Tabbert GmbH – Group IFRS 31 December 2018

	Development of acquisition and production costs						
	As at 01/01/2018	Foreign exchange differences	Additions	Reclassifications	Reinstatement	Disposals	As at 31 December 2018
		€	€	€		€	€
A. FIXED ASSETS							
I. Intangible assets							
1. Industrial and similar rights and assets and licences in such rights and assets	7,206	(1)	609	56		15	7,854
2. Goodwill	841	-	-	-		-	841
3. Internally generated intangible assets	23,853	(1)	5,387	-		-	29,239
4. Advance payments made	56	-	126	(56)		-	126
	31,956	(2)	6,121	—		15	38,060
II. Property, plant and equipment							
1. Land, land rights and buildings including buildings on third-party land	43,878	(265)	6,476	8,567	-	21	58,636
2. Plant and machinery	21,231	(108)	7,663	3,623		343	32,065
of which leasing	*4,250*	*(2)*	-			-	*4,248*
3. Other equipment, operating and office equipment	31,912	(67)	9,578	875		2,187	40,111
4. Advance payments made and assets under construction	16,091	(68)	7,860	(13,065)		5,199	5,619
	113,112	(508)	31,576	-	-	7,749	136,430
	145,067	(510)	37,697	-	-	7,764	174,490

	Development of the depreciation, amortisation and write-downs					
	As at 1 January 2018	Foreign exchange differences	Foreign exchange differences depreciation and amortisation	Depreciation and amortisation and write-downs for the financial year	Disposals	As at 31 December 2018
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS						
I. **Intangible assets**						
1. Industrial and similar rights and assets and licenses in such rights and assets	4,372	-	-	493	4	4,860
2. Goodwill		-	-	-	-	
3. Internally generated intangible assets	17,328	(1)	-	2,729	-	20,056
4. Advance payments made	-	-	-	-	-	-
	21,700	(1)		3,221	4	24,916
II. **Property, plant and equipment**						
1. Land, land rights and buildings including buildings on third-party land	8,281	(39)	(2)	1,981	2	10,218
2. Plant and machinery	9,568	(35)	(6)	3,166	282	12,410
of which leasing	*929*			*712*		*1,641*
3. Other equipment, operating and office equipment	20,631	(12)	(4)	5,125	767	24,974
4. Advance payments made and assets under construction	-	-	-	-	-	-
	38,480	(86)	(12)	10,272	1,051	47,603
	60,180	(87)	(12)	13,494	1,055	72,518

Jandelsbrunn, 20 May 2020, 26 June 2020

signed Wolfgang Speck (Managing Director)	Marc Hundsdorf (Managing Director)
Werner Vaterl (Managing Director)	Gerd Adamietzki (Managing Director)

[Note: This is a translation of the German original. Solely the original text in German language is authoritative.]

Independent Auditor's Report

To Knaus Tabbert GmbH, Jandelsbrunn

Opinions

We have audited the consolidated financial statements of Knaus Tabbert GmbH, Jandelsbrunn, and its subsidiaries (the Group) – consisting of the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2019, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Knaus Tabbert GmbH for the financial year from 1 January to 31 December 2019. We have not audited the content of the corporate governance statement pursuant to Section 315d HGB (disclosures on the quota for women on executive boards), which is included in section B.4.d) of the Group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019 as and of its financial performance for the financial year from 1 January 2019 to 31 December 2019 and
- the accompanying group management report as a whole provides an appropriate view of Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the group management report.

Basis for the pinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other information

Management is responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 315d HGB (disclosures on the quota for women on executive boards), which is included in section B.4.d) of the group management report.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information and, consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management for the Consolidated Financial Statements and the roup Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the German Generally Accepted Sstandards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Note on the supplementary audit

We issue this audit opinion on the amended consolidated financial statements and the amended group management report on the basis of our audit duly completed on 26 May 2020 and our supplementary audit completed on 30 June 2020, which related to the changes in reporting in the group management report in Section C 'Risks from operating activities' and 'Liquidity risks' and Section D 'Forecast'. Other changes related to adjustments to the notes to the consolidated financial statements with regard to clarifying disclosures on judgements and estimates (Section 1.4), foreign currencies (Section 3.2), financial instruments (Section 3.8), impairment (Section 3.10), revenue recognition (Section 3.15.1) and the effects of new financial reporting standards (Section 3.18). Furthermore, the disclosure on fair values (Section 7) and contingent liabilities (Section 10) in the notes to the consolidated financial statements was adjusted.

Management refers to the presentation of the changes in the amended notes to the consolidated financial statements, Section 1.5 'Change to the consolidated financial statements and group management report' and in the amended group management report, Section C 'Risks from operating activities' and 'Liquidity risks' and Section D 'Forecast'.

Nuremberg, 26 May 2020/limited to the changes
specified in the note on the supplementary audit: 30 June 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Herr	Hocker
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Audited Consolidated Financial Statements of Knaus Tabbert GmbH Prepared in Accordance with IFRS as of and for the Fiscal Year Ended December 31, 2018:

Knaus Tabbert GmbH Consolidated financial statements 2018

Consolidated balance sheet – Assets

	Note	31.12.2018	31.12.2017
		KEUR	**KEUR**
Assets			
Intangible assets	5.1	13,144	10,256
Property, plant and equipment	5.2	88,828	74,631
Financial assets		-	-
Other assets	5.7	1,233	734
Deferred tax assets	6.9	1,573	1,859
Non-current assets		**104,778**	**87,480**
Inventories	5.3	105,174	120,644
Trade receivables	5.4	37,462	27,301
Other assets	5.7	23,126	17,820
Tax receivables	5.5	2,670	141
Cash and cash equivalents	5.6	7,380	6,427
Current assets		**175,812**	**172,333**
Balance sheet total		**280,590**	**259,813**

Consolidated balance sheet – Equity and liabilities

	Note	31.12.2018	31.12.2017
		KEUR	**KEUR**
Equity	5.8		
Subscribed capital	5.8	29	29
Capital reserves	5.8	12,475	12,475
Retained earnings	5.8	6,435	6,550
Retained earnings/accumulated losses brought forward from prior years		35,006	20,730
Consolidated profit for the period		28,621	29,276
Accumulated other income	5.8	(363)	(236)
Equity attributable to shareholders		**82,203**	**68,824**
Total equity		**82,203**	**68,824**
Liabilities			
Other provisions	5.9	11,386	7,841
Liabilities to banks	5.10	17,260	21,379
Trade payables	5.11	-	378
Other liabilities	5.12	3,073	9,149
Deferred tax liabilities	6.9	5,131	4,451
Non-current liabilities		**36,851**	**43,198**
Other provisions	5.9	4,585	6,536
Liabilities to banks	5.10	73,133	41,313
Trade payables	5.11	55,920	60,088
Other liabilities	5.12	27,785	26,958
Tax liabilities	5.13	114	12,896
Current liabilities		**161,537**	**147,791**
Liabilities		**198,387**	**190,989**
Balance sheet total		**280,590**	**259,813**

Consolidated statement of comprehensive income

	Note	01.01 to 31.12.2018	01.01 to 31.12.2017
		KEUR	**KEUR**
Revenue	6.1	728,013	591,968
Changes in inventory	6.2	(13,001)	24,839
Other own work capitalised	6.2	6,801	2,566
Other operating income	6.3	4,517	3,905
Cost of materials	6.4	(508,693)	(437,086)
Personnel expenses	6.5	(95,199)	(76,241)
Depreciation and amortisation	6.6	(13,494)	(11,483)
Other operating expenses	6.7	(65,727)	(55,724)
Finance income	6.8	221	308
Finance costs	6.8	(2,530)	(2,006)
Taxes	6.9	(12,286)	(11,770)
Consolidated profit for the period		**28,621**	**29,276**
Other comprehensive income		**(127)**	**(57)**
Items that can be reclassified to profit or loss when specific conditions are met:			
Foreign currency translation differences		(127)	(57)
Total comprehensive income		**28,494**	**29,219**
Allocation of the consolidated profit for the period:			
Owners of the parent company		28,621	29,276
Non-controlling interests		-	-
Allocation of the total comprehensive income:			
Owners of the parent company		28,494	29,219
Non-controlling interests		-	-

Consolidated statement of cash flows

	Note	2018	2017
		KEUR	**KEUR**
Cash flows from operating activities			
Consolidated profit for the period		28,621	29,276
Adjustments for:			
Depreciation and amortisation expense/reversals of impairment losses	**6.6**	13,494	11,483
Increase/decrease in provisions	**5.9**	12,055	2,161
Other non-cash income and expenses		83	(70)
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities		(4,100)	(56,454)
Increase/decrease in trade payables and other liabilities not related to investing or financing activities		(23,511)	41,220
Gain/loss on the disposal of fixed assets		(353)	(223)
Net finance costs	**6.8**	2,310	1,698
Income tax expense	**6.9.1**	11,873	10,854
Income taxes paid		(11,885)	(4,133)
Cash flows from operating activities		**28,586**	**35,812**
Cash flows from investing activities			
Proceeds from the sale of property, plant and equipment		7,051	3,312
Payments for the purchase of property, plant and equipment		(31,576)	(31,672)
Proceeds from the sale of intangible assets		11	-
Payments for the purchase of intangible assets		(6,121)	(3,131)
Payments for the acquisition of a subsidiary, net of cash acquired		-	(211)
Interest received			
Cash flows from investing activities		**(30,635)**	**(31,702)**
Cash flows from financing activities			
Cash proceeds from capital increases		-	100
Distributions paid	**5.8**	(15,000)	(15,000)
Cash receipts from shareholders		-	500
Cash payments to shareholders		(8,416)	(1,768)
Cash proceeds from bank borrowings		64,667	41,519
Cash repayments of liabilities to banks		(36,965)	(28,080)
Interest paid		(2,023)	(1,615)
Cash repayments of finance lease liabilities		(704)	(894)
Cash flows from financing activities		**1,558**	**(5,238)**
Net change in cash and cash equivalents		**(491)**	**(1,128)**
Impact of exchange rate changes on cash and cash equivalents		282	53
Cash and cash equivalents at the beginning of the period		1,701	2,776
Cash and cash equivalents at the end of the period		**1,491**	**1,701**

Consolidated statement of changes in equity

2018 financial year	Note	Issued capital	Capital reserves	Foreign currency translation reserve	Retained earnings	Retained earnings/ accumulated losses brought forward	Consolidated profit for the period	Total
		Attributable to the owners of the parent						
		KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
As at 1 January		**29**	**12,475**	**(236)**	**6,550**	**50,006**		**68,824**
Impact from the first-time application of IFRS 9	3.17				**(115)**			**(115)**
Total comprehensive income								**-**
Consolidated profit for the period							28,621	**28,621**
Other comprehensive income				(127)				**(127)**
Total comprehensive income		**-**	**-**	**(127)**	**-**	**-**	**28,621**	**28,494**
Transactions with owners								
Contributions and distributions								**-**
Capital increases								-
Business combinations								-
Distributions	5.8					(15,000)		**(15,000)**
Total contributions and distributions		**-**	**-**	**-**	**-**	**(15,000)**		**(15,000)**
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests without a change in control								-
Acquisition of a subsidiary with non-controlling interests								-
Total changes in ownership interests		**-**	**-**	**-**	**-**	**-**		**-**
Total transactions with owners of the Company		**-**	**-**	**-**	**-**	**(15,000)**	**-**	**(15,000)**
As at 31 December		**29**	**12,475**	**(363)**	**6,435**	**35,006**	**28,621**	**82,203**

Notes to the consolidated financial statements

1. General information

1.1. Reporting entity

Knaus Tabbert GmbH (also referred to in the following as ‘KTG’ or ‘the Company’) is the parent company of the Knaus Tabbert Group with its registered office in Germany. The address of the Company’s registered office is Helmut-Knaus-Str. 1, 94118 Jandelsbrunn. Knaus Tabbert GmbH is listed under commercial register number HRB 7579 at the register court in Passau. The Company’s consolidated financial statements comprise the Company and its subsidiaries (jointly referred to as the ‘Corporation’ or ‘Group’).

The Knaus Tabbert Group under the uniform control of Knaus Tabbert GmbH primarily produces and sells products for the recreational and utility vehicle market. The products can be allocated here to the luxury segment in the case of the motorhomes of the MORELO brand. In contrast, the premium segment comprises motorhomes of other brands belonging to the Group as well as caravans and camper vans. The main sales market of the Knaus Tabbert Group is the European Union (EU).

1.2. Basis of accounting

The Group’s financial year comprises twelve months and ends on 31 December. The consolidated financial statements of the Company have been drawn up for all presented reporting periods based on Group-wide accounting policies. The consolidated statement of comprehensive income is prepared using the nature of expense method.

The consolidated financial statements as at 31 December 2018 were drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as these are applied in the EU. The term IFRS also encompasses all currently valid International Accounting Standards (IAS) as well as all interpretations and amendments issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) – and by the former Standing Interpretations Committee (SIC).

The consolidated financial statements comply in their current version with the supplementary regulation of section 315e of the Handelsgesetzbuch (HGB – German Commercial Code). Together with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, it forms the basis for group accounting based on international standards in Germany and is applicable to financial years beginning on or after 1 January 2005.

When preparing the consolidated financial statements as at 31 December 2018, the management of Knaus Tabbert GmbH assumes that the Group is able to continue as a going concern. The consolidated financial statements were approved by the management for publication on 12 April 2019.

1.3. Functional and presentation currency

These consolidated financial statements are presented in euros, the Company’s functional currency. Unless otherwise indicated, all amounts reported in the consolidated financial statements are rounded to the nearest thousand (KEUR). Deviations of up to one unit (KEUR) are rounding differences for computational reasons.

1.4. Use of judgements and estimates

The preparation of the consolidated financial statements calls for the management to make judgements, estimates and assumptions concerning the application of accounting policies as well as the reported amounts of the assets, liabilities, income and expenses.

The values that actually arise can deviate from these estimates as the result of unforeseeable developments outside the management’s sphere of influence. Both estimates and their underlying assumptions are reviewed on a regular basis. Changes to estimates are recognised on a prospective basis in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

Balance sheet items of this kind in which judgements and/or estimates can result in a material impact on carrying amounts in the consolidated financial statements within the next financial year are explained below. Please refer to note 3.1 concerning judgements made in connection with consolidation procedures.

Determining fair values

A number of the Group's accounting policies and disclosures require fair values for financial and non-financial assets and liabilities to be determined. These involve derivative financial instruments and disposal groups classified as held for sale.

The fair value is defined as the equivalent that would be realised from selling an asset or paid for transferring a liability in an orderly transaction between market participants on the transaction date. With regard to the price, it is not important here whether this can be directly observed or is determined using a measurement method.

As far as possible, the Group uses data that can be observed on the market when determining the fair value of an asset or a liability. Based on the input factors used in the valuation techniques, the fair values are categorised into different levels in the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed on the measurement date;
- Level 2: measurement parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: Measurement parameters for assets or liabilities that are not based on observable market data.

Determination of the useful life of property, plant and equipment and of software and licences

The Company bases the estimate of the useful life of assets on historical data. Accelerated technological progress can mean, however, that there is a possibility, for example, for a shorter useful life to arise.

Classification as operating lease or finance lease

The classification of leases depends essentially on estimates regarding the economic life of the leased asset, its fair value at the time of classification and assumptions or estimates of the discount rates to be used.

Impairment losses on receivables

The management bases the estimates relating to the level of impairment losses on receivables on the principle of item-by-item measurement. The estimates regarding the required impairment losses for the individual receivables are based in part on subjective estimates of the customers' credit standing. These are therefore subject to an inherent estimation uncertainty.

Recognition of deferred tax assets on tax loss carryforwards

Deferred tax assets are recognised for tax loss carryforwards if the realisation of the related tax benefit is considered probable as a result of future taxable profits based on the earnings forecasts of the management for the Group entities.

Provisions

Provisions differ from other liabilities in terms of uncertainties concerning the time and/or the amount of the expenses required in the future. A provision has to be recognised when the Company has incurred a current obligation (legal or constructive) from a past event, the outflow of resources with economic benefits to settle the obligation is probable and a reliable estimate of the amount of the obligation is possible. Signification recognition and measurement uncertainties exist on account of different economic and legal assessments and the difficulties involved in defining the probabilities of occurrence.

Impairment test of the intangible assets with an indefinite useful life and of the goodwill

Intangible assets with an indefinite useful life and the goodwill are not subject to any amortisation in the course of the subsequent measurement. They are instead subjected to an impairment test at least once a year. There are inherent uncertainties in this connection relating to the assumptions and estimates of the parameters that are used as the basis for calculating the recoverable amount (see note 5.1B).

Determination of the net realisable value of inventories

Inventories have to be carried at the lower of acquisition or production cost and net realisable value. Assumptions on the sales price trend and on costs still to be incurred to make the sale have to be made in particular when calculating the net realisable value.

Classification of assets and liabilities or disposal groups as held for sale

The assessment of whether the applicable requirements are met, especially of the time that the transaction is concluded, for the presentation of assets and liabilities as held for sale and as disposal groups inevitably involves judgements.

2. Measurement bases

The consolidated financial statements have been prepared on the basis of historical acquisition and production costs, with the exception of the derivative financial instruments, which are measured at the fair value on the reporting date.

3. Material accounting policies

The Group has consistently applied the accounting policies set out below to all periods presented in these consolidated financial statements

3.1. Consolidation principles

Scope of consolidation

In addition to Knaus Tabbert GmbH, all subsidiaries in which the Group has the possibility of exercising a controlling influence in accordance with the regulations of IFRS 10 are included in the consolidated financial statements. Control within the meaning of IFRS 10 is given if the Group has power of disposal over an investee, exposure, generates variable returns from its involvement with the investee and has the ability to use this power to affect its returns from the investee. Control can also arise in cases where the Group does not have a majority of voting rights if it has the possibility of unilaterally deciding on the material activities of the investee. All facts and circumstances have to be taken into consideration when assessing controls. These include in particular the purpose and the structure of the investee, the identification of the material activities and decisions on these activities, the ratio of the investor's own voting rights in comparison with the scope and distribution of other voting rights as well as potential voting rights and rights from other contractual agreements. The assessment of control requires consideration of all facts and circumstances subject to the judgement of the management.

The scope of consolidation of Knaus Tabbert GmbH with all subsidiaries in and outside Germany in which the Company can directly or indirectly exercise a controlling influence in accordance with IFRS 10 is presented in the following table:

Scope of consolidation	**Registered office**	**Equity investment in %**
Germany		
Caravan-Welt GmbH Nord[1)]	Bönningstedt	100.00
HÜTTLrent GmbH	Maintal	100.00
MORELO Reisemobile GmbH	Schlüsselfeld	100.00
Outside Germany		
Knaus Tabbert Kft	Vac (Hungary)	100.00

1) The Company makes use of the exemption from disclosure of the annual financial statements pursuant to section 264(3) HGB.

Business combinations

Subsidiaries that have been acquired are accounted for using the acquisition method in accordance with IFRS 3. The consideration transferred during a business combination has to be measured here at the fair value, which is calculated as the sum of the fair values of all assets transferred as consideration for control, the liabilities of the seller that are incurred or assumed and the equity instruments that are issued.

The identifiable assets and liabilities are measured at fair value in the course of the initial consolidation. The fair value of property, plant and equipment is calculated in principle using expert reports on the basis of observable market data, while the fair value of financial instruments, pensions and similar obligations as well as inventories is determined on the basis of existing market information. The fair value of significant intangible assets is calculated using adequate valuation methods on the basis of projected future cash flows or multiples. Costs connected with the business combination are recognised as expenses when they are incurred.

The Group decides on an individual basis for each business acquisition whether the non-controlling interests in the company acquired are recognised at fair value or using the proportionate share in the net assets of the company that has been acquired.

The goodwill corresponds to the positive difference between acquisition costs and the fair value of the assets and liabilities acquired in the course of a business combination. If the amount that is determined is negative, the difference is reviewed again and then recognised directly in profit or loss in the consolidated statement of comprehensive income.

Subsidiaries are fully consolidated with effect from the time of acquisition, i.e. from the time at which the Group gains control. Inclusion in the consolidated financial statements ends as soon as the Group loses control. If denial of control has to be accepted at a later time, the consolidated financial statements contain the results for the part of the financial year during which the Group had control.

Changes in the Group's equity ratios in subsidiaries that do not result in a loss of control are reported as equity transactions.

Intercompany profits or losses resulting from intragroup transactions that are not yet realised from the Group's perspective are eliminated in the consolidated financial statements. Receivables, liabilities, provisions, sales, expenses and income between Group companies are eliminated. Differences resulting from the consolidation of intercompany balances are reported under other operating expenses. Differences arising from the consolidation of income and expenses are recognised directly in equity.

Deferred taxes are created in accordance with IAS 12 on temporary differences arising from the consolidation.

If necessary, the annual financial statements of the subsidiaries are adjusted to the accounting policies of Knaus Tabbert GmbH.

3.2. Foreign currency

Business transactions in foreign currencies are translated into euro at the exchange rate applicable at the time of the transaction. In subsequent periods, financial assets and liabilities in foreign currency are translated using the closing rate; gains and losses resulting from this are recognised in profit or loss in the consolidated statement of comprehensive income.

Assets and liabilities of foreign subsidiaries that do not use the euro as their functional currency are translated into euros at each reporting date using the closing rate. The components of equity are also recognised at historical rates. The income statements and the cash flow statements are translated into euros at the corresponding average exchange rates for the period. The resulting translation differences are reported directly in equity in the foreign currency translation reserve. The following exchange rates for Hungarian forint (HUF) were used as the basis for the foreign currency translation:

	Average rates for the financial year		Year-end rates as at 31 December	
1 euro equals	**2018**	**2017**	**2018**	**2017**
Hungary (HUF)	318.83	309.19	320.98	313.16

3.3. Intangible assets and goodwill

a) Recognition and measurement

Goodwill and trademark rights acquired

The goodwill arising in the course of a business combination is measured at the acquisition cost less accumulated impairment losses.

Acquired trademark rights of the umbrella brands 'Weinsberg', 'Knaus', 'Tabbert', 'T@B' and 'MORELO' are measured at acquisition costs less accumulated impairment losses. An indefinite useful life is assumed for the trademark rights of the umbrella brands, as there are no indications of a foreseeable limit to the period over which these assets are expected to generate net cash inflows for the entity. A review is conducted here in each period of whether the expectation of an indefinite useful life continues to be justified for these trademark rights in due consideration of all relevant events and circumstances.

Internally generated intangible assets

Expenditure for research activities is recognised in profit or loss when it is incurred.

Development expenditure is capitalised only when it meets the definition of an intangible asset and can be reliably measured, the product or the process is technically and commercially feasible, a future economic benefit is probable and the Group both intends and has sufficient resources to complete the development and to use or sell the asset. Other development expenditure is recognised in profit or loss as soon as it is incurred.

In order to consistently review whether development costs can be capitalised, ongoing development projects are monitored at a central level and divided into multi-stage project phases. If the above-mentioned requirements are met from a specific project phase onwards, the related expenditure is capitalised as production costs for the internally generated intangible assets.

Other intangible assets

Other intangible assets that are acquired by the Group and have a limited useful life are measured at acquisition cost less accumulated amortisation and accumulated impairment losses.

b) Subsequent expenditure

Subsequent expenditure is capitalised as material improvement only if it increases the future economic benefits of the asset to which it relates. All other expenditure, including the expenditure for internally generated goodwill and internally generated brands, is recognised in profit or loss as soon as it is incurred.

c) Amortisation and impairment

Intangible assets are amortised in principle on a straight-line basis over the period of their estimated useful life. The amortisation is recognised in profit or loss here. On the other hand, goodwill is not amortised.

An impairment test is carried out on the goodwill at least once a year and in addition always when facts or changes in circumstances suggest that it might not be possible to recover the carrying amount of the goodwill. An impairment test for the goodwill was carried out for the first time on 1 January 2015.

The brands acquired have an indefinite useful life, as they are well established in their markets and will continue to be intensively advertised in the future. In addition, there are no other legal, regulatory or competition-related factors that limit the use of the brands. The brands are therefore not subject to any amortisation. They are instead reviewed for any impairment at least once a year and in addition always when facts or changes in circumstances suggest that it might not be possible to recover their carrying amount. An impairment test for the trademark rights acquired was carried out on 31 December 2018.

A specific useful life is assumed for the internally generated intangible assets in the form of the capitalised development projects. They are amortised in principle at the beginning of their utility over a period of five years, which corresponds to the product life cycle. The Group assesses at each reporting date whether there are any indications that an internally generated intangible asset may be impaired.

The useful life of the other intangible assets in the form of patents, software and licences is two to eight years.

Methods of amortisation, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

3.4. Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment is measured at amortised acquisition/production cost less accumulated depreciation and accumulated impairment losses.

The acquisition costs of property, plant and equipment comprises the purchase price and all directly attributable costs that are incurred in order to bring the asset into operating condition. Rebates, discounts or bonuses are deducted from the purchase price. The costs for internally generated assets include all costs that can be allocated directly to the production process as well as overheads that can be attributed on a pro rata basis. Finance costs are generally not recognised as part of the acquisition or production costs. If they can be directly attributed to the acquisition, construction or production of a qualifying asset, however, they are capitalised in accordance with IAS 23 (*Borrowing Costs*). Repair and maintenance costs are recognised immediately as expenses if they do not generate any additional economic benefit.

If relevant, the acquisition or production costs include the estimated costs for dismantling and removing the assets as well as to restore the site.

b) Subsequent acquisition and production costs

Subsequent expenses are capitalised only if it is probable that the future economic benefits associated with the expenses will flow to the Group.

c) Amortisation

Depreciation of property, plant and equipment is carried out on a straight-line basis in accordance with the pattern of economic benefits, where the following estimated useful life is taken as the basis for the current year and comparison years for important property, plant and equipment:

Useful lives for property, plant and equipment

Buildings	10 to 50 years
Other structures and land improvements	5 to 33 years
Technical equipment and machinery	1 to 18 years
Other equipment, operating and office equipment	1 to 14 years

Assets leased within the framework of finance leases are depreciated over the shorter of the lease term and their useful life. Land is not depreciated.

Low-value assets of the property, plant and equipment with an acquisition or production cost of less than EUR 250 are generally depreciated in the full amount. Furthermore, low-value purchases of property, plant and equipment valued from EUR 251 to EUR 1,000 are reported in an omnibus account, which is reversed over a period of five years.

When an item of property, plant and equipment is sold, profits or losses are calculated by comparing the sales proceeds with the carrying amount of the relevant item of property, plant and equipment. These profits and losses are reported in the other operating income and in the other operating expenses.

The residual values, useful lives and depreciation methods of the assets are reviewed at the end of each financial year and adjusted if necessary, which can lead to a reversal of the impairment loss for the asset.

If there are indications of an impairment and the carrying amount of property, plant and equipment is greater than the recoverable amount, impairment losses are recorded. The recoverable amount is here the higher of the fair value less costs to sell and its value in use. If the reason for an impairment that has already been carried out has ceased to apply, the impairment is reversed up to the amortised acquisition or production cost.

3.5. Assets and disposal groups held for sale

Non-current assets or disposal groups that include assets and liabilities are classified as held for sale if it is highly likely that they will be recovered principally through disposal rather than through continuing use.

These assets are recognised at the lower of their carrying amount or fair value less costs to sell. Impairment losses in the first classification as held for sale and later gains and losses in any revaluation are recorded in profit or loss.

Intangible assets and property, plant and equipment are no longer amortised or depreciated, but recognised at their fair value less costs to sell, if this is lower than the carrying amount. The fair value is produced from purchase prices with potential customers.

3.6. Leases

A lease is an agreement where the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The Group enters into these kinds of contracts exclusively where it is the lessee.

Operating leases

A lease is reported as an operating lease within the meaning of IAS 17 if all the risks and rewards arising from the ownership of the leased object remain with the lessor. Lease payments in the context of an operating lease in which the Group is the lessee are therefore recognised as expenses over the term of the lease.

Operating leases are in place in particular for buildings, office premises, office equipment, technical equipment and machinery and for vehicles.

Finance leases

Leases in which the Group bears essentially all the risks and rewards incidental to ownership that arise from the leased asset are reported as finance leases. In this event, the leased object is capitalised in accordance with IAS 17 at the beginning of the lease at the lower of the fair value or the present value of the minimum lease payments. The capitalised assets are depreciated on a straight-line basis over the estimated useful life or, if shorter, over the lease term. A liability is also recorded at the beginning of the lease in the amount of the present value of the minimum lease payments. Lease instalments are divided into principal and interest components. The interest component is recognised as an expense using the effective interest method.

Finance leases are used within the Group essentially in connection with the leasing of technical equipment and machinery.

3.7. Inventories

Inventories are measured in principle at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The acquisition costs are determined on the basis of the moving average method. In addition to the material, manufacturing and special direct production costs, the production costs of finished and unfinished goods also include the overheads attributable to the production as well as production-related depreciation. Overheads are allocated on the basis of normal operating capacity.

3.8. Financial instruments

The Group classifies the non-derivative financial assets into the following categories:

- Loans and receivables
- Held-to-maturity
- Available for sale and
- At fair value through profit or loss, and within this category designated as at fair value through profit or loss.

The Group categorises non-derivative financial liabilities as financial liabilities at amortised cost.

a) Non-derivative financial assets and liabilities – recognition and derecognition

The Group recognises loans and receivables from the time at which they are created. All other financial assets and liabilities are recorded for the first time on the trade date when the Company becomes a party to the financial instrument in accordance with the contractual provisions of the instrument.

The Group derecognises a financial asset if the contractual rights concerning the cash flow from an asset expire or it transfers the rights to receive the cash flow in a transaction in which all material risks and rewards incidental to ownership of the financial assets are also transferred. Derecognition also takes place if the Group neither transfers nor retains all material risks and rewards of ownership and does not retain control of the financial asset that has been transferred. Each share in transferred financial assets of this kind that are created or remain in the Group is reported as a separate asset or a separate liability.

On account of the high capital intensity of the sales business of the Group's dealers, agreements have been made with various banks for the purchase financing of dealers who acquire the Group's vehicles. Within the framework of this model, the dealers can enter into financing with one of the banks for the vehicle acquired from the Group. In this event, the Group receives the purchase price from the relevant bank. Within the framework of the dealer financing agreement with S-Kreditpartner (SKP) GmbH, a collateral fund, two-thirds of which is supplied by the Group and one-third of which is supplied by SKP GmbH in relation to the utilised financing facility, provides a maximum of up to 5% of the financing volume extended. This fund is used to compensate any financial damage arising from the loss of the financed vehicle, with the result that the Group bears two-thirds of the default risk. Furthermore, the fund is also used to compensate realisation losses that arise in the course of the realisation of a vehicle that is accessible by the Group. The requirements for derecognition are met, as the material risks and rewards that are associated with the receivable from the dealer are transferred to the financing bank in connection with these agreements on the purchase financing of dealers.

Furthermore, MORELO Reisemobile GmbH offers a similar model within the framework of the purchase financing of dealers with various banks. The receivable from the dealer is sold to the bank in the course of this model. The sale of receivables has to be classified as non-recourse factoring, as the entire default risk is transferred to the bank and no risks remain with MORELO Reisemobile GmbH. The requirements for derecognising the receivable from the dealer are consequently also met here.

Financial liabilities are derecognised if the contractual obligations are fulfilled or cancelled or have expired.

Financial assets and liabilities are offset and reported in the balance sheet as a net carrying amount if the Group has a current, enforceable right to set off the recorded amounts against each other and it is intended either to settle on a net basis or to realise the asset in question and settle the related liability simultaneously.

b) Non-derivative financial assets – measurement

The measurement of the non-derivative financial assets in accordance with the measurement categories pursuant to IFRS 39 is explained in the following.

Financial assets at fair value through profit or loss (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. A gain or loss arising on derecognition is recognised in profit or loss.

Loans and receivables

Assets of this kind are measured upon initial recognition at their fair value plus directly allocatable transaction costs. They are measured at amortised acquisition cost using the effective interest method in the course of the subsequent measurement.

c) Non-derivative financial liabilities – measurement

Financial liabilities are classified and measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, is a derivative or is designated as such upon initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains or losses, including interest expenses, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign currency translation differences are recognised in profit or loss.

d) Derivative financial instruments

Derivative financial instruments are recognised in accordance with IFRS 39 at their fair value, irrespective of the purpose or the intention with which they were entered into. Changes to the fair value of the standalone derivatives are recognised in the income statement.

3.9. Cash and cash equivalents

Cash and cash equivalents mainly consist of cash and other current, highly liquid investments with a term of 3 months or less. Cash and bank balances are recognised at their nominal value.

3.10. Impairment

a) Non-derivative financial assets

A financial asset that is not recognised at fair value through profit or loss is reviewed on each reporting date in order to determine whether there is objective evidence that an impairment loss has been incurred.

The following are regarded as objective evidence that impairment losses have been incurred on financial assets:

- The default or delinquency of a debtor;
- Evidence that a debtor or issuer is entering bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- Observable data that suggests a marked deterioration in the expected payments from a group of financial assets.

The non-derivative financial assets within the Group are measured exclusively at amortised cost.

The Group takes impairment losses for these financial assets into consideration at the level of the individual asset. All assets that are individually significant are assessed in view of specific impairment losses.

An impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recorded in profit and loss and reproduced in an account for valuation allowances. If the Group does not have any realistic prospects of being able to collect the asset, the amounts are written down. If an event occurring after the valuation allowance has been recorded results in a reduction in the amount of the valuation allowance, the reduction of the valuation allowance is recorded in profit or loss. The management bases the estimates relating to the level of impairment losses on receivables on the principle of item-by-item measurement. The estimates regarding the required impairment losses for the individual receivables are based in part on subjective estimates of the customers' credit standing. These are therefore subject to an inherent estimation uncertainty.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets – with the exception of inventories and deferred tax assets – are reviewed on each reporting date in order to ascertain whether there is any evidence of an impairment. If this is the case, the recoverable amount of the asset is estimated. Goodwill and intangible assets with an indefinite useful life are tested annually for impairment.

In order to examine whether there is an impairment, assets are aggregated into the smallest group of assets that generates cash inflows from continued use that are largely independent of the cash in-flows from other assets or cash generating units (CGUs). Goodwill that has been acquired in the case of a business combination is allocated to the CGUs that are expected to derive a benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs to sell.

An impairment loss is recorded if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairments that are recorded in respect of CGUs are allocated initially to any goodwill to be allocated to the CGU and subsequently allocated to the carrying amounts of the other assets of the CGU on a pro rata basis.

An impairment loss with regard to the goodwill will not be reversed. In the case of other assets, an impairment loss is reversed only in so far as the carrying amount of the assets does not exceed the carrying amount that would have been determined less depreciation and write-downs if no impairment loss had been recognised.

3.11. Other provisions

A provision is recognised when the Group has incurred a current legal or constructive obligation arising from a past event and a reliable estimate of the amount of the obligation can be made, and when the outflow of resources with economic benefits to settle the obligation is probable (probability of occurrence greater than 50%). If the recognition criteria for provisions are not met, a contingent liability is disclosed in the notes to the financial statements under certain conditions.

If the time value of money is significant, non-current provisions are recognised at present value. To this end, the expected future cash outflows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The time value of money, including effects from the change in interest rates, is reported within the financial result.

3.12. Employee benefits

There are no pension obligations within the Group arising from defined benefit plans, but only defined contribution plans arising from payments to the statutory pension insurance. These obligations for contributions to defined contribution plans are recorded as an expense as soon as the related service is performed. Prepaid contributions are recognised as an asset if a right to reimbursement or reduction of future payments is created.

Termination benefits are recognised as an expense at the earlier of the following dates: when the Group can no longer withdraw the offer of benefits of this kind or when the Group recognises costs for a restructuring. Benefits are discounted if it cannot be expected that they will be settled in full within 12 months after the reporting period.

3.13. Accruals

Accruals include future expenses where the amount or the date may be uncertain, but the uncertainty is nevertheless lower than for provisions. They are liabilities to pay for goods or services that have been received or supplied and that have not been paid, nor invoiced by the supplier or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay).

The accruals are recognised in the amount of the expected utilisation.

3.14. Deferred income

Deferred income includes subsidies related to assets that are initially recognised at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions attached to the subsidy. These other subsidies are subsequently recognised as other income in profit or loss over the useful life of the assets.

3.15. Recognition of income and expenses

3.15.1. Revenue recognition

The Group decided to adopt the regulations of IFRS 15 Revenue from Contracts with Customers early within the framework of preparing the previous year's IFRS consolidated financial statements, i.e. as at 31 December 2017. The regulations on revenue recognition were bundled in a single standard with the publication of the new IFRS 15. IFRS 15 encompasses all contracts within the meaning of the standard with customers for the sale of goods or the performance of services and replaces the previous regulations on revenue recognition.

The standard provides a five-step model, which is to be used to help determine the amount of revenue as well as the time or the period at or in which revenue is recognised.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognise revenue when the entity satisfies a performance obligation

The model stipulates that revenue has to be reported at the time or over the period that control of goods or services is transferred from the Company to customers at the amount to which the company expects to be entitled.

The Group essentially generates revenue from the production and the sale of motorhomes, caravans and camper vans. In addition, there are other revenue streams from the sale of spare parts, the performance of repair services and the leasing of motorhomes and caravans, but these are not significant.

Sale of goods

Revenues from the sale of goods, i.e. motorhomes, caravans, camper vans and spare parts, are recognised upon their delivery to the customer, as control over the good is transferred to the customer at this time and the Group has consequently fulfilled its contractual performance obligation. The purchase price is due for payment in principle within 30 days from invoice date. There are no material financing components against this background. The transaction price is produced on the basis of the contractually agreed purchase price, taking into account various variable considerations in the form of discounts, the estimate of which is regularly not limited and which are calculated by the Company on the basis of historical data. The customer generally has no right of return concerning the Group's products. The warranty claims for the goods acquired by the customer do not qualify as separate performance obligations, as they cannot be acquired separately and additionally do not extend beyond the statutory or standard industry provisions.

Provision of repair and other services

Revenues from the performance or repair and other services are recognised when the contractually agreed service has been performed by the Group. The performance obligation is consequently fulfilled at a specific point in time. The transaction price in the form of the contractually agreed remuneration is due for payment in principle within 30 days from the invoice date. There are no material financing components in this connection. Furthermore, variable consideration, which is determined on the basis of historical data, is taken into account by the Group when calculating the transaction price.

Leasing of caravans and motorhomes

Revenue from the leasing of caravans and motorhomes would in principle have to be recognised in relation to a period of time. On account of the minor importance of this revenue stream, however, the relevant revenues are recognised at a specific point in time at the beginning of the lease agreement for simplification purposes. As the Group does not lease any vehicles in the period around the turn of the year, no impact of any kind on the revenues to be allocated to a financial year result from this simplification, however. The revenue from leasing is recognised on an accrual basis for the purposes of the reporting during the year. The transaction price, which is produced as the contractually agreed rental rate, is paid by the customer at the beginning of the lease. It does not include any material financing components and is determined in due consideration of variable discounts, which are calculated using historical data.

As the Group’s performance obligations from the business transactions described above result from contracts with an expected term of less than one year, the Group makes use of the practical expedient pursuant to IFRS 15.21.

Advertising cost subsidies

The Group continues to pay advertising cost subsidies to major dealers, which are linked to compliance with specific requirements. Upon compliance with this condition, the dealer receives a revenue-based bonus in the amount of a certain percentage of their annual revenue, which is offset against the advertising cost subsidy disbursed until this is used up. The advertising cost subsidies qualify as payments to customers. They do not, however, fulfil the necessary criteria for a distinct good or service. They are therefore distinguished as other assets and allocated as a sales allowance dependent on the share of the advertising cost subsidy earned each year.

3.15.2. Recognition of expenses

Expenses are recognised in the balance sheet upon utilisation of the service or at the time they are incurred.

3.16. Finance income and finance costs

The finance income and finance costs of the Group comprise:

- Interest income;
- Interest expenses;
- Net profit or loss from the changes in the fair value of derivatives, which are recognised in profit or loss; and
- Income and expenses from the disposal of financial instruments.

Interest income and expenses are recognised in profit or loss in accordance with the effective interest method, if this applies. If the effective interest method does not apply, interest income and expenses are recognised in profit or loss at the time they arise.

3.17. Income taxes

The tax expense includes current and deferred taxes. Current and deferred taxes are recognised in profit or loss, except to the extent that they relate to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current taxes

Current taxes are the expected tax liability or tax receivable on the income to be taxed for the financial year or the tax loss using tax rates that have been enacted or substantively enacted by the reporting date as well as adjustments of the tax liability relating to prior periods. The amount of the expected tax liability or tax receivable reflects the amount that represents the best estimate in due consideration of tax uncertainties, if present. Current tax liabilities also include all tax liabilities that are incurred as a result of the determination of dividends.

Current tax assets and liabilities are offset only under certain conditions.

b) Deferred taxes

Deferred taxes are recognised in view of temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes and the amounts used for tax purposes. Deferred taxes are not recognised for

- temporary differences upon the initial recognition of assets or liabilities in a business transaction that is not a business combination and that does not influence either the pre-tax accounting profit or the taxable profit,
- temporary differences in conjunction with shares in subsidiaries, associates and joint ventures if the Group is able to control the timing of the reversal of the temporary difference and it is probable that they cannot be reversed in the foreseeable future, and
- taxable temporary differences upon the initial recognition of the goodwill.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available for which they can be used. Future taxable profits have to be calculated on the basis of the individual business plans of the subsidiaries. Deferred tax assets are reviewed on each reporting date and reduced to the extent that it is no longer probable that the related tax advantage will be realised; reversals of write-downs are carried out when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed on each reporting date and recognised to the extent that it is probable that future taxable profit will allow recovery.

Deferred taxes are measured using the tax rates that are expected to be applied to temporary differences as soon as they reverse; tax rates that have been enacted or announced by the reporting date are used here. The following tax rates have been used here:

Group entity	**2018**	**2017**
Knaus Tabbert GmbH	27.68%	27.68%
Knaus Tabbert Kft (HU)	9.00%	9.00%
MORELO Reisemobile GmbH	27.03%	27.03%
Caravan-Welt GmbH North (D)	26.68%	26.68%
HÜTTLrent GmbH	30.18%	30.18%
H.T.P. Leisure mobile GmbH	-	27.68%

The measurement of deferred taxes reflects the tax consequences that result from the Group's expectations regarding how the carrying amounts of its assets will be realised or how its liabilities will be met as at the reporting date. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be realised as a result of its disposal has not been rebutted.

Deferred tax assets and deferred tax liabilities are offset if specific requirements are met.

3.18. Impact of new accounting standards

The Group has prepared these financial statements in accordance with IFRS. All IFRS accounting standards to be applied in the European Union as at 31 December 2018 were applied to the financial statements as at 31 December 2018.

Date of first application	New or amended standards	Impact on the consolidated financial statements
New accounting standards applied		
Financial years beginning on or after 1 January 2018	IFRS 9: Financial Instruments	See explanations below the table
Financial years beginning on or after 1 January 2018	Amendments to IFRS 2: Share-based Payment	No impact
Financial years beginning on or after 1 January 2018	IFRIC 22: Foreign Currency Transactions and Advance Consideration	Insignificant
Financial years beginning on or after 1 January 2018	Amendments to IAS 40: Investment Property	No impact
Financial years beginning on or after 1 January 2018	Annual improvements to IFRS (2014–2016): Amendments to IFRS 1 and IAS 28	Insignificant
Financial years beginning on or after 1 January 2018	Amendments to IFRS 4: Adoption of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	No impact

IFRS 9

The first-time adoption of IFRS 9 will have the following impact on the financial statements as at 31 December 2018:

i. Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model within the framework of which the assets are held as well as the properties of their cash flows.

IFRS 9 contains three important classification categories for financial assets: measured at amortised cost, measured at fair value with changes in value through profit or loss and recognised at fair value with changes in value through other comprehensive income (FVTOCI). The standard eliminates the existing categories of IAS 39: held to maturity, loans and receivables and available for sale.

Under IFRS 9, a financial asset must be measured at amortised cost if the following conditions are met:

- the financial asset is held as part of a business model whose objective is to hold financial assets in order to collect cash flows, and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of interest and principal on the outstanding amount.

In contrast, a financial asset is to be measured at fair value in other comprehensive income if the following two conditions are met:

- the financial asset is held within the framework of a business model whose objective is both to collect the contractual cash flows and to sell financial assets, and
- the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of interest and principal on the outstanding amount.

For investments in equity instruments that are neither held for trading nor represent contingent consideration recognised by an acquirer in a business combination in accordance with IFRS 3, there is an irrevocable option at initial recognition to recognise changes in fair value arising from subsequent measurement in other comprehensive income. This option may be exercised for such financial instruments on a case-by-case basis.

All financial assets that are neither measured at amortised cost nor at fair value through profit or loss for lack of the above conditions are to be measured at fair value through profit or loss. Among other things, this includes derivative financial assets. However, at the time of initial recognition of a financial asset, there is an irrevocable option to measure it at fair value through profit or loss in subsequent measurement, provided this eliminates or significantly reduces measurement inconsistencies that would otherwise arise.

The following accounting policies are to be applied in the subsequent measurement of financial assets:

Financial assets at fair value through profit or loss (FVTPL)	These assets are subsequently measured at fair value through profit or loss. The related net gains (losses), including any interest and dividends received, are recognised in the income statement.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by the expected credit losses (see ii.). Interest income, income and expenses from currency translation and impairment are recognised in the income statement. Any gains or losses at the time of derecognition are also recognised in the income statement.
Debt securities measured at fair value through equity (FVOCI)	These assets are subsequently measured at fair value. Interest income calculated on the basis of the effective interest method, income and expenses from currency translation and impairment are recognised in the income statement. Other net gains (losses) are recognised directly in other comprehensive income. At the time of derecognition, the gains or losses accumulated in other comprehensive income are reclassified to the income statement.
Equity instruments measured at fair value with no impact on income (FVOCI)	These assets are subsequently measured at fair value. Dividends are generally recognised in the income statement. The other net gains (losses) are recognised in other comprehensive income without affecting profit or loss, although these amounts are never reclassified to the income statement.

The impact of the first-time application of IFRS 9 on the carrying amounts of financial assets as at 1 January 2018 result exclusively from the new impairment provisions, which are presented under ii.

The following table shows the previous measurement categories under IAS 39 and the new measurement category under IFRS 9 for each class of financial assets of the Group as at 1 January 2018.

KEUR	Classification under IAS 39	Classification under IFRS 9	Carrying amount under IAS 39	Revaluation IFRS 9	Carrying amount under IFRS 9
Trade receivables	Loans and receivables	Amortised cost	27,301	158	27,143
Receivables from dealer financing	Loans and receivables	Amortised cost	8,339	-	8,339
Receivables from factoring	Loans and receivables	FVTPL	838	-	838
Cash and cash equivalents	Loans and receivables	Amortised cost	6,427	-	6,427
Total			**42,905**	**158**	**42,747**

Due to the short-term nature of the factoring receivables, there are no adjustments within the scope of the transition from IAS 39 to IFRS 9, as the carrying amount in this case represents an appropriate approximation of the fair value.

ii. Impairment – financial assets and contract assets

IFRS 9 replaces the incurred loss model of IAS 39 with a forward-looking expected credit loss model. This calls for significant judgements concerning the question of the extent to which the expected credit losses are influenced by changes in the economic factors. This assessment is determined on the basis of weighted probabilities.

The new impairment model has to be applied to financial assets that are measured at amortised cost or at FVTOCI – with the exception of equity instruments held as financial assets – and to contract assets. Under IFRS 9, impairment losses are therefore generally recognised earlier than under IAS 39.

In accordance with IFRS 9, loss allowances are measured on one of the following bases:

- 12-month credit losses: these are expected credit losses resulting from default events that are possible within 12 months after the reporting date;
- Lifetime credit losses: these are expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The measurement based on the concept of lifetime credit losses has to be applied if the credit risk of a financial instrument on the reporting date has increased significantly since initial recognition; otherwise the measurement in accordance with the concept of 12-month credit losses has to be applied. In the interim report, only the measurement according to the concept of lifelong credit defaults is applied, as this is prescribed for trade receivables under IFRS 9.

The first-time application of IFRS 9 had the following impact:

Impact on retained earnings

2018 financial year	Retained earnings
	KEUR
As at 1 January 2018	**6,550**
Impact from the first-time application of IFRS 9 (after taxes)	(115)
As at 31 December 2018	**6,435**

Impact on expected credit losses on trade receivables

The Group applies the simplified approach under IFRS 9 to measure expected credit losses, according to which expected credit losses are used for trade receivables over the term of the receivable. In order to measure the expected credit losses, trade receivables were grouped together on the basis of their days past due.

2018 financial year	Impairments
	KEUR
As at 31 December 2017 under IAS 39	**177**
Change in impairments on trade receivables at transition date	158
Impairments at as 1 January 2018 under IFRS 9	**335**
Decrease in individual impairment within the reporting period	(26)
Changes in expected credit losses on trade receivables during the reporting period	83
Impairments at as 31 December 2018 under IFRS 9	**392**
Total changes in impairments on trade receivables due to the changeover to IFRS 9	**241**

According to IAS 39, the trade receivables were to be classified in the category *loans and receivables* and had a carrying amount of KEUR 27,301 as at 1 January 2018. Under IFRS 9, the carrying amount of trade receivables in the *category measured at amortised cost* is KEUR 27,143.

The expenses from the adjustment of expected credit losses within the reporting period are included in the income statement in the amount of KEUR 83 under other operating expenses. The calculation and recognition of expected credit losses on cash and cash equivalents (bank balances) was waived, as these are held exclusively at banks with first-class credit ratings.

iii. Classification – financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities. For example, financial liabilities must always be reported at amortised cost. However, for certain instruments, such as derivative financial liabilities, recognition at fair value through profit or loss is still required.

In accordance with IAS 39, however, all changes to the fair value of liabilities that have been measured at fair value through profit or loss are recognised in profit or loss, whereas these changes to the fair value are presented in principle as follows in accordance with IFRS 9:

- The change to the fair value that can be attributed to changes in the credit risk of the liability is presented in other comprehensive income.
- The remaining change to the fair value is presented in profit or loss.

The transition to the new rules for the classification of financial liabilities under IFRS 9 does not have any effects for the Group in the form of a change in the subsequent measurement of its financial liabilities.

The Group's derivative financial instruments continue to be recognised at fair value through profit or loss. Other liabilities (trade payables, liabilities to banks, liabilities to shareholders, finance lease liabilities and refund liabilities) are still carried at amortised cost.

In addition, the following standards and interpretations issued by the IASB must be applied for the first time for financial years beginning on or after 1 January 2018:

- Amendments to IFRS 2: Share-based Payment
- IFRIC 22: Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40: Investment Property
- Amendments to IFRS 4: Adoption of IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Annual improvements to IFRS (2014–2016): Amendments to IFRS 1 and IAS 28

The first-time application of these new regulations had no material impact on the consolidated financial statements.

The following new standards and interpretations published by the IASB or amendments to existing standards and interpretations have not been taken into account in the preparation of these consolidated financial statements. As a matter of principle, new standards and interpretations or amendments to existing standards and interpretations are not applied by the Group before they become effective in the EU:

Date of first application	**New or amended standards**	**Possible impact on the consolidated financial statements**
Future new standards and interpretations to be applied for the first time		
Financial years beginning on or after 1 January 2019	IFRS 16: Leases	See the explanations according to the table.
Financial years beginning on or after 1 January 2019	IFRIC 23: Uncertainty over Income Tax Treatment	Insignificant
Financial years beginning on or after 1 January 2019	Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	No impact
Financial years beginning on or after 1 January 2019	Amendments to IFRS 9: Prepayment Features with Negative Compensation	Insignificant

Date of first application	New or amended standards	Possible impact on the consolidated financial statements
Financial years beginning on or after 1 January 2019	Annual improvements to IFRS (2015–2017): Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23	Insignificant
Financial years beginning on or after 1 January 2019	Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	No impact
Financial years beginning on or after 1 January 2021	IFRS 17: Insurance Contracts	No impact
Date of first-time application postponed indefinitely	Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and an associate or joint venture	No impact

IFRS 16: Leases

IFRS 16 supersedes the existing regulations on leases in IAS 17 Leases. The standard has to be applied for the first time for financial years beginning on or after 1 January 2019. IFRS 16 abolishes the existing classification of leases under IAS 17 as operating and finance leases for lessees and replaces it with a uniform accounting model under which lessees are obliged to recognise a right of use asset and a corresponding lease liability for leases with a term of more than twelve months.

The Knaus Tabbert Group will make use of the option not to reassess existing agreements according to whether an agreement constitutes or contains a lease. In addition, the Group will make use of the application facilitations for short-term leases and leased assets of minor value. The first-time application of the standard will be in accordance with the modified retrospective changeover method. There are no plans for early adoption of IFRS 16.

The impact on the Group’s earnings, financial and asset position are currently being analysed. A first quantitative assessment shows that the Group will probably have to recognise assets and lease liabilities of approximately EUR 2.5 million for previously unrecognised operating lease obligations. The actual effects depend, among other things, on all additional leases that the Group will enter into. As a result of this extension of the balance sheet, the nature of the expenses associated with these leases will also change, since instead of rental expenses recognised on a straight-line basis over the term of the lease, IAS 17 now requires depreciation expenses for rights of use and interest expenses for lease liabilities to be recognised in the consolidated statement of comprehensive income. A more detailed analysis of the expected impact on the consolidated financial statements is currently being prepared.

In addition, the IASB published the following new standards and interpretations, all of which are mandatory for the first time for financial years beginning on or after 1 January 2020:

- Amendments to IFRS 3: Business Combinations
- Amendments to IAS 1 and IAS 8: Definition of Material
- Changes to references to the conceptual framework in IFRS standards

From the Group’s perspective, the first-time application of these standards does not have any material impact on the consolidated financial statements.

It should be noted that, to a certain extent, discretionary decisions, assumptions and estimates have to be made in the preparation of the interim financial statements in accordance with IFRS, which may have an impact on the amount and presentation of the assets and liabilities reported in the balance sheet, the information on contingent assets and liabilities and the income and expenses reported for the interim reporting period. The actual amounts may differ from the estimates. In this context, it cannot be ruled out that changes in discretionary decisions, assumptions and estimates may have a material impact on the presentation of the net assets, financial position and results of operations in the interim report.

With the exception of the impairment losses on receivables due to the first-time application of IFRS 9, the key discretionary decisions, assumptions and estimates are identical to those that existed when the consolidated financial statements were prepared as of 31 December 2017.

4. Operating segments

The segment information is provided on the basis of the Group's internal reporting in order to enable the nature and financial effects of the business activities in which the Group engages and the economic environments in which it operates to be evaluated.

The Group's internal management reporting system is decisive here. The Group is structured as a divisional organisation, as business activities are organised on the one hand via the 'Premium Products' division (i.e. caravans, motorhomes and camper vans), which includes the 'Knaus', 'Tabbert', 'Weinsberg' and 'T@B' brands, and on the other hand via the 'Luxury Products' division, which includes the luxury motorhomes of the 'MORELO' brand.

The assessment is carried out by the CODM (Chief Operation Decision Maker). The CODM within the meaning of IFRS 8 is the management of the parent company, i.e. Knaus Tabbert GmbH, as it regularly reviews the segments for their profitability and resource allocation based on internal management reporting.

The profitability of each segment is assessed on the basis of EBITDA. EBITDA means earnings before interest, taxes, depreciation and amortisation and thus includes the operating result (= operating income) before depreciation, amortisation, interest and taxes. This figure therefore does not include any interest and financing elements. The accounting policies for segment reporting are based on the IFRS used in these consolidated financial statements. The Group measures the success of its segments using the segment earnings indicator EBITDA, as this is the most relevant information when assessing the results of certain segments in relation to other companies operating in these industries.

4.1. Basis of segmentation

The segment information is published on the basis of the management's specification for the 'premium segment' and the 'luxury segment'. There are no other segments within the Group.

Although the motorhomes that the segments offer are similar types of products, the production processes and target customer groups differ to a significant extent.

Reportable segments	Operations
Premium segment	Production and sale of caravans, motorhomes and camper vans as well as leasing of caravans and motorhomes
Luxury segment	Production and sale of luxury motorhomes

Monthly management reporting is in place for each business segment, which is distributed to the management and by means of which decisions about resources to be allocated to these segments and the assessment of their performance are reviewed.

The transfer prices between the segments for goods sold and the performance of services are defined based on arm's-length transactions.

4.2. Information about the segments

The information concerning the results of the segments and also the assets and liabilities for the 2018 financial year and the 2017 comparative period is provided below.

2018 **KEUR**	**Luxury segment**	**Premium segment**	**Total**
Revenue from external customers	80,527	647,486	728,013
Intersegment revenue	-	23	23
Segment revenue	**80,527**	**647,509**	**728,036**
EBITDA	**8,005**	**48,705**	**56,710**
Finance income	41	180	221
Finance costs	665	1,865	2,530
Depreciation and amortisation	1,062	12,432	13,494
Impairment loss for non-financial assets	-	-	-
Assets	**41,763**	**240,670**	**282,433**
Additions to non-current assets	-	-	-
Liabilities	**28,383**	**171,616**	**199,999**

2017 **KEUR**	**Luxury segment**	**Premium segment**	**Total**
Revenue from external customers	65,159	526,809	591,968
Intersegment revenue	-	-	-
Segment revenue	**65,159**	**526,809**	**591,968**
EBITDA	**7,488**	**46,738**	**54,226**
Finance income	79	229	308
Finance costs	821	1,184	2,006
Depreciation and amortisation	937	9,636	10,573
Impairment loss for non-financial assets	-	910	910
Assets	**38,384**	**222,705**	**261,089**
Additions to non-current assets	1,249	38,460	39,709
Liabilities	**27,368**	**164,897**	**192,265**

The external revenues of the segments can be broken down into the product groups caravans, motorhomes, camper vans and after-sales/others as follows:

2018	**Product group**				
KEUR	**Caravans**	**Motorhomes**	**Camper vans**	**After-sales/other**	**Total**
Luxury segment		79,157		1,370	**80,527**
Premium segment	202,118	323,654	106,777	14,938	**647,486**
Total	**202,118**	**402,811**	**106,777**	**16,307**	**728,013**

2017	**Product group**				
KEUR	**Caravans**	**Motorhomes**	**Camper vans**	**After-sales/other**	**Total**
Luxury segment	-	63,766	-	1,393	**65,159**
Premium segment	169,061	211,692	128,329	17,727	**526,809**
Total	**169,061**	**275,458**	**128,329**	**19,120**	**591,968**

Broken down by the geographical regions Germany, Europe and rest of the world, the revenue from external customers in the segments can be presented as follows:

2018	**Geographical region**			
KEUR	**Germany**	**Europe**	**Rest of the world**	**Total**
Luxury segment	57,289	23,078	160	80,527
Premium segment	416,150	226,447	4,889	647,486
Total	**473,439**	**249,525**	**5,049**	**728,013**

2017 KEUR	Geographical region Germany	Europe	Rest of the world	Total
Luxury segment	46,160	18,568	431	65,159
Premium segment	342,233	180,908	3,668	526,809
Total	**388,393**	**199,476**	**4,099**	**591,968**

4.3. Reconciliation of the information about the segments

The elimination of intragroup relationships between the segments is indicated in summary in the reconciliation.

	2018	2017
	KEUR	**KEUR**
Revenue		
Segment revenue	728,036	591,968
Elimination of intersegment revenue	(23)	-
Revenue, consolidated	**728,013**	**591,968**
EBITDA		
Segment EBITDA, consolidated	56,710	54,226
Segment depreciation and amortisation	(13,494)	(10,573)
Segment impairments	-	(910)
Segment financial result	(2,309)	(1,697)
Consolidation effects	-	-
Profit before tax, consolidated	**40,907**	**41,046**
Assets		
Segment assets	280,569	261,089
Consolidation effects	21	(1,276)
Assets, consolidated	**280,590**	**259,813**
Liabilities		
Segment liabilities	199,366	192,265
Consolidation effects	21	(1,276)
Liabilities, consolidated	**198,387**	**190,989**

4.4. Geographical information

The segments are administered in Germany. The subsidiary Knaus Tabbert Kft, with its registered office in Hungary, can be mentioned as the only international production plant and is assigned to the premium segment.

The non-current assets outside Germany are therefore exclusively located at the Hungarian subsidiary. The allocation of the non-current assets can thus be broken down as follows:

Country	2018	2017
	KEUR	**KEUR**
Germany	85,994	68,629
Hungary	17,211	16,979
Non-current assets	**103,205**	**85,608**

5. Notes on the consolidated balance sheet

5.1. Intangible assets

Please see note 3.3 for the accounting policies.

A. Description of material items

The intangible assets break down as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Internally generated industrial and similar rights and assets	9,183	6,525
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	2,994	2,834
Goodwill	841	841
Advance payments made	126	56
Total	**13,144**	**10,256**

The additions to intangible assets amounted to KEUR 6,121 in the 2018 financial year (31 December 2017: KEUR 3,131). The investments concern in particular the internally generated intangible assets and the purchased intangible assets.

The trend in the carrying amounts of the Group's intangible assets for the 2018 and 2017 financial years can be seen in the statement of changes in fixed assets.

Goodwill

The goodwill arose in the course of the initial inclusion of MORELO Reisemobile GmbH in the consolidated financial statements. The goodwill is not amortised. Goodwill is tested for impairment at least once a year. Goodwill was last tested for impairment as at 31 December 2018.

Intangible assets purchased

Purchased concessions, industrial and similar rights and assets and licences in such rights and assets refer primarily to expenses related to third parties that have been incurred in connection with the procurement of application software as well as acquired trademark rights. With the exception of the acquired trademark rights, the intangible assets purchased are amortised over their estimated useful lives. The acquired trademark rights, on the other hand, have an indefinite useful life and are consequently not amortised. They are tested for impairment at least once a year.

The intangible assets purchased include the following material items:

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	**2,994**	**2,834**
of which		
WEINSBERG brand	*87*	*87*
T@B brand	*57*	*57*
KNAUS brand	*856*	*856*
TABBERT brand	*576*	*576*
MORELO brand	*373*	*373*
Dealer sales network	*-*	*-*
Software	*667*	*528*
Licences	*377*	*356*
Other	*1*	*1*

Internally generated intangible assets

The Group distinguishes primarily between new developments and model updates in connection with internally generated intangible assets. New developments are projects that result in the development of a product that can clearly be identified as new by an external party. The contours must change on the exterior for this (e.g. use of new plastic parts or bodywork on a new chassis). Furthermore, there must be a new concept in the interior, which means that wet cells, kitchen, electrics and air conditioning/ heating are revised. Quasi new tools are required to a great extent for a new development. If the development projects fulfil the necessary requirements, they are capitalised as internally generated intangible assets.

If the development projects fulfil the necessary requirements, they are capitalised as internally generated intangible assets. If, in addition to technical modifications, the external appearance of a vehicle is changed during a model update measure, this is also described as a facelift or life cycle impulse. Model update measures are recognised by the Group as an expense at the time they are incurred.

The internally generated intangible assets are written down over their useful life of five years.

KEUR 2,255 (31 December 2017: KEUR 2,507) in research and development costs was recognised as an expense in the 2018 financial year (see note 6.7). While research costs always have to be recognised as an expense, the development costs did not fulfil the related requirements that would be necessary to capitalise them as intangible assets.

B. Amortisation and impairment test

Please see note 6.6 for a presentation of the amortisation and the impairment tests on intangible as-sets.

Goodwill

The Group reviews whether the goodwill is impaired at least once a year. MORELO Reisemobile GmbH acts as the sole CGU, to which the goodwill is allocated in full, for the performance of the impairment test for the goodwill. The classification of MORELO Reisemobile GmbH as the cash generating unit corresponds here to the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The calculation of the recoverable amount for this CGU is based on the fair value less the costs of disposal, which have been estimated using the discounted cash flow. Based on the input factors of the measurement method used, the measurement of the fair value is classified as a level 3 fair value (see note 1.4).

The material assumptions that form the basis for estimating the recoverable amount are presented below. The values assigned to the material assumptions represent the assessment by the management of future developments in the relevant sector and are based on historical values from external and internal sources.

Calculation of the recoverable amount – Assumptions

All figures in per cent	31 Dec. 2018	31 Dec. 2017
CGU MORELO Reisemobile GmbH		
Discount rate (WACC)	7.6	7.6
Sales growth rate for detailed planning period (CAGR)	1.9	7.0
Planned EBITDA growth rate (Average of the next four years)	7.2	9.1
Sustainable growth rate	1.0	1.0

As part of the calculations, the cash flow forecast is determined based on the long-term planning adopted by the management and applicable at the time the impairment test is performed. This multi-year planning is based on expectations regarding future market shares, growth in the relevant markets and the profitability of the products and encompasses a detailed planning horizon of four years as well as a perpetual growth rate subsequent to that. The planning of the investments and of the current working capital is based primarily on historical values. The management takes the view here that the underlying growth rates are not higher than the long-term average growth rates of the business field in which MORELO Reisemobile GmbH operates (see note 4.1). The sustainable growth rate has been calculated by the management on the basis of the estimate of the long-term inflation expectations and is consistent with the assumptions that a market participant would make.

The discount rate that was applied was the weighted average cost of capital (WACC), after corporation tax, calculated historically on the basis of a group of benchmark companies (peer group).

No requirement for impairment for the goodwill arose when the impairment test was conducted as at 31 December 2018.

Furthermore, sensitivity analyses showed that, despite changes regarded as possible to the assumptions, the recoverable amounts are higher than the relevant carrying amounts.

Acquired trademarks with an indefinite useful life

The Group reviews whether the acquired trademarks with an indefinite useful life are impaired at least once a year. The impairment test is performed here at the level of the individual trademarks.

The impairment test of the trademarks is determined here by comparing the carrying amount with the fair value less costs to sell. To estimate the fair value, the Group has to estimate the expected future cash flows of the individual trademarks and additionally selected a reasonable discount rate in order to calculate the present value of this cash flow.

The trademarks' fair value less costs to sell is calculated in this connection by using the relief from royalty method, in which the fair value of the intangible asset us calculated as the present value of royalties saved. It is determined here which royalties would notionally have to be paid if the trademark was owned by a third party. The notional royalties are calculated using licence fees that can be observed for comparable trademarks on the market. The sales figures of the relevant trademark are used in this case as a reference value for the licence fees. Expressed in EUR/unit, the licence fee is then multiplied by the planned sales for the trademark. The fair value of the relevant trademark is produced from the discounting of the calculated notional royalties following deduction of corporation taxes.

The following licence fees – assumed to be constant over time for simplification purposes – have been assumed for all calculations: WEINSBERG brand EUR 25, T@B brand EUR 20, KNAUS brand EUR 20, TABBERT brand EUR 35 and MORELO brand EUR 150.

The other material assumptions that have been used to estimate the fair value are presented below. The values assigned to the material assumptions represent the assessment by the management of future developments in the relevant sector and are based on historical values from external and internal sources.

Determining fair value – Assumptions **All figures in per cent**	**2018**	**2017**
WEINSBERG brand		
Sales growth rate for detailed planning period (CAGR)	1.0	6.8
T@B brand		
Sales growth rate for detailed planning period (CAGR)	-10.9	6.0
KNAUS brand		
Sales growth rate for detailed planning period (CAGR)	9.0	7.8
TABBERT brand		
Sales growth rate for detailed planning period (CAGR)	-0.8	6.6
MORELO brand		
Sales growth rate for detailed planning period (CAGR)	2.5	8.0
The following applies to all brands:		
Discount rate (WACC)	7.6	7.6
Sustainable growth rate	1.0	1.0

As part of the calculations, the relevant sales forecast is determined based on the long-term planning adopted by the management and applicable at the time the impairment test is performed. This multi-year planning is based on expectations regarding future market shares and the growth in the relevant markets and encompasses a detailed planning horizon of three years as well as a perpetual growth rate subsequent to that.

The discount rate that was applied was the weighted average cost of capital (WACC), after corporation tax, calculated historically on the basis of a group of benchmark companies (peer group).

No requirement for impairment for the acquired trademarks with an indefinite useful life arose when the impairment test was conducted as at 31 December 2018.

Furthermore, sensitivity analyses showed that, despite changes regarded as possible to the assumptions, the fair values less costs to sell are higher than the relevant carrying amounts.

5.2. Property, plant and equipment

Please see note 3.4 for the accounting policies.

A. Description of material items

The property, plant and equipment breaks down as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR
Land, land rights and buildings including buildings on third-party land	48,418	35,597
Plant and machinery	19,654	11,662
Other equipment, operating and office equipment	15,137	11,281
Advance payments made and assets under construction	5,619	16,091
Total	**88,828**	**74,631**

The additions to property, plant and equipment amounted to KEUR 31,576 in the 2018 financial year (31 December 2017: KEUR 31,672). The investments concern in particular buildings, other equipment and the operating and office equipment as well as the advance payments made and assets under construction.

The trend in the carrying amounts of the property, plant and equipment of the Knaus Tabbert Group for the 2018 and 2017 financial years can be seen in the statement of changes in fixed assets.

B. Depreciation, reversal of impairment and impairment test

Please see note 6.6 for a detailed presentation of the depreciation of property, plant and equipment.

As in previous years, indicators that call for an impairment test to be conducted were also not present in the 2018 financial year.

Due to better knowledge of the useful life of a machine (useful life extended from three to five years), a write-up was made in the amount of KEUR 153 to the previous residual carrying amount, which was recognised in the income statement.

C. Leased plant and machinery

The Group leases plant and machinery within the framework of a number of finance lease agreements (see note 5.12.1). As at 31 December 2018, the net carrying amount of the leased plant and equipment was KEUR 2,607 (31 December 2017: KEUR 3,321) The Group did not acquire any leased assets during the 2018 financial year (2017: KEUR 1,987).

D. Collateral

As at 31 December 2018, property with a carrying amount of KEUR 15,100 (31 December 2017: KEUR 15,100) was mortgaged by means of a land charge to secure bank loans.

E. Property, plant and equipment under construction

The construction of the new factory building in Jandelsbrunn was completed in the course of the financial year.

5.3. Inventories

Please see note 3.7 for the accounting policies.

The inventories are broken down into the following main groups:

	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR
Raw materials, consumables and supplies	63,501	66,685
Work in progress	6,057	4,534
Finished goods and merchandise	35,616	49,424
Advance payments made on inventories	-	1
Total	**105,174**	**120,644**

The write-downs to the net realisable value that are recognised for inventories amount to KEUR 3,166 in the 2018 financial year (31 December 2017: KEUR 3,310).

There are no inventories pledged as collateral for liabilities to banks (31 December 2017: KEUR 90,523).

5.4. Trade receivables

Please see note 3.8 for the accounting policies.

The gross carrying amounts and the net carrying amounts of the trade receivables can be presented as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR
Gross carrying amount	**37,853**	**27,478**
Expected credit losses (prior year: Impairments)	(392)	(177)
Net carrying amount	**37,462**	**27,301**

The trade receivables do not contain any receivables with a term of more than one year.

There are no trade receivables pledged as collateral for liabilities to banks (31 December 2017: KEUR 26,437).

Please refer to note 7.3.2 concerning the credit risk of the trade receivables.

5.5. Tax receivables

The tax receivables as at 31 December 2018 and 31 December 2017 can be presented as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR
Tax receivables	2,670	141

The tax receivables concern exclusively income taxes here. Please refer to note 6.9.3 for the development of the deferred tax assets.

5.6. Cash and cash equivalents

Please see note 3.9 for the accounting policies.

The cash and cash equivalents break down as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Cash in hand	53	21
Bank balances	7,327	6,405
Total	**7,380**	**6,427**

Within the bank balances, cash in the amount of KEUR 5,889 is subject to restrictions on disposal (31 December 2017: KEUR 4,726). This is the collateral fund within the framework of the purchase financing model for dealers that exists with SKP GmbH (see notes 3.9 and 10).

The reconciliation of the cash and cash equivalents with the cash funds reported in the statement of cash flows can be presented as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Cash and cash equivalents	**7,380**	**6,427**
less SKP fund bank balances	5,889	4,726
Cash funds	**1,491**	**1,701**

5.7. Other assets

For the accounting principles concerning the other financial assets, please see note 3.8.

The other assets break down as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Other non-current assets		
Other financial assets	-	12
Other non-financial assets	1,233	721
Total	**1,233**	**734**
Other current assets		
Other financial assets	15,873	9,177
Other non-financial assets	7,253	8,643
Total	**23,126**	**17,820**
Total non-current	**1,233**	**734**
Total current	**23,126**	**17,820**
Total other assets	**24,359**	**18,555**

5.7.1. Other financial assets

The other financial assets include the following items:

Other financial assets

	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR
Other non-current financial assets		
Equity investments	-	4
Miscellaneous	-	8
Total	**-**	**12**
Other current financial assets		
Receivables from dealer financing and factoring	15,495	9,177
Receivables from shareholders	378	-
Total	**15,873**	**9,177**
Total non-current	**-**	**12**
Total current	**15,873**	**9,177**
Total other financial assets	**15,873**	**9,190**

Within other non-current financial assets there is one investment with a carrying amount of KEUR 4 (2017: KEUR 4) on Caravaning-Tage Bad Vilbel UG. For reasons of materiality, the investment was measured at cost.

5.7.2. Other non-financial assets

The other non-financial assets can be presented as follows:

Other non-financial assets

	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR
Other non-current non-financial assets		
Advertising cost subsidies	1,006	721
Miscellaneous	227	-
Total	**1,233**	**721**
Other current non-financial assets		
Prepaid expenses	1,473	1,150
Value added tax	1,478	4,179
Advertising cost subsidies	522	509
Bonus claims	2,989	-
Miscellaneous	792	2,804
Total	**7,253**	**8,643**
Total non-current	**1,233**	**721**
Total current	**7,253**	**8,643**
Total other non-financial assets	**8,486**	**9,365**

5.8. Equity

The development of the consolidated equity can be seen in the statement of changes in equity, which is presented as a separate element of the financial statements.

Subscribed capital

The subscribed capital of the Knaus Tabbert Group totals KEUR 29 (31 December 2017: KEUR 29) and is fully paid up.

Capital reserves

The capital reserves total KEUR 12,475 as at 31 December 2018 (31 December 2017: KEUR 12,475).

Other retained earnings

Retained earnings total KEUR 6,435 as at 31 December 2018 (31 December 2017): KEUR 6,550). The retained earnings contain the results generated in the past by the entities included in the consolidated financial statements in so far as they have not been distributed, but transferred to the reserves.

Difference in equity from currency translation

As the subsidiary Knaus Tabbert Kft, established in Hungary, acts in an economically independent capacity on its market, a foreign currency translation is carried out for the balance sheets and income statements that are not denominated in euros. The resulting translation differences are reported directly in equity in the consolidated equity under the item Difference in equity from currency translation and amount to KEUR -363 as at 31 December 2018 (31 December 2017: KEUR -236).

Distributions

Distributions to shareholders amounted to KEUR 15,000 in the 2018 financial year (2017: KEUR 15,000).

5.9. Other provisions

Please see note 3.11 for the accounting policies.

The table below presents the development of the other provisions:

	Tax provisions	Warranties	Other	Total
	KEUR	**KEUR**	**KEUR**	**KEUR**
As at 1 January 2017	**200**	**7,666**	**4,203**	**12,069**
Foreign currency translation differences	-	-	-	**-**
Additions	373	2,076	2,652	**5,101**
Utilisation	-	(566)	(1,592)	**(2,158)**
Reclassifications	-	(614)	614	**-**
Reversals	-	(305)	(477)	**(782)**
Acquisitions through business combinations	-	140	6	**146**
Net translation differences	-	-	-	**-**
As at 31 December 2017	**573**	**8,398**	**5,406**	**14,377**
Non-current		**7,610**	**231**	**7,841**
Current	**573**	**787**	**5,176**	**6,536**
As at 1 January 2018	**573**	**8,398**	**5,406**	**14,377**
Foreign currency translation differences	-	-	-	**-**
Additions	872	2,365	1,951	**5,188**
Utilisation	(308)	(540)	(1,610)	**(2,458)**
Reclassifications			(424)	**(424)**
Reversals		(14)	(697)	**(711)**
Acquisitions through business combinations				**-**
Net translation differences	-	-	-	**-**
As at 31/12/2018	**1,136**	**10,209**	**4,626**	**15,971**
Non-current	**-**	**9,207**	**2,179**	**11,386**
Current	**1,136**	**1,002**	**2,447**	**4,585**

Warranty provisions are formed both for legal and for purely constructive obligations that have to be fulfilled without a legal basis (as a gesture of goodwill). This concerns in particular expenses for the free remedying of defects, supplies of spare parts, compensation and similar expenses. Furthermore, provisions were also created for general warranty risks. Percentage rates based on historical data are recognised here on the sales under warranty of the last three financial years. The general risk and thus of the percentage rates used is estimated on the basis of historical actual warranty costs in relation to sales. The time that the warranties are asserted can extend over the entire warranty and goodwill period. The cash outflows for the non-current provisions as at 31 December 2018 are largely expected within a period up to 2020 (31 December 2017: up to 2020).

The miscellaneous other provisions essentially comprise provisions for dealer financing, litigation and remediation obligations and tax back payments from the completed tax audit. The interest for dealer financing in the amount of KEUR 783 as at 31 December 2018 (31 December 2017: KEUR 580) are reported under accrued liabilities as of the balance sheet date.

In principle, the uncertainties regarding the amount or due date of the cash outflows from provisions can be classified as rather low from the Group's perspective.

5.10. Liabilities to banks

Please see note 3.8 for the accounting policies.

The liabilities to banks break down as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Liabilities to banks		
Non-current	17,260	21,379
Current	73,133	41,313
Total	**90,393**	**62,692**

The secured bank loans are collateralised by property with a carrying amount of KEUR 15,100 (31 December 2017: KEUR 15,100) (see note 5.2).

Please see note 7.3.3 concerning the disclosures on the Group's foreign exchange and liquidity risks in relation to the liabilities to banks. The reconciliation of the change in liabilities to banks with the cash flows from financing activities is presented in note 5.10.

In the 2018 financial year, the Group concluded a new syndicated loan agreement led by Commerzbank AG for a total of EUR 80.0 million and due in 2021. In addition, there is a contractual option to increase this amount by a further EUR 10 million. The key financial indicators defined in the agreement in the area of net debt and interest coverage ratio were complied with as at 31 December 2018.

5.11. Trade payables

Please see note 3.8 for the accounting policies.

The trade accounts payable break down as follows:

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Non-current	-	378
Current	55,920	60,088
Total	**55,920**	**60,466**

Within the current trade payables KEUR 267 (2017: KEUR 105) is attributed to trade payables to related parties.

Please see note 7.3.3 concerning the disclosures on the Group's foreign exchange and liquidity risks in relation to the trade receivables.

5.12. Other liabilities

The other liabilities comprise other financial liabilities, the accruals and other non-financial liabilities. They break down as follows:

Other liabilities

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Other non-current liabilities		
Other financial liabilities	2,005	9,149
Accruals	-	-
Other non-financial liabilities	1,068	-
Total	**3,073**	**9,149**
Other current liabilities		
Other financial liabilities	11,208	10,438
Accruals	12,819	10,421
Other non-financial liabilities	3,758	6,099
Total	**27,758**	**26,958**
Total non-current	**3,073**	**9,149**
Total current	**27,785**	**26,958**
Total other liabilities	**30,858**	**36,107**

5.12.1. Other financial liabilities

Please see note 3.8 for the accounting policies.

The other financial liabilities include the finance lease liabilities, the negative fair values from derivative financial instruments, liabilities to shareholders and refund liabilities.

Other financial liabilities

	31 Dec. 2018	31 Dec. 2017
	KEUR	**KEUR**
Other non-current financial liabilities		
Finance lease liabilities	1,894	2,622
Derivative financial instruments	112	152
Liabilities to shareholders	-	6,375
Total	**2,005**	**9,149**
Other current financial liabilities		
Finance lease liabilities	748	725
Liabilities to shareholders	-	1,801
Refund liability	10,460	7,911
Total	**11,208**	**10,438**
Total non-current	**2,005**	**9,149**
Total current	**11,208**	**10,438**
Total other financial liabilities	**13,213**	**19,587**

The refund liabilities result from the awarding of bonuses to dealers who achieve specific sales tar-gets, where this award is expected with a high degree of probability.

The finance lease liabilities result from the leasing of plant and machinery (see note 5.2). In this connection, the finance lease liabilities are due as follows:

Maturities of the finance lease liabilities	Future minimum lease payments		Interest paid		Present value of the future minimum lease payments	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
Due within one year	793	784	45	59	748	725
Due between one and five years	1,940	2,714	46	91	1,894	2,622
Longer than five years	0	0		0	0	0
Total	**2,733**	**3,498**	**91**	**151**	**2,642**	**3,347**

The liabilities from derivative financial instruments are an interest rate swap and an interest rate cap, which were entered into in the 2016 financial year. The nominal values and fair values of the two instruments receivables as at 31 December 2018 and 31 December 2017 can be presented as follows:

Derivative financial instruments	Nominal value		Fair value	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
	KEUR	KEUR	KEUR	KEUR
Interest swap	**2,700**	**3,300**	**(103)**	**(137)**
Interest cap	**1,446**	**1,502**	**(8)**	**(15)**
Total	**4,146**	**4,802**	**(112)**	**(152)**

The reconciliation of the changes in financial liabilities with the cash flows from financing activities is presented below. In relation to the liabilities to banks, changes to bank overdrafts are presented on a net basis, whereas these changes are reported in the statement of cash flows in line with their nature either as proceeds from or repayments of liabilities to banks.

in KEUR	Liabilities to banks	Liabilities to Shareholders	Liabilities from finance leasing	Liabilities from derivative financial instruments
As at 1 January 2018	**62,692**	**8,177**	**3,347**	**152**
Changes in the cash flows from financing activities				
Proceeds from financial liabilities	64,667			
Repayment of financial liabilities	(36,965)	(8,416)		
Payments for finance lease liabilities			(704)	
Interest paid	(1,659)	(306)	(59)	-
Distribution to shareholders				
Total change in the cash flows from financing activities	**26,042**	**(8,722)**	**(763)**	**-**
Changes from the acquisition of subsidiaries	**-**	**-**	**-**	**-**
Other changes related to equity and liabilities				
Impact from the first-time application of IFRS 9				-
Interest expenses	1,659	545	59	
Expenses for other services		620		
Payments for other services		(620)		
Income from the reversal of negative goodwill				
Net gain/loss from derivative financial instruments				(40)
Shareholders' debt waiver				
Total other changes, related to liabilities	**1,659**	**545**	**59**	**(40)**
As at 31 December 2018	**90,393**	**-**	**2,642**	**112**

in KEUR	Equity: Subscribed capital	Retained earnings	Retained earnings brought forward	Total
As at 1 January 2018	**29**	**6,550**	**50,006**	**130,952**
Changes in the cash flows from financing activities				
Proceeds from financial liabilities				64,667
Repayment of financial liabilities				(45,382)
Acquisition of non-controlling interests				
Payments for finance lease liabilities				(704)
Interest paid				(2,023)
Distribution to shareholders			(15,000)	(15,000)
Total change in the cash flows from financing activities	**-**	**-**	**(15,000)**	**1,558**
Changes from the acquisition of subsidiaries	**-**	**-**	**-**	
Other changes related to equity and liabilities				
Impact from the first-time application of IFRS 9		(115)		(115)
Interest expenses				2,263
Expenses for other services				620
Payments for other services				(620)
Income from the reversal of negative goodwill				
Net gain/loss from derivative financial instruments				(40)
Shareholders' debt waiver				
Total other changes, related to liabilities	**-**	**(115)**	**-**	**2,108**
As at 31 December 2018	**29**	**6,435**	**35,006**	**134,617**

5.12.2. Accruals

Please see note 3.13 for the accounting policies.

The accruals are exclusively short term in nature and comprise the following material items:

Accruals

	31 Dec. 2018 KEUR	31 Dec. 2017 KEUR
Personnel-related accruals	9,761	8,250
Outstanding invoices	844	895
Audit costs and expenses for preparing the annual financial statements	492	449
Insurance premiums	764	589
Dealer financing	2.5	-
Miscellaneous accruals	175	238
Total accruals	**12,819**	**10,421**

Accrued liabilities include dealer financing, which was reported under other provisions in the previous year.

5.12.3. Other non-financial liabilities

With the exception of deferred income (see note 5.12.4), the other non-financial liabilities are exclusively short term in nature and comprise the following material items:

Other non-financial liabilities

	31 Dec. 2018 KEUR	31 Dec. 2017 KEUR
Value added tax	24	107
Debtors with credit balances	469	607
Other taxes	1,003	741
Liabilities from wages and salaries	389	2,900
Advance payments received from customers	1,594	1,512
Deferred income	1,112	-
Miscellaneous liabilities	235	232
Total other non-financial liabilities	**4,826**	**6,099**

5.12.4. Deferred income

Please see note 3.14 for the accounting policies.

Deferred income comprises subsidies.

Deferred income

	31 Dec. 2018 KEUR	31 Dec. 2017 KEUR
Subsidy	1,112	-
Total deferred income	**1,112**	-
Total non-current	**1,068**	-
Total current	**44**	-
Total deferred income	**1,112**	-

One Group company was granted a subsidy of KEUR 1,159 in 2018 within the meaning of IAS 20, which relates to the capacity expansion of Knaus Tabbert Kft. Knaus Tabbert Kft undertakes to keep the assets acquired during the implementation of the investment, or the individual parts of the assets, at the place of implementation of the investment until the end of the five-year monitoring period and to manage the investment. Other eligibility requirements include the achievement of the total of chargeable costs, the creation of new jobs, the hiring of employees with a college or university degree, and a defined increase in sales. If these conditions are not fulfilled, Knaus Tabbert Kft is obliged to repay the subsidy sum already paid out proportionally or in full (in accordance with the specified offsetting procedure) together with interest. Knaus Tabbert GmbH assumes a guarantee for this in the amount of the subsidy paid out.

The subsidy recognised as deferred income is amortised over the useful lives of the assets. In 2018, KEUR 47 of this amount was released and shown under other operating income.

5.13. Tax liabilities

The tax liabilities as at 31 December 2018 and 31 December 2017 can be presented as follows:

	31 Dec. 2018 KEUR	31 Dec. 2017 KEUR
Tax liabilities	114	12,896

The liabilities concern exclusively income taxes here. For the development of the deferred tax liabilities, please refer to note 6.9.3.

6. Notes on the consolidated profit and loss account

6.1. Revenue

Broken down by the product groups caravans, motorhomes, camper cans and after-sales/other, the revenue can be presented as follows:

	2018 in KEUR	2017 in KEUR
Caravans	202,118	169,061
Motorhomes	402,811	275,458
Camper vans	106,777	128,329
After-sales/other	16,307	19,120
Total	**728,013**	**591,968**

The breakdown of the revenue by the geographical regions Germany, Europe and rest of the world is produced as follows:

	2018 in KEUR	2017 in KEUR
Germany	473,439	388,393
Europe	249,525	199,476
Rest of the world	5,049	4,099
Total	**728,013**	**591,968**

The revenue essentially comes under the scope of IFRS 15 and is realised in full at a specific point in time (see also note 3.15.1 on this). Please see note 4.2 for the breakdown of the revenue into the luxury and the premium segment.

6.2. Changes in inventories and other own work capitalised

	2018 KEUR	2017 KEUR
Change in inventory of finished goods	(14,525)	24,834
Change in inventory of work in progress	1,524	5
Changes in inventory	**(13,001)**	**24,839**

The changes in inventory fell by KEUR 37,840 in comparison with the prior year from KEUR 24,839 (increase in inventory) to KEUR (13,001) (decrease in inventory).

	2018 KEUR	2017 KEUR
Other own work capitalised	**6,801**	**2,566**

In contrast to this, the other own work capitalised, which results essentially from the capitalised development projects and the capitalisation of leased vehicles, increased by KEUR 4,235 from KEUR 2,566 to KEUR 6,801.

6.3. Other operating income

The other operating income increased by KEUR 612 in the 2018 financial year in comparison with the prior year from KEUR 3,905 to KEUR 4,517. They contain the following items:

	2018 KEUR	2017 KEUR
Income from asset disposals	386	560
Income from currency translation	192	158
Income from the reversal of provisions	1,066	753
Insurance compensation	643	729
Subsidies	16	214
Government grants	47	8
Remuneration in kind	396	
Other income	1,771	1,483
Total	**4,517**	**3,905**

The other income essentially contains bonus credits from the utilisation of temporary employment quotas amounting to KEUR 323 (2017: KEUR 235) and charged on to MAN Versuchsträger in the amount of KEUR 359, as well as income from recourse payments in the amount of KEUR 285. In 2017 it also included settlement payments from litigation amounting to KEUR 506.

6.4. Cost of materials

The increase in the expenses for the cost of materials by KEUR 71,607 in the 2018 financial year in comparison with the prior year from KEUR 437,086 to KEUR 508,693 is caused by the growth in sales in the past financial year.

	2018 KEUR	2017 KEUR
Expenses for raw materials, consumables and supplies	480,749	413,023
Purchased services	27,944	24,063
Cost of materials	**508,693**	**437,086**

6.5. Personnel expenses

A total of 1,627 (2017: 1,314) manual workers and 390 (2017: 388) salaried employees were employed in the reporting year. The increase in payroll expenses can largely be attributed to the increase in the number of employees and the adjustments made to the pay scales. Social security, post-employment and other employee benefit costs are included in the personnel expenses.

	2018 KEUR	2017 KEUR
Wages and salaries	79,451	63,506
Social security, post-employment and other employee benefit costs	15,748	12,735
of which for retirement benefits	14,459	11,720
Personnel expenses	**95,199**	**76,241**

As a traditional manufacturing company with a high degree of vertical integration, the Group is an labour-intensive company. The personnel expense ratio (personnel expenses to total output) amounts to 13% in the 2018 financial year (2017: 12%).

The remuneration of the management and also of the employees in executive positions is structured to include variable components in different proportions.
The retirement benefit costs include the contributions paid by the employer to the German statutory pension insurance fund.

6.6. Depreciation and amortisation

The depreciation and amortisation and impairments can be presented as follows:

	2018 KEUR	2017 KEUR
Intangible assets	3,221	3,253
Property, plant and equipment	10,272	7,320
of which finance leases	712	628
Depreciation and amortisation	**13,494**	**10,573**
Intangible assets	-	910
Property, plant and equipment	-	-
Impairments	**-**	**910**

The impairments of KEUR 910 in the previous year on intangible assets are allocated in full to capitalised development projects. No impairments were recorded in the reporting year.

The impairments were carried out in 2017, as the forecast sales expectations of the products related to the development projects can probably not be achieved.

6.7. Other operating expenses

The other operating expenses increased by KEUR 10,003 in the 2018 financial year in comparison with the prior year from KEUR 55,724 to KEUR 65,727. They contain the following items:

	2018 KEUR	2017 KEUR
Costs for premises, energy and maintenance	8,498	6,402
Expenses for advertising, trade fairs and sales	22,262	19,582
Research and development expenditure	2,255	2,507
Expenses from foreign currency translation	725	300
Insurance policies and legal and consultancy costs	6,505	6,019
Warranty and goodwill expenses	9,124	7,204
Costs of orders	5,335	4,109
Travel and representation expenses	2,123	1,784
Costs for IT, tools and small devices	2,695	2,233
Other expenses	6,206	5,584
Total	**65,727**	**55,724**

6.8. Financial result

The material elements of the financial result can be seen in the table below:

	2018 KEUR	2017 KEUR
Interest income	180	229
Income from derivative financial instruments	41	79
Finance income	**221**	**308**
Interest expenses	2,437	2,006
Credit commissions and pool management fees	93	-
Finance costs	**2,530**	**2,006**
Financial result	**(2,309)**	**(1,698)**

The income and expenses from derivative financial instruments include the changes recognised in profit or loss to the fair value of the interest rate swap and of the interest rate cap.

The interest expenses contain expenses from the application of the effective interest totalling KEUR 508 in the 2018 financial year (2017: 340). These are allocated to the liabilities to shareholders and the lease finance liabilities, both of which are assigned to the category of the financial liabilities to be measured at amortised cost (see note 7.1).

The net profits or net losses from the measurement of derivative financial instruments in profit or loss that are assigned to the category of the financial liabilities to be measured at fair value (see note 7.1) are presented in the table below:

	2018 KEUR	2017 KEUR
Net profits from derivative financial instruments	41	79
Net losses from derivative financial instruments	-	-

6.9. Income taxes

6.9.1. Taxes recognised in profit or loss

Taxes recognised in profit or loss

	2018 KEUR	2017 KEUR
Current year	9,949	11,489
Prior years	916	28
Current tax expense	**10,865**	**11,517**
Creation / reversal of temporary differences from tax losses	1,008	-663
Deferred tax expense	**1,008**	**-663**
Tax expense	**11,873**	**10,854**

The tax expense reported in the income statement totalling KEUR 12,286 (31 December 2017: KEUR 11,770) additionally includes other taxes in the amount of KEUR 413 (31 December 2017): KEUR 916).

6.9.2. Reconciliation of the effective tax rate

An income tax rate of 27.7% for the 2018 financial year (2017: 27.7%), which corresponds to the combined tax rate from trade and corporation tax plus solidarity surcharge for the parent, is used as the basis for calculating the expected tax expense.

Reconciliation of the effective tax rate

	31 Dec. 2018		31 Dec. 2017	
	%	KEUR	%	KEUR
Profit before tax		40,494		40,131
Expected taxes	27.7	11,209	27.7	11,108
Deviations in tax rates	-0.4	-141	-0.5	-199
Tax rate changes	0.0	0	0.0	0
Tax adjustments (permanent effects)	0.3	128	-0.1	-24
Non-recognition of losses of the current year and change / valuation allowance of tax loss carryforwards and temporary differences	-0.6	-243	0.0	0
Prior year taxes	2.3	917	0.1	28
Other	0.0	3	-0.1	-59
Effective taxes	**29.3**	**11,873**	**27.1**	**10,854**

6.9.3. Change in the deferred taxes in the balance sheet during the year

Change in the deferred taxes in the balance sheet during the year

2018 financial year	Net as at 1 January KEUR	In profit/loss KEUR	In other comprehensive income KEUR	Recogn-ised in equity KEUR	Business combinations KEUR	Other KEUR	As at 31 December Net KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
Intangible assets	2,336	755					3,091	0	3,091
Property, plant and equipment	1,536	-120					1,416	-12	1,428
Inventories	180	-18					162	0	162
Trade receivables	-282	-102		-49			-433	-443	10
Other assets	46	63					109	0	109
Tax loss carryforwards	-30	30					0	0	0
Other provisions	-219	-123					-342	-342	0
Liabilities to banks	0	0					0	0	0
Trade payables	-15	54					39	0	39
Other liabilities	-960	469	7				-484	-776	292
Tax assets (liabilities) before offsetting	**2,592**	**1,008**	**7**	**-49**	**-**	**-**	**3,558**	**-1,573**	**5,131**
Offsetting of taxes	0	0	0	0			0	2	2
Tax assets (liabilities) net	**2,592**	**1,008**	**7**	**-49**			**3,558**	**-1,572**	**5,131**

2017 financial year	Net as at 1 January KEUR	In profit/loss KEUR	In other comprehensive income KEUR	Recogn-ised in equity KEUR	Business combinations KEUR	Other KEUR	As at 31 December Net KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
Intangible assets	2,668	-332					2,336	0	2,336
Property, plant and equipment	1,434	101	1				1,536	-14	1,550
Inventories	147	33					180	0	180
Trade receivables	-117	-165					-282	-282	0
Other assets	38	8					46	0	46
Tax loss carryforwards	-50	20					-30	-30	0
Other provisions	-38	-181					-219	-219	0
Liabilities to banks	0	0					0	0	0
Trade payables	54	-69					-15	0	-15
Other liabilities	-882	-78					-960	-1,316	356
Tax assets (liabilities) before offsetting	**3,254**	**-663**	**1**	**-**	**-**	**-**	**2,592**	**-1,861**	**4,453**
Offsetting of taxes	0	0	0				0	2	-2
Tax assets (liabilities) net	**3,254**	**-663**	**1**				**2,592**	**-1,859**	**4,451**

6.9.4. Unrecognised deferred tax assets

Deferred tax assets were not recognised with regard to the following items, as it is not likely that a taxable profit against which the Group can offset the deferred tax assets will be available in the future.

Unrecognised deferred tax assets

	31 Dec. 2018		31 Dec. 2017	
	Gross KEUR	Tax impact KEUR	Gross KEUR	Tax impact KEUR
Deductible temporary differences	0	0	0	0
Tax losses	0	0	0	0
Unrecognised deferred tax assets	**0**	**0**	**0**	**0**

6.9.5. Tax loss carryforwards

The tax loss carryforwards that have not been recognised expire as follows:

Tax loss carryforwards

	31 Dec. 2018		31 Dec. 2017	
	KEUR	Expiry date	KEUR	Expiry date
Forfeitable	0	-	0	-
Non-forfeitable	0	-	0	-

6.9.6. Outside basis differences

Temporary differences of KEUR 816 from outside basis differences in accordance with IAS 12.39 exist as at the balance sheet date of 31 December 2018 (2017: KEUR 650).

7. Other information on financial instruments

7.1. Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy of the fair value. It does not contain any information on the fair value for financial assets and financial liabilities that have not been measured at fair value if the carrying amount represents a reasonable approximation of the fair value.

	Carrying amount							
31 Dec. 2018 in KEUR	**Measured at amortised cost**	**Measured at fair value**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade receivables	37,462			**37,462**				
Receivables from dealer financing and factoring	15,495			**15,495**				
Receivables from shareholders	378			**378**				
Other financial assets								
Cash and cash equivalents	7,380			**7,380**				
	60,715			**60,715**				
Financial liabilities measured at fair value								
Derivative financial instruments		112		**112**		112		112
		112		**112**		**112**		**112**
Financial liabilities not measured at fair value								
Liabilities to banks (current)			73,133	**73,133**				
Liabilities to banks (non-current)			17,260	**17,260**		14,297		**14,297**
Trade payables			55,920	**55,920**				
Finance lease liabilities			2,642	**2,642**		2,655		**2,655**
Refund liability								
			148,955	**148,955**		**16,952**		**16,952**

31 Dec. 2017 in KEUR	Carrying amount Loans and receivables	 Measured at fair value	 Other financial liabilities	 Total	Fair value Level 1	 Level 2	 Level 3	 Total
Financial assets not measured at fair value								
Trade receivables	27,301			**27,301**				
Receivables from dealer financing and factoring	9,177			**9,177**				
Receivables from shareholders	-			**-**				
Other financial assets	12			**12**				
Cash and cash equivalents	6,427			**6,427**				
	42,917			**42,917**				
Financial liabilities measured at fair value								
Derivative financial instruments		152		**152**		152		**152**
		152		**152**		**152**		**152**
Financial liabilities not measured at fair value								
Liabilities to banks (current)			41,313	**41,313**				
Liabilities to banks (non-current)			21,379	**21,379**		18,571		**18,571**
Liabilities to shareholders			8,176	**8,176**		7,685		**7,685**
Trade payables			60,466	**60,466**				
Finance lease liabilities			3,347	**3,347**		3,352		**3,352**
Refund liability			7,911	**7,911**				
			142,592	**142,592**		**29,608**		**29,608**

7.2. Determining fair values

The following measurement methods have been used to calculate the fair values of level 2.

Derivative financial instruments

The fair values of the derivative financial instruments in the form of the interest rate swap and the interest rate cap are calculated by the counterparties using valuation methods based on market prices.

Other financial liabilities

The fair values of the other financial liabilities in the form of the non-current liabilities to banks, the shareholder loans and the finance lease liabilities have been calculated by discounting the expected cash flow using a risk-adjusted discount rate.

There were no reclassifications between the individual hierarchy levels of the fair value in the present reporting periods.

7.3. Financial risk management

7.3.1. Risk management principles

The Knaus Tabbert Group is exposed to a variety of risks on account of the existing financial instruments.

The management of the parent company bears the responsibility for setting up and controlling the Group risk management. The risk management system implemented at the Knaus Tabbert Group records potential risks and assesses them by means of a risk analysis. The finance department is responsible for developing and monitoring this risk management and reports on this to the management on a regular basis. The risks that are identified are subsequently assessed systematically using the criteria ‘probability of occurrence’, ‘potential scope of damage’ and ‘time horizon’ and assigned to defined risk classes.

The defined risk classes result in a variety of duties on the part of the individual risk managers to report to the management. Measures have been developed to prevent and mitigate risks. A material element of the risk management system here is also the regular reporting with variance analyses on the results of operations and on the trend in orders by the Company’s controlling department. The individual risks that are identified are constantly monitored by the responsible employees and also by the Company’s management.

On account of the operating activities, the Knaus Tabbert Group has to enter into certain risks deliberately to be able to exploit opportunities and successfully hold its own on the market. A broad range of opportunities and risk fields affect the Group here.

The Group is exposed to the following risks arising from the use of financial instruments:

- Receivables and credit risks
- Liquidity risks
- Market risks

7.3.2. Receivables and credit risks

The credit risk is the risk of financial losses if a customer or the party to a contract involving a financial instrument does not fulfil their contractual obligations The credit risk arises in principle from the trade receivables.

The carrying amounts of the financial assets corresponds to the maximum credit risk.

Trade and other receivables

The Group’s credit risk is primarily influenced by the individual characteristics of the customers. The frequently low equity base of our trading partners will also be the cause in the future of more companies dropping out from the current dealer network, which may lead to negative impacts on the financial position, cash flows and results of operations of the Knaus Tabbert Group. Enhanced cooperation with the purchase financing banks, expanded inventory controls, constant monitoring of accounts receivable and the monitoring of early warning indicators, such as inventory trends, issue of vehicle documentation and collection deadlines, therefore continue to be given the highest priority. A collateral fund has been set up for realisation risks of financed vehicles (see notes 3.8, 6.6 and 12).

In order to determine any necessary depreciation, amortisation and write-downs, the Group has introduced a procedure enabling an estimate to be made of losses from trade receivables that have already been incurred.

The maximum credit risk for trade and other receivables on 31 December 2018 and 31 December 2017 broken down by geographical region can be presented as follows:

in KEUR	**31 Dec. 2018 KEUR**	**31 Dec. 2017 KEUR**
Germany	24,850	20,305
Europe	10,327	6,230
Rest of the world	2,676	766
Total	**37,853**	**27,301**

The maximum credit risk for trade and other receivables on 31 December 2018 and 31 December 2017 broken down by type of customer can be presented as follows:

in KEUR	31 Dec. 2018 KEUR	31 Dec. 2017 KEUR
Dealers	37,706	26,900
End customers	147	401
Total	**37,853**	**27,301**

The ageing of trade receivables that are not impaired can be presented as follows as at 31 December 2018 and 31 December 2017:

	31 Dec. 2018 KEUR	31 Dec. 2017 KEUR
Receivables that are not past due or written down	32,264	24,279
Past due receivables that are not individually written down	5,589	3,084
Less than 30 days past due	4,682	2,548
30 to 60 days past due	536	244
61 to 90 days past due	84	80
More than 90 days past due	287	212

In the case of the trade receivables that were not impaired or past due, there were no indications that defaults in payment are occurring that will lead to a reduction in assets at the KTG Group. If there are signs that significant delays in payment can be expected, past due trade receivables are examined individually for necessary write-downs and impaired if necessary.

The development of the write-downs concerning the trade receivables can be presented as follows:

	31 Dec. 2018 KEUR
As at 1 January	177
Change in write-downs on trade receivables at transition date to IFRS 9	158
Additions	83
Reversals	(26)
Utilisation	-
Exchange rate effects	-
As at 31 December	**392**

Trade receivables are individually impaired when there are indications that they cannot be collected.

Cash and cash equivalents

The Group holds bank balances totalling KEUR 7,327 as at 31 December 2018 (31 December 2017: KEUR 6,405). This sum thus also represents the maximum credit risk with regard to these assets. The cash and cash equivalents are deposited at banks with a high credit rating.

Derivatives

The credit risk of derivative financial instruments arises if counterparties do not fulfil their payment obligations or fulfil them only to a limited extent. To limit this risk, contracts are accordingly entered into only with selected banks with an appropriately high credit rating.

7.3.3. Liquidity risk

The risk that the Knaus Tabbert Group will be unable to fulfil its payment obligations when they fall due is referred to as liquidity risk. In the course of managing the liquidity risk, the Knaus Tabbert Group ensures that sufficient liquidity to meet obligations that are due is always available without incurring unsustainable losses or compromising the reputation of the Knaus Tabbert Group in the process.

The liquidity-related risks of the Knaus Tabbert Group consist of the possibility that financial obligations such as the repayment of loans or the current capital requirements of the operating business activities cannot be met.

The Knaus Tabbert Group counters these risks as follows: The financial planning required to ensure liquidity is based on medium- and short-term annual planning. An adequate financing framework is available to the Company for the next four years in the form of the existing syndicated loan agreement. The Group discusses the current business performance and the prospects of its industry at regular meetings with its principal banks and ensures in this way that information is appropriately circulated.

Production that is adjusted to the order situation allows clear inventory management especially in the area of finished vehicles, which enables a stable liquidity situation to be achieved.

Significance of the liquidity risk

The contractual maturities of the non-derivative financial liabilities as at the reporting date is presented below. They involve undiscounted gross amounts:

31 Dec.2018 in KEUR	Carrying amounts	Contractually agreed cash flows	Maturities of less than 1 year	Maturities of between 1 and 5 years	Maturities of over 5 years
Liabilities to banks	90,393	73,133	73,133	17,260	-
Liabilities to shareholders	-	-	-	-	-
Trade payables	55,920	55,920	55,920	-	-
Finance lease liabilities	2,642	2,753	748	1,894	-
Refund liability				-	-
Total	**148,955**	**131,806**	**129,801**	**19,154**	**-**

7.3.4. Market risk

Market risks are risks connected with changes in market prices, such as foreign exchange rates or interest rates, which have an influence of the Group’s income or the value of the financial instruments that are held The aim of the market risk management is to manage and control market risks within acceptable ranges and to optimise the returns at the same time.

Foreign currency risk

Foreign currency risk can be described as a sub-item of the market risk. It is not necessary to hedge foreign currency risks, as the invoicing and the procurement are basically carried out in euros. Foreign currency risks consequently play a minor role at the Knaus Tabbert Group.

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

Variable interest rate agreements contain the risk that interest rates for financial liabilities will rise. This risk is analysed, assessed and, if necessary, managed through the use of derivative interest rate hedges. The subject of this management is the interest-bearing net financial liabilities of the Knaus Tabbert Group.

Significance of the interest rate risk

in KEUR	31 Dec. 2018	31 Dec. 2017
Interest rate exposure		
Variable-rate financial liabilities	75,263	39,706

If the average interest rate of the variable-rate financial liabilities were to rise by 50 basis points, the earnings before tax would fall by KEUR 274 (2017: KEUR 199). A reduction by 50 basis points would have a positive impact on the earnings before tax of KEUR 274 (2017: KEUR 199).

7.4. Capital management

The Group's capital management primarily pursues the goal of ensuring a sufficiently strong equity ratio in order to support the continuation of the business activities and to maintain the Group's financial stability. The aim here is to provide the necessary financial and liquidity flexibility. The financial profile is actively managed and monitored. The equity ratio is primarily used for this. The equity ratio is calculated as a ratio from the reported equity and the total assets.

Furthermore, the Group monitors the capital using the ratio of net debt to adjusted EBITDA (debt-to-equity ratio). The net debt includes liabilities to banks, liabilities to shareholders and finance lease liabilities less the cash and cash equivalents. The adjusted EBITDA represents earnings before tax, interest, depreciation and amortisation adjusted by non-operating effects. This is calculated by eliminating income and expenses from the disposal of non-current assets, income from the reduction or reversal of write-downs on receivables, income from the reversal of provisions, income from the translation of foreign currency transactions and income from claims for damages and insurance benefits from the consolidated net profit for the period corrected by taxes, depreciation and amortisation and finance income and finance expenses.

in KEUR	31 Dec. 2018	31 Dec. 2017
Equity	82,203	68,824
Equity ratio	29%	26%
Debt-to-equity ratio	1.6	1.3

8. Operating leases

The Group is the lessee in various leases that have been classified as operating leases. In addition to buildings, the leases primarily concern plant and machinery, operating and office equipment and vehicles.

The future minimum lease payments within the framework of the operating leases can be presented as follows for the different periods:

Future minimum lease payments on account of operating leases	31 Dec. 2018 KEUR	31 Dec. 2017 KEUR
Due within one year	1,456	1,369
Due between one and five years	1,178	1,524
Longer than five years	0	8
	2,634	**2,901**

Payments totalling KEUR 1,521 (2017: KEUR 1,021) were recognised in profit or loss in the consolidated statement in the 2018 financial year within the framework of rental and lease agreements classified as operating leases. These are exclusively lease expenses.

9. Future payment obligations

The Group contracted other payment obligations in addition to the payment obligations resulting from leases. The payment obligations include obligations of KEUR 2,143 from the conclusion of construction contracts in the course of the construction of a service centre at MORELO Reisemobile GmbH. The other payment obligations result mainly from the conclusion of a machine leasing agreement in 2018, starting in spring 2019, and other maintenance and service contracts.

Future payment obligations	**31 Dec. 2018 KEUR**	**31 Dec. 2017 KEUR**
Due within one year	2,628	541
Due between one and five years	511	397
Longer than five years	0	0
	3,139	**938**

10. Contingent assets and liabilities

The following contingent liabilities exist on the balance sheet date:

Contingent liabilities	**31 Dec. 2018 KEUR**	**31 Dec. 2017 KEUR**
Provision of collateral for third-party liabilities – SKP fund bank balances	5,885	4,726
Liabilities from guarantees	11,133	7,662
	17,018	**12,388**

The contingent liabilities in connection with the SKP fund bank balances are based on a purchase financing model for dealers that is in place with SKP GmbH. Within the framework of the agreement, a collateral fund has been set up, two-thirds of which is supplied by the Group and one-third of which is supplied by SKP GmbH. The fund is used to compensate any financial losses arising from the loss of or the realisation of the vehicles financed by means of this model (see notes 3.8 and 6.6).

The probability of a claim arising from the above-mentioned contingent liabilities is rated as low in the assessment of the Group on account of the generally good economic situation in the caravanning sector.

There are no contingent assets on the balance sheet date. Furthermore, there were no circumstances that gave rise to contingent assets either in previous years or in 2018.

11. Relationships with related parties

In accordance with IAS 24, persons or companies that control the Company or are controlled by it have to be disclosed if they are not already included as a consolidated entity in the Group’s consolidated financial statements. The concept of control here is defined in IFRS 10 (see section 3.1).

The disclosure regulations pursuant to IAS 24 also relate to transactions with associated companies as well as to transactions with persons who exercise a significant influence on the financial and business policy of the Company. These also include close members of the family and intermediary companies. Significant influence on the financial and operating policies of the Group is assumed if shares of 20% or more are held in KTG or a seat on the management board or on the supervisory board or another key position in the management is held.

Related parties

In accordance with the definitions of IAS 24, the members of the management have been identified as related persons. As shown in the table below, the members of the management received only short-term benefits in the form of their remuneration in the context of their function as persons in key positions. Post-employment benefits, other long-term benefits, termination benefits or share-based payments were not present either as at 31 December 2018. One managing director does not have an employment contract with the Company, but bills his services in the amount of KEUR 675 (2017: KEUR 600) in accordance with a contract through a related company, through which he holds an equity interest in Knaus Tabbert GmbH. These services are not included in the table.

in KEUR	**31 Dec. 2018**	**31 Dec. 2017**
Remuneration for members of the management	1,296	727

Business transactions with the parent

The business transactions with H.T.P. Investments 1 B.V. (formerly H.T.P. Investments B.V.) as the Group's parent and the assets and liabilities existing on the balance sheet date result exclusively from the ordinary course of business and can be presented as follows:

	2018			
in KEUR	**Transaction volume**	**Liability**	**Transaction volume**	**Receivable**
Services	620	0	378	378
Borrowings	-8,416	0	0	0
Interest on borrowings	77	0	0	0
Total	**-7,719**	**0**	**378**	**378**

	2017	
in KEUR	**Transaction volume**	**Liability**
Services	620	0
Borrowings	848	13,663
Interest on borrowings	197	229
Total	**1,665**	**13,892**

Business transactions with other related parties (IAS 24.19(g))

The business transactions with related companies and the assets and liabilities existing on the balance sheet date result exclusively from the ordinary course of business and can be presented as follows:

	2018	
in KEUR	**Transaction volume**	**Liability**
Purchase of goods	8,299	267
Services	945	37
Borrowings	0	0
Interest on borrowings	0	0
Total	**9,244**	**305**

	2017	
in KEUR	**Transaction volume**	**Liability**
Purchase of goods	5,289	105
Services	855	42
Borrowings	0	0
Interest on borrowings	0	0
Total	**6,144**	**147**

The business transactions with related companies that relate to services include the benefits in the amount of KEUR 675 (2017: KEUR 600) billed by a managing director who does not have an employment contract with the Company.

12. Events after the reporting date

There are no significant events of particular significance after the reporting date.

13. Supplemental disclosures pursuant to HGB

13.1. Parent

The subscribed capital of Knaus Tabbert GmbH is held by H.T.P. Investments 1 B.V. (formerly H.T.P. Investments B.V.) with 96.799% and held by Palatium Beteiligungsgesellschaft mbH with 3.201%. The consolidated financial statements of H.T.P. Investments 1 B.V. (formerly H.T.P. Investments B.V.) are published in the electronic business register in the Netherlands.

13.2. Number of employees

On average, the following groups of employees were employed by the Group during the financial year:

Employee groups	2018 KEUR	2017 KEUR
Manual workers	1,627	1,314
Salaried employees	390	388
Average number of employees, excluding apprentices	**2,017**	**1,702**
Apprentices	65	63
Total number of employees including apprentices	**2,082**	**1,765**

13.3. Remuneration of the management

Please see the statements on related parties in note 11 on this.

13.4. Total fee for the auditor of the consolidated financial statements

In accordance with section 314(1) no. 9 HGB, the fees for the auditor of the consolidated financial statements that are recognised as an expense are broken down as follows:

Fee for the auditor of the consolidated financial statements in accordance with section 314(1) no. 9 HGB in KEUR	2018
a) Audits of the financial statements	246
b) Other assurance services	579
c) Tax consultancy services	65
d) Other services	213
Total	**1,103**

13.5. List of shareholdings

Statement of the list of shareholdings of Knaus Tabbert GmbH, Jandelsbrunn, as at 31 December 2018

Name of the company	Registered office	Equity according to IFRS (in KEUR)	in %
Caravan-Welt GmbH Nord	Bönningstedt, Germany	959	100
HÜTTLrent GmbH	Maintal, Germany	1,955	100
MORELO Reisemobile GmbH	Schlüsselfeld, Germany	13,380	100
Knaus Tabbert Kft	Vac (Hungary)	5,541	100
Caravaning-Tage Bad Vilbel UG[1)]	Wöllstadt, Germany	8	50

1) This company is not measured at equity on account of its generally minor importance for the consolidated financial statements.

14. Members of the management

The management of Knaus Tabbert GmbH comprises:

Wolfgang Speck, chief executive officer, St. Ingbert;

Werner Vaterl, chief technology officer, Hinterschmiding;

Gerd-Rainer Adamietzki, businessman, chief sales officer, Seelze;

Marc Hundsdorf, chief finance officer, Munich.

Statement of changes in fixed assets

Knaus Tabbert GmbH – Group IFRS 31 December 2018

	Carrying amounts	
	As at 31 December 2018	As at 31 December 2017
	KEUR	KEUR
A. FIXED ASSETS		
I. Intangible assets		
1. Industrial and similar rights and assets and licences in such rights and assets	2,994	2,834
2. Goodwill	841	841
3. Internally generated intangible assets	9,183	6,525
4. Advance payments made	126	56
	13,144	10,256
II. Property, plant and equipment		
1. Land, land rights and buildings including buildings on third-party land	48,418	35,597
2. Plant and machinery	19,654	11,663
of which leasing	2,607	3,321
3. Other equipment, operating and office equipment	15,137	11,281
4. Advance payments made and assets under construction	5,619	16,091
	88,828	74,632
	101,972	84,888

	Development of acquisition and production costs						
	As at 1 January 2018	Foreign exchange differences	Additions	Reclassifications	Reinstatement	Disposals	As at 31 December 2018
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS							
I. Intangible assets							
1. Industrial and similar rights and assets and licences in such rights and assets	7,206	(1)	609	56		15	7,854
2. Goodwill	841	-	-	-		-	841
3. Internally generated intangible assets	23,853	(1)	5,387	-		-	29,239
4. Advance payments made	56	-	126	(56)		-	126
	31,956	(2)	6,121	-		15	38,060
II. Property, plant and equipment							
1. Land, land rights and buildings including buildings on third-party land	43,878	(265)	6,476	8,567	-	21	58,636
2. Plant and machinery	21,231	(108)	7,663	3,623	-	343	32,065
of which leasing	4,250	(2)	-	-	-	-	4,248
3. Other equipment, operating and office equipment	31,912	(67)	9,578	875		2,187	40,111
4. Advance payments made and assets under construction	16,091	(68)	7,860	(13,065)		5,199	5,619
	113,112	(508)	31,576	-	-	7,749	136,430
	145,067	(510)	37,697	-	-	7,764	174,490

	Development of the depreciation, amortisation and write-downs					
	As at 1 January 2018	**Foreign exchange differences**	**Foreign exchange differences depreciation and amortisation**	**Depreciation amortisation and write-downs for the financial year**	**Disposals**	**As at 31 December 2018**
	KEUR	**KEUR**	**KEUR**	**KEUR**	**KEUR**	**KEUR**
A. FIXED ASSETS						
I. Intangible assets						
1. Industrial and similar rights and assets and licenses in such rights and assets	4,372	-	-	493	4	4,860
2. Goodwill	-	-	-	-	-	-
3. Internally generated intangible assets	17,328	(1)	-	2,729	-	20,056
4. Advance payments made	-	-	-	-	-	-
	21,700	(1)	-	3,221	4	24,916
II. Property, plant and equipment						
1. Land, land rights and buildings including buildings on third-party land	8,281	(39)	(2)	1,981	2	10,218
2. Plant and machinery	9,568	(35)	(6)	3,166	282	12,410
of which leasing	*929*	()		*712*		1,641
3. Other equipment, operating and office equipment	20,631	(12)	(4)	5,125	767	24,974
4. Advance payments made and assets under construction	-	-	-	-	-	-
	38,480	(86)	(12)	10,272	1,051	47,603
	60,180	(87)	(12)	13,494	1,055	72,518

Jandelsbrunn, 18 April 2019

signed Wolfgang Speck Marc Hundsdorf
(Managing Director) (Managing Director)

Werner Vaterl Gerd Adamietzki
(Managing Director) (Managing Director)

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original.

Independent Auditor's Report

To Knaus Tabbert GmbH, Jandelsbrunn

Opinions

We have audited the consolidated financial statements of Knaus Tabbert GmbH, Jandelsbrunn, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the financial year from 1 January to 31 December 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Knaus Tabbert GmbH for the financial year from 1 January to 31 December 2018. We have not audited the content of the corporate governance statement pursuant to Section 289f (4) HGB *[Handelsgesetzbuch: German Commercial Code]* (*disclosures on the quota for women on executive boards*), which is included in section B.4.d) of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its financial performance for the financial year from 1 January to 31 December 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the information not typically included in the group management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Other Information

Management is responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards).

Our opinions on the consolidated financial statements and on the group management report do not cover the other information and, consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Management's responsibility for the consolidated financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal regulations, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the German Generally Accepted Standards for the Audit of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can result from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting policies and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause that the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Nuremberg, 23 April 2019

KPMG AG Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Herr	Schwarzhuber
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Audited Consolidated Financial Statements of Knaus Tabbert GmbH Prepared in Accordance with IFRS as of and for the Fiscal Year Ended December 31, 2017

Knaus Tabbert GmbH
Consolidated financial statements 2017

Consolidated balance sheet – Assets

	Note	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Assets					
Intangible assets	6.1	10,256	11,288	11,363	10,817
Property, plant and equipment	6.2	74,631	49,977	35,859	32,316
Other assets	6.7	734	825	1,187	819
Deferred tax assets	7.9	1,859	1,494	1,528	1,101
Non-current assets		**87,480**	**63,584**	**49,937**	**45,053**
Inventories	6.3	120,644	72,104	50,243	42,190
Trade receivables	6.4	27,301	20,315	18,670	19,460
Other assets	6.7	17,820	15,432	15,022	7,708
Tax receivables	6.5	141	143	83	75
Cash and cash equivalents	6.6	6,427	6,769	6,533	5,784
Assets held for sale	6.8	-	-		868
Current assets		**172,333**	**114,763**	**90,551**	**76,085**
Total assets		**259,813**	**178,347**	**140,488**	**121,138**

Consolidated balance sheet – Equity and liabilities

	Note	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Equity	6.9				
Subscribed capital	6.9	29	25	25	25
Capital reserves	6.9	12,475	12,475	12,475	12,475
Retained earnings	6.9	6,550	6,454	6,454	8,574
Retained earnings/accumulated losses brought forward from prior years	6.9	20,730	14,471	14,056	7,370
Consolidated profit for the period	6.9	29,276	21,258	11,015	6,686
Accumulated other income	6.9	(236)	(179)	(255)	(389)
Equity attributable to shareholders		**68,824**	**54,504**	**43,770**	**34,741**
Non-controlling interests	6.9	**-**	**-**	**-**	**154**
Total equity	6.9	**68,824**	**54,504**	**43,770**	**34,895**
Liabilities					
Other provisions	6.10	7,841	6,605	6,267	5,117
Liabilities to banks	6.11	21,379	16,694	8,035	9,689
Trade payables	6.12	378	480	581	581
Other liabilities	6.13	9,149	10,563	9,419	14,068
Deferred tax liabilities	7.9	4,451	4,749	4,878	4,155
Non-current liabilities		**43,198**	**39,091**	**29,180**	**33,610**
Other provisions	6.10	6,536	5,464	2,881	2,712
Liabilities to banks	6.11	41,313	27,709	23,327	21,014
Trade payables	6.12	60,088	22,894	14,087	11,808
Other liabilities	6.13	26,958	21,475	22,733	15,263
Tax liabilities	6.14	12,896	7,210	4,510	1,836
Current liabilities		**147,791**	**84,752**	**67,538**	**52,633**
Liabilities		**190,989**	**123,843**	**96,718**	**86,243**
Total assets		**259,813**	**178,347**	**140,488**	**121,138**

Consolidated statement of comprehensive income

	Note	2017 KEUR	2016 KEUR	2015 KEUR
Revenue	7.1	591,968	467,604	391,250
Changes in inventory	7.2	24,839	7,379	2,074
Other own work capitalised	7.2	2,566	2,971	3,148
Other operating income	7.3	3,905	2,833	2,733
Cost of materials	7.4	(437,086)	(335,633)	(281,563)
Personnel expenses	7.5	(76,241)	(61,459)	(51,609)
Depreciation and amortisation	7.6	(11,483)	(9,604)	(8,466)
Other operating expenses	7.7	(55,724)	(43,247)	(40,365)
Finance income	7.8	308	573	191
Finance costs	7.8	(2,006)	(1,711)	(2,071)
Taxes	7.9	(11,770)	(8,448)	(4,307)
Consolidated profit for the period		**29,276**	**21,258**	**11,015**
Other comprehensive income		**(57)**	**76**	**134**
Items that can be reclassified to profit or loss when specific conditions are met:				
Foreign currency translation differences		(57)	76	134
Total comprehensive income		**29,219**	**21,334**	**11,149**
Allocation of the consolidated profit for the period:				
Owners of the parent company		29,276	21,258	11,015
Non-controlling interests		—	—	—
Allocation of the total comprehensive income				
Owners of the parent company		29,219	21,334	11,149
Non-controlling interests		—	—	—

Consolidated statement of cash flows

Cash flows from operating activities	Note	2017 KEUR	2016 KEUR	2015 KEUR
Consolidated profit for the period		29,276	21,258	11,015
Adjustments for:				
Depreciation and amortisation expense/reversals of impairment losses	7.6	11,483	9,604	8,466
Increase/decrease in provisions	6.10	2,161	2,921	1,318
Other non-cash income and expenses	9.2.3	(70)	—	—
Increase/decrease in inventories, trade receivables and other assets not related to investing or financing activities		(56,454)	(27,797)	(10,826)
Increase/decrease in trade payables and other liabilities not related to investing or financing activities		41,220	7,021	9,016
Gain/loss on the disposal of fixed assets		(223)	(50)	(64)
Net finance costs	7.8	1,698	1,138	1,880
Income tax expense	7.9.1	10,854	8,169	3,946
Income taxes paid		(4,133)	(3,187)	(114)
Cash flows from operating activities		**35,812**	**19,077**	**24,637**
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment		3,312	803	1,186
Payments for the purchase of property, plant and equipment		(31,672)	(20,591)	(9,763)
Proceeds from the sale of intangible assets		—	32	84
Payments for the purchase of intangible assets		(3,131)	(3,789)	(3,989)
Cash payments to shareholders		—	—	(4,030)
Payments for the acquisition of a subsidiary, net of cash acquired	9.2	(211)	—	—
Interest received		—	—	114
Cash flows from investing activities		**(31,702)**	**(23,545)**	**(16,398)**
Cash flows from financing activities				
Cash repayments of the mezzanine financing		—	—	(5,600)
Cash proceeds from capital increases		100	—	—
Distributions paid	6.9	(15,000)	(6,595)	—
Cash receipts from shareholders		500	553	2,531
Cash payments to shareholders		(1,768)	(700)	(1,256)
Cash proceeds from bank borrowings		41,519	38,116	44,010
Cash repayments of liabilities to banks		(28,080)	(25,146)	(43,467)
Payments for the acquisition of non-controlling interests	6.9; 9.1.4	—	—	(2,290)
Interest paid		(1,615)	(1,181)	(1,572)
Cash repayments of finance lease liabilities		(894)	(578)	(317)
Cash flows from financing activities		**(5,238)**	**4,469**	**(7,961)**
Net change in cash and cash equivalents		(1,128)	1	278
Effects of exchange rate changes on cash and cash equivalents		53	22	125
Cash and cash equivalents at the beginning of the period	6.6	2,776	2,753	2,350
Cash and cash equivalents at the end of the period	6.6	**1,701**	**2,776**	**2,753**

Consolidated statement of changes in equity

2017 financial year	Note	Attributable to the owners of the parent: Issued capital KEUR	Capital reserves KEUR	Foreign currency translation reserve KEUR	Retained earnings KEUR	Retained earnings/ accumulated losses brought forward KEUR	Consolidated profit for the period KEUR	Total KEUR	Non-controlling interests KEUR	Total equity KEUR
As at 1 January		**25**	**12,475**	**(179)**	**6,454**	**35,729**	**-**	**54,504**	**-**	**54,504**
Total comprehensive income								**-**		**-**
Consolidated profit for the period							29,276	**29,276**		**29,276**
Other comprehensive income				(57)				**(57)**		**(57)**
Total comprehensive income		**-**	**-**	**(57)**	**-**	**-**	**29,276**	**29,219**	**-**	**29,219**
Transactions with owners										
Contributions and distributions								**-**		**-**
Capital increases	9.1.4	4						**4**		**4**
Business combinations					96			**96**		**96**
Distributions	6.9					(15,000)		**(15,000)**		**(15,000)**
Total contributions and distributions		**4**	**-**	**-**	**96**	**(15,000)**		**(14,900)**	**-**	**(14,900)**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control								**-**		**-**
Total changes in ownership interests		**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**
Total transactions with owners of the company		**4**	**-**	**-**	**96**	**(15,000)**	**-**	**(14,900)**	**-**	**(14,900)**
As at 31 December		**29**	**12,475**	**(236)**	**6,550**	**20,730**	**29,276**	**68,824**	**-**	**68,824**

2016 financial year	Note	Attributable to the owners of the parent								
		Issued capital KEUR	Capital reserves KEUR	Foreign currency translation reserve KEUR	Retained earnings KEUR	Retained earnings/ accumulated losses brought forward KEUR	Consolidated profit for the period KEUR	Total KEUR	Non-controlling interests KEUR	Total equity KEUR
As at 1 January		**25**	**12,475**	**(255)**	**6,454**	**25,071**	**-**	**43,770**	**-**	**43,770**
Total comprehensive income								**-**		**-**
Consolidated profit for the period							21,258	**21,258**		**21,258**
Other comprehensive income				76				**76**		**76**
Total comprehensive income		**-**	**-**	**76**	**-**	**-**	**21,258**	**21,334**	**-**	**21,334**
Transactions with owners										
Contributions and distributions								**-**		**-**
Capital increases								**-**		**-**
Business combinations								**-**		**-**
Distributions	6.9				-	(10,600)		**(10,600)**		**(10,600)**
Total contributions and distributions		**-**	**-**	**-**	**-**	**(10,600)**		**(10,600)**	**-**	**(10,600)**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control								**-**		**-**
Total changes in ownership interests		**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**
Total transactions with owners of the company		**-**	**-**	**-**	**-**	**(10,600)**	**-**	**(10,600)**	**-**	**(10,600)**
As at 31 December		**25**	**12,475**	**(179)**	**6,454**	**14,471**	**21,258**	**54,504**	**-**	**54,504**

2015 financial year	Note	Attributable to the owners of the parent Issued capital KEUR	Capital reserves KEUR	Foreign currency translation reserve KEUR	Retained earnings KEUR	Retained earnings/ accumulated losses brought forward KEUR	Consolidated profit for the period KEUR	Total KEUR	Non-controlling interests KEUR	Total equity KEUR
As at 1 January		**25**	**12,475**	**(389)**	**8,574**	**14,056**		**34,741**	**154**	**34,895**
Total comprehensive income								**-**		**-**
Consolidated profit for the period							11,015	**11,015**		**11,015**
Other comprehensive income				134				**134**		**134**
Total comprehensive income		**-**	**-**	**134**	**-**	**-**	**11,015**	**11,149**	**-**	**11,149**
Transactions with owners										
Contributions and distributions								**-**		**-**
Capital increases								**-**		**-**
Business combinations								**-**		
Distributions								**-**		**-**
Total contributions and distributions		**-**	**-**	**-**	**-**	**-**		**-**	**-**	**-**
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without a change in control					(2,120)			**(2,120)**	**(154)**	**(2,274)**
Total changes in ownership interests		**-**	**-**	**-**	**(2,120)**	**-**		**(2,120)**	**(154)**	**(2,274)**
Total transactions with owners of the company		**-**	**-**	**-**	**(2,120)**	**-**	**-**	**(2,120)**	**(154)**	**(2,274)**
As at 31 December		**25**	**12,475**	**(255)**	**6,454**	**14,056**	**11,015**	**43,770**	**-**	**43,770**

Notes to the Consolidated Financial Statements for the 2017 Financial Year

1. General Information

1.1. Reporting entity

Knaus Tabbert GmbH (also referred to in the following as “KTG” or “the company” for short) is the parent company of the Knaus Tabbert Group with its registered office in Germany. The address of the company’s registered office is Helmut-Knaus-Str. 1, 94118 Jandelsbrunn. Knaus Tabbert GmbH is listed under commercial register number HRB 7579 at the register court in Passau. The company’s consolidated financial statements comprise the company and its subsidiaries (jointly referred to as the “corporation” or “group”).

The Knaus Tabbert Group under the uniform control of Knaus Tabbert GmbH primarily produces and sells products for the recreational and utility vehicle market. The products can be allocated here to the luxury segment in the case of the motorhomes of the MORELO brand. In contrast, the premium segment comprises motorhomes of other brands belonging to the Group as well as caravans and camper vans. The main sales market of the Knaus Tabbert Group is the European Union (EU).

1.2. Basis of accounting

The Group’s financial year comprises 12 months and ends on 31 December. The consolidated financial statements of the company have been drawn up for all presented reporting periods based on group-wide accounting policies. The consolidated statement of comprehensive income is prepared using the nature of expense method.

The consolidated financial statements as at 31 December 2017 were drawn up for the first time in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as these are applied in the EU. The term IFRS also encompasses all currently valid International Accounting Standards (IAS) as well as all interpretations and amendments issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) – and by the former Standing Interpretations Committee (SIC). The Group furthermore decided to adopt IFRS 15, Revenue from Contracts with Customers, voluntarily ahead of schedule. The application of IFRS 15 is obligatory for the first time for financial years beginning on or after 1 January 2018.

The consolidated financial statements comply in their current version with the supplementary regulation of section 315e of the Handelsgesetzbuch (HGB – German Commercial Code). Together with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, it forms the basis for group accounting based on international standards in Germany and is applicable to financial years beginning on or after 1 January 2018.

These are the first consolidated financial statements of Knaus Tabbert GmbH that have been prepared in accordance with IFRS. IFRS 1 (First-time Adoption of International Financial Reporting Standards) has been taken into appropriate consideration. The impacts of the conversion of the accounting from German commercial law regulations to IFRS, including the reconciliations of the equity as at 1 January 2015 and of 31 December 2106 as well as the reconciliation of the profit or loss for the 2016 financial year, are presented in section 5.

When preparing the consolidated financial statements as at 31 December 2917, the management of Knaus Tabbert GmbH assumes that the Group is able to continue as a going concern. The consolidated financial statements were approved by the management for publication on 9 April 2018.

1.3. Functional and presentation currency

These consolidated financial statements are presented in euros, the company’s functional currency. Unless otherwise noted, all amounts reported in the consolidated financial statements are rounded to the nearest thousand (KEUR). Deviations of up to one unit (KEUR) are rounding differences for computational reasons.

1.4. Use of judgements and estimates

The preparation of the consolidated financial statements calls for the management to make judgements, estimates and assumptions concerning the application of accounting policies as well as the reported amounts of the assets, liabilities, income and expenses.

The values that actually arise can deviate from these estimates as the result of unforeseeable developments outside the management's sphere of influence. Both estimates and the their underlying assumptions are reviewed on a regular basis. Changes to estimates are recognised on a prospective basis in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

Balance sheet items of this kind in which judgements and/or estimates can result in a material impact on carrying amounts in the consolidated financial statements within the next financial year are explained below. Please refer to note 3.1 concerning judgements made in connection with consolidation procedures.

Determining fair values

A number of the Group's accounting policies and disclosures require fair values for financial and non-financial assets and liabilities to be determined. These involve derivative financial instruments and disposal groups classified as held for sale.

The fair value is defined as the equivalent that would be realised from selling an asset or paid for transferring a liability in an orderly transaction between market participants on the transaction date. With regard to the price, it is not important here whether this can be directly observed or is determined using a measurement method.

As far as possible, the Group uses data that can be observed on the market when determining the fair value of an asset or a liability. Based on the input factors used in the valuation techniques, the fair values are categorised into different levels in the fair value hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed on the measurement date;
- Level 2: measurement parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: measurement parameters for assets or liabilities that are not based on observable market data.

Determination of the useful life of the property, plant and equipment and of software and licences

The company bases the estimate of the useful life of assets on historical data. Accelerated technological progress can mean, however, that there is a possibility, for example, for a shorter useful life to arise.

Classification as an operating lease or finance lease

The classification of leases depends essentially on estimates regarding the economic life of the leased asset, its fair value at the time of classification and assumptions or estimates of the discount rates to be used.

Impairment losses on receivables

The management bases the estimates relating to the level of impairment losses on receivables on the principle of item-by-item measurement. The estimates regarding the required valuation allowances for the individual receivables are based in part on subjective estimates of the customers' credit standing. These are therefore subject to an inherent estimation uncertainty.

Recognition of deferred tax assets on tax loss carryforwards

Deferred tax assets are recognised for tax loss carryforwards if the realisation of the related tax benefit is considered probable as a result of future taxable profits based on the earnings forecasts of the management for the group entities.

Provisions

Provisions differ from other liabilities in terms of uncertainties concerning the time and/or the amount of the expenses required in the future. A provision has to be recognised when the company has incurred a current obligation (legal or constructive) from a past event, the outflow of resources with economic benefits to settle the obligation is probable and a reliable estimate of the amount of the obligation is possible. Signification recognition and measurement uncertainties exist on account of different economic and legal assessments and the difficulties involved in defining the probabilities of occurrence.

Impairment test of the intangible assets with an indefinite useful life and of the goodwill

Intangible assets with an indefinite useful life and the goodwill are not subject to any amortisation in the course of the subsequent measurement. They are instead subjected to an impairment test at least once a year. There are inherent uncertainties in this connection relating to the assumptions and estimates of the parameters that are used as the basis for calculating the recoverable amount (cf. note 6.1B).

Determination of the net realisable value of inventories

Inventories have to be carried at the lower of acquisition or production cost and net realisable value. Assumptions on the sales price trend and on costs still to be incurred to make the sale have to be made in particular when calculating the net realisable value.

Classification of assets and liabilities or disposal groups as held for sale

The assessment of whether the applicable requirements are met, especially of the time that the transaction is concluded, for the presentation of assets and liabilities as held for sale and as disposal groups inevitably involves judgements.

2. Measurement Bases

The consolidated financial statements have been prepared on the basis of historical acquisition and production costs, with the exception of the derivative financial instruments, which are measured at the fair value on the reporting date.

3. Material Accounting Policies

The Group has consistently applied the accounting policies set out below to all periods presented in these consolidated financial statements.

3.1. Consolidation methods

Scope of consolidation

In addition to Knaus Tabbert GmbH, all subsidiaries in which the Group has the possibility of exercising a controlling influence in accordance with the regulations of IFRS 10 are included in the consolidated financial statements. Control within the meaning of IFRS 10 is given if the Group has power of disposal over an investee, exposure, generates variable returns from its involvement with the investee and has the ability to use this power to affect its returns from the investee. Control can also arise in cases where the Group does not have a majority of voting rights if it has the possibility of unilaterally deciding on the material activities of the investee. All facts and circumstances have to be taken into consideration when assessing controls. These include in particular the purpose and the structure of the investee, the identification of the material activities and decisions on these activities, the ratio of the investor's own voting rights in comparison with the scope and distribution of other voting rights as well as potential voting rights and rights from other contractual agreements. The assessment of control requires consideration of all facts and circumstance subject to the judgement of the management.

The scope of consolidation of Knaus Tabbert GmbH with all subsidiaries in and outside Germany in which the company can directly or indirectly exercise a controlling influence in accordance with IFRS 10 is presented in the following table:

Scope of consolidation	**Registered office**	**Equity investment in %**
Germany		
Caravan-Welt GmbH Nord[1)]	Bönningstedt	100.00
BavariaCamp.de GmbH[1) 2)]	Obermeitingen	100.00
HÜTTLrent GmbH[1) 3)]	Maintal	100.00
H.T.P. Freizeitmobile GmbH[1) 4)]	Jandelsbrunn	100.00
MORELO Reisemobile GmbH[1) 5)]	Schlüsselfeld	100.00
Outside Germany		
Knaus Tabbert Kft	Vac (Hungary)	100.00

1) The company makes use of the exemption from disclosure of the annual financial statements pursuant to section 264(3) HGB.

2) The company was liquidated in the 2017 financial year.

3) The company was acquired on 31 July 2017 and included in the consolidated financial statements for the first time for the 2017 financial year (cf. note 9.1).

4) The company was merged with Knaus Tabbert GmbH with effect from 30 June 2017. It was included in the consolidated financial statements at the time of the merger on account of the joint control exercised by the ultimate parent entity (cf. note 9.1).

5) The company became a subsidiary as a result of the merger of H.T.P. Freizeitmobile GmbH with Knaus Tabbert GmbH on 30 June 2017. The inclusion in the consolidated financial statements was carried out with retroactive effect from 1 January 2015 (cf. note 9.1).

Business combinations

Subsidiaries that have been acquired are accounted for using the acquisition method in accordance with IFRS 3. The consideration transferred during a business combination has to be measured here at the fair value, which is calculated as the sum of the fair values of all assets transferred as consideration for control, the liabilities of the seller that are incurred or assumed and the equity instruments that are issued.

The identifiable assets and liabilities are measured at fair value in the course of the initial consolidation. The fair value of is calculated in principle using expert reports on the basis of observable market data, while the fair value of financial instruments, pensions and similar obligations as well as inventories is determined on the basis of existing market information. The fair value of significant intangible assets is calculated using adequate valuation methods on the basis of projected future cash flows or multiples. Costs connected with the business combination are recognised as expenses when they are incurred.

The Group decides on an individual basis for each business acquisition whether the non-controlling interests in the company acquired are recognised at fair value or using the proportionate share in the net assets of the company that has been acquired.

The goodwill corresponds to the positive difference between acquisition costs and the fair value of the assets and liabilities acquired in the course of a business combination. If the amount that is determined is negative, the difference is reviewed again and then recognised directly in profit or loss in the consolidated statement of comprehensive income.

Subsidiaries are fully consolidated with effect from the time of acquisition, i.e. from the time at which the Group gains control. The including in the consolidated financial statements ends as soon as the Group loses control. If denial of control has to be accepted at a later time, the consolidated financial statements contain the results for the part of the financial year during which the Group had control.

Changes in the Group's equity ratios in subsidiaries that do not result in a loss of control are reported as equity transactions.

Intercompany profits or losses resulting from intragroup transactions that are not yet realised from the Group's perspective are eliminated in the consolidated financial statements. Receivables, liabilities, provisions, sales, expenses and income between Group companies are eliminated. Differences resulting from the consolidation of intercompany balances are reported under other operating expenses. Differences arising from the consolidation of income and expenses are recognised directly in equity.

Deferred taxes are created in accordance with IAS 12 on temporary differences arising from the consolidation.

If necessary, the annual financial statements of the subsidiaries are adjusted to the accounting policies of Knaus Tabbert GmbH.

3.2. Foreign currency

Business transactions in foreign currencies are translated into euro at the exchange rate applicable at the time of the transaction. In subsequent periods, financial assets and liabilities in foreign currency are translated using the closing rate; gains and losses resulting from this are recognised in profit or loss in the consolidated statement of comprehensive income.

Assets and liabilities of foreign subsidiaries that do not use the euro as their functional currency are translated into euros at each reporting date using the closing rate. The components of equity are also recognised at historical rates. The income statements and the cash flow statements are translated into euros at the corresponding average exchange rates for the period. The resulting translation differences are reported directly in equity in the foreign currency translation reserve. The following exchange rates for Hungarian forint (HUF) were used as the basis for the foreign currency translation:

	Average rates for the financial year		Year-end rates as at 31 December	
1 euro equals	**2017**	**2016**	**2017**	**2016**
Hungary (HUF)	309.19	311.44	313.16	309.83

	Average rate for the financial year	Year-end rates as at 31 December	
1 euro equals	**2015**	**2015**	**2014**
Hungary (HUF)	310.00	315.98	315.54

3.3. Intangible assets and goodwill

d) Recognition and measurement

Goodwill and trade mark rights acquired

The goodwill arising in the course of a business combination is measured at the acquisition cost less accumulated impairment losses.

Acquired trade mark rights of the umbrella brands "Weinsberg", "Knaus", "Tabbert", "T@B" and "MORELO" are measured at acquisition costs less accumulated impairment losses. An indefinite useful life is assumed for the trade mark rights of the umbrella brands, as there are no indications of a foreseeable limit to the period over which these assets are expected to generate net cash inflows for the entity. A review is conducted here in each period of whether the expectation of an indefinite useful life continues to be justified for these trade mark rights in due consideration of all relevant events and circumstances.

Internally generated intangible assets

Expenditure for research activities is recognised in profit or loss when it is incurred.

Development expenditure is capitalised only when it meets the definition of an intangible asset and can be reliably measured, the product or the process is technically and commercially feasible, a future economic benefit is probable and the Group both intends and has sufficient resources to complete the development and to use or sell the asset. Other development expenditure is recognised in profit or loss as soon as it is incurred.

In order to consistently review whether development costs can be capitalised, ongoing development projects are monitored at a central level and divided into multistage project phases. If the above-mentioned requirements are met from a specific project phase onwards, the related expenditure is capitalised as production costs for the internally generated intangible assets.

Other intangible assets

Other intangible assets that are acquired by the Group and have a limited useful life are measured at acquisition cost less accumulated amortisation and accumulated impairment losses.

e) Subsequent expenditure

Subsequent expenditure is capitalised as material improvement only if it increases the future economic benefits of the asset to which it relates. All other expenditure, including the expenditure for internally generated goodwill and internally generated brands, is recognised in profit or loss as soon as it is incurred.

f) Amortisation

Intangible assets are amortised in principle on a straight-line basis over the period of their estimated useful life. The amortisation is recognised in profit or loss here. On the other hand goodwill is not amortised.

An impairment test is carried out on the goodwill at least once a year and in addition always when facts or changes in circumstances suggest that it might not be possible to recover the carrying amount of the goodwill. An impairment test for the goodwill was carried out for the first time on 1 January 2015.

The brands acquired have an indefinite useful life, as they are well established in their markets and will continue to be intensively advertised in the future. In addition, there are no other legal, regulatory or competition-related factors that limit the use of the brands. The brands are therefore not subject to any amortisation. They are instead reviewed for any impairment at least once a year and in addition always when facts or changes in circumstances suggest that it might not be possible to recover their carrying amount. A impairment test for the trade mark rights acquired was carried out for the first time on 1 January 2015.

A specific useful life is assumed for the internally generated intangible assets in the form of the capitalised development projects. They are amortised in principle at the beginning of their utility over a period of five years, which corresponds to the product life cycle. The Group assesses at each reporting date whether there are any indications that an internally generated intangible asset may be impaired.

The useful life of the other intangible assets in the form of patents, software and licences is two to eight years.

Methods of amortisation, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

3.4. Property, plant and equipment

g) Recognition and measurement

Property, plant and equipment is measured at amortised acquisition/production cost less accumulated depreciation and accumulated impairment losses.

The acquisition costs of property, plant and equipment comprises the purchase price and all directly attributable costs that are incurred in order to bring the asset into operating condition. Rebates, discounts or bonuses are deducted from the purchase price. The costs for internally generated assets include all costs that can be allocated directly to the production process as well as overheads that can be attributed on a pro rata basis. Finance costs are generally not recognised as part of the acquisition or production costs. If they can be directly attributed to the acquisition, construction or production of a qualifying asset, however, they are capitalised in accordance with IAS 23 (*Borrowing Costs*). Repair and maintenance costs are recognised immediately as expenses if they do not generate any additional economic benefit.

If relevant, the acquisition or production costs include the estimated costs for dismantling and removing the assets as well as to restore the site.

h) Subsequent acquisition and production costs

Subsequent expenses are capitalised only if it is probable that the future economic benefits associated with the expenses will flow to the Group.

i) Amortisation

Depreciation of property, plant and equipment is carried out on a straight-line basis in accordance with the pattern of economic benefits, where the following estimated useful life is taken as the basis for the current year and comparison years for important property, plant and equipment:

Useful lives for property, plant and equipment	
Buildings	10 to 50 years
Other structures and land improvements	5 to 33 years
Technical equipment and machinery	1 to 18 years
Other equipment, operating and office equipment	1 to 14 years

Assets leased within the framework of finance leases are depreciated over the shorter of the lease term and their useful life. Land is not depreciated.

Low-value assets of the property, plant and equipment with an acquisition or production cost of less than EUR 410 are generally depreciated in the full amount. Furthermore, low-value purchases of property, plant and equipment valued from EUR 410 to EUR 1,000 are reported in an omnibus account, which is reversed over a period of five years.

When an item of property, plant and equipment is sold, profits or losses are calculated by comparing the sales proceeds with the carrying amount of the relevant item of property, plant and equipment. These profits and losses are reported in the other operating income and in the other operating expenses.

The residual values, useful lives and depreciation methods of the assets are reviewed at the end of each financial year and adjusted if necessary, which can lead to a reversal of the impairment loss for the asset.

If there are indications of an impairment and the carrying amount of property, plant and equipment is greater than the recoverable amount, impairment losses are recorded. The recoverable amount is here the higher of the fair value less costs to sell and its value in use. If the reason for an impairment that has already been carried out has ceased to apply, the impairment is reversed up to the amortised acquisition or production cost.

3.5. Assets and disposal groups held for sale

Non-current assets or disposal groups that include assets and liabilities are classified as held for sale if it is highly likely that they will be recovered principally through disposal rather than through continuing use.

These assets are recognised at the lower of their carrying amount or fair value less costs to sell. Impairment losses in the first classification as held for sale and later gains and losses in any revaluation are recorded in profit or loss.

Intangible assets and property, plant and equipment are no longer amortised or depreciated, but recognised at their fair value less costs to sell, if this is lower than the carrying amount. The fair value is produced from purchase prices with potential customers.

3.6. Leases

A lease is an agreement where the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The Group enters into these kinds of contracts exclusively where it is the lessee.

Operating leases

A lease is reported as an operating lease within the meaning of IAS 17 if all the risks and rewards arising from the ownership of the leased object remain with the lessor. Lease payments in the context of an operating lease in which the Group is the lessee are therefore recognised as expenses over the term of the lease.

Operating leases are in place in particular for buildings, office premises, office equipment, technical equipment and machinery and for vehicles.

Finance leases

Leases in which the Group bears essentially all the risks and rewards incidental to ownership that arise from the leased asset are reported as finance leases. In this event, the leased object is capitalised in accordance with IAS 17 at the beginning of the lease at the lower of the fair value or the present value of the minimum lease payments. The capitalised assets are depreciated on a straight-line basis over the estimated useful life or, if shorter, over the lease term. A liability is also recorded at the beginning of the lease in the amount of the present value of the minimum lease payments. Lease instalments are divided into principal and interest components. The interest component is recognised as an expense using the effective interest method.

Finance leases are used within the Group essentially in connection with the leasing of technical equipment and machinery

3.7. Inventories

Inventories are measured in principle at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Marketability, age and all evident storage and inventory risks are taken into consideration when calculating the net realisable value.

The acquisition costs are determined on the basis of the moving average method. In addition to the material, manufacturing and special direct production costs, the production costs of finished and unfinished goods also include the overheads attributable to the production as well as production-related depreciation. Overheads are allocated on the basis of normal operating capacity.

3.8. Financial instruments

The Group classifies the non-derivative financial assets into the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

The Group categorises non-derivative financial liabilities as financial liabilities at amortised cost.

a) Non-derivative financial assets and liabilities — recognition and derecognition

The Group reports loans and receivables from the time at which they are created. All other financial assets and liabilities are recorded for the first time on the trade date when the company becomes a party to the financial instrument in accordance with the contractual provisions of the instrument.

The Group derecognises a financial asset if the contractual rights concerning the cash flow from an asset expire or it transfers the rights to receive the cash flow in a transaction in which all material risks and rewards incidental to ownership of the financial assets are also transferred. Derecognition also takes place if the Group neither transfers nor retains all material risks and rewards of ownership and does not retain control of the financial asset that has been transferred. Each share in transferred financial assets of this kind that are created or remain in the Group is reported as a separate asset or a separate liability.

On account of the high capital intensity of the sales business of the Group's dealers, agreements have been made with various banks for the purchase financing of dealers who acquire the Group's vehicles. Within the framework of this model, the dealers can enter into financing with one of the banks for the vehicle acquired from the Group. In this event, the Group receives the purchase price from the relevant bank. Within the framework of the dealer financing agreement with S-Kreditpartner (SKP) GmbH, a collateral fund, 2/3 of which is supplied by the Group and 1/3 of which is supplied by SKP GmbH in relation to the utilised financing facility, provides a maximum of up to 5% of the financing volume extended. This fund is used to compensate any financial damage arising from the loss of the financed vehicle, with the result that the Group bears 2/3 of the default risk. Furthermore, the fund is also used to compensate realisation losses that arise in the course of the realisation of a vehicle that is accessible by the Group. The requirements for derecognition are met, as the material risks and rewards that are associated with the receivable from the dealer are transferred to the financing bank in connection with these agreements on the purchase financing of dealers.

Furthermore, MORELO Reisemobile GmbH offers a similar model within the framework of the purchase financing of dealers with various banks. The receivable from the dealer is sold to the bank in the course of this model. The sale of receivables has to be classified as non-recourse factoring, as the entire default risk is transferred to the bank and no risks remain with MORELO Reisemobile GmbH. The requirements for derecognising the receivable from the dealer are consequently also met here.

Financial liabilities are derecognised if the contractual obligations are fulfilled or cancelled or have expired.

Financial assets and liabilities are offset and reported in the balance sheet as a net carrying amount if the Group has a current, enforceable right to set off the recorded amounts against each other and it is intended either to settle on a net basis or to realise the asset in question and settle the related liability simultaneously.

b) Non-derivative financial assets – measurement

The measurement of the non-derivative financial assets in accordance with the measurement categories pursuant to IAS 39 is explained in the following.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it is held for trading or allocated accordingly on initial recognition. Attributable transaction costs are recognised in profit or loss as soon as they occur. Financial assets that are measured at fair value through profit or loss are measured at fair value and relevant changes, which also include all interest and dividend income, are recorded in profit or loss.

Held-to-maturity investments

These assets are initially measured at their fair value plus the directly allocatable transaction costs. They are measured at amortised acquisition cost using the effective interest method in the course of the subsequent measurement.

Loans and receivables

Assets of this kind are measured upon initial recognition at their fair value plus directly allocatable transaction costs. They are measured at amortised acquisition cost using the effective interest method in the course of the subsequent measurement.

c) Non-derivative financial liabilities – measurement

A financial liability is measured at fair value through profit or loss if it is held for trade. Directly attributable transaction costs are recognised in profit or loss as soon as they are incurred. The relevant changes, which also include all interest expenses, are recognised in profit or loss.

Financial liabilities at amortised cost are measured for the first time at fair value and subsequently measured at amortised acquisition cost using the effective interest method. Accordingly, directly attributable transaction costs are allocated over the term and recognised as interest expenses in the income statement.

If a low-interest or non-interest-bearing financial liability is involved, the fair value has to be determined in the course of the initial measurement by discounting the future cash flow over the expected term at the market interest rate that applies for similar financial liabilities. The effective interest method has to be used in the course of the subsequent measurement for financial liabilities that are measured at amortised acquisition cost.

d) Derivative financial instruments

Derivative financial instruments are reported in accordance with IAS 39 at their fair value, irrespective of the purpose or the intention with which they were entered into. Changes to the fair value of the stand-alone derivatives are recognised in the income statement.

3.9. Cash and cash equivalents

Cash and cash equivalents consist essentially of cash and other current, highly liquid assets with a term of no longer than three months. Cash and bank balances are recognised at their nominal value.

3.10. Impairment

a) Non-derivative financial assets

A financial asset that is not recognised at fair value through profit or loss is reviewed on each reporting date in order to determine whether there is objective evidence that an impairment loss has been incurred.

The following are regarded as objective evidence that impairment losses have been incurred on financial assets:

- The default or delinquency of a debtor;
- Evidence that a debtor or issuer is entering bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- Observable data that suggest a marked deterioration in the expected payments from a group of financial assets.

The non-derivative financial assets within the Group are measured exclusively at amortised cost.

The Group takes impairment losses for these financial assets into consideration at the level of the individual asset. All assets that are individually significant are assessed in view of specific impairment losses.

An impairment is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Losses are recorded in profit and loss and reproduced in an account for valuation allowances. If the Group does not have any realistic prospects of being able to collect the asset, the amounts are written down. If an event occurring after the valuation allowance has been recorded results in a reduction in the amount of the valuation allowance, the reduction of the valuation allowance is recorded in profit or loss. The management bases the estimates relating to the amount of the valuation allowances for receivables on the principle of item-by-item measurement. The estimates with regard to the need for valuation allowances on the individual receivables are based in part on subjective assessments of the credit standing of the customers. These are therefore subject to an inherent estimation uncertainty.

b) Non-financial assets

The carrying amounts of the Group's non-financial assets – with the exception of inventories and deferred tax assets – are reviewed on each reporting date in order to ascertain whether there is any evidence of an impairment. If this is the case, the recoverable amount of the asset is estimated. The goodwill and intangible assets that have an indefinite useful life are reviewed for intangible assets on an annual basis.

In order to examine whether there is an impairment, assets are aggregated into the smallest group of assets that generates cash inflows from continued use that are largely independent of the cash inflows from other assets or cash generating units (CGUs). Goodwill that has been acquired in the case of a business combination is allocated to the CGUs that are expected to derive a benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs to sell.

An impairment loss is recorded if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairments that are recorded in respect of CGUs are allocated initially to any goodwill to be allocated to the CGU and subsequently allocated to the carrying amounts of the other assets of the CGU on a pro rata basis.

An impairment loss with regard to the goodwill will not be reversed. In the case of other assets, an impairment loss is reversed only in so far as the carrying amount of the assets does not exceed the carrying amount that would have been determined less depreciation and write-downs if no impairment loss had been recognised.

3.11. Other provisions

A provision is recognised when the Group has incurred a current legal or constructive obligation arising from a past event and a reliable estimate of the amount of the obligation can be made, and when the outflow of resources with economic benefits to settle the obligation is probable (probability of occurrence greater than 50%). If the recognition criteria for provisions are not met, a contingent liability is disclosed in the notes to the financial statements under certain conditions.

If the time value of money is significant, non-current provisions are recognised at present value. To this end, the expected future cash outflows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The time value of money, including effects from the change in interest rates, is reported within the financial result.

3.12. Employee benefits

There are no pension obligations within the Group arising from defined benefit plans, but only defined contribution plans arising from payments to the statutory pension insurance. These obligations for contributions to defined contribution plans are recorded as an expense as soon as the related service is performed. Prepaid contributions are recognised as an asset if a right to reimbursement or reduction of future payments is created.

Termination benefits are recognised as an expense at the earlier of the following dates: when the Group can no longer withdraw the offer of benefits of this kind or when the Group recognises costs for a restructuring. Benefits are discounted if it cannot be expected that they will be settled in full within 12 months after the reporting period.

3.13. Accruals

Accruals include future expenses where the amount or the date may be uncertain, but the uncertainty is nevertheless lower than for provisions. They are liabilities to pay for goods or services that have been received or supplied and that have not been paid, nor invoiced by the supplier or formally agreed with the supplier, including amounts due to employees (for example, amounts relating to accrued vacation pay).

The accruals are recognised in the amount of the expected utilisation.

3.14. Recognition of income and expenses

3.14.1. Revenue recognition

The Group has decided to adopt the regulations of IFRS 15, Revenue from Contracts with Customers, early within the framework of preparing the first IFRS consolidated financial statements. The regulations on revenue recognition are bundled in a single standard with the publication of the new IFRS 15. IFRS 15 encompasses all contracts within the meaning of the standard with customers for the sale of goods or the performance of services and replaces the previous regulations on revenue recognition.

The standards provides a five-step model, which is to be used to help determine the amount of revenue as well as the time or the period at or in which revenue is recognised.

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when the entity satisfies a performance obligation

The model stipulates that revenue has to be reported at the time or over the period that control of goods or services is transferred from the company to customers at the amount to which the company expects to be entitled.

The Group essentially generates revenue from the production and the sale of motorhomes, caravans and camper vans. In addition, there are other revenue streams from the sale of spare parts, the performance of repair services and the leasing of motorhomes and caravans, but these are not significant.

Sale of goods

Revenues from the sale of goods, i.e. motorhomes, caravans, camper vans and spare parts, are recognised upon their delivery to the customer, as control over the good is transferred to the customer at this time and the Group has consequently fulfilled its contractual performance obligation. The purchase price is due for payment in principle within 30 days from invoice date. There are no material financing components against this background. The transaction price is produced on the basis of the contractually agreed purchase price, taking into account various variable considerations in the form of discounts, the estimate of which is regularly not limited and which are calculated by the company on the basis of historical data. The customer generally has no right of return concerning the Group's products. The warranty claims for the goods acquired by the customer do not qualify as separate performance obligations, as they cannot be acquired separately and additionally do not extend beyond the statutory or standard industry provisions.

Performance of repair and other services

Revenues from the performance or repair and other services are recognised when the contractually agreed service has been performed by the Group. The performance obligation is consequently fulfilled at a specific point in time. The transaction price in the form of the contractually agreed remuneration is due for payment in principle within 30 days from the invoice date. There are no material financing components in this connection. Furthermore, variable consideration, which is determined on the basis of historical data, is taken into account by the Group when calculating the transaction price.

Leasing of caravans and motorhomes

Revenue from the leasing of caravans and motorhomes would in principle have to be recognised in relation to a period of time. On account of the minor importance of this revenue stream, however, the relevant revenues are recognised at a specific point in time at the beginning of the lease agreement for simplification purposes. As the Group does not lease any vehicles in the period around the turn of the year, no effects of any kind on the revenues to be allocated to a financial year result from this simplification, however. The revenue from leasing is recognised on an accrual basis for the purposes of the reporting during the year. The transaction price, which is produced as the contractually agreed rental rate, is paid by the customer at the beginning of the lease. It does not include any material financing components and is determined in due consideration of variable discounts, which are calculated using historical data.

As the Group's performance obligations from the business transactions described above result from contracts with an expected term of less than one year, the Group makes use of the practical expedient pursuant to IFRS 15.21.

Advertising cost subsidies

The Group continues to pay advertising cost subsidies to major dealers, which are linked to compliance with specific requirements. Upon compliance with this condition, the dealer receives a revenue-based bonus in the amount of a certain percentage of their annual revenue, which is offset against the advertising cost subsidy disbursed until this is used up. The advertising cost subsidies qualify as payments to customers. They do not, however, fulfil the necessary criteria for a distinct good or service. They are therefore distinguished as other assets and allocated as a sales allowance dependent on the share of the advertising cost subsidy earned each year.

3.14.2. Recognition of expenses

Expenses are recognised in the balance sheet upon utilisation of the service or at the time they are incurred.

3.15. Finance income and finance costs

The finance income and finance costs of the Group comprise:

- Interest income;
- Interest expenses;
- Net profit or loss from the changes in the fair value of derivatives, which are recognised in profit or loss; and
- Income and expenses from the disposal of financial instruments.

Interest income and expenses are recognised in profit or loss in accordance with the effective interest method, if this applies. If the effective interest method does not apply, interest income and expenses are recognised in profit or loss at the time they arise.

3.16. Income taxes

The tax expense includes current and deferred taxes. Current and deferred taxes are recognised in profit or loss, except to the extent that they relate to a business combination or to an item recognised directly in equity or in other comprehensive income.

a) Current taxes

Current taxes are the expected tax liability or tax receivable on the income to be taxed for the financial year or the tax loss using tax rates that have been enacted or substantively enacted by the reporting date as well as adjustments of the tax liability relating to prior periods. The amount of the expected tax liability or tax receivable reflects the amount that represents the best estimate in due consideration of tax uncertainties, if present. Current tax liabilities also include all tax liabilities that are incurred as a result of the determination of dividends.

Current tax assets and liabilities are offset only under certain conditions.

b) Deferred taxes

Deferred taxes are recognised in view of temporary differences between the carrying amounts of assets and liabilities for Group accounting purposes and the amounts used for tax purposes. Deferred taxes are not recognised for

- temporary differences upon the initial recognition of assets or liabilities in a business transaction that is not a business combination and that does not influence either the pre-tax accounting profit or the taxable profit,
- temporary differences in conjunction with shares in subsidiaries, associated companies and joint ventures if the Group is able to control the timing of the reversal of the temporary difference and it is probable that they cannot be reversed in the foreseeable future, and
- taxable temporary differences upon the initial recognition of the goodwill.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available for which they can be used. Future taxable profits have to be calculated on the basis of the individual business plans of the subsidiaries. Deferred tax assets are reviewed on each reporting date and reduced to the extent that it is no longer probable that the related tax advantage will be realised; reversals of write-downs are carried out when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed on each reporting date and recognised to the extent that it is probable that future taxable profit will allow recovery.

Deferred taxes are measured using the tax rates that are expected to be applied to temporary differences as soon as they reverse; tax rates that have been enacted or announced by the reporting date are used here. The following tax rates have been used here:

Group entity	2017	2016	2015
Knaus Tabbert GmbH	27.68%	27.68%	27.68%
Knaus Tabbert Kft (HU)	9.00%	10.00%	10.00%
BavariaCamp.de GmbH	26.33%	26.33%	26.33%
MORELO Reisemobile GmbH	27.03%	27.03%	27.03%
Caravan-Welt GmbH Nord (D)	26.68%	26.68%	26.68%
HÜTTLrent GmbH	30.18%	-	-
H.T.P. Freizeitmobile GmbH	27.68%	27.68%	27.68%

The measurement of deferred taxes reflects the tax consequences that result from the Group's expectations regarding how the carrying amounts of its assets will be realised or how its liabilities will be met as at the reporting date. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be realised as a result of its disposal has not been rebutted.

Deferred tax assets and deferred tax liabilities are offset if specific requirements are met.

3.17. Effects of new accounting standards

The Group has prepared these financial statements for the first time in accordance with the IFRS regulations. All IFRS accounting regulations to be applied in the European Union as at 31 December 2017 for the opening statement of financial position as at 1 January 2015, the comparative financial statements as at 31 December 2015 and 31 December 2016 and the financial statements as at 31 December 2017 have been applied in this process.

The following accounting regulation material for the Group has been adopted early:

Date of first application	New or amended standards	Effects on the consolidated financial statements
Accounting regulations adopted early		
Financial years beginning on or after 1 January 2018	IFRS 15: Revenue from Contracts with Customers (including clarifications to IFRS 15)	No effects. Cf. the effects according to the table.

No effects on the IFRS consolidated financial statements result from the early adoption of IFRS 15, as the Group has not applied either IAS 11 or IAS 18 and the related interpretations. Furthermore, no material effects on the amount and time of revenue recognition result in comparison with the revenue recognition in accordance with the German Commercial Code.

The following new standards and interpretations or amendments to existing standards and interpretations published by the IASB have not been taken into consideration in the preparation of the consolidated financial statements. The endorsement by the EU is still pending for some of these. New standards and interpretations or amendments to existing standards and interpretations are not applied in principle by the Group before the time that they come into effect in the EU.

Date of first application	**New or amended standards**	**Possible effects on the consolidated financial statements**
Future new standards and interpretation to be applied for the first time		
Financial years beginning on or after 1 January 2018	IFRS 9: Financial Instruments	Immaterial. Cf. the statements below the table.
Financial years beginning on or after 1 January 2018	Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	No effects
Financial years beginning on or after 1 January 2018	IFRIC 22: Foreign Currency Transactions and Advance Consideration	Immaterial
Financial years beginning on or after 1 January 2018	Amendments to IAS 40: Transfers of Investment Property	No effects
Financial years beginning on or after 1 January 2018	Annual improvements to IFRS (2014-2016): Amendments to IFRS 1 and IAS 28	Immaterial
Financial years beginning on or after 1 January 2018	Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	No effects
Financial years beginning on or after 1 January 2019	IFRS 16: Leases	Subject to an analysis by the management. Cf. the statements below the table.
Financial years beginning on or after 1 January 2019*)	IFRIC 23: Uncertainty over Income Tax Treatments	Immaterial
Financial years beginning on or after 1 January 2019*)	Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	No effects
Financial years beginning on or after 1 January 2019	Amendments to IFRS 9: Prepayment Features with Negative Compensation	Immaterial
Financial years beginning on or after 1 January 2019*)	Annual improvements to IFRS (2015-2017): Amendments to IFRS 3, IFRS 11, IAS 23 and IAS 23	Immaterial
Financial years beginning on or after 1 January 2019*)	Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	No effects
Financial years beginning on or after 1 January 2021*)	IFRS 17: Insurance Contracts	No effects
Time of first application postponed for an indefinite period*)	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No effects

*) The endorsement by the EU is still pending.

IFRS 9: Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognition and measurement of financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard supersedes IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model within the framework of which the assets are held as well as the properties of their cash flows.

IFRS 9 contains three important classification categories for financial assets: measured at amortised cost, measured at fair value with changes in value through profit or loss and recognised at fair value with changes in value through other comprehensive income (FVTOCI). The standard eliminates the existing categories of IAS 39: held to maturity, loans and receivables and available for sale.

In accordance with IFRS 9, derivatives embedded in contracts in which the basis is a financial assets within the scope of the standard are never accounted for separately. Instead, the hybrid financial instrument is assessed overall in terms of the classification.

Based on its assessment, the Group is not of the opinion that the new classification requirements will have material impacts on the accounting for its financial assets. All assets that are currently accounted for at amortised cost also fulfil the requirements for accounting at amortised cost in accordance with IFRS 9. This concerns the trade receivables in particular. As at 31 December 2017, the Group did not have financial assets that are classified as available for sale or any financial assets that are measured at fair value through profit or loss.

ii. Impairment – financial assets and contract assets

IFRS 9 replaces the incurred loss model of IAS 39 with a forward-looking expected credit loss model. This calls for significant judgements concerning the question of the extent to which the expected credit losses are influenced by changes in the economic factors. This assessment is determined on the basis of weighted probabilities.

The new impairment model has to be applied to financial assets that are measured at amortised cost or at FVTOCI – with the exception of equity instruments held as financial assets – and to contract assets.

In accordance with IFRS 9, loss allowances are measured on one of the following bases:

- 12-month credit losses: these are expected credit losses resulting from default events that are possible within 12 months after the reporting date;
- Lifetime credit losses: these are expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The measurement based on the concept of lifetime credit losses has to be applied if the credit risk of a financial instrument on the reporting date has increased significantly since initial recognition; otherwise the measurement in accordance with the concept of 12-month credit losses has to be applied. An entity can decide that the credit risk of a financial asset has not increased significantly if the asset features a low credit risk on the reporting date. The measurement based on the concept of lifetime credit losses always has to be applied, however, to trade receivables and to contract assets that do not have a material financing component.

The Group is of the opinion that impairments for assets within the scope of the forward-looking impairment model of IFRS 9 will probably increase and become more volatile in comparison with the recognised impairments under IAS 39. Taking into consideration the low level of bad debts (cf. notes 6.4 and 8.3.2), however, no material effects on the consolidated financial statements are expected.

iii. Classification – financial liabilities

IFRS 9 largely retains the existing requirements of IAS 39 for the classification of financial liabilities.

In accordance with IAS 39, however, all changes to the fair value of liabilities that have been measured at fair value through profit or loss are recognised in profit or loss, whereas these changes to the fair value are presented in principle as follows in accordance with IFRS 9:

- The change to the fair value that can be attributed to changes in the credit risk of the liability is presented in other comprehensive income.
- The remaining change to the fair value is presented in profit or loss.

As at 31 December 2017, the Group has two derivative financial instruments that are measured at fair value through profit or loss as financial liabilities.

The assessment by the Group furthermore showed no effects concerning the classification of financial liabilities that are currently measured at amortised cost as a result of the transition to IFRS 9.

iv. Hedge accounting

IFRS 9 also contains new regulations on hedge accounting. It should thus be ensured that the accounting for hedging relationships is in conformity with the objectives and the strategy of Group risk management and that a more quality-based and future-looking approach is applied in the assessment of the effectiveness of the hedges.

The Group currently dispenses with the application of the regulations governing the presentation of hedge transactions. A change to this procedure in the context of the transition to IFRS 9 is not currently planned. No effects are thus produced as at 1 January 2018.

v. Disclosures

IFRS 9 requires extensive new disclosures, especially about the credit risk and expected credit losses. The assessment by the Group has included an analysis to identify whether there are any data gaps in comparison with the current procedure; the Group intends to introduce system and control changes that it believes are necessary for the data collection that is required.

vi. Transition

Changes to the accounting policies as a result of the application of IFRS 9 will be applied in principle with retroactive effect, except in the following cases:

- The Group will make use of the exemption not to adjust comparative information for prior periods concerning the changes to classification and measurement (including impairment). Differences between the carrying amounts of the financial assets and financial liabilities on account of the application of IFRS 9 are recognised in principle in the retained earnings and other reserves as at 1 January 2018.
- The assessments below have to be carried out on the basis of the facts and circumstances that exist at the time of initial application.
- Determination of the business model in the framework of which a financial asset is held.

IFRS 16: Leases

IFRS 16 supersedes the existing regulations on leases, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease; SIC 15 Operating Leases and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard has to be applied for the first time for financial years beginning on or after 1 January 2019. Early application is permitted if the company applies IFRS 15 before or at the time of the initial application of IFRS 16.

IFRS 16 introduces a uniform accounting model, according to which leases have to be recognised in the lessee's balance sheet. A lessee recognises a right-of-use asset, which represents their right to use the underlying asset, as well as a liability from the lease, which represents their obligation to make lease payments. There are exemptions for short-term leases and leases for low-value assets. The accounting at the lessor is comparable to the current standard, i.e. the lessor continues to classify leases as finance or operating leases. As the Group has not currently entered into any leases in which it acts as lessor, this sub-area of the standard is not dealt with in more detail in the following.

The Group has completed an initial qualitative assessment of the possible effects on its consolidated financial statements, but a detailed assessment has not yet been finalised. The actual impacts on the application of IFRS 16 on the consolidated financial statements at the time of initial application will depend on future economic conditions, such as the interest rate of the Group at 1 January 2019, the composition of the lease portfolio at that time or the extent to which expedients and recognition exemptions are used.

The most important effect that has been identified up to now is that the Group will recognise new assets and liabilities for its operating leases for buildings, operating and office equipment as well as vehicles. As at 31 December 2017, the future minimum lease payments for non-cancellable operating leases amount in total (on an undiscounted basis) to KEUR 2,901 (see note 10).

Furthermore, the type of expenses that are associated with these leases will now change, as IFRS 16 replaces the straight-line expenses for operating leases with a depreciation expense for right-of-use assets and interest expenses for liabilities arising from the lease.

No material impacts on the Group's finance leases are expected.

Transition

As a lessee, the Group can apply the standard using one of the following methods:

- Retrospective method or
- Modified retrospective method with optional exemptions.

The lessee applies the selected method consistently to all of their leases.

The Group intends to adopt IFRS 16 for the first time with effect from 1 January 2019 using the modified retrospective method. For this reason, the cumulative effect arising from the application of IFRS 16 will be reported as an adjustment to the opening balance of retained earnings without an adjustment to the comparative information.

When applying the modified retrospective methods to leases that have been classified under IAS 17 as operating leases, the lessee can elect for each lease whether exemptions are to be used during conversion. The Group is currently examining the potential effects arising from the use of these exemptions.

4. Operating Segments

The segment information is provided on the basis of the Group's internal reporting in order to enable the nature and financial effects of the business activities in which the Group engages and the economic environments in which it operates to be evaluated.

The Group's internal management reporting, which was finalised in the 2017 financial year on the basis of the Group's realignment, especially as a result of the retroactive inclusion of MORELO Reisemobile GmbH in the scope of consolidation, is key in this process. This reporting structure, which is also intended to be relevant for the future reporting, has been presented retrospectively for the 2015 and 2016 reporting years.

The Group is set up as a sectoral organisation, as the operating activities are organised on the one hand through the "Premium products" sector (i.e. caravans, motorhomes and camper vans), which includes the "Knaus", "Tabbert", "Weinsberg" and "T@B" brands, and, on the other hand through the "luxury products" sector, which encompasses the de luxe motorhomes of the "MORELO" brand.

The assessment is made by the CODM ("chief operating decision maker"). The CODM within the meaning of IFRS 8 is the management of the parent company, i.e. of Knaus Tabbert GmbH, as it reviews the performance and the allocation of resources of the segments at regular intervals using the internal management reporting.

The assessment of the performance per segment is carried out by means of the EBITDA. EBITDA stands for "Earnings before interest, taxes, depreciation and amortisation" and thus includes the operating result (= operating profit) before depreciation and amortisation, interest and taxes. Any interest and financing elements are thus not taken into consideration in this performance indicator. The IFRS used in these consolidated financial statements form the basis for the accounting policies for the segment reporting. The Group measures the success of its segments by means of the segment earnings parameter EBITDA, as this represents the most relevant information in the assessment of the results of specific segments in relation to other companies that operate in these sectors.

4.1. Basis of segmentation

The segment information is published on the basis of the management's specification for the "premium segment" and the "luxury segment". There are no other segments within the Group.

Although the motorhomes that the segments offer are similar types of products, the production processes and target customer groups differ to a significant extent.

Reportable segments	Operations
Premium segment	Production and sale of caravans, motorhomes and camper vans as well as leasing of caravans and motorhomes
Luxury segment	Production and sale of luxury motorhomes

Monthly management reporting is in place for each business segment, which is distributed to the management and by means of which decisions about resources to be allocated to these segments and the assessment of their performance are reviewed.

The transfer prices between the segments for goods sold and the performance of services are defined based on arm's length transactions.

4.2. Information about the segments

The information concerning the results of the segments and also the assets and liabilities for the 2015, 2016 and 2017 is provided below.

2017 **KEUR**	**Luxury segment**	**Premium segment**	**Total**
Revenue from external customers	65,159	526,809	591,968
Intersegment revenue	-	-	-
Segment revenue	**65,159**	**526,809**	**591,968**
EBITDA	**7,488**	**46,738**	**54,226**
Finance income	79	293	372
Finance costs	821	1,248	2,069
Depreciation and amortisation	937	9,636	10,573
Impairment loss for non-financial assets	-	910	910
Assets	**38,384**	**222,705**	**261,089**
Additions to non-current assets	1,249	38,460	39,709
Liabilities	**27,368**	**164,897**	**192,265**

2016 **KEUR**	**Luxury segment**	**Premium segment**	**Total**
Revenue from external customers	54,804	412,800	467,604
Intersegment revenue	-	227	227
Segment revenue	**54,804**	**413,027**	**467,831**
EBITDA	**7,142**	**33,534**	**40,676**
Finance income	12	625	637
Finance costs	733	1,041	1,774
Depreciation and amortisation	940	8,360	9,300
Impairment loss for non-financial assets	-	304	304
Assets	**31,642**	**148,045**	**179,687**
Additions to non-current assets	2,567	32,292	34,859
Liabilities	**24,840**	**100,343**	**125,183**

2015 KEUR	Luxury segment	Premium segment	Total
Revenue from external customers	41,934	349,316	391,250
Intersegment revenue	-	287	287
Segment revenue	**41,934**	**349,603**	**391,537**
EBITDA	**3,844**	**22,111**	**25,955**
Finance income	42	158	200
Finance costs	697	1,383	2,080
Depreciation and amortisation	894	7,412	8,306
Impairment loss for non-financial assets	-	160	160
Assets	**24,292**	**117,481**	**141,773**
Additions to non-current assets	2,565	11,188	13,753
Liabilities	**21,478**	**76,525**	**98,003**

The external revenues of the segments can be broken down into the product groups caravans, motorhomes, camper vans and after-sales/others as follows:

	Product group				
2017 KEUR	**Caravans**	**Motorhomes**	**Camper vans**	**After-sales/ other**	**Total**
Luxury segment	-	63,766	-	1,393	65,159
Premium segment	169,061	211,692	128,329	17,727	526,809
Total	**169,061**	**275,458**	**128,329**	**19,120**	**591,968**

	Product group				
2016 KEUR	**Caravans**	**Motorhomes**	**Camper vans**	**After-sales/ other**	**Total**
Luxury segment	-	53,857	-	946	54,803
Premium segment	140,438	175,072	82,216	15,075	412.801
Total	**140,438**	**228,929**	**82,216**	**16,021**	**467,604**

	Product group				
2015 KEUR	**Caravans**	**Motorhomes**	**Camper vans**	**After-sales/ other**	**Total**
Luxury segment	-	38,238	-	3,697	41,935
Premium segment	131,656	132,445	71,305	13,909	349,315
Total	**131,656**	**170,683**	**71,305**	**17,606**	**391,250**

Broken down by the geographical regions Germany, Europe and rest of the world, the revenue from external customers in the segments can be presented as follows:

	Geographical region			
2017 KEUR	**Germany**	**Europe**	**Rest of the world**	**Total**
Luxury segment	46,160	18,568	431	65,159
Premium segment	342,233	180,908	3,668	526,809
Total	**388,393**	**199,476**	**4,099**	**591,968**

	Geographical region			
2016 KEUR	**Germany**	**Europe**	**Rest of the world**	**Total**
Luxury segment	38,849	15,788	167	54,804
Premium segment	261,750	149,720	1,330	412,800
Total	**300,599**	**165,508**	**1,497**	**467,604**

	Geographical region			
2015 KEUR	**Germany**	**Europe**	**Rest of the world**	**Total**
Luxury segment	31,745	10,189	-	41,934
Premium segment	215,455	131,501	2,360	349,316
Total	**247,200**	**141,690**	**2,360**	**391,250**

4.3. Reconciliation of the information about the segments

The elimination of intragroup ties between the segments is indicated in summary in the reconciliation.

	2017 KEUR	2016 KEUR	2015 KEUR
Revenue			
Segment revenue	591,968	467,831	391,537
Elimination of intersegment revenue	-	(227)	(287)
Revenue, consolidated	**591,968**	**467,604**	**391,250**
EBITDA			
Segment EBITDA	54,226	40,676	25,955
Segment depreciation and amortisation	(10,573)	(9,300)	(8,306)
Segment impairments	(910)	(304)	(160)
Segment financial result	(1,697)	(1,137)	(1,880)
Elimination of intersegment profits		(227)	(287)
Profit before tax, consolidated	**41,046**	**29,708**	**15,322**
Assets			
Segment assets	261,089	179,687	141,773
Consolidation effects	(1,276)	(1,340)	(1,285)
Assets, consolidated	**259,813**	**178,347**	**140,488**
Liabilities			
Segment liabilities	192,265	125,183	98,003
Consolidation effects	(1,276)	(1,340)	(1,285)
Liabilities, consolidated	**190,989**	**123,843**	**96,718**

4.4. Geographical information

The segments are administered in Germany. The subsidiary Knaus Tabbert Kft, with its registered office in Hungary, can be mentioned as the only international production plant and is assigned to the premium segment.

The non-current assets outside Germany are therefore exclusively located at the Hungarian subsidiary. The allocation of the non-current assets can thus be broken down as follows:

Country	2017 KEUR	2016 KEUR	2015 KEUR
Germany	68,629	49,014	45,478
Hungary	16,979	13,075	2,931
Non-current assets	**85,608**	**62,089**	**48,409**

5. Explanations of the transition to IFRS

These consolidated financial statements are the first financial statements of the KTG Group to be drawn up in accordance with the IFRS endorsed by the EU.

The accounting policies presented have been applied to the consolidated financial statements as at 31 December 2017, the comparative information as at 31 December 2015 and 31 December 2016 and the opening balance sheet drawn up for 1 January 2015 (transition date). In principle, IFRS 1 First-time Adoption of International Financial Reporting Standards requires the completely retrospective application of all standards that it is compulsory to apply as at 31 December 2017. Accordingly, the adjustments to the recognition and measurement methods necessary for the initial application of IFRS have to be carried out with retroactive effect in such a way as if the KTG Group had always prepared its financial statements in accordance with IFRS.

However, IFRS 1 grants some optional exemptions concerning the retrospective application of the IFRS. The KTG Group made use of the following options at the time of transition:

- The KTG Group makes use of the option granted in IFRS 1.C2 not to apply the effects of changes in foreign exchange rates retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRS.
- The KTG Group makes use of the option granted in IFRS 1.D9 not to apply the transitional regulations of IFRIC 4.
- The KTG Group makes use of the option granted in IFRS 1.D23 not to apply the transitional regulations of IAS 23.27 and IAS 23.28. Accordingly, the Group does not capitalise borrowing costs for qualifying assets where the commencement date for capitalisation is before the transition date.

The circumstances which form the basis for the material conversion effects during the transition to IFRS are explained below:

(1) Business combinations

The Group applies IFRS 3 for business combinations in financial years beginning from 1 January 2009. Deviations regularly result from the application of IFRS 3 both in relation to the disclosed hidden reserves and liabilities and in relation to the goodwill.

The Group acquired the individual assets and liabilities of Knaus Tabbert Group GmbH, Jandelsbrunn, Tabbert Caravan GmbH, Sinntal, Knaus Aktiengesellschaft, Jandelsbrunn, and the real estate company Sandweg GmbH, Sinntal, by purchase agreement of 23 January 2009. In accordance with the German Commercial Code, the carrying amounts of the tangible assets were reduced and the intangible assets acquired were not capitalised in application of the tax step theory. In the course of the conversion to IFRS, in contrast, all tangible and intangible assets that have been acquired within the framework of this business combination are recognised at their fair value and the existing hidden reserves are consequently disclosed in full.

The property, plant and equipment and intangible assets are written down in principle over their economic life. An exception exists, however, for the trade marks acquired, which have an indefinite useful life and are accordingly not subject to amortisation, but are reviewed at least once a year for impairment.

(2) Transaction under common control

H.T.P. Freizeitmobile GmbH was merged with Knaus Tabbert GmbH on 30 June 2017. The management of Knaus Tabbert made use of the option to present the merger of H.T.P. Freizeitmobile GmbH with Knaus Tabbert GmbH as a transaction under common control in accordance with the purchase method of accounting. The purchase method results in the takeover of the assets and liabilities of MORELO Reisemobile GmbH reported in the consolidated balance sheet of H.T.P. Freizeitmobile GmbH. As part of the inclusion of MORELO Reisemobile GmbH in the consolidated financial statements of Knaus Tabbert, the goodwill arising in the course of the initial consolidation of MORELO Reisemobile GmbH by H.T.P. Freizeitmobile GmbH is also transferred in the amount of KEUR 841. Please refer to note 9.1 for further information.

Furthermore, the option of presenting comparative information required under IFRS in such a way as if the legal transfers of the business activities has already taken place on 1 January 2015 was used.

(3) Inventories

The Group reports inventories in accordance with the German Commercial Code at acquisition or production cost. The subsequent measurement is carried out on the basis of the strict principle of lower of cost or market value.

In deviation from the German Commercial Code, production-related overheads have to be included in the production costs of finished and unfinished goods pursuant to IFRS. Furthermore, write-downs carried out in accordance with the German Commercial Code in consideration of the strict principle of lower of cost or market have to be corrected in several cases, as these were calculated on the basis of replacement costs. In contrast, a lower need for write-downs arises in comparison with the net realisable value based on sales markets under IFRS.

(4) Trade receivables

It is not permitted under IFRS to create general valuation allowances on trade receivables to cover the general credit risk. Only lump-sum specific valuation allowances, which have to be carried out on the basis of a grouping of receivables in accordance with the credit ratings of the relevant debtors, are permitted. General valuation allowances carried out therefore have to be corrected in the course of the IFRS conversion.

(5) Leases

Payments made in the course of leases have previously been recognised as an expense in accordance with the German Commercial Code.

In accordance with IFRS, leases are classified as operating leases or finance leases. Leases in which the Group bears essentially all the risks and rewards incidental to ownership that arise from the leased asset are taken into consideration as finance leases in the balance sheet by the recognition of an asset and a corresponding lease liability. In accordance with IFRS, technical equipment and machinery leased by the Group that fulfils the relevant criteria of IAS 17 are classified as finance leases.

(6) Other provisions

In accordance with the German Commercial Code, the Group takes all identifiable risks and all uncertain liabilities into account through the appropriate formation of provisions in accordance with the prudence principle of commercial law. In compliance with IAS 37, provisions have to be formed only they are based on legal or constructive obligations to third parties exist that have been caused by a past event and for which an outflow of resources is probable. It must additionally be possible to make a reliable estimate of the their amount.

The resulting equity effect can essentially be attributed to lump-sum provisions created pursuant to the German Commercial Code and that cannot be recognised as a liability in accordance with IFRS and that have been created on the basis of historical data, as well as provisions for deferred maintenance costs.

(7) Shareholder loans

The low interest and non-interest-bearing shareholder loans are not discounted on the basis of the prudence principle pursuant to the German Commercial Code, but measured at the settlement amount.

In accordance with IFRS, however, low interest and non-interest-bearing loans have to be recognised at the time they are first reported at the present value that is produced from discounting the future cash flows at a market interest rate. The effective interest method has to be used for the purposes of the subsequent measurement. Furthermore, a revaluation of financial instruments recognised in profit or loss is indicated in the event of a material contract modification.

(8) Derivative financial instruments

In accordance with the German Commercial Code, derivative financial instruments have been presented in principle together with the related hedge in hedge accounting. If the requirements for hedge accounting are not met, a provision for expected losses from executory contracts has been recognised as a liability if necessary.

In accordance with IFRS, the regulations on hedge accounting are not applied. Accordingly, the derivative financial instruments have to be accounted for at fair value in profit or loss and provisions for expected losses from executory contracts have to be corrected.

(9) Deferred taxes

In accordance with the German Commercial Code, the option under the Commercial Code to dispense with capitalisation of the surplus of assets of deferred taxes has been made use of by several subsidiaries.

In accordance with IFRS, in contrast, it is compulsory to capitalise deferred tax assets if the related requirements pursuant to IAS 12 are met.

The following statement presents the effects of the conversion of the account from HGB to IFRS on the reported equity at the time of the first conversion to IFRS (1 January 2015) and at the end of the last period, which was presented in the last financial statements of the Group drawn up in accordance with the German Commercial Code (31 December 2016).

Consolidated statement of changes in equity	31 Dec. 2016 KEUR	1 Jan. 2015 KEUR
Equity pursuant to HGB	**45,946**	**29,282**
Business combinations	3,322	4,110
Transaction under common control	3,122	(354)
Inventories	417	232
Trade receivables	106	90
Leases	(11)	(20)
Other provisions	428	347
Shareholder loans	640	865
Derivative financial instruments	42	(192)
Deferred taxes	492	535
Equity according to IFRS	**54,504**	**34,895**

The following statement converts the consolidated net income for the year that was presented in the last financial statements of the Group drawn up in accordance with HGB (31 December 2016) to total comprehensive income pursuant to IFRS.

Statement of comprehensive income reconciliation	31 Dec. 2016 KEUR
Consolidated net income for the year pursuant to HGB	**17,462**
Business combinations	(386)
Transaction under common control	3,892
Inventories	93
Trade receivables	1
Leases	9
Other provisions	(3)
Shareholder loans	(23)
Derivative financial instruments	204
Deferred taxes	9
Currency translation difference	76
Consolidated comprehensive income pursuant to IFRS	**21,334**

The cash flows from operating activities increased by KEUR 4,397 in 2016 from KEUR 14,680 to KEUR 19,077 as a result of the conversion from HGB to IFRS. The increase results primarily from the retrospective presentation of the transaction under common control pursuant to IFRS and the related inclusion of H.T.P. Freizeitmobile GmbH and MORELO Reisemobile GmbH in the Group. The same also applies for the reduction in the cash flows from investing activities by KEUR -3,256 from KEUR -20,289 to KEUR -23,545 and the reduction in the cash flows from financing activities by KEUR 624 from KEUR 5,093 to KEUR 4,469.

6. NOTES ON THE CONSOLIDATED BALANCE SHEET

6.1. Intangible assets

Please see note 3 for the accounting policies.

A. Description of material items

The intangible assets break down as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Internally generated industrial and similar rights and assets	6,525	7,702	7,685	6,831
Purchased concessions, industrial and similar rights and assets and licences in such rights and assets	2,834	2,678	2,763	3,137
Goodwill	841	841	841	841
Advance payments made	56	67	74	7
Total	**10,256**	**11,288**	**11,363**	**10,817**

The additions to intangible assets amounted to KEUR 3,131 in the 2017 financial year (31 December 2016: KEUR 3,789; 31 December 2015: KEUR 3,989). The investments concern in particular the internally generated intangible assets and the purchased intangible assets.

The trend in the carrying amounts of the Group's intangible assets for the 2017, 2016 and 2015 financial years and at 1 January 2015 can be seen in the statement of changes in fixed assets.

Goodwill

The goodwill arose in the course of the initial inclusion of MORELO Reisemobile GmbH in the consolidated financial statements. The goodwill is not amortised. The impairment of the goodwill is reviewed no less than once a year. An impairment test for the goodwill was carried out for the first time on 1 January 2015.

Intangible assets purchased

Purchased concessions, industrial and similar rights and assets and licences in such rights and assets refer primarily to expenses related to third parties that have been incurred in connection with the procurement of application software as well as acquired trade mark rights. With the exception of the acquired trade mark rights, the intangible assets purchased are amortised over their estimated useful lives. The acquired trade mark rights, on the other hand, have an indefinite useful life and are consequently not amortised. They are subjected to an impairment test at least once a year.

The intangible assets purchased include the following material items:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Total	**2,834**	**2,678**	**2,763**	**3,137**
WEINSBERG brand	87	87	87	87
T@B brand	57	57	57	57
KNAUS brand	856	856	856	856
TABBERT brand	576	576	576	576
MORELO brand	373	373	373	373
Dealer sales network	-	-	164	328
Software	528	530	469	650
Licenses	356	178	105	79
Other	1	21	76	130

Internally generated intangible assets

The Group distinguishes primarily between new developments and model updates in connection with internally generated intangible assets. New developments are projects that result in the development of a product that can clearly be identified as new by an external party. The contours must change on the exterior for this (e.g. use of new plastic parts or bodywork on a new chassis). Furthermore, there must be a new concept in the interior, which means that wet cells, kitchen, electrics and air conditioning/

hearing are revised. Quasi new tools are required to a great extent for a new development. If the development projects fulfil the necessary requirements, they are capitalised as internally generated intangible assets.

Model updates are described in the automotive sector as optical and technical revisions to an existing vehicle model. If, in addition to technical modifications, the external appearance of a vehicle is changed during a model update measure, this is also described as a facelift or life cycle impulse. Model update measures are recognised by the Group as an expense at the time they are incurred.

The internally generated intangible assets are written down over their useful life of five years.

KEUR 2,507 (31 December 2016: KEUR 1,037; 31 December 2015: KEUR 708) in research and development costs was recognised as an expense in the 2017 financial year (cf. note 7.7). While research costs always have to be recognised as an expense, the development costs did not fulfil the related requirements that would be necessary to capitalise them as intangible assets.

B. Amortisation and impairment test

Please see note 7.6 for a presentation of the amortisation and the impairment tests on intangible assets.

Goodwill

The Group reviews whether the goodwill is impaired at least once a year. MORELO Reisemobile GmbH acts as the sole CGU, to which the goodwill is allocated in full, for the performance of the impairment test for the goodwill. The classification of MORELO Reisemobile GmbH as the cash generating unit corresponds here to the lowest level within the entity at which the goodwill is monitored for internal management purposes.

The calculation of the recoverable amount for this CGU is based on the fair value less the costs of disposal, which have been estimated using the discounted cash flow. Based on the input factors of the measurement method used, the measurement of the fair value is classified as a level 3 fair value (cf. note 1.4).

The material assumptions that form the basis for estimating the recoverable amount are presented below. The values assigned to the material assumptions represent the assessment by the management of future developments in the relevant sector and are based on historical values from external and internal sources

Calculation of the recoverable amount – Assumptions

All figures in per cent	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015	1 Jan. 2015
CGU MORELO Reisemobile GmbH				
Discount rate (WACC)	7.6	7.3	7.3	7.9
Sales growth rate for detailed planning period (CAGR)	7.0	7.4	10.3	17.3
Planned EBITDA growth rate (Average of the next four years)	9.1	9.3	3.6	29.3
Sustainable growth rate	1.0	1.0	1.0	1.0

As part of the calculations, the cash flow forecast is determined based on the long-term planning adopted by the management and applicable at the time the impairment test is performed. This multi-year planning is based on expectations regarding future market shares, growth in the relevant markets and the profitability of the products and encompasses a detailed planning horizon of four years as well as a perpetual growth rate subsequent to that. The planning of the investments and of the current working capital is based primarily on historical values. The management takes the view here that the underlying growth rates are not higher than the long-term average growth rates of the business field in which MORELO Reisemobile GmbH operates (cf. note 4.1). The sustainable growth rate has been calculated by the management on the basis of the estimate of the long-term inflation expectations and is consistent with the assumptions that a market participant would make.

The discount rate that was applied was the weighted average cost of capital (WACC), after corporation tax, calculated historically on the basis of a group of benchmark companies (peer group).

No requirement for impairment for the goodwill arose when the impairment test was conducted as at 1 January 2015, 31 December 2015, 31 December 2016 and 31 December 2017.

Furthermore, sensitivity analyses showed that, despite changes regarded as possible to the assumptions, the recoverable amounts are higher than the relevant carrying amounts.

Acquired trade marks with an indefinite useful life

The Group reviews whether the acquired trade marks with an indefinite useful life are impaired at least once a year. The impairment test is carried out here at the level of the individual trade marks.

The impairment test of the trade marks is determined here by comparing the carrying amount with the fair value less costs to sell. To estimate the fair value, the Group has to estimate the expected future cash flows of the individual trade marks and additionally selected a reasonable discount rate in order to calculate the present value of this cash flow.

The trade marks' fair value less costs to sell is calculated in this connection by using the relief from royalty method, in which the fair value of the intangible asset us calculated as the present value of royalties saved. It is determined here which royalties would notionally have to be paid if the trade mark was owned by a third party. The notional royalties are calculated using licence fees that can be observed for comparable trade marks on the market. The sales figures of the relevant trade mark are used in this case as a reference value for the licence fees. Expressed in EUR/unit, the licence fee is then multiplied by the planned sales for the trade mark. The fair value of the relevant trade mark is produced from the discounting of the calculated notional royalties following deduction of corporation taxes.

The following licence fees – assumed to be constant over time for simplification purposes – have been assumed for all calculations: WEINSBERG brand EUR 25, T@B brand EUR 20, KNAUS brand EUR 20, TABBERT brand EUR 35 and MORELO brand EUR 150.

The other material assumptions that have been used to estimate the fair value are presented below. The values assigned to the material assumptions represent the assessment by the management of future developments in the relevant sector and are based on historical values from external and internal sources

Determining fair value – Assumptions

All figures in per cent	2017	2016	2015	1 Jan. 2015
WEINSBERG brand				
Sales growth rate for detailed planning period (CAGR)	6.8	17.1	7.0	3.7
T@B brand				
Sales growth rate for detailed planning period (CAGR)	6.0	-4.6	-4.9	-4.0
KNAUS brand				
Sales growth rate for detailed planning period (CAGR)	7.8	10.3	2.3	6.9
TABBERT brand				
Sales growth rate for detailed planning period (CAGR)	6.6	6.3	8.8	15.8
MORELO brand				
Sales growth rate for detailed planning period (CAGR)	8.0	6.1	12.6	20.4
The following applies for all brands:				
Discount rate (WACC)	7.6	7.3	7.3	7.9
Sustainable growth rate	1.0	1.0	1.0	1.0

As part of the calculations, the relevant sales forecast is determined based on the long-term planning adopted by the management and applicable at the time the impairment test is performed. This multi-year planning is based on expectations regarding future market shares and the growth in the relevant markets and encompasses a detailed planning horizon of three years as well as a perpetual growth rate subsequent to that.

The discount rate that was applied was the weighted average cost of capital (WACC), after corporation tax, calculated historically on the basis of a group of benchmark companies (peer group).

No requirement for impairment for the acquired trade marks with an indefinite useful life arose when the impairment test was conducted as at 1 January 2015, 31 December 2015, 31 December 2016 and 31 December 2017.

Furthermore, sensitivity analyses showed that, despite changes regarded as possible to the assumptions, the fair values less costs to sell are higher than the relevant carrying amounts.

6.2. Property, plant and equipment

Please see note 3.4 for the accounting policies.

A. Description of material items

The property, plant and equipment breaks down as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Land, land rights and buildings, including buildings on third-party land	35,597	32,219	22,176	21,793
Plant and machinery	11,662	8,810	6,948	5,571
Other equipment, operating and office equipment	11,281	7,331	5,224	4,731
Advance payments made and assets under construction	16,091	1,618	1,510	220
Total	**74,631**	**49,977**	**35,859**	**32,316**

The additions to property, plant and equipment amounted to KEUR 31,672 in the 2017 financial year (31 December 2016: KEUR 20,591; 31 December 2015: KEUR 9,763). The investments concern in particular the other equipment and the operating and office equipment as well as the advance payments made and assets under construction.

The trend in the carrying amounts of the property, plant and equipment of the Knaus Tabbert Group for the 2017, 2016 and 2015 financial years and at 1 January 2015 can be seen in the statement of changes in fixed assets.

B. Amortisation and impairment test

Please see note 7.6 for a detailed presentation of the depreciation of property, plant and equipment.

As in the 2015 and 2016 financial year, indicators that call for an impairment test to be conducted were also not present in the 2017 financial year.

C. Leased plant and machinery

The Group leases plant and machinery within the framework of a number of finance lease agreements (cf. note 6.13.1). As at 31 December 2017, the net carrying amount of the leased plant and equipment was KEUR 3,321 (31 December 2016: KEUR 2,231; 31 December 2015: KEUR 2,401; 1 January 2015: KEUR 821). The Group acquired leased assets valued at KEUR 1,987 in the course of the 2017 financial year (2016: KEUR 403; 2015: KEUR 1,897).

D. Collateral

As at 31 December 2017, property with a carrying amount of KEUR 15,100 (31 December 2016: KEUR 11,600; 31 December 2015: KEUR 12,200; 1 January 2015: KEUR 12,200) was mortgaged by means of a land charge to secure bank loans.

E. Property, plant and equipment under construction

Further progress was made on the construction of a new factory building in Jandelsbrunn in the course of the financial year. The acquisition and production costs of the factory building incurred by the reporting date totalled KEUR 11,561.

6.3. Inventories

Please see note 3.7 for the accounting policies.

The inventories are broken down into the following main groups:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Raw materials, consumables and supplies	66,685	44,105	28,680	23,160
Work in progress	4,534	4,528	3,191	2,807
Finished goods and merchandise	49,424	23,460	18,367	16,222
Advance payments made on inventories	1	11	5	1
Total	**120,644**	**72,104**	**50,243**	**42,190**

The write-downs to the net realisable value that are recognised for inventories amount to KEUR 3,310 in the 2017 financial year (31 December 2016: KEUR 426; 31 December 2015: KEUR 52).

The carrying amount of the inventories that are pledged as collateral for liabilities to banks amounts to KEUR 90,523 in the 2017 financial year (31 December 2016: KEUR 51,891; 31 December 2015: KEUR 45,703; 1 January 2015: KEUR 38,252).

6.4. Trade receivables

Please see note 3.8 for the accounting policies.

The gross carrying amounts and the net carrying amounts of the trade receivables can be presented as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Gross carrying amount	**27,478**	**20,540**	**18,755**	**19,900**
Depreciation, amortisation and write-downs	(177)	(225)	(85)	(440)
Net carrying amount	**27,301**	**20,315**	**18,670**	**19,460**

The trade receivables do not contain any receivables with a term of more than one year.

The carrying amount of the trade receivables that are pledged as collateral for liabilities to banks amounts to KEUR 26,437 in the 2017 financial year (31 December 2016: KEUR 18,944; 31 December 2015: KEUR 18,411; 1 January 2015: KEUR 19,135).

Please refer to note 8.3.2 concerning the credit risk of the trade receivables.

6.5. Tax receivables

The tax receivables as at 1 January 2015, 31 December 2015, 31 December 2016 and 31 December 2017 can be presented as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Tax receivables	141	143	83	75

The tax receivables concern exclusively income taxes here. Please refer to note 7.9.3 for the development of the deferred tax assets.

6.6. Cash and cash equivalents

Please see note 3.9 for the accounting policies.

The cash and cash equivalents break down as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Cash in hand	21	27	22	27
Bank balances	6,405	6,743	6,511	5,757
Total	**6,427**	**6,769**	**6,533**	**5,784**

Within the bank balances, cash in the amount of KEUR 4,726 is subject to restrictions on disposal (31 December 2016: KEUR 3,995; 31 December 2015: KEUR 3,780; 1 January 2015: KEUR 3,434). This is the collateral fund within the framework of the purchase financing model for dealers that exists with SKP GmbH (cf. notes 3.8 and 12).

The reconciliation of the cash and cash equivalents with the cash funds reported in the statement of cash flows can be presented as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR
Cash and cash equivalents	**6,427**	**6,769**	**6,533**
less SKP fund bank balances	4,726	3,995	3,780
Cash funds	**1,701**	**2,776**	**2,753**

6.7. Other assets

For the accounting principles concerning the other financial assets, please see note 3.8.

The other assets break down as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Other non-current assets				
Other financial assets	12	-	-	-
Other non-financial assets	721	825	1,187	819
Total	**734**	**825**	**1,187**	**819**
Other current assets				
Other financial assets	9,177	9,152	11,755	3,578
Other non-financial assets	8,643	6,280	3,267	4,130
Total	**17,820**	**15,432**	**15,022**	**7,708**
Total non-current	**734**	**825**	**1,187**	**819**
Total current	**17,820**	**15,432**	**15,022**	**7,708**
Total other assets	**18,555**	**16,257**	**16,209**	**8,528**

6.7.1. Other financial assets

The other financial assets include the following items:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Other non-current financial assets				
Equity investments	4	-	-	-
Miscellaneous	8	-	-	-
Total	**12**	**-**	**-**	**-**
Other current assets				
Receivables from dealer financing and factoring	9,177	9,130	7,728	3,578
Receivables from shareholders	-	22	4,027	—
Total	**9,177**	**9,152**	**11,755**	**3,578**
Total non-current	**12**	**-**	**-**	**-**
Total current	**9,177**	**9,152**	**11,755**	**3,578**
Total other financial assets	**9,190**	**9,152**	**11,755**	**3,578**

The other non-current financial assets include is an equity investment with a carrying amount of KEUR 4 in Caravaning-Tage Bad Vilbel UG as at 31 December 2017. The equity investment is measured as its acquisition cost for reasons of materiality.

6.7.2. Other non-financial assets

The other non-financial assets can be presented as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Other non-current non-financial assets				
Advertising cost subsidies	721	825	1,187	819
Total	**721**	**825**	**1,187**	**819**
Other current non-financial assets				
Prepaid expenses	1,150	1,000	812	688
Value added tax	4,179	1,898	803	543
Advertising cost subsidies	509	610	500	319
Miscellaneous	2,804	2,772	1,153	2,579
Total	**8,643**	**6,280**	**3,267**	**4,130**
Total non-current	**721**	**825**	**1,187**	**819**
Total current	**8,643**	**6,280**	**3,267**	**4,130**
Total other non-financial assets	**9,365**	**7,105**	**4,455**	**4,950**

6.8. Disposal group classified as held for sale

Please see note 3.5 for the accounting policies.

It was decided by the general meeting of shareholders of 3 December 2014 to close the business of the subsidiary BavariaCamp.de GmbH and a plan for the sale of the assets within one year was put on record.

BavariaCamp.de GmbH was a manufacturing company that had hardly any external customers, but sold directly to Knaus Tabbert GmbH (distribution through KTG). Furthermore, with sales of around EUR 2 million, BavariaCamp.de GmbH did not form a significant line of business and nor could it be classified as a geographical operation of the Group at the time the resolution was adopted. The assets of BavariaCamp.de GmbH therefore formed a disposal group until the material assets were sold in 2015. The net profit from the sales totalled KEUR 52 and is reported in the other operating income in the income statement and in the premium segment (cf. note 4). The liquidation of the remaining assets and liabilities of BavariaCamp.de GmbH was completed in the 2017 financial year.

The assets of the disposal group were measured at the carrying amount as at 1 January 2015, as this corresponded substantially to the fair value less costs to sell. Specifically, the disposal group contained the assets listed below:

Assets held for sale	1 Jan. 2015 KEUR
Property, plant and equipment	383
Inventories	482
Trade receivables and other assets	3
	868

6.9. Equity

The development of the consolidated equity can be seen in the statement of changes in equity, which is presented as a separate element of the financial statements.

Subscribed capital

The subscribed capital of the Knaus Tabbert Group totals KEUR 29 (31 December 2016: KEUR 25; 31 December 2015: KEUR 25; 1 January 2015: KEUR 25) and is fully paid up.

Capital reserves

The capital reserves total KEUR 12,475 as at 31 December 2017 (31 December 2016: KEUR 12,475; 31 December 2015: KEUR 12,475; 1 January 2015: KEUR 12,475).

Other retained earnings

The retained earnings total KEUR 6,550 as at 31 December 2017 (31 December 2016: KEUR 6,454; 31 December 2015: KEUR 6,454; 1 January 2015: KEUR 8,574). The retained earnings contain the results generated in the past by the entities included in the consolidated financial statements in so far as they have not been distributed, but transferred to the reserves.

Difference in equity from currency translation

As the subsidiary Knaus Tabbert Kft, established in Hungary, acts in an economically independent capacity on its market, a foreign currency translation is carried out for the balance sheets and income statements that are not denominated in euros. The resulting translation differences are reported directly in equity in the consolidated equity under the item Difference in equity from currency translation and amount to KEUR -236 as at 31 December 2017 (31 December 2016: KEUR -179; 31 December 2015: KEUR -255; 1 January 2015: KEUR -389).

Non-controlling interests

The non-controlling interests in the equity as at 1 January 2015 in the amount of KEUR 154 relate to the share of the equity of the subsidiary MORELO Reisemobile GmbH that cannot be allocated either directly or indirectly to the Group. In accordance with a contractual agreement, the non-controlling interests do not participate in the consolidated profit for the period.

These non-controlling assets totalling 25% were acquired by the Group on 29 October 2015. The carrying amount of the net assets of MORELO Reisemobile GmbH totalled KEUR 2,290 at the acquisition date.

in KEUR	
Carrying amount of the non-controlling interests acquired (25%)	154
Purchase price paid for non-controlling interests	2,290
Reduction in the retained earnings of the equity of the parent company	**(2,137)**

Distributions

The distributions to shareholders amounted to KEUR 15,000 in the 2017 financial year (2016: KEUR 10,600; 2015: KEUR 0).

A loan to shareholders was granted in the 2015 financial year which was reported in the cash flow from investing activities. The distributions to shareholders were offset in the 2016 financial year against the resulting receivable from shareholders. Accordingly, the distributions of KEUR 10,600 reported in the statement of changes in equity for the 2016 financial year deviate by KEUR 4,005 from the distributions actually paid, after offsetting, of KEUR 6,595 presented in the statement of cash flows.

6.10. Other provisions

Please see note 3.11 for the accounting policies.

The table below presents the development of the other provisions:

	Tax provisions KEUR	Warranties KEUR	Other KEUR	Total KEUR
As at 1 January 2015	**-**	**5,607**	**2,223**	**7,830**
Additions	150	2,178	899	**3,227**
Utilisation	-	(267)	(1,339)	**(1.605)**
Reversals	-		(303)	**(303)**
As at 31 December 2015	**150**	**7,519**	**1,479**	**9,148**
Non-current	**-**	**6,132**	**135**	**6,267**
Current	**150**	**1,387**	**1,345**	**2,881**
As at 1 January 2016	**150**	**7,519**	**1,479**	**9,148**
Additions	50	987	3,765	**4,802**
Utilisation	-	(840)	(717)	**(1,557)**
Reversals	-	-	(324)	**(324)**
As at 31 December 2016	**200**	**7,666**	**4,203**	**12,069**
Non-current	**-**	**6,436**	**168**	**6,605**
Current	**200**	**1,229**	**4,035**	**5,464**
As at 1 January 2017	**200**	**7,666**	**4,203**	**12,069**
Additions	373	2,076	2,652	**5,101**
Utilisation	-	(566)	(1,592)	**(2,158)**
Reclassifications	-	(614)	614	**-**
Reversals	-	(305)	(477)	**(782)**
Acquisitions through business combinations	-	140	6	**146**
As at 31 December 2017	**573**	**8,398**	**5,406**	**14,377**
Non-current		**7,610**	**231**	**7,841**
	573	**787**	**5,176**	**6,536**

Warranty provisions are formed both for legal and for purely constructive obligations that have to be fulfilled without a legal basis (as a gesture of goodwill). This concerns in particular expenses for the free remedying of defects, supplies of spare parts, compensation and similar expenses. Furthermore, provisions were also created for general warranty risks. Percentage rates based on historical data are recognised here on the sales under warranty of the last three financial years. The general risk and thus of the percentage rates used is are estimated on the basis of historical actual warranty costs in relation to sales. The time at which the warranties are asserted may extend over the entire warranty and goodwill period. The cash outflows for the non-current provisions as at 31 December 2017 are largely expected within a period up to 2020 (31 December 2016: up to 2019; 31 December 2016: up to ; 1 January 2015: up to 2017).

The miscellaneous other provisions essentially comprise provisions for dealer financing, litigation and remediation obligations.

The uncertainties regarding the amount of the due date of the cash outflows from provisions can in principle be classed as rather low in the Group's view.

6.11. Liabilities to banks

Please see note 3.8 for the accounting policies.

The liabilities to banks break down as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Liabilities to banks				
Current	41,313	27,709	23,327	21,014
Non-current	21,379	16,694	8,035	9,689
	62,692	**44,403**	**31,362**	**30,703**

The secured bank loans are collateralised by property with a carrying amount of KEUR 15,100 (31 December 2016: KEUR 11,600; 31 December 2015: KEUR 12,200; 1 January 2015: KEUR 12,200) (cf. note 6.2), by inventories with a carrying amount of KEUR 90,523 (31 December 2016: KEUR 51,891; 31 December 2015: KEUR 45,703; 1 January 2015: KEUR 38,252) (cf. note 6.3) and by trade receivables of KEUR 26,437 (31 December 2016: KEUR 18,944; 31 December 2015: KEUR 18,411; 1 January 2015: KEUR 19,135) (cf. note 6.4).

Please see note 8.3.3 concerning the disclosures on the Group's foreign exchange and liquidity risks in relation to the liabilities to banks. The reconciliation of the change in liabilities to banks with the cash flows from financing activities is presented in note 6.13.1.

The Group holds a secured loan with a carrying amount of KEUR 3,460 (2016: KEUR 3,460) as at 31 December 2017. In accordance with the terms and conditions of the agreement, this loan has to be paid back in tranches over the next five years. However, the loan includes a condition, as a consequence of which the Group liabilities (defined in the agreement as financial liabilities as well as trade payables and other liabilities) may not exceed 250 per cent of the quarterly revenue of the continuing operations at the end of each quarter. Any breach can mean that the loan becomes due. This condition was complied with both in the 2017 and in the 2016 financial year.

In the 2015 financial year, the Group entered into a new syndicated loan agreement led by Commerzbank AG for a total of EUR 35.0 million with a term running to 2018. The key financial indicators defined in the agreement in the area of net debt and interest coverage ratio were complied with as at 31 December 2017. In contrast, however, the defined indicator in relation to the equity ratio was not complied with. The main reason for this was the extraordinarily high inventories of finished goods at the year-end. A waiver in relation to the deviation in respect of the banks' covenants is available to the company; the deviation in respect of the covenants thus does not have any consequences.

Based on the Group's positive business performance and in view of the fact that the syndicated loan agreement was due to expire, the management started negotiations with the banks at an early stage. These negotiations are now in the final stages and are expected to be concluded in May 2018. This assumption is based on the fact that a binding term sheet or letter of confirmation of the term sheet signed by all the parties, which contains extensive details of the terms and conditions, provision of collateral and financing conditions and the key points of which have already been finalised, was already available at the time of writing. The refinancing stipulates a term of another three years and an increase to EUR 80.0 million. The company expects to use this bank financing to lay the foundations for the sustainable and growth-oriented development of the company, and a financing framework that is sufficient from the current perspective is now available until the middle of 2021.

Nevertheless, there is a residual risk – albeit unlikely – before the bank contracts are fully finalised that this bank financing will not materialise as agreed. In this unlikely, but possible event, an injection of funding from another external source might be necessary in order to settle the liabilities to banks that fall due in May 2018. The management assumes at this point in time that the term sheet will be implemented in accordance with the agreement.

6.12. Trade payables

Please see note 3.8 for the accounting policies.

The trade payables break down as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Non-current	378	480	581	581
Current	60,088	22,894	14,087	11,808
Total	**60,466**	**23,374**	**14,668**	**12,389**

Within the current trade payables KEUR 105 (2016: KEUR 41; 2015: KEUR 22) is attributed to trade payables to related companies and persons.

Please see note 8.3.3 concerning the disclosures on the Group's foreign exchange and liquidity risks in relation to the trade receivables.

6.13. Other liabilities

The other liabilities comprise other financial liabilities, the accruals and other non-financial liabilities. They break down as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Other non-current liabilities				
Other financial liabilities	9,149	10,563	9,419	14,068
Accruals	-	-	-	-
Other non-financial liabilities	-	-	-	-
Total	**9,149**	**10,563**	**9,419**	**14,068**
Other current liabilities				
Other financial liabilities	10,438	8,740	10,407	4,978
Accruals	10,421	7,789	5,983	5,833
Other non-financial liabilities	6,099	4,946	6,344	4,451
Total	**26,958**	**21,475**	**22,733**	**15,263**
Total non-current	**9,149**	**10,563**	**9,419**	**14,068**
Total current	**26,958**	**21,475**	**22,733**	**15,263**
Total other Liabilities	**36,107**	**32,038**	**32,152**	**29,331**

6.13.1. Other financial liabilities

Please see note 3.8 for the accounting policies.

The other financial liabilities include the finance lease liabilities, the negative fair values from derivative financial instruments, liabilities to shareholders and refund liabilities.

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Other non-current financial liabilities				
Finance lease liabilities	2,622	1,500	1,867	611
Derivative financial instruments	152	231	221	264
Liabilities to shareholders	6,375	8,833	7,331	13,195
Total	**9,149**	**10,564**	**9,419**	**14,068**
Other current financial liabilities				
Finance lease liabilities	725	755	561	238
Liabilities to shareholders	1,801	1,020	2,325	-
Refund liability	7,911	6,965	7,521	4,741
Total	**10,438**	**8,740**	**10,407**	**4,978**
Total non-current	**9,149**	**10,564**	**9,419**	**14,068**
Total current	**10,438**	**8,740**	**10,407**	**4,978**
Total other financial liabilities	**19,587**	**19,304**	**19,826**	**19,046**

The refund liabilities result from the awarding of bonuses to dealers who achieve specific sales targets, where this award is expected with a high degree of probability.

The finance lease liabilities result from the leasing of plant and machinery (see note 6.2). In this connection, the finance lease liabilities are due as follows:

	Future minimum lease payments		Interest paid		Present value of the future minimum lease payments	
Maturities of the finance lease liabilities	**31 Dec. 2017 KEUR**	**31 Dec. 2016 KEUR**	**31 Dec. 2017 KEUR**	**31 Dec. 2016 KEUR**	**31 Dec. 2017 KEUR**	**31 Dec. 2016 KEUR**
Due within one year	784	795	59	40	725	755
Due between one and five years	2,714	1,555	91	55	2,622	1,500
Longer than five years	0	0	0	0	0	0
Total	**3,498**	**2,350**	**151**	**95**	**3,347**	**2,255**

	Future minimum lease payments		Interest paid		Present value of the future minimum lease payments	
Maturities of the finance lease liabilities	**31 Dec. 2015 KEUR**	**1 Jan. 2015 KEUR**	**31 Dec. 2015 KEUR**	**1 Jan. 2015 KEUR**	**31 Dec. 2015 KEUR**	**1 Jan. 2015 KEUR**
Due within one year	613	264	52	27	561	238
Due between one and five years	1,941	633	74	23	1,867	611
Later than five years	0	0	0	0	0	0
Total	**2,554**	**898**	**126**	**49**	**2,427**	**848**

The liabilities from derivative financial instruments are an interest rate swap and an interest rate cap, which were entered into in the 2016 financial year. The nominal values and fair values of the two instruments receivables as at 31 December 2017, 31 December 2016 and 31 December 2015 and 1 January 2015 can be presented as follows:

	Nominal value		Fair value	
Derivative financial instruments	**31 Dec. 2017 KEUR**	**31 Dec. 2016 KEUR**	**31 Dec. 2017 KEUR**	**31 Dec. 2016 KEUR**
Interest swap	3,300	3,900	(137)	(211)
Interest cap	1,502	1,614	(15)	(20)
	4,802	**5,514**	**(152)**	**(231)**

	Nominal value		Fair value	
Derivative financial instruments	**31 Dec. 2015 KEUR**	**1 Jan. 2015 KEUR**	**31 Dec. 2015 KEUR**	**1 Jan. 2015 KEUR**
Interest swap	4,500	5,100	(221)	(264)
Interest cap	-	-	-	-
	4,500	**5,100**	**(221)**	**(264)**

The reconciliation of the changes in financial liabilities with the cash flows from financing activities is presented below. In relation to the liabilities to banks, changes to bank overdrafts are presented on a net basis, whereas these changes are reported in the statement of cash flows in line with their nature either as proceeds from or repayments of liabilities to banks.

in KEUR	Liabilities to banks	Liabilities to shareholders	Finance lease liabilities	Liabilities from derivative financial instruments	Equity Subscribed capital	Equity Retained earnings	Equity Retained earnings brought forward	Total
As at 1 January 2017	**44,403**	**9,853**	**2,255**	**231**	**25**	**6,454**	**35,729**	**98,950**
Changes in the cash flows from financing activities								
Proceeds from financial liabilities	37,891	500						38,391
Repayment of financial liabilities	(27,611)	(1,768)						(29,378)
Changes in bank overdrafts	3,159							3,159
Acquisition of non-controlling interests								-
Payments for finance lease liabilities			(895)					(895)
Cash proceeds from capital increases					4	96		100
Distribution to shareholders							(15,000)	(15,000)
Total change in the cash flows from financing activities	**13,439**	**(1,268)**	**(895)**	**-**	**4**	**96**	**(15,000)**	**(3,623)**
Changes from the acquisition of subsidiaries	**4,617**	**-**	**-**	**-**	**-**		**-**	**4,617**
Other changes related to equity and liabilities								
New finance leases			1,987	-				1,987
Other changes to the SKP fund	234							234
Interest expenses;	1,361	442	55	67				1,925
Expenses for other services		620						620
Payments for other services		(1,240)						(1,240)
Net gain/loss from derivative financial instruments				(79)				(79)
Interest paid	(1,361)	(132)	(55)	(67)				(1,615)
Shareholders' debt waiver		(100)						(100)
Total other changes, related to liabilities	**234**	**(409)**	**1,987**	**(79)**	**-**	**-**	**-**	**1,732**
As at 31 December 2017	**62,692**	**8,177**	**3,347**	**152**	**29**	**6,550**	**20,729**	**101,675**

in KEUR	Liabilities to banks	Liabilities to shareholders	Finance lease liabilities	Liabilities from derivative financial instruments	Equity Retained earnings brought forward	Total
As at 1 January 2016	**31,362**	**9,656**	**2,428**	**221**	**25,071**	**68,738**
Changes in the cash flow from financing activities						
Proceeds from financial liabilities	35,898	553				36,451
Repayment of financial liabilities	(24,560)	(700)				(25,260)
Changes in bank overdrafts	1,632					1,632
Acquisition of non-controlling interests						-
Payments for finance lease liabilities			(578)			(578)
Distributions paid					(6,595)	(6,595)
Total change in the cash flows from financing activities	**12,970**	**(148)**	**(578)**	**-**	**(6,595)**	**5,650**
Changes from the acquisition of subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Other changes related to equity and liabilities						
New finance leases			404			404
Other changes to the SKP fund	71					71
Interest expenses	1,053	498	54	74		1,679
Expenses for other services		620				620
Payments for other services		(500)				(500)
Income from the reversal of negative goodwill						-
Net gain/loss from derivative financial instruments				10		10
Interest paid	(1,053)		(54)	(74)		(1,181)
Offsetting of distribution against shareholder loans					(4,005)	(4,005)
Income from derecognition of shareholder loans		(272)				(272)
Total other changes, related to liabilities	**71**	**346**	**404**	**10**	**(4,005)**	**(3,174)**
As at 31 December 2016	**44,403**	**9,854**	**2,255**	**231**	**14,471**	**71,214**

in KEUR	Liabilities to banks	Liabilities to shareholders	Finance lease liabilities	Liabilities from derivative financial instruments	Equity: Retained earnings	Equity: Non-controlling interests	Total
As at 1 January 2015	**30,703**	**13,195**	**848**	**264**	**8,574**	**154**	**53,738**
Changes in the cash flow from financing activities							
Proceeds from financial liabilities	44,010	2,531					46,541
Repayment of financial liabilities	(41,529)	(6,856)					(48,385)
Changes in bank overdrafts	(1,937)						(1,937)
Acquisition of non-controlling interests					(2,137)	(154)	(2,290)
Payments for finance lease liabilities			(318)				(318)
Total change in the cash flows from financing activities	**543**	**(4,324)**	**(318)**	**-**	**(2,137)**	**(154)**	**(6,389)**
Changes from the acquisition of subsidiaries	**-**	**-**		**-**	**-**	**-**	**-**
Other changes related to equity and liabilities							
New finance leases			1,897				1,897
Other changes to the SKP fund	115						115
Interest expenses;	1,463	351	36	73			1,923
Expenses for other services		620					620
Payments for other services		(120)					(120)
Income from the reversal of negative goodwill					15		15
Net gain/loss from derivative financial instruments				(42)			(42)
Interest paid	(1,463)		(36)	(73)			(1,572)
Shareholders' debt waiver		(65)					(65)
Total other changes, related to liabilities	**115**	**786**	**1,897**	**(42)**	**15**	**-**	**2,772**
As at 31 December 2015	**31,362**	**9,656**	**2,428**	**221**	**6,454**	**-**	**50,121**

6.13.2. Accruals

Please see note 3.13 for the accounting policies.

The accruals are exclusively short term in nature and comprise the following material items:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Personnel-related accruals	8,250	5,911	4,176	4,474
Outstanding invoices	895	354	476	308
Audit costs and expenses for preparing the annual financial statements	449	180	150	157
Insurance premiums	589	375	515	309
Miscellaneous accruals	238	969	664	585
Total accruals	**10,421**	**7,789**	**5,983**	**5,833**

6.13.3. Other non-financial liabilities

The other non-financial liabilities are exclusively short term in nature and comprise the following material items:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Value added tax	107	9	630	578
Debtors with credit balances	607	1,059	719	1,167
Other taxes	741	505	513	415
Liabilities from wages and salaries	2,900	2,262	2,067	1,585
Advance payments received from customers	1,512	460	517	459
Miscellaneous liabilities	232	655	1,898	247
Total other non-financial liabilities	**6,099**	**4,946**	**6,344**	**4,451**

6.14. Tax liabilities

The tax liabilities as at 1 January 2015, 31 December 2015, 31 December 2016 and 31 December 2017 can be presented as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Tax liabilities	12,896	7,210	4,510	1,836

The liabilities concern exclusively income taxes here. For the development of the deferred tax liabilities, please refer to note 7.9.3.

7. Notes on the consolidated statement of comprehensive income

7.1. Revenue

Broken down by the product groups caravans, motorhomes, camper cans and after-sales/other, the revenue can be presented as follows:

	2017 in KEUR	2016 in KEUR	2015 in KEUR
Caravans	169,061	140,438	131,656
Motorhomes	275,458	228,929	170,683
Camper vans	128,329	82,216	71,305
After-sales/other	19,120	16,021	17,606
Total	**591,968**	**467,604**	**391,250**

The breakdown of the revenue by the geographical regions Germany, Europe and rest of the world is produced as follows:

	2017 in KEUR	2016 in KEUR	2015 in KEUR
Germany	388,393	300,599	247,200
Europe	199,476	165,508	141,690
Rest of the world	4,099	1,497	2,360
Total	**591,968**	**467,604**	**391,250**

The revenue essentially comes under the scope of IFRS 15 and is realised in full at a specific point in time (cf. also note 3.14.1 on this). Please see note 4.2 for the breakdown of the revenue into the luxury and the premium segment.

7.2. Changes in inventory and other own work capitalised

	2017 KEUR	2016 KEUR	2015 KEUR
Change in inventory of finished goods	24,834	6,042	1,690
Change in inventory of work in progress	5	1,337	384
Changes in inventory	24,839	7,379	2,074

The changes in inventory increased by KEUR 17,460 in comparison with the prior year from KEUR 7,379 to KEUR 24,839.

Other own work capitalised	**2,566**	**2,971**	**3,148**

In contrast to this, the other own work capitalised, which results essentially from the capitalised development projects and the capitalisation of leased vehicles, fell by KEUR 405 from KEUR 2,971 to KEUR 2,566.

7.3. Other operating income

The other operating income increased by KEUR 1,072 in the 2017 financial year in comparison with the prior year from KEUR 2,833 to KEUR 3,905 (2015: KEUR 2,733). They contain the following items:

	2017 KEUR	2016 KEUR	2015 KEUR
Income from asset disposals	560	127	162
Income from currency translation	158	137	116
Income from the reversal of provisions	753	542	351
Insurance compensation	729	561	475
Compensation payments	214	272	177
Subsidies	8	13	110
Other income	1,483	1,181	1,342
	3,905	**2,833**	**2,733**

The other income essentially contains settlement payments from litigation amounting to KEUR 506 (2016: KEUR 3; 2015: KEUR 0) and bonus credits from the utilisation of temporary employment quotas totalling KEUR 235 (2016: KEUR 171; 2015: KEUR 83). In 2016, they additionally include income from claw-back payments in the amount of KEUR 309 (2015: KEUR 622).

7.4. Cost of materials

The increase in the expenses for the cost of materials by KEUR 101,453 in the 2017 financial year in comparison with the prior year from KEUR 335,633 to KEUR 437,086 (2015: KEUR 281,563) is caused by the growth in sales in the past financial year.

	2017 KEUR	2016 KEUR	2015 KEUR
Expenses for raw materials, consumables and supplies	413,023	318,885	269,019
Purchased services	24,063	16,748	12,544
Cost of materials	**437,086**	**335,633**	**281,563**

7.5. Personnel expenses

A total of 1,314 (2016: 1,127; 2015: 946) manual workers and 388 (2016: 333; 2015: 303) salaried employees workers were employed in the reporting year. The increase in payroll expenses can largely be attributed to the increase in the number of employees and the adjustments made to the pay scales. Social security, post-employment and other employee benefit costs are included in the personnel expenses.

	2017 KEUR	2016 KEUR	2015 KEUR
Wages and salaries	63,506	51,141	42,866
Social security, post-employment and other employee benefit costs	12,735	10,318	8,743
thereof for retirement benefits	11,720	9,511	8,023
Personnel expenses	**76,241**	**61,459**	**51,609**

As a traditional manufacturing company with a high degree of vertical integration, the Group is an labour-intensive company. The personnel expense ratio (personnel expenses to total output) amounts to 12% in the 2017 financial year (2016: 13%; 2015: 13%).

The remuneration of the management and also of the employees in executive positions is structured to include variable components in different proportions.

The retirement benefit costs include the contributions paid by the employer to the German statutory pension insurance fund.

7.6. Depreciation and amortisation

The depreciation and amortisation and impairments can be presented as follows:

	2017 KEUR	2016 KEUR	2015 KEUR
Intangible assets	3,253	3,578	3,198
Property, plant and equipment	7,320	5,722	5,108
thereof finance leases	628	575	317
Depreciation and amortisation	**10,573**	**9,300**	**8,306**
Intangible assets	910	304	160
Property, plant and equipment	—	—	—
Impairments	**910**	**304**	**160**

The impairments of KEUR 910 (2016: KEUR 304; 2015: KEUR 160) on intangible assets are allocated in full to capitalised development projects.

The impairments were carried out both in 2017 and in 2016 and 2015, as the forecast sales expectations of the products related to the development projects can probably not be achieved.

7.7. Other operating expenses

The other operating expenses increased by KEUR 12,477 in the 2017 financial year in comparison with the prior year from KEUR 43,247 to KEUR 55,724 (2015: KEUR 40,365). They contain the following items:

	2017 KEUR	2016 KEUR	2015 KEUR
Costs for premises, energy and maintenance	6,402	5,881	4,004
Expenses for advertising, trade fairs and sales	19,582	14,748	14,687
Research and development expenditure	2,507	1,037	708
Expenses from foreign currency translation	300	138	248
Insurance policies and legal and consultancy costs	6,019	3,946	3,596
Warranty and goodwill expenses	7,204	7,066	8,970
Costs of orders	4,109	2,382	1,988
Travel and representation expenses	1,784	1,655	1,243
Costs for IT, tools and small devices	2,233	1,547	1,189
Other expenses	5,584	4,847	3,732
Total	**55,724**	**43,247**	**40,365**

7.8. Financial result

The material elements of the financial result can be seen in the table below:

	2017 KEUR	2016 KEUR	2015 KEUR
Interest income	229	290	149
Income from disposals of financial instruments	—	272	—
Income from derivative financial instruments	79	11	42
Finance income	308	573	191
Interest expenses	2,006	1,690	2,071
Expenses from derivative financial instruments	—	20	—
Finance costs	**2,006**	**1,711**	**2,071**
Financial result	**(1,698)**	**(1,138)**	**(1,880)**

The income and expenses from derivative financial instruments include the changes recognised in profit or loss to the fair value of the interest rate swap and of the interest rate cap. The income from the disposal of financial instruments in 2016 of KEUR 272 resulted from the derecognition of a shareholder loan, as a significant contract amendment in the form of a term extension had to be recorded.

The interest expenses contain expenses from the application of the effective interest totalling KEUR 340 in the 2017 financial year (2016: KEUR 402; 2015: KEUR 366). These are allocated to the liabilities to shareholders and the lease finance liabilities, both of which are assigned to the category of the financial liabilities to be measured at amortised cost (cf. note 8.1).

The net profits or net losses from the measurement of derivative financial instruments in profit or loss that are assigned to the category of the financial liabilities to be measured at fair value are presented in the table below:

	2017 KEUR	2016 KEUR	2015 KEUR
Net profits from derivative financial instruments	79	—	42
Net losses from derivative financial instruments	—	10	—

7.9. Income taxes

7.9.1. Taxes recognised in profit or loss

Taxes recognised in profit or loss

	2017 KEUR	2016 KEUR	2015 KEUR
Current year	11,489	8,226	3,683
Prior years	28	37	-34
Current tax expense	**11,517**	**8,263**	**3,649**
Creation / reversal of temporary differences from tax losses	-663	-94	297
Deferred tax expense	**-663**	**-94**	**297**
Tax expense	**10,854**	**8,169**	**3,946**

The tax expense reported in the income statement totalling KEUR 11,770 (31 December 2016: KEUR 8,448; 31 December 2015: KEUR 4,307) additionally include other taxes in the amount of KEUR 916 (31 December 2016: KEUR 279; 31 December 2015: KEUR 361).

7.9.2. Reconciliation of the effective tax rate

An income tax rate of 27.7% (2016: 27.7%; 2015: 27.7%), which corresponds to the combined tax rate from trade and corporation tax plus solidarity surcharge for the parent, is used as the basis for calculating the expected tax expense.

Reconciliation of the effective tax rate

	31 Dec. 2017		31 Dec. 2016		31 Dec. 2015	
	%	KEUR	%	KEUR	%	KEUR
Profit before tax		40,131		29,428		14,961
Expected taxes	27.7	11,108	27.7	8,145	27.7	4,141
Deviations in tax rates	-0.5	-199	-0.5	-145	-1.6	-233
Tax rate changes	0.0	0	0.0	0	0.1	22
Tax adjustments (permanent effects)	-0.1	-24	0.3	76	0.5	70
Non-recognition of losses of the current year and change / valuation allowance of tax loss carryforwards and temporary differences	0.0	0	0.0	8	-0.2	-24
Prior year taxes	0.1	28	0.1	37	-0.2	-34
Other	-0.1	-59	0.2	48	0.0	6
Effective taxes	**27.1**	**10,854**	**27.8**	**8,169**	**26.4**	**3,946**

7.9.3. Change in the deferred taxes in the balance sheet during the year

Change in the deferred taxes in the balance sheet during the year

2017 financial year	Net as at 1 January KEUR	In profit/loss KEUR	In other comprehensive income KEUR	Recognised in equity KEUR	Business combinations KEUR	Other KEUR	As at 31 December Net KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
Intangible assets	2,668	-332					2,336	0	2,336
Property, plant and equipment	1,434	101	1				1,536	-14	1,550
Inventories	147	33					180	0	180
Trade receivables	-117	-165					-282	-282	0
Other assets	38	8					46	0	46
Tax loss carryforwards	-50	20					-30	-30	0
Other provisions	-38	-181					-219	-219	0
Liabilities to banks	0	0					0	0	0
Trade payables	54	-69					-15	0	-15
Other liabilities	-882	-78					-960	-1,316	356
Tax assets (liabilities) before offsetting	**3,254**	**-663**	**1**	**-**	**-**	**-**	**2,592**	**-1,861**	**4,453**
Offsetting of taxes	0	0	0				0	2	-2
Tax assets (liabilities) net	**3,254**	**-663**	**1**				**2,592**	**-1,859**	**4,451**

2016 financial year	Net as at 1 January KEUR	In profit/loss KEUR	In other comprehensive income KEUR	Recognised in equity KEUR	Business combinations KEUR	Other KEUR	As at 31 December Net KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
Intangible assets	2,683	-15					2,668	0	2,668
Property, plant and equipment	1,579	-143	-2				1,434	-11	1,445
Inventories	107	40					147	0	147
Trade receivables	-78	-39					-117	-117	0
Other assets	36	2					38	0	38
Tax loss carryforwards	-111	61					-50	-50	0
Other provisions	41	-79					-38	-202	164
Liabilities to banks	0	0					0	0	0
Trade payables	46	8					54	0	54
Other liabilities	-953	71					-882	-1,121	239
Tax assets (liabilities) before offsetting	**3,350**	**-94**	**-2**	**-**	**-**	**-**	**3,254**	**-1,501**	**4,755**
Offsetting of taxes	0	0	0				0	7	-7
Tax assets (liabilities) net	**3,350**	**-94**	**-2**				**3,254**	**-1,494**	**4,748**

As at 31 December

2015 financial year	Net as at 1 January KEUR	In profit/loss KEUR	In other comprehensive income KEUR	Recognised in equity KEUR	Business combinations KEUR	Other KEUR	Net KEUR	Deferred tax assets KEUR	Deferred tax liabilities KEUR
Intangible assets	2,465	218					2,683	0	2,683
Property, plant and equipment	1,290	289					1,579	-13	1,592
Inventories	95	12					107	0	107
Trade receivables	-156	78					-78	-78	0
Other assets	141	-105					36	0	36
Tax loss carryforwards	-170	59					-111	-111	0
Other provisions	-157	198					41	-110	151
Liabilities to banks	0	0					0	0	0
Trade payables	177	-131					46	0	46
Other liabilities	-631	-322					-953	-1,216	263
Tax assets (liabilities) before offsetting	3,054	296	-	-	-	-	3,350	-1,528	4,878
Offsetting of taxes	0	0					0	7	0
Tax assets (liabilities) net	3,054	296					3,350	-1,521	4,878

Neither deferred tax assets nor deferred tax liabilities were recognised in equity in the 2017 reporting year, in 2016 or in 2015.

7.9.4. Unrecognised deferred tax assets

Deferred tax assets were not recognised with regard to the following items, as it is not likely that a taxable profit against which the Group can offset the deferred tax assets will be available in the future.

Unrecognised deferred tax assets

	31 Dec. 2017		31 Dec. 2016		31 Dec. 2015		1 Jan. 2015	
	Gross KEUR	Tax effect KEUR	Gross KEUR	Tax effect KEUR	Gross KEUR	Tax effect KEUR	Gross KEUR	Tax effect KEUR
Deductible temporary differences	0	0	0	0	0	0	0	0
Tax losses	0	0	158	9	149	-24	173	0
Unrecognised deferred tax assets	**0**	**0**	**158**	**9**	**149**	**-24**	**173**	**0**

7.9.5. Tax loss carryforwards

The tax loss carryforwards that have not been recognised expire as follows:

Tax loss carryforwards

	31 Dec. 2017		31 Dec. 2016		31 Dec. 2015		1 Jan. 2015	
	KEUR	Expiry date	KEUR	Expiry date	KEUR	Expiry date	KEUR	Expiry date
Forfeitable	0	-	0	-	0	-	0	
Non-forfeitable	0		572		539	-	625	

7.9.6. Outside basis differences

Temporary differences of KEUR 650 from outside basis differences in accordance with IAS 12.39 exist as at the balance sheet date of 31 December 2017 (2016: KEUR 384; 2015: KEUR 188; 1 January 2015: KEUR 115).

8. Other information on financial instruments

8.1. Classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy of the fair value. It does not contain any information on the fair value for financial assets and financial liabilities that have not been measured at fair value if the carrying amount represents a reasonable approximation of the fair value.

	Carrying amount				Fair value			
31 Dec. 2017 in KEUR	**Loans and receivables**	**Measured at fair value**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value								
Trade receivables	27,301			27,301				
Receivables from dealer financing and factoring	9,177			9,177				
Receivables from shareholders	-			-				
Other financial assets	12			12				
Cash and cash equivalents	6,427			6,427				
	42,917			**42,917**				
Financial liabilities measured at fair value								
Derivative financial instruments		152		152		152		152
		152		**152**		**152**		**152**
Financial liabilities not measured at fair value								
Liabilities to banks(current)			41,313	41,313				
Liabilities to banks (non-current)			21,379	21,379		18,571		18,571
Liabilities to shareholders			8,176	8,176		7,685		7,685
Trade payables			60,466	60,466				
Finance lease liabilities			3,347	3,347		3,352		3,352
Refund liability			7,911	7,911				
			142,592	**142,592**		**29,608**		**29,608**

31 Dec. 2016 in KEUR	Carrying amount Loans and receivables	Measured at fair value	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Trade receivables	20,315			20,315				
Receivables from dealer financing and factoring	9,130			9,130				
Receivables from shareholders	22			22				
Other financial assets	-			-				
Cash and cash equivalents	6,769			6,769				
	36,236			**36,236**				
Financial liabilities measured at fair value								
Derivative financial instruments		231		231		231		231
		231		**231**		**231**		**231**
Financial liabilities not measured at fair value								
Liabilities to banks(current)			27,709	27,709				
Liabilities to banks (non-current)			16,694	16,694		12,077		12,077
Liabilities to shareholders			9,853	9,853		9,304		9,304
Trade payables			23,374	23,374				
Finance lease liabilities			2,255	2,255		2,255		2,255
Refund liability			6,965	6,965				
			86,850	**86,850**		**23,636**		**23,636**

31 Dec. 2015 in KEUR	Carrying amount Loans and receivables	Measured at fair value	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value								
Trade receivables	18,670			**18,670**				
Receivables from dealer financing and factoring	7,728			**7,728**				
Receivables from shareholders	4,027			**4,027**				
Other financial assets	-			**-**				
Cash and cash equivalents	6,533			**6,533**				
	36,958			**36,958**				
Financial liabilities at fair value								
Derivative financial instruments		221		**221**		221		**221**
		221		**221**		**221**		**221**
Financial liabilities not measured at fair value								
Liabilities to banks(current)			23,327	**23,327**				
Liabilities to banks (non-current)			8,035	**8,035**		5,427		**5,427**
Liabilities to shareholders			9,656	**9,656**		9,096		**9,096**
Trade payables			14,668	**14,668**				
Finance lease liabilities			2,428	**2,428**		2,435		**2,435**
Refund liability			7,521	**7,521**				
			65,635	**65,635**		**16,958**		**16,958**

1 Jan. 2015 in KEUR	Carrying amount Loans and receivables	 Measured at fair value	 Other financial liabilities	 Total	Fair value Level 1	 Level 2	 Level 3	 Total
Financial assets not measured at fair value								
Trade receivables	19,460			**19,460**				
Receivables from dealer financing and factoring	3,578			**3,578**				
Receivables from shareholders	-			**-**				
Other financial assets	-			**-**				
Cash and cash equivalents	5,784			**5,784**				
	28,822			**28,822**				
Financial liabilities measured at fair value								
Derivative financial instruments		264		**264**		264		**264**
		264		**264**		**264**		**264**
Financial liabilities not measured at fair value								
Liabilities to banks(current)			21,014	**21,014**				
Liabilities to banks (non-current)			9,689	**9,689**		7,124		**7,124**
Liabilities to shareholders			13,195	**13,195**		13,195		**13,195**
Trade payables			12,389	**12,389**				
Finance lease liabilities			849	**849**		865		**865**
Refund liability			4,741	**4,741**				
			61,877	**61,877**		**21,184**		**21,184**

8.2. Determination of fair values

The following measurement methods have been used to calculate the fair values of level 2.

Derivative financial instruments

The fair values of the derivative financial instruments in the form of the interest rate swap and the interest rate cap are calculated by the counterparties using valuation methods based on market prices.

Other financial liabilities

The fair values of the other financial liabilities in the form of the non-current liabilities to banks, the shareholder loans and the finance lease liabilities have been calculated by discounting the expected cash flow using a risk-adjusted discount rate.

There were no reclassifications between the individual hierarchy levels of the fair value in the present reporting periods.

8.3. Financial risk management

8.3.1. Risk management principles

The Knaus Tabbert Group is exposed to a variety of risks on account of the existing financial instruments.

The management of the parent company bears the responsibility for setting up and controlling the Group risk management. The risk management system implemented at the Knaus Tabbert Group records potential risks and assesses them by means of a risk analysis. The finance department is responsible for developing and monitoring this risk management and reports on this to the management on a regular basis. The risks that are identified are subsequently assessed systematically using the criteria “probability of occurrence”, “potential scope of damage” and “time horizon” and assigned to defined risk classes.

The defined risk classes result in a variety of duties on the part of the individual risk managers to report to the management. Measures have been developed to prevent and mitigate risk. A material element of the risk management system here is also the regular reporting with variance analyses on the results of operations and on the trend in orders by the company’s controlling department. The individual risks that are identified are constantly monitored by the responsible employees and also by the company’s management.

On account of the operating activities, the Knaus Tabbert Group has to enter into certain risks deliberately to be able to exploit opportunities and successfully hold its own on the market. A broad range of opportunities and risk fields affect the Group here.

The Group is exposed to the following risks arising from the use of financial instruments:

- Receivables and credit risks
- Liquidity risks
- Market risks

8.3.2. Receivables and credit risks

The credit risk is the risk of financial losses if a customer or the party to a contract involving a financial instrument does not fulfil their contractual obligations. The credit risk arises in principle from the trade receivables.

The carrying amounts of the financial assets corresponds to the maximum credit risk.

Trade and other receivables

The Group’s credit risk is primarily influenced by the individual characteristics of the customers. The frequently low equity base of our trading partners will also be the cause in the future of more companies dropping out from the current dealer network, which may lead to negative impacts on the financial position, cash flows and results of operations of the Knaus Tabbert Group. Enhanced co-operation with the purchase financing banks, expanded inventory controls, constant monitoring of accounts receivable and the monitoring of early warning indicators, such as inventory trends, issue of vehicle documentation and collection deadlines, therefore continue to be given the highest priority. A collateral fund has been set up for realisation risks of financed vehicles (cf. notes 3.8, 6.6 and 12).

In order to determine any necessary depreciation, amortisation and write-downs, the Group has introduced a procedure enabling an estimate to be made of losses from trade receivables that have already been incurred.

The maximum credit risk for trade and other receivables on 31 December 2017, 31 December 2016 and 31 December 2015 broken down by geographical region can be presented as follows:

in KEUR	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR
Germany	20,305	12,217	9,713
Europe	6,230	7,520	8,495
Rest of the world	766	578	462
Total	**27,301**	**20,315**	**18,670**

The maximum credit risk for trade and other receivables on 31 December 2017, 31 December 2016 and 31 December 2015 broken down by type of customer can be presented as follows:

in KEUR	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR
Dealers	26,900	20,038	18,522
End customers	401	277	148
Total	**27,301**	**20,315**	**18,670**

The ageing of trade receivables that are not impaired can be presented as follows as at 31 December 2017, 31 December 2016 and 31 December 2015:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR
Receivables that are not past due or written down	24,279	16,377	18,327
Past due receivables that are not individually written down	3,084	3,739	102
Less than 30 days past due	2,548	2,278	28
30 to 60 days past due	244	547	25
61 to 90 days past due	80	484	26
More than 90 days past due	212	430	22

In the case of the trade receivables that were not impaired or past due, there were no indications that defaults in payment are occurring that will lead to a reduction in assets at the KTG Group. If there are signs that significant delays in payment can be expected, past due trade receivables are examined individually for necessary write-downs and impaired if necessary.

The development of the write-downs concerning the trade receivables can be presented as follows:

	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR
As at 1 January	225	85	440
Additions	76	188	70
Reversals	(95)	(16)	(71)
Utilisation	(29)	(32)	(354)
Exchange rate effects	-	-	-
As at 31 December	**177**	**225**	**85**

Trade receivables are individually impaired when there are indications that they cannot be collected.

Cash and cash equivalents

The Group holds bank balances totalling KEUR 6,405 as at 31 December 2017 (31 December 2016: KEUR 6,743; 31 December 2015: KEUR 6,511). This sum thus also represents the maximum credit risk with regard to these assets. The cash and cash equivalents are deposited at banks with a high credit rating.

Derivatives

The credit risk of derivative financial instruments arises if counterparties do not fulfil their payment obligations or fulfil them only to a limited extent. To limit this risk, contracts are accordingly entered into only with selected banks with an appropriately high credit rating.

8.3.3. Liquidity risk

The risk that the Knaus Tabbert Group will be unable to fulfil its payment obligations when they fall due is referred to as liquidity risk. In the course of managing the liquidity risk, the Knaus Tabbert Group ensures that sufficient liquidity to meet obligations that are due is always available without incurring unsustainable losses or compromising the reputation of the Knaus Tabbert Group in the process.

The liquidity-related risks of the Knaus Tabbert Group consist in the possibility that financial obligations, such as the repayment of loans or the current capital requirements of the operating activities, cannot be met.

The Knaus Tabbert Group counters these risks in the following way: the financial planning necessary to ensure the liquidity is drawn up on the basis of a medium and short-term annual plan. An adequate financing framework is available to the company for the next four years in the form of the existing syndicated loan agreement. The Group discusses the current business performance and the prospects of its industry at regular meetings with its principal banks and ensures in this way that information is appropriately circulated.

Production that is adjusted to the order situation allows clear inventory management especially in the area of finished vehicles, which enables a stable liquidity situation to be achieved.

Significance of the liquidity risk

The contractual maturities of the non-derivative financial liabilities as at the reporting date is presented below. They involve undiscounted gross amounts:

31 Dec. 2017 in KEUR	**Carrying amounts**	**Contractually agreed cash flows**	**Maturities of less than 1 year**	**Maturities between 1 and 5 years**	**Maturities of over 5 years**
Liabilities to banks	62,692	62,692	41,313	19,104	2,276
Liabilities to shareholders	8,177	8,517	1,943	6,574	-
Trade payables	60,466	60,466	60,088	378	-
Finance lease liabilities	3,347	3,498	784	2,714	-
Refund liability	7,911	7,911	7,911	-	-
Total	**142,593**	**143,084**	**112,039**	**28,769**	**2,276**

31 Dec. 2016 in KEUR	**Carrying amounts**	**Contractually agreed cash flows**	**Maturities of less than 1 year**	**Maturities between 1 and 5 years**	**Maturities of over 5 years**
Liabilities to banks	44,403	44,403	27,709	14,054	2,640
Liabilities to shareholders	9,853	10,231	1,400	8,831	-
Trade payables	23,374	23,374	22,894	480	-
Finance lease liabilities	2,255	2,350	795	1,555	-
Refund liability	6,965	6,965	6,965	-	-
Total	**86,849**	**87,323**	**59,763**	**24,919**	**2,640**

31 Dec. 2015 in KEUR	**Carrying amounts**	**Contractually agreed cash flows**	**Maturities of less than 1 year**	**Maturities between 1 and 5 years**	**Maturities of over 5 years**
Liabilities to banks	31,362	31,362	23,327	4,792	3,243
Liabilities to shareholders	9,656	10,431	2,385	8,046	-
Trade payables	14,668	14,668	14,087	581	-
Finance lease liabilities	2,428	2,554	613	1,941	-
Refund liability	7,521	7,521	7,521	-	-
Total	**65,634**	**66,535**	**47,933**	**15,360**	**3,243**

8.3.4. Market risk

Market risks are risks connected with changes in market prices, such as foreign exchange rates or interest rates, which have an influence of the Group's income or the value of the financial instruments that are held. The aim of the market risk management is to manage and control market risks within acceptable ranges and to optimise the returns at the same time.

Foreign currency risk

Foreign currency risk can be described as a sub-item of the market risk. It is not necessary to hedge foreign currency risks, as the invoicing and the procurement are basically carried out in euros. Foreign currency risks consequently play a minor role at the Knaus Tabbert Group.

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

Variable interest rate agreements contain the risk that interest rates for financial liabilities will rise. This risk is analysed, assessed and, if necessary, managed through the use of derivative interest rate hedges. The subject of this management is the interest-bearing net financial liabilities of the Knaus Tabbert Group.

Significance of the interest rate risk

in KEUR	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015
Interest rate exposure			
Variable-rate financial liabilities	39,706	29,650	24,064

If the average interest rate of the variable-rate financial liabilities were to rise by 50 basis points, the earnings before tax would fall by KEUR 199 (2016: KEUR 148, 2015: KEUR 120). A reduction by 50 basis points would have a positive effect on the earnings before tax of KEUR 199 (2016: KEUR 148, 2015: KEUR 120).

8.4. Capital management

The Group's capital management primarily pursues the goal of ensuring a sufficiently strong equity ratio in order to support the continuation of the business activities and to maintain the Group's financial stability. The aim here is to provide the necessary financial and liquidity flexibility. The financial profile is actively managed and monitored. The equity ratio is primarily used for this. The equity ratio is calculated as a ratio from the reported equity and the total assets.

Furthermore, the Group monitors the capital using the ratio of net debt to adjusted EBITDA (debt-to-equity ratio). The net debt includes liabilities to banks, liabilities to shareholders and finance lease liabilities less the cash and cash equivalents. The adjusted EBITDA represents earnings before tax, interest, depreciation and amortisation adjusted by non-operating effects. This is calculated by eliminating income and expenses from the disposal of non-current assets, income from the reduction or reversal of write-downs on receivables, income from the reversal of provisions, income from the translation of foreign currency transactions and income from claims for damages and insurance benefits from the consolidated net profit for the period corrected by taxes, depreciation and amortisation and finance income and finance expenses.

in KEUR	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015
Equity	68,824	54,504	43,770
Equity ratio	26%	31%	31%
Debt-to-equity ratio	1.3	0.8	1.5

9. Business combinations

9.1. H.T.P. Freizeit GmbH (including MORELO Reisemobile GmbH)

The ultimate parent entity of Knaus Tabbert GmbH can be identified as H.T.P. Investments B.V. (referred to in the following as "H.T.P. Invest"), which has had control within the meaning of IFRS 10 both over Knaus Tabbert GmbH (KTG) and over H.T.P. Freizeitmobile GmbH (H.T.P. Freizeit) since 1 January 2015.

H.T.P. Freizeit has in turn controlled MORELO Reisemobile GmbH (MORELO) since 28 February 2014 after acquiring an additional 25% of the shares and consequently increasing its shareholding to 75% of the share capital in total. Am 29. October 2015 hat die H.T.P. Freizeit acquired the remaining 25% of MORELO on 29 October 2015, with the result that the amount of the equity investment increased to 100% (cf. also section 9.1.4 on this).

On account of the exemptions of section 293 HGB related to the size of a company, consolidated financial statements were not, however, prepared for the sub-group by H.T.P. Freizeit either in accordance with commercial law regulations or in accordance with IFR.

H.T.P. Freizeit converted its financial reporting to IFRS with effect from 1 January 2015. The sub-group does not apply IFRS 3 for business combinations in financial years ending before 31 December 2014. For the purposes of the IFRS opening balance sheet as at 1 January 2015, the existing carrying amounts pursuant to HGB of the assets and liabilities as well as of the goodwill are accordingly rolled over.

For the consolidation of subsidiaries in this connection, H.T.P. Freizeit decided to carry out the initial consolidation of MORELO GmbH in accordance with commercial law principles. A purchase price allocation was carried out on the acquisition date of 28 February 2014 using the revaluation method pursuant to commercial law principles. In this connection, all assets and liabilities of MORELO GmbH were recognised at their fair value. Reported assets, but also intangible assets that had not yet been recognised were taken into account in this process.

The remaining difference between the acquisition costs and the acquired total assets after discovery of hidden reserves and hidden liabilities was capitalised – in due consideration of any deferred taxes – as goodwill. The goodwill results primarily from the synergies expected from the integration of MORELO in the Group’s existing premium business. It is not expected that anything will be deductible for tax purposes from the recognised goodwill.

As H.T.P. Invest already had control as the ultimate parent over KTG and MORELO both before and after the internal group restructuring, and this contract is not simply temporary in nature, the merger qualifies in accordance with IFRS 3.B1 as a transaction under common control. Transactions of this kind are excluded from the scope of IFRS 3 in accordance with IFRS 3.2c).

H.T.P. Freizeit was merged for its part with KTG on 30 June 2017 by way of an internal group restructuring. The merger was carried out as a contribution from shareholders with a capital increase. In this connection, 100% of the shares in MORELO were transferred to KTG and it thus became a direct subsidiary of KTG at the same time.

The presentation of the transactions

- was therefore carried out within the framework of the initial inclusion of the sub-group H.T.P. Freizeit in the consolidated financial statements of KTG by way of the basis rollover of the carrying amounts under commercial law,
- was carried out for the transaction under common control with retrospective effect from 1 January 2015 with acquisition of control over MORELO, with the result that the comparative information back to and including 1 January 2015 was adjusted in such a way as if the sub-group H.T.P. Freizeit had always been merged with the sub-group KTG.

As a result of its control over MORELO, Knaus Tabbert has the opportunity to expand the luxury motorhomes business.

9.1.1. Consideration transferred

As H.T.P. Freizeit is under the common control of the ultimate parent and its inclusion in the consolidated financial statements is not made on account of an acquisition, no consideration is incurred.

9.1.2. Assets acquired and liabilities assumed

The carrying amounts of the assets and liabilities taken over as at 1 January 2015 by the inclusion of the sub-group H.T.P. Freizeit (including MORELO) are presented in the table below:

	Carrying amounts at the time of inclusion in the consolidated financial statements KEUR
Other intangible assets	559
thereof "MORELO" brand	373
Goodwill	841
Property, plant and equipment	7,382
Inventories	8,760
Trade receivables and other assets, including deferred taxes	1,616
Cash and cash equivalents	1,723
Assets	**20,881**
Other provisions	242
Liabilities to banks	5,107
Trade and other payables	15,622
Tax liabilities, including deferred taxes	263
Provisions and liabilities	21,234
Change in equity	**-353**
Reduction in the equity of the owners of the parent company	**-507**
Increase of minority interests in the capital	**154**

The receivables do not include any material trade receivables that contain gross amounts due from the contractual amounts receivable.

9.1.3. Merger with Knaus Tabbert GmbH

The merger of H.T.P. Freizeit GmbH with Knaus Tabbert GmbH was carried out by merger agreement of 16 November 2017 with retroactive effect from 30 June 2017 at carrying amounts within the framework of a non-cash contribution with a capital increase.

Even though the overall group is presented in the course of the transaction under common control as if the H.T.P. sub-group was already part of the KTG sub-group at 1 January 2015, the share capital increase under company law arising from the merger is taken into account as at 30 June 2017 and not already as at 1 January 2015. The amount of the net assets taken over (KEUR 41) that exceeds the capital contribution of KEUR 4 was offset against the retained earnings.

9.1.4. Acquisition of non-controlling interests in MORELO

H.T.P. Freizeit acquired the remaining 25% in MORELO on 29 October 2015, with the result that the Group's equity investment totals 100% as at 31 December 2015. The carrying amount of the net assets of MORELO in the financial statements of the Group totalled KEUR 614 at the acquisition date.

	KEUR
Carrying amount of the non-controlling interests acquired (KEUR 614 x 25%)	154
Purchase price paid for non-controlling interests	2,290
Reduction in the equity of the owners of the parent company	2,137

The reduction in the equity of the owners of the parent company is represented as a reduction in the retained earnings.

9.2. HÜTTLrent GmbH

Knaus Tabbert GmbH acquired 100% of the shares and thus all voting rights in HÜTTLrent GmbH on 31 July 2017. Knaus Tabbert consequently gained control of the company.

Based on its control of HÜTTLrent GmbH, Knaus Tabbert has the opportunity to expand the leasing business in motorhomes and caravans.

9.2.1. Consideration transferred

The consideration amounts to KEUR 1,330.

9.2.2. Assets acquired and liabilities assumed

The fair values of the assets acquired and liabilities assumed on the acquisition date are summarised below:

	Fair values at the acquisition date KEUR
Property, plant and equipment	3,499
Other financial assets	15
Receivables and other assets, including deferred taxes	2,451
Cash and cash equivalents	1,119
Assets	**7,084**
Provisions for income taxes	343
Other provisions	206
Liabilities to banks	4,617
Liabilities and deferred income	518
Provisions and liabilities	**5,684**
Equity	**1,400**

The receivables do not include any material trade receivables that contain gross amounts due from the contractual amounts receivable.

9.2.3. Goodwill / negative goodwill

An immaterial negative goodwill totalling KEUR 70 was incurred in the course of the initial consolidation as a result of the acquisition of HRG on account of market inefficiencies. The amount was recognised in profit or loss in accordance with IFRS 3.34 after the carrying amounts were reviewed.

9.2.4. Acquisition-related costs

No major costs were incurred at the Group in connection with the business combination.

10. Operating leases

The Group is the lessee in various leases that have been classified as operating leases. In addition to buildings, the leases primarily concern plant and machinery, operating and office equipment and vehicles.

The future minimum lease payments within the framework of the operating leases can be presented as follows for the different periods:

Future minimum lease payments on account of operating leases	**31 Dec. 2017 KEUR**	**31 Dec. 2016 KEUR**	**31 Dec. 2015 KEUR**	**1 Jan. 2015 KEUR**
Due within one year	1,369	931	792	748
Due between one and five years	1,524	558	561	230
Longer than five years	8	0	0	0
	2,901	**1,489**	**1,353**	**978**

Payments totalling KEUR 1,021 (2016: KEUR 883; 2015: KEUR 745) were recognised in profit or loss in the consolidated statement of comprehensive income in the 2017 financial year within the framework of rental and lease agreements classified as operating leases. These are exclusively lease expenses.

11. Future payment obligations

The Group contracted other payment obligations in addition to the payment obligations resulting from leases. These result primarily from maintenance and service contracts.

Future payment obligations	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Due within one year	541	395	110	104
Due between one and five years	397	64	1	5
Longer than five years	0	0	0	0
	938	**459**	**111**	**109**

12. Contingent assets and liabilities

The following contingent liabilities exist as at the balance sheet date:

Contingent liabilities	31 Dec. 2017 KEUR	31 Dec. 2016 KEUR	31 Dec. 2015 KEUR	1 Jan. 2015 KEUR
Provision of collateral for third-party liabilities – SKP fund bank balances	4,726	3,995	3,780	3,434
Liabilities from guarantees	7,662	4,807	3,050	2,650
	12,388	**8,802**	**6,830**	**6,084**

The contingent liabilities in connection with the SKP fund bank balances are based on a purchase financing model for dealers that is in place with SKP GmbH. Within the framework of the agreement, a collateral fund has been set up, 2/3 of which is supplied by the Group and 1/3 of which is supplied by SKP GmbH. The fund is used to compensate any financial losses arising from the loss of or the realisation of the vehicles financed by means of this model (cf. notes 3.8 and 6.6).

The probability of a claim arising from the above-mentioned contingent liabilities is rated as low in the assessment of the Group on account of the generally good economic situation in the caravanning sector.

There are no contingent assets on the balance sheet date. Furthermore, there were no circumstances that gave rise to contingent assets in 2015 or in 2016.

13. Related parties

In accordance with IAS 24, persons or companies that control the company or are controlled by it have to be disclosed if they are not already included as a consolidated entity in the Group's consolidated financial statements. The concept of control here is defined in IFRS 10 (cf. section 3.1).

The disclosure regulations pursuant to IAS 24 also relate to transactions with associated companies as well as to transactions with persons who exercise a significant influence on the financial and business policy of the company. These also include close members of the family and intermediary companies. Significant influence on the financial and operating policies of the Group is assumed if shares of 20% or more are held in KTG or a seat on the management board or on the supervisory board or another key position in the management is held.

Related persons

In accordance with the definitions of IAS 24, the members of the management have been identified as related persons. As shown in the table below, the members of the management received only short-term benefits in the form of their remuneration in the context of their function as persons in key positions. Post-employment benefits, other long-term benefits, termination benefits or share-based payments were not present either as at 31 December 2017 or as at 31 December 2016 and as at 31 December 2015. One managing director does not have an employment contract with the company, but bills his services in the amount of KEUR 600 (2016: KEUR 600; 2015: KEUR 300) in accordance with a contract through a related company, through which he holds an equity interest in Knaus Tabbert GmbH. These services are not included in the table.

in KEUR	31 Dec. 2017	31 Dec. 2016	31 Dec. 2015
Remuneration for members of the management			
Total remuneration of the management	727	480	448

Business transactions with the parent

The business transactions with H.T.P. Investments B.V. as the Group's parent and the assets and liabilities existing on the balance sheet date result exclusively from the ordinary course of business and can be presented as follows:

	2017	
in KEUR	Transaction volume	Liability
Services	620	0
Borrowings	848	13,663
Interest on borrowings	197	229
Total	**1,665**	**13,892**

	2016			
in KEUR	Transaction volume	Liability	Transaction volume	Receivable
Services	620	620	0	0
Borrowings	188	12,815	-3,852	0
Interest on borrowings	276	441	-42	0
Total	**1,084**	**13,876**	**-3,894**	**0**

	2015			
in KEUR	Transaction volume	Liability	Transaction volume	Receivable
Services	620	500	0	0
Borrowings	-3,069	12,628	3,852	3,852
Interest on borrowings	301	216	0	0
Total	**-2,148**	**13,344**	**3,852**	**3,852**

Business transaction with other related companies (IAS 24.19(g))

The business transactions with related companies and the assets and liabilities existing on the balance sheet date result exclusively from the ordinary course of business and can be presented as follows:

	2017	
in KEUR	Transaction volume	Liability
Purchase of goods	5,289	105
Services	855	42
Borrowings	0	0
Interest on borrowings	0	0
Total	**6,144**	**147**

	2016			
in KEUR	Transaction volume	Liability	Transaction volume	Receivable
Purchase of goods	3,709	41	0	0
Services	909	35	0	0
Borrowings	0	0	-148	0
Interest on borrowings	0	0	-1	0
Total	**4,618**	**76**	**-149**	**0**

	2015			
in KEUR	Transaction volume	Liability	Transaction volume	Receivable
Purchase of goods	3,789	22	0	0
Services	503	40	0	0
Borrowings	0	0	148	148
Interest on borrowings	0	0	-1	0
Total	**4,292**	**62**	**147**	**148**

The business transactions with related companies that relate to services include the benefits in the amount of KEUR 600 (2016: KEUR 600; 2015: KEUR 300) billed by a managing director who does not have an employment contract with the company.

14. Events after the reporting period

Negotiations with the banks concerning the syndicated loan agreement that was due to expire were initiated early by the Group’s management, and these are now in the final stages and are expected to be concluded in May 2018. At the time this report was prepared, a binding term sheet was already in place in which the terms and conditions, the provision of collateral and the financing conditions as well as all material points had already been finalised. The refinancing stipulates a term of another three years and a credit volume of EUR 80.0 million. The Group expects to use this bank financing to lay the foundations for its sustainable and growth-oriented development

15. Supplemental disclosures pursuant to HGB

15.1. Parent

H.T.P. Investments B.V. holds 100% of the subscribed capital of Knaus Tabbert GmbH. The consolidated financial statements of H.T.P. Investments B.V. are published in the electronic register of companies in the Netherlands.

15.2. Number of employees

The company had the following employee groups during the financial year:

Employee groups	2017 KEUR	2016 KEUR	2015 KEUR
Manual workers	1,314	1,127	946
Salaried employees	388	333	303
Average number of employees, excluding apprentices	**1,702**	**1,460**	**1,249**
Apprentices	63	61	61
Total number of employees including apprentices	**1,765**	**1,521**	**1,310**

15.3. Remuneration of the management

Please see the statements on related parties in note 13 on this.

15.4. Total fee for the auditor of the consolidated financial statements

In accordance with section 314(1) no. 9 HGB, the fees for the auditor of the consolidated financial statements that are recognised as an expense are broken down as follows:

Fee for the auditor of the consolidated financial statements in accordance with section 314(1) no. 9 HGB in KEUR	2017	2016	2015
a) Audits of the financial statements	291	107	114
b) Other assurance services	4	3	5
c) Tax consultancy services	66	17	21
d) Other services	122	7	2
Total	**483**	**134**	**142**

15.5. List of shareholdings

Statement of the list of shareholdings of Knaus Tabbert GmbH, Jandelsbrunn, as at 31 December 2017

Name of the company	Registered office	Equity according to IFRS (in KEUR)	in%
Caravan-Welt GmbH Nord	Bönningstedt, Germany	895	100
HÜTTLrent GmbH	Maintal, Germany	1,567	100
MORELO Reisemobile GmbH	Schlüsselfeld, Germany	11,017	100
Knaus Tabbert Kft	Vac (Hungary)	5,050	100
Caravaning-Tage Bad Vilbel UG[1)]	Wöllstadt, Germany	8	50

1) This company is not measured at equity on account of its generally minor importance for the consolidated financial statements.

16. Members of the management

The management of Knaus Tabbert GmbH comprises:

Wolfgang Speck, B.Eng., chief executive officer, St. Ingbert;

Werner Vaterl, graduate in business management, chief operating officer, Hinterschmiding;

Gerd-Rainer Adamietzki, businessman, chief sales officer, Seelze.

Mr Marc Hundsdorf was appointed chief financial officer with effect from 1 January 2018.

Statement of changes in fixed assets

Knaus Tabbert GmbH – Group IFRS 31 December 2017

	Carrying amounts	
	As at 31 December 2017	**As at 31 December 2016**
	KEUR	**KEUR**
A. FIXED ASSETS		
I. Intangible assets		
1. Industrial and similar rights and assets and licences in such rights and assets	2,834	2,678
2. Goodwill	841	841
3. Internally generated intangible assets	6,525	7,702
4. Advance payments made	56	67
	10,256	11,288
II. Property, plant and equipment		
1. Land, land rights and buildings, including buildings on third-party land	35,597	32,219
2. Plant and machinery	11,663	8,810
thereof leasing	*3,321*	*2,231*
3. Other equipment, operating and office equipment	11,281	7,331
4. Advance payments made and assets under construction	16,091	1,618
	74,632	49,977
	84,888	61,266

	Development of acquisition and production costs							
	As at 1 January 2017	Foreign exchange differences	Initial consolidation	Additions	Reclassifications	Reinstatement	Disposals	As at 31 December 2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS								
I. Intangible assets								
1. Industrial and similar rights and assets and licences in such rights and assets	6,546	-	1	501	159		1	7,206
2. Goodwill	1,141	-		-	-		-	1,141
3. Internally generated intangible assets	21,371	-		2,482	-		-	23,853
4. Advance payments made	67	-		148	(159)		-	56
	29,125	(1)	1	3,131	-		1	32,255
II. Property, plant and equipment								
1. Land, land rights and buildings, including buildings on third-party land	39,015	(110)		4,218	755	-	-	43,878
2. Plant and machinery	17,647	(33)		5,399	335		2,118	21,231
thereof leasing	*3,710*	*1*		*1,987*			*1,448*	*4,250*
3. Other equipment, operating and office equipment	24,786	(19)	3,926	6,370	118		3,269	31,912
4. Advance payments made and assets under construction	1,618	(4)		15,685	(1,208)			16,091
	83,066	(165)	3,926	31,672	-	-	5,386	113,112
	112,191	(166)	3,927	34,803	-	-	5,387	145,367

	Development of the depreciation, amortisation and write-downs								
	As at 1 January 2017	Initial consolidation	Foreign exchange differences	Foreign exchange differences depreciation and amortisation	Depreciation amortisation and write-downs for the financial year (cf. note 7.6)	Disposals	Reclassification	Reinstatement	As at 31 December 2017
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS									
I. Intangible assets									
1. Industrial and similar rights and assets and licences in such rights and assets	3,869	1	(1)	-	504	1			4,372
2. Goodwill	300	-	-	-	-	-	-		300
3. Internally generated intangible assets	13,669			-	3,659	-			17,328
4. Advance payments made	-		-	-	-	-			-
	17,837	1	-	-	4,163	1	-	-	21,999
II. Property, plant and equipment									
1. Land, land rights and buildings, including buildings on third-party land	6,796	-	(13)	(4)	1,503	-	-	-	8,281
2. Plant and machinery	8,838	-	(10)	(7)	2,266	1,519	-		9,568
thereof leases	*1,479*				*628*	*1,178*			*929*
3. Other equipment, operating and office equipment	17,455	427	(17)	(7)	3,551	778	-		20,631
4. Advance payments made and assets under construction	-	-	-	-	-	-	-		-
	33,088	427	(40)	(18)	7,320	2,297	-	-	38,480
	50,925	428	(40)	(18)	11,483	2,298	-	-	60,479

	Carrying amounts	
	As at 31 December 2016	**As at 31 December 2015**
	KEUR	**KEUR**
A. FIXED ASSETS		
I. Intangible assets		
1. Industrial and similar rights and assets and licences in such rights and assets	2,678	2,763
2. Goodwill	841	841
3. Internally generated intangible assets	7,702	7,685
4. Advance payments made	67	74
	11,288	11,363
II. Property, plant and equipment		
1. Land, land rights and buildings, including buildings on third-party land	32,219	22,176
2. Plant and machinery	8,810	6,948
thereof leasing	*2,231*	*2,401*
3. Other equipment, operating and office equipment	7,331	5,224
4. Advance payments made and assets under construction	1,618	1,510
	49,977	35,859
	61,266	47,222

	Development of acquisition and production costs						
	As at 1 January 2016	Foreign exchange differences	Additions	Reclassifications	Reinstatement	Disposals	As at 31 December 2016
	KEUR	KEUR	KEUR	KEUR		KEUR	KEUR
A. FIXED ASSETS							
I. Intangible assets							
1. Industrial and similar rights and assets and licences in such rights and assets	6,323		508	41		327	6,546
2. Goodwill	1,141	-	-	-		-	1,141
3. Internally generated intangible assets	19,049	1	3,247	-		925	21,371
4. Advance payments made	74	-	34	(41)		-	67
	26,587	1	3,789	-		1,252	29,125
II. Property, plant and equipment							
1. Land, land rights and buildings, including buildings on third-party land	27,710	62	8,588	2,657	-	3	39,015
2. Plant and machinery	14,179	23	3,765	-		321	17,647
thereof leasing	*3,305*	*1*	*403*		-		*3,710*
3. Other equipment, operating and office equipment	20,538	12	5,476	-	-	1,241	24,786
4. Advance payments made and assets under construction	1,510	2	2,763	(2,657)	-	-	1,618
	63,938	100	20,591	-	-	1,564	83,066
	90,525	101	24,380	-	-	2,816	112,191

	Development of the depreciation, amortisation and write-downs								
	As at 1 January 2016	Initial consolidation	Foreign exchange differences	Foreign exchange differences depreciation and amortisation	Depreciation amortisation and write-downs during the financial year (note 7.6)	Disposals	Reclassification	Reinstatement	As at 31 December 2016
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS									
I. Intangible assets									
1. Industrial and similar rights and assets and licences in such rights and assets	3,561				634	327	-		3,869
2. Goodwill	300	-	-	-	-	-	-		300
3. Internally generated intangible assets	11,363		1	-	3,197	893	-		13,669
4. Advance payments made	-		-	-	-	-	-		-
	15,224		1		3,832	1,219	-	-	17,837
II. Property, plant and equipment									
1. Land, land rights and buildings, including buildings on third-party land	5,534	-	22	1	1,238	-	-	-	6,796
2. Plant and machinery	7,231	-	14	1	1,826	235	-		8,838
thereof leasing	*904*	-	-	-	*575*	-	-		*1,479*
3. Other equipment, operating and office equipment	15,314	-	7	1	2,708	576	-		17,455
4. Advance payments made and assets under construction	-	-	-	-		-	-		-
	28,079	-	43	3	5,773	811	-	-	33,088
	43,303	-	44	3	9,604	2,030	-	-	50,925

	Carrying amounts	
	As at 31 December 2015	**As at 1 January 2015**
	KEUR	**KEUR**
A. FIXED ASSETS		
I. Intangible assets		
1. Industrial and similar rights and assets and licences in such rights and assets	2,763	3,137
2. Goodwill	841	841
3. Internally generated intangible assets	7,685	6,831
4. Advance payments made	74	7
	11,363	10,817
II. Property, plant and equipment		
1. Land, land rights and buildings, including buildings on third-party land	22,176	21,793
2. Plant and machinery	6,948	5,571
thereof leasing	*2,401*	*821*
3. Other equipment, operating and office equipment	5,224	4,731
4. Advance payments made and assets under construction	1,510	220
	35,859	32,316
	47,222	43,132

Knaus Tabbert GmbH – Group IFRS 31 December 2015

	Development of acquisition and production costs						
	As at 1 January 2015	Foreign exchange differences	Additions	Reclassifications	Reinstatement	Disposals	As at 31 December 2015
	KEUR	KEUR	KEUR	KEUR		KEUR	KEUR
A. FIXED ASSETS							
I. Intangible assets							
1. Industrial and similar rights and assets and licences in such rights and assets	6,141	-	182	-		-	6,323
2. Goodwill	1,141	-	-	-		-	1,141
3. Internally generated intangible assets	15,515	-	3,740	-		207	19,049
4. Advance payments made	7	-	67	-		-	74
	22,805	-	3,989	-		207	26,587
II. Property, plant and equipment							
1. Land, land rights and buildings, including buildings on third-party land	26,227	(4)	1,454	36	-	2	27,710
2. Plant and machinery	11,426	(1)	2,790	-		36	14,179
thereof leasing	*1,408*		*1,897*	-	-	-	*3,305*
3. Other equipment, operating and office equipment	17,850	(1)	3,660	169		1,140	20,538
4. Advance payments made and assets under construction	220	-	1,860	(205)		365	1,510
	55,723	(6)	9,764	-	-	1,543	63,938
	78,527	(6)	13,753	-	-	1,749	90,525

	Development of the depreciation, amortisation and write-downs								
	As at 1 January 2015	Initial consolidation	Foreign exchange differences	Foreign exchange differences depreciation and amortisation	Depreciation amortisation and write-downs during the financial year (seecf. note 7.6)	Disposals	Reclassification	Reinstatement	As at 31 December 2015
	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
A. FIXED ASSETS									
I. Intangible assets									
1. Industrial and similar rights and assets and licences in such rights and assets	3,004		-	-	557	-	-		3,561
2. Goodwill	300	-	-	-	-	-	-		300
3. Internally generated intangible assets	8,684		-	-	2,801	122	-		11,363
4. Advance payments made	-		-	-	-	-	-		-
	11,988		-	-	3,358	122	-	-	15,224
II. Property, plant and equipment									
1. Land, land rights and buildings, including buildings on third-party land	4,433	-	(1)	(3)	1,105	-	-		5,534
2. Plant and machinery	5,855	-	(1)	(3)	1,414	35	-		7,231
thereof leasing	*587*	-	-	-	*317*	-	-		*904*
3. Other equipment, operating and office equipment	13,114	-	-	(2)	2,588	385	-		15,314
4. Advance payments made and assets under construction	-	-	-	-	-	-	-		-
	23,402	-	(3)	(8)	5,108	420	-	-	28,079
	35,390	-	(3)	(8)	8,466	543	-	-	43,303

Jandelsbrunn, 9 April 2018

signed Wolfgang Speck (Managing Director)	Marc Hundsdorf (Managing Director)
Werner Vaterl (Managing Director)	Gerd Adamietzki (Managing Director)

The English language text below is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original.

Auditor's report

We have issued the following unqualified auditor's report:

Auditor's report

We have audited the consolidated financial statements prepared by Knaus Tabbert GmbH, Jandelsbrunn, comprising the consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, together with the group management report for the financial year from 1 January to 31 December 2017. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code [HGB] are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [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 and in the group management report 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 and the Group management report 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 the management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit forms 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 consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315e (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Nuremberg, 9 April 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Herr	Schwarzhuber
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Audited Unconsolidated Financial Statements of Knaus Tabbert GmbH Prepared in Accordance with HGB as of and for the Fiscal Year Ended December 31, 2019:

Balance Sheet

Knaus Tabbert GmbH, Jandelsbrunn

Balance Sheet as at 31 December 2019

Assets

			2019		2018	
			EUR	EUR	EUR	EUR
A.	**Fixed assets**					
I.	**Intangible assets**					
	1.	Internally produced intellectual property rights and similar rights and assets	10.847.895,00		9.182.682,00	
	2.	Purchased licenses, industrial property rights and similar rights and assets, as well as licenses to such rights and assets	1.119.752,00		811.009,00	
	3.	Prepayments made	90.146,00	12.057.793,00	125.779,50	10.119.470,50
II.	**Tangible assets**					
	1.	Land and rights similar to land and buildings including buildings on third-party land	31.295.180,35		27.756.386,35	
	2.	Technical equipment and machines	13.183.572,00		11.304.658,00	
	3.	Other plant, operating and office equipment	11.313.526,00		9.827.147,00	
	4.	Prepayments made and assets under construction	2.444.678,48	58.236.956,83	3.513.751,00	52.401.942,35
III.	**Financial investments**					
	1.	Shares in affiliates	5.509.469,08		5.509.469,08	
	2.	Loans to affiliates	8.259.000,00	13.768.469,08	11.409.000,00	16.918.469,08
				84.063.218,91		**79.439.881,93**
B.	**Current assets**					
I.	**Inventories**					
	1.	Raw materials and supplies	54.498.784,89		50.988.486,14	
	2.	Work in progress	3.241.666,04		3.686.264,32	
	3.	Finished goods and merchandise	24.083.530,54	81.823.981,47	15.272.625,82	69.947.376,28
II.	**Receivables and other assets**					
	1.	Trade receivables	35.257.640,96		36.028.352,47	
	2.	Receivables from affiliates	4.140.099,65		2.981.174,14	
	3.	Receivables from shareholders	0,00		377.783,86	
	4.	Other assets – of which with a remaining term of more than one year EUR 579.416.81 (prev. yr. EUR 721,470.31) –	15.950.722,94	55.348.463,55	20.708.676,55	60.095.987,02
III.	**Cash in hand and bank balances**			5.852.268,62		5.836.424,20
				143.024.713,64		**135.879.787,50**
C.	**Deferred items**			**1.104.772,03**		**865.985,06**
				228.192.704,58		**216.185.654,49**

			31.12.2019	31.12.2018
			EUR	EUR
A.	**Equity**			
	I.	**Subscribed capital**	28.897,00	28.897,00
	II.	**Capital reserve**	12.516.800,59	12.516.800,59
	III.	**Profit carry-forward**	34.240.660,34	23.998.693,54
	IV.	**Profit for the year**	27.532.965,06	25.241.966,80
			74.319.322,99	**61.786.357,93**
B.	**Provisions**			
	1.	Tax reserves	374.449,00	1.086.414,00
	2.	Other reserves	43.492.821,74	36.362.627,62
			43.867.270,74	**37.449.041,62**
C.	**Liabilities**			
	1.	Liabilities toward credit institutions – of which with a remaining term of up to one year EUR 60.547.254,33 (i. Vj. EUR 55.524.262,13) – – of which with a remaining term of up to one year EUR 8,155,412.45 (prev. yr. EUR 12,864,412.45) – – of which with a remaining term of more than five years EUR 0.00 (prev. yr. EUR 0.00)	68.702.666,78	68.388.674,58
	2.	Prepayments received on account of orders	1.440.333,60	420.168,20
	3.	Trade payables – of which with a remaining term of up to one year EUR 34,371,972.48 (prev. yr. EUR 42,686,339.22) – – of which with remaining terms between one and five years EUR 0.00 (prev. yr. EUR 0.00) – of which with a remaining term of more than five years EUR 0.00 (prev. yr. EUR 0.00) –	34.371.972,48	42.686.339,22
	4.	Liabilities toward affiliates – of which with a remaining term of up to one year EUR 1,502,312.85 (prev. yr. EUR 2,053,754.50) – – of which with remaining terms between one and five years EUR 0.00 (prev. yr. EUR 0.00) – – of which with a remaining term of more than five years EUR 0.00 (prev. yr. EUR 0.00) –	1.502.312,85	2.053.754,50
	5.	Liabilities toward shareholders – of which with a remaining term of up to one year EUR 0.00 (prev. yr. EUR 0.00) – – of which with remaining terms between one and five years EUR 0.00 (prev. yr. EUR 0.00) – – of which with a remaining term of more than five years EUR 0.00 (prev. yr. EUR 0.00) –	0,00	0,00
	6.	Other liabilities – of which with a remaining term of up to one year EUR 1,366,925.14 (prev. yr. EUR 1,192,118.44) – – of which with remaining terms between one and five years EUR 0.00 (prev. yr. EUR 0.00) – – of which with a remaining term of more than five years EUR 0.00 (prev. yr. EUR 0.00) – – of which from tax EUR 784,773.41 (prev. yr. EUR 735,833.96) – – of which relating to social security EUR 22,500.69 (prev. yr. EUR 7,230.52) –	1.366.925,14	1.192.118,44
			107.384.210,85	**114.741.054,94**
D.	**Deferred tax liabilities**		**2.621.900,00**	**2.209.200,00**
			228.192.704,58	**216.185.654,49**

Income Statement

Knaus Tabbert GmbH, Jandelsbrunn

Profit and Loss Statement for the period from 1 January to 31 December

		2019		2018	
		EUR	EUR	EUR	EUR
1.	Sales revenues		679.107.356,08		643.946.740,68
2.	Increase (prev. yr. reduction) of the inventory of finished products and work in progress		8.640.620,75		-15.901.541,61
3.	Other capitalised internal services		3.826.910,00		3.338.835,38
4.	Other operating income		4.386.104,68		3.517.739,36
5.	Cost of materials				
	a) Expenses for raw materials and supplies and purchased goods	-476.290.253,45		-428.947.757,76	
	b) Cost of purchased services	-29.285.426,16	-505.575.679,61	-29.676.509,03	-458.624.266,79
6.	Cost of personnel				
	a) Wages and salaries	-70.776.443,10		-63.852.971,38	
	b) Social security contributions and membership fees for the professional association	-14.552.707,01	-85.329.150,11	-12.689.533,87	-76.542.505,25
7.	Amortisations of intangible assets and depreciations of tangible assets		-11.920.809,84		-9.200.390,79
8.	Other operating expenses		-57.945.350,45		-56.706.958,14
9.	Income from participations – of which received from affiliates EUR 2,990,000.00 (prev. yr. EUR 2,515,000.00) –		2.990.000,00		2.515.000,00
10.	Other interest and similar income – of which received from affiliates EUR 567,577.98 (prev. yr. EUR 356,828.58) –		659.177,04		536.446,06
11.	Interest and similar expenses – of which paid to affiliates EUR 0.00 (prev. yr. EUR 0.00) –		-1.498.991,60		-1.775.236,39
12.	Taxes on profit and income – of which deferred tax liabilities EUR -412,700.00 (prev. yr. EUR -572,000.00) –		-9.704.782,27		-9.766.569,29
13.	**Result after taxes**		**27.635.404,67**		**25.337.293,22**
14.	Other taxes		-102.439,61		-95.326,42
15.	**Annual profit**		**27.532.965,06**		**25.241.966,80**

Knaus Tabbert GmbH, Jandelsbrunn

ANNEX 2019

I. General information on the annual financial statements

The annual financial statements as at 31 December 2019 were prepared in euros in accordance with the provisions of the German Commercial Code (HGB) and in compliance with the regulations of the German Limited Liability Company Act (GmbHG).

The Company is a large corporation pursuant to section 267(3) HGB.

The classification of the annual financial statements was made in accordance with the provisions of sections 266 and 275(2) HGB (total cost method). Insofar as a further breakdown of the items appeared necessary for the purpose of balance sheet clarity, this was used in accordance with section 265(5) HGB.

Knaus Tabbert GmbH has its registered office in Jandelsbrunn and is listed under the commercial register number HRB 7579 at the register court in Passau.

The Company prepares subgroup financial statements for the smallest group of companies in accordance with International Financial Reporting Standards (IFRS). These consolidated financial statements are published in the electronic Federal Gazette.

The Company is also included in the consolidated financial statements of the parent H.T.P Investments 1 B.V., Amsterdam, Netherlands, which prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements of H.T.P. Investments 1 B.V. are published in the electronic business register in the Netherlands.

In March 2017, the liquidation proceedings of Bavaria Camp.de GmbH were concluded and the company was deleted.

With the company purchase agreement dated 21 July 2017, the Company acquired 100% of the shares in HÜTTLrent GmbH, based in Maintal. The main business of HÜTTLrent GmbH results from the sale of caravans and motorhomes and the rental business.

With a contract dated 16 November 2017, H.T.P. Freizeitmobile GmbH was merged with effect from 30 June 2017 with Knaus Tabbert GmbH, with 100% of the shares in Morelo Reisemobile GmbH being transferred to the Company. The merger was carried out at carrying amounts as a shareholder contribution with capital increase. MORELO Reisemobile GmbH produces and distributes motorhomes in the luxury segment.

Changes to the annual financial statements and management report

In accordance with the resolution of the shareholders' meeting on 28 August 2019, KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, audited the annual financial statements as at 31 December 2019 and management report and issued an unqualified audit opinion on the audit of the annual financial statements and management report dated 26 May 2020.

These audited annual financial statements and management report as at 31 December 2019, which were issued with an unqualified audit opinion, were amended by resolution of the Management Board on 26 June 2020, and KPMG AG Wirtschaftsprüfungsgesellschaft, Nuremberg, was commissioned to audit the amended annual financial statements and management report as required by the amendment. The unqualified audit opinion on the supplementary audit is dated 26 June 2020.

The amendments relate to a change in the forecast reporting and a changed risk assessment of the existing risks from operating activities and liquidity risks in the management report. The reason for this is the continuing considerable uncertainty as a result of the COVID-19 pandemic with regard to the management's forecast reporting required by DRS 20.

The corresponding changes have been adjusted in section C 'Risks from operating activities' and 'Liquidity risks' in the management report and in section D 'Forecast report' and in these notes.

II. Accounting and measurement methods

Fixed assets were measured at acquisition or production cost, less depreciation and impairments, if applicable. Intangible assets, buildings on third-party land, plant and machinery as well as other operating and office equipment were depreciated using the straight-line method on the basis of their useful lives. A collective item is formed for low-value assets in accordance with the tax regulations of section 6(2a) of the German Income Tax Act (EStG), which is amortised at 20% annually. Where individual assets had a permanently lower value on the balance sheet date, appropriate impairments were applied.

Financial assets were reported at the lower of cost or fair value in the event of a permanent impairment.

Raw materials and supplies were measured at the lower of cost or fair value. Acquisition costs were determined using the moving average method.

Work in progress and finished goods were measured at production cost, taking into account necessary material and production overheads in accordance with section 255 HGB. The lowest value principle was observed. No use was made of the option pursuant to section 255(2) sentence 3 HGB.

Trade receivables were generally recognised at cost. Identifiable individual risks were taken into account by means of an individual value adjustment. The general credit risk was taken into account by forming a general bad debt provision.

Receivables from related companies were measured at the lower of cost or fair value.

Other assets were also measured in accordance with section 253 HGB.

Cash in hand and cash and bank balances are recognised at their nominal value.

Prepaid expenses represent prepaid expenses for a certain period after the balance sheet date.

Other **provisions** were formed in each case in the amount which, according to reasonable commercial judgement, is necessary for fulfilment. Provisions with a remaining term of more than one year were discounted at the average market interest rate of the past financial years corresponding to their remaining term (as published by the Deutsche Bundesbank).

Provisions for warranties and guarantees are formed for all material individual cases which have become known by the time the balance sheet is prepared. The provision is measured in the amount of the expenses estimated on the basis of experience for the elimination of the defects. Unless a separate asset has to be capitalised here, circumstances that could potentially offset the obligations were taken into account when measuring the provisions.

In addition, a lump-sum provision for warranties was formed as at the balance sheet date based on experience in relation to the sales subject to warranty.

Other provisions include a provision for outstanding holiday entitlements amounting to K€227 (previous year: K€683). The provision is valued on the basis of 220 working days with the annual remuneration including special payments plus the employer’s social security contributions.

Liabilities were recognised at the respective settlement amounts.

Deferred taxes are calculated for temporary differences between the commercial and tax valuations of assets, liabilities and deferred items. A decision on the recognition of deferred tax assets is made depending on the possibility of realisation. Any total resulting tax burden is recognised in the balance sheet as deferred tax liabilities. In the event of tax relief, the corresponding capitalisation option is exercised. No use is made of the option to show deferred tax assets and liabilities without netting them.

III. Notes on individual items in the annual financial statements

1. Fixed assets

The development of the individual fixed asset items is shown in the statement of changes in fixed assets (annex to the notes), together with details of depreciation and amortisation for the financial year.

Intangible assets include development costs of K€10,848 (previous year: K€9,183), which are written off over a period of five years.

The total amount of development costs in the financial year came to K€7,467 (previous year: K€7,609), of which K€5,554 (previous year: K€5,387) was capitalised in the current financial year.

Financial assets include loans to Knaus Tabbert Kft amounting to K€8,259, which were repaid in the current year in the amount of K€3,150. The loans were used for the Company's investment activities.

2. Companies in which a shareholding of more than 20% is held

Name and registered office of company	Amount of share in capital %	Equity	Result of last financial year
Direct holdings			
(a) Knaus Tabbert Kft Vac/Hungary	100.00	Million HUF	HUF million
		2,011	214
		K€6,085	K€656
(b) Caravan-Welt GmbH Nord, Bönningstedt	100.00	K€1,025	K€127
(c) HÜTTLrent GmbH, Maintal	100.00	K€2,489	K€904
(d) Morelo Reisemobile GmbH, Schlüsselfeld	100.00	K€15,584	K€5,154

Currency translation at closing rate 31.12.2019

3. Receivables from related companies

Receivables from related companies due in up to one year amount to K€4,140 (previous year: €2,981).

4. Receivables from shareholders

Receivables from companies due in up to one year amount to K€0 (previous year: K€378 resulted from cost transfers).

5. Bank balances

This item includes a bank deposit of K€5,784 (previous year: K€5,784), which serves as a security fund to cover any losses incurred by the bank in connection with dealer financing.

The credit balance was fed both by payments from the Company and by payments from the bank.

6. Prepayments and accrued income

Prepayments and accrued income include trade fair costs of K€897 (previous year: K€727), maintenance of K€58 (K€52), rents of K€82 (K€42), commissions of K€35 (K€30), and other deferred items of K€33 (K€14).

7. Equity

In order to implement the merger of H.T.P. Freizeitmobile GmbH to Knaus Tabbert GmbH, the share capital was increased by €3,897 from €25,000 to a total of €28,897 in the 2017 financial year. The capital increase was carried out by forming a new business share, which was granted to H.T.P. Investments 1 B.V. H.T.P. Investments 1 B.V. made its contribution by transferring the assets of H.T.P. Leisure Mobile GmbH.

The book value of the transferred assets under commercial law in the amount of €41,801, which exceeds the capital stock of €3,897, was transferred to the capital reserve.

At the shareholders' meeting on 5 December 2019, a resolution was adopted to distribute a dividend of €15 million from the existing unappropriated retained earnings to the shareholders in proportion to their shares in the share capital, to be paid out in the 2019 financial year.

Income from the capitalisation of internally generated intangible assets or deferred taxes and from the valuation of financial instruments or assets acquired for trading purposes at fair value less the deferred tax liabilities created for this purpose may only be distributed if the freely available reserves remaining after the distribution less any loss carried forward or plus any profit carried forward at least equal the total amount of income. This results in a blocked amount of K€8,226 for the current financial year.

	K€
Carrying amount of capitalised development costs	10,848
less deferred tax liabilities thereon	-3,002
plus deferred tax assets	380
Dividend block as at 31.12.2019	**8,226**

8. Other provisions

Other provisions are made up as follows:

	31.12.2019	**31.12.2018**
Dealer bonuses/interest subsidies	14,745 K€	11,624 K€
Warranty and goodwill obligations	10,870 K€	9,362 K€
Provisions for personnel	9,937 K€	9,407 K€
outstanding bill	2,955 K€	1,778 K€
Legal disputes	775 K€	673 K€
Mottgers soil remediation	2,065 K€	1,878 K€
Other	2,146 K€	1,641 K€
Total	**43,493 K€**	**36,363 K€**

9. Liabilities to banks

The liabilities to banks break down as follows:

Liabilities due in up to one year	K€60,547
Liabilities due in 1 to 5 years	K€8,155
	K€68,702

The total amount of secured liabilities to banks amounts to K€66,785 (previous year: K€64,659). These consist of the pledging of current assets in accordance with the syndicated loan agreement and land charges. This includes long-term loans from three banks amounting to K€10,947 (previous year: K€15,656), which are being repaid on schedule. In addition, the liabilities to banks consist of a liquidation fund in the amount of K€1,917 with a term of between one and five years, which hedges a proportion of the receivables from this fund.

10. Liabilities to related companies

Liabilities to related companies due in up to one year amount to K€1,502 (previous year: K€2,054).

11. Liabilities to shareholders

There were no liabilities to shareholders on the reporting date 31 December 2019 (previous year: €0).

12. Deferred tax liabilities

Deferred taxes are calculated for temporary differences between the commercial and tax valuations of assets, liabilities and deferred items. Deferred taxes are calculated on the basis of the combined income tax rate of Knaus Tabbert GmbH of currently 27.68%. The combined income tax rate comprises corporate income tax, trade tax and solidarity surcharge. The deferred taxes at Knaus Tabbert GmbH resulting from the temporary differences in the recognition of internally generated intangible assets and other provisions were netted out and recognised in the balance sheet as deferred tax liabilities (K€2,622).

Change in deferred tax balances

	31.12.2019	31.12.2018	Change
	K€	K€	K€
Deferred taxes			
Deferred tax assets			
Temporary differences	380	332	48
Deferred tax liabilities			
Temporary differences	-3,002	-2,541	-461
Balance	**-2,622**	**-2,209**	**-413**

13. Contingent liabilities

The following contingent liabilities exist on the balance sheet date:

	31.12.2019	31.12.2018
	K€	K€
Provision of collateral for third-party liabilities less SKP fund bank balances	5,784	5,784
Liabilities from guarantees	13,200	11,133
	18,984	**16,917**

In the opinion of the management, the probability of the guarantees being called upon is considered low despite the corona crisis due to the generally good economic situation in the caravanning industry.

14. Contingent liabilities

By resolution of 16 December 2019, the Company issued a loss assumption declaration in accordance with Section 302 of the German Stock Corporation Act (AktG) to Caravan-Welt GmbH Nord and HüttlRent GmbH for the 2019 financial year. The declaration of loss assumption is published in the electronic Federal Gazette.

In the 2018 financial year, Knaus Tabbert GmbH had concluded a new syndicated loan agreement led by Commerzbank AG for a total of €80.0 million and due in 2021. This contract was increased to €100.0 million in the 2019 financial year and its term was extended to 2022. Within the framework of this credit agreement, Knaus Tabbert GmbH and Morelo Reisemobile GmbH are jointly and severally liable for all liabilities arising from this financing document.

15. Other financial obligations

Significant other financial obligations which are not recognised in the balance sheet consist of

	2020	2021	2022
	K€	K€	K€
Rental, leasing and logistics agreements and contractual obligations for the acquisition of intangible assets and property, plant and equipment	4,318	1,829	614

The total amount of other financial obligations as at 31 December 2019 is K€6,761, of which contractual obligations for the acquisition of intangible assets and property, plant and equipment amount to K€2,114.

16. Revenue

Revenue is allocated exclusively to the premium segment and can be broken down into the following product groups:

Financial year 2019	**Germany**	**Outside Germany**	**Total**
	K€	**K€**	**K€**
Caravans	112,941	100,862	213,803
Motorhomes/camper vans	332,243	117,294	449,537
Miscellaneous	10,586	5,181	15,767
	455,771	**223,337**	**679,107**

Previous year	**Germany**	**Outside Germany**	**Total**
	K€	**K€**	**K€**
Caravans	95,784	104,304	200,088
Motorhomes	307,692	121,845	429,537
Miscellaneous	9,178	5,144	14,322
	412,654	**231,293**	**643,947**

17. Other operating income

Other operating income includes income related to other periods amounting to K€2,425 (previous year: K€951). These result from the derecognition of time-barred liabilities amounting to K€1,445 (previous year: €0), from the reversal of provisions K€774 (K€ 891), from the disposal of fixed assets K€ 199 (K€60) and from the reduction of receivables valuations K€7 (K€0).

The main other operating income consists of insurance compensation of K€309 (previous year: K€440) and income from supplier recourse of K€571 (K€285).

Income from currency translation was realised in the amount of K€66 (previous year: K€5).

18. Depreciation and amortisation

The amortisation of intangible assets amounting to K€4,502 includes extraordinary depreciation of K€591 (previous year: K€0) on development projects which cannot be realised.

19. Other operating expenses

Other operating expenses include expenses unrelated to the accounting period amounting to K€4 (previous year: K€0) from the disposal of property, plant and equipment.

Foreign exchange losses amounted to K€88 in the financial year (previous year: K€30).

20. Interest

The net interest result includes interest income from the discounting of non-current provisions and from the discounting of non-current receivables amounting to K€92 (previous year: K€176).

IV. Other information

1. Members of the management

- **Management**

  Wolfgang Speck, chief executive officer, St. Ingbert;

  Marc Hundsdorf, managing director, Munich;

  Werner Vaterl, chief technology officer, Hinterschmiding;

  Gerd-Rainer Adamietzki, businessman, chief sales officer, Seelze;

The total remuneration of active management in the 2019 financial year amounted to K€1,415 (previous year: K€1,296).

2. Employees

In the 2019 financial year, there were on average 1,281 (previous year: 1,117) manual workers, 327 (303) salaried employees and 60 (55) apprentices.

3. Supervisory Board

In the opinion of the management of Knaus Tabbert GmbH, the size of the workforce means that Knaus Tabbert GmbH must form a Supervisory Board in accordance with sections 1(1), 6(1) and 6(2) MitbestG (German Co-Determination Act) and in compliance with the MitbestG.

In accordance with sections 1(1), 6(2) and 7(1) sentence 1 no. 1 MitbestG, this Supervisory Board must be made up of six shareholder representatives and six employee representatives. Under section 7(2) no. 1 MitbestG, the six employee representatives on the Supervisory Board must include four employees of the Company and two trade union representatives. The first constituent meeting took place on 29 January 2020.

The Supervisory Board consists of the following members:

Shareholder representatives:

Willem Paulus de Pundert, entrepreneur

Klaas Meertens, entrepreneur

Rene Ado Oscar Bours, consultant

Manfred Pretscher, engineer

Ruben Paulus de Pundert, entrepreneur

Ester Hack, in-house counsel – Chair of the Supervisory Board

Employee representatives:

Anton Autengruber, Chair of the General Works Council

Stephan Kern, IT Administrator

Michael Heim, Works Council

Ferdinand Sommer, Head of IT and Organisation (authorised signatory)

Robert Scherer, Trade Union Secretary IG Metall

Ute Opritescu, Trade Union Secretary IG Metall

4. Auditor's fee

The total fee for the auditor in the financial year was K€448 and is made up of the following items:

- audit services K€244
- other certification services K€3
- Tax consultancy services K€80
- other services K€121

5. Shareholder

The shareholders of Knaus Tabbert GmbH are:

H.T.P Investments 1 B.V., Amsterdam, Netherlands	96.8%*
Palatium Beteiligungsgesellschaft, Sankt Ingbert (since 19 March 2016)	3.2%*

* Due to the merger of H.T.P Freizeit GmbH with Knaus Tabbert GmbH on 16 November 2017, the shareholding of H.T.P Investment 1 B.V., Amsterdam, Netherlands, increased from 96.3% to 96.8% and the shareholding of Palatium Beteiligungsgesellschaft, Sankt Ingbert, decreased accordingly from 3.7% to 3.2%.

6. Supplementary report

Since January 2020, the novel coronavirus (SARS-CoV-2) has been spreading worldwide and was declared a pandemic by the WHO on 11 March 2020. The associated economic consequences, in particular production stoppages at key suppliers and the increasing uncertainty during the lockdown period, are having a direct impact on the Company. Knaus Tabbert GmbH took or initiated extensive measures such as production stoppages at the Jandelsbrunn and Mottgers plants, application for short-time working compensation, expansion of the existing financing and other measures to limit the economic effects and thus counteract the developments. On the other hand, the trade sector continues to enjoy a generally stable order situation. Short-term shifts in sales figures are not considered a significant risk, as the industry does not currently expect a significant decline in the desire to travel and thus demand in the long term. Due to the considerable uncertainty in the first half of 2020 and the associated production and sales losses, we expect a significant impact on the Company's net assets, financial position and results of operations. At present, it is not expected that there will be a significant need for impairment losses on assets, in particular receivables and inventories, in the 2020 financial year. The actual impact depends largely on the duration of the pandemic and the time until business operations return to normal. We are unable to conclusively assess the extent of the crisis due to the fact that it cannot be reliably predicted and the associated high degree of uncertainty about future developments.

The consequences of the corona crisis have no significant influence on the recognition and measurement of assets and liabilities of Knaus Tabbert GmbH as at the 2019 reporting date. For further information, please refer to our comments in the forecast and risk report in the management report.

By shareholder resolution of 24 June 2020, a payment of K€5,000 into the capital reserve of Knaus Tabbert GmbH was resolved, which was made in June 2020.

7. Proposal for the appropriation of profits

The net profit for the year of Knaus Tabbert GmbH for the 2019 financial year amounts to €27,532,965.06. We assume that the annual result will be carried forward to new account.

With regard to the distribution block in accordance with section 268(8) HGB, we refer to the item on Equity in the notes.

By shareholder resolutions of 20 January and 12 March 2020, special distributions from existing profit carryforwards to the shareholders in the amount of €30 million were adopted by resolution at the respective shareholder meetings.

8. Group affiliation

The Company prepares subgroup financial statements for the smallest group of companies in accordance with the International Financial Reporting Standards (IFRS), which are published in the electronic Federal Gazette.

The Company is also included in the consolidated financial statements of the parent HTP Investments 1 B.V., Goes, Netherlands, which prepares the consolidated financial statements for the largest group of companies. The consolidated financial statements of H.T.P. Investments 1 B.V. are published in the electronic business register in the Netherlands.

Jandelsbrunn, 20 May 2020

signed Wolfgang Speck (Managing Director)	Marc Hundsdorf (Managing Director)
Werner Vaterl (Managing Director)	Gerd Adamietzki (Managing Director)

[Note: This is a translation of the German original. Solely the original text in German language is authoritative.]

Independent Auditor's Report

To the Knaus Tabbert GmbH, Jandelsbrunn

Opinions

We have audited the annual financial statements of Knaus Tabbert GmbH, Jandelsbrunn, which comprise the balance sheet as at 31 December 2019, and the statement of profit and loss for the financial year from 1 January to 31 December 2019 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Knaus Tabbert GmbH for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f (4) HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards) of the management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year from 1 January 2019 to 31 December 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Other information

Management is responsible for the other information. The other information comprises the statement on corporate governance pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards).

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Management's responsibility for the annual financial statements and the management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

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

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Note on the supplementary audit

We issue this audit certificate on the amended financial statements and amended management report on the basis of our audit duly completed on 26 May 2020 and our supplementary audit completed on 30 June 2020, which related to the changes in the reporting in the management report on existing 'risks from operating activities' and 'liquidity risks' and on the forecast of future economic development. The legal representatives refer to the presentation of the changes in the amended notes, Section I 'General information on the annual financial statements' and in the amended management report, Section C 'Risks from operating activities' and 'Liquidity risks' and Section D 'Forecast report'.

Nuremberg, 26 May 2020/restricted to the changes
in the note on the audit of subsequent events: 30 June 2020

KPMG AG Audit firm
[Original German version signed by:]

Herr	Hocker
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

22. Glossary

ABN AMRO	ABN AMRO Bank N.V., with its registered seat at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, LEI BFXS5XCH7N0Y05NIXW11.
Acquisition Offer	Offer regarding the acquisition of treasury shares, that at the discretion of the Management Board may be conducted (i) through a stock exchange or (ii) by means of a public offer directed at all shareholders or a public solicitation to submit offers.
Adjusted EBITDA	Adjusted earnings before interest and tax.
APMs	Alternative performance measures.
ArbEG	German Act on Employees' Inventions (*Arbeitnehmererfindungsgesetz*).
ArbSchG	The German Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work (*Arbeitsschutzgesetz*).
Articles of Association	The Company's articles of association.
Audit Committee	The audit committee (*Prüfungsausschuss*) formed by the Supervisory Board, in accordance with its rules of procedure.
Authorized Capital	The Company's authorized capital pursuant to the Articles of Association in conjunction with Section 202 of the German Stock Corporation Act (*Aktiengesetz*).
Authorized Recipients	The Selling Shareholders affiliates together with direct or indirect shareholders or other securities holders of the Selling Shareholders or any affiliates of such shareholders or securities holders.
AutoBild	AutoBild Reisemobil, "*Preisverleihung auf dem Caravan Salon*", dated October 29, 2018, available at https://www.autobild.de/artikel/das-goldenereisemobil-2018-12538229.html.
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht, the German Federal Financial Supervisory Authority.
Base Shares	The Primary Base Shares together with the Secondary Base Shares.
BImSchG	The German Federal Emissions Control Act (*Bundes-Immissionsschutzgesetz*).
BMU	Bundesministerium für Umwelt, Naturschutz und nukleare Sicherheit (BMU), "*Umweltbewusstsein in Deutschland 2018*", dated May 2019, available at https://www.umweltbundesamt.de/publikationen/umweltbewusstseinin-deutschland-2018.
Biocidal Regulation	Regulation (EU) No 528/2012 concerning the making available on the market and use of biocidal products.
Bonds	The bearer or registered convertible bonds and option bonds, participation rights, or participating bonds, or combinations of these instruments the extraordinary shareholders' meeting of the Company is expected to authorize the Management Board on September 21, 2020, subject to the approval of the Supervisory Board, to issue once or several times in return for cash, on or before September 20, 2025.
Brexit	The departure of the United Kingdom from the EU.
CAGR	Compound annual growth rate.
Camping, Cars & Caravans	Camping, Cars & Caravans, "*König Kunde Award 2019*", dated September 6, 2019, available at: https://www.camping-carscaravans.de/news-termine/awards/koenigkunde-2019-verleihung.

Capital Employed	The sum of equity, non-current liabilities to banks, current liabilities to banks, cash and cash equivalents, bank balances and a security fund established together with one of the Group's financing partners, SKP, in order to manage the risk of damages as a result of the disappearance of vehicles (e.g. due to fraud) and loss of proceeds (e.g. due to embezzlement).
CAPP	Caravaning Partner Program, a Europe-wide quality initiative by the Company that supports dealers on all levels with sales promotion, training and customer loyalty measures.
CARAVANING	CARAVANING, "*CARAVANING-Leserwahl*", dated January 11, 2020, available at https://www.caravaning.de/neuheiten/beliebteste-caravan-oberklasse-luxusklasse-2020/.
Cash Conversion Rate	The ratio of the cash flows from operating activities to the consolidated profit for the period.
Catalina	Catalina Capital Partners B.V.
CEST	Central European Summer Time.
ChemVerbotsV	German Chemicals Prohibition Ordinance (*Chemikalien-Verbotsverordnung*).
CIVD	Caravaning Industrie Verband e.V.
CIVD-Info 7/2020	Caravaning Industrie Verband e.V. (CIVD), "*Markt und Stastik INFORMATION – Neuzulassungen Freizeitfahrzeuge in Deutschland Juni 2020*", available at https://www.civd.de/wp-content/uploads/2020/07/152020_PM_Fact-Sheet.pdf.
CIVD New Registrations	Caravaning Industrie Verband e.V. (CIVD), "*Aktuelle Neuzulassungszahlen*", available at https://www.civd.de/artikel/aktuelle-neuzulassungszahlen/.
CIVD Prognosis: 2020-2025 ...	Caravaning Industrie Verband e.V. (CIVD), "*Marktstudie: Caravaning Prognose: 2020-2025*".
CIVD Statistics 2019	Caravaning Industrie Verband e.V. (CIVD), Jahresband/Annual Report 2019/2020.
Clearstream	Clearstream Banking Aktiengesellschaft, Eschborn, Germany.
CLP	Regulation (EC) No. 1272/2008 on classification, labeling and packaging of substances and mixtures.
Code	German Corporate Governance Code (*Deutscher Corporate Governance Kodex)*, which was adopted by a governmental commission on the German Corporate Governance Code on February 26, 2002 and currently applies in its version dated December 16, 2019.
Company	Knaus Tabbert AG.
Conditional Capital	The Company's conditional share capital in accordance with Sections 192 et seqq. of the German Stock Corporation Act (*Aktiengesetz*) expected to be resolved by an extraordinary shareholders' meeting of the Company on September 21, 2020, whereby the share capital of the Company may be increased, subject to certain conditions, by up to EUR 5,000,000.00, by issuing up to 5,000,000 new ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*).
COVID-19	The disease associated with SARS-CoV-2.
D&O	Directors and Officers.
Dividend Paying Agent	The following entities (where applicable) are admitted for collective custody by a central securities depository (*Wertpapiersammelbank*) pursuant to section 5 of the Act on Securities Accounts (*Depotgesetz*) and are entrusted to such bank for collective custody (*Sammelverwahrung*) in Germany, the withholding tax is withheld and

	passed on for the account of the shareholders (i) by the domestic credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*), or by the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends to the shareholder or disburses the dividends to a foreign agent, (ii) by the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if the dividends are disbursed to a foreign agent by such central securities depository (*Wertpapiersammelbank*), or (iii) by the Company itself if and to the extent shares held in collective custody (*Sammelverwahrung*) by the central securities depository (*Wertpapiersammelbank*) are treated as so-called "abgesetzte Bestände" (stock being held separately).
Domestic Paying Agent.........	A domestic credit or financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions.
Draft Directive......................	A proposal for a Council Directive adopted by the EU Commission on February 14, 2013 on a common financial transactions tax.
EBIT..................................	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortization.
EBITDA Forecast 2020	The Company's forecast of EBITDA for the fiscal year ending December 31, 2020.
ECF Statistic Q1 2020	European Caravan Federation (ECF), "EUROPE: Registrations of new Motor Caravans per month 2020", available at http://www.e-c-f.com/fileadmin/templates/4825/images/statistics/europazul-4.pdf.
EEA	European Economic Area.
ELV Directive	Directive 2000/53/EC on end-of life vehicles.
EPA	U.S. Environmental Protection Agency.
Equity Ratio........................	The ratio of equity to the balance sheet total.
ESMA Guidelines	The guidelines issued by the European Securities and Markets Authority on October 5, 2015 on alternative performance measures.
EU	European Union.
EU-28	The EU together with the United Kingdom.
European Innovation Awards..............................	European Innovation Award, press releases on the Innovation Awards from 2017 to 2020.
Eurostat	The European Statistical Office's database on demographic data in Europe, available at https://ec.europa.eu/eurostat/de/data/database.
Executives..........................	Persons discharging managerial responsibilities, pursuant to Article 19 of the MAR.
Financing Partners	The four financial institutions (SKP, Wells Fargo, Satander, DF Capital and Commerzbank) the Group has framework agreements in place with allowing certain dealers to finance the purchase of caravans and motorhomes of the latest model year from the Group's portfolio, using vehicles as collateral.
FTT	Financial Transaction Tax.

GDPR	Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (*General Data Protection Regulation*).
Germany	Federal Republic of Germany.
GfK	Gesellschaft für Konsumforschung (GfK), study: "Wie relevant ist Caravaning in Deutschland und wie wird sich der Markt entwickeln?" (How relevant is caravaning in Germany and how will the market develop?), dated August 30, 2019, available at https://www.civd.de/wp-content/uploads/2019/05/civd.de_GfKStudie_Wie_relevant_ist_Caravaning_in_Deutschland_und_wie_wird_sich_der_Markt_entwickeln.pdf.
GPSD	Directive 2001/95/EC of the European Parliament and of the Council of 3 December 2001 on general product safety.
Greenshoe Option	Option to acquire a number of Company's shares equal to the borrowed shares at the Offer Price less agreed commissions granted to the Underwriters by the Selling Shareholders.
Group	Knaus Tabbert AG together with its subsidiaries.
GWB	The German Act against Restraints of Competition (*Gesetz gegen Wettbewerbsbeschränkungen*).
HGB	Handelsgesetzbuch, the German Commercial Code.
Holders	The holders or creditors of bonds.
HTP	H.T.P. Investments 1 B.V. (previously H.T.P. Investments B.V.)
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V.
IED	Industrial Emissions Directive, Directive 2010/75/EU of the European Parliament and of the Council on industrial emissions.
IFRS	International Financial Reporting Standards as adopted by the European Union.
IMF	International Monetary Fund.
Invested Capital	The sum of property, plant and equipment, inventories and trade receivables less trade payables.
ISIN	International Securities Identification Number.
IT	Information technology.
Jefferies	Jefferies International Limited, with its registered seat at 100 Bishopsgate, London EC2N 4JL, United Kingdom, LEI S5THZMDUJCTQZBTRVI98.
Joint Bookrunners	Jefferies, UniCredit and ABN AMRO.
Knaus Tabbert	Knaus Tabbert AG.
Knaus Tabbert Group	Knaus Tabbert AG together with its subsidiaries.
KPIs	Key performance indicators.
KPMG	KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Nuremberg office.
LEI	Legal Entity Identifier.
Loan Amendment	The amendment to the Syndicated Loan Agreement, the Group entered into an on August 1, 2019.
LTI	Long-term incentive variable remuneration.
LTIP	The Company's long-term incentive plan.
LTIP-tranches	The annual tranches Performance Shares are awarded in.
Management Board	The Company's management board (Vorstand).
MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (Market Abuse Regulation).

Mediation Committee .... The mediation committee (*Vermittlungsausschuss*) formed under the Articles of Association, by the Supervisory Board that must be established pursuant to Section 27 para. 3 of the German Co-Determination Act (*Mitbestimmungsgesetz*).

Member States .... Certain participating EU member states that adopted the single European currency Euro.

MiFID II .... Directive 2014/65/EU on markets in financial instruments, as amended.

MiFID II Requirements .... MiFID II together with Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 and local implementing measures.

Minimum Holding Period .... A continuous period of at least 45 days during the period starting 45 days prior to the date when the dividend becomes due and ending 45 days after such date, during which a shareholder has been the economic owner of the shares (*Mindesthaltedauer*), in order (among other requirements) for the shareholder to be eligible for withholding tax reliefs.

Net Working Capital .... The sum of inventories, trade receivables and receivables from factoring less trade payables.

Offer Period .... The period during which investors may submit purchase orders for the Offer Shares, which is expected to begin on September 14, 2020 and is expected to end on September 17, 2020.

Offer Price .... The placement price.

Offer Shares .... The Base Shares, together with the Over-Allotment Shares.

Offering .... The offering of 4,945,000 ordinary bearer shares (*Inhaberaktien*) of the Company with no par value (*Stückaktien*) and each such share with full dividend rights from January 1, 2020.

Operating Cash Cycle .... DIO (average days inventory outstanding) plus DSO (average days sales outstanding) less DPO (average days payables outstanding). DPO and DIO are calculated as the ratio of trade accounts payables and inventory, respectively, divided by cost of materials based on yearly averages. DSO is calculated as the ratio of trade accounts receivable divided by net revenue based on yearly averages.

Order .... United Kingdom Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.

Order Backlog .... Binding sale orders on hand that have not yet been invoiced.

Over-Allotment .... The Allotment in addition to the Base Shares of Over-Allotment Shares under the possible stabilization measures, as part of the allotment of the Offer Shares.

Over-Allotment Shares .... Up to 645,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholders in connection with a potential over-allotment.

Palatium .... Palatium Beteiligungsgesellschaft mbH.

Parent-Subsidiary Directive ... Council Directive 2011/96/EU.

Partial Bond .... Issued option bonds with options attached that entitle the holder to subscribe to ordinary bearer shares (*Inhaberaktien*) of the Company with no par value (*Stückaktien*) under the bond conditions that are determined by the Management Board.

Participating Member States .... Austria, Belgium, France, Germany, Greece, Italy, Portugal, Spain, Slovakia, and Slovenia, which are to implement the Draft Directive on a common financial transaction tax.

Performance Period .... The four-year performance period on which the LTIP is determinated.

Performance Shares	The virtual performance shares rewarded as part of the LTI.
Portfolio Participation	A shareholders direct participation of less than 10% in the Company's registered share capital at the beginning of the calendar year (*Streubesitzbeteiligung*).
Post-IPO Equity attributable to Shareholders per Share	The per share figure expressing the adjusted net book value attributable to shareholders, assuming 10,377,259 outstanding shares of the Company upon completion of the Offering.
Practical Caravan	Practical Caravan, "*Owner Satisfaction Awards 2018: full results*" dated March 19, 2018, available at https://www.practicalcaravan.com/news/owner-satisfaction-awards-2018-full-results.
Presiding and Nomination Committee	The presiding and nomination committee (*Präsidial- und Nominierungsausschuss*) formed by the Supervisory Board, in accordance with its rules of procedure.
Price Range	The price range within which purchase orders may be placed is EUR 58.00 to EUR 74.00 per Offer Share.
Primary Base Shares	350,000 newly issued ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from a capital increase against contribution in cash resolved by an extraordinary shareholders' meeting on September 21, 2020 and expected to be consummated on or about September 22, 2020.
Product Liability Directive	Directive 85/374/EEC on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products.
Profit Forecast	The EBITDA Forecast 2020 together with its explanatory notes.
Promobil	Promobil, "*Reisemobile des Jahres 2020*", available at https://www.promobil.de/beste-reisemobile-des-jahres-leserwahl/.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71.
QIBs	Qualified institutional buyers as defined in and in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended.
Qualified Holding	Where a shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be,) disposal directly or indirectly held at least 1.0% of the share capital of the Company.
R&D	Research and development.
RDE	Real driving emission.
REACH	Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC.
Relevant Persons	The qualified investors who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Order, and/or (ii) are high net worth entities falling within Article 49(2)(a) through (d) of the Order, and other persons to whom it may otherwise lawfully be communicated.
Relevant State	Each member state of the EEA and the United Kingdom.

Revolving Credit Facility	The revolving credit facility, which was made available to the Company under the Syndicated Loan Agreement and (with certain restrictions) to certain of its subsidiaries, as amended.
ROCE	Return on capital employed.
ROE	Return on equity.
ROIC	Return on invested capital.
Safety Regulation	Regulation (EC) No 661/2009 of the European Parliament and of the Council of 13 July 2009 concerning type-approval requirements for the general safety of motor vehicles, their trailers and systems, components and separate technical units intended therefor.
Secondary Base Shares	3,950,000 ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*) from the holdings of the Selling Shareholders.
Securities Act	U.S. Securities Act of 1933, as amended.
Selling Shareholders	HTP, Catalina and Palatium.
SKP	S-Kreditpartner GmbH.
Sole Global Coordinator........	Jefferies.
Stabilization Manager	Jefferies acting in connection with the placement of the Base Shares, for the account of the Underwriters as stabilization manager.
Stabilization Period	Period during which stabilization measures may be taken; such measures may be taken from the date of commencement of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after such date.
Statista/IfD Allensbach..........	Statista/IfD Allensbach, "*Personen in Deutschland, die einen Wohnwagenanhänger oder Caravan besitzen, nach Alter im Vergleich der Jahre 2017 bis 2019*" (People in Germany, who own a motorhome or caravan, by age compared from 2017 to 2019).
STI	Short-term variable remuneration.
Supervisory Board	The Company's supervisory board (*Aufsichtsrat*).
Syndicated Loan Agreement...........................	The syndicated loan agreement lead by Commerzbank AG the Group entered into on March 23, 2018, as amended in 2019.
Target Market Assessment	Assessment leading to the result that it has been determined that the Offer Shares are (i) 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 (ii) eligible for distribution through all distribution channels permitted by MiFID II.
Timber Regulation	Regulation (EU) No 995/2010 laying down the obligations of operators who place timber and timber products on the market.
TFEU	Treaty on the Functioning of the European Union.
Type-Approval Framework Directive	Directive 2007/46/EC on a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles.
Underwriters	The Joint Bookrunners.
Underwriting Agreement	Agreement in connection with the Offering the Underwriters entered into with the Company and the Selling Shareholders on September 11, 2020.

UniCredit	UniCredit Bank AG, with its registered seat at Arabellastraße 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170.
United States / U.S.	The United States of America.
Utilization Rate	The actual production volume during the relevant period divided by the theoretical production capacity.
VAT	Value-Added Tax (*Mehrwertsteuer*).
Waste Framework Directive ...	Directive 2008/98/EC on waste.
WEO	World Economic Outlook.

23. Recent Developments and Outlook

23.1 Recent developments

In late July 2020, the Group introduced several new vehicles and minor updates of existing vehicles. In addition, in early September 2020, the Group presented a prototype of its new top-of-the-range model for the Morelo brand at the Caravan Salon in Düsseldorf, Germany.

On August 7, 2020, the Company's shareholders approved a resolution to change the Company's legal form to a German stock corporation (*Aktiengesellschaft*) under the legal name "Knaus Tabbert AG". The changes in legal form and name were registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau on August 14, 2020 under the Company's new number HRB 11089. All these changes were effected in accordance with the applicable provisions of the German Transformation Act (*Umwandlungsgesetz*).

On August 7, 2020 the extraordinary shareholders' meeting of the Company resolved to increase the share capital from EUR 28,897.00 by EUR 9,998,362.00 to EUR 10,027,259.00 out of the Company's reserves (*Kapitalerhöhung aus Gesellschaftsmitteln*) in order to facilitate the trading of the Company's shares following the Offering. This capital increase was entered into the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Passau on August 13, 2020.

23.2 Outlook

The COVID-19 outbreak in recent months has affected all key economies worldwide, including the Group's predominant markets in Europe, disrupted public life and the operations of multiple businesses. As a result, the CIVD expects new registrations of caravans in Europe in 2020 to decrease by 15.7% compared to 2019 and new registrations of motor caravans in Europe in 2020 to decline by 10.2% compared to the prior year (Source: CIVD Prognosis: 2020-2025). For the demand in Germany, the Company expects the temporary reduction in German VAT during the second half of 2020 to lead to a corresponding increase in demand. Starting in 2021, the CIVD predicts a return to growth in the European caravan market with an overall CAGR of 2.9% for the period from 2020 to 2025, with regard to the European motor caravan market, a renewed growth with an overall anticipated CAGR of 6.3% from 2020 to 2025 (Source: CIVD Prognosis: 2020-2025).

For the fiscal year ending December 31, 2020, the Company anticipates the Group's EBITDA and revenue to be generally in line with the Group's results for the fiscal year ended December 31, 2019, under the premise that the fiscal year 2020 remaining at the time of this forecast will not be negatively affected by a second shutdown or temporary closing of borders in connection with COVID-19. However, if there is a second shutdown or temporary closing of borders, the Company anticipates a decline in the Group's EBITDA for the fiscal year ending December 31, 2020 compared to the Group's EBITDA for the fiscal year ended December 31, 2019. For additional information and especially the underlying assumptions, see "*10. Profit Forecast*".

Starting in 2021 and going into 2022, the Company targets a revenue growth above the 2017 to 2019 revenue CAGR. Thereafter, the Company expects the revenue CAGR to gradually decrease to a level of 10% to 12% in the medium term. At the same time, the Company strives to increase the Group's production capacity to 35,000 to 37,000 units per year in the medium term. Regarding EBITDA CAGR, the Company's ambition is to increase EBITDA CAGR in the medium term to a level above the revenue CAGR for the period 2017 to 2019, with an EBITDA margin above the 2019 EBITDA margin, flattening out at a low double-digit percentage.

The Company plans to introduce a new entry model of its Morelo brand starting at a base price of approximately EUR 110,000 (including VAT). In order to have production capacities available for the new model at its Schlüsselfeld plant by 2022, the Company aims to expand an existing production line by investing approximately EUR 2.5 million and to introduce a new production line by investing another EUR 10.5 million.

In addition, the Company plans to invest approximately EUR 27 million in its plant in Jandelsbrunn over the next two years. These investments relate to area and infrastructure (approximately EUR 17.5 million), automation of production lines (approximately EUR 4.5 million) and lightweight construction (approximately EUR 5.0 million).

Despite the targeted expansion of production capacities of the Group's various plants, the Company expects a Utilization Rate above 100% in 2021, which the Company estimates will result in expenses for overtime hours in the amount of approximately EUR 1.5 million in 2021.

Certain statements in this section, including, in particular the expectations and targets described above, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance, and the Group's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "*2.3. Forward-looking statements*" and "*1. Risk Factors*".