High Performance Battery Systems

Prospectus

for the public offering of

2,061,856 newly issued ordinary bearer shares with no-par value from a capital increase against contributions in cash resolved by the extraordinary general shareholders' meeting of the Company held on June 8, 2018, as amended by resolutions of the management board and the supervisory board adopted on June 14, 2018

and of

150,000 existing ordinary bearer shares with no-par value from the holdings of the Selling Shareholders

and of

221,185 existing ordinary bearer shares with no-par value from the holdings of the Selling Shareholders for
purposes of a potential over-allotment

and at the same time

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

of

up to 2,061,856 newly issued ordinary bearer shares with no-par value from a capital increase against contributions in cash resolved by the extraordinary general shareholders' meeting of the Company held on June 8, 2018, as amended by resolutions of the management board and the supervisory board adopted on June 14, 2018

and of

4,000,000 existing ordinary bearer shares with no-par value (existing share capital)

each such share with no-par value and a notional interest in the share capital of €1.00 and full dividend rights from January 1, 2018

of

AKASOL AG
Darmstadt, Germany

Price Range: €48.50 – €64.50

International Securities Identification Number (ISIN): DE000A2JNWZ9
German Securities Identification Number (WKN): A2JNWZ
Ticker Symbol: ASL

Joint Global Coordinators and Joint Bookrunners

Citigroup **COMMERZBANK**

Joint Bookrunner

Bankhaus Lampe KG

The date of this prospectus is June 15, 2018

CONTENTS

Section		Page
1.	**Summary of the Prospectus**	**1**
	SECTION A – INTRODUCTION AND WARNINGS	1
	SECTION B – ISSUER	1
	SECTION C – SECURITIES	11
	SECTION D – RISKS	12
	SECTION E - OFFER	14
2.	**Deutsche Übersetzung der Zusammenfassung des Prospekts**	**22**
	ABSCHNITT A – EINLEITUNG UND WARNHINWEISE	22
	ABSCHNITT B – EMITTENT	22
	ABSCHNITT C – WERTPAPIERE	34
	ABSCHNITT D – RISIKEN	35
	ABSCHNITT E – ANGEBOT	37
3.	**Risk Factors**	**45**
	3.1 Risks relating to our business and the markets in which we operate	45
	3.2 Legal, regulatory and tax risks	63
	3.3 Risks relating to the shares, the offering, the listing and our shareholder structure	67
4.	**General Information**	**73**
	4.1 Responsibility for the contents of the Prospectus	73
	4.2 Subject matter of the Prospectus	73
	4.3 Forward-looking statements	73
	4.4 Information from third parties and Company estimates	75
	4.5 Documents available for inspection	77
	4.6 Information regarding financial information and currency	78
5.	**The Offering**	**81**
	5.1 Subject matter of the Offering	81
	5.2 Price range, Offering Period, Offer Price and number of Offer Shares	82
	5.3 Information on the Offer Shares	84
	5.4 Existing Shareholders and Selling Shareholders	86
	5.5 Allotment criteria	86
	5.6 Stock exchange admission and commencement of trading	87
	5.7 Stabilization measures, Over-Allotment and Greenshoe Option	87
	5.8 Lock-up Agreements	88
	5.9 Designated sponsors and paying agent	89
6.	**Reasons for the Offering and the Listing, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering**	**90**
	6.1 Reasons for the Offering, proceeds and costs of the Offering, use of proceeds	90
	6.2 Interests of persons participating in the Offering and the listing of the Shares	91
7.	**Earnings and Dividends per Share; Dividend Policy**	**93**
	7.1 General rules on allocation of profits and dividend payments	93
	7.2 Dividend policy	94
8.	**Capitalization, Indebtedness, Debt Financing Requirements and Working Capital**	**95**
	8.1 Capitalization	95
	8.2 Net financial indebtedness	96
	8.3 Contingencies and financial obligations	96
	8.4 Statement on working capital	97
	8.5 Significant changes in financial or trading position	97
9.	**Dilution**	**98**
10.	**Selected Financial and Business Information**	**99**
	10.1 Selected financial information from the income statement	100
	10.2 Selected items from the statement of financial position	101
	10.3 Selected items from the statement of cash flows	102
	10.4 Selected Key Performance Indicators	102

11. Management's Discussion and Analysis of Financial Condition and Results of Operations **104**
11.1 Overview of our business activities 105
11.2 Basis of presentation 106
11.3 Key factors affecting our business, financial condition and results of operations 106
11.4 Segment overview 110
11.5 Discussion of the results of operations 110
11.6 Selected items from the statements of financial position 117
11.7 Liquidity and capital resources 120
11.8 Discussion of Key Performance Indicators 126
11.9 Quantitative and qualitative disclosures about market risk 128
11.10 Critical accounting policies and estimates 128
11.11 Additional information relating to the Audited Financial Statements of the Company prepared in accordance with HGB as of and for the financial year ended December 31, 2017 130
12. Profit Forecast **132**
13. Market and Competitive Landscape **136**
13.1 Battery market overview 136
13.2 Mega trends, drivers and dynamics in the market for Li-Ion batteries 137
13.3 Markets and applications 142
13.4 Competition 148
14. Technical Background **150**
14.1 Introduction 150
14.2 Cell mechanisms 150
14.3 Cell chemistries used in commercial battery systems 150
14.4 Types of cell housing 156
14.5 Battery systems and battery management systems 158
14.6 Our approach to meet market demands in various applications 161
15. Business **162**
15.1 Business overview 162
15.2 Competitive strengths 163
15.3 Strategy 169
15.4 Our history 170
15.5 Our operations, marketing and recruitment 171
15.6 Our Products 174
15.7 Intellectual property 185
15.8 Property, plants and equipment 187
15.9 Employees 187
15.10 Insurance 188
15.11 Governmental, legal and arbitration proceedings 188
15.12 Material contracts 188
16. Regulatory Environment **190**
16.1 General product-related regulations 190
16.2 Chemicals legislation 194
16.3 Regulation of production facilities and storage sites 196
16.4 Transportation of dangerous goods 198
16.5 Dual-use export control regime 199
17. General Information about the Company **200**
17.1 Formation, domicile, legal form, legislation, registration with the commercial register, name and registered office 200
17.2 Business objective 200
17.3 Company structure 200
17.4 Significant subsidiaries 201
17.5 Auditor 201
17.6 Announcements 201

18. Information on the Company's Share Capital and further Material Provisions of the Articles of Association . . . 202
18.1 Share capital and shares . . . 202
18.2 Development of the share capital . . . 202
18.3 General provisions governing a liquidation of the company, a change in the share capital and subscription rights . . . 202
18.4 Authorized capital . . . 203
18.5 Treasury shares . . . 204
18.6 Mandatory takeover bids, exclusion of minority shareholders, share ownership notification requirements, managers' transactions . . . 204
19. Corporate Bodies . . . 208
19.1 Overview . . . 208
19.2 Management Board . . . 209
19.3 Service agreements and compensation of the members of the Management Board; ownership of shares . . . 211
19.4 Supervisory Board . . . 211
19.5 Further information on the members of the Management Board and the Supervisory Board . . . 214
19.6 General Shareholders' Meeting . . . 215
19.7 Corporate governance . . . 216
20. Shareholder Structure (Before and Adjusted for the Offering) . . . 219
20.1 Overview and general information about the Shareholders . . . 219
20.2 Acquisition of shares during the past Year by members of the Management Board and parties related to members of the Management Board and Supervisory Board . . . 219
21. Related-Party Transactions . . . 220
21.1 Transactions with Shareholders . . . 220
21.2 Relationships with Key Management Personnel . . . 222
22. Underwriting . . . 223
22.1 Subject of and arrangements on underwriting . . . 223
22.2 Commission . . . 223
22.3 Greenshoe Option and Securities Loan . . . 223
22.4 Termination and Indemnification . . . 224
22.5 Selling Restrictions . . . 224
23. Taxation in the Federal Republic of Germany . . . 226
23.1 Taxation of the Company . . . 226
23.2 Taxation of the Shareholders . . . 228
23.3 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds . . . 235
23.4 Inheritance and Gift Tax . . . 235
23.5 Other Taxes . . . 236
24. Taxation in Luxembourg . . . 237
24.1 Withholding Tax . . . 237
24.2 Income Tax on Dividends and Capital Gains . . . 237
24.3 Other Taxes . . . 239
25. Financial Information . . . F-1
26. Glossary . . . G-1
27. Recent Developments and Outlook . . . O-1
27.1 Recent Developments . . . O-1
27.2 Outlook . . . O-1

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1. Summary of the Prospectus

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

SECTION A – INTRODUCTION AND WARNINGS

A.1	**Warnings**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the respective securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. AKASOL AG, with its registered office at Landwehrstraße 55, 64293 Darmstadt, Germany, a stock company (*Aktiengesellschaft*) registered with the commercial register (*Handelsregister*) maintained by the local court (*Amtsgericht*) in Darmstadt, under HRB 97834 (hereinafter the "**Company**" or "**AKASOL**" or the "**Issuer**", "**we**", "**us**" or "**our**"), together with Citigroup Global Markets Limited, Citigroup Centre, 33 Canada Square, London E14 5LB, United Kingdom and COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany (collectively, the "**Joint Global Coordinators**"), and Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf, Germany, (together with the Joint Global Coordinators, the "**Underwriters**" or the "**Joint Bookrunners**"), assume responsibility for the contents of this summary, including any translation thereof, pursuant to Section 5(2b) No. 4 of the German Securities Prospectus Act (*Wertpapierprospektgesetz – "**WpPG**"*). With regard to the summary's content, including any translation thereof, civil liability attaches to the persons who have assumed responsibility for the contents of this summary or who have arranged for the issuance, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, all necessary key information.
A.2	**Information regarding the subsequent use of the Prospectus**	Not applicable. Consent regarding the use of the Prospectus for a subsequent resale or placement of the shares has not been granted.

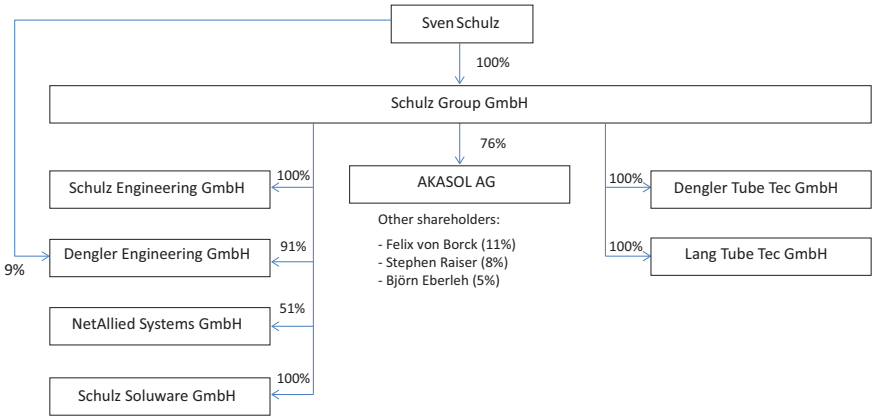
SECTION B – ISSUER

B.1	**Legal and commercial name**	The legal name of the Issuer is AKASOL AG and the commercial name of the Issuer is "AKASOL".

B.2	**Domicile, legal form, legislation under which the Issuer operates, country of incorporation**	The Company has its registered office in Darmstadt, Germany, and is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Darmstadt, under HRB 97834. The Company is a stock company incorporated in Germany and governed by German law.
B.3	**Current operations and principal business activities and principal markets in which the Issuer competes**	AKASOL develops, tests, validates, manufactures and distributes mostly liquid-cooled and rechargeable high performance lithium ion ("**Li-Ion**") battery systems including battery management and client industry certified embedded software for a wide range of applications, such as buses, commercial vehicles, rail vehicles, marine, industrial vehicles and stationary applications (battery systems for energy storage in residential and commercial applications). As early as 2009, our high performance battery systems were, to our knowledge, the first in the industry to realize efficient thermal management with liquid cooling integrated on a highly functional module level and our system design was the first to realize a standardized modular approach. As a result, we install highly functional and standardized battery modules including a battery management system and thermal management features into the battery system architecture. We believe that one of our most important selling points is our flexibility in terms of battery chemistry and battery cell format, including our ability to source battery cells from various manufacturers. AKASOL offers product portfolios with different kinds of battery cell formats (pouch, prismatic and cylindrical) and Li-Ion battery chemistry (lithium-nickel cobalt manganese oxide, lithium titanium oxide and lithium-iron phosphate, among others). Due to the large variety of applications in which our clients utilize Li-Ion battery systems, there is a wide range of requirements and specifications that these battery systems need to comply with. In our view, these requirements, including those related to safety, and specifications can only be met by offering a variety of battery solutions to our clients. We are able to provide this variety as a result of our modular and standardization approach that enables us to use different kinds of battery cell formats and battery chemistry solutions within the same battery system architecture. This approach provides cost benefits for our clients as well as positive cost effects for us, because we can limit our product portfolio and the required production equipment. Another important selling point for our product portfolio is in our view the availability of our Li-Ion battery systems for a wide voltage range from 48V up to 1,000V, which is necessary for high performance applications. As of the date of the Prospectus, we conduct our business operations through two business segments: • **On-Highway Segment**: In this business segment, we supply Li-Ion battery systems including battery management systems and software, equipment and services to manufacturers of buses and commercial vehicles (heavy, medium and light commercial vehicles) (collectively, the "**On-Highway Segment**"). Our clients in this segment are mostly large original equipment manufacturers ("**OEM**"), some of which are associates of leading global car manufacturers. The requirements of those clients for Li-Ion battery systems as well as for the production facilities and supply chain are in line with general automotive standards, while the high-

		performance battery systems we produce are more complex and require more tailored solutions than in passenger car applications. Currently our main clients in this segment are Daimler and Volvo Group. • **Off-Highway Segment**: In this segment we supply OEMs or so called "tier 1" suppliers (companies that, as part of a tiered supply chain, supply parts or systems directly to OEMs) of rail vehicles, industrial vehicles (such as construction vehicles, mining vehicles and logistic vehicles), marine applications (including boats, ships, ferries and submarines) as well as stationary applications for residential and professional installations (collectively, the "**Off-Highway Segment**"). Most of the requirements for Li-Ion battery systems in those applications are close to the standards of the automotive industry, which we have grown accustomed to in our On-Highway Segment. For some applications, our clients set even higher standards – for example, in the case of rail vehicles – while standards with regard to stationary applications are typically lower since there are no comparable functionality and safety tests as is the case for Li-Ion battery systems in mobile applications. Currently, our main clients in this segment are Alstom, Bombardier, Rolls-Royce Power Systems (MTU Friedrichshafen) and Medatech.
B.4a	**Most significant recent trends affecting the Issuer and the industry in which it operates**	We believe the below factors have affected the development of our business, financial condition and results of operations as well as the industry in which we operate and will continue to influence its development in the future: • **Population growth and urbanization** – due to population growth and urbanization the demand for clean and noise-reduced transportation is expected to rise, particularly in urban areas. Therefore, we believe the world's growing and increasingly urbanized population will drive demand for electric public transportation vehicles and electric commercial vehicles; • **Growth in transportation volume** – the transportation sector is responsible for nearly a quarter of global energy-related emission, making it necessary for governments to impose strict reduction targets such as the EU's 2030 target to limit emissions from light commercial vehicles ("**LCV**") to 103 grams of CO_2 per km, which is 41% lower than the 2015 target, in addition to stricter requirements related to CO_2 and NOX emissions, major world cities have resolved to phase out diesel cars over the next 10-15 years, which we expect to boost the demand for electric vehicles; • **Tightening of emissions regulations** – A number of our end markets and the automotive industry in particular, are and are expected to continue to be subject to increasingly stricter efficiency regulations of depleting traditionally used fossil fuels and the climate change resulting from CO_2 emissions; in our view, consumers are becoming increasingly aware of the environmental impact; • **Drivetrain electrification** – the process of powering previously non-electrically powered vehicles by electricity and, in many cases, the migration to electricity as a power source, which we expect to have a positive impact on our business; • **Total cost of ownership parity of electric and combustion drivetrains** – high battery costs have resulted in electric vehicles being more expensive

		than comparable internal combustion engine-powered variants, but decreasing battery costs combined with other factors such as improved charging infrastructure, rising taxation on fuel prices and tightening emission targets suggest potential for parity in selected segments according to McKinsey; and • **Strong pull from transportation authorities and fleet managers** – transportation authorities across Europe (for example, in London, Copenhagen, Barcelona, Paris and Milan) have communicated their mid-to-long term plans to replace existing internal combustion engine-based bus fleets with new electrified buses.
B.5	**Description of the Group and the Issuer's position within the Group**	Our parent company is Schulz Group GmbH, which holds 76% of our share capital as of the date of the Prospectus. The operating business of the Schulz Group GmbH companies, including AKASOL (collectively, the "**Schulz Group**"), is conducted exclusively by the relevant direct and indirect operating subsidiaries of Schulz Group GmbH.
		The following chart shows in simplified form the current structure of the Schulz Group as of the date of the Prospectus:



B.6	**Persons who, directly or indirectly, have a (notifiable) interest in the Issuer's capital and voting rights**	The following legal entities and natural persons hold an interest in the Issuer as of the date of the Prospectus:

	Shareholdings	
Shareholder	**No-par value Shares**	**%**
Schulz Group GmbH	3,040,000	76.00
Felix von Borck	440,000	11.00
Stephen Raiser	320,000	8.00
Björn Eberleh	200,000	5.00
Total	4,000,000	100.00

	Voting rights	Each ordinary bearer share with no-par value (*auf den Inhaber lautende Stammaktie*) of the Company (all outstanding shares of the Company collectively the "**Shares**" and each such share a "**Share**") carries one vote at the Company's general shareholders' meeting (the "**General Shareholders' Meeting**"). There are no restrictions on voting rights other than the restrictions provided by law in certain cases and there are no different classes of voting rights. All Shares have identical voting rights.

	Direct or indirect control over the Issuer and nature of such control	AKASOL is indirectly controlled by Sven Schulz, who holds 100% of the shares in Schulz Group GmbH, which in turn holds 76% of the Shares of AKASOL. Upon completion of the Offering (as defined below), Schulz Group GmbH will hold at least 2,831,899 Shares, approximately representing at least 46.72% of AKASOL's share capital (assuming the full placement of the Offer Shares (as defined below in C.1)) and will therefore continue to control the Company upon completion of the Offering.
B.7	**Selected key historical financial information**	The financial information contained in the following tables is mainly taken or derived from our unaudited interim condensed financial statements as of and for the three-month period ended March 31, 2018 (with comparative figures for the three-month period ended March 31, 2017) prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") applicable to interim financial reporting (IAS 34) (the "**Unaudited Interim Condensed Financial Statements**"), our audited financial statements prepared in accordance with **IFRS** for the financial years ended December 31, 2015, 2016 and 2017 (the "**Audited IFRS Financial Statements**"), and our financial and accounting records. The Audited IFRS Financial Statements were audited by BDO AG, Wirtschaftsprüfungsgesellschaft, registered at Fuhlentwiete 12, 20355 Hamburg, Germany, through its office located at Katharina-Heinroth-Ufer 1, 10787 Berlin, Germany (the "**Auditor**"). The Auditor is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany and has issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) on the Audited IFRS Financial Statements. Where financial information in the Prospectus is denoted as "audited", this means that it was taken from the Audited IFRS Financial Statements. The label "unaudited" is used in the Prospectus to indicate financial information that was not taken from the Audited IFRS Financial Statements but that was either taken or derived from the Unaudited Interim Condensed Financial Statements or our internal accounting records or management reporting systems or is based on calculations of these figures, or recomputed or derived from the Audited IFRS Financial Statements or the Unaudited Interim Condensed Financial Statements. The Prospectus contains certain alternative performance measures, which are non-IFRS financial measures and ratios that our management and many of our industry peers use, including EBITDA (earnings before interest, taxes, depreciation and amortization), EBIT (earnings before interest and taxes), EBIT margin (the quotient of EBIT and revenue, expressed as a percentage), adjusted EBITDA and adjusted EBIT (adjusted for costs related to capital market transactions), adjusted EBITDA margin (the quotient of adjusted EBITDA and revenue, expressed as a percentage), adjusted EBIT margin (the quotient of adjusted EBIT and revenue, expressed as a percentage), net debt, capital expenditures and trade working capital that are not required by, or presented in accordance with, IFRS. Certain of these measures, in particular EBITDA and EBIT, are derived from IFRS accounts. These are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**"). We present these alternative performance measures as supplemental information. Because we generally believe they are key performance indicators with respect to our business and may contribute to a fuller understanding of our cash generation capacity and the growth of our business and brand. We believe that the

		presentation of the alternative performance measures included in the Prospectus complies with the ESMA Guidelines. Apart from EBIT, the alternative performance measures included in the Prospectus have not been reviewed or audited by our Auditor or by any independent expert. In addition to the financial information presented herein prepared under IFRS and the alternative performance measures as defined in the ESMA Guidelines, we also present certain operating and non-financial measures such as the order backlog. These measures also have not been reviewed or audited by our Auditor or by any independent expert. Our order backlog comprises signed framework agreements and related order indications from the clients, which are included in the order backlog with a 100% probability, as well as specific expressions of interest and advanced negotiations with clients, which are reflected in the backlog at corresponding weighted probability rates. The order backlog only reflects activities for which we have received a request for proposal or where we are in bilateral negotiations and to which our management has assigned a probability of at least 50%; it excludes all further discussions and negotiations with clients. The order backlog has to be supplemented by specific orders and clients are not obliged to place such orders. The order backlog is based on forecasts on actual purchase forecasts as discussed with our clients, however such forecasts are no binding purchase commitments. In addition, our assessment of the probabilities that order backlog can be converted into orders may not be appropriate. Accordingly, the order backlog might not lead to corresponding future revenue and actual sales may, in fact, be significantly lower than the current order backlog suggests.

Selected Financial Information from the Income Statement

The following table shows selected items from our statement of comprehensive income for the financial years ended December 31, 2015, 2016 and 2017, and for the three-month periods ended March 31, 2017 and 2018:

	For the financial year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Revenue	**8,806**	**13,446**	**14,483**	**2,246**	**4,537**
Change in inventory	698	(238)	(25)	(380)	74
Own work capitalized	772	556	1,018	190	338
Other income	162	111	536	22	20
Cost of materials	(4,736)	(6,210)	(6,878)	(610)	(2,167)
Personnel expense	(3,023)	(3,809)	(4,837)	(1,105)	(1,266)
Other expenses	(1,636)	(1,884)	(2,552)	(455)	(961)
Depreciation and amortization	(633)	(645)	(628)	(146)	(129)
Operating results (EBIT)	**410**	**1,326**	**1,117**	**(239)**	**448**
Financial expenses	(319)	(273)	(246)	(32)	(97)
Financial result	**(319)**	**(273)**	**(246)**	**(32)**	**(97)**
Earnings before taxes (EBT)	91	1,053	871	(270)	351
Income tax expenses	(42)	(339)	(266)	82	(106)
Net profit/loss	**49**	**715**	**605**	**(188)**	**245**
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	**49**	**715**	**605**	**(188)**	**245**

The following table shows selected alternative performance measures for the financial years ended December 31, 2015, 2016 and 2017, and for the three-month periods ended March 31, 2017 and 2018:

	For the financial year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR (unless otherwise specified)	(audited)			(unaudited)	
Revenue	8,806	13,446	14,483	2,246	4,537
EBITDA (unaudited)	**1,043**	**1,972**	**1,745**	**(92)**	**575**
Depreciation and amortization	(633)	(645)	(628)	(146)	(129)
Operating results (EBIT)	**410**	**1,326**	**1,117**	**(239)**	**448**
EBIT margin (in %, unaudited)	4.7	9.9	7.7	(10.6)	9.9
Costs related to capital market transactions (unaudited)	—	—	—	—	155
Adjusted EBITDA (unaudited)	—	—	—	**(92)**	**731**
Adjusted EBITDA margin (in %), unaudited	—	—	—	—	16.1
Adjusted EBIT (unaudited)	**—**	**—**	**—**	**(239)**	**603**
Adjusted EBIT margin (in %), unaudited	—	—	—	—	13.3
Net debt (as of end of period) (unaudited)	**6,668**	**3,930**	**5,546**		**5,088**
Capital expenditures (unaudited)	**496**	**351**	**3,179**		**850**
Trade working capital (as of end of period) (unaudited)	**6,621**	**5,218**	**6,045**		**5,489**

Selected Items from the Statement of Financial Position

The following table shows selected items from our statement of financial position, as of December 31, 2015, 2016 and 2017, and as of March 31, 2018.

	As of December 31,			As of March 31,
	2015	2016	2017	2018
in TEUR		(audited)		(unaudited)
Assets				
Intangible assets	1,173	984	1,214	1,321
Property, plant and equipment	1,473	1,302	3,131	3,738
Financial assets	—	—	—	1
Other non-financial assets	0	14	14	14
Deferred tax assets	544	224	0	—
Total Non-current Assets	**3,190**	**2,525**	**4,360**	**5,074**
Inventories	5,710	3,898	5,342	5,367
Trade receivables	2,182	2,065	2,068	1,922
Other non-financial assets	378	154	419	526
Cash and cash equivalents	1,344	811	2,839	2,903
Current Assets	**9,614**	**6,928**	**10,668**	**10,717**
Total Assets	**12,804**	**9,452**	**15,027**	**15,791**
Equity and Liabilities				
Subscribed capital	2,000	2,000	2,000	2,000
Accumulated losses	(1,695)	(980)	(376)	(130)
Total shareholders' equity	**305**	**1,020**	**1,624**	**1,870**
Deferred tax liabilities	0	0	48	154
Liabilities to banks	2,278	1,821	6,176	5,774
Total non-current liabilities	**2,278**	**1,821**	**6,224**	**5,927**
Financial liabilities				
Liabilities to banks	1,098	451	1,138	1,134
Liabilities to shareholders	4,636	2,469	1,071	1,083
Trade payables	1,271	745	1,365	1,800
Other non-financial liabilities	3,135	2,794	3,250	3,579
Income tax liabilities	0	18	0	0
Provisions	80	135	356	399
Total Current liabilities	**10,221**	**6,612**	**7,179**	**7,995**
Shareholders' equity and liabilities	**12,804**	**9,452**	**15,027**	**15,791**

Selected Items from the Statement of Cash Flows

The following table shows selected items from our statement of cash flows for the financial years ended 2015, 2016 and 2017, and for the three-month periods ended March 31, 2017 and 2018:

	For the financial year ended December 31,			For the three-months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Cash flow from operating activities					
Earnings before interest and taxes (EBIT)	**410**	**1,326**	**1,117**	**(239)**	**448**
Adjustments:					
+ Depreciation and amortization	633	645	628	146	129
+/- Other non-cash transactions	0	65	585	6	7
Changes in net current assets:					
-/+ Increase/decrease in inventories	(1,830)	1,811	(1,443)	606	(26)
-/+ Increase/decrease in trade receivables from third parties	611	117	(4)	718	147
-/+ Increase/decrease in other assets not allocated to investment or financing activities	66	211	(265)	(45)	(107)
+/-Increase/decrease in trade payables to third parties	816	(527)	620	(299)	435
+/-Other provisions and provisions from employee benefits	47	(341)	455	24	43
+/-Increase/decrease in liabilities not allocated to investment or financing activities	80	55	221	182	374
- Interest paid	(319)	(273)	(246)	(32)	(97)
- Taxes paid	0	0	(105)	0	(44)
Cash flow from operating activities	**513**	**3,089**	**1,562**	**1,068**	**1,309**
Cash flow from investment activities					
Additions to intangible assets	(326)	(221)	(577)	(84)	(190)
Additions to property, plant and equipment	(170)	(129)	(2,602)	(302)	(660)
Cash flow from investment activities	**(496)**	**(351)**	**(3,179)**	**(386)**	**(850)**
Cash flow from financing activities					
New loans	1,560	0	5,914	0	12
Repayments of financial liabilities	(255)	(3,271)	(2,269)	(795)	(407)
Cash flow from financing activities	1,305	(3,272)	3,645	(795)	(395)
Liquid funds at the end of the period					
Change in cash and cash equivalents	1,322	(533)	2,028	(114)	65
Liquid funds at the beginning of the period	22	1,344	811	811	2,839
Cash and cash equivalents at the end of the period	**1,344**	**811**	**2,839**	**697**	**2,903**

	Significant changes to the Issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information	**Results of Operations** The following significant changes in our results of operations occurred in the three-month periods ended March 31, 2017 and 2018, and in the years ended December 31, 2015, 2016 and 2017. *Comparison of three-month periods ended March 31, 2017 and March 31, 2018* Our revenue for the quarter ended March 31, 2018 was €4,537 thousand, which represents a significant increase compared to €2,246 thousand for the quarter ended March 31, 2017. The increase was principally the result of a higher number of products sold to clients.

		Our EBIT for the quarter ended March 31, 2018 was €448 thousand, which represents a significant increase compared to negative €239 thousand for the quarter ended March 31, 2017. These increases were principally the result of increases in revenue, offset by increased cost of materials. Adjusted for costs related to capital market transactions, our Adjusted EBIT for the quarter ended March 31, 2018 was €603 thousand and our adjusted EBIT margin was 13.3%. Our net profit for the quarter ended March 31, 2018 was €245 thousand, which represents a significant increase, compared to a loss of € 188 thousand for the quarter ended March 31, 2017. The increase was principally the result of a higher number of products we sold to clients. *Comparison of the financial years ended December 31, 2016 and December 31, 2017* Our revenue for the year ended December 31, 2017 was €14,483 thousand, which represents a €1,037 thousand, or 7.7% increase, when compared to €13,446 thousand for the year ended December 31, 2016. The increase was principally the result of higher sales of our battery systems, offset in part by lower income earned for our services. In 2016, we had a significant number of prototype-level projects, with a more pronounced engineering component, which required us to provide clients with more related services. In 2017, drawing from these developments in 2016, we produced and sold to clients a higher number of products, including products from our first serial production line. Our EBIT for the year ended December 31, 2017 was €1,117 thousand, which represents a €209 thousand, or 15.8%, decrease, compared to €1,326 thousand for the year ended December 31, 2016. The decrease principally reflects ramp-up production-related costs (cost of materials, additional personnel and other costs which were necessary in order to fulfill higher orders of our battery systems), partially offset by increases in revenue. Our net profit for the year ended December 31, 2017 was €605 thousand, which represents a €110 thousand, or 15.4%, decrease, compared to €715 thousand for the year ended December 31, 2016. The decrease principally reflects ramp-up production-related costs (cost of materials, additional personnel and other costs which were necessary in order to fulfill higher orders of our battery systems) partially offset by a decrease in our income tax expenses. *Comparison of the* financial *years ended December 31, 2015 and December 31, 2016* Our revenue for the year ended December 31, 2016 was €13,446 thousand, which represents a €4,640 thousand, or 52.7% increase, when compared to €8,806 thousand for the year ended December 31, 2015. The increase was principally the result of higher sales of our battery systems, offset in part by lower income earned for our services. In 2016, we had a significant number of prototype-level projects, with a more pronounced engineering component, which required us to provide clients with more related services. Our EBIT for the year ended December 31, 2016 was €1,326 thousand, which represents a significant increase, compared to €410 thousand for the year ended December 31, 2015. The increase was principally the result of increases in revenue, offset by increased cost of materials and personnel expense.

		Our net profit for the year ended December 31, 2016 was €715 thousand, which represents a significant increase, compared to €49 thousand for the year ended December 31, 2015. The increase principally reflects increased revenues stemming from increased production orders, offset in part by decreased inventory, as well as increases in cost of materials, personnel expenses, and income tax expenses.
B.8	**Selected key pro forma financial information**	Not applicable. The Company has not prepared any pro forma financial information.
B.9	**Profit forecast or estimate**	Following the ramp-up of serial production in our plant in Langen and strong order intake, we expect our growth to accelerate, leading to revenue of between €22 million and €24 million in 2018. On the basis of this increase, we expect our adjusted EBIT margin to decrease slightly in 2018 to approximately 7%.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. The audit reports on the historical financial information included in the Prospectus have been issued without qualifications.
B.11	**Insufficiency of the Issuer's working capital for its present requirements**	Not applicable. The Issuer's working capital is sufficient for its present requirements.

SECTION C – SECURITIES

C.1	**Type and class of the securities being offered and/or admitted to trading**	The Prospectus relates to the public offering (the "**Offering**") of 2,433,041 Shares, each such Share with a notional interest of €1.00 in the share capital and with full dividend rights from January 1, 2018, consisting of: • 2,061,856 newly issued ordinary bearer shares with no-par value from a capital increase against contributions in cash resolved by an extraordinary General Shareholders' Meeting of the Company held on June 8, 2018, as amended by resolutions of the management board and the supervisory board adopted on June 14, 2018 (the "**New Shares**"); • 150,000 existing ordinary bearer shares with no-par value from the holdings of Schulz Group GmbH, Felix von Borck, Stephen Raiser and Björn Eberleh (each, a "**Selling Shareholder**" and collectively, the "**Selling Shareholders**") (the shares offered by the Selling Shareholders in the Offering the "**Sale Shares**"); and • 221,185 existing ordinary bearer Shares with no-par value from the holdings of the Selling Shareholders for purposes of a potential over-allotment (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares the "**Offer Shares**"). Furthermore, for the purposes of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter* Wertpapierbörse) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange, the Prospectus relates to up to 6,061,856 ordinary bearer Shares of the Company (entire share capital of the Company), each such Share with no-par value and a notional interest of €1.00 in the share capital and full dividend rights from January 1, 2018.

	Security identification number	International Securities Identification Number (ISIN): DE000A2JNWZ9 German Securities Code (*Wertpapierkennnummer*) (WKN): A2JNWZ Ticker Symbol: ASL
C.2	**Currency**	Euro.
C.3	**The number of shares issued and fully paid** **Nominal value**	The Company's share capital amounts to €4,000,000.00 as of the date of the Prospectus. It is divided into 4,000,000 Shares. The Company's share capital is fully paid in. Each of the Company's Shares represents a nominal value of €1.00 in the share capital.
C.4	**A description of the rights attached to the securities**	Each of the Shares of the Company entitles a shareholder to one vote at the General Shareholders' Meeting. The Offer Shares carry full dividend rights as of the financial year starting January 1, 2018 and for all subsequent financial years.
C.5	**Description of any restrictions on the free transferability of the securities**	Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for ordinary bearer shares. There are no restrictions on the transferability of the Company's shares other than the lock-up agreements described below under Element E.5.
C.6	**Application for admission to trading on a regulated market and identity of regulated markets where the securities are to be traded**	On or after June 18, 2018, the Company intends to apply for the admission of its Shares (entire share capital) 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). The Company's Shares (entire share capital) are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange on June 28, 2018 (the "**Listing**"). The decision on the admission of the Company's Shares to trading will be made solely in the discretion of the Frankfurt Stock Exchange. Trading in the Shares on the Frankfurt Stock Exchange is planned to commence on June 29, 2018.
C.7	**Dividend policy**	The Company intends to invest all available funds and future earnings to support operations and to finance the growth and development of its business. At present, the Company has no intention to propose the payment of any dividends to the general shareholders' meeting in the foreseeable future.

SECTION D – RISKS

D.1	**Key risks specific to the Issuer and its industry**	**Risks Relating to our Business and the Markets in Which We Operate** • We may be unable to execute our strategy of growing in existing and new markets, and expanding into additional products successfully. • We have a limited operating history and we may not be able to deploy the proceeds of the Offering effectively in order to, among other things, implement our business strategies on a timely basis. • Our business depends on our ability to execute our order backlog which includes contracts with a limited number of significant clients.

		• We depend on third parties to supply us with raw materials, semi-finished goods, parts, components, manufacturing equipment and services of adequate quality and in sufficient quantities in a timely manner and at a reasonable price. • We are exposed to risks associated with product liability, warranty claims, product recalls and lawsuits or claims that may be brought against us. • If our products or the products of our clients fail to perform as expected, we could lose existing and future business, and our ability to develop, market and sell our battery systems could be harmed. • Our actual future profits may differ materially from our profit forecast. • We could be adversely affected by our clients delaying or defaulting on payments. • Demand for batteries in e-mobility sub-markets depends on the further progress of trends towards electrification, environmental protection and urbanization. • Battery cell technology is constantly evolving and we must successfully develop, manufacture and market products that improve upon existing battery technologies and gain market acceptance in order to remain competitive. In addition, many factors outside of our control, including the actions of our competitors and clients, may affect the demand for our batteries and battery systems. • Increased competition in the industries and market segments in which we operate may adversely affect our market shares, margins and overall profitability. • Cell suppliers or other established competitors potentially including OEMs with greater financial resources, may shift their business strategy and produce battery systems for sub-markets which are currently being addressed by our products and solutions, and key clients may insource battery technologies. • We are subject to the risk of liquidated damages as a result of project delays. • We are exposed to various operational risks associated with our production facilities and business operations. **Legal, Regulatory and Tax Risks** • We are and may become subject to risks from liability claims, and other litigation and arbitration proceedings. • We are subject to numerous environmental, health and safety laws and regulations, which are becoming increasingly stringent. • Our efforts to expand in certain markets are subject to a variety of business, economic, legal and political risks. • Our risk management system and our compliance controls, policies and procedures, including internal controls over financial reporting, may fail to prevent or detect corruption, fraud or other criminal as well as any other unauthorized behavior.

D.3	**Key risks specific to the securities**	**Risks Relating to the Shares, the Offering, the Listing and Our Shareholder Structure** • There is no existing market for the Shares and an active or liquid market might not develop. • Even if all Offer Shares are placed in the Offering, Schulz Group GmbH will be able to continue to exercise substantial influence over the Company and its business activities. The interests of Schulz Group GmbH could conflict with the interests of our other shareholders. • Future sales of Shares or anticipated sales of a substantial number of Shares in the Company or similar transactions conducted by the Selling Shareholders or other shareholders could adversely affect the Share price. • Future capital-related measures, such as future offerings of convertible debt or equity securities by the Company or the exercise of possible future stock option programs, may adversely affect the market price of the Shares and could result in a substantial dilution of existing shareholdings in the Company. • The Offering's price per share will exceed the net book value per share of our equity. • The price at which the Shares will be traded and the trading volume of the Shares may be volatile, and investors could lose all or part of their investment. • The Offering may not take place.

SECTION E – OFFER

E.1	**The total net proceeds and an estimate of the total expenses of the Offering and Listing, including estimated expenses charged to the investor by the Issuer**	The Company will receive the proceeds resulting from the sale of the New Shares (after deduction of fees and commissions to be borne by the Company). The Company will not receive any proceeds from the sale of Sale Shares and Over-Allotment Shares from the holdings of Selling Shareholders. The Selling Shareholders will receive the proceeds from the sale of the Sale Shares (after deduction of fees and commissions to be borne by the Selling Shareholders with respect to the Sale Shares) and also from the Over-Allotment Shares (to the extent the Greenshoe Option (as defined below in E.3) is exercised (after deduction of fees and commissions to be borne by the Selling Shareholders with respect to the Over-Allotment Shares)). The amount of the gross proceeds from the sale of the Offer Shares under the Offering depends on the number of Offer Shares placed and the Offer Price (as defined below in E.3). However, the Company will aim to achieve total gross proceeds from the sale of the New Shares of around €100.00 million, which would correspond to a placement of 2,061,856 offered New Shares at the low end of the Price Range (as defined below in E.3), 1,769,912 offered New Shares at the mid-point of the Price Range and 1,550,388 offered New Shares at the high end of the Price Range. The decision on the Offer Price and the decision on the number of New Shares to be placed (in order to achieve total gross proceeds of around €100.0 million) are expected to be made by the Management Board (with the consent of the supervisory board (*Aufsichtsrat*) of the Company (the "**Supervisory Board**") on June 27, 2018 following the expiration of the Offering Period (as defined in E.3).

		Assuming that the maximum number of Sale Shares and Over-Allotment Shares is placed and that the Greenshoe Option is exercised in full (that is, 221,185 Over-Allotment Shares at the low end of the price range, 191,991 Over-Allotment Shares at the mid-point of the price range and 170,038 Over-Allotment Shares at the high end of the price range) gross proceeds to the Selling Shareholders would amount to approximately €18.0 million at the low end of the Price Range, €19.3 million at the mid-point of the Price Range and €20.6 million at the high end of the Price Range. The costs related to the Offering and the Listing are also contingent on the total number of Offer Shares placed in the Offering and the Offer Price, which also affect the amount of the Underwriters' commissions (in particular the payment of the incentive fee, which depends upon the discretion of the Company). Based on the aforementioned assumptions, as of the date of the Prospectus, the Company believes that the total costs (excluding tax effects) related to the Offering and the Listing of the Shares will amount to approximately €7.8 million at the low end of the Price Range, €7.8 million at the mid-point of the Price Range and €7.9 million at the high end of the Price Range, including but not limited to, underwriting and placement commissions to be paid to the Underwriters of €4.1 million at the low end of the Price Range, €4.2 million at the mid-point of the Price Range and €4.2 million at the high end of the Price Range (assuming the payment in full of the maximum incentive fee of 1.0% of the aggregate gross offering proceeds). Of these estimated total costs, €6.9 million at the low end of the Price Range, €6.9 million at the mid-point of the Price Range and €6.8 million at the high end of the Price Range, would be attributable to the sale of the New Shares and would have to be borne by the Company. Of the estimated total costs, €0.9 million at the low end of the Price Range, €1.0 million at the mid-point of the Price Range and €1.1 million at the high end of the Price Range would be attributable to the sale of the Sale Shares and Over-Allotment Shares and would have to be borne by the Selling Shareholders. Therefore, based on the aforementioned assumptions the total net proceeds of the Company would amount to approximately €93.1 million at the low end of the Price Range, €93.1 million at the mid-point of the Price Range and €93.2 million at the high end of the Price Range, and the total net proceeds of the Selling Shareholders would amount to approximately €17.1 million at the low end of the Price Range, €18.4 million at the mid-point of the Price Range and €19.6 million at the high end of the Price Range. Investors will not be charged expenses by the Company, the Selling Shareholders or the Underwriters.
E.2a	**Reasons for the Offering, use of proceeds, estimated net amount of proceeds**	The Company intends to use the envisaged net proceeds resulting from the sale of the New Shares in the amount of approximately €93.1 for the following purposes: • Expansion of our production facility in Langen (approximately €30 million); • U.S. expansion (approximately €30 million); • Investments in additional test and validation facilities (approximately €10 million); and • Increased research and development spending (approximately €25 million).

E.3	**Offer conditions**	The Offering consists of initial public offerings of the Offer Shares in the Federal Republic of Germany ("**Germany**") and the Grand Duchy of Luxembourg ("**Luxembourg**") and private placements of the Offer Shares with institutional investors in certain other jurisdictions outside Germany. In the United States, the Offer Shares will be offered for sale only to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act"**). Outside the United States, the Offer Shares are being offered in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act ("**Regulation S**"). The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.
	Offer Period	The period during which purchase orders for Offer Shares can be submitted will commence on June 18, 2018 and is expected to end on June 27, 2018 at 12:00 (noon) Central European Summer Time ("**CEST**") for retail investors and at 2:00 p.m. CEST for institutional investors (the "**Offering Period**"). Purchase orders are freely revocable until the respective Offering Period expires. Retail investors may submit purchase orders in the Offering during the Offering Period at the branch offices of the Underwriters as well as at COMMERZBANK's subsidiary, comdirect bank Aktiengesellschaft. Revocation of purchase orders cannot occur after allocation of the Offer Shares.
	Price range and Offer Price	The price range within which offers to purchase may be submitted is between €48.50 and €64.50 per Offer Share (the "**Price Range**"). The final number of New Shares is expected to be published on June 27, 2018 by way of a public disclosure in accordance Art. 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse ("**Market Abuse Regulation**") via various media distributed across the entire European Economic Area (*Medienbündel*) ("**Public Disclosure**"). The final offer price (the "**Offer Price**") will be determined and established by the Company in consultation with the Joint Global Coordinators and the final number of Sale Shares and Over-Allotment Shares to be placed will be determined and established by the Company and the Selling Shareholders in consultation with the Joint Global Coordinators using the order book prepared during the bookbuilding process after the Offer Period has expired; it is anticipated that this will take place on or around June 27, 2018. The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on June 27, 2018 by way of a **Public Disclosure** and on our website (https://www.akasol.com/investor-relations).
	Amendments to the Term of the Offering	Subject to the publication of a supplement to the Prospectus, if required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the Company and the Joint Global Coordinators reserve the right after consultation with the **Selling Shareholders** to reduce or increase the number of Offer Shares, to lower or raise the lower or upper limit of the Price Range or to extend or shorten the Offering Period. If the number of Offer Shares, the Price Range or the Offering Period (collectively referred to as the "**Offering Terms**") is or are, as the case may be, changed, the change will be announced on our website (https://www.akasol.com/investor-relations) and be published via various media distributed across the entire European Economic Area (*Medienbündel*). To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to the Prospectus will be submitted to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") and published, after being approved by the BaFin, on our website (https://www.akasol.com/investor-relations). Any

		changes of the Offering Terms will also be published by way of a "**Public Disclosure**", if required under Art. 17 of the **Market Abuse Regulation**. Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders. In the underwriting agreement entered into by the Company, the Selling Shareholders, and the Underwriters for the offer and sale of the Offer Shares in connection with the Offering on June 15, 2018 (the "**Underwriting Agreement**"), the Underwriters have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions.
	Preferential allocation to existing shareholders of the Company	Not Applicable. There will be no preferential allocation to our existing shareholders.
	Delivery and Payment	The Offer Shares allotted will be made available to investors as co-ownership interests in the respective global share certificate. Delivery of the Offer Shares allotted against payment of the purchase price and the customary securities commissions (*Effektenprovision*) payable to the depositary banks is expected to take place on July 2, 2018.
	Stabilization Measures, Over-allotment and Greenshoe Option	In connection with the placement of the Offer Shares and to the extent permitted by Article 5 (4) of the Market Abuse Regulation in conjunction with the regulatory technical standards issued under the Market Abuse Regulation, Citigroup Global Markets Limited or persons acting on its behalf, acting as stabilization manager in the name and for the account of the Underwriters (the "**Stabilization Manager**"), may make over-allotments or effect transactions aimed at supporting the stock exchange or market price of the Shares in order to counteract any selling pressure that may exist. The Stabilization Manager is under no obligation to take stabilization measures. Therefore, there is no guarantee that any stabilization measures will be effected. Where stabilization measures are taken, these may be terminated at any time without prior notice. Such measures may be taken from the date the Shares of the Company are traded for the first time on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after such date ("**Stabilization Period**"). Stabilization measures aim at supporting the market price of the Shares during the Stabilization Period in order to counteract any selling pressure that may exist. Stabilization measures may cause the stock exchange or market price of the Shares to be higher than it would otherwise have been. In addition, the stock exchange or market price may temporarily, be at a level that is not sustainable. The Stabilization Manager may undertake stabilization measures on the Frankfurt Stock Exchange.

		With regard to potential stabilization measures and to the extent permitted by law, investors may, in addition to the Sale Shares being offered, be allocated up to 221,185 additional Shares in the Offering (the "**Over-Allotment**"). In connection with a potential Over-Allotment, the Stabilization Manager will be provided in the form of a securities loan (*Wertpapierdarlehen*) with up to 221,185 Shares from the holdings of the Selling Shareholders without charge. In this context, the Selling Shareholders will grant the Underwriters an option to acquire up to 221,185 Over-Allotment Shares from the Selling Shareholders at the Offer Price, less agreed commission, in order to satisfy the retransfer obligation under the securities loan (the "**Greenshoe Option**"). The Greenshoe Option shall be exercisable by the Stabilization Manager. The Greenshoe Option will expire 30 calendar days after stock exchange trading in the Shares commences and may only be exercised to the extent that Shares have been placed by way of Over-Allotment. Within one week following the end of the Stabilization Period, an announcement will be published via various media distributed across the entire European Economic Area ("*Medienbündel*") as to whether or not any stabilization measures were taken, when price stabilization started and finished, the date on which the last stabilization measure was taken, the Price Range within which stabilization measures were taken (for each date on which a stabilization measure was taken) and the trading venues on which stabilization measures were carried out. Any Over-Allotments and exercise of the Greenshoe Option, the date hereof and the number and type of the Shares concerned will also be published promptly in the manner previously stated.
E.4	**Interests material to the issue/offer including conflicting interests**	In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Transaction**"), the Underwriters have entered into a contractual relationship with the Company and the Selling Shareholders. Citigroup Global Markets Limited and COMMERZBANK Aktiengesellschaft have been appointed by the Company and the Selling Shareholders as Joint Global Coordinators. The Joint Global Coordinators and Bankhaus Lampe KG have been appointed by the Company and the Selling Shareholders as Underwriters. The Underwriters are advising the Company and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Transaction. In addition, COMMERZBANK Aktiengesellschaft has been appointed to act as designated sponsor for the Shares and 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 Transaction. Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as investors 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 differences) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of shares in the Company. None of the Underwriters intend 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 the Prospectus.

		Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with us (including lending activities) or may perform services for us in the ordinary course of business. Because the Company will receive the proceeds from the Offering of the New Shares and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company have an interest in the implementation of the capital increase to which the Offering relates. Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as investors 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 differences) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold or dispose of shares in the Company. None of the Underwriters intend 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 the Prospectus.
E.5	**Name of the person or entity Offering to sell the security** **Lock-up agreement: the parties involved; and indication of the period of the lock-up**	The Underwriters are offering the New Shares on behalf of the Company, and the Sale Shares and Over-Allotment Shares, if any, on behalf of the Selling Shareholders. In the Underwriting Agreement, the Company has agreed with each of the Underwriters that during the period starting on the date of the Underwriting Agreement and ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange, the Company will not, without the prior written consent by the Joint Global Coordinators (which may not be unreasonably withheld): • announce or effect an increase of the share capital of the Company out of authorized capital; or • submit a proposal for a capital increase to any shareholders' meeting for resolution; or • announce to issue, effect or submit a proposal for the issuance of any financial instruments convertible into shares of the Company, with option rights for shares of the Company; or • offer, pledge, allot, issue (unless being required by applicable law), 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 in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital, whether any such transaction described above is to be settled by delivery of shares in its capital or such other securities, in cash or otherwise; or • enter into transactions or perform actions economically similar to those described in the bullets above.

		Furthermore, in the Underwriting Agreement, the Selling Shareholders have each agreed with each Underwriter that during the period starting on the date of the Underwriting Agreement and ending twelve months after the first day of trading of the Shares on the Frankfurt Stock Exchange, they will not, without the prior written consent by the Joint Global Coordinators: • offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company or any other securities of the Company, including financial instruments convertible into or exercisable or exchangeable for shares of the Company; or • 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 • 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 financial instruments convertible into shares of the Company, with option rights for shares of the Company; or • enter into a transaction or perform any action economically similar to those described in the bullets above, in particular 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 is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise.
E.6	**Amount and percentage of immediate dilution resulting from the Offering**	The net book value attributable to the shareholders of the Company is €1.9 million (calculated as follows: total assets (€15.8 million) less non-current liabilities (€5.9 million) and current liabilities (€8.0 million), as set forth in the Unaudited Interim Condensed Financial Statements as of March 31, 2018, and would amount to €0.94 per Share, based on 2,000,000 outstanding Shares of the Company (all data unaudited). By a resolution of the extraordinary General Shareholders' Meeting on April 24, 2018 our share capital was increased from €2.0 million against contributions in cash and contributions in kind in the amount of €2.0 million to an aggregate of €4.0 million, plus a premium of €1.0 million in total that was paid to the Company by the shareholders (the "**Pre-IPO Capital Increase**"). As a result, our total assets, and our net book value, increased by €3.0 million following the Pre-IPO Increase. Assuming (i) the placement of 1,769,912 New Shares, (ii) an Offer Price at the mid-point of the Price Range and (iii) the payment in full of the incentive fee, the net proceeds to the Company from the issuance of the New Shares would amount to €93.1 million. On the assumption that the Company had already received these aggregate net proceeds of approximately €93.1 million on March 31, 2018 and that the Pre-IPO Capital increase had already been implemented as of March 31, 2018, the adjusted net book value of the Company would have been €98.0 million; this corresponds to €16.99 per Share (calculated on the basis of 5,769,912 Shares outstanding after implementation of the Offer Capital Increase). Assuming an Offer Price of €56.50 at the midpoint of the Price Range that would correspond to a direct dilution of €39.51 (69.93%) per share for the parties acquiring the New Shares. At the low end and high end of the Price Range, the corresponding figures would be €32.33 (66.66%) and €46.84 (72.62%), respectively.

		Under the assumption that 1,769,912 New Shares are placed at the mid-point of the Price Range and that the capital increase regarding the New Shares is implemented accordingly, the accretion to the net book value attributable to the shareholders of the Company per share (comparing net book value attributable to the shareholders of the Company prior to and as adjusted for the offering) will be €15.77.
E.7	**Estimated expenses charged to the investor by the Issuer**	Not applicable. Investors will not be charged expenses by the Company, the Selling Shareholders or the Underwriters.

2. Deutsche Übersetzung der Zusammenfassung des Prospekts

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

ABSCHNITT A – EINLEITUNG UND WARNHINWEISE

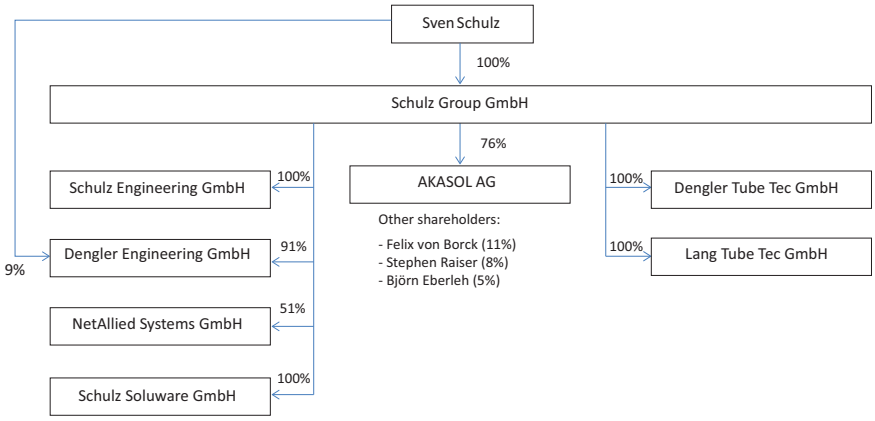
A.1	**Warnhinweise**	Diese Zusammenfassung sollte als Einführung zu diesem Prospekt (der "**Prospekt**") verstanden werden. Jede Entscheidung eines Anlegers zur Anlage in die betreffenden Wertpapiere sollte sich auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht aufgrund der in dem Prospekt enthaltenen Informationen Ansprüche geltend gemacht werden, könnte der klagende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedsstaaten des Europäischen Wirtschaftsraums die Kosten der Übersetzung des Prospekts vor Prozessbeginn zu tragen haben. Die AKASOL AG mit Sitz in 64293 Darmstadt, Deutschland, Landwehrstraße 55, eine Aktiengesellschaft, eingetragen im Handelsregister des Amtsgerichts Darmstadt unter HRB 97834 (nachfolgend die "**Gesellschaft**" oder "**AKASOL**" oder der "**Emittent**", "**wir**", "**uns**" oder "**unser**"), gemeinsam mit Citigroup Global Markets Limited, Citigroup Centre, 33 Canada Square, London E14 5LB, Vereinigtes Königreich und COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland (*gemeinsam*, die "**Joint Global Coordinators**"), und Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf, Deutschland (gemeinsam mit den Joint Global Coordinators, die "**Konsortialbanken**" oder die "**Joint Bookrunner**") übernehmen gemäß § 5 Absatz 2b Nr. 4 Wertpapierprospektgesetz ("**WpPG**") die Verantwortung für diese Zusammenfassung einschließlich etwaiger Übersetzungen. Diejenigen Personen, die die Verantwortung für diese Zusammenfassung einschließlich etwaiger Übersetzungen übernommen haben, oder von denen der Erlass ausgeht, können für den Inhalt dieser Zusammenfassung haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Angabe über die spätere Verwendung des Prospekts**	Entfällt. Es wurde keine Zustimmung der Gesellschaft zur Verwendung des Prospekts für einen späteren Weiterverkauf oder eine spätere Platzierung der Aktien erteilt.

ABSCHNITT B – EMITTENT

B.1	**Juristische und kommerzielle Bezeichnung**	Die juristische Bezeichnung des Emittenten ist AKASOL AG und die kommerzielle Bezeichnung des Emittenten ist "AKASOL".

B.2	**Sitz, Rechtsform, geltendes Recht unter dem der Emittent operiert, Land der Gründung**	Die Gesellschaft hat ihren Sitz in Darmstadt, Deutschland, und ist im Handelsregister des Amtsgerichts in Darmstadt unter HRB 97834 eingetragen. Die Gesellschaft ist eine Aktiengesellschaft, die in Deutschland gegründet wurde und deutschem Recht unterliegt.
B.3	**Derzeitige Geschäftstätigkeit und Haupttätigkeit sowie Hauptmärkte, auf denen der Emittent vertreten ist**	AKASOL entwickelt, testet, prüft, fertigt und vertreibt überwiegend flüssiggekühlte, aufladbare Hochleistungs-Lithium Ionen ("**Li-Ionen**") Batteriesysteme, einschließlich Batterie-Managementsystemen und eingebetteter, auftraggeberspezifischer Software, für eine weite Palette von Anwendungen, wie beispielsweise für Busse, Nutzfahrzeuge, Schienenfahrzeuge, Schiffe, Industriefahrzeuge und stationäre Anwendungen (Batteriesysteme für Energiespeicherung im Wohn- sowie im gewerblichen Bereich). Bereits im Jahr 2009 waren unsere Hochleistungsbatteriesysteme nach unserem Kenntnisstand die ersten in der Industrie, die ein effizientes Wärmemanagement mit einer hochfunktionalen integrierten Flüssigkeitskühlung auf Modulebene beinhalteten und zudem war unser Systemdesign das erste, das einen standardisierten Modulansatz bot. In der Folge installierten wir hochfunktionale und standardisierte Batteriemodule, einschließlich eines Batteriemanagementsystems und Wärmemanagementfunktionen, in die Batteriesystemarchitektur. Wir glauben, dass eines unserer wichtigsten Abgrenzungsmerkmale unsere Flexibilität in Bezug auf die Batteriechemie und das Batteriezellenformat ist, einschließlich unserer Fähigkeit, Batteriezellen von verschiedenen Herstellern zu beziehen. AKASOL bietet Produktportfolios mit unterschiedlichen Arten von Batteriezellenformaten (taschenförmig, prismatisch, zylindrisch) und unterschiedlicher Li-Ionen Batteriechemie (unter anderem Lithium-Nickel-Mangan-Kobalt-Oxid, Lithium-Titanoxid und Lithium-Eisenphosphat) an. Durch die große Vielfalt der Anwendungsbereiche, in denen unsere Kunden Li-Ion-Batteriesysteme nutzen, gibt es eine große Bandbreite von Anforderungen und Vorgaben, denen diese Batteriesysteme gerecht werden müssen. Unserer Ansicht nach können die Anforderungen und Vorgaben unserer Kunden, einschließlich der Sicherheitsanforderungen, nur dadurch erfüllt werden, dass wir unseren Kunden verschiedene Batterielösungen anbieten. Wir können unseren Kunden eine solche Auswahl an Lösungen anbieten, da unser modularisierter und standardisierter Ansatz es uns ermöglicht, verschiedene Batteriezelltypen und -formate in derselben Batteriesystemarchitektur zu verwenden. Dieser Ansatz bietet Kostenvorteile für unsere Kunden sowie positive Kosteneffekte für uns, weil wir unser Produktportfolio und unsere Produktionsausstattung begrenzen können. Ein weiteres wichtiges Abgrenzungsmerkmal für unser Produktportfolio ist unserer Ansicht nach die Verfügbarkeit unserer Li-Ionen Batteriesysteme in einem großen Spannungsbereich von 48V bis zu 1.000V, was eine notwendige Voraussetzung für Hochleistungsanwendungen ist. Zum Datum dieses Prospekts haben wir unsere Geschäftstätigkeit in zwei Geschäftsbereiche aufgeteilt: • **On-Highway Bereich**: In diesem Geschäftsbereich liefern wir Li-Ionen Batteriesysteme, einschließlich Batteriemanagementsystemen und Software, Ausstattung und Dienstleistungen an Hersteller von Bussen und Nutzfahrzeugen (schwere, mittlere und leichte Nutzfahrzeuge)

		(gemeinsam der "**On-Highway Bereich**"). In diesem Bereich sind unsere Kunden größtenteils große Erstausrüster ("**OEM**"), manche von ihnen sind Konzerngesellschaften weltweit führender Autohersteller. Die Anforderungen dieser Kunden an die Produkte für Li-Ionen Batteriesysteme, sowie die Anforderungen an Produktionsanlagen und Lieferketten entsprechen den allgemeinen Standards in der Automobilindustrie, während unsere Hochleistungsbatteriesysteme komplexer sind und im Gegensatz zu PKW-Anwendungen maßgeschneidertere Lösungen erfordern. Derzeit sind unsere Hauptkunden in diesem Bereich Daimler und die Volvo Gruppe. • **Off-Highway Bereich** In diesem Bereich beliefern wir OEMs oder sogenannte "Tier-1-Lieferanten" (Gesellschaften, die als Teil einer abgestuften Lieferkette Teile oder Systeme direkt an OEMs liefern) von Schienenfahrzeugen, Industriefahrzeugen (wie etwa Baufahrzeuge, Minenfahrzeuge und Logistikfahrzeuge), marinen Fahrzeugen (einschließlich Booten, Schiffen, Fähren und U-Booten) sowie stationären Anwendungen im Wohn- sowie im gewerblichen Bereich (gemeinsam der "**Off-Highway Bereich**"). Die meisten Anforderungen für Li-Ionen Batteriesysteme in diesen Anwendungen ähneln den Standards der Automobilindustrie, mit denen wir in unserem On-Highway Bereich vertraut sind. Für manche Anwendungen stellen unsere Kunden noch höhere Anforderungen, zum Beispiel im Fall von Schienenfahrzeugen, während die Standards in Bezug auf stationäre Anwendungen normalerweise niedriger sind, da keine vergleichbaren Funktionalitäts- und Sicherheitsprüfungen existieren, wie im Fall von Li-Ionen Batteriesystemen für mobile Anwendungen. Momentan sind unsere Hauptkunden in diesem Bereich Alstom, Bombardier, Rolls-Royce Power Systems (MTU Friedrichshafen) und Medatech.
B.4a	**Wichtigste jüngste Trends, die sich auf den Emittenten und die Branche, in der er tätig ist beziehen**	Wir sind der Ansicht, dass die untenstehenden Faktoren die Entwicklung unseres Geschäfts und unserer Finanz- und Ertragslage sowie der Branche, in der wir tätig sind, in der Vergangenheit beeinflusst haben und in Zukunft weiter beeinflussen werden: • **Bevölkerungswachstum und Urbanisierung** – durch das Bevölkerungswachstum und die Urbanisierung steigt die Nachfrage nach sauberem und lärmreduziertem Verkehr insbesondere in städtischen Gebieten. Deshalb glauben wir, dass die wachsende und zunehmend urbanisierte Weltbevölkerung die Nachfrage nach elektrischen öffentlichen Verkehrsmitteln und elektrischen Nutzfahrzeugen verstärken wird. • **Wachstum des Transportvolumens** – der Transportbereich ist für fast ein Viertel der weltweiten Emissionen in Verbindung mit Energiegewinnung verantwortlich, weshalb Regierungen gezwungen sind, strenge Reduktionsziele zu erlassen, wie das Ziel der EU bis 2030 das Emissionsaufkommen von leichten Nutzfahrzeugen ("**LCV**") auf 103 g CO_2 pro km zu beschränken, was 41 % niedriger wäre, als das Ziel für 2015. Zusätzlich zu strengeren Anforderungen bezüglich CO_2 und NO_X Emissionen, haben große Weltstädte beschlossen, mit Diesel betriebene Fahrzeuge in den nächsten 10-15 Jahren auslaufen zu lassen, weshalb wir eine steigende Nachfrage für elektrische Fahrzeuge erwarten; • **Strengere Emissionsregulierung** – einige unserer Endmärkte, und insbesondere die Automobilindustrie, unterliegen und werden

		voraussichtlich auch weiterhin, zunehmend strengeren Bestimmungen in Bezug auf Energieeffizienz angesichts der immer geringer werdenden fossilen Brennstoffen und des Klimawandels infolge von CO_2-Emissionen unterliegen. Unseres Erachtens werden sich die Verbraucher zunehmend der Umweltauswirkungen bewusst; • **Elektrifizierung des Antriebsgangs** – der Prozess der Stromversorgung bisher nicht-elektrisch angetriebener Fahrzeuge mit Elektrizität und in vielen Fällen die Umstellung auf Strom als Energiequelle, von der wir uns eine positive Auswirkung auf unser Geschäft erwarten; • **Gleichstellung der Gesamtkosten des Betriebs von elektrischen Fahrzeugen im Vergleich zu Fahrzeugen mit Verbrennungsmotoren** – hohe Batteriekosten haben dazu geführt, dass elektrische Fahrzeuge teurer sind als vergleichbare Varianten mit Verbrennungsmotor, aber sinkende Batteriekosten in Kombination mit anderen Faktoren wie verbesserter Lade-Infrastruktur, steigender Besteuerung der Kraftstoffpreise und der Verschärfung der Emissionsreduktionsziele, lassen laut McKinsey ein Potential für eine höhere Preisparität in ausgewählten Segmenten erkennen; und • **Starke Unterstützung durch Verkehrsbehörden und Flottenmanager** – viele Verkehrsbehörden in Europa (z.B. in London, Kopenhagen, Barcelona, Paris und Mailand) haben ihre mittel- bis langfristigen Pläne kommuniziert, bestehende Verbrennungsmotor-basierte Busflotten durch neue elektrifizierte Busse zu ersetzen.
B.5	**Beschreibung der Gruppe und der Stellung des Emittenten in der Gruppe**	Die Schulz Group GmbH ist unsere Muttergesellschaft und hält zum Datum des Prospekts 76% unseres Aktienkapitals. Das operative Geschäft der Schulz Group-Gesellschaften, einschließlich AKASOL (gemeinsam die "**Schulz Group**"), wird ausschließlich von den relevanten unmittelbaren und mittelbaren operativen Tochtergesellschaften der Schulz Group GmbH betrieben.
		Die folgende Übersicht zeigt in vereinfachter Form die aktuelle Struktur der Schulz Group zum Datum dieses Prospekts: 

B.6	**Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder Stimmrechte haben**	Die nachfolgenden juristischen und natürlichen Personen halten eine Beteiligung am Emittenten zum Datum des Prospekts:

	Beteiligungen	
Aktionär	**Nennwertlose Stückaktien**	**%**
Schulz Group GmbH	3.040.000	76,00
Felix von Borck	440.000	11,00
Stephen Raiser	320.000	8,00
Björn Eberleh	200.000	5,00
Gesamt	4.000.000	100,00

	Stimmrechte	Jede auf den Inhaber lautende nennwertlose Stammaktie der Gesellschaft (alle ausstehenden Aktien der Gesellschaft zusammen die "**Aktien**" und jede solche Aktie eine "**Aktie**") berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft (die "**Hauptversammlung**"). Es bestehen mit Ausnahme der gesetzlichen Stimmrechtsbeschränkungen in bestimmten Fällen keine Stimmrechtsbeschränkungen und es gibt keine unterschiedlichen Stimmrechtsklassen. Alle Aktien tragen das gleiche Stimmrecht.
	Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.	AKASOL wird mittelbar von Herrn Sven Schulz beherrscht, welcher 100% der Anteile an der Schulz Group GmbH hält. Die Schulz Group GmbH hält wiederum 76% der Aktien der AKASOL. Nach Durchführung des Angebots (wie unten definiert) wird die Schulz Group GmbH noch mindestens 2.831.899 Aktien, entsprechend mindestens 46,72% des Grundkapitals von AKASOL halten (unter der Annahme der vollständigen Platzierung der angebotenen Aktien (wie unter C.1 definiert), sodass sie die Gesellschaft weiterhin beherrschen wird.
B.7	**Ausgewählte wesentliche historische Finanzinformationen.**	Die in den folgenden Tabellen enthaltenen Finanzinformationen wurden hauptsächlich aus unserem verkürzten, ungeprüften Zwischenabschluss für den zum 31. März 2018 geendeten Drei-Monats-Zeitraum (mit Vergleichszahlen für den zum 31. März 2017 geendeten Drei-Monats-Zeitraum) der in Übereinstimmung mit den International Financial Reporting Standards für Zwischenberichterstattung (IAS 34) erstellt wurde (der "**Verkürzte Ungeprüfte Zwischenabschluss**"), dem geprüften IFRS Abschluss der Gesellschaft, der in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind ("**IFRS**") für die zum 31. Dezember 2015, 2016 und 2017 geendeten Geschäftsjahre (der "**Geprüfte IFRS Abschluss**"), sowie aus unseren Finanz- und Rechnungslegungsunterlagen abgeleitet oder entnommen. Der Geprüfte IFRS Abschluss wurde von der BDO AG, Wirtschaftsprüfungsgesellschaft, mit Sitz in 20355 Hamburg, Deutschland, Fuhlentwiete 12, durch ihr in Katharina-Heinroth-Ufer 1, 10787 Berlin, Deutschland gelegenes Büro (der "**Abschlussprüfer**"), geprüft. Der Abschlussprüfer ist Mitglied der Wirtschaftsprüferkammer, Rauchstraße 26, 10787 Berlin, Deutschland und hat einen uneingeschränkten Bestätigungsvermerk für den Geprüften IFRS Abschluss erteilt. Soweit Finanzinformationen im Prospekt als "geprüft" bezeichnet werden, bedeutet dies, dass sie aus dem Geprüften IFRS Abschluss entnommen wurden. Die Bezeichnung "ungeprüft" wird im Prospekt verwendet, um Finanzinformationen anzugeben, die nicht aus dem Geprüften IFRS Abschluss, sondern entweder dem Verkürzten Ungeprüften Zwischenabschluss, unseren internen Rechnungslegungsunterlagen oder unseren Managementinformationssystemen abgeleitet wurden, auf Grundlage dieser Werte errechnet oder aus dem Geprüften IFRS Abschluss oder dem

		Verkürzten Ungeprüften Zwischenabschluss neu berechnet oder abgeleitet wurden. Dieser Prospekt enthält bestimmte alternative Leistungskennzahlen, die nicht-IFRS Finanzkennzahlen sind sowie Kennzahlen, die unser Management und viele vergleichbare Unternehmen in unserer Industrie nutzen, einschließlich EBITDA (Gewinn vor Zinsen, Steuern, Abschreibungen auf Sachanlagen und Abschreibungen auf immaterielle Vermögensgegenstände), EBIT (Gewinn vor Zinsen und Steuern), EBIT-Marge (Quotient aus dem EBIT und den Umsatzerlösen, ausgedrückt als Prozentsatz), bereinigtes EBITDA (EBITDA bereinigt um kapitalmarkttransaktionsbezogene Kosten), bereinigtes EBIT (EBIT bereinigt um kapitalmarkttransaktionsbezogene Kosten), bereinigte EBITDA-Marge (Quotient aus dem bereinigten EBITDA und den Umsatzerlösen, ausgedrückt als Prozentsatz), bereinigte EBIT-Marge (Quotient aus dem bereinigten EBIT und den Umsatzerlösen, ausgedrückt als Prozentsatz), Nettofinanzverbindlichkeiten, Investitionsausgaben und betriebliches Umlaufvermögen, die weder nach IFRS erforderlich, noch in Übereinstimmung damit dargestellt sind. Bestimmte dieser Kennzahlen, insbesondere EBITDA und EBIT, sind aus dem Geprüften IFRS Abschluss abgeleitet. Diese alternativen Leistungskennzahlen sind in den von der European Securities and Markets Authority ("**ESMA**") am 5. Oktober 2015 zu alternativen Leistungskennzahlen veröffentlichten Richtlinien (die "**ESMA-Richtlinien**") definiert. Wir stellen diese alternativen Leistungskennzahlen als ergänzende Informationen dar. Wir sind generell der Ansicht, dass sie Schlüsselleistungskennzahlen in Bezug auf unser Geschäft sind und zu einem besseren Verständnis unserer Fähigkeit zur Generierung von Geldflüssen und des Wachstums unserer Geschäftstätigkeit sowie unserer Marke beitragen. Wir sind der Ansicht, dass die Darstellung der im Prospekt enthaltenen alternativen Leistungskennzahlen den ESMA-Richtlinien entspricht. Abgesehen von EBIT wurden die in diesem Prospekt enthaltenen alternativen Leistungskennzahlen weder von unserem Abschlussprüfer noch von einem unabhängigen Sachverständigen geprüft. Neben den hierin dargestellten Finanzinformationen nach IFRS und den in den ESMA-Richtlinien definierten alternativen Leistungskennzahlen stellen wir auch bestimmte operative und nicht-finanzielle Kennzahlen, wie den Auftragsbestand dar. Diese Kennzahlen wurden nicht durch den Abschlussprüfer oder durch einen unabhängigen Experten durchgesehen oder geprüft. Unser Auftragsbestand umfasst unterzeichnete Rahmenverträge und damit verbundene Auftragsindikationen der Kunden, die mit einer Wahrscheinlichkeit von 100% in den Auftragsbestand eingehen, sowie spezifische Interessensbekundungen und fortgeschrittene Verhandlungen mit Kunden, die mit entsprechend gewichteten Wahrscheinlichkeitsraten im Auftragsbestand berücksichtigt werden. Der Auftragsbestand reflektiert nur solche Aktivitäten, für die wir eine Angebotsanfrage erhalten haben oder bei denen wir uns in bilateralen Verhandlungen befinden und denen unsere Geschäftsführung eine Wahrscheinlichkeit von mindestens 50% beigemessen hat; alle weiteren Kundengespräche und -Verhandlungen sind vollständig ausgenommen. Der Auftragsbestand muss durch konkrete Aufträge abgesichert werden und Kunden sind nicht verpflichtet, solche Aufträge zu erteilen. Der Auftragsbestand basiert auf den mit unseren Kunden besprochenen Prognosen der tatsächlichen Abnahmemengen, stellt jedoch keine verbindlichen Abnahmeverpflichtungen dar. Darüber hinaus ist unsere Wahrscheinlichkeitseinschätzung, dass der Auftragsbestand in Aufträge

		umgewandelt werden kann, möglicherweise nicht angemessen. Dementsprechend könnte der Auftragsbestand nicht zu entsprechenden zukünftigen Umsätzen führen und die tatsächlichen Umsätze könnten sogar deutlich niedriger sein, als es der aktuelle Auftragsbestand vermuten lässt.

Ausgewählte Finanzinformationen aus der Gewinn- und Verlustrechnung

Die nachfolgende Tabelle gibt ausgewählte Posten unserer Gewinn- und Verlustrechnung für die zum 31. Dezember 2015, 2016 und 2017 geendeten Geschäftsjahre sowie für die zum 31. März 2017 und 2018 geendeten Drei-Monats-Zeiträume wieder:

	Zum 31. Dezember endende Geschäftsjahre			Drei-Monats- Zeitraum zum 31. März	
	2015	2016	2017	2017	2018
in Tsd. EUR	(geprüft)			(ungeprüft)	
Umsatzerlöse	**8.806**	**13.446**	**14.483**	**2.246**	**4.537**
Bestandsveränderung	698	(238)	(25)	(380)	74
Aktivierte Eigenleistungen	772	556	1.018	190	338
Sonstige betriebliche Erträge	162	111	536	22	20
Materialaufwand	(4.736)	(6.210)	(6.878)	(610)	(2.167)
Personalaufwand	(3.023)	(3.809)	(4.837)	(1.105)	(1.266)
Sonstige betriebliche Aufwendungen	(1.636)	(1.884)	(2.552)	(455)	(961)
Abschreibungen	(633)	(645)	(628)	(146)	(129)
Operatives Ergebnis (EBIT)	**410**	**1.326**	**1.117**	**(239)**	**448**
Finanzaufwendungen	(319)	(273)	(246)	(32)	(97)
Finanzergebnis	**(319)**	**(273)**	**(246)**	**(32)**	**(97)**
Ergebnis vor Steuern (EBT)	91	1.053	871	(270)	351
Steuern vom Einkommen und vom Ertrag	(42)	(339)	(266)	82	(106)
Ergebnis der Periode	**49**	**715**	**605**	**(188)**	**245**
Sonstiges Ergebnis	0	0	0	0	0
Gesamtjahresergebnis	**49**	**715**	**605**	**(188)**	**245**

Die nachfolgende Tabelle gibt ausgewählte alternative Leistungskennzahlen für die zum 31. Dezember 2015, 2016 und 2017 geendeten Geschäftsjahre sowie für die zum 31. März 2017 und 2018 geendeten Drei-Monats-Zeiträume wieder:

	Zum 31. Dezember endende Geschäftsjahre			Drei-Monats- Zeitraum zum 31. März	
	2015	2016	2017	2017	2018
in Tsd. EUR (sofern nicht anders festgelegt)	(geprüft)			(ungeprüft)	
Umsatzerlöse	8.806	13.446	14.483	2.246	4.537
EBITDA (ungeprüft)	**1.043**	**1.972**	**1.745**	**(92)**	**575**
Abschreibungen	(633)	(645)	(628)	(146)	(129)
Operatives Ergebnis (EBIT)	**410**	**1.326**	**1.117**	**(239)**	**448**
EBIT-Marge (in %, ungeprüft)	*4,7*	*9,9*	*7,7*	(10,6)	9,9
Kapitalmarktransaktionsbezogene Kosten (ungeprüft)	—	—	—	—	155
Bereinigtes EBITDA (ungeprüft)	—	—	—	**(92)**	**731**
Bereinigte EBITDA-Marge (in %), ungeprüft	—	—	—	—	16,1
Bereinigtes EBIT (ungeprüft)	**—**	**—**	**—**	**(239)**	**603**
Bereinigte EBIT-Marge (in %), ungeprüft	—	—	—	—	13,3
Nettofinanzverbindlichkeiten (zum Ende der Periode) (ungeprüft)	**6.668**	**3.930**	**5.546**		**5.088**
Investitionsausgaben (ungeprüft)	**496**	**351**	**3.179**		**850**
Betriebliches Umlaufvermögen (zum Ende der Periode) (ungeprüft)	**6.621**	**5.218**	**6.045**		**5.489**

Ausgewählte Informationen aus der Bilanz

Die nachfolgende Tabelle gibt ausgewählte Informationen aus unserer Bilanz zum 31. Dezember 2015, 2016 und 2017 sowie zum 31. März 2018 wieder.

	Zum 31. Dezember			Zum 31. März
	2015	2016	2017	2018
in Tsd. EUR		(geprüft)		(ungeprüft)
Vermögenswerte				
Immaterielle Vermögenswerte	1.173	984	1.214	1.321
Sachanlagen	1.473	1.302	3.131	3.738
Finanzielle Vermögenswerte	—	—	—	1
Sonstige nichtfinanzielle Vermögenswerte	0	14	14	14
Aktiv latente Steuern	544	224	0	—
Summe langfristige Vermögenswerte	**3.190**	**2.525**	**4.360**	**5.074**
Vorräte	5.710	3.898	5.342	5.367
Forderungen aus Lieferungen und Leistungen	2.182	2.065	2.068	1.922
Sonstige nichtfinanzielle Vermögenswerte	378	154	419	526
Zahlungsmittel und Zahlungsmitteläquivalente	1.344	811	2.839	2.903
Summe kurzfristige Vermögenswerte	**9.614**	**6.928**	**10.668**	**10.717**
Vermögenswerte	**12.804**	**9.452**	**15.027**	**15.791**
Eigenkapital und Schulden				
Gezeichnetes Kapital	2.000	2.000	2.000	2.000
Gewinnrücklagen	(1.695)	(980)	(376)	(130)
Summe Eigenkapital	**305**	**1.020**	**1.624**	**1.870**
Passive latente Steuern	0	0	48	154
Verbindlichkeiten gegenüber Kreditinstituten (langfristig)	2.278	1.821	6.176	5.774
Summe langfristige Schulden	**2.278**	**1.821**	**6.224**	**5.927**
Finanzschulden				
Verbindlichkeiten gegenüber Kreditinstituten (kurzfristig)	1.098	451	1.138	1.134
Verbindlichkeiten gegenüber Gesellschaftern (kurzfristig)	4.636	2.469	1.071	1.083
Verbindlichkeiten aus Lieferungen und Leistungen	1.271	745	1.365	1.800
Sonstige nichtfinanzielle Verbindlichkeiten (kurzfristig)	3.135	2.794	3.250	3.579
Ertragsteuerschulden	0	18	0	0
Rückstellungen	80	135	356	399
Summe kurzfristige Schulden	**10.221**	**6.612**	**7.179**	**7.995**
Eigenkapital und Schulden	**12.804**	**9.452**	**15.027**	**15.791**

Ausgewählte Informationen aus der Kapitalflussrechnung

Die nachfolgende Tabelle gibt ausgewählte Informationen aus unserer Kapitalflussrechnung für die zum 31. Dezember 2015, 2016 und 2017 geendeten Geschäftsjahre sowie für die zum 31. März 2017 und 2018 geendeten Drei-Monats-Zeiträume wieder:

	Zum 31. Dezember endende Geschäftsjahre			Drei-Monats-Zeitraum zum 31. März	
	2015	2016	2017	2017	2018
in Tsd. EUR	(geprüft)			(ungeprüft)	
Mittelzu- / -abfluss aus der operativen Geschäftstätigkeit					
Periodenergebnis vor Zinsen und Steuern (EBIT)	**410**	**1.326**	**1.117**	**(239)**	**448**
Anpassungen:					
+ Abschreibungen auf Gegenstände des Anlagevermögens	633	645	628	146	129
+/- Sonstige zahlungsunwirksame Veränderungen	0	65	585	6	7
Veränderungen des Nettoumlaufvermögens:					
-/+ Zunahme/Abnahme der Vorräte	(1.830)	1.811	(1.443)	606	(26)
-/+ Zunahme/Abnahme der Forderungen aus Lieferungen und Leistungen gegen Dritte	611	117	(4)	718	147
-/+ Zunahme/Abnahme der sonstigen Aktiva, die nicht der Investitions- oder Finanzierungstätigkeit zugeordnet sind	66	211	(265)	(45)	(107)
+/- Zunahme/Abnahme der Verbindlichkeiten aus Lieferungen und Leistungen gegenüber Dritten	816	(527)	620	(299)	435
+/- Zunahme/Abnahme der Rückstellungen	47	(341)	455	24	43
+/- Zunahme/Abnahme der Verbindlichkeiten und sonstigen Passiva, die nicht der Investitions- oder Finanzierungstätigkeit zugeordnet sind	80	55	221	182	374
- Gezahlte/erhaltene Zinsen	(319)	(273)	(246)	(32)	(97)
- Gezahlte Steuern	0	0	(105)	0	(44)
Mittelzu- / -abfluss aus der operativen Geschäftstätigkeit	**513**	**3.089**	**1.562**	**1,068**	**1.309**
Mittelzu- / -abfluss aus der Investitionstätigkeit					
Herstellung und Erwerb von immateriellen Vermögenswerten	(326)	(221)	(577)	(84)	(190)
Erwerb von Sachanlagen	(170)	(129)	(2.602)	(302)	(660)
Mittelzu- / - abfluss aus der Investitionstätigkeit	**(496)**	**(351)**	**(3.179)**	**(386)**	**(850)**
Mittelzu- / - abfluss aus der Finanzierungstätigkeit					
Aufnahme von Finanzschulden	1.560	0	5.914	0	12
Tilgung von Finanzschulden	(255)	(3.271)	(2.269)	(795)	(407)
Mittelzu- / -abfluss aus der Finanzierungstätigkeit	**1.305**	**(3.272)**	**3.645**	**(795)**	**(395)**
Finanzmittelfonds am Ende der Periode					
Zahlungswirksame Veränderung des Finanzmittelfonds	1.322	(533)	2.028	(114)	65
Finanzmittelfonds zum 1. Januar	22	1.344	811	811	2.839
Zahlungsmittel am Ende der Periode	**1.344**	**811**	**2.839**	**697**	**2.903**

	Wesentliche Änderung der Finanzlage und des Betriebsergebnisses des Emittenten in dem oder nach dem von den historischen Finanzinformationen abgedeckten Zeitraums	**Ertragslage** Die nachstehenden wesentlichen Änderungen in der Ertragslage der Gesellschaft sind in den zum 31. März 2017 und 2018 endenden Drei-Monats-Zeiträumen sowie in den zum 31. Dezember 2015, 2016 und 2017 endenden Jahren eingetreten. *Vergleich der zum 31. März 2017 und 31. März 2018 endenden Drei-Monats-Zeiträume* Unsere Umsatzerlöse im zum 31. März 2018 endenden Drei-Monats-Zeitraum betrugen €4.537 Tsd., was eine wesentliche Zunahme gegenüber unseren Umsatzerlösen von €2.246 Tsd. im zum 31. März 2017 endenden Drei-Monats-Zeitraum bedeutet. Die Zunahme beruhte im Wesentlichen auf einer höheren Anzahl von Produkten, die wir an Kunden verkauft haben. Unser EBIT im zum 31. März 2018 endenden Drei-Monats-Zeitraum betrug €448 Tsd. was eine wesentliche Zunahme gegenüber unserem EBIT von negativ €239 Tsd. in zum 31. März 2017 endenden Drei-Monats-Zeitraum bedeutet. Die Zunahme beruhte im Wesentlichen auf den steigenden Umsatzerlösen, die teilweise durch steigende Materialaufwände kompensiert wurden. Bereinigt um kapitalmarkttransaktionsbezogene Kosten betrug unser bereinigtes EBIT im zum 31. März 2018 endenden Drei-Monats-Zeitraum €603 Tsd. und unsere bereinigte EBIT-Marge 13,3%. Unser Ergebnis der Periode im zum 31. März 2018 endenden Drei-Monats-Zeitraum betrug €245 Tsd., was eine wesentliche Zunahme gegenüber unserem Ergebnis der Periode von €188 Tsd. im zum 31. März 2017 endenden Geschäftsjahr bedeutet. Die Zunahme beruhte im Wesentlichen auf einer höheren Anzahl von Produkten, die wir an Kunden verkauft haben. *Vergleich der zum 31. Dezember 2016 und 31. Dezember 2017 endenden Geschäftsjahre* Unser Umsatz im zum 31. Dezember 2017 endenden Geschäftsjahr betrug €14.483 Tsd., was eine Zunahme von €1.037 Tsd. bzw. 7,7% gegenüber unserem Umsatz von €13.446 Tsd. im zum 31. Dezember 2016 endenden Geschäftsjahr bedeutet. Die Zunahme beruht im Wesentlichen auf einer höheren Anzahl von Produkten, die wir an Kunden verkauft haben, die teilweise durch niedrigere Erträge für unsere Dienstleistungen kompensiert wurden. Im Jahr 2016 hatten wir eine beträchtliche Anzahl von Projekten auf Prototypebene mit einer ausgeprägteren Engineering-Komponente, die es erforderlich machten, den Kunden in verstärktem Maße hiermit verbundene Dienstleistungen anzubieten. Ausgehend von diesen Entwicklungen im Jahr 2016 produzierten und verkauften wir 2017 eine höhere Anzahl von Produkten an Kunden, darunter Produkte aus unserer ersten Produktionslinie für Serienproduktion. Unser EBIT in zum 31. Dezember 2017 endenden Geschäftsjahr betrug €1.117 Tsd., was eine Abnahme von €209 Tsd. bzw. 15,8% gegenüber unserem EBIT von €1.326 Tsd. in zum 31. Dezember 2016 endenden Geschäftsjahr bedeutet. Die Abnahme beruhte im Wesentlichen auf gestiegenen Kosten hinsichtlich der ausgebauten Produktionskapazitäten (einschließlich Materialaufwand, zusätzlicher Personal- und sonstiger betrieblicher Aufwendungen, die notwendig waren, um höhere Bestellungen von Batteriesystemen zu bedienen), die teilweise durch steigende Umsatzerlöse kompensiert wurden. Unser Ergebnis der Periode im zum 31. Dezember 2017 endenden Geschäftsjahr betrug €605 Tsd., was eine Abnahme von €110 Tsd. bzw. 15,4% gegenüber unserem Ergebnis der Periode von €715 Tsd. im zum 31. Dezember 2016 endenden Geschäftsjahr bedeutet. Die Abnahme beruhte im Wesentlichen auf gestiegenen Kosten hinsichtlich der

		ausgebauten Produktionskapazitäten (einschließlich Materialaufwand, zusätzlicher Personal- und sonstiger betrieblicher Aufwendungen, die notwendig waren, um höhere Bestellungen von Batteriesystemen zu bedienen), die teilweise durch einen geringeren Einkommenssteueraufwand kompensiert wurde. *Vergleich der zum 31. Dezember 2015 und 31. Dezember 2016 endenden Geschäftsjahre* Unser Umsatz im zum 31. Dezember 2016 endenden Geschäftsjahr betrug €13.446 Tsd., was eine Zunahme von €4.640 Tsd. bzw. 52,7% gegenüber unserem Umsatz von €8.806 Tsd. im zum 31. Dezember 2015 endenden Geschäftsjahr bedeutet. Die Zunahme beruht im Wesentlichen auf den Verkauf einer höheren Anzahl unserer Batteriesysteme, die teilweise durch niedrigere Erträge für unsere Dienstleistungen kompensiert wurden. Im Jahr 2016 hatten wir eine beträchtliche Anzahl von Projekten auf Prototypebene mit einer ausgeprägteren Engineering-Komponente, die es erforderlich machten, den Kunden in verstärktem Maße hiermit verbundene Dienstleistungen anzubieten. Unser EBIT in zum 31. Dezember 2016 endenden Geschäftsjahr betrug €1.326 Tsd., was eine wesentliche Zunahme gegenüber unserem EBIT von €410 Tsd. in zum 31. Dezember 2015 endenden Geschäftsjahr bedeutet. Die Zunahme beruhte im Wesentlichen auf höheren Umsätzen, die teilweise durch steigenden Materialaufwand und Personalaufwand kompensiert wurde. Unser Ergebnis der Periode im zum 31. Dezember 2016 endenden Geschäftsjahr betrug €715 Tsd., was eine bedeutende Zunahme gegenüber unserem Ergebnis der Periode von €49 Tsd. im zum 31. Dezember 2015 endenden Geschäftsjahr bedeutet. Die Zunahme folgte im Wesentlichen aus den höheren Umsätzen, welche sich von den steigenden Fertigungsaufträgen ableiten. Diese wurden teilweise durch reduzierte Lagerbestände sowie steigenden Produktionsaufwand, Personalaufwand und Einkommenssteueraufwand kompensiert.
B.8	**Ausgewählte wesentliche Pro-forma Finanzinformationen**	Entfällt. Die Gesellschaft hat keine Pro-forma-Finanzinformationen erstellt.
B.9	**Gewinnprognosen oder Schätzungen**	Infolge des Anlaufs der Serienproduktion in unserem Werk in Langen und des starken Auftragseingangs, erwarten wir ein beschleunigtes Wachstum, das im Jahr 2018 zu einem Umsatz zwischen €22 und €24 Millionen führen wird. Auf Grundlage dieses Anstiegs erwarten wir für 2018 einen leichten Rückgang unserer bereinigten EBIT-Marge auf rund 7%.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen**	Entfällt. Die in dem Prospekt enthaltenen historischen Finanzinformationen wurden mit uneingeschränkten Bestätigungsvermerken versehen.
B.11	**Nichtausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen**	Entfällt. Das Geschäftskapital des Emittenten reicht aus, um bestehende Anforderungen zu erfüllen.

ABSCHNITT C – WERTPAPIERE

C.1	**Art- und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere**	Der Prospekt bezieht sich auf das öffentliche Angebot (das "**Angebot**") der 2.433.041 Aktien, jede Aktie mit einem anteiligen Nennbetrag am Grundkapital von €1,00 und voller Gewinnanteilsberechtigung ab dem 1. Januar 2018, bestehend aus: • 2.061.856 neu ausgegebene, auf den Inhaber lautende Stammaktien ohne Nennwert aus einer Kapitalerhöhung gegen Bareinlage, die von der außerordentlichen Hauptversammlung der Gesellschaft vom 8. Juni 2018 beschlossen und durch die Beschlüsse des Vorstands und des Aufsichtsrats vom 14. Juni 2018 angepasst wurde (die "**Neuen Aktien**"); • 150.000 bestehende, auf den Inhaber lautende Stammaktien ohne Nennwert aus dem bestehenden Aktienbesitz der Schulz Group GmbH, Felix von Borck, Stephen Raiser und Björn Eberleh (jeder ein "**Verkaufender Aktionär**" und gemeinsam die "**Verkaufenden Aktionäre**"); (die von den Verkaufenden Aktionären im Rahmen des Angebots angebotenen Aktien die "**Verkaufsaktien**"); und • 221.185 bestehende, auf den Inhaber lautende Stammaktien ohne Nennwert aus dem bestehenden Aktienbesitz von den Verkaufenden Aktionären für die Zwecke einer möglichen Mehrzuteilung (die "**Mehrzuteilungsaktien**", und zusammen mit den Neuen Aktien und den Verkaufsaktien, die "**Angebotsaktien**"). Für die Zwecke der Zulassung zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) an der Frankfurter Wertpapierbörse bezieht sich der Prospekt außerdem auf insgesamt bis zu 6.061.856 auf den Inhaber lautende Stammaktien der Gesellschaft (das gesamte Grundkapital der Gesellschaft) ohne Nennwert und mit einem anteiligen Nennbetrag am Grundkapital von €1,00 sowie voller Gewinnanteilsberechtigung ab dem 1. Januar 2018.
	Wertpapierkennung	International Securities Identification Number (ISIN): DE000A2JNWZ9 Wertpapierkennnummer (WKN): A2JNWZ Börsenkürzel: ASL
C.2	**Währung**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien**	Das Grundkapital der Gesellschaft beträgt zum Datum des Prospekts €4.000.000,00. Es ist in 4.000.000 Aktien eingeteilt. Das Grundkapital der Gesellschaft ist voll eingezahlt.
	Nennwert	Jede Aktie der Gesellschaft repräsentiert einen anteiligen Nennbetrag am Grundkapital von €1,00.
C.4	**Mit den Wertpapieren verbundene Rechte**	Jede Aktie der Gesellschaft gewährt einem Aktionär eine Stimme in der Hauptversammlung der Gesellschaft. Die Aktien sind ab dem 1. Januar 2018 und für alle Folgejahre voll gewinnberechtigt.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere**	Entfällt. Die Aktien der Gesellschaft sind gemäß den gesetzlichen Regelungen in Bezug auf Inhaber-Stückaktien frei übertragbar. Mit Ausnahme der unten im Abschnitt E.5. beschriebenen Lock-up-Vereinbarung existieren keine Einschränkungen der Übertragbarkeit der Aktien der Gesellschaft.

C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem regulierten Markt und Nennung aller regulierten Märkte, an denen die Wertpapiere gehandelt werden bzw. werden sollen**	Die Gesellschaft beabsichtigt, die Zulassung ihrer Aktien (das gesamte Grundkapital) zum Handel im regulierten Markt an der Frankfurter Wertpapierbörse sowie die gleichzeitige Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungspflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse am oder nach dem 18. Juni 2018 zu beantragen. Die Aktien der Gesellschaft (das gesamte Grundkapital) werden voraussichtlich am 28. Juni 2018 zum Handel im regulierten Markt mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse zugelassen (die "**Börsennotierung**"). Die Entscheidung über die Zulassung der Aktien der Gesellschaft zum Handel liegt ausschließlich im Ermessen der Frankfurter Wertpapierbörse. Die Aufnahme des Handels der Aktien an der Frankfurter Wertpapierbörse ist für den 29. Juni 2018 vorgesehen.
C.7	**Dividendenpolitik**	Die Gesellschaft beabsichtigt, alle verfügbaren Mittel und künftigen Gewinne zur Unterstützung des Geschäftsbetriebs und zur Finanzierung des Wachstums und der Entwicklung ihres Geschäftsbetriebs einzusetzen. Die Gesellschaft beabsichtigt derzeit nicht, der Hauptversammlung in absehbarer Zeit die Ausschüttung von Dividenden vorzuschlagen.

ABSCHNITT D – RISIKEN

D.1	**Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind**	**Risiken im Zusammenhang mit unserer Geschäftstätigkeit und den Märkten, in denen wir tätig sind** • Wir sind möglicherweise nicht in der Lage, unsere Wachstumsstrategie in bestehenden und neuen Märkten sowie unsere Expansionsstrategie in neue Produkte erfolgreich umzusetzen. • Wir haben eine begrenzte Geschäftshistorie und wir sind möglicherweise nicht in der Lage, die im Rahmen des Angebots erzielten Erlöse effizient für, unter anderem, die rechtzeitige Umsetzung unserer Geschäftsstrategie einzusetzen. • Unser Geschäft hängt von unserer Fähigkeit unseren Auftragsbestand abzuwickeln ab; der Auftragsbestand umfasst Verträge mit einer begrenzten Anzahl bedeutender Auftraggeber. • Wir sind hinsichtlich der fristgerechten Belieferung von Rohstoffen, Halbfertigerzeugnissen, Teilen, Komponenten, Produktionsausrüstung und Dienstlistungen von angemessener Qualität und hinreichender Quantität zu angemessenen Preisen von Dritten abhängig. • Wir sind Risiken im Zusammenhang mit Produkthaftung, Gewährleistungsansprüchen, Produktrückrufen sowie im Zusammenhang mit gegen uns erhobenen Klagen und Forderungen ausgesetzt. • Sollten unsere Produkte oder die Produkte unserer Kunden nicht den erwarteten Anforderungen entsprechen, könnten wir sowohl bestehendes als auch künftiges Geschäft verlieren und außerdem könnte unsere Fähigkeit unsere Batteriesysteme zu entwickeln, zu vermarkten und zu vertreiben beeinträchtigt werden. • Unsere tatsächlichen zukünftigen Gewinne könnten möglicherweise erheblich von unserer Gewinnprognose abweichen. • Verzögerte oder ausbleibende Zahlungen durch unsere Kunden könnten uns nachteilig beeinflussen. • Die Nachfrage nach Batterien in Marktsegmenten für Elektromobilität hängt von der weiteren Entwicklung der Trends in Bezug auf Elektrifizierung, Umweltschutz und Urbanisierung ab.

		• Die Batteriezellentechnologie entwickelt sich ständig weiter und um wettbewerbsfähig zu bleiben, müssen wir stetig erfolgreich Produkte entwickeln, herstellen und vermarkten, um die existierenden Batterietechnologien zu verbessern und die Marktakzeptanz zu erhöhen. Zusätzlich beeinflussen viele Faktoren die außerhalb unserer Kontrolle liegen, wie Handlungen unserer Wettbewerber und Kunden, die Nachfrage nach unseren Batterien und Batteriesystemen. • Zunehmender Wettbewerb in den Industrien und Marktsegmenten in welchen wir tätig sind, könnten unseren Marktanteil, unsere Margen und unsere Gesamtprofitabilität beeinträchtigen. • Zell-Lieferanten und andere etablierte Wettbewerber, möglicherweise einschließlich OEMs, mit größeren finanziellen Ressourcen könnten ihre Geschäftsstrategie ändern und Batteriesysteme für Teilmärkte, welche gegenwärtig mit unseren Produkten und Lösungen beliefert werden produzieren und wichtige Kunden könnten den Bereich Batterietechnologien selbst besetzen. • Wir unterliegen dem Risiko, dass Projektverzögerungen zu Vertragsstrafen führen könnten. • Wir sind verschiedenen Betriebsrisiken im Zusammenhang mit unseren Produktionsanlagen und unserer Geschäftstätigkeit ausgesetzt. **Rechtliche, regulatorische und steuerliche Risiken** • Wir unterliegen derzeit und wir können auch in Zukunft dem Risiko von Schadensersatzklagen, anderen Rechtsstreitigkeiten oder Schiedsgerichtsverfahren unterliegen. • Wir sind an zahlreiche Umwelt-, Gesundheits- und Sicherheitsgesetze und verschiedene Richtlinien gebunden, die zunehmend strenger werden. • Unsere Bestrebungen, in gewisse Märkte zu expandieren, unterliegen einer Reihe von geschäftlichen, wirtschaftlichen, rechtlichen und politischen Risiken. • Unser Risikomanagementsystem sowie unsere Compliance-Kontrollen und -Maßnahmen, einschließlich interner Kontrolle von Finanzberichten, könnten nicht ausreichen, um Korruptions- und Betrugsfälle oder andere kriminelle als auch nicht autorisierte Verhaltensweisen zu verhindern oder aufzudecken.
D.3	**Zentrale Risiken, die den Wertpapieren eigen sind**	**Risiken in Bezug auf die Aktien, das Angebot, die Börsennotierung und unsere Aktionärsstruktur** • Es gibt keinen bestehenden Markt für die Aktien und es könnte sein, dass sich kein aktiver oder liquider Markt für die Aktien entwickelt. • Selbst wenn alle Angebotsaktien im Angebot platziert werden, wird die Schulz Group GmbH weiterhin erheblichen Einfluss auf die Gesellschaft und ihre Geschäftstätigkeit ausüben. Die Interessen der Schulz Group GmbH könnten mit den Interessen anderer Aktionäre kollidieren. • Zukünftige Verkäufe von Aktien oder erwartete Verkäufe einer wesentlichen Anzahl von Aktien der Gesellschaft oder ähnliche Transaktionen durch Verkaufende Aktionäre oder andere Anleger könnten den Aktienkurs negativ beeinflussen. • Zukünftige Kapitalmaßnahmen, wie beispielsweise zukünftige Emissionen von Wandelschuldverschreibungen oder Aktien oder die mögliche Ausübung

		zukünftiger Aktienoptionsprogramme, könnten einen negativen Effekt auf den Aktienkurs haben und zu einer erheblichen Verwässerung der bestehenden Beteiligungen an der Gesellschaft führen. ● Der Angebotspreis pro Aktie wird den Nettobuchwert pro Aktie des Eigenkapitals der Gesellschaft überschreiten. ● Der Preis, zu dem die Aktien gehandelt werden und das Handelsvolumen der Aktien könnten volatil sein, und die Anleger könnten ihre Anlage ganz oder teilweise verlieren. ● Es besteht die Möglichkeit, dass das Angebot nicht stattfindet.

ABSCHNITT E – ANGEBOT

E.1	**Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission und der Zulassung, einschließlich Schätzung der dem Emittent in Rechnung gestellten Kosten**	Die Gesellschaft erhält den Erlös, der sich aus dem Verkauf der Neuen Aktien (nach Abzug von Gebühren und Provisionen, die von der Gesellschaft zu tragen sind) ergibt. Die Gesellschaft wird keine Erlöse aus dem Verkauf von Verkaufsaktien und Mehrzuteilungsaktien aus dem Bestand der Verkaufenden Aktionäre erhalten. Die Verkaufenden Aktionäre werden die Erlöse aus dem Verkauf der Verkaufsaktien (nach Abzug von Gebühren und Provisionen, die von den Verkaufenden Aktionären im Zusammenhang mit den Verkaufsaktien zu tragen sind) und der Mehrzuteilungsaktien (soweit die Greenshoe Option (wie nachfolgend in E.3 definiert) ausgeübt wird (nach Abzug von Gebühren und Provisionen, die von den Verkaufenden Aktionären im Zusammenhang mit den Mehrzuteilungsaktien zu tragen sind)) erhalten. Die Höhe der Bruttoerlöse aus dem Verkauf der Angebotsaktien im Rahmen des Angebots ist abhängig von der Anzahl der platzierten Angebotsaktien und vom Angebotspreis (wie unten unter E.3 definiert). Die Gesellschaft wird jedoch darauf abzielen, Gesamtbruttoerlöse in Höhe von ungefähr €100,0 Millionen aus dem Verkauf der Neuen Aktien zu erzielen, was einer Platzierung von 2.061.856 angebotenen Neuen Aktien zum unteren Ende der Preisspanne (wie nachfolgend in E.3 definiert), von 1.769.912 angebotenen Neuen Aktien zum Mittelwert der Preisspanne und von 1.550.388 angebotenen Neuen Aktien zum oberen Ende der Preisspanne entsprechen würde. Die Entscheidung über den Angebotspreis sowie die Entscheidung über die Anzahl der zu platzierenden Neuen Aktien (um Gesamtbruttoerlöse in Höhe von €100,0 Millionen zu erzielen) werden voraussichtlich am 27. Juni 2018 nach dem Ende des Angebotszeitraums (wie nachfolgend in E.3 definiert) vom Vorstand (mit Zustimmung des Aufsichtsrats der Gesellschaft (der „**Aufsichtsrat**“)) getroffen werden. Unter der Annahme, dass die maximale Anzahl an Verkaufs- und Mehrzuteilungsaktien platziert wird (das heißt, 221.185 Mehrzuteilungsaktien am unteren Ende der Preisspanne, 191.991 Mehrzuteilungsaktien zum Mittelwert der Preisspanne und 170.038 Mehrzuteilungsaktien am oberen Ende der Preisspanne), und dass die Greenshoe Option vollumfänglich ausgeübt wird, wird der den Verkaufenden Aktionäre zufließende der Gesamtbruttoerlös jeweils ungefähr €18,0 Millionen am unteren Ende der Preisspanne, €19,3 Millionen zum Mittelwert der Preisspanne und €20,6 Millionen am oberen Ende der Preisspanne betragen. Die mit dem Angebot und der Börsennotierung in Zusammenhang stehenden Kosten sind ebenfalls von der Gesamtzahl der mit dem Angebot platzierten Angebotsaktien und dem Angebotspreis abhängig, was sich auch auf den Betrag der Provisionen der Konsortialbanken auswirkt (insbesondere auf die Zahlung der im Ermessen der Gesellschaft stehenden „incentive fee“ (Anreizgebühr)). Zum Datum des Prospekts glaubt die Gesellschaft basierend auf den vorgenannten Annahmen, dass die Gesamtkosten (Steuereffekte ausgenommen) im Zusammenhang mit dem Angebot und der

		Börsennotierung der Aktien etwa jeweils €7,8 Millionen am unteren Ende der Preisspanne, €7,8 Millionen zum Mittelwert der Preisspanne und €,7,9 Millionen am oberen Ende der Preisspanne betragen werden, einschließlich (aber ohne Beschränkung auf) an die Konsortialbanken zu zahlende Übernahme- und Platzierungsprovisionen in Höhe von jeweils €4,1 Millionen am unteren Ende der Preisspanne, €4,2 Millionen zum Mittelwert der Preisspanne und €4,2 Millionen am oberen Ende der Preisspanne (ausgehend von einer vollen Zahlung der dem Ermessen der Gesellschaft überlassenen maximalen „incentive fee“ (Anreizgebühr) von 1,0% des Gesamtbruttoerlöses des Angebots). Von diesen geschätzten Gesamtkosten werden jeweils €6,9 Millionen am unteren Ende der Preisspanne, €6,9 Millionen zum Mittelwert der Preisspanne und €6,8 Millionen am oberen Ende der Preisspanne dem Verkauf der Neuen Aktien zuzurechnen sein und von der Gesellschaft zu tragen sein. Von den geschätzten Gesamtkosten werden jeweils €0,9 Millionen am unteren Ende der Preisspanne, €1,0 Millionen zum Mittelwert der Preisspanne und €1,1 Millionen am oberen Ende der Preisspanne dem Verkauf der Verkaufsaktien und der Mehrzuteilungsaktien zuzurechnen sein und daher von den Verkaufenden Aktionären zu tragen sein. Unter den vorgenannten Annahmen werden die Gesamtnettoerlöse der Gesellschaft daher jeweils €93,1 Millionen am unteren Ende der Preisspanne, €93,1 Millionen zum Mittelwert der Preisspanne und €93,2 Millionen am oberen Ende der Preisspanne und die Gesamtnettoerlöse der Verkaufenden Aktionäre jeweils €17,1 Millionen am unteren Ende der Preisspanne, €18,4 Millionen zum Mittelwert der Preisspanne und €19,6 Millionen am oberen Ende der Preisspanne betragen. Den Anlegern werden weder von der Gesellschaft noch von den Verkaufenden Aktionären oder den Konsortialbanken Kosten in Rechnung gestellt.
E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse**	Die Gesellschaft beabsichtigt, die aus dem Verkauf der Neuen Aktien vorgesehenen Nettoerlöse in Höhe von etwa €93,1 für die folgenden Zwecke einzusetzen: • Ausbau der Produktionsstätte der Gesellschaft in Langen (etwa €30 Millionen); • Expansion in den Vereinigten Staaten (etwa €30 Millionen); • Investitionen in zusätzliche Test- und Validierungsanlagen (etwa €10 Millionen); und • Erhöhte Ausgaben für Forschung und Entwicklung (etwa €25 Millionen).
E.3	**Angebotskonditionen**	Das Angebot besteht aus erstmaligen öffentlichen Angeboten der Angebotsaktien in der Bundesrepublik Deutschland (“**Deutschland**”) und in dem Großherzogtum Luxemburg (“**Luxemburg**”) sowie aus Privatplatzierungen der Angebotsaktien bei institutionellen Investoren in bestimmten Jurisdiktionen außerhalb Deutschlands. In den Vereinigten Staaten von Amerika werden die Angebotsaktien ausschließlich qualifizierten institutionellen Käufern, wie in Rule 144A des U.S. Securities Act von 1933 in der jeweils gültigen Fassung (der “**Securities Act**”) definiert, angeboten. Außerhalb der Vereinigten Staaten von Amerika werden die Angebotsaktien in Offshore-Transaktionen gemäß der Regulation S des Securities Act (“**Regulation S**”) angeboten. Die Angebotsaktien wurden und werden nicht gemäß dem Securities Act oder durch eine Wertpapieraufsichtsbehörde eines Staates oder einer anderen Jurisdiktion der Vereinigten Staaten von Amerika registriert.

	Angebotszeitraum	Der Zeitraum, in dem Kaufangebote für die Angebotsaktien unterbreitet werden können, wird am 18. Juni 2018 beginnen und voraussichtlich am 27. Juni 2018 um 12:00 Uhr Mitteleuropäischer Sommerzeit ("**MESZ**") für Kleinanleger und um 14:00 Uhr MESZ für institutionelle Anleger (der "**Angebotszeitraum**") enden. Kaufangebote sind bis zum Ablauf des Angebotszeitraums frei widerruflich. Privatanleger können Kaufangebote für das Angebot während des Angebotszeitraums bei den Filialen der Konsortialbanken oder bei der comdirect bank Aktiengesellschaft, einer Tochtergesellschaft der COMMERZBANK, abgeben. Nach der Zuteilung der Angebotsaktien ist ein Widerruf des Kaufangebots ausgeschlossen.
	Preisspanne und Angebotspreis	Die Preisspanne innerhalb derer Kaufangebote abgegeben werden können, liegt zwischen €48,50 und €64,50 pro Aktie (die "**Preisspanne**"). Die endgültige Zahl der Neuen Aktien wird voraussichtlich am 27. Juni 2018 nach Maßgabe von Art. 17 der Verordnung (EU) Nr. 596/2014 des Europäischen Parlaments und des Rates vom 16. April 2014 über Marktmissbrauch ("**Marktmissbrauchsverordnung**") durch verschiedene Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum (Medienbündel) veröffentlicht ("**Ad-hoc-Mitteilung**"). Der tatsächliche Angebotspreis (der "**Angebotspreis**") wird von der Gesellschaft in Abstimmung mit den Joint Global Coordinators festgelegt und die endgültige Zahl der zu platzierenden Verkaufsaktien und Mehrzuteilungsaktien werden von der Gesellschaft und den Verkaufenden Aktionären in Abstimmung mit den Joint Global Coordinators auf Grundlage des Orderbuchs aus dem Bookbuilding-Verfahren bestimmt und festgelegt, nachdem der Angebotszeitraum abgelaufen ist; dies wird voraussichtlich am oder um den 27. Juni 2018 geschehen. Der Angebotspreis und die finale Zahl der Angebotsaktien (d.h. die Ergebnisse des Angebots) werden voraussichtlich am 27. Juni 2018 in Form einer Ad-hoc-Mitteilung sowie auf unserer Internetseite (https://www.akasol.com/investor-relations) veröffentlicht.
	Änderungen der Angebots-konditionen	Soweit nach den Vorschriften des Wertpapierprospektgesetzes ("**WpPG**") die Veröffentlichung eines Nachtrags zu dem Prospekt erforderlich werden sollte, behalten sich die Gesellschaft und die Joint Global Coordinators das Recht vor, nach Abstimmung mit den Verkaufenden Aktionären die Anzahl der Angebotsaktien zu erhöhen oder zu reduzieren, das untere oder das obere Ende der Preisspanne zu erhöhen oder zu reduzieren und/oder die Angebotsfrist zu verkürzen oder zu verlängern. Sofern sich die Anzahl der Angebotsaktien, die Preisspanne und/oder der Angebotszeitraum (zusammen bezeichnet als die "**Angebotsbedingungen**") ändern, wird diese Änderung auf unserer Internetseite (https://www.akasol.com/investor-relations) bekannt gegeben und in verschiedenen Medien mit Verbreitung im gesamten Europäischen Wirtschaftsraum (Medienbündel) veröffentlicht. Soweit nach den Vorschriften des WpPG erforderlich, wird ein Nachtrag zu dem Prospekt bei der Bundesanstalt für Finanzdienstleistungsaufsicht ("**BaFin**") eingereicht und nach Billigung durch die BaFin auf unserer Internetseite (https://www.akasol.com/investor-relations) veröffentlicht. Änderungen der Angebotsbedingungen werden ferner im Wege einer "Ad-hoc-Mitteilung" veröffentlicht, sofern dies gemäß Art. 17 der Marktmissbrauchsverordnung erforderlich ist. Anleger werden nicht individuell benachrichtigt. Änderungen der Angebotsbedingungen werden nicht das Erlöschen bereits abgegebener Kaufangebote zur Folge haben. Gemäß dem WpPG haben Investoren, die ein Kaufangebot vor Veröffentlichung eines Nachtrags abgegeben haben, das Recht, ihr Kaufangebot innerhalb von zwei Werktagen nach Veröffentlichung des Nachtrags zu widerrufen. Der Widerruf bedarf keiner Begründung und muss schriftlich gegenüber der Person, die im Nachtrag als Empfänger des Widerrufs bestimmt ist, erklärt werden. Alternativ können Anleger, die Kaufangebote vor Veröffentlichung des Nachtrags

		getätigt haben, ihr Kaufangebot innerhalb von zwei Werktagen nach Veröffentlichung des Nachtrags ändern oder neue beschränkte oder unbeschränkte Kaufangebote abgeben. Die Konsortialbanken haben sich in dem am 15. Juni 2018 mit der Gesellschaft, den Verkaufenden Aktionären und den Konsortialbanken abgeschlossenen Übernahmevertrag, für das Angebot und den Verkauf der Angebotsaktien im Zusammenhang mit dem Angebot (der "**Übernahmevertrag**") das Recht vorbehalten, das Angebot unter bestimmten Umständen zu beenden. Das Angebot kann auch nach dem Handelsbeginn und bis zu dem Zeitpunkt beendet werden, in dem die buchmäßige Lieferung der Angebotsaktien im Austausch gegen Zahlung des Angebotspreises sowie der handelsüblichen Effektprovisionen erfolgt ist.
	Bevorrechtigte Zuteilung an bestehende Aktionäre der Gesellschaft	Entfällt. Es wird keine bevorrechtigte Zuteilung an unsere bestehenden Aktionäre geben.
	Lieferung und Zahlung	Die zugeteilten Angebotsaktien werden den Anlegern als Miteigentumsanteile an der Globalurkunde zur Verfügung gestellt. Die zugeteilten Angebotsaktien werden voraussichtlich am 2. Juli 2018 gegen Zahlung des Kaufpreises und der an die Depotbanken zu zahlenden Effektprovisionen geliefert.
	Stabilisierungsmaß-nahmen Mehrzutei-lung und Greenshoe Option	Im Zusammenhang mit der Platzierung der Angebotsaktien und in dem gemäß Artikel 5 Abs. 4 der Marktmissbrauchsverordnung und den dazugehörigen technischen Durchführungsstandards zulässigen Umfang, handelt Citigroup Global Markets Limited oder in deren Namen handelnde Personen, im Namen und für Rechnung der Konsortialbanken als Stabilisierungsmanager (der "**Stabilisierungsmanager**") und kann Mehrzuteilungen vornehmen oder Stabilisierungsmaßnahmen ergreifen, um den Börsenkurs oder den Marktpreis der Aktien der Gesellschaft zu stabilisieren und dadurch einem etwaigen Verkaufsdruck entgegenzuwirken. Der Stabilisierungsmanager unterliegt keiner Verpflichtung, Stabilisierungsmaßnahmen durchzuführen. Es kann daher nicht zugesichert werden, dass Stabilisierungsmaßnahmen ergriffen werden. Sollten Stabilisierungsmaßnahmen ergriffen werden, können diese jederzeit ohne Vorankündigung beendet werden. Solche Maßnahmen können ab dem Zeitpunkt der Aufnahme des Börsenhandels der Aktien der Gesellschaft am regulierten Markt an der Frankfurter Wertpapierbörse vorgenommen werden und müssen spätestens am 30. Kalendertag nach diesem Ereignis beendet sein (der "**Stabilisierungszeitraum**"). Stabilisierungsmaßnamen sind auf eine Stützung des Marktkurses der Aktien während des Stabilisierungszeitraums gerichtet, um bestehendem Verkaufsdruck entgegenzuwirken. Stabilisierungsmaßnahmen können dazu führen, dass der Börsenkurs oder der Marktpreis der Aktien höher sind, als es ohne solche Maßnahmen der Fall gewesen wäre. Des Weiteren kann sich vorübergehend ein Börsenkurs oder Marktpreis auf einem Niveau ergeben, das nicht von Dauer ist. Der Stabilisierungsmanager kann Stabilisierungsmaßnahmen an der Frankfurter Wertpapierbörse durchführen. Bei möglichen Stabilisierungsmaßnahmen und soweit gesetzlich zulässig können Anlegern im Rahmen des Angebots zusätzlich zu den Verkaufsaktien bis zu 221.185 zusätzliche Aktien zugeteilt werden (die "**Mehrzuteilung**"). Im Zusammenhang mit einer möglichen Mehrzuteilung, werden bis zu 221.185

		Aktien aus dem Bestand der Verkaufenden Aktionäre in Form eines kostenlosen Wertpapierdarlehens dem Stabilisierungsmanager zur Verfügung gestellt. In diesem Zusammenhang werden die Verkaufenden Aktionäre den Konsortialbanken die Option (die "**Greenshoe Option**") einräumen, zusätzlich bis zu 221.185 Mehrzuteilungsaktien aus den Beständen der Verkaufenden Aktionäre zum Angebotspreis abzüglich vereinbarten Provisionen zu erwerben, um die Rückübertragungspflicht unter dem Wertpapierdarlehen zu erfüllen. Die Greenshoe Option kann durch den Stabilisierungsmanager ausgeführt werden. Die Greenshoe Option endet 30 Kalendertage nach Aufnahme des Börsenhandels der Aktien und kann nur in dem Umfang, in dem Aktien im Wege der Mehrzuteilung platziert wurden, vorgenommen werden. Nach Beendigung des Stabilisierungszeitraums wird innerhalb einer Woche in verschiedenen Medien, die im gesamten Europäischen Wirtschaftsraum vertrieben werden (Medienbündel), eine Mitteilung veröffentlicht, die Informationen darüber enthält, ob Stabilisierungsmaßnahmen ergriffen wurden oder nicht, sowie über den Beginn und das Ende der Preisstabilisierungsmaßnahmen, das Datum, an dem die letzte Stabilisierungsmaßnahme vorgenommen wurde, und die Preisspanne innerhalb derer Stabilisierungsmaßnahmen ergriffen wurden (für jedes Datum an dem eine Stabilisierungsmaßnahme ergriffen wurde) und den Handelsplatz, an dem Stabilisierungsmaßnahmen vorgenommen wurden. Jede Mehrzuteilung und Ausübung der Greenshoe Option sowie das jeweilige Datum und die Anzahl und Art der betroffenen Aktien werden unverzüglich in derselben Weise bekannt gemacht.
E.4	**Wesentliche Interessen an der Emission / dem Angebot, einschließlich potentieller Interessenkonflikte**	Im Zusammenhang mit dem Angebot und der Börsennotierung der Aktien an der Frankfurter Wertpapierbörse (die "**Transaktion**") befinden sich die Konsortialbanken in einer vertraglichen Beziehung mit der Gesellschaft und den Verkaufenden Aktionären. Die Citigroup Global Markets Limited und COMMERZBANK Aktiengesellschaft wurden von der Gesellschaft und den Verkaufenden Aktionären als Joint Global Coordinators beauftragt. Die Joint Global Coordinators, sowie die Bankhaus Lampe KG wurden von der Gesellschaft und den Verkaufenden Aktionären als Konsortialbanken ernannt. Die Konsortialbanken sind im Rahmen des Angebots für die Gesellschaft und die Verkaufenden Aktionäre tätig und koordinieren die Strukturierung und Durchführung der Transaktion. Darüber hinaus wurde die COMMERZBANK Aktiengesellschaft als Designated Sponsor der Aktien der Gesellschaft und als Zahlstelle bestellt. Nach erfolgreicher Durchführung des Angebots werden die Konsortialbanken Provisionen erhalten. Aufgrund dieser vertraglichen Beziehungen haben die Konsortialbanken ein finanzielles Interesse am Erfolg der Transaktion. Darüber hinaus können die Konsortialbanken und jedes der mit ihnen jeweils verbundenen Unternehmen Aktien im Rahmen des Angebots als Eigenposition erwerben und diese Aktien oder damit zusammenhängende Anlagen auf eigene Rechnung halten, kaufen oder verkaufen und sie können diese Aktien oder anderen Anlagen auch außerhalb des Angebots anbieten und verkaufen. Zudem können einzelne Konsortialbanken oder die mit diesen verbundenen Unternehmen finanzielle Vereinbarungen (einschließlich Swaps und Differenzkontrakte) mit Investoren abschließen, in deren Zusammenhang die Konsortialbanken (oder ihre verbundenen Unternehmen) von Zeit zu Zeit Anteile der Gesellschaft erwerben, halten oder veräußern können. Keine der Konsortialbanken beabsichtigt, solche Anlagen oder Transaktionen in einem weiteren Umfang offenzulegen als

		demjenigen, zu dem sie aufgrund gesetzlicher oder aufsichtsrechtlicher Vorschriften verpflichtet ist, oder in dem dies im Prospekt offengelegt wird. Einige der Konsortialbanken und ihre jeweils verbundenen Unternehmen unterhalten Geschäftsbeziehungen mit uns (einschließlich Kreditgeschäften), und können diese von Zeit zu Zeit in der Zukunft fortführen, oder können im Rahmen ihrer gewöhnlichen Geschäftstätigkeit Dienstleistungen für uns erbringen. Da die Gesellschaft die Erlöse aus dem Angebot der Neuen Aktien vereinnahmen wird und diese die Eigenkapitalbasis der Gesellschaft stärken werden, haben alle Anteilseigner, die unmittelbar oder mittelbar eine Beteiligung an der Gesellschaft halten, ein Interesse an der Durchführung der Kapitalerhöhung, die Gegenstand des Angebots ist. Darüber hinaus können die Konsortialbanken und jedes der mit ihnen jeweils verbundenen Unternehmen als Anleger Aktien im Rahmen des Angebots als Eigenposition erwerben und in dieser Eigenschaft Aktien oder damit zusammenhängende Anlagen auf eigene Rechnung halten, kaufen oder verkaufen und solche Aktien oder anderen Anlagen auch in anderer Weise als im Zusammenhang mit dem Angebot anbieten und verkaufen. Zudem können einzelne Konsortialbanken oder ihre verbundenen Unternehmen Finanzierungsvereinbarungen (einschließlich Swaps und Differenzkontrakte) mit Investoren abschließen, in deren Zusammenhang die Konsortialbanken (oder ihre verbundenen Unternehmen) von Zeit zu Zeit Aktien der Gesellschaft erwerben, halten oder veräußern können. Keine der Konsortialbanken beabsichtigt, solche Anlagen oder Transaktionen in einem weiteren Umfang als demjenigen, zu dem sie aufgrund gesetzlicher oder aufsichtsrechtlicher Vorschriften verpflichtet ist, oder wie im Prospekt angegeben, offenzulegen.
E.5	**Name der Person/ des Unternehmens, die/das das Wertpapier zum Verkauf anbietet** **Lock-up Vereinbarungen, beteiligte Parteien und Lock-up Frist**	Die Konsortialbanken bieten die Neuen Aktien im Namen der Gesellschaft und die Verkaufsaktien sowie etwaige Mehrzuteilungsaktien, falls vorhanden, im Namen der Verkaufenden Aktionäre an. Im Übernahmevertrag hat sich die Gesellschaft gegenüber jeder der Konsortialbanken dazu verpflichtet, dass sie innerhalb des Zeitraumes, welcher am Tag des Übernahmevertrages beginnt und sechs Monate nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse endet, nicht ohne die vorherige schriftliche Zustimmung der Joint Global Coordinators (die nicht grundlos verweigert werden darf): • eine Kapitalerhöhung aus genehmigtem Kapital ankündigen oder durchführen wird; oder • der Hauptversammlung eine Kapitalerhöhung zum Beschluss vorlegen wird; oder • Finanzinstrumente, die Wandlungs- oder Optionsrechte in Bezug auf Aktien der Gesellschaft gewähren, emittieren werden, die Emission solcher Finanzinstrumente ankündigen wird oder einen Vorschlag zur Emission solcher Finanzinstrumente einbringen werden; oder • Aktien der Gesellschaft anbieten, verpfänden, zuteilen, ausgeben (außer wenn nach geltendem Recht erforderlich), verkaufen, sich zum Verkauf vertraglich verpflichten, Optionen oder Verpflichtungen zum Erwerb verkaufen, Optionen zum Verkauf erwerben, Optionen, Rechte zum Verkauf oder Bezugsrechte gewähren oder auf eine andere Weise direkt oder indirekt Aktien oder andere Wertpapiere, die in Aktien der Gesellschaft wandelbar sind oder in Aktien der Gesellschaft getauscht

		werden können, transferieren oder veräußern oder Tauschgeschäfte abschließen oder sonstige Vereinbarungen eingehen werden, durch die das mit dem Eigentum an den Aktien der Gesellschaft verbundene wirtschaftliche Risiko ganz oder teilweise auf einen anderen übertragen wird, unabhängig davon, ob die jeweilige oben beschriebene Transaktion durch Lieferung von Aktien der Gesellschaft oder von anderen solchen Wertpapieren, in bar oder auf andere Weise beglichen werden soll; oder • eine Transaktion oder Handlung vornehmen wird, die den in den vorstehenden Aufzählungspunkten beschriebenen Maßnahmen aus wirtschaftlicher Sicht ähnelt. Des Weiteren hat sich jeder der Verkaufenden Aktionäre gegenüber jeder Konsortialbank im Übernahmevertrag dazu verpflichtet, innerhalb des Zeitraumes, welcher am Tag des Übernahmevertrages beginnt und zwölf Monate nach dem ersten Handelstag der Aktien der Gesellschaft an der Frankfurter Wertpapierbörse endet, nicht ohne die vorherige schriftliche Zustimmung der Joint Global Coordinators unmittelbar oder mittelbar: • Aktien der Gesellschaft anzubieten, zu verpfänden, zuzuteilen, zu verkaufen, sich zum Verkauf vertraglich zu verpflichten, Optionen oder Verpflichtungen zum Erwerb zu verkaufen, Optionen zum Verkauf zu erwerben, Optionen, Rechte zum Verkauf oder Bezugsrechte zu gewähren oder auf eine andere Weise direkt oder indirekt Aktien oder andere Wertpapiere an der Gesellschaft zu transferieren oder zu veräußern, einschließlich solcher Wertpapiere, die in Aktien der Gesellschaft wandelbar sind oder in Aktien der Gesellschaft getauscht werden können; oder • eine Registrierung gemäß US-amerikanischem Wertpapierrecht in Bezug auf die Aktien der Gesellschaft oder jegliche Wertpapiere, die in Aktien der Gesellschaft wandelbar sind oder in Aktien der Gesellschaft getauscht werden können, zu beantragen oder Rechte in dieser Hinsicht auszuüben; oder • eine Erhöhung des Grundkapitals der Gesellschaft anzukündigen, für eine solche vorgeschlagene Erhöhung des Grundkapitals zu stimmen oder auf andere Weise einen Vorschlag zur Emission von Wertpapieren, die in Aktien der Gesellschaft wandelbar sind oder Optionsrechte auf Aktien der Gesellschaft gewähren, zu unterstützen; oder • eine Transaktion abzuschließen, oder eine Maßnahme zu ergreifen, die aus wirtschaftlicher Sicht den in den vorstehenden Aufzählungspunkten beschriebenen Maßnahmen ähnelt, insbesondere Swap-Geschäfte oder andere Geschäfte einzugehen, die das ökonomische Risiko der Eigentümerschaft der Aktien der Gesellschaft im Ganzen oder in Teilen auf einen anderen übertragen, gleich ob eine solche Transaktion mit Lieferung der Aktien der Gesellschaft oder dieser anderen Wertpapiere erfüllt oder in bar bzw. in sonstiger Form abgerechnet wird.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung**	Der in dem Ungeprüften Verkürzten Zwischenabschluss dargestellte Nettobuchwert des auf die Aktionäre entfallen Eigenkapitals der Gesellschaft (der wie folgt berechnet wird: Gesamtvermögen (€15,8 Millionen) abzüglich der langfristigen (€5,9 Millionen) und kurzfristigen (€8,0 Millionen) Verbindlichkeiten) belief sich auf €1,9 Millionen zum 31. März 2018, und wird basierend auf 2.000.000 bestehenden Aktien der Gesellschaft €0,94 pro Aktie entsprechen (alle Angaben ungeprüft). Durch einen Beschluss der außerordentlichen Hauptversammlung vom 24. April 2018 wurde unser Stammkapital von €2,0 Mio. um €2,0 Mio. auf insgesamt €4,0 Mio. durch Erbringung von Bar- und Sacheinlagen, zuzüglich

		eines Ausgabeaufschlags in Höhe von insgesamt €1,0 Mio. den die Gesellschafter an die Gesellschaft gezahlt haben, erhöht (die "**Vor-Börsengang-Kapitalerhöhung**"). Durch die Vor-Börsengang-Kapitalerhöhung erhöhte sich unser Gesamtvermögen und unser Nettobuchwert um €3,0 Mio. Ausgehend von (i) der Platzierung von 1.769.912 Neuen Aktien, (ii) einem Angebotspreis zum Mittelwert der Preisspanne und (iii) der vollständigen Zahlung der Erfolgsprovision wird sich der Nettoerlös der Gesellschaft aus der Ausgabe der Neuen Aktien auf €93,1 Millionen belaufen. Unter der Annahme, dass die Gesellschaft diesen Gesamtnettoerlös von €93,1 Millionen bereits zum 31. März 2018 erhalten hätte und dass die Vor-Börsengang-Kapitalerhöhung bereits zum 31. März 2018 durchgeführt worden wäre, würde sich der entsprechend angepasste Nettobuchwert des Eigenkapitals auf €98,0 Millionen belaufen; dies entspricht €16,99 pro Aktie (berechnet auf Grundlage von 5.769.912 bestehenden Aktien nach Durchführung der Kapitalerhöhung). Unter der Annahme eines Angebotspreises von €56,50 zum Mittelwert der Preisspanne würde dies einer unmittelbaren Verwässerung von €39,51 (69,93%) pro Aktie für Erwerber der Neuen Aktien entsprechen. Am unteren Ende und am oberen Ende der Preisspanne, würden die entsprechenden Zahlen jeweils €32,33 (66,66%) und €46,84 (72,62%) betragen. Unter der Annahme, dass 1.769.912 Neue Aktien zum Mittelwert der Preisspanne platziert werden und die Kapitalerhöhung, im Rahmen derer die Neuen Aktien geschaffen werden, entsprechend durchgeführt wird, würde die Wertsteigerung des Nettobuchwerts des auf die Aktionäre entfallen Eigenkapitals der Gesellschaft (beim Vergleich des Nettobuchwerts des auf die Aktionäre entfallen Eigenkapitals der Gesellschaft vor dem Angebot und angepasst für seine Durchführung) €15,77 pro Aktie betragen.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Entfällt. Den Anlegern werden weder von der Gesellschaft oder von den Verkaufenden Aktionären noch von den Konsortialbanken Kosten in Rechnung gestellt.

3. Risk Factors

*An investment in shares of AKASOL AG is subject to risks. AKASOL AG is defined in this prospectus (the "**Prospectus**") as the "**Company**", the "**Issuer**", "**AKASOL**", "**we**", "**us**" or "**our**"; all shares of the Company outstanding from time to time, together the "**Shares**" and each share a "**Share**."*

Potential investors should carefully consider the following risks together with the other information provided in the prospectus as well as their personal circumstances, prior to making an investment decision with respect to the Shares. The order in which the risks are presented is not an indication of the likelihood of the risks actually occurring or the effects and significance of the individual risks. The following risk factors are based on assumptions which may in hindsight turn out to be incorrect. In addition, other risks and circumstances which we are currently unaware of or that we currently deem immaterial, alone or together with the following risks, could have a material adverse effect on our business, results of operations, cash flows and financial position. The occurrence of one or more of these risks, individually or cumulatively, could have a material adverse effect on our business activities of, our financial position, results of operations, cash flows and prospects. The market price of the Shares could fall if any or all of these risks were to materialize, and prospective investors could lose all or part of their invested capital.

3.1 Risks relating to our business and the markets in which we operate

3.1.1 We may be unable to execute our strategy of growing in existing and new markets, and expanding into additional products successfully.

Our strategy includes the continued growth in the European markets in which we currently operate the potential entry into new markets – primarily in North America – and the development of new products. We may be unable to manage our growth efficiently. If we fail to implement our growth strategy successfully, our ability to increase our revenue and operating profits could be materially adversely affected.

We intend to grow within as well as beyond the markets in which we currently operate. Our product strategy is based on broadening the application of lithium-ion based battery modules and systems ("**Li-Ion**") for use in specialized applications, such as buses, commercial vehicles, rail vehicles, marine applications and industrial vehicles, as well as stationary applications (battery systems for energy storage in residential and commercial applications). We use third-party services to produce our stationary applications solutions, and in the short term are exposed to quality and insolvency risks related to this third party.

Our further growth will depend on an increasing demand for our products and our ability to source contracts with existing and new clients. Should the demand for our products in our existing and new markets be lower than anticipated or even decline, we might not be able to grow as expected. The intended growth will also require us to expand our existing serial production successfully and such expansion might be delayed or fail. In particular, we may not be able to extend our existing production facilities or build new production facilities and equip them with machinery as fast as our future growth requires.

Furthermore, new markets in which we have little or no experience may have competitive conditions that are more difficult to predict or navigate, and may cater to clients that have different expectations and needs than the markets in which we currently operate and with which we are more familiar. We may also incur significant additional costs from entering new markets if, for example, regulatory and legal frameworks change and if a regional production facility is required to comply with local protectionist laws. Entering new markets might also prove to be economically disadvantageous and we might fail to achieve the benefits expected from the expansion of our business or may generate significant losses, which may materially harm our ability to increase our revenue.

Our future growth will also be dependent on our ability to develop new products that meet the demand of our clients. Should we not be able to develop additional products that are accepted by our clients and the market, this might have detrimental effects on our future growth.

The occurrence of any of these risks may significantly adversely affect our profitability and may adversely affect our business, financial condition, results of operations and prospects.

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

Our Company was incorporated in 2008. Therefore, we have a limited operating history. Companies that are developing and expanding their businesses are subject to significant uncertainty and volatility.

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

As we have grown our business and increased our order intake, as described in greater detail in Section 3.1.3, our order backlog for the planning period until December 31, 2024 amounted to €1.22 billion as of December 31, 2017 and €1.45 billion as of March 31, 2018. In the next four to five years, we aim to achieve revenue above €300 million with an improvement in the adjusted EBIT margin by leveraging our technologies and close relationship with leading blue-chip original equipment manufacturers ("**OEMs**"), coupled with the planned expansion into other regions on the back of the expected continuous growth in commercial e-mobility. Neither can we predict future changes to our order backlog nor our future revenue. For example, there is a risk that we may not meet our current expectations of converting intentions expressed by potential or existing clients, or converting negotiations with such counterparties, into contracts which would result in the revenues we expect to generate. Furthermore, clients may cancel, call off or reduce orders. In addition, our production facilities may not be able to produce the output required to meet the anticipated demand. While we currently plan to double capacity in our Langen facility to 600 MWh annually through 2020 and believe our Michigan, the United States, facility, which is expected to have a capacity of 300 MWh annually by end of year 2019, will have the potential to be expanded to a capacity comparable to the current size of our Langen facility, this capacity expansion might not be achieved.

In the future, if we are unable to process and deliver orders from our clients effectively or if we are unable to meet our clients' delivery expectations and demands, our clients could decide to purchase comparable products and services from our competitors. Our current or potential future clients may also seek price reductions as a result of delivery delays or could cancel their orders altogether. Moreover, our clients could decide to integrate such specialized battery production lines vertically into their own manufacturing processes. In addition, project delays could result in shifts in sales to a later fiscal year. The occurrence of any of these events may have a material adverse effect on our business, financial condition, results of operations and prospects.

3.1.3 Our business depends on our ability to execute our order backlog which includes contracts with a limited number of significant clients.

Our success depends in part on significant strategic partnerships entered into with our key clients such as Daimler and Volvo Group, from whom we generated 24.3% and 23.6% of our revenue in financial year 2017, respectively. Our order backlog for the planning period until December 31, 2024 amounted to €1.22 billion as of December 31, 2017 and €1.45 billion as of March 31, 2018. Our order backlog comprises signed framework agreements and related order indications from the clients, which are included in the order backlog with a 100% probability, as well as specific expressions of interest and advanced negotiations with clients, which are reflected in the backlog at corresponding weighted probability rates. The order backlog only reflects activities for which we have received a request for proposal or where we are in bilateral negotiations and to which our management has assigned a probability of at least 50%; it excludes all further discussions and negotiations with clients. As of March 31, 2018, 23% of the order backlog was contracted, while 77% were probability weighted. Therefore, the order backlog has to be supplemented by specific orders and clients are not obliged to place such orders. The order backlog is based on forecasts on actual purchase forecasts as discussed with

our clients, however such forecasts are no binding purchase commitments. In addition, our assessment of the probabilities that order backlog can be converted into orders may not be appropriate. Accordingly, the order backlog might not lead to corresponding future revenue and actual sales may, in fact, be significantly lower than the current order backlog suggests.

In addition, Li-Ion battery cells generally have a limited cycle life. If clients do not convert their non-binding forecasts into binding orders, we could have more battery cells in stock than necessary. This, in turn, could lead to reduced warranty periods for battery cells or even write-offs of our stock value for battery cells. The materialization of any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any change in our relationship, the strength of the counterparties' businesses or their demand for our products could materially affect our results. We entered into strategic partnerships with our key clients through contracts and other agreements, which in some cases include exclusivity arrangements and these relationships form a core pillar of our business plan and are expected to result in a material portion of our revenue. However, these contracts also include clauses that allow either party to terminate the relationship under certain specified circumstances. These relationships might not continue or be extended, and they may terminate entirely. In addition, our current clients may be acquired by other companies which then turn to other suppliers or software providers. Our relationships with our key clients and their level of business with us will continue to have significant effects on our performance and results of operations in the future.

More generally, our inability to renew or extend existing client contracts or strategic partnerships or maintain good relationships with key clients could have a negative impact on our revenue and profits and affect market position and thus have material adverse effects on our business, financial condition, results of operations and prospects.

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

Our manufacturing operations depend on obtaining raw materials, semi-finished goods, parts, components, manufacturing equipment and other supplies, as well as certain services, from a selected number of suppliers in sufficient quality and quantity, and in a timely manner.

Although we select our suppliers carefully and monitor them regularly and although we have introduced a quality management system regarding supplied raw materials, semi-finished goods, parts, components, manufacturing equipment and other input factors, our suppliers could become temporarily or permanently unable to produce or deliver their products due to, for example, economic or technical problems or capacity bottlenecks, fail to produce the products in compliance with our prescribed quality standards or deliver their products with delay or could otherwise fail to meet their contractual obligations. Manufacturing quality problems, late delivery or other problems resulting from our third-party suppliers may, to the extent delivery of our products is delayed, our products are of lower quality or even faulty as a consequence, result in us not being able to fulfill our contractual obligations towards our clients, in product liability claims and may also damage our reputation. In the event that any supplier becomes permanently incapacitated, we may be compelled to change suppliers.

In particular, we rely on a relatively small number of battery cell suppliers. In the financial year 2017, approximately 48% of costs of raw materials were attributable to cell suppliers and of the total purchasing volume, 34% were attributable to our top supplier and 63% in total to our top five suppliers. Currently, worldwide demand for battery cells is exceeding supply, thus it may be difficult for us to substitute one supplier for another, increase the number of suppliers, or change one component for another in a timely manner or at all due to the interruption of supply or increased demand throughout the industry. If a sole source supplier discontinued producing a component with little or no notice, our business could be harmed. In addition, our battery cell suppliers have significant market power and are able to choose, which of their customers they supply with battery cells. If we fail to meet the requirements of our battery cell suppliers, who subject us to periodic audits, these might decide to discontinue our supply with certain types of battery cells or battery cells in general. In any such case, we would need to source cells from an alternative supplier, which

can be difficult or, in some cases, not possible at all, particularly in the case of specialized battery cell products. If we were required to substitute products from a battery cell supplier in one of our battery-systems, it could take considerable time to go through all required processes to qualify our products with a new supplier before we would be able to re-start the serial production of this battery system with different battery cells. In addition, allocation and subsequent unavailability of electronic components with long lead time might lead to delay in execution, or our not being able to deliver our products on the target date.

Raw materials (including raw materials necessary for our battery cell suppliers, in particular lithium and/or cobalt which are key raw materials for the production of Li-Ion cells) are sourced primarily from countries in emerging markets, some of which have unstable political and economic conditions. We are therefore exposed to the risk that the raw materials required for the battery cells we use in our Li-Ion technology products will not be available to our suppliers in the quality, quantity and time frames required and, in turn, the supplies we require will not be available to us. Specifically, the geopolitical instability in the countries from which raw materials are sourced can lead to shortages of lithium batteries. In addition, automobile OEMs could cause shortages in the future by sourcing long term lithium, and a comparable risk exists with respect to cobalt as well.

Furthermore, the prices of raw materials, in particular lithium and/or cobalt, parts, components and manufacturing equipment may increase due to changes in supply and demand. A limited number of our suppliers depend possibly on a sole or limited suppliers for certain key raw materials, parts and components used in the manufacturing and development of our products. Therefore, our operating margins may be impacted by fluctuations in the price of raw materials. For example, our battery cell suppliers may not be able to meet our quantitative and qualitative requirements relative to specifications and volumes for battery cells and we may not be able to locate alternative sources of supply at an acceptable cost, in adequate quantities or receivable in a timely manner as a result of increasing prices for raw materials in battery cells, in particular lithium and/or cobalt. In the past, we have experienced delays in product development due to the delivery of raw materials and semi-finished goods from our suppliers that do not meet our specifications. Any future inability to obtain high-quality raw materials, semi-finished goods or manufacturing equipment in sufficient quantities on competitive pricing terms and on a timely basis, due to global supply and demand or a dispute with a supplier, may delay our battery-system production, impede our ability to fulfill existing or future purchase orders and harm our reputation and profitability.

The materialization of any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

The sale and use of our products involves a risk of product liability and warranty claims. We are exposed to product liability and warranty claims in the normal course of business in the event that our products, or the components and semi-finished goods incorporated in batteries that we have manufactured or assembled and sold, or components that our suppliers have manufactured or assembled, have failed or have allegedly failed to perform as expected or the use of our products results, or is alleged to result, in bodily injury or property damage. Such claims may arise from risks associated with the use or misuse of batteries, overcharging of cells or exposure to harmful chemicals included in the battery cell. Furthermore, we may become subject to other proceedings alleging violations of due care, safety provisions and claims arising from breaches of contract or fines imposed by government or regulatory authorities in relation to our customized and semi-customized products and services. The risk of such claims may increase once we begin operations in the United States and place products in the U.S. market, because product liability claims based on personal injuries have historically been more common and often significantly more expensive in the United States than in other jurisdictions. Any lawsuits, proceedings and other claims described in this paragraph could result in significant costs, including the cost of defending against these claims or making damage-based compensatory payments. Any such litigation or complaints and any adverse publicity surrounding such events could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, under certain circumstances, any such issues could give rise to an investigation by regulatory authorities, which could result in the need for remedial action such as a recall of our products or our suppliers'

components, requiring the repair or replacement of the products or even a prohibition of future sales. If any of our products is proven to have quality issues, fails to meet local legal, regulatory or industry standards, or has potential risks to the safety of humans and properties, we may have to recall such products, be subject to penalties, suspend production and sale of our products, or be ordered to take corrective measures. A product recall may also affect our reputation and brand name, resulting in a decreased demand for our products and lead to stricter scrutiny by regulatory agencies over our operations.

Failure in the production process may lead to product recalls. While our production processes are mostly automated; there remains a possibility of failure, especially resulting from the few existing manual parts of production. Additionally there is a possibility of defective parts or materials being delivered by our suppliers.

Any product recall could have a material and adverse impact on our results of operations, financial condition and growth prospects. Product recalls could involve significant expenses and time of our management, which could materially and adversely affect our business prospects, results of operations and financial condition. In addition, product recalls may have a material adverse effect on clients' confidence in the quality and safety of the affected products and our reputation and image, which could in turn reduce demand for our products. Any possible future product recall by us could have a material and adverse impact on our revenue and, in turn, our results of operations, financial condition and prospects. Serious incidents relating to our product quality might arise in the future. If we recall any of our products or are punished by the relevant governmental authorities, our business, financial condition and results of operations, as well as reputation, could be materially adversely affected.

3.1.6 If our products or the products of our clients fail to perform as expected, we could lose existing and future business, and our ability to develop, market and sell our battery systems could be harmed.

Our products could have unknown defects or errors or may include components or other input factors that could have lower than expected quality, which may give rise to claims against us, diminish our brand or divert our resources from other purposes. Despite testing, new and existing products may contain manufacturing or design defects, errors or performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our clients for a period of time. These problems could result in number of negative consequences for the company, including but not limited to:

- expensive and time-consuming design modifications or warranty charges;
- delays in the introduction of new products or enhancements;
- significant increases in our service and maintenance costs, exposure to liability for damages; and
- damaged client relationships and harm to our reputation.

Any of those may adversely affect our business and our operating results.

Our success depends in particular on our ability to design, develop and commercially manufacture battery systems for the use in a number of applications. The design and development of these systems for the use in these end markets is expensive, time-consuming and subject to rigorous quality and performance requirements. If we are unable to design, develop and commercially manufacture battery systems that are accepted for use in the end markets, our business and operating results may be materially adversely affected.

Our products have to comply with a variety of industry, legal and customer standards both in product design and product development, as in production and operations. Such certifications depend on internal and external audit and review processes or external tests and validation, where the outcome and timeline is not always predictable. If we do not achieve required certifications or standards, or are delayed in achieving such certifications or standards, or if certification requirements or standards change in an unforeseen way, we may experience a delay in the execution of our business or we may not be able to deliver products with the required certifications or standards, which may adversely affect our business, financial condition and operating results.

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

The Prospectus contains forward-looking information, including a profit forecast for the 2018 fiscal year. In arriving at such forecast, our management board (the "**Management Board**") made certain assumptions

regarding factors outside our influence (such as *force majeure* and legislative and other regulatory measures) as well as other factors that we can influence only to a limited extent. Accordingly, these assumptions may vary and prove to be erroneous or inaccurate compared to actual future developments. In particular, our actual revenue might be lower than suggested by the order backlog (see also Sections 3.1.2 and 3.1.3). We have limited experience as a serial production company and, as a result of the intended growth and the start and increase of serial production, our historic revenue has only limited significance for our future revenue. Furthermore, additional aspects that are currently unknown to us may materially affect our forecast. Should one or more of these assumptions prove to be incorrect or inaccurate, or should additional factors occur which are currently unknown to us, our future results may differ materially from those forecasted in the Prospectus.

3.1.8 We could be adversely affected by our clients delaying or defaulting on payments.

Our clients' financial condition may have a negative impact on our financial condition. We are engaged in sales transactions with our clients, suppliers and distributors, and we are therefore subject to the risk that one or more of these counterparties will become insolvent or otherwise unable to discharge its obligations to us. Our clients may suffer from declines in sales and production, tightened liquidity and an increased cost of capital, which may cause some of these clients to experience significant financial difficulties, including restructuring or bankruptcies. Our counterparties may not be willing or able to fulfill their respective contractual obligations at all or in full (for example, failure by a counterparty to deliver the agreed consideration for goods or services rendered, total or partial failure to make payments owed on existing accounts receivable, for example due to insolvency, or failure to compensate for potential mark-to-market values of contracts in case of early termination of a contract due to insolvency, as well as the risk of counterparties paying outstanding receivables late). We also face the risk that any sureties and guarantees (such as parent company guarantees) provided may turn out to be invalid or that they cannot be enforced.

If the clients' creditworthiness were to decline, we could face an increased default risk with respect to our trade receivables. For example, if a client experiences financial difficulties or even insolvency, we may be unable to collect outstanding payments, resulting in write-offs of our accounts receivables. While reserves are maintained for doubtful accounts and amounts past due, such reserves might not be sufficient for the third-party credit risks we face. Significant or recurring delays in receipt of payments, or incidents of bad debts, could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

3.1.9 Demand for batteries in e-mobility sub-markets depends on the further progress of trends towards electrification, environmental protection and urbanization.

The present and projected demand for advanced batteries in the e-mobility sub-markets partially results from selected mega trends currently driving our business, such as:

- electrification (*i.e.*, the process of powering previously non-electrically powered vehicles by electricity and, in many cases, the migration to electricity as a power source);
- increasing client and market acceptance of e-mobility solutions;
- environmental consciousness/CO_2 and NO_X reduction;
- increasing regulation
- reduced total cost of ownership of electric vehicles; and
- population growth and urbanization.

In addition, the emergence and further market penetration of hybrid or fuel cell technologies that require battery systems could potentially limit the demand for high performance battery systems since these technologies require a lower number of battery systems to be installed in a vehicle, compared to a fully electric vehicle, if a potential increase in vehicle numbers would not be sufficient to balance the reduced number of battery systems per vehicle.

Besides stricter requirements related to CO_2 and NO_X emissions, certain large cities around the world such as London, Paris and Los Angeles, among others, have announced their plans to phase out diesel buses over the next 10-15 years, which we expect to boost the demand for electric vehicles;

If the cost of oil decreases significantly, the outlook for the long-term supply of oil to the United States and other high net-energy consuming countries improves, governments eliminate or modify regulations or economic incentives encouraging fuel efficiency and the use of alternative forms of energy, if penetration of electric vehicles is delayed, for instance if charging infrastructure is not developed at the same rate as the intrinsic concurrent demand in the e-mobility sub-markets, or if there is a change in the perception that the burning of fossil fuels negatively impacts the environment, the demand for our batteries could be reduced, the anticipated demand may not be realized, and our business and revenue may be harmed.

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

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

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

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

our control may also affect the demand for our batteries and battery systems and the viability of widespread adoption of advanced battery applications, including:

- disruptive developments in alternative technologies and battery chemistries, such as solid-state batteries and the success of other alternative energy technologies, such as fuel cells and ultra-capacitors which render our batteries and battery systems less attractive or even obsolete;
- the performance and reliability of battery powered products compared to conventional and other non-battery energy sources and products;
- the performance and reliability of software and electronic product components that we do not develop internally;
- end user perceptions of advanced batteries as relatively safe and reliable energy storage solutions, which could change over time if alternative battery chemistries prove unsafe or become the subject of significant product liability claims and negative publicity is generated on the battery industry as a whole;
- the cost-effectiveness of our products compared to products powered by conventional energy sources and alternative battery chemistries;
- the extent and successful implementation of government subsidies and incentives to support the development of e-mobility generally, and battery infrastructure and technology in particular;
- fluctuations in economic and market conditions that affect the cost of energy stored by batteries, such as increases or decreases in the prices of electricity;
- consumers' desire and ability to purchase an automobile that is perceived as exclusive;
- the continued decrease in the total cost of ownership of e-mobility products, in particular electric commercial vehicles;
- the continued investment in the development of battery powered applications;
- heightened awareness of environmental issues and concerns about global warming and climate change; and
- regulation of energy industries.

The key factors that could impact our business if novel battery chemistries and battery cells arise are:

- the development time and resources needed to adapt our current battery system technology to any novel cell type or format;
- the time to develop and provide novel features that have not been required for current Li-Ion technology, and,
- timely access to any novel cell technology and intellectual property rights limitations.

The end customer market may also react in a current business delaying or reducing manner, whenever a potential novel battery technology arises, and may be hesitant to utilize or develop current technology products when a substantially improved follow up solution is imminent or expected to be available in the near future.

Furthermore, we devote a considerable amount of resources to developing new and improved products including a substantial amount of capital funding. Should we be unable to secure sufficient funding for research and development in the future, our competitive position could be significantly weakened in the future.

Certain battery cells manufacturers that are not currently a supplier to us may develop breakthrough technologies to which we might not have access and thus would be removed from the value chain.

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

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

The industries and sub-market segments within the e-mobility market are competitive, and we face significant competition from other mostly large international competitors as well as smaller regional competitors. Competition is based on several key criteria, which include, among other things:

- price;
- product technology and reliability;
- product quality and performance;
- size;
- weight;
- product design and innovation;
- reputation;
- brand recognition;
- client access; and
- scope and quality of the products and solutions offered.

The e-mobility market and its various sub-markets as well as the industries linked thereto might become more competitive in the future, in particular due to new market entrants from China and emerging market countries, which may benefit from lower production costs, as well as new potential large scale or other competitors from developed countries who succeed in getting a foothold in the relevant markets. We expect that the growth in the relatively young e-mobility market and the other Li-Ion battery-based industries may further increase such competitive developments. Moreover, any consolidation among our competitors could enhance their product offerings and financial resources, which could strengthen their competitive position relative to ours. In particular, large international OEMs with considerably higher financial resources may enter or extend their presence in our markets by setting up joint ventures with other battery cell manufacturers. Moreover, key clients may consider awarding contracts to or otherwise promoting competitors in order to maintain competition on their upstream markets in the long term.

Certain industry players, who currently do not compete with us in terms of quality and market share, may be able to increase their product quality and market share in the coming years. Our ability to compete in the industries and sub-markets in which we currently operate may be materially adversely affected by a number of factors, such as:

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

Our current and potential competitors may have significantly greater financial, manufacturing, research and development, marketing and other resources than we do and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. Some of our

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

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

3.1.12 Cell suppliers or other established competitors potentially including OEMs with greater financial resources, may shift their business strategy and produce battery systems for sub-markets which are currently being addressed by our products and solutions, and key clients may insource battery technologies.

We source cells for our battery systems from selected well-known cell suppliers, such as Samsung, LG, Panasonic, CATL, Toshiba and Kokam. Cell suppliers or OEMs with greater financial resources may reorganize their operations and develop their own battery systems built with independently produced cells without facing any risks to their supply chain.

If cell suppliers or OEMs enter the Li-Ion battery systems market, it may result in significant disruption to our business and operations. In addition, the insourcing of our technology by our key clients may lead to a loss of orders for our production facilities and services. Such changes in the competitive landscape could potentially reduce our market share and decrease our revenue. As a consequence, we may lack competitiveness in the sub-markets in which we currently operate. The materialization of any of these risks could have a materially adverse effect on our business, financial condition, results of operations and prospects.

3.1.13 We are subject to the risk of liquidated damages as a result of project delays.

Our development projects, particularly those for our batch production clients, have tight deadlines and schedules. The completion of these projects is also subject to a host of requirements including product validation tests, such as crash tests, shaker tests and electromagnetic compatibility tests. The failure of any of these tests can cause delays in the schedule of the entire project, as well as the tentative launch date of the related product. If this were to materialize, under the terms of the applicable project contracts, the client could demand reparations or liquidated damages from us, which would have an adverse effect on our business, financial condition, results of operations and prospects. Failure to meet a client's deadlines and schedules, even if it does not result in payment of liquidated damages, may also cause reputational damage, as a consequence of which the client might abstain from assigning further projects to us.

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

We operate production facilities in Langen, Germany, as well as a prototype and sample production facility in Darmstadt, Germany, and intend to start production at a facility in Michigan, the United States, in 2019. Our business is exposed to various hazards and risks of disruption associated with industrial operations. These risks include, but are not limited to: production or machinery equipment failures, chemical or hazardous substance spills or exposure, explosions and fires as well as natural disasters such as floods, tornadoes, hurricanes and earthquakes. In particular, Li-Ion cells involve a fire risk. In the past, there have been incidents where Li-Ion cells caught fire or where a fire in a production facility for battery packs incinerated stored Li-Ion cells, thus

making it difficult for fire brigades to put out the fire, since, once incinerated, lithium burns with great force. These risks could expose employees to fire, toxic fumes from burning batteries and other hazards, inflicting injuries and reputational damage which may adversely affect the productivity and profitability of a particular production or assembly facility or our business operations as a whole. Such events could result in significantly increased costs, the need for remediation, governmental enforcement actions, regulatory shutdowns, the imposition of government fines as well as penalties and claims brought by governmental entities or third parties. These risks may increase once we begin operations in the United States. If disruptions at our production or assembly facilities occur, alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more or may take a significant time to commence operations. If any of our production facilities are unable to operate for an extended period of time, our sales may decline due to the disruption and we may not be able to fill client orders or otherwise meet our clients' needs, which could cause them to seek other suppliers.

If any of the risks described above arise, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

According to the Directive 2013/56/EU, which amended the Directive 2006/66/EC (the "**Battery Directive**") and which has been implemented in Germany with the German Battery Act (*Batteriegesetz*), we are obligated, in several countries, to take back and recycle or otherwise safely dispose of all batteries we sell free of charge for our clients. We began selling batteries and battery systems in 2010. As our batteries have an expected life-span of approximately ten years, we expect the next tranche of end-of-life batteries to be returned to us in 2020, a cycle which we expect to be ongoing. Following the first ten-year life cycle, battery systems are utilized in a number of residential and utility application products developed for our stationary electrical energy storage business, under the brand "neeo", for a further ten years in the second life cycle. In order to address the financial and other risks associated with battery exchange, we have decided to either exchange batteries ourselves or to sell them to partners such as Umicore following their second ten-year life cycle. We estimate that roughly half of the batteries we have sold will be refurbished and resold while the remaining batteries are expected to be recycled or reutilized for other purposes.

Given the limited operating history of our batteries and battery systems, our management has had to make assumptions and apply its judgment regarding a number of factors concerning the battery return process, including the anticipated rate of battery returns due to defect, the durability and reliability of our products, and service-delivery costs. Our assumptions could prove to be materially different from the actual performance of our batteries and battery systems, which could cause us to incur substantial expenses in repairing or replacing defective products in the future and may exceed expected levels against which we have made financial reserves. If our estimates prove incorrect, although we are not obliged to buy back the batteries but only to take them back free of charge we could incur additional expenses and may also face significant unplanned cash burdens at the time our clients make a warranty claim, which could harm our operating results. In addition, for our new products and products under development, we will be required to base our warranty estimates on the historical performance of similar products, test results and information gathered during development activities with clients. If we are unable to estimate future warranty costs for any new product accurately, we will be required to defer revenue recognition for that product until we are able to determine a reasonable estimate of the associated warranty expense. As a result, our financial results could vary significantly from period to period. The materialization of any of the risks described above could have an adverse effect on our business, financial condition, results of operations and prospects.

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

We may be affected by changes in general economic conditions which may negatively impact the industries and sub-markets of the electro-mobility or "e-mobility" market in which our products are currently sold and the markets where we expect to grow our business. The sub-markets for batteries based on various Li-Ion battery technologies are primarily driven by the global macroeconomic environment, regulatory changes and

political influence. Changes in general economic conditions, including fears of an economic downturn, directly affect the general business climate and levels of business investment, and it is difficult to predict changes in general economic conditions and how such changes may affect demand for our or our clients' products and services. For example, the 2008 financial crisis had a particularly negative impact on manufacturers of buses and commercial vehicles, which represent a large proportion of our existing and target clients. In addition, the outcome of the British referendum to leave the European Union ("**Brexit**") has led to a number of economic uncertainties in European and global markets. The negotiation of the terms of Brexit could take a number of years during which uncertainty is likely to persist and could ultimately have a negative effect on European trade relations or result in a general weakening of the European Union ("**EU**").

In particular, the markets in which we currently operate and in which we intend to operate, in Europe and North America, may suffer from depressed economic activity, recessionary economic cycles, threats of terrorism and armed conflict, significantly higher energy costs, low consumer confidence, high levels of unemployment, investment losses, personal insolvency, reduced access to credit or other economic factors that may affect consumers discretionary spending. Moreover, a significant deterioration in political conditions such as a serious political dispute, or the impact of election results, in one or more territories where our business operates may also adversely affect our business, financial condition, results of operations and cash flows. Additionally, we may not be able to recruit or retain sufficient staff and labor costs may increase if the free movement of people and labor is reduced or restricted, or if current workers are forced to leave.

The development of other economic and political conditions could have a negative impact on our business. These include, among other factors, a continuation or further aggravation of the political tensions or potential economic downturns, as well as the imposition of additional trade barriers and tariffs. For example, the current U.S. administration has called for substantial changes to trade agreements and has raised the possibility of imposing significant increases on tariffs on goods imported into the United States, including from the People's Republic of China. These geopolitical issues could have a negative impact on general economic conditions which in turn could have a negative impact on global economic markets. Additionally, the current U.S. administration's actions against global climate control agreements and favoring restrictions on international trade could have a direct, negative impact on the e-mobility market as a whole if such developments were to further encourage the use and production of internal combustion engine ("**ICE**") vehicles, thus having a potential negative impact on the e-mobility market and our business.

Fluctuations in global economic conditions have significantly impacted economic conditions in certain industries in recent years. Similarly, negative global economic conditions could adversely impact consumer confidence and levels of discretionary investment by industrial and commercial clients. Negative economic conditions might cause consumers to make long-term changes to their discretionary spending behavior. Moreover, lower public sector expenditures resulting from increased sovereign and municipal indebtedness may lead to lower sales of high-performance battery systems used in municipal public transportation systems. In addition to possible overall reduced demand for our products and solutions for certain applications, particularly buses and commercial vehicles, an economic downturn or worsening global economic conditions could result in disruptions in the supply of processed raw materials and components that we require to produce our products, such as cells and clients delaying or even cancelling orders. Any such weakness or deterioration in the general economic conditions could have a material adverse effect on our business, financial condition, results of operations and prospects.

3.1.17 We may not be able to recruit and retain skilled employees successfully, in particular scientific and technical professionals.

We believe our future performance depends in large part on our ability to attract and retain highly skilled technical, managerial and marketing personnel who are familiar with our key clients and experienced in the battery industry. We plan to continue expanding our workforce both domestically and internationally and our success will depend in part on our ability to attract, retain and develop highly qualified personnel, including scientists and engineers with the requisite technical background. Competition for such personnel is intense, particularly in Germany, and we cannot guarantee that efforts to retain and motivate management and key employees or to attract and retain other highly qualified personnel in the future will be successful. Industry demand for such employees, especially employees with experience in battery chemistry and battery

manufacturing processes, however, exceeds the number of personnel available, and the competition for attracting and retaining these employees is intense. This competition is likely to intensify if the advanced battery market continues to grow as expected, possibly requiring increases in compensation for current employees over time. We compete in the market for personnel against numerous companies, including larger, more established competitors who have significantly greater financial resources than we do and may be in a better financial position to offer higher compensation packages to attract and retain human capital. We may not be successful in attracting and retaining the skilled personnel necessary to operate our business effectively in the future or to grow our business in line with our strategy. Because of the highly technical nature of our batteries and battery systems, the loss of any significant number of our existing engineering and project management personnel or the inability to attract and retain new personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

Our compliance and risk management systems may prove to be inadequate to prevent and discover breaches of laws and regulations and to identify, evaluate and take appropriate countermeasures against relevant risks. In connection with our business operations, we must comply with a broad range of legal and regulatory requirements in a number of jurisdictions. We are in the process of establishing compliance and risk management systems that support our operational business processes, help address compliance with legislative and regulatory provisions and, where necessary, initiate appropriate countermeasures to misconduct. At the same time, as we increase our corporate independence, we are also taking over the responsibilities related to compliance and risk management that were historically managed by our parent company, Schulz Group GmbH. Our internal controls and compliance systems may not be adequate to address all applicable risks, particularly in the context of our anticipated growth and expansion. Furthermore, the transition of relevant responsibilities from Schulz Group GmbH may not be completed successfully. In addition, the costs we incur in order to establish and transition these functions, and to revise them in line with our growth and geographic expansion in line with our corporate strategy, may be significant and may negatively impact our results of operations.

We have also put in place policies intended to prevent direct or indirect acts of corruption, bribery, anticompetitive behavior, money laundering, terrorist financing, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct. However, such policies may be insufficient or individual employees may not adhere to their letter or spirit. Members of our management as well as employees, authorized representatives, agents or resellers may intentionally or unintentionally violate applicable laws and internal policies, standards and procedures. We may not be able to identify such violations on a timely basis, evaluate them correctly or take appropriate countermeasures.

Furthermore, our compliance and risk management systems may not be appropriate for current or future size, complexity and geographic diversification or may otherwise fail for various reasons. The occurrence of any of these risks may result in reputational loss and materially adverse legal consequences, such as the imposition of fines or sanctions and penalties on us or the members of our governing bodies or employees and could lead to the assertion of damages claims by third parties or to other detrimental legal consequences, including civil and criminal penalties. If any of these risks were to materialize, this could also have a material adverse effect on our business, financial condition and results of operations, reputation or prospects.

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

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

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

Our insurance coverage includes, among other things, business liability insurance, merchandise insurance, and directors and officers ("**D&O**") insurance. The D&O insurance covers financial losses that may arise in the course of the exercise of the corporate duties of the insured persons. As required under applicable law, each member of our Management Board remains personally responsible, in the event they are adjudged to have personal liability, for 10% of the total amount of such liability, up to an amount that equals one point five times such member's total annual fixed remuneration from us. Some risks cannot be insured against, and for certain risks, insurance may not be available to cover all risks or may be available only at costs that are not economically viable. In addition, following a significant insurance claim or a history of claims, insurance premiums may increase or the terms and conditions of insurance coverage may become less favorable. This may also occur due to a general change in the insurance markets. There is no guarantee that we will be able to continue to obtain sufficient levels of insurance on our behalf on economically viable terms. In certain instances, insurance companies may refuse to settle certain claims and as a consequence, we may be forced to pursue the settlement of our claims by initiating legal proceedings. The materialization of any of the risks described above could have a material adverse effect on our business, financial condition, results of operations and prospects.

3.1.21 We may require additional financing in the future, in particular in connection with the implementation of our growth strategy, and such financing may not be available on favorable terms, or at all, and may be dilutive to shareholders in case of equity capital transactions.

We may seek additional financing in the future for general corporate purposes and to implement our growth strategy. For example, we may need to increase investments in product development activities and production capacity or require additional funding to make selective acquisitions or to invest in collaborations or joint ventures for entering new markets. We may be unable to obtain the additional financing required on favorable terms, or at all, including accessing the capital markets when it may be necessary or beneficial to do so, which could negatively impact our flexibility to react to changing economic and business conditions. For example, during periods of volatile credit markets, lenders may fail or refuse to honor credit commitments and obligations, including, but not limited to, extending credit up to the maximum amount permitted by a credit facility and otherwise accessing capital or honoring loan commitments. If we are unable to borrow adequate funds, it could be difficult to replace such loan commitments on similar terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund growth opportunities, successfully develop or enhance products, or respond to competitive pressures. In addition, if we raise additional funds through the issuance of equity securities, our shareholders may experience the dilution of their respective ownership interests. If we raise additional funds by issuing debt, it may subject us to limitations on our operations. The materialization of any of these events relating to future financing activities could negatively affect our business, financial condition, results of operations and prospects.

In particular, as we implement our strategy to grow our business, we will need sufficient liquidity to realize potential growth opportunities and fund working capital. No assurance can be given that we will have sufficient liquidity when required. In our efforts to meet our future medium- to long-term liquidity and capital needs, we expect to rely on our cash flow from operations and third-party financing. Third-party financing in the future may not, however, be available on terms favorable to us, or at all. Our ability to obtain additional funding will be subject to various factors, including market conditions, our operating performance, lender sentiment, history and extent of operations in local markets, and our ability to incur additional debt in compliance with other contractual restrictions. These factors may make the timing, amount, terms and conditions of additional financings unattractive. Our inability to raise capital could impede our growth and could materially adversely affect our business, financial condition and results of operations.

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

Within the framework of existing and future financing agreements with lenders, we may be subject to reporting and informational obligations, which we must observe during the duration of the agreements. In the

event of a breach of these obligations, we could become subject to premature redemption obligations, including loan acceleration. If repayment of loans from existing liquidity is not possible, we may be required to enter into other loan agreements with less favorable conditions or to create liquidity through short-term sales of assets. The materialization of any of these risks could have a materially adverse effect on our business, financial condition, results of operations and prospects.

3.1.23 Our failure to manage growth efficiently could make our future results unpredictable, and potentially harm our business and operating results.

Our growth plan includes significant organic growth and geographic expansion into North American markets. The planned growth will require us to increase our management capabilities significantly and to divide responsibilities further between the members of the management, in particular between our Chief Executive Officer, Sven Schulz, who was the sole managing director of the Company until the reorganization of the Company as a stock corporation, and our Chief Financial Officer, Dr. Curt Philipp Lorber, who has only recently joined the Company. Even though we are working to enhance and update our management systems, financial and management controls and information systems, they may prove not to be fully adequate to support our planned expansion. Our ability to manage our growth efficiently will require us to continue to enhance these systems, procedures and controls and to locate, hire, train and retain management and operating personnel, particularly in new markets. The related labor costs may also increase.

We may not be able to respond on a timely basis to all of the changing demands that our planned expansion will impose on management and on our existing infrastructure, or be able to hire or retain the necessary management and operating personnel, which could harm our business, financial condition and results of operations. In particular, we may fail to adapt our risk management, compliance, information technology, accounting, controlling, budgeting and internal reporting systems to the extent and in the fashion required for our anticipated growth and geographic expansion or with regard to the requirements applicable to a listed German stock company.

These demands could cause us to operate our existing business less efficiently, which, in turn, could cause our financial performance to deteriorate.

3.1.24 Our future plans and ongoing need for capital expenditures may be impeded by our inability to generate sufficient cash flows, allocate cash flows efficiently or budget capital expenditures adequately.

Our growth strategy depends in part on our ability to develop new products, which will require us to use cash flows from operations as well as additional external funding sources. We cannot assure that cash flows from operations will be sufficient or that additional funding sources will be available to allow us to implement our growth strategy. If cash flows are not allocated efficiently among our various projects, or if any of the initiatives prove to be unsuccessful, we may experience reduced profitability and we could be required to delay or significantly curtail our growth plans, which could have a material adverse effect on our business, financial condition, prospects and results of operations.

3.1.25 If we do not continue to innovate or otherwise meet client expectations, we may not remain competitive and our business, prospects and results of operations could suffer.

Our inability to develop new, improved or more cost-efficient products, concept formats or technological tools may harm our business, financial condition and results of operations.

We strive to enhance and redefine our product offering on an ongoing basis. We may not be successful in doing so and we may not fully meet applicable standards or the expectations of our clients.

In addition, we have rolled out a number of technological tools, including the application of advanced chemistry cells with high energy density, or ultra-high cycle life, outstanding safety behavior in case of hazards including fire or abusive conditions, and advanced multicore battery management system ("**BMS**") electronic architectures in combination with adaptive BMS software algorithms. We may be unable to keep pace with developments and industry trends, such as the development of predictive software or variants of artificial intelligence. For example, the high dynamics in cell chemistry development (with new cell generations

emerging typically every two to three years, and the constant possibility of radical innovation and improvements that render previous concepts obsolete) require permanent benchmarking and risk taking at the pre-development stage, in order to develop suitable solutions and intellectual property, at both a module and a system level. In addition, clients may force us to protect intellectual property worldwide at our own cost and without reasonable limitations.

Our failure to implement any of the innovations discussed above successfully, as well as our failure to maintain our innovative momentum, could have an adverse effect on our pursuit of our strategic goals, as well as on our business, financial condition, prospects and results of operations.

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

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

While the impact of cyber-attacks that have occurred in the past has not been material, either individually or in the aggregate, AKASOL has committed, and will continue to commit, resources to enhance the security of its information technology systems, but such efforts may not be sufficient. Compromised security measures and performance or security failures of some of our services may adversely affect our business, financial condition, prospects and results of operations as consumers may lose confidence in our reliability.

3.1.27 Our operations rely on complex information technology systems and networks, including new ones that we are in the process of rolling out and integrating.

We rely on various information systems. The failure of these systems to operate efficiently, maintenance problems, the failure to upgrade or transition to new platforms, failures in our business continuity planning, or a breach in security of these systems could reduce the efficiency of our operations, which, in turn, could harm our reputation and the public's perception of our business. A failure of some of these systems can lead to business disruption and potentially cause serious harm to our business. Remediation of such problems could result in significant, unplanned capital investments. This, in turn, could adversely affect our business, financial condition, prospects and results of operations.

3.1.28 Changes in foreign exchange rates and interest rates could have material adverse effects on our financial results. Our hedging efforts might be unsuccessful.

Our financial condition and results of operations may be affected by transaction and translation costs as well as price fluctuations of foreign currencies into our functional currency, the euro, which exposes us to translation effects when we incur costs or generate revenue in a currency other than the euro. Fluctuations in exchange rates may also affect the relative competitive position of our production facilities, as well as our ability to market our products successfully in other markets. We are exposed to currency fluctuations when we convert currencies that we receive for sales of products into currencies required to pay debt obligations, or into currencies in which we purchase processed cells or components, cover our fixed costs or pay for services, which could result in a gain or loss depending on fluctuations in exchange rates.

The price at which our suppliers can sell to us may be impacted by fluctuations in the relative strength of currencies and supply contracts can be denominated in currencies other than euro. Any weakening of the euro against those other currencies may adversely affect our purchasing power for raw materials, parts and components as well as manufacturing equipment from foreign suppliers.

Some of our revenue streams are invoiced in currencies other than the euro, namely the U.S. dollar, while our financial statements are reported in euro. Additionally, in view of our strategic plan to expand our operations to the United States and Canada the impact of foreign exchange fluctuations to U.S. dollar, Canadian dollar

and euro can have further negative effect on our business. Even though we enter into currency swap transactions to hedge against such currency risk, in the context of such hedging transactions, we usually exchange collateral with our hedging counterparties, which might lead to an additional liquidity requirement. In cases in which we do not enter into collateral agreements with our counterparty at all or if posted collaterals do not match the underlying exposure, we are also exposed to the risk of the insolvency of the relevant counterparty. Furthermore, it is impossible to fully hedge exchange rate exposures. As a result, if the value of the euro declines against currencies in which our obligations are denominated or increases against currencies in which our sales are denominated, our business, financial condition, results of operations and prospects could be materially adversely affected.

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

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

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

Our intellectual property rights, including the AKASOL trademarks, company names and company signs, including the AKASOL logo, are important to our business. We rely on a combination of patent, design and trademark registrations, intellectual property laws, as well as contractual arrangements, as appropriate, to establish and protect our intellectual property rights. We hold patent, design and trademark registrations for certain of our products in various jurisdictions. Such intellectual property protection is often only available for a limited period of time, and certain protections may expire in a particular country but continue to be in force in other countries. While we attempt to obtain broad patent and trademark protection by corresponding registrations, in certain instances, we may fail to obtain adequate protection. Additionally, in certain cases, particularly with respect to software product components, we have intentionally not applied for intellectual property protection so as not to disclose technical details of products which could enable competitors to reverse engineer aspects of our products that we consider to represent a competitive advantage. Any failure to obtain adequate protection of our intellectual property rights, due to statutory or other restrictions or prior third-party rights, among other reasons, may result in lost sales and growth opportunities or, in certain cases, the complete loss of the intellectual property rights in question. We may not be able to secure intellectual property rights in the future or be able to uphold intellectual property rights we currently hold.

If third parties infringe on our intellectual property rights, we would have to defend those rights. This could result in lengthy litigation or administrative proceedings and significant litigation costs. Such defense may also

require significant time, effort and other resources that could otherwise be devoted to our business operations. There is also a risk that third parties, including competitors and, in the case of unfair competition claims, consumer protection organizations or competition authorities or associations, may claim that our products, trademarks, company marks (particularly, company names) or other designations, communications or activities infringe, or have infringed, on such third parties' intellectual property rights (particularly, patent, trademark or company name rights) or applicable unfair competition laws. In the event of such a claim, we may also be required to spend significant time and effort and incur significant litigation costs to defend ourselves, regardless of whether the claim has merit. Furthermore, any such claims, lawsuits and proceedings could result in significant payments to compensate for damages or the necessity to enter into license agreements under economically unfavorable terms. In addition, any such lawsuits, proceedings and other claims could lead to injunctions against us that may cause lost sales and revenue, or even significant restrictions and disruption to our business and operations. In particular, if third parties infringed our intellectual property rights by pirating our products, this could also significantly damage our reputation as a result of lower quality products being sold under our branding.

We also rely on certain technology, know-how and business and trade secrets that cannot be protected through intellectual property rights. Consequently, there is a risk that third parties, in particular competitors, may copy such technology and know-how or develop it independently and later challenge our use of it.

In addition, employees who leave us may go to work for a competitor, and in the course of their employment with us, typically have access to important proprietary information which may or may not be protected by intellectual property rights. Although we rely on various confidentiality agreements and technical precautions to protect our technology, know-how and other proprietary information, there is no guarantee that these agreements and precautions will provide sufficient protection in the case of any unauthorized access or use, misappropriation or disclosure of such information. Defending against any unauthorized access or use, misappropriation or disclosure of our technology, know-how, and other proprietary information may result in lengthy and costly litigation or administrative proceedings and cause significant disruption to our business and operations. If we are unable to protect or effectively enforce our proprietary technology and information, this could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

In addition, under the terms of the contracts with our clients, we may be obligated to protect our intellectual property worldwide at our own cost and without reasonable limitations.

If any of the risks above materialized, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

3.1.31 Our competitors possess intellectual property rights that we have to identify and not infringe upon. Accordingly, we are exposed to various risks with respect to third-party intellectual property rights.

Third parties and specific competitors generate patents and possess intellectual property rights, to which we are required to adhere. Such third-party intellectual property rights have to be identified and their relevance to our products, processes and developments must be assessed. We may not be aware of all patents and patent applications that may impact our ability to develop, manufacture or sell our products. Other parties may have filed, or may file in the future, patent applications covering battery and manufacturing technologies similar to ours. Because patents can take many years to issue, there may be applications currently pending, unknown to us, which may later restrict the commercialization of certain of our products.

As we also source parts, components and other raw materials from suppliers (*e.g.*, cell suppliers); we risk infringing on the intellectual property rights of third parties in this context as well. Due to the growing complexity of sourced components and products, monitoring such third-party intellectual property rights

proves increasingly difficult. Patent license and patent cross-license agreements are common practice in our industry. Patent license and cross-license agreements might also be at risk if our counterparties were to become insolvent. Technology covered by third-party intellectual property rights may be unavailable to us or available only on unfavorable terms and conditions. The validity of intellectual property rights owned by third parties may need to be challenged while at the same time alternative solutions avoiding use of third-party rights may need to be identified and developed. However, we may not be successful in all cases, or we may not be able to obtain all licenses necessary to use technology relevant to us.

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

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

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

3.2 Legal, regulatory and tax risks

3.2.1 We are and may become subject to risks from liability claims, and other litigation and arbitration proceedings.

We could be subject to a variety of claims arising in the ordinary course of our business, including contract claims and claims alleging violations of intellectual property rights, or applicable laws regarding workplace and employment matters. We could become subject to other lawsuits related to these or different matters in the future. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, claims may be expensive to defend and may divert time and money away from our operations and hurt our performance. A judgment in excess of our insurance coverage for any claims could materially and adversely affect our financial condition and results of operations. Any adverse publicity resulting from these allegations may also materially and adversely affect our reputation or prospects, which in turn could materially adversely affect our business, financial condition and results of operations.

3.2.2 We are subject to numerous environmental, health and safety laws and regulations, which are becoming increasingly stringent.

Our products and business operations are subject to a broad range of local, national and supranational laws and regulations in the jurisdictions in which we operate and market our products. For example, we may only

place products into the market that comply with applicable substance restrictions and safety requirements in a given country. Furthermore, we must comply with the applicable rules when transporting our products, including various restrictions on the transportation of certain battery cell chemistries by air. Amendments or revisions to the list of restricted substances under such laws and regulations may require changes to our product designs or production processes. In addition, some of our products (including our processed raw materials) are subject to extensive industrial hygiene regulations governing the registration and safety analysis of their component substances. For example, in connection with Regulation (EC) No 1907/2006 on Registration, Evaluation, Authorization and Restriction of Chemicals ("**REACH Regulation**"), various substances on their own, in mixtures or in articles, some of which are included in our products, may be subject to (stricter) registration and authorization requirements.

Our business operations must also comply with laws and regulations relating to the protection of natural resources, the management of hazardous substances, waste, air emissions, water discharges, as well as the use, management, storage, treatment, transportation and disposal of waste and other byproducts, the protection and restoration of plants, wildlife and natural resources, the investigation and remediation of contaminated property, and public and workplace health and safety (such as rules regarding the handling of carcinogenic substances and rules governing the use of protection equipment). Many applicable laws and regulations, as well as amendments to existing ones, have become more stringent in recent years, particularly in the EU. Non-compliance with applicable laws and regulations could also harm our reputation generally or the market acceptance of our products.

In addition, our production facilities require various licenses and permits, particularly regarding air emissions and waste water discharge, and must comply with the requirements specified therein. The relevant regulatory authorities carry out inspections from time to time to ascertain our compliance with applicable laws, regulations and permits. Compliance demands may require us to incur significant costs, and violations may result in substantial fines or penalties, temporary or permanent production facility closures, criminal convictions and civil liability. Moreover, regulatory authorities could suspend our operations or refuse, on a timely basis, or at all, to issue or renew the permits and authorizations we require for operating our business or for placing our products in the market. We could also be required to upgrade or change our facilities or machinery, which could result in significant costs. We anticipate that the jurisdictions in which we conduct business, particularly the EU, will continue to develop increasingly strict environmental laws and regulations, and to interpret and enforce existing laws and regulations more aggressively. While many environmental, health and safety laws and regulations have already been harmonized at the EU level, member state governments remain, in principle, free to adopt regulations that are stricter than those required by the EU. We may not be able to comply with all applicable laws and regulations at all times, and the costs of complying with current and future environmental, health and safety laws, as well as liabilities arising from past or future violations, may materially affect our business, financial condition, results of operations and prospects.

3.2.3 Our efforts to expand in certain markets are subject to a variety of business, economic, legal and political risks.

We intend to expand our activities in a number of new markets in the coming years, in particular in North America, because we believe these markets offer significant business potential. As a result of our expansion strategy, we are exposed to potential social, political, legal and economic instability in such markets. Any of the following circumstances could affect our operations in these markets: underdeveloped infrastructures; lack of qualified management or adequately trained personnel; currency exchange controls; exchange rate fluctuations and devaluations; changes in local economic conditions; governmental restrictions on foreign investments; restrictions on the transfer or repatriation of funds; protectionist trade measures, such as anti-dumping measures, duties, trade barriers, tariffs or embargoes; prohibitions or restrictions on acquisitions or joint ventures; changes in laws or regulations and unpredictable or unlawful government actions; the difficulty of enforcing agreements and collecting receivables through foreign legal systems; variations in protection of intellectual property and other legal rights; potential nationalization of enterprises or other expropriations; and political or social unrest or acts of sabotage or terrorism. Since we attempt to anticipate our future personnel needs in line with our envisaged personnel growth strategy, we may inadvertently hire too many or too few employees if we incorrectly estimate the pace of our growth strategy. Furthermore, as personnel

costs have a significant effect on our business, we are also exposed to the risks of labor cost inflation as we move into new markets.

The realization of any of these risks could have a material adverse effect on our cash flows, business, financial condition, prospects and results of operations.

3.2.4 Our risk management system and our compliance controls, policies and procedures, including internal controls over financial reporting, may fail to prevent or detect corruption, fraud or other criminal as well as any other unauthorized behavior.

Under German corporate law, the management of a stock company (*Aktiengesellschaft*) is responsible for maintaining adequate internal controls, among other things, over financial reporting. In line with this requirement, we have a risk management and reporting program which seeks to enable us to identify disproportionate factual and legal risks promptly, control them and avoid their escalation to the extent possible. Our risk management and reporting policies and procedures may not be able to meet the increased risk monitoring demands within an appropriate timeframe, or always function properly or efficiently. We may also not be able to identify all risks associated with a certain operation; our management may also misinterpret the results of the risk management and reporting system. Furthermore, our internal control policies and procedures may not be sufficient to detect electronic fraud attempts via viruses, “back doors”, “Trojan horses”, “worms”, etc. The materialization of any of the risks described above could adversely affect our business, financial condition and results of operations.

We have also put in place policies intended to prevent direct or indirect acts of corruption, bribery, anticompetitive behavior, money laundering, terrorist financing, breaches of sanctions, fraud, deception, tax evasion and other criminal or otherwise unacceptable conduct. However, such policies may be insufficient or individual employees may not adhere to their letter or spirit. Members of the Supervisory Board or the Management Board as well as employees, authorized representatives, agents or resellers may intentionally or unintentionally violate applicable laws and internal policies, standards and procedures. We may not be able to timely identify such violations, evaluate them correctly or take appropriate countermeasures. Furthermore, our compliance and risk management systems may not be appropriate for our size, complexity and geographical diversification or may otherwise fail for various reasons.

With respect to corruption, The UK Bribery Act, the U.S. Foreign Corrupt Practices Act, and other similar anti-bribery and anti- corruption laws and regulations in the jurisdictions where our operations are located, generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or retaining business. Such violations, or allegations of such violations, could disrupt our business and result in a material adverse effect on our business, financial condition, results of operations and cash flows.

Sanctions regimes imposed by governments, including those imposed by the European Union, the United States (including through the Office of Foreign Assets Control), or other countries, states or international bodies, could operate to restrict us from engaging in trade or financial transactions with certain countries, businesses, organizations and individuals. The legislation, rules and regulations which establish sanctions regimes are often broad in scope and difficult to interpret, and in recent years, governments have increased and expanded certain of these regimes and applied them more frequently.

Should we be deemed to have violated any existing or future European, United States or international sanctions, this could result in fines or other penalties that may have a negative impact on our reputation and financial position as well as its ability to conduct business in certain jurisdictions or access international capital markets, and therefore could have a material adverse effect on our business, financial condition, prospects and results of operations.

In addition, in various jurisdictions we are subject to laws and regulations related to anti-money laundering. In order to increase our compliance with such laws, we have implemented policies generally discouraging cash transactions except for certain transactions approved by management. These policies may, however, not be implemented or followed consistently, and we may be subject to liabilities for breaches of such laws and regulations. This could, in turn, adversely affect our business, financial condition, prospects and results of operations.

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

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

3.2.6 Labor disputes or unionization activities may disrupt our operations and affect our profitability.

As an employer, we may be subject to various employment-related claims, such as court actions or government enforcement actions relating to alleged wage-hour, labor standards (including accuracy of timekeeping), employee participation, maternity and paternity leave, healthcare and benefit issues, or employment discrimination. Timekeeping irregularities could cause investigations. Such actions, if brought against us and successful in whole or in part, may affect our ability to compete or could materially adversely affect our business, financial condition, prospects and results of operations.

We, as well as our suppliers, logistics companies or distribution partners could become subject to operating interruptions caused by strike and work stoppages as a result of measures within the framework of collective bargaining agreed or other labor disputes. This could affect the production or distribution of our products. For example, a strike at one of our suppliers could suspend our raw materials (*inter alia,* cells) and components supply such that we could no longer produce and deliver our products. This could result in decreased sales, which would have a materially adverse effect on our business, financial condition, results of operations and prospects.

In addition, our employees may elect to be represented by labor unions in the future. If a significant number of our employees were to become unionized and the terms of collective bargaining agreements, including possible internal collective bargaining agreements, were significantly different from our current, external collective bargaining agreements, it could adversely affect our business, financial condition and results of operations. In addition, a labor dispute involving some or all of our employees may harm our reputation, disrupt our operations and reduce our revenue, and resolution of disputes may increase our costs, which could have a material adverse effect on our business, financial condition, prospects and results of operations.

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

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

As a result of current or future tax audits or other review actions of the relevant financial authorities, additional taxes (for example, in connection with acquisitions and restructuring measures as well as the attribution of profits among our German permanent establishments) could be assessed, which could lead to an increase in our tax obligations, including interest and penalty payments or social security payments, either as a result of the relevant tax payment being assessed directly against us or as a result of us becoming liable for the relevant tax as a secondary obligor due to the primary obligor's (such as, for example, an employee) failure to pay.

3.2.8 Changes to accounting rules or regulations, including those related to the accounting of lease contracts (IFRS 16), or management's judgment in the application of accounting rules may adversely affect our results of operations.

IFRS 15 – Revenues from Contracts with Customers. The IASB published the new standard on revenue recognition, IFRS 15, on May 28, 2014. The endorsement by the European Union was issued in the third quarter of 2016. The standard particularly aims to standardize existing regulations and thus improve transparency and comparability of financial information. According to IFRS 15, sales revenue is recognized when control of the agreed-upon goods or services and the benefits obtainable from them are transferred to the customer. Sales revenue is measured at the amount the entity expects to receive in exchange for goods and services. We have voluntarily applied the standard from the date of transition to IFRS, January 1, 2015.

IFRS 16 – Leases. The IASB published the new standard on leasing, IFRS 16, on January 13, 2016. The standard requires an accounting model for a lessee that recognizes all right-of-use assets and liabilities from lease agreements in the balance sheet, unless the term is 12 months or less or the underlying asset is of low value (up to $5,000). As for the lessor, the new standard substantially carries forward the accounting requirements of IAS 17 – Leases. The European Union endorsed the new standard in the fourth quarter of 2017. The new standard will be effective for reporting periods beginning on or after January 1, 2019. We do not plan to adopt these amendments early. We have begun to analyze the potential effects of this change on our Financial Statements and intend to make use of the practical experience gained in the process. However, it is assumed that a minor number of leasing agreements that currently represent operating leases are to be reported in the balance sheet. As well as increasing our total assets, the type of expenses associated with operating leases will change, as IFRS 16 replaces the straight-line expenses for operating leases with a depreciation charge for right-of-use assets and interest expenses on liabilities arising from the lease. We intend to recognize the adjustments arising from the transition to IFRS 16 using the modified retrospective method as a cumulative effect directly in other retained earnings as of January 1, 2019 without a restatement of comparative information.

IAS 38 — Intangible Assets. Further, according to IAS 38, intangible assets that have been recognized under IAS 38 and thus correspond to the costs clearly attributable to the assets, the technical feasibility and marketability are confirmed and the anticipated realization of future economic benefits has been affirmatively demonstrated; there is therefore currently no need for impairment. Development costs may not be recoverable, however, if our clients subsequently do not issue any serial production orders or if orders of the required magnitude or quantities we sell are significantly lower than expected.

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

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

3.3 Risks relating to the shares, the offering, the listing and our shareholder structure

3.3.1 There is no existing market for the Shares and an active or liquid market might not develop.

Prior to the initial public offering of 2,433,041 Shares (the "**Offer Shares**") (the "**Offering**"), there has been no public offering of or public trading in the Shares. An active, liquid trading market for the Shares might not develop or be sustained following the listing of the Shares on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the

sub-segment thereof with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (the "**Listing**"). The offer price of the Shares in the Offering will be determined and established by the Company after consultation with Citigroup Global Markets Limited, COMMERZBANK Aktiengesellschaft and Bankhaus Lampe KG (collectively, the "**Underwriters**") on the basis of the book-building procedure. The offer price determined and established in this manner may not correspond to the price at which the Shares will be traded on the Frankfurt Stock Exchange after the Offering. Active trading in the Shares might not develop or continue after the Offering, in particular given a free float of approximately 40.14% of the total share capital (assuming that all Offer Shares are placed and that the greenshoe option (the "**Greenshoe Option**") to purchase up to 221,185 additional existing ordinary bearer shares from the holdings of the Selling Shareholders at the offer price is exercised in full). If fewer than all Offer Shares are sold or the Greenshoe Option is not exercised in full or at all, the free float and thus the liquidity of the Shares after the Listing will be lower, which may have an additional adverse effect on investors' ability to trade the Shares. Investors may not be in a position to sell their Shares quickly or at the market price if there is no active trading in the Shares. If an active market for the shares does not develop after the Listing, the liquidity and market price of the Shares may be materially adversely affected. This could adversely affect our business, financial condition, prospects and results of operations.

3.3.2 Even if all Offer Shares are placed in the Offering, Schulz Group GmbH will be able to continue to exercise substantial influence over the Company and its business activities. The interests of Schulz Group GmbH could conflict with the interests of our other shareholders.

Upon completion of the Offering, Schulz Group GmbH (the "**Major Shareholder**") will hold in total approximately at least 46.72% of the issued shares (assuming the placement of all Offer Shares and exercise of the Greenshoe Option in full). The Major Shareholder will be in a position to exert substantial influence at the Company's general shareholders' meeting (the "**General Shareholders' Meeting**") and, consequently, on matters decided by the General Shareholders' Meeting, including the appointment of members of the Supervisory Board, the distribution of dividends, and any proposed capital increases. The Major Shareholder's future stake in the Company will enable it to block certain corporate measures that require the approval of the Company's General Shareholders' Meeting. In addition, the interests of the Major Shareholder may substantially deviate from, or conflict with, the Company's interests or the interests of the Company's other shareholders. The Major Shareholder might exercise influence over the Company in a way that does not serve the interests of the Company's other shareholders. This could adversely affect our business, financial condition, prospects and results of operations.

3.3.3 Future sales of Shares or anticipated sales of a substantial number of Shares in the Company or similar transactions conducted by the Selling Shareholders or other shareholders could adversely affect the Share price.

Assuming that all of the Offer Shares have been placed in the Offering (excluding the Over-Allotment Shares), the existing shareholders in the Company will continue to hold approximately 63.51% of the share capital of the Company. In case the Greenshoe Option is exercised in full, the existing shareholders will continue to hold an interest of approximately 59.86% of the share capital of the Company. Future sales of Shares by the existing shareholders may have a material adverse effect on the price of the Shares. The Selling Shareholders have undertaken to each of the Underwriters that during a period of 12 months following the first day of trading of the Company's shares on the Frankfurt Stock Exchange (the "**Lock-Up Period**") they will not without the prior written consent by the Joint Global Coordinators directly or indirectly sell additional Shares or enter into similar transactions. However, should the Selling Shareholders take such actions (potentially with the consent of the Joint Global Coordinators), or should the market come to the conclusion that such events might happen, this could have a material adverse effect on the price of the Shares, even after expiration of the Lock-Up Period. The same applies if other groups of large shareholders make sales or similar transactions of a substantial number of shares in the market, or if the market believes that such sales or similar transactions might occur. Such sales or similar transactions could also make it more difficult for the Company to issue new shares in the future at a time and price that the Company deems appropriate. This could adversely affect our business, financial condition, prospects and results of operations.

3.3.4 Future capital-related measures, such as future offerings of debt or equity securities by the Company or the exercise of possible future stock option programs, may adversely affect the market price of the Shares and could result in a substantial dilution of existing shareholdings in the Company.

The Company may require further capital in the future to finance its business operations and planned growth. Therefore, the Company may seek to raise capital through offerings of debt securities (possibly including convertible debt securities), additional equity securities or to implement possible future stock option or employee stock matching programs. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds, or the exercise of a stock option or employee stock matching program could adversely affect the market price of the Shares and would dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions may not be able to acquire or exercise any subscription rights due to local laws. Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as a potential exercise of stock options and the issuance to our employees in the context possible future stock option or employee stock matching 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 abovementioned measures, with dilutive effects on existing shareholders, or any other announcement of such proposal, could adversely affect the market price of the Shares. Until the expiration of a period of six months after signing the Underwriting Agreement (as defined below) in relation to the Offering, the Company has undertaken not to offer or sell any Shares directly or indirectly, or announce such sale or take any other measures equivalent to a sale in economic terms without the Underwriters' prior written consent. Nevertheless, also during this six-month period and in particular after the expiration of this period, the Company may take any of these actions or propose such actions to the general shareholders' meeting. Furthermore, it cannot be ruled out that the market comes to the conclusion that the Company will take such actions, irrespective of the actual plans of the Company. This could have a material adverse effect on the price of the Shares and thus adversely affect our business, financial condition, prospects and results of operations.

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

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

3.3.6 The price at which the Shares will be traded and the trading volume of the Shares may be volatile, and investors could lose all or part of their investment.

Following the Listing of the Shares, the price of the Shares will be affected primarily by supply and demand for such Shares and could fluctuate significantly due to changes and fluctuations in trading volumes in the Shares, a changing number of Shares in the free float and other factors such as fluctuations in our actual or projected operating results or those of our competitors, changes or failure to meet earnings projections and expectations of investors and analysts, changes in market valuation of similar companies, changes in investor and analyst perceptions of us and our industry, publications of research reports about us or our industry, the failure of analysts to cover the Shares after the Listing, changes in general economic conditions, changes in the shareholder structure and other factors, such as departure of key personnel, the activities of competitors and suppliers, litigation and governmental investigations or changes in the statutory framework in which we operate affecting us or the markets in which we operate. In addition, general fluctuations in share prices and trading volumes, especially those of companies in the same industry in which we operate, or general market conditions or a general downturn in worldwide or local stock markets, may put pressure on the price of the Shares without there being a specific reason for this relating to our business, actual results, financial condition

or earnings outlook. In addition, the comparatively small free float in terms of absolute number of Shares may intensify these share price fluctuations. Fluctuations in the price of the Shares could themselves have a material adverse effect on the overall price of the Shares. Fluctuations could also make it more difficult for the Company to issue new Shares in the future at a time and price that the Company deems appropriate. This could adversely affect our business, financial condition, prospects and results of operations.

3.3.7 The Offering may not take place.

The underwriting agreement entered into by the Company, the Selling Shareholders and the Underwriters (the "**Underwriting Agreement**") provides that the obligations of the Underwriters are subject to various conditions, including, among other things, the conclusion of a pricing agreement, and also provides that the Underwriters may terminate the Underwriting Agreement under certain circumstances. In the event of a non-occurrence of conditions or a termination of the Underwriting Agreement, the Offering will not take place. Claims for securities commissions already paid and other costs incurred by investors in connection with their purchase are solely subject to the legal relationship between the respective investor and the institution where the purchase order was placed. Allotments to shareholders already affected will be void. In such a case, investors have no claim to receive Shares of the Company. Short sellers bear the risk of not being able to meet their share delivery obligations. This could adversely affect our business, financial condition, prospects and results of operations.

3.3.8 The Company's ability to pay dividends depends, among other things, on its financial condition and results of operations.

We did not pay any dividends to our shareholders in the past and currently do not intend to pay dividends in the foreseeable future. Any potential future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the level of distributable profit for the respective year, our results of operations, financial condition, our investment policy, market developments and capital requirements based on our financial statements prepared in accordance with the German Commercial Code (*Handelsgesetzbuch*, "**HGB**") as well as shareholders' consent. There can be no assurances that our or our subsidiaries' performance will allow us to pay dividends in the foreseeable future. In particular, the ability to pay dividends may be impaired if any of the risks described in this section were to materialize.

Any of these factors, individually or in combination, could restrict our ability to pay dividends and could cause the price of the Shares to fall, in which case investors could lose some or all of their investment. This could adversely affect our business, financial condition, prospects and results of operations.

3.3.9 We will incur increased costs as a result of operating as a public company, and its management will be required to devote substantial time to new compliance initiatives and to additional legal, regulatory and administrative requirements. If we fail to comply with these requirements, it will possibly damage its reputation and may affect an investment in the Shares.

As a public company whose shares are listed on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the sub-segment with additional post-admission obligations (*Prime Standard*), we will incur significant accounting, legal and other expenses that it did not incur as a private company. In particular, we will be required to issue half-year interim financial statements as well as quarterly interim reports (*Quartalsmitteilungen*) for the first time and will incur other significant costs associated with its compliance with the public company reporting requirements of the German Securities Trading Act (*Wertpapierhandelsgesetz – "**WpHG**"*) (which have been partly replaced as of July 3, 2016 by the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse (market abuse regulation) and repealing Directive No. 2003/6/EC of the European Parliament and of the Council and Commission Directives No. 2003/124/EC, No. 2003/125/EC and No. 2004/72/EC ("**Market Abuse Regulation**"), the German Stock Exchange Act (*Börsengesetz*) and the Stock Exchange Regulation of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*). Compliance with these rules and regulations will increase our legal and financial compliance costs, introduce new costs (including stock exchange listing fees and costs related to investor relations, shareholder reporting and costs of (annual) general meetings),

require management attention and time to be spent by the management and make certain activities more time consuming and costly. They also might make it more difficult for us to obtain director and officer liability insurance at reasonable costs and we may incur substantial costs to maintain sufficient coverage.

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

To date, we only have limited personnel resources to ensure compliance with capital markets laws and the members of our management have no or only limited experience with regard to managing a listed entity as well as regarding the specific challenges a stock exchange listing bears for the management. Therefore, we might fail to establish and maintain effective systems of internal control over financial reporting or other obligations related to the Listing. These include the obligation to issue half-year interim financial statements and quarterly interim reports for the first time and no assurance can be given that we will comply with such regulations in the future given the fact that we are currently in the process of adjusting our internal functions towards such future requirements and did not have a fully developed internal financial reporting system in the past. In addition, we have heavily relied on external advisers, and will also need to invest significantly in internal resources going forward, in order to comply with these and other relevant requirements. If we fail to provide the necessary data or violates any other applicable rules and regulations, it might be faced with administrative proceedings which could, among other things, result in fines being imposed on the Company and ultimately the revocation of the listing order by the Frankfurt Stock Exchange. Furthermore, such non-compliance with the applicable rules and regulations would possibly damage our reputation and may affect an investment in the Shares. This could adversely affect our business, financial condition, prospects and results of operations.

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

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

3.3.11 A proposed financial transaction tax could result in a substantial new tax burden in the secondary market for investors buying our shares and trading them in an EU member state which implements such a tax.

On February 14, 2013, the European Commission published a proposal for a directive for a common financial transaction tax ("**FTT**"). Currently, Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, a "**Participating Member State**") are negotiating the introduction of the FTT. The scope of such tax and the timing of its implementation remain unclear.

If the FTT applies to transactions relating to the Shares, including the buying and trading of the Shares, those transactions may be subject to additional tax burdens investors did not anticipate.

Additional member states of the European Union may decide to participate. Prospective investors in the offered shares are strongly advised to seek their own professional advice in relation to the FTT.

4. General Information

4.1 Responsibility for the contents of the Prospectus

AKASOL AG, with its registered office at Landwehrstraße 55, 64293 Darmstadt, Germany, a stock company (*Aktiengesellschaft*) registered with the commercial register maintained by the local court (*Amtsgericht*) in Darmstadt, Germany, under docket number HRB 97834 (hereinafter the "**Company**", the "**Issuer**", "**AKASOL**" "**we**", "**us**" or "**our**"), together with Citigroup Global Markets Limited, Citigroup Centre, 33 Canada Square, London E14 5LB, United Kingdom and COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany (together, the "**Joint Global Coordinators**"), and Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf, Germany (together with the Joint Global Coordinators, the "**Underwriters**" or the "**Joint Bookrunners**"), assume responsibility for the content of the Prospectus pursuant to Section 5(4) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and hereby declare that, to the best of their knowledge, the information contained in the Prospectus is correct and that no material circumstances have been omitted.

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

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

4.2 Subject matter of the Prospectus

The Prospectus relates to the public offering (the "**Offering**") of 2,433,041 ordinary bearer Shares with no-par value *(auf den Inhaber lautende Stammaktien*), each such Share with a notional interest of €1.00 in the share capital and with full dividend rights from January 1, 2018, consisting of:

- 2,061,856 newly issued ordinary bearer shares with no-par value from a capital increase against contributions in cash resolved by an extraordinary General Shareholders' Meeting of the Company held on June 8, 2018, as amended by resolutions of the Management Board and the Supervisory Board adopted on June 14, 2018 (the "**New Shares**");
- 150,000 existing ordinary bearer shares with no-par value from the holdings of Schulz Group GmbH, Felix von Borck, Stephen Raiser and Björn Eberleh (each of these selling shareholders hereinafter, individually, a "**Selling Shareholder**", and, together, the "**Selling Shareholders"**) (the shares offered by the Selling Shareholders in the Offering the "**Sale Shares**"); and
- 221,185 existing ordinary bearer Shares with no-par value from the holdings of the Selling Shareholders for purposes of a potential over-allotment (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares the "**Offer Shares**").

Furthermore, for the purposes of admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange, the Prospectus relates to up to 6,061,856 ordinary bearer Shares of the Company (entire share capital of the Company), each such Share with no-par value and a notional interest of €1.00 in the share capital and full dividend rights from January 1, 2018.

4.3 Forward-looking statements

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

legal conditions and other factors to which we are exposed. Statements made using words such as "predicts", "forecasts", "plans", "endeavors" or "expects" may be an indication of forward-looking statements.

Forward-looking statements in the Prospectus relate, *inter alia*, to:

- the implementation of our strategic plans and the impact of these plans on our business, financial position, cash flows and results of operations, including our ability to execute our growth strategy successfully, extend our production facilities and open new locations that are profitable;
- our expectations regarding the impact of economic, operating, legal and other risks affecting our business;
- current and future economic conditions and other economic factors;
- our ability to compete with other players in the industry; and
- the ramp-up of our serial production.

The forward-looking statements contained in the Prospectus are based on our current estimates and assessments made to our best present knowledge. These forward-looking statements, which merely reflect our opinion at the present time with respect to future events, are based on assumptions and are subject to risks, uncertainties and other factors, the occurrence or non-occurrence of which could cause actual circumstances – including with regard to our assets, financial position and results of operations as well as profitability – to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in the Prospectus, particularly in the Sections "*3. Risk Factors*", "10. *Selected Financial and Business Information*", "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*12. Market and Competitive Landscape*", "*13. Business*" and "*25. Recent Developments and Outlook*". Even if our future results meet the expectations expressed in this Prospectus, they may not be indicative of the results of any succeeding periods.

In light of the uncertainties and assumptions, it is also possible that the future events mentioned in the Prospectus may not occur or may differ materially from actual events. In addition, the forward-looking estimates and forecasts included in the Prospectus from third-party reports could prove to be inaccurate – see Section 4. The foregoing may prevent us from achieving its financial and strategic objectives.

Our business is subject to risks and uncertainties which may render a forward-looking statement, assessment or forecast incorrect. These risks (described in more detail in Section "3. *Risk Factors*"), uncertainties, assumptions and other factors include in particular:

- changes in general economic conditions, in particular in the e-mobility industry;
- changes in the markets in which we operate, including changing market trends;
- changes in political conditions in countries in which we operate;
- changes in competition as well as downward pressure on prices and profitability;
- the occurrence of commercial, performance or other operational risks;
- changes in laws and regulations;
- changes due to technological advances;
- changes affecting interest rate levels;
- changes affecting currency exchange rates;

and other factors described in the Prospectus.

Investors should therefore ensure that they have read Sections 3, 10, 11, 13, 15 and 27, which include more detailed descriptions of factors that might influence our business performance and the markets in which we operate.

The forward-looking statements contained in the Prospectus speak only as of the date of the Prospectus. It should be noted that neither we nor any of the Underwriters assume any obligation and do not intend, except as required by law, to publicly release any updates or revisions to these forward-looking statements to reflect

any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based or to adjust them in line with future events or developments. See Section 3 for a further description of some of the factors that could influence our forward-looking statements.

4.4 Information from third parties and Company estimates

Information provided in the Prospectus on the market environment, developments, growth rates, trends, competitive situation in the markets and market segments in which we operate is based on data, statistical information, industry and market research reports, publicly available information, sales and other performance data we receive from third-party information as well as on Company estimates, unless otherwise indicated.

Specifically, the following sources were used in the preparation of such information used in the Prospectus:

- *Allianz Risk Pulse,* The megacity state: The world's biggest cities shaping our future, November 2015 ("**Allianz Risk Pulse**"), https://www.allianz.com/v_1448643898000/media/press/document/Allianz_Risk_Pulse_Megacities_20151130-EN.pdf (site last accessed on May 4, 2018);
- *Allied Market Research*, World Lithium-Ion Battery Market, March 2016 ("**World Lithium-Ion Battery Market**");
- *Bloomberg New Energy Finance*, 2017 Global Energy Storage Forecast, 2017 ("**Bloomberg Global Forecast**");
- *Bloomberg New Energy Finance*, Electric Vehicles to Accelerate to 54% of New Car Sales by 2040, July 2017 ("**Bloomberg: Electric Vehicles to Accelerate** ");
- *BMW Blog,* BMW i3 with longer range arriving in 2018, September 2017 ("**BMW Blog**"), http://www.bmwblog.com/2017/09/18/bmw-i3-longer-range-arriving-2018/ (site last accessed on May 4, 2018);
- *EPA,* International Standards to Reduce Emissions from Marine Diesel Engines and their Fuels, 2018 ("**EPA**"), https://www.epa.gov/regulations-emissions-vehicles-and-engines/international-standards-reduce-emissions-marine-diesel#regulations (site last accessed on May 4, 2018);
- *Atlas Copo / Epiroc,* Atlas Copco targets zero-emission underground mining, 2017 ("**Atlas Copo / Epiroc**"), https://www.epiroc.com/en-uk/newsroom/2017/atlas-copco-targets-zero-emission-underground-mining-focus-development-on-battery-driven-machinery (site last accessed on May 4, 2018);
- *European Commission,* Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A policy framework for climate and energy in the period from 2020 to 2030, COM (2014) 15, 2015 ("***European Commission Communication***"), https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2014%3A15%3AFIN (site last accessed on May 4, 2018);
- *European Environment Agency*, Monitoring CO_2 emissions in 2016, 2017 ("**European Environment Agency**"), https://www.eea.europa.eu/publications/co2-emissions-new-cars-and-vans-2016/at_download/file;
- *Frost & Sullivan,* Hybrid-Electric Truck and Bus Market Growth Trajectories in North America and Western Europe, October 2016 ("**F&S-Electric Truck and Bus Market Growth**");
- *GMInsights,* Stationary Battery Storage Market Size – Growth Forecast Report 2030, July 2017 ("**GMInsights**"), https://www.gminsights.com/industry-analysis/stationary-battery-storage-market (site last accessed on May 4, 2018);
- *Inside EVs,* Volkswagen Targets Sales Of 2-3 Million EVs Annually By 2025, 30 All-Electric ("**Inside EVs**"), https://insideevs.com/volkswagen-group-targets-sales-of-1-million-electric-cars-annually-by-2025/ (site last accessed on May 4, 2018);
- *International Renewable Energy Agency*, Electricity storage and renewables: Costs and markets to 2030, October 2017 ("**International Renewable Energy Agency**"), http://www.irena.org/-/media/Files/IRENA/Agency/Publication/2017/Oct/IRENA_Electricity_Storage_Costs_2017.pdf (site last accessed on May 4, 2018);

- *The International Council on Clean Transportation,* The European Commission regulatory proposal for post-2020 CO_2 targets for cars and vans: A summary and evaluation, January 2018 ("**European Commission post-2020** CO_2 **targets**"), https://www.theicct.org/sites/default/files/publications/ICCT_EU-CO2-proposal_briefing_20180109.pdf (site last accessed on May 4, 2018);
- *International Energy Agency*, Global EV outlook 2016, 2016 ("**International Energy Agency 2016**"), https://www.iea.org/publications/freepublications/publication/Global_EV_Outlook_2016.pdf (site last accessed on May 4, 2018);
- *International Energy Agency*, Global EV outlook 2017, 2017 ("**International Energy Agency 2017**"), https://www.iea.org/publications/freepublications/publication/GlobalEVOutlook2017.pdf (site last accessed on May 4, 2018);
- *Öko-Institut e.V., IKT für Elektromobilität* – Wirtschaftlichkeit von Elektromobilität in gewerblichen Anwendungen, April 2015 ("**Öko-Institut**"), https://www.oeko.de/fileadmin/oekodoc/Gesamtbericht-Wirtschaftlichkeit-von-Elektromobilitaet.pdf;
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To the extent information in the Prospectus was derived from third-party sources, it has been reproduced accurately. As far as we are aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. However,

industry and market research reports and analyses and other sources of third-party information are frequently based on information and assumptions that may not be accurate, complete or technically correct, and their methodology is by nature forward-looking and speculative.

Such information generally states that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Irrespective of the assumption of responsibility for the contents of the Prospectus by us and the Underwriters (see Section "*4.1 Responsibility for the Contents of the Prospectus*") and the validity of the statements made in the previous paragraph of this section, neither we nor the Underwriters have verified the figures, market data and other information used by third parties in their studies, publications and financial information, or the external sources on which our estimates are based. We and the Underwriters cannot give any assurance as to the accuracy of market data contained in the Prospectus which has been taken or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. Therefore, irrespective of the validity of the statements made in the previous paragraph of this section, we and the Underwriters do not assume any liability for and offer no guarantee of the accuracy of the data from studies and third-party sources contained in the Prospectus or for the accuracy of data on which our estimates are based.

Furthermore, the Prospectus contains market estimates and other data and information which is based on our own assessments. These assessments, in turn, are based in part on our own observations of the market, on the evaluation of industry information and data that cannot be obtained from publications by market research institutes or from other independent sources or on internal assessments. We believe that our estimates of market and other data and the information that has been derived from such data assists investors to better understand the industry we operate in and our position within it. Our own estimates and the information derived from them have not been checked or verified externally. They may differ from estimates made by our competitors or from future studies conducted by market research institutes or other independent sources. We nevertheless assume that our own market observations are reliable.

4.5 Documents available for inspection

For the period during which the Prospectus is valid, copies of the following documents are available for inspection during regular business hours at our registered office at Landwehrstraße 55, 64293 Darmstadt, Germany:

- the Company's articles of association (the "**Articles of Association**");
- the Company's audited IFRS financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") for the financial years ended December 31, 2015, 2016 and 2017 (the "**Audited IFRS Financial Statements**");
- the audited unconsolidated financial statements in accordance with the German Commercial Code for the financial year ended December 31, 2017 (the "**2017 Audited HGB Financial Statements**"); and
- the Company's unaudited interim condensed financial statements as of and for the three-month period ended March 31, 2018 (with comparative figures for the three-month period ended March 31, 2017) prepared in accordance with IFRS applicable to interim financial reporting (IAS 34) (the "**Unaudited Interim Condensed Financial Statements**").

Future annual and interim financial reports of the Company will be available at our registered office (currently Landwehrstraße 55, 64293 Darmstadt, Germany), on our Internet website (https://www.akasol.com/investor-relations), and from the German Company Register (*Unternehmensregister*) (www.unternehmensregister.de). Annual financial reports will also be published in the electronic version of the German Federal Gazette (*Bundesanzeiger*).

4.6 Information regarding financial information and currency

4.6.1 Financial information

The financial information contained in the Prospectus is mainly taken or derived from the Unaudited Interim Condensed Financial Statements, the Audited IFRS Financial Statements and the 2017 Audited HGB Financial Statements, which are included in the Section "*25. Financial Information*". The Audited IFRS Financial Statements have been prepared in accordance with IFRS. The Unaudited Interim Condensed Financial Statements have been prepared in accordance with IFRS for interim financial reporting (IAS 34). The 2017 Audited HGB Financial Statements have been prepared in accordance with the German Commercial Code. Unless otherwise indicated, the term "**financial year"**' refers to a financial year of the Company, *i.e.*, a financial year beginning on January 1, in a given calendar year and ending on December 31 of the same calendar year.

The Audited IFRS Financial Statements and the 2017 Audited HGB Financial Statements were audited by BDO AG, Wirtschaftsprüfungsgesellschaft, registered at Fuhlentwiete 12, 20355 Hamburg, Germany, through its office located at Katharina-Heinroth-Ufer 1, 10787 Berlin, Germany (the "**Auditor**"). The Auditor is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany and has issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) on the Audited IFRS Financial Statements and the 2017 Audited HGB Financial Statements as included in the Prospectus.

With respect to the Audited IFRS Financial Statements and the 2017 Audited HGB Financial Statements, the Auditor conducted its audits in accordance with Section 317 German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e.V., IDW*). For further details on the financial information, see Sections "*10. Selected Financial and Business Information*" and "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Where financial information in the Prospectus is denoted as "audited", this means that it was taken from the Audited IFRS Financial Statements. The label "unaudited" is used in the Prospectus to indicate financial information that was not taken from the Audited IFRS Financial Statements but that was either taken or derived from the Unaudited Interim Condensed Financial Statements or our internal accounting records or management reporting systems or is based on calculations of these figures, or recomputed or derived from the Audited IFRS Financial Statements, the 2017 Audited HGB Financial Statements or the Unaudited Interim Condensed Financial Statements.

4.6.2 Information on currencies

In the Prospectus, "**euro**", "**EUR**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union. The amounts in "**U.S. dollar**" or "**$**" refer to the legal currency of the United States of America. Canadian dollar refers to the legal currency of Canada. "**SEK**" refers to the legal currency of Sweden. "**GBP**" refers to the legal currency of the United Kingdom.

Our principal functional currency is the euro and we prepare our financial statements in euro.

4.6.3 Note regarding figures and technical terms

Numerical figures contained in the Prospectus in units of thousands, millions or billions as well as percentages relating to numerical figures have been rounded in accordance with standard commercial practice. Therefore, totals or subtotals contained in tables may differ minimally from figures provided elsewhere in the Prospectus, which have not been rounded. Due to rounding differences, individual numbers and percentages may not add up exactly to the totals or sub-totals contained in the tables or mentioned elsewhere in the Prospectus. With respect to financial data set out in the Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0") signifies that the relevant figure is available and is zero, and a zero point zero ("0.0") signifies that the relevant figure has been rounded to zero.

Section 14 provides a brief overview of the technological background and advantages that our battery systems offer combined with a general explanation of selected technical terms and technologies relevant for a more

comprehensive understanding of our current and future product offering. A glossary of certain technical and financial terms and abbreviations used in the Prospectus is provided at the end of the Prospectus in Section "*26. Glossary*".

4.6.4 Alternative performance measures, and operating and non-financial measures

This Prospectus contains certain alternative performance measures, which are non-IFRS financial measures and ratios that our management and many of our peers in our industry use, including EBITDA, EBIT, EBIT margin, adjusted EBITDA, adjusted EBIT, adjusted EBITDA margin, adjusted EBIT margin, net debt, capital expenditures and trade working capital that are not required by, or presented in accordance with, IFRS (for further information see Section "*11.8 Discussion of Key Performance Indicators*"). Certain of these measures, including EBITDA and EBIT, are derived from IFRS accounts. These are alternative performance measures as defined in the guidelines on alternative performance measures issued by the European Securities and Markets Authority ("**ESMA**") on October 5, 2015 (the "**ESMA Guidelines**"). We present these alternative performance measures as supplemental information with respect to certain measures, and generally because we believe they may contribute to a fuller understanding of our cash generation capacity and the growth of our business and brand. We believe that the presentation of the alternative performance measures included in the Prospectus complies with the ESMA Guidelines. Apart from EBIT, the alternative performance measures included in the Prospectus have neither been reviewed nor audited by our Auditor, nor by any independent expert.

- We define EBITDA as net profit before interest expense, interest income and provision (benefit) for income taxes, depreciation and amortization.
- We define adjusted EBITDA as EBITDA adjusted for costs related to capital market transactions and adjusted EBITDA margin as the quotient of adjusted EBITDA and revenue, expressed as a percentage.
- We define EBIT as net profit before interest expense, interest income, provision (benefit) for income taxes and EBIT margin as the quotient of EBIT and revenue, expressed as a percentage.
- We define adjusted EBIT as EBIT adjusted for costs related to capital market transactions and adjusted EBIT margin as the quotient of adjusted EBIT and revenue, expressed as a percentage.

We consider each of EBITDA, EBIT, EBIT margin, adjusted EBITDA, adjusted EBIT, adjusted EBITDA margin and adjusted EBIT margin to be a more representative measure of our operating results because it eliminates certain non-cash expenses that are not reflective of the underlying business performance. We and many of our industry peers use these measures to facilitate a comparison of our operating performance on a consistent basis from period to period and to analyze the factors and trends affecting our business.

- We define net debt as the sum of certain financial liabilities under current liabilities and non-current liabilities (that is, the aggregated sum of liabilities to banks and liabilities to shareholders), less cash and cash equivalents.
- We define capital expenditures as the sum of additions to intangible assets and additions to property, plant and equipment.
- We define trade working capital as the sum of trade receivables and inventories less trade payables. Trade working capital only comprises current assets and liabilities that are related to daily operations. We consider trade working capital a more stringent measure of our short-term liquidity.

In addition to the financial information presented herein prepared under IFRS and the alternative performance measures as defined in the ESMA Guidelines, we also present in the Prospectus certain operating and non-financial measures such as order backlog (for further information see Section "*11.8 Discussion of Key Performance Indicators*"). These measures have also neither been reviewed nor audited by our Auditor, nor by any independent expert.

Neither the alternative performance measures nor the aforementioned operating and non-financial measures are defined by IFRS or under any other internationally accepted accounting principles, and investors should not consider such items as an alternative to the historical financial results or other indicators of our performance, liabilities or net assets based on IFRS measures. In particular, they should not be considered as alternatives to net profit or earnings before taxes as indicators of our performance, profitability or as

alternatives to cash flows from operating activities as an indicator of our financial strength. These measures may not be comparable to similarly titled measures as presented by other companies due to differences in the way our measures are calculated. Even though these measures are used by management to assess ongoing operating performance, indebtedness and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of our results, cash flows or assets and liabilities as reported under IFRS.

5. The Offering

5.1 Subject matter of the Offering

This offering (the "**Offering**") consists of 2,433,041 ordinary bearer Shares with no-par value (*auf den Inhaber lautende Stammaktien*), each such Share with a notional interest of €1.00 in the share capital and with full dividend rights from January 1, 2018, comprising:

- 2,061,856 newly issued bearer Shares with no-par value from a capital increase against contributions in cash resolved by an extraordinary General Shareholders' Meeting of the Company held on June 8, 2018, as amended by resolutions of the Management Board and the Supervisory Board adopted on June 14, 2018 (the "**New Shares**");
- 150,000 existing ordinary bearer Shares with no-par value from the Selling Shareholders (the "**Sale Shares**"); and
- 221,185 existing ordinary bearer Shares with no-par value from the holdings of the Selling Shareholders for purposes of a potential over-allotment (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares the "**Offer Shares**").

The Offering consists of initial public offerings of the Offer Shares in the Federal Republic of Germany ("**Germany**") and the Grand Duchy of Luxembourg ("**Luxembourg**") and private placements of the Offer Shares with institutional investors in certain other jurisdictions outside Germany and Luxembourg. In the United States, the Offer Shares will be offered for sale only to qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Outside the United States, the Offer Shares are being offered in "offshore transactions" within the meaning of, and in reliance on, Regulation S under the Securities Act. The Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States.

The share capital of the Company amounts to €4,000,000.00 as of the date of the Prospectus and is divided into 4,000,000 ordinary bearer shares with no-par value (all shares of the Company outstanding from time to time together the "**Shares**" and each share a "**Share**"). Each Share currently represents a notional value of €1.00 in the share capital of the Company.

On June 8, 2018, the General Shareholders' Meeting of the Company adopted a resolution, as amended by the Management Board on June 14, 2018, with the consent of the supervisory board (*Aufsichtsrat*) of the Company (the "**Supervisory Board**") of the same day, in favor of a capital increase against cash contributions of up to €2,061,856 in order to create the New Shares (the "**Offer Capital Increase**"). On June 27, 2018, the Management Board will resolve, with the consent of the Supervisory Board of the same day, on the number of New Shares to be issued. The resolution of the General Shareholders' Meeting relating to the Offer Capital Increase and the implementation of the Offer Capital Increase is expected to be registered with the commercial register on June 28, 2018. Assuming the issuance of the full amount of New Shares under the Offer Capital Increase, upon the implementation of the Offer Capital Increase, the Company's total share capital will amount to up to €6,061,856, divided into up to 6,061,856 ordinary bearer shares with no par value. All shares in the Company are and will be, respectively, fully paid-up.

Solely to cover over-allotments, if any, in connection with the Offering, the Selling Shareholders have granted the Underwriters an option (the "**Greenshoe Option**"), exercisable for 30 calendar days following the date on which the Shares commence trading on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange, to purchase up to 221,185 additional existing ordinary bearer Shares with no-par value from the holdings of the Selling Shareholders at the offer price (the "**Over-Allotment Shares**").

The Company will receive the proceeds from the sale of the New Shares (after deduction of commissions and expenses to be borne by the Company). The Company will not receive any proceeds from the sale of Sale Shares and Over-Allotment Shares. For further information see Section "*6 Reasons for the Offering and the Listing, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering*". Prior to the Offering, the entire share capital of the Company was held by the existing shareholders, see Section "*20. Shareholder Structure (Before and Adjusted for the Offering)*". Following completion of the

Offering and assuming full placement of the Offer Shares and full exercise of the Greenshoe Option, the existing shareholders will together hold approximately 59.86% of the Company's share capital. The Selling Shareholders will receive the proceeds from the sale of the Sale Shares and, to the extent the Greenshoe Option is exercised, the proceeds from the sale of the Over-Allotment Shares (after deduction of commissions and expenses to be borne by the Selling Shareholders).

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

5.2 Price range, Offering Period, Offer Price and number of Offer Shares

The price range within which offers to purchase may be submitted is between €48.50 and €64.50 per Offer Share (the "**Price Range**").

5.2.1 Offering Period

The period during which purchase orders for Offer Shares can be submitted will commence on June 18, 2018 and is expected to end on June 27, 2018 at 12:00 a.m. (noon) Central European Summer Time ("**CEST**") for retail investors and at 2:00 p.m. CEST for institutional investors (the "**Offering Period**"). Purchase orders are freely revocable until the respective Offering Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.

Retail investors (natural persons) may submit purchase orders for the public offering in Germany and Luxembourg during the Offering Period at the branch offices of the Underwriters as well as at COMMERZBANK's subsidiary, comdirect bank Aktiengesellschaft. Purchase orders must be denominated in full euro amounts or eurocent figures of 25, 50, or 75 cents. Multiple purchase orders are permitted. The minimum purchase order amount is 10 shares. There is no maximum amount for purchase orders.

5.2.2 Changes in Offering Terms

Subject to the publication of a supplement to the Prospectus, if required under the German Securities Prospectus Act, the Company and the Joint Global Coordinators reserve the right after consultation with Schulz Group GmbH, Felix von Borck, Stephen Raiser and Björn Eberleh (each a "**Selling Shareholder**" and, collectively, the "**Selling Shareholders**") to reduce or increase the number of Offer Shares, to lower or raise the lower or upper limit of the Price Range or to extend or shorten the Offering Period. If the number of Offer Shares, the Price Range or the Offering Period (collectively referred to as the "**Offering Terms**") is or are, as the case may be, changed, the change will be announced on our website (https://www.akasol.com/investor-relations) and be published via various media distributed across the entire European Economic Area (*Medienbündel*). To the extent required under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), a supplement to the Prospectus will be submitted to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – "**BaFin**") and published, after being approved by the BaFin, on our website (https://www.akasol.com/investor-relations). Any changes of the Offering Terms will also be published by way of a public disclosure in accordance Art. 17 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse ("**Market Abuse Regulation**") via various media distributed across the entire European Economic Area (*Medienbündel*) ("**Public Disclosure**"), if required under Art. 17 of the Market Abuse Regulation. Investors will not be notified individually. Changes to the Offering Terms will not invalidate purchase orders already submitted. Under the German Securities Prospectus Act, investors that have submitted a purchase order before a supplement is published have the right to revoke their purchase order within two business days after publication of the supplement. The revocation does not require any statement of grounds and is to be declared in text form to the person designated in the supplement as recipient of the revocation. Alternatively, investors that have submitted purchase orders prior to the publication of the supplement may, within two days after the publication of the supplement, change their purchase orders or submit new limited or unlimited purchase orders.

In the underwriting agreement entered into by the Company, the Selling Shareholders, and the Underwriters for the offer and sale of the Offer Shares in connection with the Offering on June 15, 2018 (the

"**Underwriting Agreement**"), the Underwriters have reserved the right to terminate the Offering under certain circumstances. The Offering may be terminated even after trading has commenced and until the Offer Shares have been delivered in book-entry form in exchange for payment of the Offer Price and the customary securities commissions. For further details see Section 22.

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

The final offer price (the "**Offer Price**") will be determined and established by the Company in consultation with the Joint Global Coordinators and the final number of Sale Shares and Over-Allotment Shares to be placed will be determined and established by the Company and the Selling Shareholders in consultation with the Joint Global Coordinators using the order book prepared during the bookbuilding process after the Offer Period has expired; it is anticipated that this will take place on or around June 27, 2018.

The determination of the final number of Sale Shares and Over-Allotment Shares to be placed and the determination of the Offer Price will be based on the purchase orders submitted by investors during the Offering Period which will be collected in the order book. 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 Sale Shares and Over-Allotment 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 Offer 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 Offer Shares noted in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting Offer Shares at a particular price but also to the composition of the group of shareholders in the Company that would result at a given price (so-called investor mix) and expected investor behavior. After the Offer Price and the final number of Offer Shares to be placed are determined, the Offer Shares will be allotted to investors. The Company will not charge any expenses and taxes related to the Offering to investors.

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

The final number of New Shares is expected to be published on June 27, 2018 by way of a Public Disclosure and on our website (https://www.akasol.com/investor-relations). The Offer Price and the final number of Offer Shares (*i.e.*, the results of the Offering) are expected to be published on or around June 27, 2018 by way of a Public Disclosure and on our website (https://www.akasol.com/investor-relations). Investors that have submitted purchase orders through an Underwriter are expected to be able to inquire as to the Offer Price and the number of Offer Shares that Underwriter has allotted to them no earlier than the bank business day following the determination of the Offer Price. The Offer Shares allotted are expected to be delivered in book-entry form against payment of the Offer Price and of the customary securities commissions payable to the depositary banks two banking business days after Listing of the Shares on the Frankfurt Stock Exchange. Trading may commence even before investors are notified of the number of Offer Shares they have been allotted. The Joint Bookrunners, after consultation with the Company and the Selling Shareholders, reserve the right not to accept investors' orders, either in whole or in part.

5.2.5 Expected timetable for the Offering

The projected timetable for the Offering is as follows:

June 15, 2018	Approval of the Prospectus by the BaFin
	Publication of the Prospectus on our website (https://www.akasol.com/investor-relations)
	Notification of the approval of the Prospectus to the Luxembourg Commission for the Supervision of the Financial Sector (*Commission de Surveillance du Secteur Financier* (*CSSF*))
June 18, 2018	Commencement of the Offering Period

June 18, 2018 (on or around)	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 subsegment thereof with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange
June 27, 2018	Expiration of the Offering Period at 12:00 a.m. (noon) CEST for retail investors and 2:00 p.m. CEST for institutional investors
	Determination of the final number of New Shares to be placed; Resolution on number of New Shares to be issued by the Management Board with approval of the Supervisory Board
	Publication of the final number of New Shares by way of a Public Disclosure and on our website (https://www.akasol.com/investor-relations)
	Pricing and allotment and publication of the Offer Price and the final number of Sale Shares and Over-Allotment Shares by way of a Public Disclosure and on our website (https://www.akasol.com/investor-relations)
June 28, 2018 (on or around)	Registration of the implementation of the capital increase in the commercial register (*Handelsregister*)
	Admission decision of the Frankfurt Stock Exchange and publication of the admission decision on the Frankfurt Stock Exchange's website (www.boerse-frankfurt.com)
June 29, 2018 (on or around)	Commencement of trading in the Company's shares on the Frankfurt Stock Exchange
July 2, 2018 (on or around)	Expected book-entry delivery of the Offer Shares allotted against payment of the Offer Price and customary securities commissions payable to the depositary banks

The Prospectus and any supplements thereto are scheduled to be published following approval thereof by the BaFin on our website (https://www.akasol.com/investor-relations). Print copies of the Prospectus and any supplements thereto will also be available free of charge during regular business hours at our registered office in Darmstadt, Germany.

5.3 Information on the Offer Shares

5.3.1 Voting rights

Each Offer Share confers one vote at the General Shareholders' Meeting of the Company. There are no restrictions regarding the voting rights other than the restrictions provided by law in certain cases and there are no different classes of voting rights.

5.3.2 Dividend rights, right to share in the liquidation proceeds and subscription rights

The Offer Shares carry full dividend rights from January 1, 2018. The annual General Shareholders' Meeting of the Company, which is held once a year within the first six months of the respective financial year, decides on the appropriation of any net retained profit and thus on the full or partial disbursement thereof to shareholders. The Management Board and the Supervisory Board are required to submit a recommendation on the appropriation of profit, but the annual General Shareholders' Meeting of the Company is not bound by such recommendation. Individual shareholders have no claim to the disbursement of dividends unless the annual General Shareholders' Meeting of the Company has passed a resolution to that effect. The annual

General Shareholders' Meeting of the Company may decide to make an in kind distribution in addition to, or instead of, a cash distribution. For details, see Section "*7. Earnings and Dividends per Share; Dividend Policy*".

By law, claims to the payment of dividends generally become time-barred after three years, after which time the Company may refuse to make any disbursement. Once the global share certificates representing the Company's Shares are deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"), Clearstream will automatically credit any dividends accruing on the Shares in the future to the securities accounts held at the respective custodian banks. Domestic custodian banks are under a corresponding obligation to their clients. Shareholders whose Shares are held in custodial accounts at foreign institutions should inform themselves about the procedure applicable at such institutions. Forfeited dividend claims shall accrue to the Company.

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

Shareholders have the right to subscribe for new shares issued pursuant to any future capital increases in a ratio proportionate to the respective interest they hold in the Company's current share capital (subscription right). No subscription rights exist in the case of contingent capital increases; otherwise, subscription rights may be excluded by resolution of the annual General Shareholders' Meeting of the Company or, if the annual General Shareholders' Meeting of the Company so authorizes, by resolution of the Management Board, subject to the consent of the Supervisory Board of the Company (for further details, see Section "*18. Information on the Company's Share Capital and further Material Provisions of the Articles of Association*").

5.3.3 Form and representation of Shares

All of the Shares are ordinary bearer shares with no-par value (*auf den Inhaber lautende Stammaktien*), each such share with a notional value of €1.00, and have been issued based on the provisions of the German Stock Corporation Act (*Aktiengesetz*).

The Company's current share capital in the amount of €4,000,000.00 will be represented by one global share certificate without dividend coupons, which will be deposited with Clearstream on or around June 18, 2018. An additional global share certificate without dividend coupon will be issued for the New Shares resulting from the Offer Capital Increase and will likewise be deposited with Clearstream prior to the Listing.

In accordance with Section 5.2 of the Articles of Association, the Management Board, determines the form and content of share certificates and any interim certificates, dividend coupons and renewal coupons. Pursuant to Section 5.3 of the Articles of Association, the Company is entitled to issue share certificates embodying individual shares (individual share certificates) or multiples of shares (global share certificates). Section 5.3 of the Articles of Association stipulates that the shareholders' right to the issuance of share certificates representing their respective shares shall be excluded to the extent permitted by law and unless certification is required under the rules applicable at a stock exchange on which the Shares are admitted to trading. The relevant certificates are signed by the Management Board.

5.3.4 Delivery and settlement

The Offer Shares allotted will be made available to investors as co-ownership interests in the respective global share certificate. Delivery of the Offer Shares allotted against payment of the purchase price and the customary securities commissions (*Effektenprovision*) payable to the depositary banks is expected to take place on July 2, 2018. Shares purchased in the Offering will, at the shareholder's discretion, be credited to the securities account of a credit institution for the account of such investor at Clearstream or to the securities account of a member in Euroclear Bank S.A. / N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, as the operator of the Euroclear System, or to Clearstream Banking S.A., 42 Avenue JF Kennedy, 1855 Luxembourg, Luxembourg.

5.3.5 Transferability

The Offer Shares are freely transferable in accordance with the legal provisions applicable to bearer shares. With the exception of the restrictions set out in Section "*5.8 Lock-up Agreements*", there are no restrictions on the transferability or lock-ups affecting the Shares of the Company.

5.3.6 ISIN, WKN and ticker symbol

International Securities Identification Number (ISIN)	DE000A2JNWZ9
German Securities Code (*Wertpapierkennnummer*) (WKN)	A2JNWZ
Ticker Symbol	ASL

5.3.7 Identification of target market

Each distributor is responsible for undertaking its own target market assessment with respect to the Shares and determining appropriate distribution channels.

Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II 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.

5.4 Existing Shareholders and Selling Shareholders

Immediately prior to the Offering, the existing shareholders of the Company hold 100% of the Company's outstanding share capital. It is expected that the existing shareholders will continue to hold approximately 59.86% of the Company's outstanding share capital upon completion of the Offering (assuming that the maximum number of Offer Shares is placed at the low end of the Price Range (and that none of the existing shareholders of the Company has been allotted Offer Shares) and full exercise of the Greenshoe Option). For further details on the ownership structure of the Company, see Section "*20. Shareholder Structure (Before and Adjusted for the Offering*)".

Of the existing shareholders, the Selling Shareholders plan to place part of their shares in the Company from their respective holdings in connection with the Offering. The existing shareholders of the Company (other than the Selling Shareholders) may also submit purchase orders for the Offer Shares as described in Section 5.

5.5 Allotment criteria

Except for the instruction in connection with the capital increase relating to the Offering as described in Section 5, no agreement exists among the Company, the Selling Shareholders and the Underwriters as to the

allotment procedure. The ultimate decision rests with the Company after consultation with the Joint Bookrunners. Allotments to institutional investors will be made on the basis of the quality (including expected holding strategy and order size) of the individual institutional investor, as well as individual orders and other important allotment criteria to be determined after consultation with the Joint Bookrunners.

The allocation to retail or private investors (individuals) will be compatible with the "Principles for the Allotment of Share Issues to Private Investors" published by the Commission of Stock Exchange Experts (*Börsensachverständigenkommission*). "Qualified investors" (*qualifizierte Anleger*) under the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) as defined under the German Securities Trading Act (*Wertpapierhandelsgesetz*), are not viewed as "private investors" (*Privatanleger*) within the meaning of the allocation rules. The minimum order size for retail investors will be ten shares.

5.6 Stock exchange admission and commencement of trading

On or after June 18, 2018, the Company intends to apply for admission of its Shares (entire share capital) 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) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Company's Shares (entire share capital) are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange on June 28, 2018. The decision on the admission of the Company's shares to trading will be made solely in the discretion of the Frankfurt Stock Exchange. Trading in the Shares on the Frankfurt Stock Exchange is planned to commence on June 29, 2018.

5.7 Stabilization measures, Over-Allotment and Greenshoe Option

In connection with the placement of the Offer Shares and to the extent permitted by Article 5 (4) of the Market Abuse Regulation in conjunction with the regulatory technical standards issued under the Market Abuse Regulation, Citigroup Global Markets Limited or persons acting on its behalf, acting as stabilization manager in the name and for the account of the Underwriters (the "**Stabilization Manager**"), may make over-allotments or effect transactions aimed at supporting the stock exchange or market price of the Shares in order to counteract any selling pressure that may exist.

The Stabilization Manager is under no obligation to take stabilization measures. Therefore, there is no guarantee that any stabilization measures will be effected. Where stabilization measures are taken, these may be terminated at any time without prior notice. Such measures may be taken from the date the Shares of the Company are traded for the first time on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after such date ("**Stabilization Period**"). Stabilization measures aim at supporting the market price of the shares during the Stabilization Period in order to counteract any selling pressure that may exist. Stabilization measures may cause the stock exchange or market price of the Shares to be higher than it would otherwise have been. In addition, the stock exchange or market price may temporarily, be at a level that is not sustainable. The Stabilization Manager may undertake stabilization measures on the Frankfurt Stock Exchange.

With regard to potential stabilization measures and to the extent permitted by law, investors may, in addition to the Sale Shares being offered, be allocated up to 221,185 additional Shares in the Offering (the "**Over-Allotment**"). In connection with a potential Over-Allotment, the Stabilization Manager will be provided in the form of a securities loan (*Wertpapierdarlehen*) with up to 221,185 Shares from the holdings of the Selling Shareholders without charge.

In this context, the Selling Shareholders will grant the Underwriters an option to acquire up to 221,185 Over-Allotment Shares from the Selling Shareholders at the Offer Price, less agreed commission, in order to satisfy the retransfer obligation under the securities loan (the "**Greenshoe Option**"). The Greenshoe Option shall be exercisable by the Stabilization Manager. The Greenshoe Option will expire 30 calendar days after stock exchange trading in the Shares commences and may only be exercised to the extent that Shares have been placed by way of Over-Allotment.

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

5.8 Lock-up Agreements

5.8.1 Lock-Up of the Company

In the Underwriting Agreement, the Company has agreed with each of the Underwriters that during the period starting on the date of the Underwriting Agreement and ending six months after the first day of trading of the Shares on the Frankfurt Stock Exchange, the Company, the Management Board or its Supervisory Board will not, without the prior written consent by the Joint Global Coordinators (which may not be unreasonably withheld):

- announce or effect an increase of the share capital of the Company out of authorized capital; or
- submit a proposal for a capital increase to any shareholders' meeting for resolution; or
- announce to issue, effect or submit a proposal for the issuance of any securities convertible into shares of the Company, with option rights for shares of the Company;
- offer, pledge, allot, issue (unless being required by applicable law), 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 in its capital or any securities convertible into or exercisable or exchangeable for shares in its capital or enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares in its capital, whether any such transaction described above is to be settled by delivery of shares in its capital or such other securities, in cash or otherwise; or
- enter into transactions or perform actions economically similar to those described in the bullets above.

The Company may, however, issue or sell any Shares or other securities to employees and members of executive bodies of the Company or its Subsidiaries under management participation plans.

5.8.2 Lock-Up of the Selling Shareholders

Furthermore, in the Underwriting Agreement, the Selling Shareholders have each agreed with each Underwriter that during the period starting on the date of the Underwriting Agreement and ending twelve months after the first day of trading of the Shares on the Frankfurt Stock Exchange they will not, without the prior written consent by the Joint Global Coordinators:

- offer, pledge, allot, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of the Company or any other securities of the Company, including securities convertible into or exercisable or exchangeable for shares of the Company; or
- 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
- 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
- enter into a transaction or perform any action economically similar to those described in the bullets above, in particular 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 is to be settled by delivery of shares of the Company or such other securities, in cash or otherwise.

The foregoing does not apply to disposals of shares in the Company within the framework of a public takeover bid pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*), and, provided that the relevant transferee agrees to be bound by the same lock-up restrictions, to:

- sales effected other than through trades on a stock exchange or transactions similar to stock-exchange trades (such as accelerated book-building offerings);
- transfers of shares in the Company to an affiliate of a Selling Shareholder; or
- sales to any Selling Shareholder.

5.9 Designated sponsors and paying agent

COMMERZBANK Aktiengesellschaft has been appointed as paying and registration agent. COMMERZBANK Aktiengesellschaft (the "**Designated Sponsor**") has agreed to assume the function of designated sponsor of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least one year and is entitled to designate an appropriately admitted third party to perform its functions. Pursuant to the designated sponsor agreement expected to be entered into between the Designated Sponsor and the Company, the Designated Sponsor will, among other things, place limited buy and sell orders for Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours against customary remuneration. This is intended to achieve greater liquidity in the market for the Shares. In addition, the Designated Sponsor will provide quotes throughout the auction.

6. Reasons for the Offering and the Listing, Proceeds and Costs of the Offering, Use of Proceeds, and Interest of Persons Participating in the Offering

6.1 Reasons for the Offering, proceeds and costs of the Offering, use of proceeds

6.1.1 Reasons for the Offering

We intend to use the envisaged net proceeds resulting from the sale of the New Shares in the amount of approximately €93.1 million (assuming an Offer Price of €56.50 at the mid-point of the Price Range and the placement of 1,769,912 New Shares) for the remaining portion of the net proceeds for enhancing development and growth via additional projects and targeted mergers and acquisitions. Moreover, we intend to achieve better access to the capital markets and to diversify our shareholders base due to the planned Listing of our shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard).

6.1.2 Proceeds and costs of the Offering

The Company will receive the proceeds resulting from the sale of the New Shares (after deduction of fees and commissions to be borne by the Company). The Company will not receive any proceeds from the sale of Sale Shares and Over-Allotment Shares from the holdings of the Selling Shareholders. With the Offering, the Selling Shareholders intend to partially divest and monetize their stakes in the Company and will receive any proceeds from the sale of Sale Shares (after deduction of fees and commissions to be borne by the Selling Shareholders with respect to the Sale Shares) as well as from the Over-Allotment Shares to the extent the Greenshoe Option is exercised (after deduction of fees and commissions to be borne by the Selling Shareholders with respect to the Over-Allotment Shares).

The amount of the gross proceeds from the sale of the Offer Shares under the Offering depends on the number of Offer Shares placed and the Offer Price. However, the Company will aim to achieve total gross proceeds from the sale of the New Shares of €100.0 million, which would correspond to a placement of 2,061,856 offered New Shares at the low end of the Price Range, 1,769,912 offered New Shares at the mid-point of the Price Range and 1,550,388 offered New Shares at the high end of the Price Range. The decision on the Offer Price and thus the decision on the number of New Shares to be placed (in order to achieve total gross proceeds of around €100.0 million) is expected to be made by the Management Board (with the consent of the supervisory board (*Aufsichtsrat)* of the Company (the "**Supervisory Board**") on June 27, 2018, following the expiration of the Offering Period.

Assuming that the maximum number of Sale Shares and Over-Allotment Shares is placed and that the Greenshoe Option is exercised in full (that is, 221,185 Over-Allotment Shares at the low end of the price range, 191,991 Over-Allotment Shares at the mid-point of the price range and 170,038 Over-Allotment Shares at the high end of the price range), gross proceeds to the Selling Shareholders would amount to approximately €18.0 million at the low end of the Price Range, €19.3 million at the mid-point of the Price Range and €20.6 million at the high end of the Price Range.

The costs related to the Offering and the Listing are also contingent on the total number of Offer Shares placed in the Offering and the Offer Price, which also affect the amount of the Underwriters' commissions (in particular the payment of the incentive fee, which depends upon the discretion of the Company). Based on the aforementioned assumptions, as of the date of the Prospectus, the Company believes that the total costs (excluding tax effects) related to the Offering and the Listing of the Shares will amount to approximately €7.8 million at the low end of the Price Range, €7.8 million at the mid-point of the Price Range and €7.9 at the high end of the Price Range, including but not limited to, underwriting and placement commissions to be paid to the Underwriters of €4.1 million at the low end of the Price Range, €4.2 million at the mid-point of the Price Range and €4.2 million at the high end of the Price Range (assuming in each case the payment in full of the incentive fee of up to 1.00% of the aggregate gross offering proceeds). Of these estimated total costs, €6.9 million at the low end of the Price Range, €6.9 million at the mid-point of the Price Range and €6.8 million at the high end of the Price Range, would be attributable to commissions for the sale of the New Shares and

would have to be borne by the Company. Of the estimated total costs, €0.9 million at the low end of the Price Range, €1.0 million at the mid-point of the Price Range and €1.1 million at the high end of the Price Range would be attributable to the sale of the Sale Shares and Over-Allotment Shares and would have to be borne by the Selling Shareholders. Therefore, based on the aforementioned assumptions the total net proceeds of the Company would amount to approximately €93.1 million at the low end of the Price Range, €93.1 million at the mid-point of the Price Range and €93.2 million at the high end of the Price Range, and the total net proceeds of the Selling Shareholders would amount to approximately €17.1 million at the low end of the Price Range, €18.4 million at the mid-point of the Price Range and €19.6 million at the high end of the Price Range.

Investors will not be charged expenses by the Company, the Selling Shareholders or the Underwriters.

6.1.3 Use of proceeds

We intend to use the envisaged net proceeds resulting from the sale of the New Shares in the amount of approximately €93.1 for the following purposes:

- *Expansion of production in Langen:* approximately €30 million are intended to be used for the ramp-up of our production capacity in Langen and the expansion of our team to support the envisaged execution of our order backlog;
- *U.S. expansion:* approximately €30 million are intended to be used for establishing a production facility in Michigan and to build up a local team for the North American market;
- *Testing center:* approximately €10 million are intended to be used in investments in additional test and validation facilities to integrate research and development capabilities in-house; and
- *Research and development to maintain technological advantage:* approximately €25 million are intended to be used for increased research and development spending to drive technology leadership and to address key trends for clients and also to continue driving innovative power through sustained research and development efforts to expand our product portfolio.

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

6.2 Interests of persons participating in the Offering and the listing of the Shares

In connection with the Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Transaction**"), the Underwriters have entered into a contractual relationship with the Company and the Selling Shareholders. The Company and the Selling Shareholders have appointed Citigroup Global Markets Limited and COMMERZBANK Aktiengesellschaft as Joint Global Coordinators. In addition, the Company and the Selling Shareholders have appointed the Joint Global Coordinators and Bankhaus Lampe KG as Underwriters. The Underwriters are advising the Company and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Transaction. In addition, COMMERZBANK Aktiengesellschaft has been appointed to act as designated sponsors for the Shares and 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 Transaction.

Furthermore, in connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as investors 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 differences) with investors in connection with which the Underwriters (or their affiliates) may from time to time acquire, hold

or dispose of shares in the Company. None of the Underwriters intend 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 the Prospectus.

Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with the Issuer (including lending activities) or may perform services for the Issuer in the ordinary course of business.

Since the Company will receive the proceeds from the Offering of the New Shares and these will strengthen the equity capital basis of the Company, all direct and indirect shareholders with an interest in the Company, in particular the existing shareholders of the Company who are not Selling Shareholders have an interest in the implementation of the capital increase to which the Offering relates.

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

7. Earnings and Dividends per Share; Dividend Policy

7.1 General rules on allocation of profits and dividend payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a stock company (*Aktiengesellschaft*) under German law, the distribution of dividends for a given financial year and the amount and payment date thereof are resolved by the general shareholders' meeting of the subsequent financial year either upon a joint proposal made by the Management Board and the Supervisory Board or upon a proposal of either the Management Board or the Supervisory Board. The shareholders' meeting, which, among other matters, decides on the distribution of dividends, if any, must be held within the first six months of each financial year.

Under German law, dividends may only be distributed from the distributable profit (*Bilanzgewinn*) of the Company. The distributable profit is calculated based on the Company's annual financial statements prepared in accordance with the accounting principles of the German Commercial Code. Accounting regulations under the German Commercial Code differ from the IFRS, which is used for the Company's accounting, in material aspects.

When determining the distributable profit, the profit or loss for the financial year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for profits or losses carried forward (*Gewinn-/Verlustvorträge*) from previous financial years as well as for withdrawals from and transfers to reserves. Certain reserves are required to be set by law and must be deducted when calculating the distributable profits. Certain additional limitations apply if self-created intangible assets or deferred tax assets have been capitalized or certain plan assets that exceed corresponding pension liabilities have been capitalized. The Management Board must prepare the annual audited annual financial statements (balance sheet, statement of income and notes to the audited annual financial statements) and the management report for the previous financial year by the statutory deadline, and present these to the auditor 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 pursuant to Section 170 (2) of the German Stock Corporation Act (*Aktiengesetz*).

At the same time, the Management Board must present to the Supervisory Board a proposal for the allocation of the Company's distributable profit pursuant to Section 170 of the German Stock Corporation Act. In addition, according to Section 171 of the German Stock Corporation Act, the Supervisory Board must review the audited annual financial statements, the Management Board's management report and the proposal for the allocation of the distributable profit 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 of the documents being received. If the Supervisory Board approves the audited annual financial statements after its review, these are deemed adopted unless the Management Board and Supervisory Board resolve to assign adoption of the audited annual financial statements to the shareholders' meeting. If the Management Board and Supervisory Board choose to allow the shareholders' meeting to adopt the audited annual financial statements, or if the Supervisory Board does not approve the audited annual financial statements the Management Board must convene a shareholders' meeting without delay. The general shareholders' meeting's resolution on the allocation of the distributable profit requires a simple majority of the votes cast. The shareholders' meeting may also resolve that the dividends be distributed partially or entirely in kind, for example as a distribution of treasury stock if held by the Company at that time. The Management Board, subject to the consent of the Supervisory Board, may decide to pay an advance on dividends in compliance with Section 59 of the German Stock Corporation Act.

Dividends resolved by the general shareholders' meeting are due and payable annually immediately after the general shareholders' meeting, unless provided otherwise in the dividend resolution, 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 clients. Shareholders using a custodian bank 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 electronic version of German Federal Gazette (*Bundesanzeiger*)

immediately after the general shareholders' meeting and in at least one national newspaper designated for exchange notices by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). To the extent dividends can be distributed by the Company in accordance with the German Commercial Code 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. Under German law, there are no special procedures for non-resident holders for the exercise of the rights attached to the shares.

The Offer Shares will be entitled to profit participation beginning January 1, 2018, *i.e.*, for the full financial year ending December 31, 2018 and for all subsequent financial years.

Generally, German withholding tax (*Kapitalertragsteuer*) of 25% plus the 5.5% solidarity surcharge (*Solidaritätszuschlag*) thereon is withheld from the dividends paid. For more information on the taxation of dividends in Germany and Luxembourg, see Sections 23 and 24.

7.2 Dividend policy

Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements.

Additionally, our future ability to pay dividends may in particular be limited by terms of any future debt or preferred securities.

We intend to invest all available funds and future earning to support our operations and to finance the growth and development of our business. The Company has not paid any dividends to date, and has no present intention of recommending the declaration or payment of any dividends in the foreseeable future.

8. Capitalization, Indebtedness, Debt Financing Requirements and Working Capital

The following tables show the Company's capitalization and indebtedness as well as the net financial indebtedness before and as adjusted for the Offering as of March 31, 2018. The financial information before the Offering in the first column of the tables is taken or derived from the Company's Unaudited Interim Condensed Financial Statements and our internal accounting records. The financial information as adjusted for the Offering in the second column of the tables is based on the figures of the first column adjusted for the implementation of the Offer Capital Increase (as explained in more detail in the footnotes to the following tables).

Investors should read this table in conjunction with Sections "*10. Selected Financial and Business Information*" and "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*".

8.1 Capitalization

	As of March 31, 2018			
in TEUR	**Before the Offering (unaudited)**	**Adjustment to reflect the Pre-IPO Capital Increase) (unaudited)[1]**	**Adjustment to reflect the Offer Capital Increase (unaudited)[2]**	**After the Offering (unaudited)[2]**
Total current debt[3]	**7,995**	**(1,000)**	**—**	**6,995**
of which guaranteed[4]	1,134	—	—	1,134
of which secured	0	—	—	0
of which unsecured/non-guaranteed	6,861	(1,000)	—	5,861
Total non-current debt (excluding current portion of long-term debt)[5]	**5,927**	**—**	**—**	**5,927**
of which guaranteed[6]	5,774	—	—	5,774
of which secured	0	—	—	0
of which unsecured/non-guaranteed	153	—	—	153
Shareholders' equity[7]	**1,870**	**3,000**	**93,148**	**98,018**
Share capital[8]	2,000	2,000	1,770	5,770
Legal reserve[9]	(130)	—	—	(130)
Other reserves[10]	0	1,000	91,378	92,378
Total[11]	**15,792**	2,000	93,148	**110,940**

(1) By a resolution of the extraordinary General Shareholders' Meeting on April 24, 2018, which was registered with the commercial register of the local court of Darmstadt on May 3, 2018, our share capital was increased from €2.0 million against contributions in cash and contributions in kind in the amount of €2.0 million to an aggregate of €4.0 million as of the date of the Prospectus (the "**Pre-IPO Capital Increase**"). As part of the Pre-IPO Capital Increase, €1.0 million payable under the loan granted by Schulz Group GmbH was transferred to the Company as a contribution in kind. Furthermore, the shareholders paid a premium of €1.0 million in total for the new shares. The share capital (which was reported at €2.0 million as of March 31, 2018) and other reserves have been adjusted for the Pre-IPO Capital Increase.

(2) It is assumed that 1,769,912 New Shares were placed at the mid-point of the Price Range and generate net proceeds of €93.1 million; it is further assumed that the total costs for this offering at the mid-point of the Price Range will be €7.8 million, of which €1.0 million are being paid by the Selling Shareholders and €6.9 million will be paid by the Company. Note that tax effects associated with the total costs attributable to the New Shares relating to the Offering and the stock exchange listing of the Shares to be borne by the Company have not been considered.

(3) Total current debt corresponds to "Current liabilities" in our statement of financial position.

(4) Guaranteed current debt corresponds to "Liabilities to banks" as shown under "Current liabilities – Financial liabilities" in our statement of financial position. These bank loans are secured by joint and several liability guarantees.

(5) Total non-current debt corresponds to "Non-current liabilities" in our statement of financial position.

(6) Guaranteed non-current debt corresponds to "Liabilities to banks" as shown under "Non-current liabilities – Financial liabilities" in our statement of financial position. These bank loans are secured by joint and several liability guarantees.

(7) Shareholders equity corresponds to "Total shareholders' equity" in our statement of financial position.

(8) Share capital corresponds to "Subscribed capital" in our statement of financial position. Pursuant to the Pre-IPO Capital Increase, our share capital was increased from €2.0 million to €4.0 million as of the date of the Prospectus.

(9) Legal reserve corresponds to "Accumulated losses" in our statement of financial position.

(10) Other reserves were not historically reported in our statement of financial position. The amounts included correspond to the €1.0 million in additional capital that was paid in Pre-IPO Capital Increase and the portion of the net proceeds from the Offering that are not allocable to share capital.

(11) Total corresponds to "Shareholders' equity and liabilities" in our statement of financial position that is attributable to our shareholders.

8.2 Net financial indebtedness

	As of March 31, 2018			
in TEUR	**Before the Offering (unaudited)**	**Adjustment to reflect the Pre-IPO Capital Increase (unaudited)[1]**	**Adjustment to reflect the Offer Capital Increase (unaudited)[2]**	**As adjusted for the Offering (unaudited)[2]**
A. Cash	2,903	2,000	93,148	98,051
B. Cash equivalents	0	—	—	0
C. Trading securities	0	—	—	0
D. Liquidity (A)+(B)+(C)	**2,903**	**2,000**	**93,148**	**98,051**
E. Current financial receivables	**0**	**0**	**—**	**0**
F. Current bank debt[3]	1,134	—	—	1,134
G. Current portion of non-current debt	0	—	—	0
H. Other current financial debt	1,083	(1,000)	—	83
I. Current financial debt (F)+(G)+(H)	**2,217**	**(1,000)**	**—**	**1,217**
J. Net current financial indebtedness (I)-(E)-(D)	**(686)**	**(3,000)**	**(93,148)**	**(96,834)**
K. Non-current bank loans[4]	5,774	—	—	5,774
L. Bonds issued	0	—	—	0
M. Other non-current financial debt (including finance leases)[5]	0	—	—	0
N. Non-current financial indebtedness (K)+(L)+(M)	**5,774**	**—**	**—**	**5,774**
O. Net financial indebtedness (J)+(N)	**5,088**	**(3,000)**	**(93,148)**	**(91,060)**

(1) As part of the Pre-IPO Capital Increase, our share capital was increased from €2.0 million against contributions in cash and contributions in kind in the amount of €2.0 million to an aggregate of €4.0 million and €1.0 million payable under the loan granted by Schulz Group GmbH was transferred to the Company as a contribution in kind. Furthermore, the shareholders paid a premium of €1.0 million in total for the new shares.

(2) It is assumed that all New Shares were fully placed at the mid-point of the Price Range and generate net proceeds of €93.1 million; it is further assumed that the proceeds generated in the Offering will not be used for the repayment of debt, which will result in a corresponding increase in cash.

(3) "Current bank debt" corresponds to current portion of "Liabilities to banks" as shown under "Current liabilities – Financial liabilities" in the Unaudited Interim Condensed Financial Statements.

(4) "Non-current bank loans" corresponds to non-current portion of "Liabilities to banks" as shown under "Non-current liabilities – Financial liabilities" in the Unaudited Interim Condensed Financial Statements.

(5) "Other non-current financial debt" represents "Deferred tax liabilities" in the Unaudited Interim Condensed Financial Statements.

8.3 Contingencies and financial obligations

No liabilities arising from guarantees or similar obligations existed as of March 31, 2018, however, financial obligations that derive mainly from rental obligations for production facilities and administrative offices amounted to €1,681 as of March 31, 2018.

We are currently not party to any off-balance sheet arrangements.

For information on our contingent liabilities as of and for the financial years ended December 31, 2015, 2016 and 2017 and for the three-month period ended March 31, 2017 and 2018, see Section 11.7.5.4.

Additionally, we are co-guarantor to a €15 million loan and guarantee facility in favor of Schulz Group GmbH.

8.4 Statement on working capital

In the Company's opinion its working capital is sufficient for its present requirements, *i.e.*, for a minimum of 12 months following the date of the Prospectus.

8.5 Significant changes in financial or trading position

By a resolution of the extraordinary General Shareholders' Meeting on April 24, 2018, which was registered with the commercial register of the local court of Darmstadt on May 3, 2018, our share capital was increased from €2,000,000.00 against contributions in cash and contributions in kind (*gemischte Bar- und Sachkapitalerhöhung*) in the amount of €2,000,000.00 to an aggregate of €4,000,000.00 (the "**Pre-IPO Capital Increase**"); concurrently, €1 million payable under the loan granted by Schulz Group GmbH was transferred to the Company as a contribution in kind. As a result, the loan granted by Schulz Group GmbH amounts to €83 thousand as of the date of this Prospectus. Furthermore, the shareholders paid a premium of €1.0 million in total for the new shares.

The foregoing capital increase is reflected in the "Adjustment to reflect the Pre-IPO Capital Increase" and the "After the Offering" columns of the capitalization table in Section 8.1.

Other than that, there have been no significant changes in our financial or trading position, or results of operations, between March 31, 2018 and the date of the Prospectus.

9. Dilution

The net book value attributable to the shareholders of the Company set forth in the Unaudited Interim Condensed Financial Statements amounted to €1.9 million as of March 31, 2018, and would amount to €0.94 per Share, based on 2,000,000 outstanding Shares of the Company. The net book value attributable to the shareholders of the Company is calculated as follows: total assets (€15.8 million), less non-current liabilities (€5.9 million) and current liabilities (€8.0 million). All data contained in this paragraph are unaudited.

Pursuant to the Pre-IPO Capital Increase on April 24, 2018, our share capital was increased from €2.0 million against contributions in cash and contributions in kind in the amount of €2.0 million to an aggregate of €4.0 million, plus a premium of €1.0 million in total that was paid to the Company by the Shareholders. As a result, our total assets, and our net book value, increased by €3.0 million following the Pre-IPO Capital Increase.

Assuming (i) the placement of 1,769,912 New Shares, (ii) an Offer Price at the mid-point of the Price Range and (iii) the payment in full of the incentive fee, the net proceeds to the Company from the issuance of the New Shares would amount to €93.1 million. On the assumption that the Company had already received these aggregate net proceeds of €93.1 million on March 31, 2018 and that the Pre-IPO Capital Increase had already been implemented as of March 31, 2018, the adjusted net book value of the Company would have been €98.0 million; this corresponds to €16.99 per Share (calculated on the basis of 5,769,912 Shares outstanding after implementation of the Offer Capital Increase). Assuming an Offer Price of €56.50 at the midpoint of the Price Range that would correspond to a direct dilution of €39.51 million (69.93%) per share for the parties acquiring the New Shares. At the low end and high end of the Price Range, the corresponding figures would be €32.33 million (66.66%) and €46.84 million (72.62%), respectively.

Under the assumption that 1,769,912 New Shares are placed at the mid-point of the Price Range and that the capital increase regarding the New Shares is implemented accordingly, the accretion to the net book value attributable to the shareholders of the Company per share (comparing net book value attributable to the shareholders of the Company prior to and as adjusted for the Offering) will be €15.77.

The table below illustrates, among other things, by which amount the low-, mid- and high-point of the Price Range per share exceeds the adjusted net book value as of March 31, 2018, per share after completion of the Offer Capital Increase assuming the payment in full of the inventive fee (all data unaudited):

	Low-End	Mid-Point	High End
Offer Price (in €)	48.50	56.50	64.50
Final number of New Shares	2,061,856	1,769,912	1,550,388
Net book value per share (based on 2,000,000 shares) as of March 31, 2018 (in €)	0.94	0.94	0.94
Net book value per share (based on 4,000,000 shares) as of the date of the Prospectus (reflecting the Pre-IPO Capital Increase) (in €)	1.22	1.22	1.22
Adjusted net book value per Share as of March 31, 2018, following the Offer Capital Increase (in €)	16.17	16.99	17.66
Amount by which the Offer Price per New Share exceeds the adjusted net book value per Share (direct dilution per share for the parties acquiring the New Shares) (in €)	32.33	39.51	46.84
Direct dilution per Share for the parties acquiring the New Shares (%)	66.66%	69.93%	72.62%
Amount by which the adjusted net book value per Share following the Offer Capital Increase (in €) exceeds the net book value per Share (based on 4,000,000 Shares) as of the date of the Prospectus (reflecting the Pre-IPO Capital Increase), (in €) attributable to the existing shareholders (*i.e.*, the net book value per Share before the implementation of the Offer Capital Increase) (immediate accretion per Share) (in €)	14.95	15.77	16.44
Immediate accretion per share to the existing shareholders (%)	1,225.41%	1,292.62%	1,347.54%

Under the assumption that the Offer Capital Increase regarding the New Shares is fully implemented and that none of the existing shareholders of the Company has been allotted Offer Shares, the aggregate shareholdings of the existing shareholders will be immediately diluted by 40.14% (regarding their voting rights).

10. Selected Financial and Business Information

The financial information in the following tables is taken or derived from the Unaudited Interim Condensed Financial Statements, the Audited IFRS Financial Statements, and the Company's internal accounting records and its management reporting system. The Audited IFRS Financial Statements have been prepared in accordance with IFRS. The Unaudited Interim Condensed Financial Statements have been prepared in accordance with IFRS for interim financial reporting (IAS 34). Unless otherwise indicated, the term "financial year" refers to a financial year of AKASOL AG, *i.e.*, a financial year beginning on January 1 in a given calendar year and ending on December 31 of the same calendar year.

The Audited IFRS Financial Statements were audited by BDO AG, Wirtschaftsprüfungsgesellschaft, registered at Fuhlentwiete 12, 20355 Hamburg, Germany, through its office located at Katharina-Heinroth-Ufer 1, 10787 Berlin, Germany (the "**Auditor**"). The Auditor is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany and has issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) on the Audited IFRS Financial Statements as included in the Prospectus.

Where financial information in the following tables is denoted as "audited", this means that it was taken from the Audited IFRS Financial Statements. The label "unaudited" is used in the following tables to indicate financial information that was not taken from the Audited IFRS Financial Statements but that was either taken or derived from the Unaudited Interim Condensed Financial Statements or our internal accounting records or management reporting systems or is based on calculations of these figures, or recomputed or derived from the Audited IFRS Financial Statements or the Unaudited Interim Condensed Financial Statements.

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

The following selected financial information should be read in conjunction with Section "*11. Management's Discussion and Analysis of Financial Condition and Results of Operations*", in particular insofar as it contains certain alternative performance measures (as defined by the European Securities and Markets Authority ("**ESMA**")), including non-IFRS financial measures and ratios that our management and many of our peers in our industry use, such as EBITDA, EBIT, EBIT margin, adjusted EBITDA, adjusted EBIT, adjusted EBITDA margin, adjusted EBIT margin, net debt, capital expenditures and trade working capital, as well as operating and non-financial measures that are not required by or presented in accordance with IFRS.

Neither the alternative performance measures nor the aforementioned operating and non-financial measures are defined by IFRS or under any other internationally accepted accounting principles, and investors should not consider such items as an alternative to the historical financial results or other indicators of our performance, liabilities or net assets based on IFRS measures. In particular, they should not be considered as alternatives to net profit or earnings before taxes as indicators of our performance, profitability or as alternatives to cash flows from operating activities as an indicator of our financial strength. These measures may not be comparable to similarly titled measures as presented by other companies due to differences in the way our measures are calculated. Even though these measures are used by management to assess ongoing operating performance, indebtedness and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of our results, cash flows or assets and liabilities as reported under IFRS.

10.1 Selected financial information from the income statement

The following table shows selected items from the statement of comprehensive income of the Company for the three-month periods ended March 31, 2017 and 2018, and for the financial years ended December 31, 2015, 2016 and 2017:

	For the financial year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Revenue	**8,806**	**13,446**	**14,483**	**2,246**	**4,537**
Change in inventory	698	(238)	(25)	(380)	74
Own work capitalized	772	556	1,018	190	338
Other income	162	111	536	22	20
Cost of materials	(4,736)	(6,210)	(6,878)	(610)	(2,167)
Personnel expense	(3,023)	(3,809)	(4,837)	(1,105)	(1,266)
Other expenses	(1,636)	(1,884)	(2,552)	(455)	(961)
Depreciation and amortization	(633)	(645)	(628)	(146)	(129)
Operating results (EBIT)	410	1,326	1,117	(239)	448
Financial expenses	(319)	(273)	(246)	(32)	(97)
Financial result	(319)	(273)	(246)	(32)	(97)
Earnings before taxes (EBT)	91	1,053	871	(270)	351
Income tax expenses	(42)	(339)	(266)	82	(106)
Net profit	**49**	**715**	**605**	**(188)**	**245**
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	**49**	**715**	**605**	**(188)**	**245**

10.2 Selected items from the statement of financial position

The following table shows selected items from the statement of financial position of the Company as of March 31, 2018, and as of December 31, 2015, 2016 and 2017.

	As of December 31,			As of March 31,
	2015	2016	2017	2018
in TEUR		(audited)		(unaudited)
Assets				
Intangible assets	1,173	984	1,214	1,321
Property, plant and equipment	1,473	1,302	3,131	3,738
Financial assets	—	—	—	1
Other non-financial assets	0	14	14	14
Deferred tax assets	544	224	0	—
Total Non-current Assets	**3,190**	**2,525**	**4,360**	**5,074**
Inventories	5,710	3,898	5,342	5,367
Trade receivables	2,182	2,065	2,068	1,922
Other non-financial assets	378	154	419	526
Cash and cash equivalents	1,344	811	2,839	2,903
Total Current Assets	**9,614**	**6,928**	**10,668**	**10,717**
Total Assets	**12,804**	**9,452**	**15,027**	**15,791**
Equity and Liabilities				
Subscribed capital	2,000	2,000	2,000	2,000
Accumulated losses	(1,695)	(980)	(376)	(130)
Total shareholders' equity	**305**	**1,020**	**1,624**	**1,870**
Deferred tax liabilities	0	0	48	154
Liabilities to banks	2,278	1,821	6,176	5,774
Total non-current liabilities	**2,278**	**1,821**	**6,224**	**5,927**
Financial liabilities				
Liabilities to banks	1,098	451	1,138	1,134
Liabilities to shareholders	4,636	2,469	1,071	1,083
Trade payables	1,271	745	1,365	1,800
Other non-financial liabilities	3,135	2,794	3,250	3,579
Income tax liabilities	0	18	0	0
Provisions	80	135	356	399
Total Current liabilities	**10,221**	**6,612**	**7,179**	**7,995**
Shareholders' equity and liabilities	**12,804**	**9,452**	**15,027**	**15,791**

10.2.1 Net debt

The following table shows an overview of our net debt for the periods presented, and its reconciliation to cash and cash equivalents, and financial liabilities under current liabilities and non-current liabilities in our statements of financial position

	For the financial year ended December 31,			As of March 31
	2015	2016	2017	2018
in TEUR unless otherwise noted		(unaudited)		
Liabilities to banks	3,376	2,272	7,314	6,908
Liabilities to shareholders	4,636	2,469	1,071	1,083
Cash and cash equivalents	(1,344)	(811)	(2,839)	(2,903)
Total debt	**6,668**	**3,930**	**5,546**	**5,088**

10.3 Selected items from the statement of cash flows

The following table shows selected items from the statement of cash flows of the Company for the three-month periods ended March 31, 2017 and 2018, and for the financial years ended December 31, 2015, 2016 and 2017:

	For the financial year ended December 31,			For the three-months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Cash flow from operating activities					
Earnings before interest and taxes (EBIT)	410	1,326	1,117	(239)	448
Adjustments:					
+ Depreciation and amortization	633	645	628	146	129
+/- Other non-cash transactions	0	65	585	6	7
Changes in net current assets:					
-/+ Increase/decrease in inventories	(1,830)	1,811	(1,443)	606	(26)
-/+ Increase/decrease in trade receivables from third parties	611	117	(4)	718	147
-/+ Increase/decrease in other assets not allocated to investment or financing activities	66	211	(265)	(45)	(107)
+/-Increase/decrease in trade payables to third parties	816	(527)	620	(299)	435
+/-Other provisions and provisions from employee benefits	47	(341)	455	24	43
+/-Increase/decrease in liabilities not allocated to investment or financing activities	80	55	221	182	374
- Interest paid	(319)	(273)	(246)	(32)	(97)
- Taxes paid	0	0	(105)	0	(44)
Cash flow from operating activities	**513**	**3,089**	**1,562**	**1,068**	**1,309**
Cash flow from investment activities					
Additions to intangible assets	(326)	(221)	(577)	(84)	(190)
Additions to property, plant and equipment	(170)	(129)	(2,602)	(302)	(660)
Cash flow from investment activities	**(496)**	**(351)**	**(3,179)**	**(386)**	**(850)**
Cash flow from financing activities					
New loans	1,560	0	5,914	0	12
Repayments of financial liabilities	(255)	(3,271)	(2,269)	(795)	(407)
Cash flow from financing activities	**1,305**	**(3,272)**	**3,645**	**(795)**	**(395)**
Liquid funds at the end of the period					
Change in cash and cash equivalents	1,322	(533)	2,028	(114)	65
Liquid funds at the beginning of the period	22	1,344	811	811	2,839
Cash and cash equivalents at the end of the period	**1,344**	**811**	**2,839**	**697**	**2,903**

10.4 Selected Key Performance Indicators

10.4.1 Revenue

Revenue, as reported in our Audited IFRS Financial Statements, represents income received from the sales of our products, including prototypes, serial production or individual materials, as well as income received for the provision of services, including engineering services and other maintenance and advisory services.

The following table provides our revenue for the three-month periods ended March 31, 2017 and 2018, and for the financial years ended December 31, 2015, 2016 and 2017.

	For the financial year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Revenue	**8,806**	**13,446**	**14,483**	**2,246**	**4,537**
Germany	3,415	6,046	7,035	1,613	1,936
Outside Germany	5,391	7,400	7,448	633	2,601

10.4.2 EBIT and related financial measures

The following table provides our EBITDA, EBIT, EBIT margin, adjusted EBITDA, adjusted EBIT, adjusted EBITDA margin and adjusted EBIT margin for the three-month period ended March 31, 2017 and 2018, and for the financial years ended December 31, 2015, 2016 and 2017, as well as their reconciliation to revenue:

	For the financial year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR (unless otherwise indicated)	(audited)			(unaudited)	
Revenue	**8,806**	**13,446**	**14,483**	**2,246**	**4,537**
Change in inventory	698	(238)	(25)	(380)	74
Own work capitalized	772	556	1,018	190	338
Other income	162	111	536	22	20
Cost of materials	(4,736)	(6,210)	(6,878)	(610)	(2,167)
Personnel expense	(3,023)	(3,809)	(4,837)	(1,105)	(1,266)
Other expenses	(1,636)	(1,884)	(2,552)	(455)	(961)
EBITDA (unaudited)	**1,043**	**1,972**	**1,745**	**(92)**	**575**
Depreciation and amortization	(633)	(645)	(628)	(146)	(129)
Operating results (EBIT)	**410**	**1,326**	**1,117**	**(239)**	**448**
EBIT margin (in %, unaudited)	4.7	9.9	7.7	(10.6)	9.9
Costs related to capital market transactions (unaudited)	—	—	—	—	155
Adjusted EBITDA (unaudited)	—	—	—	**(92)**	**731**
Adjusted EBITDA margin (in %), unaudited	—	—	—	—	16.1
Adjusted EBIT (unaudited)	**—**	**—**	**—**	**(239)**	**603**
Adjusted EBIT margin (in %), unaudited	—	—	—	—	13.3

10.4.3 Trade working capital

The following table shows an overview of our trade working capital for the last three years, and its reconciliation to trade receivables:

	For the financial year ended December 31,			As of March 31
	2015	2016	2017	2018
in TEUR unless otherwise noted	(unaudited)			unaudited
Trade Receivables	2,182	2,065	2,068	1,922
Inventories	5,710	3,898	5,342	5,367
Trade Payables	(1,271)	(745)	(1,365)	(1,800)
Total trade working capital	**6,621**	**5,218**	**6,045**	**5,489**

11. Management's Discussion and Analysis of Financial Condition and Results of Operations

Investors should read the following discussion of our financial condition and results of operations in conjunction with our audited financial statements as of and for the financial years ended December 31, 2015, December 31, 2016 and December 31, 2017 (the "**Audited IFRS Financial Statements**"), our audited unconsolidated financial statements in accordance with the German Commercial Code for the financial year ended December 31, 2017 (the "**2017 Audited HGB Financial Statements**") as well as our unaudited interim condensed financial statements as of and for the three-month period ended March 31, 2018 (with comparative figures for the three-month period ended March 31, 2017) (the "**Unaudited Interim Condensed Financial Statements**"). English-language translations of the German-language originals of the Audited IFRS Financial Statements and the Unaudited Interim Condensed Financial Statements are included in the Prospectus beginning on page F-1. The Audited IFRS Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The Unaudited Interim Condensed Financial Statements have been prepared in accordance with IFRS applicable to interim financial reporting (IAS 34). The Audited IFRS Financial Statements were audited by BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, Germany, who issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) thereon as included in the Prospectus. IFRS and German Commercial Code may differ in material respects.

Some of the statements contained below include forward-looking statements. These statements involve inherent uncertainties and actual results may differ materially. Investors can find a discussion of these uncertainties in Sections "*4.3. General Information –Forward-Looking Statements*". In addition, investing in the Shares involves risks. Investors can find a discussion of these risks in Section "*3. Risk Factors*".

Where financial information in the following tables is denoted as "audited", this means that it was taken from the Audited IFRS Financial Statements or from the 2017 Audited HGB Financial Statements. The label "unaudited" is used in the following tables to indicate financial information that was not taken from the Audited IFRS Financial Statements but that was either taken or derived from the Unaudited Interim Condensed Financial Statements, our internal accounting records or management reporting systems or is based on calculations of these figures or recomputed from the Audited IFRS Financial Statements, the 2017 Audited HGB Financial Statements or the Unaudited Interim Condensed Financial Statements.

This section contains certain alternative performance measures, which are non-IFRS financial measures and ratios that our management and many of our peers in our industry use including EBITDA, EBIT, EBIT margin, adjusted EBITDA, adjusted EBIT, adjusted EBITDA margin, adjusted EBIT margin, net debt, capital expenditures and trade working capital that are not required by, or presented in accordance with, IFRS (for further information, and the definition of each measure, see Section "*11.8 Discussion of Key Performance Indicators*"). Certain of these measures, in particular EBITDA and EBIT, are derived from IFRS accounts. These are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on October 5, 2015 on alternative performance measures (the "**ESMA Guidelines**"). We present these alternative performance measures as supplemental information for the specific reasons outlined in Section 10, and generally because we believe they may contribute to a fuller understanding of our cash generation capacity and the growth of our business and brand. We believe that the presentation of the alternative performance measures included in the Prospectus complies with the ESMA Guidelines. Apart from EBIT, alternative performance measures included in the Prospectus have not been reviewed or audited by our Auditor, nor by any independent expert.

In addition to the financial information presented herein prepared under IFRS and the alternative performance measures as defined in the ESMA Guidelines, we also present in the Prospectus certain operating and non-financial measures such as the order backlog (for further information see Section 11.5.). These measures have also neither been reviewed nor audited by our Auditor, nor by any independent expert.

Neither the alternative performance measures nor the aforementioned operating and non-financial measures are defined by IFRS or under any other internationally accepted accounting principles, and investors should not consider such items as an alternative to the historical financial results or other indicators of our

performance, liabilities or net assets based on IFRS measures. In particular, they should not be considered as alternatives to net profit or earnings before taxes as indicators of our performance, profitability or as alternatives to cash flows from operating activities as an indicator of our financial strength. These measures may not be comparable to similarly titled measures as presented by other companies due to differences in the way our measures are calculated. Even though these measures are used by management to assess ongoing operating performance, indebtedness and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of our results, cash flows or assets and liabilities as reported under IFRS.

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

11.1 Overview of our business activities

Soon after its incorporation in 2008, as a limited liability company (*Gesellschaft mit beschränkter Haftung)*, AKASOL developed into a market leading pioneer for lithium ion ("**Li-Ion**") battery systems for high performance applications in e-moblity markets. We believe that Li-Ion battery technology will support the development of the market for electric vehicles in terms of technology and market share. Especially within our focused client industries, electric powertrains offer significant advantages compared to internal combustion engine ("**ICE**") powertrains, which in our view leads to a significantly different total cost of ownership business model for many operators.

As early as 2009, our high performance battery systems were, to our knowledge, the first in the industry to realize efficient thermal management with liquid cooling integrated on a highly functional module level and our system design was the first to realize a standardized modular approach. As a result, we install highly functional and standardized battery modules including battery management system and thermal management features into the battery system architecture. We believe that one of our most important selling points is our flexibility in terms of battery chemistry and battery cell format. AKASOL offers product portfolios with different kinds of battery cell formats (pouch, prismatic and cylindrical) and Li-Ion battery chemistry (lithium-nickel cobalt manganese oxide ("**NMC**"), lithium titanium oxide ("**LTO**") and lithium-iron phosphate ("**LFP**"), among others).

Due to the large variety of applications in which our clients utilize Li-Ion battery systems, there is a wide range of requirements and specifications that these battery systems need to comply with. In our view, these requirements, including these related to safety and specifications can only be met by offering a variety of battery solutions to our clients. We are able to provide this variety as a result of our modular and standardization approach that enables us to use different kinds of battery cell formats and battery chemistry solutions within the same battery system architecture. This approach provides cost benefits for our clients as well as positive cost effects for us, because we can limit our product portfolio and the required production equipment. Another important selling point for our product portfolio is in our view the availability of our Li-Ion battery systems for a wide voltage range from 48V up to 1,000V, which is necessary for high performance applications.

As of the date of the Prospectus, we conduct our business operations through two business segments:

- **On-Highway Segment**: In this business segment, we supply Li-Ion battery systems including battery management systems and software, equipment and services to manufacturers of buses and commercial vehicles (heavy, medium and light commercial vehicles) (collectively, the "**On-Highway Segment**"). Our clients in this segment are mostly large original equipment manufacturers, some of which are associates of

leading global car manufacturers. The requirements of those clients for Li-Ion battery systems as well as for the production facilities and supply chain are in line with general automotive standards, while the high-performance battery systems we produce are more complex and require more tailored solutions than in passenger car applications. Currently our main clients in this segment are Daimler and Volvo Group.

- **Off-Highway Segment**: The clients we supply in this segment are OEMs or so-called "tier 1" suppliers (companies that, as part of a tiered supply chain, supply parts or systems directly to OEMs) of rail vehicles, industrial vehicles (such as construction vehicles, mining vehicles and logistic vehicles), marine applications (including boats, ships, ferries and submarines) as well as stationary applications for residential and professional installations (collectively, the "**Off-Highway Segment**"). Most of the requirements for Li-Ion battery systems in those applications are close to the standards of the automotive industry, which we have grown accustomed to in our On-Highway Segment. For some applications, our clients set even higher standards – for example, in the case of rail vehicles – while standards with regard to stationary applications are lower since there are no comparable functionality and safety tests as is the case for Li-Ion battery systems in mobile applications. Currently, our main clients in this segment are Alstom, Bombardier, Rolls-Royce Power Systems (MTU Friedrichshafen) and Medatech.

11.2 Basis of presentation

The Audited IFRS Financial Statements were prepared in accordance with IFRS as adopted by the EU as applicable as of December 31, 2017 taking into account the provisions of IFRS 1 for the first-time adoption of IFRS. As of the date of the Prospectus, our only subsidiary is AKASOL, Inc., incorporated in Michigan, United States of America, which is not yet active. Therefore, the Audited IFRS Financial Statements were drawn up as unconsolidated financial statements of the Company. In the future, after AKASOL, Inc. has become active, we will have to produce consolidated financial statements in accordance with IFRS.

11.3 Key factors affecting our business, financial condition and results of operations

The following factors have primarily affected our performance and results of operations during the periods covered by the Prospectus. Our business, results of operations, cash flows or financial position may continue to be affected by these and other factors in the future.

11.3.1 Relevance of key clients

A significant share of our revenue comes from a small number of key clients, namely Daimler and Volvo Group, from whom we generated 24.3% and 23.6% of our revenue in financial year 2017, respectively. We believe we have strong relationships with these clients and that those relationships will continue. Nevertheless, any change in our relationship, the strength of their businesses or their demand for our products could materially affect our results. We have entered into strategic partnerships with these key clients through contracts and other agreements, which generally include exclusivity arrangements. These relationships form a core pillar of our business plan and we expect them to result in a material portion of our revenue. On the other hand, these contracts also include clauses that allow either party to terminate the relationship under specified circumstances. These relationships might not continue or be extended, and they may terminate entirely. Our relationships with these key clients and their level of business with us will affect our performance and results of operations in the future.

11.3.2 Order backlog position and outlook

Our order backlog is an important indicator of demand. The development of our order backlog impacts our business significantly, including our product pricing and revenue. Our order backlog for the planning period until December 31, 2024 amounted to €1.22 billion as of December 31, 2017 and to €1.45 billion as of March 31, 2018. In the next four to five years, we aim to achieve revenue above €300 million with an improvement in the adjusted EBIT margin by leveraging our technologies and close relationship with leading blue-chip OEMs, coupled with the planned expansion into other regions on the back of the expected continuous growth in commercial e-mobility. Our order backlog is derived from information regarding orders that have already been placed, as well as management predictions on how many other future orders are likely. As a result, our order backlog for future periods thus is difficult to predict and our actual order backlog

in future periods may vary materially. In order to generate revenue from our order backlog as planned, our ability to process and deliver orders effectively is and will remain vital in meeting our clients' expectations. For more information about how the order backlog is being calculated, see Section 11.5.12.

11.3.3 General economic climate and general demand for Li-Ion batteries

Global economic conditions in general, and the economic climate in the jurisdictions in which we operate and sell our products in particular, affect our performance and results of operations. The economic climate impacts levels of global investment and infrastructure spending which can impact our business and that of our clients and which can also impact our access to and cost of capital. More specifically, we believe that certain trends will have a positive impact on our results of operations, including the electrification, the process of powering previously non-electrically powered devices by electricity and, in many cases, the migration to electricity as a power source, as well as increasing client and market acceptance as consumers are becoming increasingly aware of the environmental impact of depleting traditionally used fossil fuels, and are increasingly adopting energy efficient and sustainable alternatives. As a result of the trends described above, transportation authorities across Europe (for example, in London, Copenhagen, Barcelona, Paris and Milan) have communicated their mid-to-long term plans to replace existing ICE-based bus fleets with new electrified buses (Source: *ZeEUS*). Moreover, regional and city governments across many countries in Europe have been active in general promotion of e-mobility penetration, through, for example, introduction of bans on diesel cars in city centers and plans for free public transportation in certain towns and cities. (Source: McKinsey: What's sparking). At national level, several countries are also announcing ambitious electric vehicle penetration targets. Due to the fast progress in achieving total cost of ownership ("**TCO**") parity between conventional ICEs and electric vehicles, adoption rates for electric vehicles and buses – especially in the public transportation sector – are expected to increase.

11.3.4 Further increases in e-mobility are directly tied to government policies in relation to alternative energy sources and fossil fuels

Our business has been positively impacted by government policies that encourage the use of alternative energy sources and disincentives for the use of fossil fuels and, in particular, incentivize the use of electric energy for mobility purposes, such as stricter CO_2 and NO_x emission regulations. The continuation and strengthening of such policies or the implementation of related new policies could have a materially positive impact on our performance and results of operations. On the other hand, any changes to, or repeal of, such policies could have a materially negative impact on our performance and results of operations.

11.3.5 Product pricing

The prices at which we sell our products fluctuate as a result of many factors, including:

- demand;
- the price of battery cells and other raw materials;
- the financial performance of our clients, and
- the pricing strategies of our competitors.

Increased competition in the industries and market segments in which we operate may adversely affect our selling prices, margins and overall profitability. The industries and sub-market segments within the e-mobility market are competitive.

We face significant competition from other mostly large international competitors, but also smaller regional competitors in certain markets. Competition is based on several key criteria, which include, among other things:

- price;
- product technology and reliability;
- product quality and performance;
- size;

- weight;
- product design and innovation;
- reputation;
- brand recognition;
- client access; and
- the scope and quality of the products and solutions offered.

Competition in the e-mobility market and its various sub-markets as well as the industries linked thereto might become more aggressive and fierce in the future, particularly as a result of the market entry of new competitors from China and other emerging market countries, which may benefit from lower production costs. We expect that the growth in the relatively young e-mobility market and the other Li-Ion battery-based industries may attract such new competitors. Moreover, any consolidation among our competitors could enhance their product offerings and financial resources, which could strengthen their competitive position relative to ours.

11.3.6 Business development costs

The cost of developing our business in our current markets and expanding into new markets is expected to have a material effect on our performance and results of operations in future reporting periods. See Section 15.3 for more detailed overview of our expansion strategy.

11.3.7 Build-up and expansion of the production facility in Langen and the new facility in Michigan

In late 2017, we opened our main production facility in Langen, Germany, which currently has a capacity of 300 MWh annually, translating to up to 1,500 fully electric buses or up to 6,000 commercial vehicles per year, depending on battery size. We invested significant capital expenditures in connection with the build-up of this plant facility, and are incurring new rental costs for the site of the facility.

By 2020, we intend to double our capacity in Germany to 600 MWh annually, including at a second production line to be opened in Langen. We estimate that this capacity level will allow us to produce battery systems for up to 3,000 buses or up to 12,000 commercial vehicles per year, depending on battery size. We expect that we will also incur significant costs in connection with this expansion of the facility.

Further, we intend to open a production facility in Michigan, the United States, which will be operated by our subsidiary, in 2019. We expect this production facility to have a capacity of 300 MWh annually by end of year 2019 with a focus on the final assembly of our battery systems.

11.3.8 Cash pool agreement

In 2016 and 2015, current liabilities to shareholders related to the balance of the cash pool agreement we had entered into with Schulz Group GmbH. The loans resulting from this cash management system had a fixed interest rate of 5% p.a., which also impacted our financial expenses and financial results for those periods. The cash pool agreement was terminated with effect from July 31, 2017, so that it will not affect our financial performance in future periods.

11.3.9 Cost of materials and cost of and availability of battery cells

Our costs of materials are primarily attributable to the purchase of battery cells. Historically, the volatility of costs related to raw material and semi-finished goods has caused fluctuations in our production costs. We expect that our cost of materials will continue to fluctuate as they have in the past several years. Additionally, our cell suppliers have in the past adjusted, and may continue to adjust in the future, their pricing as their businesses and market strategies develop. Because of, among other factors, increased automation of the cell production processes, however, we expect that the relative cost of battery cells will decrease in the future, and will account for a smaller portion of our cost of materials.

In addition, the battery cells required for our range of battery systems are often replaced by new types of cells. This often happens on relatively short notice. Additionally, from time to time cell suppliers decide to no

longer deliver certain types of battery cells after a certain date. This may require us to modify our products or manufacturing processes to accommodate new types of battery cells which reflect technological developments within the Li-Ion sector. We incur additional costs if such adjustments are made by our suppliers.

11.3.10 Ongoing product development costs

To maintain our technological edge, we are constantly forced to invest in the further improvement of our existing products and the development of new products. If our battery system technology is not adopted by our clients, or if our battery system technology does not meet industry requirements for power and energy storage capacity in an efficient and safe design, our batteries systems will not gain or maintain market acceptance.

In addition, the market for our products depends upon third parties creating or expanding markets for their end-user products that utilize our battery systems. If such end-user products are not developed, or if the end-user products are too expensive, if other than our battery systems are used in the end-user products or if the market for such end-user products contracts or fails to develop, the market for our battery systems would also become narrower or finally collapse. This would have a material adverse effect on our business.

We have entered into development cost sharing arrangements with certain OEMs for whom we are developing batteries. For details on the capitalization of our research and development costs, please see Section 11.10.1.

11.3.11 Personnel expenses

Personnel expenses account for a significant share of our costs. They include salaries and wages as well as pensions and other social contributions. As we grow our business, we expect these costs to increase. In addition, our CEO, Sven Schulz, has historically not received a salary from us but rather from our parent, the Schulz Group GmbH. This has changed effective May 14, 2018, and will result in an increase of our personnel costs. In addition, our personnel costs will increase because of the compensation paid to the new CFO we have hired as well as the costs for the creation of internal functions that were historically covered by Schulz Group GmbH. We believe our future performance depends in large part on our ability to attract and keep highly skilled technical, managerial and marketing personnel who are familiar with our key clients and experienced in the battery industry. We are committed to paying competitive salaries in order to attract the talent necessary to sustain and grow our business and the costs associated with doing so could impact our performance and results of operations going forward. We cannot ensure that efforts to retain and motivate management and key employees or attract and retain other highly qualified personnel in the future will be successful. Industry demand for such employees, especially employees with experience in battery chemistry and battery manufacturing processes, is greater than the number of personnel available. Therefore, the competition for attracting and retaining these employees is intense is likely to intensify further, if the advanced battery market continues to grow. This might require increases in compensation for current employees over time, in order to retain these employees.

11.3.12 Foreign currency exchange rates

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

11.3.13 Warranty claims and recycling costs

We are legally required to take back our battery systems for recycling or refurbishment of the included battery cells. Since serial production of our battery systems is only yet starting and since most of our battery systems

that have already been delivered have not yet reached the end of their lifecycle, the costs that may result from this obligation are currently difficult to predict. We have budgeted for such activities. Actual costs, however might exceed the predicted costs significantly. Material differences between our budgeted costs and the actual costs would have an effect on our performance and result of operations. For more details on these requirements, please see Section 3.1.15.

11.4 Segment overview

Historically, we did not operate our business in different segments, and, as a result, did not reflect distinct reportable segments in our Audited IFRS Financial Statements. In the future, however, we intend to be organized internally into two operating segments, the On-Highway Segment and the Off-Highway Segment, which represent our strategic business units and will be reflected in our financial statements going forward.

11.5 Discussion of the results of operations

The following table provides financial information from the statement of comprehensive income as shown in the Audited IFRS Financial Statements and the Unaudited Interim Condensed Financial Statements:

	For the financial year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Revenue	**8,806**	**13,446**	**14,483**	**2,246**	**4,537**
Change in inventory	698	(238)	(25)	(380)	74
Own work capitalized	772	556	1,018	190	338
Other income	162	111	536	22	20
Cost of materials	(4,736)	(6,210)	(6,878)	(610)	(2,167)
Personnel expense	(3,023)	(3,809)	(4,837	(1,105)	(1,266)
Other expenses	(1,636)	(1,884)	(2,552)	(455)	(961)
Depreciation and amortization	(633)	(645)	(628)	(146)	(129)
Operating results (EBIT)	410	1,326	1,117	(239)	448
Financial expenses	(319)	(273)	(246)	(32)	(97)
Financial result	(319)	(273)	(246)	(32)	(97)
Earnings before taxes (EBT)	91	1,053	871	(270)	351
Income tax expenses	(42)	(339)	(266)	82	(106)
Net profit	**49**	**715**	**605**	**(188)**	**245**
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	**49**	**715**	**605**	**(188)**	**245**

11.5.1 Revenue

Revenue represents income received from the sales of our products, including prototypes, serial production or individual materials, as well as income received for the provision of services, including engineering services and other maintenance and advisory services. We conclude contracts with clients for the supply and development of products and their maintenance. On this basis, we recognize revenue from contracts with clients into the categories product sales and services. The product sales category includes the sales of all products, such as prototypes of battery systems, series production or parts. The service category includes all engineering services as well as other maintenance and consulting services.

As described in more detail in Section 11.10.2, when products are sold, the date of revenue recognition under IFRS 15 is determined on the basis of the delivery of the respective object of the contract. Payment is normally due after delivery and invoicing. Engineering services are regarded as realized when the contractual conditions are deemed to be fulfilled. Invoices are issued as the project progresses on the basis of the agreed milestones. Revenue is recognized for unfulfilled milestones on a time-period over time basis. Maintenance contracts are recognized pro rata over the corresponding term of the contracts.

The following table provides an overview of our revenue and its component sources for the three-month periods ended March 31, 2017 and 2018, and for the financial years ended December 31, 2015, 2016 and 2017.

	For the financial year ended December 31,			For the three-months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Revenue	**8,806**	**13,446**	**14,483**	**2,246**	**4,537**
Product sales	2,516	8,321	10,347	1,170	3,951
Services	6,290	5,125	4,136	1,075	586

Over time, services revenue has declined compared to product revenue, as production is becoming an increasingly important part of our business. We expect this trend to continue further in the future with the introduction of serial production in the third quarter of 2018, which we expect will result in increased revenues from products.

11.5.1.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our revenue for the quarter ended March 31, 2018 was €4,537 thousand, which represents a significant increase compared to €2,246 thousand for the quarter ended March 31, 2017. The increase was principally the result of a higher number of products sold to clients.

11.5.1.2 Comparison of the financial years ended December 31, 2017 and 2016

Our revenue for the year ended December 31, 2017 was €14,483 thousand, which represents a €1,037 thousand, or 7.7% increase compared to €13,446 thousand for the year ended December 31, 2016. The increase was principally the result of higher sales of our battery systems, offset in part by lower income earned for our services in 2017. In 2016, we had a significant number of prototype-level projects, with a more pronounced engineering component, which required us to provide clients with services related to these projects. In 2017, drawing from these developments in 2016, we produced and sold a higher number of products to clients, including first products from out serial production line, while we had fewer prototype-level projects.

Product sales gained in importance during the year ended December 31, 2017, representing 71% of our revenue, compared to 62% during the year ended December 31, 2016. Conversely, 29% of our revenue was generated from services during the year ended December 31, 2017, compared to 38% during the year ended December 31, 2016.

11.5.1.3 Comparison of the financial years ended December 31, 2016 and 2015

Our revenue for the year ended December 31, 2016 was €13,446 thousand, which represents a €4,640 thousand, or 52.7% increase compared to €8,806 thousand for the year ended December 31, 2015. The increase was principally the result of higher sales of our battery systems, offset in part by lower income earned for our services. In 2015, we had a significant number of prototype-level projects, with a more pronounced engineering component, which required us to provide clients with more related services.

Product sales significantly gained in importance during the year ended December 31, 2016, representing 62% of our revenue, compared to 29% during the year ended December 31, 2015. Conversely, 38% of our revenue was generated from services during the year ended December 31, 2016, compared to 71% during the year ended December 31, 2015.

11.5.2 Change in inventory

Change in inventory reflects the difference between inventory at the end of the preceding period and inventory at the end of the current period.

11.5.2.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our change in inventory for the quarter ended March 31, 2018 was a slight decrease of €74 thousand, compared to a higher decrease of €380 thousand for the quarter ended March 31, 2017. The change was principally the result of the ramp-up of the serial production of our battery systems for upcoming blue chip client projects.

11.5.2.2 Comparison of the financial years ended December 31, 2017 and 2016

Our change in inventory for the year ended December 31, 2017 decreased by €25 thousand, compared to a decrease of €238 thousand for the year ended December 31, 2016. The change was principally the result of build-up of battery systems for ongoing client projects where expenditures were made, but not completely implemented.

11.5.2.3 Comparison of the financial years ended December 31, 2016 and 2015

Our change in inventory for the year ended December 31, 2016 decreased by €238 thousand, compared to an increase of €698 thousand for the year ended December 31, 2015. The change was principally the result of increased sales of battery systems.

11.5.3 Own work capitalized

Own work capitalized consists of the value of development projects which meet the requirements of IAS 38.21 (in principle, projects for which it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably) and IAS 38.57 (in principle, projects from which we expect to generate proceeds) for which project-related development costs have been capitalized. The amounts capitalized are recognized under intangible assets, and also include costs incurred in manufacturing test equipment; however, intangible assets also include other items not included under the amounts capitalized, such as software.

11.5.3.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our own work capitalized for the quarter ended March 31, 2018 was €338 thousand, which represents a €148 thousand, or 77.8% increase, compared to €190 thousand for the quarter ended March 31, 2017. The increase was principally the result of an extension of our development capacities, which enabled us to conduct more client related projects in the first three months of 2018 than in the comparable period in 2017 and resulted in increased project-related development costs.

11.5.3.2 Comparison of the financial years ended December 31, 2017 and 2016

Our own work capitalized for the year ended December 31, 2017 was €1,018 thousand, which represents a €462 thousand, or 83.1% increase, compared to €556 thousand for the year ended December 31, 2016. The increase was principally the result of increased project-related development costs, mainly due to development projects that were capitalized in 2017 than in 2016.

11.5.3.3 Comparison of the financial years ended December 31, 2016 and 2015

Our own work capitalized for the year ended December 31, 2016 was €556 thousand, which represents a €216 thousand, or 28.0% decrease, compared to €772 thousand for the year ended December 31, 2015. The decrease was principally the result of decreased project-related development costs, as there were fewer projects in 2016 than 2015.

11.5.4 Other income

Other income consists of income from supplier bonuses, insurance indemnities, off-period income, income from price differences, revaluation gains and miscellaneous other operating income including fluctuations in income due to a change in the exchange rate between when income is recognized and received. Off-period income represents income related to an earlier period, for example, income derived from reserves from previous periods being reversed in the current period.

11.5.4.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our other income for the quarter ended March 31, 2018 was €20 thousand, which represents a €2 thousand, or 9.1%, decrease, compared to €22 thousand, for the quarter ended March 31, 2017. The decrease was principally the result of lower income from exchange rate fluctuations and other income.

11.5.4.2 Comparison of the financial years ended December 31, 2017 and 2016

Our other income for the year ended December 31, 2017 was €536 thousand, a significant increase, compared to €111 thousand for the year ended December 31, 2016. The increase was principally the result of settled indemnity payments in an amount of €1.0 million related to damage compensation we received in connection with a production facility related claim. The related equipment was reflected on our balance sheet as an asset under construction in the amount of €490 thousand, which resulted in a net benefit of €510 thousand.

11.5.4.3 Comparison of the financial years ended December 31, 2016 and 2015

Our other income for the year ended December 31, 2016 was €111 thousand, which represents a €51 thousand, or 31.5% decrease, compared to €162 thousand for the year ended December 31, 2015. The decrease was principally the result of a lower income from exchange rate fluctuations.

11.5.5 Cost of materials

11.5.5.1 Definition

Cost of materials comprises expenses for raw materials and supplies, costs related to inventory as well as expenses for purchased services. These expenses are generally variable costs.

11.5.5.2 Comparison of three-month periods ended March 31, 2018 and 2017

Our cost of materials for the quarter ended March 31, 2018 was €2,167 thousand, which represents a significant increase, compared to €610 thousand, for the quarter ended March 31, 2017. The increase was mainly the result of increased expenses for raw materials and supplies, but also for purchased services. Cost of materials increased significantly stronger than the revenue for the respective period because of costs for materials that will be used at our Langen plant, which did not exist in the first quarter of 2017. This development is in line with the ramp-up of our serial production in 2018, compared to mostly prototype-related costs in 2017. At the same time, this development has resulted in higher revenues in 2018, and is expected to result in higher sales of our battery systems in future periods.

11.5.5.3 Comparison of the financial years ended December 31, 2017 and 2016

Our cost of materials for the year ended December 31, 2017 was €6,878 thousand, which represents a €668 thousand, or 10.8%, increase, compared to €6,210 thousand, for the year ended December 31, 2016. The increase was principally the result of higher sales of our battery systems and the required production of more battery systems that resulted in increased expenses for raw materials, supplies and purchased services, particularly in the areas of third party and other services.

11.5.5.4 Comparison of the financial years ended December 31, 2016 and 2015

Our cost of materials for the year ended December 31, 2016 was €6,210 thousand, which represents a €1,474 thousand, or 31.1%, increase, compared to €4,736 thousand, for the year ended December 31, 2015. The increase was principally the result of increased expenses for raw materials, supplies and purchased services in line with higher sales of our battery systems offset in part by lower costs related to inventory.

11.5.6 Personnel expense

Personnel expense includes the costs and expenses related to the maintenance and proper functioning of our work force, including the payment of salaries and wages, social security, termination benefits and other employee benefits for our employees and management. These expenses are generally semi-fixed costs.

11.5.6.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our personnel expense for the quarter ended March 31, 2018 was €1,266 thousand, which represents a €161 thousand, or 14.6%, increase, compared to €1,105 thousand for the quarter ended March 31, 2017. The

increase was principally the result of additional personnel hired in order to enable our growth and the development of higher production capacities needed for the serial production of our battery systems.

11.5.6.2 Comparison of the financial years ended December 31, 2017 and 2016

Our personnel expense for the year ended December 31, 2017 was €4,837 thousand, which represents a €1,028 thousand, or 27.0%, increase, compared to €3,809 thousand, for the year ended December 31, 2016. The increase was principally the result of additional personnel hired to enable higher production volumes of our battery systems.

11.5.6.3 Comparison of the financial years ended December 31, 2016 and 2015

Our personnel expense for the year ended December 31, 2016 was €3,809 thousand, which represents a €786 thousand, or 26.0%, increase, compared to €3,023 thousand, for the year ended December 31, 2015. The increase was principally the result of additional personnel hired to enable higher production volumes of our battery systems.

11.5.7 Other expenses

Other expenses include fees to be paid to our parent company, Schulz Group GmbH for the services it has historically provided to us during the relevant reporting periods, including finance, controlling, accounting, human resources, sales, marketing strategy, information technology and administrative services. Other expenses also include hardware and software maintenance costs, rents, advertising expenses and other costs.

11.5.7.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our other expenses for the quarter ended March 31, 2018 was €961 thousand, which represents a significant increase of €506 thousand, compared to €455 thousand, for the quarter ended March 31, 2017. On the one hand, we incurred lower management fees payable to Schulz Group GmbH; on the other hand, this effect was outbalanced by one-time capital market expenses related to the Offering, such as legal and advisory costs, and we also incurred higher cots in relation to rents, particularly for the new plant facility in Langen, advertising expenses, hardware and software maintenance costs in line with higher product sales. In connection with the Offering and the related transformation into a stock company, in the three months ended March 31, 2018, we incurred €155 thousand in auditor and financial advisory fees.

11.5.7.2 Comparison of the financial years ended December 31, 2017 and 2016

Our other expenses for the year ended December 31, 2017 was €2,552 thousand, which represents a €668 thousand, or 35.4%, increase, compared to €1,884 thousand, for the year ended December 31, 2016. The increase was principally the result of decreased fees payable to Schulz Group GmbH, hardware and software maintenance costs, rents, particularly in relation to the new plant facility in Langen, advertising expenses, postage and outward freight and warranties in connection with higher sales of our battery systems, which were partially offset by lower legal and advisory costs and lower costs for trade fairs.

11.5.7.3 Comparison of the financial years ended December 31, 2016 and 2015

Our other expenses for the year ended December 31, 2016 was €1,884 thousand, which represents a €248 thousand, or 15.2%, increase, compared to €1,636 thousand, for the year ended December 31, 2015. The increase was principally the result of hardware and software maintenance costs, rents, advertising expenses, postage and outward freight in connection with higher sales of our battery systems as well as increased legal and advisory costs and increased costs for trade fairs, which were partially offset by decreased fees payable to Schulz Group GmbH and decreased warranties.

11.5.8 Depreciation and amortization

Depreciation and amortization primarily consist of the depreciation of property, plant and equipment and amortization of internally generated and other intangible assets.

Our depreciation and amortization were relatively stable since January 1, 2015. As of December 31, 2015, cumulative depreciations on property, plant and equipment were €1,182 thousand and cumulative

amortizations on intangible assets were €769 thousand. As of December 31, 2016, cumulative depreciations on property, plant and equipment were €1,417 thousand and cumulative amortizations on intangible assets were €1,179 thousand. As of December 31, 2017, cumulative depreciations on property, plant and equipment were €1,697 thousand and cumulative amortizations on intangible assets were €1,526 thousand. For additional details on the depreciations on property, plant and equipment, please see Note 4.1 to our Audited IFRS Financial Statements on page F-30. For additional details on the amortizations of intangible assets please see Note 4.1 to our Audited IFRS Financial Statements on page F-28.

11.5.8.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our depreciation and amortization for the quarter ended March 31, 2018 slightly declined to €129 thousand, which represents a €17 thousand, or 11.6%, decrease, compared to €146 thousand for the quarter ended March 31, 2017. The decrease was principally the result of lower internally generated intangible assets offset in part by an increase attributable to acquisition of property, plant and equipment costs.

11.5.8.2 Comparison of the financial years ended December 31, 2017 and 2016

Our depreciation and amortization for the year ended December 31, 2017 were €628 thousand, which represents a €17 thousand, or 2.6%, decrease, compared to €645 thousand for the year ended December 31, 2016. The decrease was principally the result of decrease in internally generated intangible assets offset in part by an increase attributable to acquisition of property, plant and equipment costs in connection with our expansion of production facilities and the establishment of two new offices.

11.5.8.3 Comparison of the financial years ended December 31, 2016 and 2015

Our depreciation and amortization for the year ended December 31, 2016 were €645 thousand, which represents a €12 thousand, or 1.9%, increase, compared to €633 thousand, for the year ended December 31, 2015. The increase was principally the result of increases in internally generated intangible assets and acquisition of property, plant and equipment in connection with our expansion.

11.5.9 Financial result

Since January 1, 2015, we did not earn any financial income, so that our financial result only comprises financial expenses, specifically, interest and similar expenses, including non-current liabilities, interest paying under the cash pooling with Schulz Group GmbH for liquidity provided by Schulz Group GmbH and other current interest expenses.

11.5.9.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our financial result for the quarter ended March 31, 2018 was negative €97 thousand, which represents a €65 thousand, or significant decrease, compared to negative €32 thousand, for the quarter ended March 31, 2017. The decrease was principally the result of the recording of a €5.5 million loan with the Baden-Württembergische Bank in the prior year, offset in part by the effects of our cash pooling agreement with Schulz Group GmbH, which was terminated with effect from July 31, 2017.

11.5.9.2 Comparison of the financial years ended December 31, 2017 and 2016

Our financial result for the year ended December 31, 2017 was negative €246 thousand, which represents a €27 thousand, or 9.9%, increase, compared to negative €273 thousand, for the year ended December 31, 2016. The increase was principally the result of decreases in interest owed under our cash pooling agreement with Schulz Group GmbH, which was terminated with effect from July 31, 2017 as well as decreased other interest payments for current liabilities, partially offset by increased interest payments for non-current liabilities due to the increased liabilities under our credit facilities.

11.5.9.3 Comparison of the financial years ended December 31, 2016 and 2015

Our financial result for the year ended December 31, 2016 was negative €273 thousand, which represents a €46 thousand, or 14.4%, decrease, compared to negative €319 thousand, for the year ended December 31, 2015. The increase was principally the result of decreases in non-current liabilities in connection with our credit facilities, as well as interest in connection with our cash pooling agreement with Schulz Group GmbH.

11.5.10 Income tax expenses

Income tax expenses represent the sum of the taxes currently payable and deferred taxes, in each case, including both domestic and foreign taxes, to the extent applicable. The tax payable is based upon the taxable profit for the period. We calculate the period income tax expense using the tax rate that would be applicable to the total period earnings.

As a corporation, AKASOL GmbH was historically subject to corporation tax and trade tax. The effective trade tax rate is determined by the jurisdiction in which a company operates. As in the two previous years, the corporate income tax rate in Germany was 15% in 2017. In addition a solidarity surcharge of 5.5% is levied on the corporate income tax assessed. AKASOL GmbH's historic expected effective tax rate of 30.7% results from the City of Darmstadt's trade tax of 14.875% in combination with the income tax and solidarity surcharge.

11.5.10.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our income tax expenses for the quarter ended March 31, 2018 were €106 thousand, which represents a significant decrease of €188 thousand compared to income from income tax of €82 thousand, for the quarter ended March 31, 2017. In the quarter ended March 31, 2017, deferred tax assets were built up as a result of our negative taxable profit for the period and therefore we experienced an income from income tax. In the three months ended March 31, 2018, this amount represents the income tax expense on taxable profit for the quarter.

11.5.10.2 Comparison of the financial years ended December 31, 2017 and 2016

Our income tax expenses for the year ended December 31, 2017 were €266 thousand, which represents a €73 thousand, or 21.5%, decrease, compared to €339 thousand, for the year ended December 31, 2016, in line with the concurrent decrease in taxable profit for the year.

11.5.10.3 Comparison of the financial years ended December 31, 2016 and 2015

Our income tax expenses for the year ended December 31, 2016 were €339 thousand, which represents a significant increase, compared to €42 thousand, for the year ended December 31, 2015, in line with the concurrent increase in taxable profit for the year.

11.5.11 Net profit

Net profit represents the sum of revenue, change in inventory, own work capitalized and other income minus the sum of the cost of materials, personnel expense, other expense, depreciation and amortization, financial expenses and income tax expenses.

11.5.11.1 Comparison of three-month periods ended March 31, 2018 and 2017

Our net profit for the quarter ended March 31, 2018 was €245 thousand, which represents a significant increase, compared to a loss of €188 thousand for the quarter ended March 31, 2017. The increase was the result of the factors discussed above.

11.5.11.2 Comparison of the financial years ended December 31, 2017 and 2016

Our net profit for the year ended December 31, 2017 was €605 thousand, which represents a €110 thousand, or 15.4%, decrease, compared to €715 thousand for the year ended December 31, 2016. The decrease was the result of the factors discussed above.

11.5.11.3 Comparison of the financial years ended December 31, 2016 and 2015

Our net profit for the year ended December 31, 2016 was €715 thousand, which represents a significant increase, compared to €49 thousand for the year ended December 31, 2015. The increase was the result of the factors discussed above.

11.5.12 Order Backlog

Our order backlog for the planning period until December 31, 2024 amounted to €1.22 billion as of December 31, 2017, and €1.45 billion as of March 31, 2018.

Our order backlog comprises signed framework agreements and related order indications from the clients, which are included in the order backlog with a 100% probability, as well as specific expressions of interest and advanced negotiations with clients, which are reflected in the backlog at corresponding weighted probability rates. The order backlog only reflects activities for which we have received a request for proposal or where we are in bilateral negotiations and to which our management has assigned a probability of at least 50%; it excludes all further discussions and negotiations with clients. As of March 31, 2018, 23% of our order backlog was contracted, while 77% were probability weighted.

The vast majority of our order backlog is subject to the placement of actual orders relating to a certain number of battery systems to be delivered to the client ("call-off orders") in the future. The order backlog is based on forecasts on actual purchase forecasts as discussed with our clients, however such forecasts are not binding purchase commitments. Our assessment of the probabilities that order backlog can be converted into orders may not be correct. Our order backlog for future periods thus is difficult to predict and our actual order backlog in future periods may vary materially.

As of March 31, 2018, 81% of the order backlog was attributable to the On-Highway segment while 19% were attributable to the Off-Highway segment.

11.6 Selected items from the statements of financial position

The following table shows our statements of financial position set forth in our Audited Annual Financial Statements and our Unaudited Interim Condensed Financial Statements.

	As of December 31,			As of March 31
	2015	2016	2017	2018
in TEUR		(audited)		(unaudited)
Assets				
Intangible assets	1,173	984	1,214	1,321
Property, plant and equipment	1,473	1,302	3,131	3,738
Financial assets	—	—	—	1
Other non-financial assets	0	14	14	14
Deferred tax assets	544	224	0	—
Total Non-current Assets	**3,190**	**2,525**	**4,360**	**5,074**
Inventories	5,710	3,898	5,342	5,367
Trade receivables	2,182	2,065	2,068	1,922
Other non-financial assets	378	154	419	526
Cash and cash equivalents	1,344	811	2,839	2,903
Total Current Assets	**9,614**	**6,928**	**10,668**	**10,717**
Total Assets	**12,804**	**9,452**	**15,027**	**15,791**
Equity and Liabilities				
Subscribed capital	2,000	2,000	2,000	2,000
Accumulated losses	(1,695)	(980)	(376)	(130)
Total shareholders' equity	305	1,020	1,624	1,870
Deferred tax liabilities	0	0	48	154
Liabilities to banks	2,278	1,821	6,176	5,774
Total non-current liabilities	2,278	1,821	6,224	5,927
Financial liabilities				
Liabilities to banks	1,098	451	1,138	1,134
Liabilities to shareholders	4,636	2,469	1,071	1,083
Trade payables	1,271	745	1,365	1,800
Other non-financial liabilities	3,135	2,794	3,250	3,579

in TEUR	As of December 31, 2015	2016 (audited)	2017	As of March 31 2018 (unaudited)
Income tax liabilities	0	18	0	0
Provisions	80	135	356	399
Total Current liabilities	**10,221**	**6,612**	**7,179**	**7,995**
Shareholders' equity and liabilities	**12,804**	**9,452**	**15,027**	**15,791**

Non-current assets represent the sum of intangible assets, property, plant and equipment, financial assets, non-current other non-financial assets and deferred tax assets.

Current assets represent the sum of inventories, trade receivables, other non-financial assets, and cash and cash equivalents.

Shareholders' equity represents the difference between subscribed capital and accumulated losses.

Non-current liabilities represent the sum of deferred tax liabilities and non-current financial liabilities, which comprise liabilities to banks.

Current liabilities represent the sum of current financial liabilities, which comprise liabilities to banks and liabilities to shareholders, trade payables, other non-financial liabilities, income tax liabilities and provisions.

11.6.1 Comparison as of March 31, 2018 and as of December 31, 2017

11.6.1.1 Non-current assets

Our non-current assets as of March 31, 2018 were €5,074 thousand, which represents a €714 thousand, or 16.4%, increase, compared to €4,360 thousand for the year ended December 31, 2017. The increase was mainly the result of acquisition of plant equipment related to the ramp-up of serial production.

11.6.1.2 Current assets

Our current assets as of March 31, 2018 amounted to €10,717 thousand, and generally remained stable, with a very slight increase of €49 thousand, or 0.5%, compared to €10,668 thousand for the year ended December 31, 2017.

11.6.1.3 Shareholders' Equity

Our total equity as of March 31, 2018 was €1,870 thousand, which represents a €246 thousand, or 15.2%, increase, compared to €1,624 thousand for the year ended December 31, 2017. The increase was principally the result of decreased accumulated losses in line with our quarterly net income.

11.6.1.4 Non-current liabilities

Our non-current liabilities as of March 31, 2018 amounted to €5,927 thousand, which represents a €297 thousand, or 4.7%,decrease, compared to €6,224 thousand for the year ended December 31, 2017. The decrease was principally the result of decreased liabilities to banks because of the repayment of loans, offset in small part by increased deferred tax liabilities.

11.6.1.5 Current liabilities

Our current liabilities as of March 31, 2018 amounted to €7,995 thousand, which represents a €816 thousand, or 11.4%, increase, compared to €7,179 thousand for the year ended December 31, 2017. The increase was principally the result of increases in trade payables and other non-financial liabilities in connection with the ramp-up of serial production.

11.6.2 Comparison of the financial years ended December 31, 2017 and December 31, 2016

11.6.2.1 Non-current assets

Our non-current assets as of December 31, 2017 amounted to €4,360 thousand, which represents a €1,835 thousand, or 72.7%, increase, compared to €2,525 thousand for the year ended December 31, 2016.

The increase was principally the result of acquisition of property, plant and equipment and intangible assets, which were primarily generated internally in conjunction with corresponding development projects, in relation to the establishment of our production facility in Langen, offset in part by decreased deferred tax assets related to decreased loss carryforwards.

11.6.2.2 Current assets

Our current assets as of December 31, 2017 amounted to €10,668 thousand, which represents a €3,740 thousand, or 54.0%, increase, compared to €6,928 thousand for the year ended December 31, 2016. The increase was principally the result of higher stock levels to ramp up our production leading to higher inventories, as well as our entry into a €5.5 million loan with the Baden-Württembergische Bank, which resulted in increased cash and cash equivalents.

11.6.2.3 Shareholders' equity

Our total equity as of December 31, 2017 was €1,624 thousand, which represents a €604 thousand, or 59.2%, increase, compared to €1,020 thousand for the year ended December 31, 2016. The increase was the result of reduced accumulated losses in line with our annual net income.

11.6.2.4 Non-current liabilities

Our non-current liabilities as of December 31, 2017 amounted to €6,224 thousand, which represents a significant increase, compared to €1,821 thousand for the year ended December 31, 2016. The increase was principally the result of increased liabilities to banks, as a result of our entry into the €5.5 million loan with Baden-Württembergische Bank, offset in part by the effects of the termination of the cash pooling agreement with Schulz Group GmbH.

11.6.2.5 Current liabilities

Our current liabilities as of December 31, 2017 amounted to €7,179 thousand, which represents a €567 thousand, or 8.6%, increase, compared to €6,612 thousand for the year ended December 31, 2016. The increase was principally the result of increased liabilities to banks and trade payables offset in part by decreased liabilities to shareholders.

11.6.3 Comparison of the financial years ended December 31, 2016 and December 31, 2015

11.6.3.1 Non-current assets

Our non-current assets as of December 31, 2016 amounted to €2,525 thousand, which represents a €665 thousand, or 20.8%, decrease, compared to €3,190 thousand for the year ended December 31, 2015. The decrease was principally the result of decreased intangible assets in line with fewer active research and development projects in 2016, and deferred tax assets related to decreased loss carryforwards.

11.6.3.2 Current assets

Our current assets as of December 31, 2016 amounted to €6,928 thousand, which represents a €2,686 thousand, or 27.9%, decrease, compared to €9,614 thousand for the year ended December 31, 2015. The decrease was principally the result of considerable reduced inventories and cash and cash equivalents.

11.6.3.3 Shareholders' equity

Our total equity as of December 31, 2016 was €1,020 thousand, which represents a €715 thousand, or significant increase, compared to €305 thousand for the year ended December 31, 2015. The increase was the result of reduced accumulated losses in line with our annual net profit.

11.6.3.4 Non-current liabilities

Our non-current liabilities as of December 31, 2016 amounted to €1,821 thousand, which represents a €457 thousand, or 20.1%, decrease, compared to €2,278 thousand for the year ended December 31, 2015. The decrease was the result of decreased liabilities to banks.

11.6.3.5 Current liabilities

Our current liabilities as of December 31, 2016 amounted to €6,612 thousand, which represents a €3,609 thousand, or 35.3%, decrease, compared to €10,221 thousand for the year ended December 31, 2015. The decrease was principally the result of decreased bank and shareholders' liabilities, partially offset by decreased trade payables and other non-financial liabilities.

11.6.4 Net debt

The following table shows an overview of our net debt for the periods presented, and its reconciliation to cash and cash equivalents, and financial liabilities under current liabilities and non-current liabilities in our statements of financial position

	For the financial year ended December 31,			As of March 31
	2015	2016	2017	2018
in TEUR unless otherwise noted	(unaudited)			(unaudited)
Liabilities to banks	3,376	2,272	7,314	6,908
Liabilities to shareholders	4,636	2,469	1,071	1,083
Cash and cash equivalents	(1,344)	(811)	(2,839)	(2,903)
Total debt	**6,668**	**3,930**	**5,546**	**5,088**

11.7 Liquidity and capital resources

11.7.1 General

Our principal cash requirements consist of the following:

- capital expenditures related to investments in our operations and maintenance;
- upgrades of our existing information technology;
- overhead;
- servicing our debt;
- paying taxes; and
- working capital requirements.

Our principal sources of liquidity consist of the following:

- cash flows from our operating activities;
- short-term and long-term loans and financings; and
- capital contributions and shareholder contributions.

In 2017, we used our cash flow generated by operations primarily for capital expenditures related to investments in our operations and maintenance, in large part related to the opening of our plant facility in Langen.

As a result of the ramp-up of our serial production, we expect that our cash flow from operating activities will be slightly negative in financial years 2018 and 2019 but that it will be significantly positive thereafter. Based on our current business plan, however, we believe that our cash and cash equivalents, our cash generated by operations and our leverage capacity will be adequate to meet all of our capital expenditure requirements and liquidity needs in the next 12 months.

11.7.2 Cash flow

The following table sets forth selected statements of cash flow for the periods presented:

	For the financial year ended December 31,			For the three-months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR	(audited)			(unaudited)	
Cash flow from operating activities					
Earnings before interest and taxes (EBIT)	**410**	**1,326**	**1,117**	**(239)**	**448**
Adjustments:					
+ Depreciation and amortization	633	645	628	146	129
+/- Other non-cash transactions	0	65	585	6	7
Changes in net current assets:					
-/+ Increase/decrease in inventories	(1,830)	1,811	(1,443)	606	(26)
-/+ Increase/decrease in trade receivables from third parties	611	117	(4)	718	147
-/+ Increase/decrease in other assets not allocated to investment or financing activities	66	211	(265)	(45)	(107)
+/-Increase/decrease in trade payables to third parties	816	(527)	620	(299)	435
+/-Other provisions and provisions from employee benefits	47	(341)	455	24	43
+/-Increase/decrease in liabilities not allocated to investment or financing activities	80	55	221	182	374
- Interest paid	(319)	(273)	(246)	(32)	(97)
- Taxes paid	0	0	(105)	0	(44)
Cash flow from operating activities	**513**	**3,089**	**1,562**	**1,068**	**1,309**
Cash flow from investment activities					
Additions to intangible assets	(326)	(221)	(577)	(84)	(190)
Additions to property, plant and equipment	(170)	(129)	(2,602)	(302)	(660)
Cash flow from investment activities	**(496)**	**(351)**	**(3,179)**	**(386)**	**(850)**
Cash flow from financing activities					
New loans	1,560	0	5,914	0	12
Repayments of financial liabilities	(255)	(3,271)	(2,269)	(795)	(407)
Cash flow from financing activities	**1,305**	**(3,272)**	**3,645**	**(795)**	**(395)**
Liquid funds at the end of the period					
Change in cash and cash equivalents	1,322	(533)	2,028	(114)	65
Liquid funds at the beginning of the period	22	1,344	811	811	2,839
Cash and cash equivalents at the end of the period	**1,344**	**811**	**2,839**	**697**	**2,903**

Cash flow from operating activities represents our EBIT, adjusted for depreciation and amortization, other non-cash transactions and changes in net current assets, which comprise increases or decreases in inventories, trade receivables from third parties, other assets not allocated to investment or financing activities, trade payables to third parties, liabilities not allocated to investment or financing activities, provisions, as well as interest and taxes paid.

Cash flow from investment activities represents the sum of additions to intangible assets and to property, plant and equipment.

Cash flow from financing activities represents the difference between the proceeds form issue of financial liabilities and repayment of financial liabilities.

11.7.2.1 Comparison of cash flows of the three-month periods ended March 31, 2018 and 2017

11.7.2.1.1 *Cash flows from operating activities*

Our cash flow from operating activities for the quarter ended March 31, 2018 was €1,309 thousand, which represents a €241 thousand, or 22.6%, increase, compared to €1,068 thousand for the quarter ended March 31, 2017. The change was principally the result of the significantly higher EBIT compared to the quarter ended March 31, 2017 when we reported a negative EBIT, as well as an increase in liabilities not allocated to investment or financing activities. In part, this movement was offset by strong increases in inventories, compared to decreases in inventories in the quarter ended March 31, 2017.

11.7.2.1.2 *Cash flows from investment activities*

Our cash outflow from investment activities for the quarter ended March 31, 2018 was €850 thousand, which represents a significant increase compared to €386 thousand for the quarter ended March 31, 2017. The increase was mainly the result of increased purchasing of property, plant and equipment related to the ramp-up of serial production, and, to a smaller extent, a result of acquisitions of intangible assets, primarily software.

11.7.2.1.3 *Cash flows from financing activities*

Our cash outflow from financing activities for the quarter ended March 31, 2018 was €395 thousand, which represents a €400 thousand, or 50.3%, decrease, compared to €795 thousand for the quarter ended March 31, 2017. The decrease was principally the result of lower repayments of financial liabilities in 2018, particularly due to the termination of the cash pooling agreement with Schulz Group GmbH in 2017.

11.7.2.2 Comparison of cash flows of the financial years ended December 31, 2017 and 2016

11.7.2.2.1 *Cash flows from operating activities*

Our cash flow from operating activities for the year ended December 31, 2017 was €1,562 thousand, which represents a €1,527 thousand, or 49.4%, decrease, compared to €3,089 thousand for the year ended December 31, 2016. The change was principally the result of inventory increase due to our expansion of manufacturing capacity in order to fulfill the requirements of our planned serial production line, which required more working materials. This effect was offset in part by the increase in trade payables to third parties, in line with our expanding business.

11.7.2.2.2 *Cash flows from investment activities*

Our cash outflow from investment activities for the year ended December 31, 2017 was €3,179 thousand, which represents a significant increase, compared to €351 thousand for the year ended December 31, 2016. The increase was principally the result of additions to property, plant and equipment in connection with our Langen plant facility, primarily including costs in the amount of €1.6 million for a serial production battery system assembly line, €228 thousand for serial production testing technology and €93 thousand for a traceability system.

11.7.2.2.3 *Cash flows from financing activities*

Our cash flow from financing activities for the year ended December 31, 2017 increased sharply to €3,645 thousand, which represents a significant increase, compared to a cash outflow of €3,272 thousand for the year ended December 31, 2016. The increase was principally the result of increased proceeds of issue of financial liabilities in connection with the €5.5 million loan with Baden-Württembergische Bank as well as a decrease in the amounts borrowed under the cash pooling agreement with Schulz Group GmbH.

11.7.2.3 Comparison of cash flows of the financial years ended December 31, 2016 and 2015

11.7.2.3.1 *Cash flows from operating activities*

Our cash flow from operating activities for the year ended December 31, 2016 was €3,089 thousand, which represents a significant increase, compared to €513 thousand for the year ended December 31, 2015. The

increase was principally the result of a decrease in inventories due to high purchases in previous years which were used in 2015, offset in part by a decrease in trade payables to third parties.

11.7.2.3.2 *Cash flows from investment activities*

Our cash outflow from investment activities during the year ended December 31, 2016 was €351 thousand, which represents a €145 thousand, or 29.2%, decrease, compared to €496 thousand for the year ended December 31, 2015. The decrease was principally the result of less development investments being capitalized in 2016. Specifically, we capitalized €206 thousand for three development projects in 2016, compared to €320 thousand for four development projects in 2015.

11.7.2.3.3 *Cash flows from financing activities*

Our cash outflow from financing activities during the year ended December 31, 2016 was €3,272 thousand, which represents a significant decrease, compared to an inflow of €1,305 thousand for the year ended December 31, 2015. The decrease was principally the result of increased repayments of financial liabilities, particularly in connection with the cash pooling agreement with Schulz Group GmbH and decreased proceeds from issues of financial liabilities.

11.7.3 Capital expenditures

We have incurred capital expenditures in the last three years in relation to the ramp-up of our plant facility in Langen, investments in information technology, and other investments.

Specifically, our primary capital expenditures in the last three years comprised the following:

- during the year ended December 31, 2017, we opened our new production facility in Langen;
- during the year ended December 31, 2016, we invested in office equipment and overhead for our headquarters in Darmstadt and opened a new office in Ravensburg; and
- during the year ended December 31, 2015, we invested in office equipment and overhead for our headquarters in Darmstadt and in production tools, including cell uptake testing equipment.

We purchased intangible assets, such as software and certain equipment for the production facility in Langen, for a total consideration of €577 thousand, €221 thousand and €326 thousand during the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively. Specifically, in 2017, 2016 and 2015, we acquired rights in the amount of €32 thousand, €15 thousand and €6 thousand respectively, and capitalized development costs in the amount of €545 thousand, €206 thousand and €320 thousand respectively.

Our acquisitions of property, plant and equipment amounted to €2,602 thousand, €129 thousand and €170 thousand during the years ended December 31, 2017, December 31, 2016 and December 31, 2015, respectively.

In total, our capital expenditures for the years ended December 31, 2017, December 31, 2016 and December 31, 2015 amounted to €3,179 thousand, €351 thousand and €496 thousand, respectively.

11.7.3.1 Investments in the three-month period ended March 31, 2018

During the quarter ended March 31, 2018, we incurred capital expenditures in the amount of €850 thousand, which represents a €464 thousand, or significant increase, compared to €386 thousand for the quarter ended March 31, 2017.

11.7.3.2 Investments in the financial years ended December 31, 2017, 2016 and 2015

During the financial year ended December 31, 2017, we incurred capital expenditures in the amount of €3,179 thousand, which represents a significant increase, compared to €351 thousand for the year ended December 31, 2016. The increase was principally the result of investments made in connection with the opening of our plant facility in Langen.

During the financial year ended December 31, 2016, we incurred capital expenditures in the amount of €351 thousand, which represents a €146 thousand, or 29.4%, decrease, compared to €496 thousand for the year ended December 31, 2015. The decrease was principally the result of less development investments being capitalized in 2016, as described in greater detail in Section 11.7.2.3.2.

11.7.3.3 Ongoing and future investments

Our ongoing investments primarily focus on research and development, in particular investments in new products and technology, as well as the build-up of our testing center. These investments have been financed using the proceeds from the shareholder loan from Schulz Group GmbH and cash on hand. Between March 31, 2018 and the date of this Prospectus, we have invested €65 thousand for these purposes.

With respect to our future investments, we have resolved to use the net proceeds from the Offering for the following purposes:

- *Expansion of production in Langen:* approximately €30 million are intended to be used for the ramp-up of our production capacity in Langen and the expansion of our team to support the envisaged execution of our order backlog;
- *U.S. expansion:* approximately €30 million are intended to be used for establishing a production facility in Michigan and to build up a local team for the North American market;
- *Testing center:* approximately €10 million are intended to be used in investments in additional test and validation facilities to integrate research and development capabilities in-house; and
- *Research and development to maintain technological advantage:* approximately €25 million are intended to be used for increased research and development spending to drive technology leadership and to address key trends for clients and also to continue driving innovative power through sustained research and development efforts to expand our product portfolio.

11.7.4 Trade working capital

The following table shows an overview of our trade working capital for the last three years, and its reconciliation to trade receivables:

	For the financial year ended December 31,			As of March 31
	2015	2016	2017	2018
in TEUR unless otherwise noted	(unaudited)			(unaudited)
Trade Receivables	2,182	2,065	2,068	1,922
Inventories	5,710	3,898	5,342	5,367
Trade Payables	(1,271)	(745)	(1,365)	(1,800)
Total trade working capital	**6,621**	**5,218**	**6,045**	**5,489**

Overall, our total trade working capital for the last three fiscal years has fluctuated in line with changes in our inventory, partially offset by the change in our trade payables and in the year ended 2017 increased as a result of the production ramp-up related to the orders we receive.

11.7.5 Contractual obligations

11.7.5.1 Shareholder loan

In 2017, liabilities to shareholders in the amount of €1,071 thousand, compared to €657 thousand in 2016 and 2015, related to an increase in a shareholder loan granted by Schulz Group GmbH at an interest rate of 5% p.a. for an indefinite period by €414 thousand. No collateral has been provided in connection with the loan. On April 24, 2018, €1 million payable under the loan granted by Schulz Group GmbH was transferred to the Company as a contribution in kind. As a result, the loan granted by Schulz Group GmbH amounts to €83 thousand as of the date of this Prospectus.

11.7.5.2 Cash pooling agreement

In 2016 and 2015, current liabilities to shareholders related to the balance of the cash pool agreement we had entered into with Schulz Group GmbH. The loans resulting from this cash management system had a fixed interest rate of 5% p.a. The cash pool agreement was terminated with effect from July 31, 2017.

11.7.5.3 External loans

We have entered into a number of external loans to finance our ongoing operations. Most recently, on June 6, 2017, we entered into a loan agreement with the Baden-Württembergische Bank for a loan in the amount of €5.5 million until June 30, 2022 with a fixed interest rate.

11.7.5.4 Operating leases

We lease a number of plant facilities and administrative office buildings under operating leases. The leases typically run for a period of five years, with an option to renew the lease after that date.

The following table shows future minimum lease payments under non-cancellable operating leases:

	For the financial year ended December 31,			For the three months ended March 31,
	2015	2016	2017	2018
in TEUR	(audited)			(unaudited)
Total	**385**	**485**	**1,705**	**1,597**
Up to a year	137	171	448	341
Longer than one year and up to five years	153	257	1,200	1,199
Longer than five years	95	57	57	57

We do not have any finance leases under which all material risks and rewards incidental to ownership of a leased asset are attributable to us as lessee.

11.7.5.5 Maturity of contractual obligations

The following table shows the maturity date of installments, repayments and interest arising on the financial liabilities recorded in the balance sheet as of December 31, 2017 (excluding shareholder loans):

	Years				
	2018	2019-2020	2021-2022	2023 and beyond	Total
Contractual obligations	in € thousand				
Long-term debt obligations	4	851	6,371	88	7,314
Operating lease obligations	178	708	492	57	1,436
Trade payables	1,365	0	0	0	1,365
Other financial liabilities	3,250	0	0	0	3,250
Total	**4,797**	**1,559**	**6,863**	**145**	**13,665**

Please see Section 11.7.5.1 for information about the shareholder loan granted to us by Schulz Group GmbH.

11.7.6 Provisions for pensions and similar obligations

The Company does not maintain provisions for pensions or similar obligations.

11.7.7 Off balance-sheet arrangements

During the periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Additionally, as of December 31, 2017, we were subject to joint and several liabilities with the other Schulz Group companies for framework credit agreements of €10 million and guarantee credit lines of €5 million in favor of Schulz Group GmbH. We believe the obligations can be expected to be fulfilled by the recipients of the loan. Consequently, this was not recognized on the liabilities side of the statement of financial position but instead disclosed in the notes to our Audited IFRS Financial Statements.

11.7.8 Seasonality

Our main business is not subject to any seasonality.

11.8 Discussion of Key Performance Indicators

11.8.1 Revenue

Please see Section 11.5.1 for a discussion of our revenue.

11.8.2 EBIT and related financial measures

11.8.2.1 Definition and Overview

We define EBIT as net profit before interest expense, interest income and provision (benefit) for income taxes, and EBIT margin as the quotient of EBIT and revenue, expressed as a percentage.

We define adjusted EBIT as EBIT adjusted for costs related to capital market transactions, and adjusted EBIT margin as the quotient of adjusted EBIT and revenue, expressed as a percentage. In reporting periods starting with the three months ended March 31, 2018, we intend to reflect cost adjustments related to the Offering in adjusted EBIT. Adjusted EBIT is a financial metric that includes the removal of various one-time, irregular and non-recurring items from EBIT. The purpose of adjusting EBIT is to obtain a normalized number that is not distorted by irregular gains, losses, or other items.

We define EBITDA as net profit before interest expense, interest income and provision (benefit) for income taxes, depreciation and amortization.

We define adjusted EBITDA as EBITDA adjusted for costs related to capital market transactions, and adjusted EBITDA margin as the quotient of adjusted EBITDA and revenue, expressed as a percentage. In reporting periods starting with the three months ended March 31, 2018, we intend to reflect cost adjustments related to the Offering in adjusted EBITDA. Adjusted EBITDA is a financial metric that includes the removal of various one-time, irregular and non-recurring items from EBITDA. The purpose of adjusting EBITDA is to obtain a normalized number that is not distorted by irregular gains, losses, or other items.

We consider each of EBITDA, EBIT, EBIT margin, adjusted EBIT, adjusted EBITDA margin and adjusted EBIT margin to be a more representative measure of our operating results because it eliminates certain non-cash expenses that are not reflective of the underlying business performance. We and many of our industry peers use these measures to facilitate a comparison of our operating performance on a consistent basis from period to period and to analyze the factors and trends affecting our business. These are alternative performance measures. Please see Section 10 for more information.

The following table provides our EBITDA, EBIT, EBIT margin, adjusted EBIT, adjusted EBITDA margin and adjusted EBIT margin for the three-month period ended March 31, 2017 and 2018, and for the financial years ended December 31, 2015, 2016 and 2017, as well as their reconciliation to revenue:

	For the financial year ended December 31,			For the three months ended March 31,	
	2015	2016	2017	2017	2018
in TEUR (unless otherwise indicated)	(audited)			(unaudited)	
Revenue	**8,806**	**13,446**	**14,483**	**2,246**	**4,537**
Change in inventory	698	(238)	(25)	(380)	74
Own work capitalized	772	556	1,018	190	338
Other income	162	111	536	22	20
Cost of materials	(4,736)	(6,210)	(6,878)	(610)	(2,167)
Personnel expense	(3,023)	(3,809)	(4,837)	(1,105)	(1,266)
Other expenses	(1,636)	(1,884)	(2,552)	(455)	(961)
EBITDA (unaudited)	**1,043**	**1,972**	**1,745**	**(92)**	**575**
Depreciation and amortization	(633)	(645)	(628)	(146)	(129)
Operating results (EBIT) (unaudited)	**410**	**1,326**	**1,117**	**(239)**	**448**
EBIT margin (in %, unaudited)	4.7	9.9	7.7	(10.6)	9.9
Costs related to capital market transactions (unaudited)	—	—	—	—	155
Adjusted EBITDA (unaudited)	—	—	—	**(92)**	**731**
Adjusted EBITDA margin (in %), unaudited	—	—	—	—	16.1
Adjusted EBIT (unaudited)	**—**	**—**	**—**	**(239)**	**603**
Adjusted EBIT margin (in %), unaudited	—	—	—	—	13.3

11.8.2.2 Comparison of three-month periods ended March 31, 2018 and March 31, 2017

Our EBITDA for the quarter ended March 31, 2018 was €576 thousand, which represents a significant increase compared to a negative EBITDA of €92 thousand for the quarter ended March 31, 2017. Our EBIT for the quarter ended March 31, 2018 was €448 thousand, which represents a significant increase, compared to a negative EBIT of €239 thousand for the quarter ended March 31, 2017. These increases were principally the result of increases in revenue, offset by increased cost of materials, for the reasons stated above in Section 11.5.

Our adjusted EBIT for the quarter ended March 31, 2018 was €603 thousand and our adjusted EBIT margin was 13.3%.

11.8.2.3 Comparison of the financial years ended December 31, 2017 and 2016

Our EBITDA for the year ended December 31, 2017 was €1,745 thousand, which represents a €226 thousand, or 11.5%, decrease, compared to €1,971 thousand for the year ended December 31, 2016. Our EBIT for the year ended December 31, 2017 was €1,117 thousand, which represents a €209 thousand, or 15.8%, decrease, compared to €1,326 thousand for the year ended December 31, 2016. These decreases were principally the result of increases in other expenses and personnel expense, offset by increases in revenue, for the factors stated above in Section 11.5.

11.8.2.4 Comparison of the financial years ended December 31, 2016 and 2015

Our EBITDA for the year ended December 31, 2016 was €1,972 thousand, which represents a €929 thousand, or 88.9% increase, compared to €1,043 thousand for the year ended December 31, 2015.

Our EBIT for the year ended December 31, 2016 was €1,326 thousand, which represents a significant increase, compared to €410 thousand for the year ended December 31, 2015. These increases were principally the result of increases in revenue, offset by increased cost of materials and personnel expense, for the reasons stated above in Section 11.5.

11.8.3 Trade working capital

Please see section 11.7.4 for a discussion of our trade working capital.

11.9 Quantitative and qualitative disclosures about market risk

11.9.1 Interest-rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate resulting from changes in market interest rates. We have substantially eliminated interest-rate risk by agreeing on fixed interest rates on long term loans and, up to and including July 31, 2017, for the cash pool agreement with Schulz Group GmbH. This cash pool agreement was terminated with effect from July 31, 2017. As of March 31, 2018, no derivative financial instruments were held to manage interest rate risk.

11.9.2 Credit risks

Credit risks are risks that counterparties will not meet their payment obligations. These risks are managed through the internal approval of transactions by our Management Board. We obtain additional collateral where appropriate. The amounts recognized in the statement of financial position reflect the maximum default risk.

11.9.3 Liquidity risks

Liquidity risks arise from the risk that we will not be able to meet our financial obligations. Our current financing structure ensures our solvency, and there are no liquidity risks that could endanger our ability to continue as a going concern.

We have historically been integrated into the control and risk management system of the Schulz Group. Key components of this system include monthly reports on the development of net assets, financial position and results of operations, including target and actual analyses, as well as detailed liquidity planning. Going forward, AKASOL will have its own independent control and risk management system.

11.9.4 Exchange rate risk

Exchange rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate resulting from changes in exchange rates.

We conduct sales transactions primarily in Germany and within the EU. Consequently, the majority of transactions are concluded and executed in the Eurozone without any exchange rate risk. This risk arises for transactions outside the Eurozone, especially if revenue is denominated in a different currency. To reduce the effects of exchange rate fluctuations, we quantify the exchange rate risk with currency forward instruments where this is commercially feasible. As of December 31, 2017 and December 31, 2016, there were no currency forward instruments outstanding. As of December 31, 2015, there existed one forward currency transaction of this type with a nominal volume of USD 800 thousand. The settlement date for this transaction was January 15, 2016. The nominal volume is the sum of all purchase amounts of derivative financial transactions. Fair value is calculated by measuring the outstanding positions at market prices. Market value indicates how settlement at the end of the reporting period would have affected earnings. The market value of the derivative financial instrument as of December 31, 2015, for the USD currency forward instrument amounted to €(12) thousand. In contrast to the change in the market value of the derivatives, the changes in the valuation of the underlying transactions were taken into account in the statement of comprehensive income. Currency derivatives are in all cases allocated to original underlying transactions, with the result that no currency risks arise from these instruments.

11.10 Critical accounting policies and estimates

The preparation of our financial statements and related disclosures in accordance with IFRS requires our management to make estimates, judgments and assumptions that affect the amounts reported in our financial statements and accompanying notes.

Our management must judge and develop estimates for the carrying values of assets and liabilities which are not easily obtainable from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

We periodically review these estimates and underlying assumptions. We recognize the effects of revisions to accounting estimates in the period that estimates are revised if the revision affects only that period, or also in later periods if the revision affects both current and future periods.

The following is a summary of the items requiring a greater degree of judgment or which are more complex, or where the assumptions and estimates are significant to the preparation of the financial statements.

11.10.1 Internally generated intangible assets

Development costs for equipment and plant components are capitalized if the requirements of IAS 38 are met. Production costs include all costs directly attributable to the development process as well as an appropriate share of development-related overhead costs. Capitalized development costs are amortized on a straight-line basis from the start of production over the expected product life cycle, generally three to five years. Research costs and non-capitalizable development costs are expensed as incurred.

We receive grants from the German Federal Ministry for Economic Affairs and Energy and other public institutions. These government grants are recognized when there is reasonable assurance that the grants will be received and we will comply with the conditions attached associated to the grant. The government grants either reduce the amount that is capitalized with respect to intangible assets related to development costs, or are recognized in other income. Grants related to expenses are recognized in profit or loss on a systematic basis over the periods in which we recognize expenses for the related costs for which the grants are intended to compensate. Grants for capitalized development projects reduce the costs of the assets concerned and reduce depreciation over their expected useful lives of three to five years.

11.10.2 Revenue recognition

In May 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers”. Application is mandatory for reporting periods beginning on or after January 1, 2018. We have voluntarily applied the standard from the date of transition to IFRS, January 1, 2015. The standard provides for a standardized five-step model framework for the identification and recognition of revenue, which is applicable to all contracts with customers. In particular, it replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The first step in revenue recognition is to identify a contract with a customer and the individual performance obligations. The transaction price is then determined and allocated to possible separate components. Revenue is recognized on this basis for fulfilled performance obligations.

We conclude contracts with customers for the supply and development of items products and their maintenance. On this basis, we classify our recognized revenue from contracts with customers into the categories “Product sales” and “Services”. The “Product sales” category includes the sale of all products, such as prototypes, series production or parts. The “Services” category includes all engineering services as well as other maintenance and consulting services.

The contracts therefore consist of multiple components. The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 contains, inter alia, expanded guidelines on transactions with multiple components as well as new regulations on the treatment of service contracts and contract modifications.

When products are sold, the date of revenue recognition is determined on the basis of the delivery of the respective object of the contract. Payment is normally due after delivery and invoicing. Engineering services are regarded as realized when the contractual conditions are deemed to be fulfilled. Invoices are issued as the project progresses on the basis of the agreed milestones. Revenue is recognized for unfulfilled milestones on a time-period over time basis. Maintenance contracts are recognized pro rata over the corresponding term of the contracts.

Advance payments are regularly made based on the progress of the work, usually at a relatively early stage in the order process of a project. Consequently, contract liabilities tend to be higher than contract assets. All invoices are normally due for payment within two weeks of receipt.

Discretionary Judgmental decisions on the application of IFRS 15 arise in the context of contracts with multiple components, in particular with regard to the transaction price. The transaction price, usually a contractually fixed price, is allocated to the performance obligations in an amount corresponding to the consideration. Because the standalone selling price is not directly observable, an estimate is made using the expected-cost-plus-margin approach (IFRS 15.79). We use this approach to determine the standalone selling price of each performance obligation. The total of the standalone selling prices is the transaction price. The individual selling price is determined by increasing the relevant costs by a profit margin in line with the market.

11.10.3 Use of Estimates and Assumptions

In preparing the financial statements, management is required to make estimates and assumptions that affect the recognized amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and contingent liabilities. In addition, management is also required to apply the accounting and measurement principles in accordance with its own judgment. Although these estimates and assumptions are based on the best possible knowledge of events and measures, the results may differ from these estimates.

The financial statements were prepared on the basis of cost, with the exception that certain financial instruments are measured at fair value. Costs are based on the respective value of the consideration paid for assets. This is based on the fair value of the consideration.

Fair value is the price that would be paid on the valuation date for the sale of an asset or for the transfer of a liability in a transaction between market participants at normal market conditions, irrespective of whether the price is directly observable or estimated using another valuation technique.

In the determination of the fair value of an asset or liability, we consider the characteristics of the asset or liability to the extent that market participants would also take these characteristics into account in determining the price of the asset or liability on the measurement date. The fair value for measurement or inclusion in our financial statements is determined on this basis. In addition, the measurement of fair value for financial reporting purposes is categorized into Level 1, Level 2 and Level 3, depending on the observability of the input for measuring the respective fair value and the significance of these inputs for the measurement of the fair value as a whole; this fair value hierarchy is described as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The income statement included in the statement of comprehensive income was prepared using the total cost (nature of expense) method. We exercise the option to present all income and expense items recognized in a period and the components of other comprehensive income in a single statement of comprehensive income (single-level statement of comprehensive income).

11.11 Additional information relating to the Audited Financial Statements of the Company prepared in accordance with HGB as of and for the financial year ended December 31, 2017

The 2017 Audited HGB Financial Statements have been prepared in accordance with the German Commercial Code and an English-language translation of the 2017 Audited HGB Financial Statements is included in the Prospectus beginning on page F-46. These financial statements are used to calculate our distributable profit (*Bilanzgewinn*). Dividends to shareholders of the Company may only be distributed from such distributable profit. The accounting principles set forth in the HGB may differ from IFRS in material respects.

In the financial year ended December 31, 2017, the Company posted a net loss of €526 thousand, compared to a net profit of €742 thousand in the financial year ended December 31, 2016. Due to an accumulated net loss of €386 thousand as of December 31, 2017, distributable profits were not available as of that date.

In addition, as of December 31, 2017, the total assets of the Company amounted to €12,490 thousand, compared to €8,029 thousand as of December 31, 2016, and the equity of the Company amounted to €1,088 thousand, compared to €1,614 thousand as of December 31, 2016.

12. Profit Forecast

The profit forecast included in this Section does not contain any statements of fact and should not be construed as such by any potential investor. Instead, the profit forecast contains assumptions about future events and actions that are naturally subject to substantial uncertainty. Potential investors should not place undue trust on these assumptions.

The assumptions set out below refer to factors over which we have little or no influence. Even if these assumptions are appropriate in our view as of the date of this profit forecast, they can turn out to be erroneous or inaccurate and our actual results may differ from the forecast. Furthermore, additional aspects that are currently unknown to us may materially affect our actual results. The accuracy of the circumstances and assumptions presented below can and should not replace the independent judgment of any potential investor.

12.1.1 Profit Forecast for the Year Ended December 31, 2018 based on IFRS Financial Statements

We expect to be able to grow significantly in the year ended December 31, 2018, as a result of our current competitive position and the extensive investments made in recent years in the expansion of our core business.

Following the start of serial production in our plant in Langen that is expected to occur in the third quarter of 2018 and strong order intake, we expect our growth to accelerate, leading to revenue of between €22 million and €24 million in 2018. Cost of materials amounted to 47.5% of the revenue in financial year 2017 and are, as a percentage of our revenue, expected to remain relatively stable in 2018 while personnel expenses, which amounted to 33.4% of the revenue in financial year 2017 are, as a percentage of our revenue, expected to decrease in 2018 due to the expected increase in revenue that is expected to overcompensate increasing personnel costs due to new hires. On the basis of the increased revenue and the cost development we expect our adjusted EBIT margin to decrease slightly in 2018 to approximately 7%.

12.1.2 Explanatory Notes on the Profit Forecast

12.1.2.1 Principles

This profit forecast for the year ended December 31, 2018 was prepared according to the principles of the IDW (Institute for Public Auditors in Germany) accounting standard: "Preparation of Profit Forecasts and Estimates in Accordance with the Specific Requirements of the Regulation on Prospectuses" (IDW RH HFA 2.003). The profit forecast was based on IFRS accounting principles and the related IASB Interpretations, as they are mandated in accordance with Regulation no. 1606/2002 of the European Parliament and Council for the application of international accounting standards in the European Union. Regarding disclosure, accounting and measurement methods, reference is made to the corresponding presentation in the Audited IFRS Financial Statements, as well as in the Unaudited Interim Condensed Financial Statements.

This profit forecast has been influenced by a variety of factors and is based on certain assumptions, which are detailed below.

12.1.2.2 Factors and Assumptions

Immutable Factors

Our adjusted EBIT margin for the year ended December 31, 2018 is generally subject to factors that are outside of our control. The factors included here and our related assumptions are presented below:

- *Unforeseen Events Such as Force Majeure*. We assume for purposes of this profit forecast that no material unforeseen events will occur that could result in material or sustainable restrictions to our ongoing operations, such as *force majeure* (including fires, floods, hurricanes, storms, earthquakes and terrorist attacks), strikes, extraordinary macroeconomic or geopolitical events or war.
- *Legislative and Other Regulatory Measures*. We assume for purposes of this profit forecast that no or only immaterial changes to the currently applicable regulatory environment will occur and no material changes to the legal environment, such as tax law, will take place.

- *Electrification of the powertrain.* The trend towards electrification of the powertrain across all vehicles types continues and does not become weaker.
- *Strong pull from transportation authorities*. The continuation of the trend that transportation authorities of large cities announce and implement plans to replace existing ICE-based bus fleets with new electrified buses.

Factors Subject to Limited Influence

Furthermore, additional factors over which we can exert limited influence can affect adjusted EBIT margin for the year ended December 31, 2018. Related assumptions are presented below.

- *Risks from Call-off Orders.* As a supplier of battery products, we depend upon general economic conditions and particularly upon the economic performance of markets in which we compete within our On-Highway Segment and Off-Highway Segment. These markets, which have already been specifically addressed in other parts of this Prospectus, are subject to the influence of global mega trends, such as the substitution of internal combustion engines with electric drivetrains and the necessity of improved operating and energy efficiencies that has arisen as a result of political pressure and decisions as well as a stricter regulatory framework for emissions and the efficiency of internal combustion engines. This profit forecast was prepared on the basis of existing client orders and anticipated new orders. A deterioration of overall economic conditions could lead to a deterioration of the markets in which we compete and therefore lead to a reduction in client orders and demand for our products. It is therefore possible that planned orders could be delayed or reduced or our demand expectations with regard to certain clients would not materialize at all if our clients' planning premises have changed. As we have grown our business and increased our order intake, our backlog for orders has increased. For a discussion of how our order backlog is calculated, please see Section 11.5.12.
- *Serial Production*. We assume that we will be in a position to ramp up and expand serial production successfully and in line with our plans, particularly with respect to the commencement of such production in the third quarter of 2018.
- *Procurement Terms*. In the year ended December 31, 2017, prices for most raw materials were at constant levels. We secured a substantial portion of our procurement prices through framework agreements, annual agreements and long-term supplier relationships in relevant areas. We obtain a small portion of our purchasing volumes in U.S. dollars. The payment terms are the industry average. It is assumed for this profit forecast that no material deterioration in procurement terms, payment terms and particularly no deterioration in the U.S. dollar exchange rate will occur in the year ended December 31, 2018.
- *Measurement of Intangible Assets*. According to IAS 38, intangible assets that have been recognized under IAS 38 and thus correspond to the costs clearly attributable to the assets, the technical feasibility and marketability are confirmed and the anticipated realization of future economic benefits has been affirmatively demonstrated; there is therefore currently no need for impairment. Development costs may not be recoverable, if our clients subsequently do not place any serial production orders or if orders of the required magnitude or quantities are significantly lower than expected.
- *Impact of Investments*. We intend to use the net proceeds derived from the Offering *inter alia* for working capital purposes in order to grow revenue based on existing client orders, to expand our production and R&D capabilities, for acquisitions to strengthen the core business and to expand the market and production portfolio, new machinery and equipment that may become necessary as well as additional production sites. Higher than anticipated associated costs, including possible integration and transaction costs, may negatively affect the forecasted adjusted EBIT margin.
- *Loss of Merchandise and Purchase Price Receivables*. We assume for the purposes of this profit forecast that, within the framework of the preparation of the IFRS financial statements, write-downs for receivables (particularly receivables from the delivery of goods) will be necessary only to the extent as previously planned. Therefore, we assume that no material losses of receivables will occur in connection with pending transactions by the end of the year ended December 31, 2018.
- *Risks from Legal Disputes and Compensation Claims.* We assume for purposes of this profit forecast that no provision has been established for legal disputes or compensation claims, including those related to

warranty claims and recycling costs, and no payment must be made or any additional provisions established.

- *Income Taxes*. We believe forecasted adjusted EBIT margin specified in this profit forecast is indicative for our results for the year ended December 31, 2018. It should be further taken into account that an earnings value adjusted EBIT margin does not include tax expense for the period. The calculation of deferred taxes is based on judgments and estimates. If actual events deviate from these assumptions, this could have a positive or negative impact on the assets, financial position and earnings. A deciding factor for the recoverability of deferred tax assets is the estimate of the probability of reversal of measurement differences for property, plant and equipment, receivables as well as other assets, pension provisions, and tax loss carryforwards that led to recognition of the deferred tax assets.
- *Cost of materials*. The Management Board assumes cost of materials will increase in the year ended December 31, 2018, compared to €6.9 million in the year ended December 31, 2017 in line with the ramp-up and expansion of our serial production.
- *Personnel expense*. The Management Board assumes personnel expense will increase in the year ended December 31, 2018, compared to €4.8 million in the year ended December 31, 2017, primarily as a result of additional expenses stemming from additional staff required for the start of serial production, as well as the compensation of our Management Board and Supervisory Board members, which we will incur for the first time this year.
- *Other expenses*. The Management Board assumes other expenses will increase in the year ended December 31, 2018, compared to €2.6 million in the year ended December 31, 2017.

Factors Subject to Influence

There is no factor that is subject to our exclusive influence.

For other factors influencing this profit forecast that are outside the scope of IDW RH HFA 2.003, we assume comparable business performance to prior years.

12.1.2.3 Other Explanations

This profit forecast does not include extraordinary results, results from nonrecurring activities or extraordinary tax expenses within the meaning of the IDW accounting standard (IDW RH HFA 2.003). The profit forecast incorporates actual figures from the first three months of the year, as they were accounted for in the Unaudited Interim Condensed Financial Statements included in the Prospectus.

The forecasted amount for our adjusted EBIT margin takes into account the effects of the Offering. Moreover, we have a limited operating history and are still in the process of developing our business, which is prone to uncertainty and volatility. As this profit forecast was prepared on the basis of assumptions about future events and actions, it is naturally subject to substantial uncertainty. Given this uncertainty, it is possible that our actual adjusted EBIT margin for the year ended December 31, 2018 will deviate significantly from estimated adjusted EBIT margin included in this profit forecast. This profit forecast was prepared on June 14, 2018.

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

Auditor's Report

To AKASOL AG

We have audited whether the Profit Forecast prepared by AKASOL AG, Darmstadt, has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the Company. The Profit Forecast comprises the forecast of adjusted Earnings before Interest and Taxes margin (adjusted EBIT margin) for AKASOL AG for the period from January 1, 2018 to December 31, 2018 and explanatory notes to the Profit Forecast.

The preparation of the Profit Forecast, including the factors and assumptions presented in the explanatory notes to the Profit Forecast is the responsibility of the Company's management.

Our responsibility is to express an opinion based on our audit on whether the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast and whether this basis is consistent with the accounting policies of the Company. Our engagement does not include an audit of the factors and assumptions identified by the Company underlying the Profit Forecast.

We conducted our audit in accordance with *IDW Prüfungshinweis: Prüfung von Gewinnprognosen und -schätzungen i.S.v. IDW RH 2.003 und Bestätigung zu Gewinnschätzungen auf Basis vorläufiger Zahlen* (IDW PH 9.960.3) (IDW Auditing Practice Statement: The Audit of Profit Forecasts and Estimates in accordance with IDW AcPS HFA 2.003 and Confirmation regarding Profit Estimates on the basis of Preliminary Figures (IDW AuPS 9.960.3)) issued by the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that material errors in the compilation of the Profit Forecast on the basis stated in the explanatory notes to the Profit Forecast and in the compilation of this basis in accordance with the accounting policies of the Company are detected with reasonable assurance.

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

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

In our opinion, based on the findings of our audit, the Profit Forecast has been properly compiled on the basis stated in the explanatory notes to the Profit Forecast. This basis is consistent with the accounting policies of AKASOL AG.

Berlin, June 14, 2018

BDO AG
Wirtschaftsprüfungsgesellschaft

Sartori Wirtschaftsprüferin (German Public Auditor)	Paulus Wirtschaftsprüfer (German Public Auditor)

13. Market and Competitive Landscape

The following section contains forecasts, statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. We operate in industries and market segments for which it is difficult to obtain precise industry and market information. Unless otherwise indicated, such information is based on our own analysis of multiple sources, including information obtained from clients, industry publications and reports.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Neither we nor the Joint Bookrunners have independently verified the accuracy of market data that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and are not necessarily reflective of actual market conditions.

The information provided below on the market environment, market developments, growth rate and market trends in which we operate is based (to the extent not otherwise indicated) on our assessments. These assessments, in turn, are based in part on internal observations of the market and on various market studies, third-party data, statistical information and reports.

Generally, the market information and competitive landscape presented below in this section are taken or derived from the cited sources. Industry publications, surveys and studies conducted by third-party sources are based on market research, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based on our own proprietary information, insights, subjective opinions or unsubstantiated estimates, some of which were, in turn, derived from various sources the Company believes to be reliable, including industry publications and from surveys or studies conducted by third-party sources; these statements contain words such as "we estimate," "expect," "we believe" or "in our view," and as such do not purport to cite to or summarize any third party or independent source and should not be so read. The Company compiled its projections for the market and competitive data in part on the basis of such historical data and in part on the basis of assumptions and methodologies which it believes to be reasonable, as well as various sources it believes to be reliable. Some market data is inherently forward-looking and subject to uncertainty and does not necessarily reflect actual market conditions. In light of the absence of publicly available information on a significant proportion of participants in the industry, many of whom are small or privately owned operators, the data on market sizes and projected growth rates should be viewed with caution. Investors should read the following discussion together with the Sections entitled "3. Risk Factors," "4.3. Forward-Looking Statements" and "15 Business".

13.1 Battery market overview

The battery market can be divided into two segments: non-rechargeable (primary) batteries and rechargeable (secondary) batteries. Primary batteries are used only once until the electrode materials in the battery cell have irreversibly deteriorated. A common primary battery example is the alkaline battery, which is used in many portable devices. As opposed to primary batteries, secondary batteries can be charged/discharged and subsequently reused (second life) by reversing the current in the battery cell to restore the original electrode composition. Examples of secondary batteries include lead-acid batteries for automobiles and Li-Ion batteries for various e-mobility applications:

- light-duty passenger vehicles,
- buses and commercial vehicles, and
- other forms of transportation and non-automotive applications, including maritime, aerospace applications.

In our view, the key differences between batteries for electric passenger vehicles and those for electric buses and electric commercial vehicles are as follows:

- to our knowledge, battery systems made for electric passenger vehicles have a low degradation rate and charging cycles ranging from 500x to 1,000x, while electric buses and electric commercial vehicles have a high degradation rate and charging cycles ranging from 2,000x to 10,000x;

- to our knowledge, the discharge power for electric passenger vehicle batteries ranges between 0.5C and 1C, at low average loads (C-rate is used to signify a charge or discharge rate equal to the capacity of the cell or battery divided by 1 hour e.g. 1C for a 100Ah cell would be 100A, 2C would be 50A and 5C would be 500A), while the discharge power for electric bus and electric commercial vehicle batteries reaches up to 3C, at continuously high loads;
- to our knowledge, the required lifetime for electric passenger vehicles is around 200,000 km, while that for electric buses and electric commercial vehicles is around 1.2 million km, depending on vehicle use;
- to our knowledge, the usage profile for electric passenger vehicles varies, at typically less than an hour each day, while that for electric buses and electric commercial vehicles assumes continuous intensive usage;
- the registration volume for electric passenger vehicles is around 2 million, while that for electric buses and electric commercial vehicles is around 234,000, according to Roland Berger; and
- according to Roland Berger, the procurement decision for electric passenger vehicles generally hinges on the initial purchase price, while that for electric buses and electric commercial vehicles depends on total cost of ownership and targets imposed by local authorities.

13.2 Mega trends, drivers and dynamics in the market for Li-Ion batteries

Within the broader battery market, AKASOL develops, manufactures and distributes high performance rechargeable battery systems based on Li-Ion cell technology and is active in the secondary battery based Li-Ion markets for use in specialized applications, such as buses, commercial vehicles, rail vehicles, marine applications and industrial vehicles, as well as stationary battery systems for residential and professional installations.

13.2.1 Mega trends

Current and projected demand for high-performance batteries in e-mobility applications partially results from the following mega trends:

- **Population growth and urbanization**: Based on the United Nations estimates, the global population will increase by 28% from approximately 7.6 billion in 2017 to 9.8 billion by 2050 (Source: *United Nations Population*). According to United Nations, out of these 9.8 billion people about 66% or approximately 6.4 billion people will live in high-density urban areas by 2050 (Source: *United Nations Urbanization*). Moreover, the number of mega cities (cities with more than 10 million inhabitants) is expected to increase (Source: *Allianz Risk Pulse*).
- **Growth in transportation volume**: We believe that the changing demographic landscape in combination with a higher concentration of people will perpetuate the need for new clean and noise-reduced mobility solutions. In this transformation, electric powered vehicles have the advantages of zero direct emissions and benefit from the reduced operating noise. In addition, electric commercial vehicles are generally expected to have cheaper operating costs compared to internal combustion engines ("**ICE**")*(Source: Öko-Institut)*. Therefore, we believe that there will be an increased demand for e-mobility solutions from public transportation authorities and commercial logistics companies in the form of both hybrid and full-electric solutions for inner city bus fleets and light commercial vehicles.
- **Tightening of emission regulations:** Increasing emission regulations and the introduction of public policies related to reduction of greenhouse gas emission and enhanced energy efficiency, especially in the EU represent one of the key market drivers for Li-ion e-mobility solutions. In 2012, the European Commission set an overall emission target for light-duty commercial vehicles (commercial vehicles below 3.5 tons of weight) to 147 grams CO_2/km until 2020. In addition, so called "super-credits" will be granted for vehicles with CO_2emissions lower than 50 grams CO_2/km (Source: *European Commission post-2020* CO_2*targets*). This driver is amplified by establishment of emission zones (such as potential diesel bans within inner city areas) which impede the movement of goods from transportation to the final delivery destination (the so-called "last minute delivery") for conventional commercial vehicles. In addition, in 2014, the EU member states agreed to a new 2030 climate and energy policy framework, which includes targets and policy objectives to achieve a more competitive, secure and sustainable energy system within the European Union (the "**2030**

Framework"). The 2030 Framework seeks to reduce energy consumption by 27% by the end of 2030 compared to a "business as usual" scenario (base year 2014). The 2030 Framework also seeks to reduce greenhouse gas emissions by 40% when compared to 1990 levels by 2030 (Source: *European Commission Communication*). Moreover, light commercial vehicle manufacturers have own targets according to the weight of their fleets in order to reduce greenhouse gas emissions until 2020 (Source: *European Environment Agency*). Currently, approximately 40% of European Nitrogen oxide is caused from the traffic system (Source: *European Commission, Press Release 15th February 2017*). We believe that electrifying commercial vehicles and buses is an important step to help countries to meet the current CO_2as well as NO_x targets and make cities and, in particular, city centers cleaner. In our view, consumers are also becoming increasingly aware of the environmental impact of depleting traditionally used fossil fuels and the climate change resulting from CO_2 emissions, and are increasingly adopting energy efficient and sustainable alternatives;

- **Drivetrain electrification:** The global market for Li-ion batteries and, hence, our business currently benefits from the on-going trend towards electrification of the powertrain across all vehicles types. Industry experts in Germany expect the market for battery technology to be a major growth sector within the German economy. In particular, solutions based on lithium-ion technology are expected to play a major role in achieving the German government's goal of making Germany the leading e-mobility technology hub by 2020 (Source: *VDE*). This is not only driven by emission reduction targets and increasing demand from customers, but also results from advancements in battery technology (battery density is expected to double from 200 Wh/l in 2015 to 400 Wh/l in 2022) As a consequence, we believe that the electric powertrain market for commercial vehicles will continue to develop dynamically and the on-going technological advancements in battery technology will support the demand for AKASOL's high performance battery system solutions. The demand is expected to be largely driven by increasing penetration rates of electric solutions at the expense of ICE technology in the bus and commercial vehicle area (Source: *Roland Berger*).
- **TCO parity of electric and combustion drivetrains:** Declining battery costs (costs of battery cells are expected to decline by 63% from 270 $/kWh in 2015 to 100 $/kWh in 2022), which are both strong factors in achieving TCO parity between electric powertrains and conventional ICEs for LCVs and MCVs (Source: *US Department of Energy*).
- **Strong pull from transportation authorities and fleet managers:** As a result of the trends described above, transportation authorities across Europe (for example, in London, Copenhagen, Barcelona, Paris and Milan) have communicated their mid-to-long term plans to replace existing ICE-based bus fleets with new electrified buses (Source: *ZeEUS*). Moreover, regional and city governments across many countries in Europe have been active in general promotion of e-mobility penetration, though, for example, introduction of bans on diesel cars in city centers and plans for free public transportation in certain towns and cities. More than 200 cities have already introduced emission and access regulation zones and a number of large cities, such as Paris, Madrid, Mexico City and Athens, have pledged to ban diesel vehicles from city centers by 2025 *(Source: McKinsey: What's sparking).* Following a court ruling by the Federal Administrative Court in Leipzig, German cities will be allowed to ban older diesel vehicles in some urban areas already today. At national level, several countries are also announcing ambitious electric vehicle penetration targets. Due to the fast progress in achieving TCO parity between conventional ICEs and electric vehicles, adoption rates for electric vehicles and buses – especially in the public transportation sector are expected to increase.

13.2.2 E-mobility market drivers

We believe that the e-mobility market will be driven by the following factors, among others:

- **Customer pull:** Consumers are becoming increasingly aware of the environmental impact of depleting traditionally used fossil fuels and the climate change resulting from CO_2emissions, and they are increasingly adopting energy efficient and sustainable alternatives. Electric vehicles are gaining market share whilst sales of vehicles based on ICE-powertrain in general and diesel engines specifically are poised to decline. Bloomberg New Energy Finance estimates that electric vehicle sales will comprise 54% of all new light-duty vehicle sales by 2040 (Source: *Bloomberg: Electric Vehicles to Accelerate*).

  Research conducted by McKinsey on vehicle electrification indicates that nearly 29% of prospective new vehicle buyers in the US and 44% in Germany consider purchasing an electric battery vehicle or plug-in

hybrid electric vehicle ("**PHEV**"), indicating substantial demand for electric vehicles. With a large proportion of the consumer population not yet familiar with electric vehicles and related technology, it is expected that the demand for electric vehicles will increase with focused marketing and consumer education campaigns by car manufacturers. (Source: *McKinsey: Electrifying Insights)*

Lack of charging infrastructure was perceived to be a barrier to the uptake of electric vehicles. However, McKinsey expects investments in global charging station networks to increase from 2 million in 2016 to 12 million by 2020, thereby supporting growth in EV demand. Moreover, advances in battery efficiency translating into lower costs and accelerated rollout of wide-scale charging infrastructure are expected to bolster EV growth. (Source: *McKinsey: Electrifying Insights)*

- **Technology advances:** High battery costs have resulted in electric vehicles being more expensive than comparable ICE-powered variants. According to studies conducted by McKinsey, battery pack prices for LCVs have declined by 80% from $1,000/kWh in 2010 to $209/kWh in 2017, and are expected to decline further to below $100/kWh by 2030. The declining projections for electric vehicle battery pack prices suggest potential for price parity in selected segments of electric vehicles and ICE models. Improvements in technology have also made it possible to have larger battery packs, thereby increasing the range of electric vehicles. The longer shelf life and lower costs of Li-ion batteries have encouraged car manufacturers to invest in battery-operated vehicles. (Source: *McKinsey: Electrifying Insights*)

  Research by McKinsey shows that the ranges for base models of Nissan Leaf and Tesla Model S increased 20-40% over 2013-2017, primarily due to larger battery packs. (Source: *McKinsey: Electrifying Insights)* BMW also announced a 50% increase in the BMW i3's range driven by replacement of its 22kWh battery with a 33kWh battery. The battery upgrade to 43kWh, expected in its 2018 model, would further increase its range by 25%. (Source: *BMW Blog*)

  The US Department of Energy ("**US DOE**") expects further developments as a result of increasing production volumes, leading to larger battery pack sizes. This is anticipated to support increased EV ranges and cost reductions, helping to achieve the car volume targets set by carmakers and the US DOE, of 9-20 million by 2020. (Source: *International Energy Agency 2017*)

- **Regulatory push:** The transportation sector is responsible for nearly a quarter of global energy-related emission, making it necessary for the governments to impose strict reduction targets. EU's 2021 target limits emissions from cars to 95 grams of CO_2/km, which is 27% and 50% lower than the 2015 and 2010 targets, respectively. The US target for carbon emission of 109 grams of CO_2per km by 2025 is nearly half of the 2010 levels. Car manufacturers are legally obliged to accept a penalty or absorb the costs of lowering their fleet emission level if they should fall short of the regulatory target. (Source: *Technavio Li-Ion Battery Market*) Volkswagen's electrification initiative aims to add 30 new pure-electric vehicles by 2025, with the annual estimated unit sales of 2-3 million electric vehicles comprising 20-25% of total estimated sales. (Source: *Inside EVs*)

  Studies conducted by McKinsey conclude CO_2 penalties to be around 70% more expensive than investing in carbon abatement technologies and EV infrastructure. (Source: *McKinsey: Electrifying Insights)* In addition to emission regulations, some cities like Berlin have also created "green-zones", where high emission vehicles could be penalized. (Source: *International Energy Agency 2017*) Additionally, UK and some major European cities including Munich, Rome, Paris, Madrid, Mexico City resolved to phase out diesel cars over the next 10-15 years. This increase in awareness of greenhouse-gas ("**GHG"**) emissions and the reduction targets set by different governments are in our view boosting the demand for electric vehicles.

- **Financial incentives:** Financial levers including differentiated vehicle taxation based on fuel economy or GHG emissions per kilometer and incentives like waivers on parking fees, tolls and on access restrictions also drive the demand for electric vehicles. Dense high-income cities, with a well-established car base and increasing regulatory pressure against vehicle emissions would most likely see faster penetration of autonomous technologies and electric powertrains. (Source: *International Energy Agency 2016*)

  Numerous regulators implement financial incentives, in the form of direct rebates, tax breaks or exemptions, directed at electric car customers as a way to push for TCO parity between electric powertrain and ICE. In Norway, public funding is provided for deployment of electric vehicle fast-charging stations

every 50 km (on average) on main roads, while Sweden offers financial support for the development of charging infrastructure (SEK130 million in 2015). The UK grants GBP500 to individuals for the installation of a dedicated home EV and GBP300 per socket to businesses for funding charge points for fleet. Businesses are also entitled to receive tax breaks for investments in large EV deployment. (Source: *International Energy Agency 2017*)

Additionally, favorable policies, which increase the value proposition of electric vehicles, including waivers on regulations that limit the availability of license plates for ICE vehicles, exemptions from access restrictions to urban areas and exemptions from usage fees for specific portions of the road network, could support deployment of electric vehicles. (Source: *International Energy Agency 2017*)

13.2.3 Market dynamics

The global Li-ion battery market has grown significantly in the last 10 years expanding at a compound annual growth rate ("**CAGR**") of 11.2% in 2016 and CAGR of 13.4% in 2017. The total Li-Ion battery market is expected to grow at a CAGR of around 15.6 in 2018 and expected to reach the size of approximately $39.6 billion in 2020 (corresponding to a CAGR of around 15.5% for the period 2015-2020). In the past, the consumer electronics segment has been the key growth driver in the Li-ion battery market. However, going forward globally increasing penetration of e-mobility is expected to be the major driver for the expected growth in the Li-ion battery market, which is due to technology, cost, and performance advantages compared to alternative powertrain technologies (for example, diesel and lead-acid) alongside the ongoing e-mobility megatrend (Source: *Technavio Li-Ion Battery Market*). The Li-ion battery market is particularly expected to be impacted by the following main trends:

- Urban and regional regulations are creating a sustainable, permanent and supportive environment for e-mobility penetration, most recently in the form of diesel bans (urban and local) and more generally in the form of stricter emission targets (regional and national). For details, please refer to Sections 13.2.1 and 13.2.2. All of these abovementioned dynamics as well as the current media coverage and public awareness (*"Zeitgeist"*) establish not only a positive momentum, but also a persistent move away from internal combustion engines to electric powertrains. As the automotive sector appears to be one of the major contributors to the growing production of Li-ion batteries, this is expected to benefit the demand for Li-ion batteries, in general, and for high-performance Li-ions batteries, in particular. (Source: *Technavio Li-Ion Battery Market*)
- In the past, the global Li-ion battery market was dominated by the consumer electronics segment - driven by demand especially from China and the US. As application areas for Li-ion batteries have been growing over the past few years, the demand has shifted from smaller consumer batteries to larger battery systems and applications, such as Li-ion batteries for e-mobility solutions. By 2020, e-mobility is expected to propel the growth prospects of the market (Source: *Technavio Li-Ion Battery Market*). While many Li-ion battery manufacturers offer low performance batteries for a broad range of consumer applications, to our knowledge, only a few suppliers cover the field of larger high performance battery systems that are required for e-mobility solutions such as buses, commercial vehicles or railways. In our view, significant initial capital investments and strong client relationships of the established players provide additional entry barriers for new entrants. Therefore, we think that competition amongst Li-ion battery manufacturers within this relevant market segment is likely to remain limited.
- Li-ion batteries are a preferred power source due to their higher energy density, lower self-discharge, and lower maintenance costs in comparison to other rechargeable batteries such as lead-acid. As most Li-ion battery suppliers target mass markets in consumer electronics, competition among players that offer specialized Li-ion batteries is moderate. Only a limited number of competitors have the technological capabilities to manufacture batteries with large capacities while meeting highest safety standards and quality expectations at attractive battery price levels. Besides, there has been a continued trend of consolidation in the sector (Source: *Technavio Li-Ion Battery Market*).
- The threat of technology substitutes remains rather low as established players actively enhance their Li-ion battery solutions on an ongoing basis. The constant technological improvement and non-toxic nature of the Li-ion battery limits the scope for potential substitutes. Alternative battery types, such as sodium-ion

batteries, aluminum-ion batteries and solid state batteries, are yet to be commercialized due to ongoing research and development. As these battery compositions are still in the early stages of development, we expect such technologies to be commercialized only after 2020. Therefore, such batteries are not expected to pose a major threat to Li-ion battery market in the near future (Source: *Technavio Li-Ion Battery Market*).

13.2.4 Market for Li-Ion batteries

Technavio estimates the global Li-ion battery market to be valued at around $24.4 billion in 2017 and expects an expansion to around $39.6 billion in 2020, growing at a CAGR of around 17.5% for the period 2017-2020. The Li-ion battery market for consumer electronics was around $16.9 billion in 2017 (the largest sub-segment), followed by the market for EV applications with a size of around $4.7 billion in 2017 and the market for energy storage solutions with a size of around $2.0 billion in 2017. Other applications, including medical and military applications and power tools, accounted for approximately $ 0.7 billion in 2017. (Source: *Technavio Li-Ion Battery Market*)

The Li-ion market for consumer electronic applications was valued at around $16.9 billion in 2017 and it is expected to increase to around $22.9 billion in 2020, growing at a 10.6% CAGR. The battery market for consumer electronics is expected to be mainly driven by rapid advances in technology and the increasing launch of new product lines and product categories. Additionally, the market is expected to be positively affected by the phenomena of urbanization in emerging countries and the reviving global economy which are boosting the overall demand for consumer electronics applications. (Source: *Technavio Li-Ion Battery Market*)

The electric vehicle battery segment is currently developing into a new driver of growth for the overall Li-ion market. This segment is expected to increase from around $4.7 billion in 2017 to around $10.2 billion in 2020, growing at a 29.6% CAGR and it is expected to expand its market share from 19.3% in 2017 to 25.8% in 2020. The growth is supported by the increasing use of electric vehicles and hybrid-electric vehicles which can be observed globally. The significant growth of Li-ion battery systems is supported by governments' efforts to reduce $CO_2$and NO_X emissions and support for alternative energy sources with various incentives, such as subsidy schemes and tax reductions and exemptions for EV purchases. Governments in developed and emerging countries introduced stringent legislation in order to reduce greenhouse gas emissions by supporting alternative vehicle programs and thereby committing to the adoption of electric vehicles. (Source: *Technavio Li-Ion Battery Market*)

The expansion of the global Li-ion batteries market is also expected to be supported by the transportation sector which currently reports a strong demand for Li-ion battery due to its longer shelf and service lives. Demand is further supported by government agencies such as the US-American USFTA which covers 90% of the incremental cost of alternative fuel and hybrid buses. The Chinese government is expected to launch similar projects in order to increase the EV penetration in the transportation sector. (Source: *Technavio Li-Ion Battery Market*)

The Asia-Pacific ("**APAC**") region dominated the Li-ion battery market with an overall value of around $14.0 billion and a market share of 57.3% in 2017, growing at a 14.8% CAGR to around $21.1 billion in 2020. The strong growth which can be observed in the APAC region will be outpaced by the Americas and EMEA regions which are growing at a 19.9% and a 23.0% CAGR to around $10.7 billion and around $7.8 billion in 2020, respectively, driven by the increased adoption of electric vehicles and hybrid-electric vehicles and the expansion of renewable power generation and storage systems. Stringent regulatory pushes, such as the EU's target to limit emissions from LCVs to 95 grams by 2020 and the US' target to reduce carbon emission to 109 grams of CO_2/km by 2025, are expected to further strengthen growth of the Li-ion market in EMEA and the Americas. (Source: *Technavio Li-Ion Battery Market*)

Li-ion battery systems have proven as a highly reliable and powerful source of energy and they became popular due to their high energy density, the long potential lifespan and maintenance friendliness. Such characteristics and strong market drivers, such as the increased consumer pull, an accelerating regulatory push and environmental control, financial incentives and technology advancements will further support the continuing growth of the entire Li-ion market. (Source: *Technavio Li-Ion Battery Market*)

13.3 Markets and applications

The need and demand for e-mobility has uncovered a number of promising applications and markets. We are among the pioneers in Li-Ion technology having developed a wide array of battery systems used for specialized applications in the following e-mobility applications:

- public transportation buses;
- commercial vehicles;
- rail vehicles;
- marine applications;
- industrial vehicles; and
- stationary applications for residential and professional installations.

The following trends are forecast for the European market with respect to buses and commercial vehicles (Source: The approximate figures in this paragraph are derived from data set out in Roland Berger based on the assumption of a linear increase of registration rates of E-Buses and E-CVs between 2015 and 2030):

- the registration volume of electric buses is expected to increase from below 100 units in 2015 to approximately 2,500 units in 2020, and to approximately 5,000 units in 2025 which represents a CAGR of approximately 48% between 2015 and 2025;
- the registration volume of electric commercial vehicles is expected to increase from approximately 16,000 units in 2015 to approximately 113,000 units in 2020, and to approximately 229,000 units in 2025, which represents a CAGR of approximately 31% between 2015 and 2025;
- the relative share of registrations for electric buses is expected to increase from less than 1.0% in 2015 to approximately 5.0% in 2020 and to approximately 10.0% in 2025; and
- the relative share of registrations for electric commercial vehicles is expected to increase from approximately 1.0% in 2015 to approximately 5.0% in 2020 and to approximately 10.0% in 2025.

The following are the main characteristics of the remaining applications (Source: *Technavio Li-Ion Battery Market*):

- **Rail vehicles**: The rail vehicles market is in our view characterized by a rise in railway electrification due to a higher maintenance cost of diesel engines compared to electric engines, as well as regulatory requirements of environmental and sustainable transportation deploying advanced energy-efficient technologies. For example, in 2016, German transportation minister announced investments in developing zero-emission alternatives to diesel trains.
- **Marine applications**: The global market for marine electric vehicles is expected to grow from $1.3 billion as of December 31, 2016 to $1.9 billion as of December 31, 2020, at a CAGR of 9.7%, according to Technavio, primarily as a result of increasing boat and yacht sales, high luxury electric equipment fueling demand for high performance batteries, and increasingly stringent regulatory requirements, such as electric driving within ports. This area is in our view characterized by high entry barriers, and specific regulatory requirements such as electrically supported *maneuvering* within ports and an increased preference for leisure boating and luxury yachts equipped with high performance electronics.
- **Industrial vehicles**: The global market for Li-Ion industrial electric vehicles is expected to grow from $2.2 billion as of –December 31, 2016 to €3.1 billion as of December 31, 2020, at a CAGR of 8.6%, according to World Lithium-Ion Battery Market, March 2016, Allied Market Research. The main market drivers in this application are mining electrification and automation, replacement of lead-acid battery systems with Lithium-Ion and a total cost of ownership advantage with reduced battery costs.
- **Stationary Applications:** The global market for global stationary Li-Ion battery market is expected to grow from €1.6 billion as of December 31, 2017 to €5.6 billion as of December 31, 2020, at a CAGR of 37.6%, according to Global Lithium Ion Battery Market, 2016, Technavio. Primarily as a result of ongoing home automation and renewable energy, there has been growth in variable renewable energy generation and charging infrastructure for e-mobility.

We deliver battery management systems for Li-ion applications in the e-mobility segment. Profitability between different Li-ion applications varies significantly and depends on multiple factors. The Company is focusing on high performance battery solutions for e-mobility niche applications like buses and commercial vehicles, as well as for rail and industrial vehicles, marine and stationary applications. The mass volume market for passenger cars is not a focus for us, but high-performance and special purpose passenger cars could be viable business cases for the Company in the future. Our highly engineered battery solutions are characterized by high performance requirements regarding (i) a number of charging cycles (up to ten times higher compared to passenger cars), (ii) charge/ discharge power (continuously high loads for high-performance vs. low average loads for passenger cars), (iii) lifetime (up to six times higher compared to passenger cars) and (iv) usage profiles (continuous intensive usage, up to 24/7 for high-performance products compared to the variable usage profile at passenger cars, typically below one hour of usage per day). Comparing the market sizes, only around 234,000 electrified buses and commercial vehicles are forecasted to be newly registered in Europe in 2025, while approximately 2,000,000 electric passenger cars are expected to be registered in the same year (Source: *Roland Berger*).

Consequently, to our knowledge, most automotive OEMs and tier 1 suppliers allocate their internal resources to the mass volume market (passenger car batteries) and cooperate with suppliers, such as the Company, for high performance batteries. Only a few battery suppliers are, to our knowledge, able to meet the strict requirements for high performance applications. These requirements are in particular (i) superior technological knowledge and experience with high performance applications, (ii) achievement of the OEM certifications and the OEMs' supplier approval processes to ensure the desired quality standards, (iii) patent protected IP combined with significant application know-how and (iv) strong relationships with the OEMs. Due to these significant requirements, in our view, the high performance battery business offers attractive margins for the respective suppliers. High performance batteries are not only used for buses and commercial vehicles, but also for trains, ships, industrial applications and stationary storage solutions. A market entry by OEMs is, in our view, challenging due to the high complexity of the battery systems and limited market size.

13.3.1 Public transportation buses

As outlined in Section 13.2.1, we consider emission regulation, urbanization and focus on TCO to be major trends driving increasing demand for electric buses and coaches. Bus and coach operators in the public transportation sector seek to minimize their TCO as well as CO_2/NO_x-emissions.

With respect to TCO the main focus is on the expected occurrence of TCO parity between electric and conventional ICE powertrains. Once TCO parity will be reached, the penetration rate of electric powertrains is expected to rise rapidly. TCO parity depends on the weight class and the driving distance. While parity is in general accomplished earlier for lighter commercial vehicles, a medium average distance of approximately 200km has been identified as the optimal distance with respect to TCO parity across weight classes. For electrified buses ("**E-Buses**") TCO parity is expected to be reached by 2025 (Source: *McKinsey: What's sparking*). For example, based on calculations derived from Öko-Institut, TCO is expected to decline from 1.47 €/km in 2015 to 1.32 €/km in 2020. For electrified coaches ("**E-Coaches**") the longer haul is leading to higher requirements in the electrification process especially with respect to battery capacity. (Source: *McKinsey: What's sparking*)

Due to technological advancements in recent years, bus and coach OEM´s plan, to our knowledge, to replace or enhance ICE with electrical powertrain solutions in order to address the increasing demand from their customers. We develop and manufacture advanced high-performance batteries, which are specially developed to satisfy the performance characteristics of E-Buses and E-Coaches. Rising taxation on fuel prices, volatile oil prices and stricter emission regulations are in our view driving the ongoing development of e-mobility and contribute to achieving TCO parity between electric powertrains and ICEs. We believe that both E-Buses and E-Coaches benefit from the rapid development in propulsion technology, electrical battery systems and the charging infrastructure designed to make cities cleaner and more livable.

Twelve major cities, including London, Paris, Los Angeles and Cape Town, have announced to exclusively buy zero-emission buses from 2025 onwards and some of them have already placed large orders (for example, London, Nottingham, Eindhoven, Amsterdam, Paris and Warsaw) (Source: *ZeEUS*).

The European market is one of the leading regions for the shift from ICEs to electric powertrains for buses and coaches. In July 2017, the European commission has launched the European Clean Bus Deployment Initiative in order to promote a large-scale uptake of clean, alternatively fuelled buses (Source: *ZeEUS).*

Several European countries including Germany, the UK and France have set up national legal frameworks to promote vehicles with reduced environmental impact and energy consumption. Together with the implementation of emission zones through local initiatives (such as potential diesel bans), this has led to rising encouragement for an increasing share of E-Buses in public transportation. Driven by these factors, a new registration of electric buses in Europe is expected to grow with a CAGR of around 48% p.a. from 2015 to 2025, which corresponds to an approximate electric powertrain penetration rate of 10% in 2025 (corresponding to around 5,000 units in 2025). (Source: *Roland Berger)*

The penetration rate is forecasted to be much higher for public transportation buses. In Europe the urban bus market share of E-buses is expected to reach 50% by 2030 (Source: *ZeEUS)*. We believe that this is not only driven by the emission targets of such cities, but also by the fact that public transportation buses serve fixed daily routes which, even today, makes it an attractive use case for electric powertrains. Technical innovations, such as charging of buses during their trips via fast charging at selected stops or wireless charging, are in our view very useful in order to maximize the daily operation time; in addition, they create further demand for high performance batteries.

In North America, sales of E-Buses have surpassed the sales of other alternative powertrain technologies in 2016. However, these are mainly hybrids and plug-in hybrids, while the share of fully electric bus sales is still relatively low. In the period from 2015 to 2025, the number of E-Buses in North America is expected to grow at a CAGR of approximately 20.5% to 62,000 units in 2025, which corresponds to an increasing penetration rate of electric powertrains from around 3.3% to around 17.2% in this segment. This penetration rate is expected to be even higher (around 23.5%) for heavy duty buses (>15t gross vehicle weight or "**GVW**") compared to around 14.4% for medium duty buses (>6t GVW; ≤15t GVW). This is driven by emission policies and incentive programs for E-Buses, such as transit and school buses. (Source: *F&S-Electric Truck and Bus Market Growth*)

13.3.2 Commercial vehicles

Electric commercial vehicles – consisting of light commercial vehicles ("**LCV**") ≤3.5t GVW, medium commercial vehicles ("**MCV**") >3.5t GVW and ≤16t GVW as well as heavy commercial vehicles ("**HCV**") >16t GVW – are in our view an integral part of the ongoing e-mobility development.

Similar to E-Buses and E-Coaches, the three main drivers for the electrical commercial vehicle ("**e-CV**") market are: reduction in TCO, advancements in electric vehicle technology and the regulatory environment (for example, CO_2 fleet targets and emission-free zones).

Although these drivers are prevailing globally, the rising penetration rate of electric powertrain is expected to differ across regions (Europe, US and China). Europe is expected to have the highest penetration rate by 2025, driven by stricter regulations and higher taxes on fuels leading to a higher differential with electricity prices. The penetration rate is expected to develop at a slower pace in China and the US, but the overall development is expected to be similar to Europe (Source: *McKinsey: What's sparking*).

Commercial vehicle fleet managers place greater emphasis on economic parameters and reflect a greater sensitivity to regulation than buyers of passenger cars. Hence, while all drivers are relevant, minimizing TCO is most relevant for fleet managers. Therefore, a strong increase in penetration rate of electric powertrain is expected once TCO parity is reached. Among the different weight classes of e-CVs, TCO parity in Europe, with the regional haul up to 200 km, is expected to be reached first by electric LCVs (around 2017) followed by electric MCVs (around 2023) and electric HCVs (around 2029; in Europe regional haul, up to 200 km). The main factors that will determine the TCO parity reach are the developments of: (i) efficiency of ICE powertrains, (ii) electrical powertrains, (iii) cost of battery technology and (iv) the difference of fuel cost and electricity cost. The improving battery technology leading to higher battery density and declining cost in battery cells is also expected to play an important role. (Source: *McKinsey: What's sparking*) For example, based on calculations derived from Öko-Institut, and depending on certain input assumptions, TCO is expected to decline from 0.38 €/km (compared to 0.35 €/km for internal combustion engines) in 2015 to 0.36 €/km

(0.37 €/km for internal combustion engines) in 2020 for LCVs and from 1.67 €/km (compared to 0.86 €/km for internal combustion engines) in 2015 to 1.39 €/km (compared to 0.90 €/km for internal combustion engines) in 2020 for MCVs. (Source: *McKinsey: What's sparking*)

Within Europe the strongest electrification trend among weight classes is expected in the LCV segment with approximately 211,500 electrified LCVs in Europe by 2025, which corresponds to a penetration rate of around 12%. For MCV and HCV the expected penetration rate is significantly lower with around 5% (corresponding to around 5,750 units in 2025) and around 3% (corresponding to around 11,750 units in 2025), respectively, by 2025, due to the current lack of emission targets. (Source: *Roland Berger*)

In North America, the MCV and HCV market is expected to stay at current sales levels, while the number of e-MCVs and e-HCVs is expected to grow at a CAGR of around 31% from 2015 until 2025 (corresponding to around 654,000 units in 2025), which is driven by an increased penetration rate of electric powertrains from <1% to around 6% in 2025. Within the e-CV segment, hybrids are expected to be favored compared to pure e-CVs, due to the ease of retro-fitments and the impracticability of full electrics in the medium term. (Source: *F&S-Electric Truck and Bus Market Growth*)

13.3.3 Rail vehicles

According to a market study by Technavio, the global battery market for the railway industry, covering batteries that are used to tart locomotives power lightings, and to run on-board auxiliary systems engines and coaches is expected to grow from $448 million in 2017 to $511 million in 2020, at a CAGR of approximately 4.5%. The growth is primarily driven by the rolling stock market and investment in mass transportation systems. Rise in railway electrification due to higher maintenance cost of diesel engines compared to electric engines, and new technologies such as hybrid trains, regenerative braking systems, and implementation of high-speed lines are expected to increase demand for battery systems. Deployment of advanced energy-efficient technologies to meet regulatory requirement of environmental and sustainable transportation are likely to fuel this demand even further. (Source: *Technavio Rail)*

The push of stringent regulation in order to reduce emissions from diesel and other conventional engines, along with the high cost of maintaining diesel powered engines are leading to adoption of energy efficient alternatives and electrification of railroads, thereby increasing demand for battery systems.

Rapid transit vehicles dominate the global battery railway market, with their share estimated to reach 35% by 2020. The segment is estimated to grow at a CAGR of approximately 6.5% over 2017-2020, driven by heavy investments in railway infrastructure, high speed trains, and electrification of railway tracks. Railroad cars, which comprise passenger coaches and freight wagons, are expected to grow at a CAGR of approximately 4.5% over 2017-2020 to around $176 million, driven by rapid industrialization. The electric locomotives market is dominated by Asia and Europe, led by the concentration of manufacturing sites and customers in these markets. (Source: *Technavio Rail)*

Lead-acid ("**LAB**") batteries comprised approximately 50% of the market in 2017, while nickel-cadmium (Ni-Cd) and lithium-ion (Li-ion) accounted for around 47% and around 2%, respectively. According to Technavio, Ni-Cd batteries are expected to take over the leading position with approximately 49% market share by 2020, driven by demand from developing countries, like China and India, for batteries with better life cycle performance in low temperatures. However, constant improvement in the product technology and recent decrease in battery prices make Li-ion the fastest growing market at a CAGR of around 21% over 2017-2020. Higher thermal stability and safety, higher current density and a longer shelf life compared with other Li-ion batteries are resulting in adoption of Li-ion phosphate batteries by a number of rolling stock OEMs. (Source: *Technavio Rail)*

From a geographic perspective, the Europe, Middle-East & Africa region ("**EMEA**") is anticipated to maintain its leading position in the global railway battery market until 2020, with a share of more than 55%. The European Union has mandated strict emission control norms, forcing many European countries to reduce dependency on road and water transportation networks, and on widening the railways infrastructure. Major railway vendors including Alstom, Siemens, and Standler have been increasingly investing in enhancing production capacity with new manufacturing units and, innovations. In addition to trade and commerce, growing tourism in the region is creating additional demand for rolling stock and in turn for batteries for railways. (Source: *Technavio Rail)*

13.3.4 Marine applications

According to Technavio, the global Li-ion battery market for yacht applications is expected to grow from a market volume of 2,590 units in 2017 to a market volume of 5,740 units in 2020 at a CAGR of around 30.4%. The pickup in demand in the global yacht industry is based on an increased consumer spending arising from a growing preference for leisure boats and luxury yachts which are equipped with high performance electronics. Specific regulatory requirements, such as emission regulation for marine engines which require electrically assisted maneuvering within ports, further support the growth trend of the Li-ion battery market for yacht applications. (Source: *Technavio Marine; Technavio Yacht*)

The US market accounted for 67.5% of the global yacht battery market with 114,450 Li-ion and lead-acid batteries in 2017. The yacht battery market for Li-ion and lead-acid battery systems is expected to post the highest growth in the US, supported by positive demand trends including growing purchasing power and recurring popularity and consumer spending. (Source: *Technavio Yacht*)

The European yacht market which was severely hit by the economic downturn in 2007 and the following years is currently undergoing a structural rebound and expected to grow at high rates in the years ahead. The fall in average purchase prices and the availability of favorable marine infrastructure, such as luxury yacht marinas across Spain, Italy, Croatia and Malta, further support the growth of the European yacht market and subsequently the market for marine battery systems in Europe. (Source: *Technavio Yacht*)

The marine battery market is currently at the beginning of a paradigm shift, with Li-ion battery systems or hybrid solutions replacing combustion engines in order to comply with the recent spread of emission regulation in developed economies, such as the US, the UK, Australia and Hong Kong, which imposed stringent rules in order to minimize pollution levels. The introduced marine regulation limits the maximum allowable sulfur concentration in marine fuels and sets maximum NO_x emission rates amongst others. (Source: *Technavio Marine; EPA*)

Around 3% of global demand is expected to arise from luxury yachts which are fitted with high-performance battery systems used to start engines and power internal electrical and electronic components. Luxury yacht manufacturers see Li-ion battery systems as highly reliable power source due to its usability for long periods of time without the need for replacement and their ability to meet the high internal power requirements. (Source: *Technavio Yacht*)

Technological progress in marine applications is expected to further increase demand for Li-ion battery systems as the powerful air-conditioning and sophisticated navigation systems require high and reliable power sources. Li-ion batteries' technological edge, maintenance friendliness and higher lifespan compared with lead-acid batteries, are driving OEMs to equip yachts with Li-ion batteries, thus stimulating further demand for such systems. (Source: *Technavio Yacht*)

13.3.5 Industrial vehicles

According to Allied Market Research, the global market for Li-ion battery powered industrial vehicles is expected to grow from $3,357 million in 2017 to approximately $4,402 million in 2020 at a CAGR of around 8.1%. The increasing energy density, reduced costs for high-performance battery systems which provide for TCO advantages, longer battery life cycles and the low level of maintenance of Li-ion batteries make them suitable for various types of industrial vehicles. (Source: *World Lithium-Ion Battery Market*)

The growth is expected to predominantly arise from the APAC region which is the most prominent market for Li-ion powered industrial vehicles, driven by a favorable economic environment and supportive government initiatives for green energy. The APAC region accounted for 45% of the overall market volume in 2017 and is expected to grow at a CAGR of around 10.9% until 2020. The European and American markets are driven by industry players which are continuously replacing combustion engines with electric engines in order to meet regulatory requirements and to make use of the significant benefits of new technologies. (Source: *World Lithium-Ion Battery Market*)

The mining vehicle market is currently undergoing a structural shift from conventional powered vehicles to battery-powered and hybrid vehicles. Mining companies recently started to develop new solutions and equipment in order to reduce operating expenses and to increase the overall productivity of their systems.

The advancements in Li-ion technology facilitated the development of high-power battery systems for mining equipment, which had historically a low capacity in handling material. Companies, such as Atlas Copo / Epiroc and Sandvik, are following the electrification trend for industrial vehicles by developing battery-driven mining machinery. The mining equipment applies to environmental standards and mining safety requirements and allows for lower running costs as considerable savings arise from the reduced need for mine ventilation and cooling due to the emission-free handling of operations. (Source: *World Lithium-Ion Battery Market; Atlas Copo / Epiroc; Sandvik*)

The cranes and forklifts cluster is currently dominating the Li-ion battery market for industrial applications with a revenue share of 52% in 2017. The cluster recently underwent a technological transition when equipment manufacturers introduced new high-performance forklifts based on electric powertrains which are characterized by an improved efficiency and fewer emissions. The use of high power Li-ion battery systems allowed doubling the lifting capacity while producing fewer emissions, thus increasing the demand for powerful lithium-batteries even further. (Source: *World Lithium-Ion Battery Market*)

Substantial growth in the industrial vehicle segment is expected as a result of various government initiatives such as regulation and supportive programs for green and as a result of the technological advances which stimulate further growth for Li-ion battery systems. (Source: *World Lithium-Ion Battery Market*)

13.3.6 Stationary applications

Global Lithium Ion Battery Market, 2016, Technavio estimates the Stationary Li-Ion Battery Storage Market to be valued at more than $2 billion in 2017, and expected to grow to up to $5.6 billion by 2020 at a 37.6% CAGR. The market is supported by development of better performing and less costly battery solutions alongside growing demand for reduced energy dependence. The increasing share of renewable energy generations requires stabilization of electricity grid via storage solutions. Favorable government initiatives for sustainable grid infrastructure expansion across developing regions support this growth. The market is also expected to benefit from ongoing reforms subject to energy efficient, clean storage system manufacture and rapid development across distributed generation technologies. The demand for Li-ion batteries for storage systems is estimated to grow from 3GWh in 2017 to 70GWh in 2030. The challenging charge/discharge cycles of Li-Ion batteries used in storage systems require more expensive battery management systems and hardware, making the installed cost for the batteries used in storage systems higher than those used in electric vehicles. However, growth in scale of production for electric vehicles could reduce these costs. (Source: *Bloomberg Global Forecast)* Studies conducted by the International Renewables Energy Agency in October 2017 suggest that the growth of li-ion battery use in electric vehicles and across the transportation sector over the next 10-15 years is an important driver for decrease in battery costs for stationary storage applications. The report highlights that falling battery prices could stimulate a 17-fold growth of installed battery storage by 2030. (Source: *International Renewable Energy Agency*)

The global stationary battery storage market is dominated by lead-acid batteries, which comprised more than 28% in 2016. Shift towards more advanced hybrid technologies for remote energy management, emergency power and grid storage applications have created an intense competitive environment. Higher densities and improved life cycles of li-ion batteries compared to its counterparts including lead-acid, are estimated to drive rapid growth in stationary battery storage market. Declining prices coupled with volume manufacturing practices adopted by leading industry players including Tesla are expected to stimulate the demand. (Source: *GMInsights*)

Emergency power and local energy storage are the two key market applications. Emergency power is expected to grow by more than 18% by 2030 driven by growing demand for refurbishment and upgrading of conventional electrical networks across North America and Europe. The scope for emergency power is further widened by exponential increase in electricity demand and frequent grid failures across developing countries. Investments towards integration of renewable energy sources and increasing penetration of isolated electrical networks support the development of Local energy storage. (Source: *GMInsights*)

The US stationary battery storage market is expected to grow at a CAGR of approximately 21% over 2017-2030, driven by ongoing infrastructure investments towards development, refurbishment and upgrading of existing grid networks, increasing demand for reliable grid support mechanism, and an exponential increase in

demand for electricity. The stationary battery storage market in the UK is supported by ongoing energy efficiency reforms. Favorable government initiatives and enhancing renewable energy technologies would further support industry potential. Stationary storage solutions in EMEA are expected to grow at a CAGR of around 21% from $0.5 billion in 2017 to $6.0 billion in 2023. (Source: *Bloomberg Global Forecast)*

13.4 Competition

We compete with different groups of competitors based on the product group and market segment in which the competitor operates. The selection of comparative companies is based on the following criteria:

- competitors that see their core competency in assembling and systematically combining components in the battery systems market for the e-mobility or stationary energy storage systems ("**ESS**") segment; and
- competitors should be active in at least one business area in which the Company also offers product solutions.

The markets in which we operate are relatively young and therefore rapidly evolving and we may face new competitors in the future. Moreover, we are focusing on solid margin sub-markets for specialized applications within the e-mobility end markets, such as public transportation, commercial vehicles and stationary energy storage solutions, all of which are penetrated by different selected competitors, while other competitors address other (mass) markets with other battery technologies, inter alia, lead-acid.

Taking these factors into account, the competitive environment and the expected development in the end markets in which we operate, we consider the following companies to be our main competitors (for benchmarking purposes) as of the date of this Prospectus:

A123 Systems, Inc.: A123 Systems, a wholly owned subsidiary of Wanxiang Group, is a developer and manufacturer of advanced lithium-ion (lithium iron phosphate) batteries and energy storage systems for transportation and other commercial and industrial applications. The company was founded in 2001.

ACTIA I+ME GmbH: Actia is focused on the development of battery management systems and electrochemical energy storage systems for electric and hybrid vehicles (mainly commercial vehicles).

BMZ Group: BMZ is a group comprising six companies headquartered in Germany, which was founded in 1994. It produces battery systems mainly for power and garden tools, as well as for automotive, e-mobility, storage, medical and industrial applications.

Forsee Power SAS: Foresee is focused on energy storage systems and traction batteries mainly for commercial and industrial vehicles, as well as mobile and connected devices.

Hoppecke Batterien GmbH: Hoppecke is focused on lead-acid technology; however it started to build up its business with Li-Ion battery technology for emission-free drives, secured power supply, storage of regenerative energies as well as railway and metro-systems.

Impact Power Technologies LLC: Impact specializes in Li-Ion energy storage systems development and system integration for public transportation, power industry, and telecommunications.

Johnson Matthey GmbH: Johnson Matthey develops advanced battery materials and designs battery systems for high performance energy storage applications. At the beginning of 2018, Cummins Inc. acquired Johnson Matthey´s automotive battery system business.

Kreisel Electric GmbH: Kreisel Electric was founded in 2014 and is focused on the development and manufacture of battery cells for use in electric and hybrid vehicles. Kreisel focuses on passenger vehicles and its core business is licensing battery technology to industrial partners for mass production.

Leclanché S.A.: Leclanché is a Swiss battery manufacturing company that was created in 1909. Through a licensed ceramic separator technology and focus on lithium titanate technology, Leclanché manufactures large-format lithium-ion cells. In 2012, Leclanché started operations of its first production line with an installed annual capacity of up to 76 MWh in lithium titanate cells.

Microvast, Inc.: Microvast has a clean city transit approach includes batteries for electrified buses, taxis, vehicles and the charging network. Microvast's key market is China.

Saft Batterien GmbH: Saft has a history as provider for solutions for civil electronics, industrial standby, space and defense, transportation, telecommunications and grid. Saft builds its own battery cells instead of using cells from other globally leading cell manufacturers (mainly for military applications).

Voltabox AG: Voltabox develops, manufactures and distributes battery systems based on Li-Ion technology and is active in the secondary battery based Li-Ion markets for use in specialized applications, primarily including intralogistics, public transportation and mining vehicles.

14. Technical Background

14.1 Introduction

The following section provides a brief overview of the technological background and advantages that our battery systems offer combined with a general explanation of selected technical terms and technologies relevant for a more comprehensive understanding of our current and future product offering as set out in Section 15.

Our battery systems are based on Li-Ion cell technology and standardized sets of different cell packs (modules) enabling us to design tailor-made systems based on our standardized battery system architecture.

Batteries are made up of various elements, and cells are the basis for any battery system. In a module, cells are connected together in a series or in parallel strings to achieve the desired voltage and capacity. Depending on the respective cell chemistry, connection and pack arrangement, batteries can be designed for a wide range of applications, from low-power, low-capacity batteries for industrial and commercial tools, to high-power, high-capacity batteries for use in electric and hybrid electric vehicles.

14.2 Cell mechanisms

A cell is a closed power source, in which energy is stored in chemical form. This energy is released electrically via chemical reactions as electrons flow through an external circuit.

Li-Ion battery cells consist of three main electrochemical components:

- anode (negative electrode);
- cathode (positive electrode); and
- electrolyte.

During charging, material from the cathode (positive electrode) is oxidized, Li-Ions pass across the electrolyte and are inserted between the graphite layers of the anode (negative electrode) by an electrochemical reduction reaction taking place at the anode. When the cell is discharged, an oxidation reaction occurs at the anode, Li-Ions are de-intercalated from the anode and migrate across the electrolyte to be re-intercalated into the cathode. Due to the charge balance, the equivalent numbers of electrons travel through the external circuit. A simultaneous electrochemical reduction reaction takes place at the cathode where the transition metal compound accepts electrons from the external circuit.

14.3 Cell chemistries used in commercial battery systems

14.3.1 Lead-acid

Lead-acid is the predominant battery chemistry used in starter batteries for internal combustion engine (conventional) vehicles. This is a popular low-cost battery, available in large quantities and in a variety of sizes and designs that has high peak power rates, moderately acceptable performance in extreme temperatures, easy state-of-charge indication, and good charge retention for intermittent charge applications. Cell components are easily recycled. However, lead-acid batteries are heavy and suffer from poor energy density and cycle life. Other drawbacks of these batteries are their comparatively long charge time and the need for careful maintenance. They are widely used in battery power for energy storage, emergency power and earlier generations of electric and hybrid vehicles (including off-road vehicles).

Due to environmental concerns surrounding the toxicity of lead, there is currently strong regulatory pressure to eliminate lead from consumer products, including in the future with respect to lead acid starter batteries for motor vehicles as soon as a viable alternative solution is found.

14.3.2 Nickel-Cadmium and Nickel-Metal-Hydride

Nickel-Cadmium ("**NiCd**") and Nickel-Metal-Hydride ("**NiMH**") batteries use water based potassium hydroxide electrolytes. Nickel based batteries (mainly NiCd) have been used over many decades, with their performance being slightly better than lead acid at a substantial cost disadvantage due to the extensive use of Nickel.

Nominal cell voltage is only 1.2 volts ("**V**"), so large amounts of cells need to be connected in series to achieve practical voltages. The toxic NiCd chemistry was largely replaced by the NiMH chemistry starting in the 1990s, however NiMH still suffers from low cell voltage and relatively high cost of the Nickel and the rare earth metal hydride alloys. NiMH has been widely used in consumer electronics as well as hybrid vehicle batteries, but (except for some legacy applications in rail and telecommunications backup power) is currently almost completely substituted by Li-Ion cells due to the higher energy performance.

14.3.3 Lithium-Ion

Lithium is attractive due to its low equivalent weight and high standard potential and has been used in rechargeable batteries to provide approximately six times the energy density of traditional lead-acid rechargeable batteries. The field has seen a drive for increased energy density, rate capability and ability to provide high power, combined with high cycle life and thermal stability for increased safety. Li-Ion cells have considerably greater energy density than previously used chemistries. This makes them particularly suitable for automotive or other high performance applications. They are also considered less toxic, and are highly energy efficient, with a significantly longer cycle life. Lithium-based battery technology is still developing, and there is considerable potential for further enhancements.

The main commercial rechargeable Li-Ion cell chemistries are:

- lithium – nickel cobalt manganese oxide ("**NMC**") and the related nickel - cobalt aluminum oxide ("**NCA**");
- lithium-iron phosphate ("**LFP**"); and
- lithium titanium oxide ("**LTO**").

14.3.4 Selected Advantages of Li-Ion compared to other batteries

In addition to the higher energy density of Li-Ion batteries with up to 240 watt hours per kilogram ("**Wh/kg**") as of the date of the Prospectus, as compared to 40 Wh/kg for lead acid batteries, Li-Ion batteries benefit from the following advantages:

- no memory effect;
- very low self-discharge;
- very high charge/discharge efficiency;
- no maintenance;
- high cycle life;
- higher nominal voltage per unit cell; and
- optimum control and monitoring possible.

Therefore, we believe that Li-Ion batteries are the clearly superior battery technology and will replace in the medium and long term not only NiCd and NiMH, but also lead-acid batteries, especially considering the current regulatory pressure on lead-acid batteries due to the toxicity of lead.

Because the Li-Ion chemistries noted above are evolving and replacing the leading battery technologies of the past like nickel-metal hydride, nickel cadmium and lead-acid, we carefully track new lithium-based technologies, such as lithium-air, lithium-sulfur and lithium solid state cells, which are expected to improve Li-based batteries performance values further and to achieve market readiness in around five years.

14.3.5 Lithium Nickel Manganese Cobalt

Lithium nickel manganese cobalt oxide as the cathode material, with graphite on the anode side, is the battery of choice for power tools, e-bikes, electric vehicles and other electric powertrains. It is the battery chemistry most often utilized in our products. The cathode combination is typically one-third nickel, one-third manganese and one-third cobalt (NMC 111). This offers a unique blend that also lowers the cost of the raw material due to reduced cobalt content. Thus, batteries which employ lithium nickel manganese cobalt offer electrochemical performance for a lower cost. Nickel-based systems have higher energy density, lower cost,

and longer cycle life than the cobalt-based cells but they have a slightly lower voltage. From an electrochemical perspective, the performance of NMC is superior to LFP in terms of energy density. In order to minimize raw material costs and improve availability aspects, especially with respect to cobalt, modified blends consisting of 60% nickel, 20% cobalt and 20 % manganese (NMC622) are currently entering the cell market and have been incorporated into the design of the next generation of our products, and we are considering future options that would reduce the cobalt content further, down to 10% (NMC811). NMC has adequate overall performance and excels on specific energy and is currently the preferred cell chemistry for electric vehicles. NMC also has the lowest self-heating rate. This chemistry is a clearly preferable solution to LFP for high energy density packs, in particular for electric vehicles.

In our opinion, the following advantages apply to NMC:

- High nominal cell voltage: 3.6V to 3.7V;
- high cycle stability of up to 7,000 cycles at 100% depth of discharge ("**DoD**") for long life optimized cells;
- good operating temperature range of -30°C/+60°C; and
- very high energy density (up to 240 Wh/kg as of the date of the Prospectus, and up to 300 Wh/kg expected in the future).

14.3.6 Lithium Titanium Oxide

Lithium titanium oxide cells replace the graphite in the anode of a typical NMC Li-Ion battery with a titanate anode. LTO offers superior charge rate capability and power, combined with a comparably wide operating temperature range. These cells are considered a safer alternative to the graphite anode due to higher potential margins and therefore built-in overcharge protection. They are also a "zero-strain" insertion material that does not form a large passivizing layer with the electrolyte, thus resulting in very long cycle life. Lithium titanate batteries, however, tend to have a noticeably lower energy density than graphite NMC based systems, and have a substantial cost penalty due to the usage of titanate instead of the (comparably inexpensive) graphite. Typical uses for LTO battery systems are electric powertrains in frequently recharging applications, where very high cycle life is required. In addition, due to its excellent performance even at cold temperatures, LTO is an excellent candidate for lead-acid starter battery replacement.

In our opinion, the following advantages apply to LTO:

- nominal cell voltage: 2.3V;
- highest cycle stability of up to 30,000 cycles at 80% DoD;
- high level of safety as a result of the LTO anode;
- very wide operating temperature range of -30°C/+55°C;
- energy density of 96 Wh/kg or 202 Wh/l; and
- wide usable state of charge even for high power charging.

14.3.7 Nano NMC

Nano NMC cells, which are currently produced by Kokam, are a chemistry hybrid between NMC and LTO/LFP that combines ultra-high charging capabilities with a very long cycle life. As a result of these characteristics, Nano NMC based cells are used within the company's battery systems for electric propulsion of trains and electric buses with small battery packs and fast-charging, long life capabilities. Generally, Nano NMC based cells have higher energy density and lower cost per kWh than LTO based cells, and longer life, higher safety and higher charge power than similar sized NMC based cells. Nano NMCs power, safety and cycle life are lower than LTO.

14.3.8 Lithium Iron Phosphate

Phosphate-based technology has superior thermal and chemical stability that provides better safety characteristics than those of most other Li-Ion technologies. The key benefits of Lithium iron phosphate are its

good thermal stability, enhanced safety and tolerance levels. LFP is more tolerant to full charge conditions and is less stressed than other Li-Ion systems if kept at a high voltage for a prolonged period of time. LFP cells are incombustible in the event of mishandling during charge or discharge, they are more stable under overcharge or short circuit conditions and they can withstand high temperatures without decomposing. When abuse does occur, the phosphate-based cathode material does not release oxygen, does not combust and is therefore much less susceptible to thermal runaway. LFP cells also offer a long cycle life (1,000 – 3,000 cycles nominally). LFP batteries have rather low energy density compared to NMC, but they can support high currents and thus high power. LFP has a higher self-discharge than other Li-Ion batteries, which can cause balancing issues as they age. This can be mitigated by utilizing high-quality cells or using sophisticated control electronics, both of which increase the cost.

We believe the following advantages apply to LFP:

- good nominal cell voltage (3.2V to 3.3V);
- low risk of thermal runaway (in case of an accident);
- high cycle stability of up to 4,000 cycles at 80% DoD;
- large operating temperature range -20°C/+55°C;
- high energy density (125 Wh/kg and 292 watt hour per liter ("**Wh/l**")); and
- only a small proportion of rare metals.

Due to the limited risk of thermal runaway, LFP cells are often used in public transportation vehicles in China.

14.3.9 Summary

Each of the four battery technologies – NMC, LTO, Nano NMC and LFP – offers its own distinct advantages, depending on application. We focus on available and proven chemistries, but we monitor future developments and positions accordingly. Furthermore, our applications are technology independent in order to ensure optimal adaption to the respective application; the selection of type, chemistry and manufacturer of a cell is based on the client's specific use case.

In addition to the various different battery chemistries within the Li-Ion battery family, cells can be tailored to specific application needs by using modified ingredients, additives to the electrodes or to the electrolyte, or different electromechanical design. Specifically, most cells can be manufactured to accommodate a high power design or a high energy design. For example, a cell may consist of many thin layers of electrodes, which yields large surface area and very high power; alternatively, the same chemistry could be applied on fewer thick electrodes, which reduces the surface area and power, but adds to the available energy per unit cell.

The below table shows the distinct advantages and disadvantages of the main lithium variants:

Chemistry	Energy Density	Power	Cycle Life	Safety	Cost
NMC	*Best*	*Good*	*Better*	*Good*	*Better*
Nano NMC	*Better*	*Better*	*Best*	*Better*	*Good*
LTO	*Good*	*Best*	*Best*	*Best*	*Good*
LFP	*Better*	*Better*	*Good*	*Better*	*Best*

(Source: AKASOL)

14.3.10 Future chemistry development trends

While lithium can currently be considered the optimal element for high performance batteries (lithium is the lightest solid in the periodic table of elements, with the highest electrochemical voltage potential), today's lithium batteries are still far from the theoretical energy density that could be achieved. Besides lithium, other materials are required to constitute a cell: anode materials, cathode materials, electrolytes, separators and cell housing or current collectors to name a few. This overhead represents a significant reduction of lithium's theoretical capability and leads to today's performance values.

Many chemical options are currently being considered and investigated to reduce and optimize this non-lithium overhead further. Some of these next generation concepts are already working on a laboratory scale, but usually one or more obstacles remain before a transition into industrial production can be made.

There is a tension between evolutional improvements made by blending, tweaking and tuning known processes and chemistries and more revolutionary, novel approaches, with evolution constantly raising the bar for every revolutionary, novel competitor. Evolution occurs at a fast pace, with new cell generations being introduced typically every three years over the past decade.

Our general position is to observe the developments in chemistry research and development and to be an active participant in relevant cell community research and development networks and discussions. In doing so, we enhance our ability to identify emerging technologies, assess their realization likelihood and to be able to react quickly when novel cells appear on the market. We do not develop our own cell chemistry, as there is a high risk of failure in the path from chemistry idea to commercialization. The development of cells based on known principles was the standard during the past decades. For example, the full potential of silicon has not yet been realized at the anode due to mechanical electrode failure. As improved blends appear on the market, we expect even the conventional chemistry will extend its energy density beyond 300 Wh/kg (while cost keeps decreasing), constantly raising the bar for novel approaches.

While each of the different battery chemistries described below will likely lead to new types of battery cells, they all have in our view likely similar system level integration requirements with respect to hardware, software, thermal design, high voltage design, packaging and other characteristics, as cells that are currently used. Therefore, we are confident that we would be able to use these different battery chemistries in future products. The key factors, which can impact our business, are the development time and resources needed to adapt our current battery system technology to any novel cell type or format, or the time to develop and provide novel features that have not been required for current Li-Ion technology, and, to a lesser degree, timely access to any novel cell technology and intellectual property rights limitations. The end customer market may also react in a current business delaying manner, whenever novel battery technology arises, and may be hesitant to utilize or develop current technology products when a substantially improved follow up solution is imminent or expected to be available in the near future.

Future options for the anode:

Ultimately solid lithium could be used to replace the graphite intercalation anodes, but problems with dendrite forming and interfaces, as well as safety have to be solved. From an evolutionary point of view, silicon has a very high sponge-like storage capability for Lithium-Ions, however significant mechanical swelling and breathing occurs during lithium charge and discharge processes, which leads to rapid mechanical failure of such cells. As of today, graphite anodes can contain between 5% and 10% of silicon. Substantial improvements have been made and can be found in production. The graphite anodes also still hold room for improvement, as different forms of carbon (notably grapheme and hard carbon) offer improved properties, but usually at a high manufacturing cost.

Future options for the cathode:

Besides optimization of NMC111 towards lower cobalt, higher Nickel content NMC622 or NMC811, other materials with low raw material cost (such as Manganese Oxide LMO spinel) or lithium sulfur are potentially viable low-cost candidates, with especially sulfur having very high theoretical gravimetric storage capabilities. Both derivatives suffer from lower cycle life compared to NMC. Lithium sulfur cells have been produced with energy densities of up to 400 Wh/kg, but as of today the limited life of about 50 cycles and the large cell total volume limits their use to very specific, weight sensitive applications (*e.g.*, defense applications or drones).

Lithium air (with oxygen from the air at the cathode) can, in theory, achieve very high energy densities in excess of 1000 Wh/kg, but as an open system it is plagued by the same issues as a fuel cell with the need for a very sophisticated air cathode and air purification. Lithium air, while considered the best ultimate solution, is so far demonstrated with very limited functionality in few research laboratories, and several breakthrough inventions are required to make it viable.

Future options for the electrolyte:

Solid state batteries

Traditional NMC cells use flammable liquid organic solvents with a lithium salt as the electrolyte, with a permeable separator made from woven or non-woven plastic micro fibers to prevent short circuits from anode to cathode. As an alternative, solid electrolyte materials (ceramics or polymer materials) are broadly being investigated and researched, since those materials can be much safer (no flammable liquids) and in contrast to the liquid electrolytes they do allow the metallic lithium anode (dendrite resistance) and thus enable very high energy density. Numerous challenges in electrolyte and cathode material selection and manufacturing have to be overcome. Early sample cells (mostly in pouch cell format) have been fabricated in several laboratories worldwide, but no one has been able to address all the remaining issues. Early manufactured versions need to be heated to 80°C or more in order to obtain the required conductivity in the solid electrolyte. Expected energy densities in excess of 400 Wh/kg are a further enabler of vehicle electrification.

Solid state cells are actually Li-Ion cells, with (liquid) electrolytes replaced by solids. The solid electrolyte is less flammable and allows the use of metallic lithium-Anodes, so the energy density can be improved. However, it is difficult to find and manufacture solids that conduct Li-Ions at room temperature, and form contact areas to all the porous active parts, which can be easily achieved by a liquid. Even though the costs should decrease as energy density goes up due to solid state technology, the available cells are made by high-priced small scale vacuum processes, where solutions towards a mass manufacturing have not been identified yet. Currently, polymer based solid electrolytes suffer from poor ion conductivity at room temperature, and batteries made with solid electrolytes need to be constantly heated to operate. Despite having the highest possible anode energy density, the solid Li-Anode represents challenges in the area of safety and mechanical stability, as the metal film is constantly cycled during charging and discharging. Overall, with the extensive global research and development efforts surrounding solid state cells, we hope for a breakthrough invention that overcomes all obstacles to producing a marketable cell. As this resulting cell will need the same principal methods surrounding it to form a battery pack as other chemistries, our technology portfolio is expected to provide matching solutions to accommodate solid state based battery packs, with a market availability of such cells possible around 2025.

Li-Air batteries

The Li-Air cell includes a metal anode (using pure metallic lithium at the anode), and an air cathode in which lithium oxide is formed by utilizing air from the ambient. While the potential energy densities of this concept could be 10 times higher than current technology, as far as we are aware the practical realization in a rechargeable and safe configuration has not been satisfactory even at laboratory scale. On the anode side, the metallic lithium poses a major fire risk, as lithium burns in contact with water. The cathode side is an engineering challenge with respect to selectively allowing Li-Ion oxidation, without evaporating any chemicals, or losing its capabilities due to extraneous ambient air impurities. The lithium-oxides formed in the discharge process need to be moved away from the cathode, to make room for further reactions. In a recharge reaction, it is still not satisfactorily possible to convert the lithium-oxides back into pure metallic lithium and grow this lithium in a solid smooth film without dendrites that can cause shorting. Since the impedance of air cathodes is high, the efficiency of Li-Air batteries will be relatively low when used with high power rates, which means, they would likely have to be supported by super-capacitors or high power batteries for load leveling.

Li-Sulfur batteries

Li-Sulfur cells were considered the next generation of Li-Ion batteries, as sulfur is abundant, low cost, and can store high amounts of lithium with a low weight and without precious metals. This has been cast in doubt, however, as the practical cells despite being light weight tend to have much larger volume than conventional Li-Ion. This represents a major hurdle for most compact applications. The other obstacle with Li-Sulfur cells is their short life cycle and potential environmental issues with toxic byproducts. The life cycle achieved today in commercial cells is about 50 cycles, and the only application so far which is tailored for such cells are drones or military applications where cycle life is not as important as having the lowest possible weight. Further progress is expected in the future. As the cells are typically produced as pouch cells, in the case of

breakthrough and mass production of cells, we believe we would be well positioned to adapt our module and pack technology to Li-Sulfur cells, if a breakthrough were achieved, and if mass production of cells were put in place.

Super capacitors

Super capacitors are a competing electrical energy storage option, in which the energy storage principal is changed from a chemical storage (like in batteries) to a physical electrostatic storage. The energy densities are about 10 times lower than today's Li-Ion, batteries. Some super capacitors integrate Li-Ion chemistry elements to enhance their energy density, but remain inferior to batteries. The key advantage of super capacitors is their extremely high cycle life, and very high power density (although this has been challenged by high power lithium battery cells). Therefore, for applications that require a small amount of power storage with a very high cycle life, super capacitors present a good alternative to Li-Ion batteries. They cannot be used in a competitive size to power longer range vehicles. A typical application for such capacitors is energy recovery in a stop and go cycle of an internal combustion engine commercial vehicles, which require millions of cycles during the vehicle's life. Such capacitors can be used to support lithium batteries, when the chemistry is not designed for large power fluctuation. In that case, the super capacitor buffers the power fluctuation, while the battery cell can be operated at a moderate average power. It is worth noting that Li-ion batteries always have a noticeable double layer intrinsic capacitance and peak power capabilities, which means that super capacitors are in most cases not required for load leveling.

14.4 Types of cell housing

A key component of a cell is the case, which contains the active chemicals and holds the electrodes in place. Cells can be housed in various ways. Depending on the specific use case, we determine which cell type is the most appropriate for a given product. We do not produce the cells ourselves, but rather source them from a number of cell suppliers, primarily located in Asia.

14.4.1 Cylindrical cells

Cylindrical cells have a solid, thin walled metallic outer shell (generally referred to as a "can" in the industry) in which the active layers are inserted as a spiral wrap around the central electrode. In this type of battery, the poles (plus and minus) are located opposite to each other.

While cylindrical cells can be produced very simple and cost efficient in a wrapping process, they are difficult to package and cool efficiently in a module due to their curved surfaces.

Cylindrical cells in several standard sizes are widely available as NMC, NCA or LFP cells, and sometimes also as LTO cells.

14.4.2 Prismatic cells

Prismatic cells have a solid, thin walled metallic casing in a cubic form (generally referred to as a "hard case" in the industry). The battery poles are typically arranged on the narrow upper flat side. The flat surfaces of this design allow for efficient dissipation of heat and easy packaging.

Prismatic cells are available in all common battery chemistries: NMC, LFP and LTO.

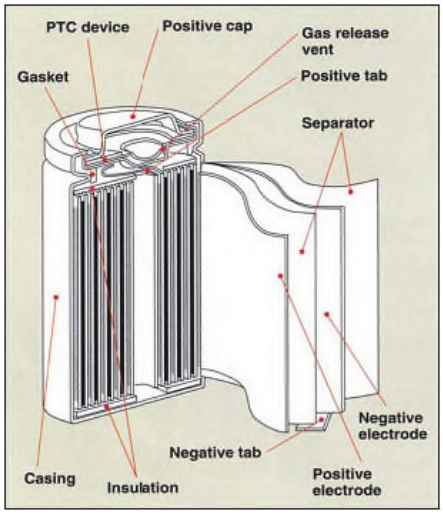
14.4.3 Pouch cells

In pouch cells, a flexible outer foil, most commonly made of plastic laminated aluminum foil, encloses the stacked or folded active layers. The battery poles (also referred to as "tabs" in the industry) are usually thin metallic conductors guided toward the outside. Due to the lack of solid outer casings, pouch cells can be produced in low thicknesses with a low specific weight, in almost any size. Their flat shape offers efficient heat dissipation capacity.

This design typically is available with different cell chemistries. With respect to NMC-based cells, the use of high energy variants ("**HE**") is ideal, if wider ranges are required. High power cells ("**HP**") are commonly used if high performance is required.

Commercial battery packaging technologies

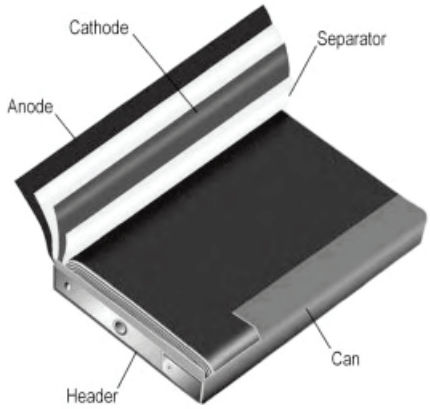
- Cylindrical -



(Source: Sanyo)

A spirally wound design (jelly-roll). Cells are made in standardized formats (cell diameter and cell length), *e.g.* 18650 for a cell with 18 mm diameter and 65 mm length.

- Prismatic -



(Source: Polystor Energy Corp)

A prismatic design indicates a flat battery design. The stacks can be wound (as shown in the image) or stacked (with alternating cathode/separator/anode structure).

- Pouch -

(Source: A123 Systems)

Rather than rigid metallic casing, conductive foil-tabs are welded to the electrodes and a flexible foil pouch seals the battery fully. The electrode layers can be folded in a “z” formation or stacked.

Comparison of commercial battery packaging technologies

Cell Type	Energy density	Cooling interface	Electrical interface	Mechanical interface	Cell Cost	Module Cost
Cylindrical	*Best*	*Difficult*	*Medium*	*Simple*	*Lowest*	*Lowest*
Prismatic	*Good*	*Simple*	*Simple*	*Simple*	*Medium*	*Medium*
Pouch	*Better*	*Simple*	*Complex*	*Complex*	*Low*	*Medium*

(Source: AKASOL)

14.5 Battery systems and battery management systems

Contemporary applications require fully functional, integrated battery solutions with simplified user interfaces (mechanical, thermal, electrical and controls) as well as a high level of safety against internal faults or external abusive conditions. Our products are typically designed from a plurality of standardized cell modules, which are packaged inside a robust tray together with the required electrical, mechanical and thermal components.

14.5.1 Battery modules

Battery modules consist of a reasonably sized pre-assembly of cells in series or parallel connection, which can be safely handled during pack assembly and service or de-commissioning. The number of cells in series within such a module is limited such that the voltage per module does not exceed dangerous values (*i.e.* not above 60V), which makes it possible to handle the modules without dedicated high voltage ("**HV**") protection. The modules contain the cells, and also the battery management system ("**BMS**") slave circuit board which measures cell voltages and temperatures locally and provides some balancing functions. AKASOL modules have been designed either with integrated cooling channels for liquid cooling, or with a flat and thermally optimized bottom side to enable simple mounting on a low profile external cooling plate.

AKASOL is developing, producing and utilizing dedicated modules matching any of the cell types mentioned above (cylindrical, prismatic or pouch). The module technology is scalable and flexible. Hence, it is possible to react to new cell formats with limited time and tool investment, as well as low development risk and effort.

A reasonably sized module can be used across many application needs, as modules can be arranged in different patterns at the pack level to fulfill package requirements and voltage or energy requirements (series or parallel connection).

A common denominator for AKASOL's modules is the integrated BMS slave circuit board, which measures each of the individual cell voltages, selected cell temperatures and interface temperatures locally on a printed circuit board ("**PCB**"). The electronic concept can be applied to all of the form factors by simply adjusting the PCB form factor. Measured values are reported on a standardized controller area network ("**CAN**") interface connector, and a unique feature is the complete absence of fragile wires on the critical voltage / temperature sensors. In order to reduce costs and ensure superior reliability, all of the sense points are typically fabricated on a single PCB together with a flexible automotive microprocessor, with local interface attachment by redundant screw contact zones or bond wire technology. External CAN bus connections are made by redundant symmetric wire connections, which remain fully functional even when up to 50% of the wires are damaged.

We typically source cells (pouch cells, cylindrical cells) or cell modules (prismatic cells usually pre-bundled into groups of 12 cells) externally and assemble cell modules out of those cells. We use module components from traditional metal and plastic hardware manufacturers, with assembly methods like screwing, gluing and bonding.

All cell modules (sourced externally or made in-house) are completed with a BMS electronics PCB. In various versions we fully design and control BMS electronics (hardware and software, except for operational systems). Large electronic PCB build-to-print manufacturing houses generally source series production hardware. Finished modules and electronics assemblies are then further assembled into full size battery packs, where AKASOL sources readily prepared and fabricated metal and plastic housings, plastic insulation and fastening parts, multiple types of standard fasteners, as well as cooling and electrical components from specialized material suppliers. These components are built to print for our specific components, such as housing or cooling, while components such as HV connectors, contactors or fuses are usually sourced as an e-mobility commodity. Our own production processes focus on parts assembly, and testing and quality management of sourced parts, essentially without in-house metal or plastic raw material processing, cutting or welding.

14.5.2 Battery cooling methods

Battery cooling (or heating) is traditionally conducted by passive or active air cooling, cooling with liquids such as automotive water glycol mixtures, refrigerants or direct immersion into insulating fluids. Cooling methods vary in terms of performance capability, cost and robustness.

Passive air cooling is the lowest cost option. It relies entirely on the ambient air temperature and the convective air movements driven by temperatures or other air movements. As the battery temperature cannot be decoupled from the ambient, there is no means of controlling the temperature to fall within the preferred battery chemistry temperature window. Consequently, in most climates the battery will run either too cold or too hot to achieve desired life and performance of large e-mobility battery packs. The heat transfer coefficient is very limited, as air principally functions as a thermal insulator and thus heat transport is very slow. Many consumer electronics or small mobile applications traditionally use cooled passive systems, for which limited life is acceptable and surface to volume ratios are high. We use passive air cooling in some of our low performance stationary products (racks for solar energy storage).

Active air cooling is an improved performance version, where the cooling capabilities are still bound to the ambient temperature, however, a fan that blows air across the coolant surface areas can control the air flow. The key issue with the active (forced) air cooled batteries are limitations in volume flow (very large cross sections are required to move the air through the battery, so total volume needs to be large), poor temperature distribution (first cells that are hit by the air run too cool, while last cells in the row run too hot), and challenges with air pollution that ends up in the battery sensitive areas. Especially the combination of dust and moisture is not acceptable for high voltage battery interiors, as pollution forms conductive fault paths, which leads to early battery isolation failures. We use forced air cooling in some stationary products, where clean and conditioned ambient air conditions are available.

Refrigerant cooling has been used in few automotive battery projects, where the vehicle cabin HVAC includes a compressor and thus provides a source of compressed refrigerant, such as 1,1,1,2-Tetrafluoroethane (also known as R134a). While these refrigerants are likely to change in the future due to environmental concerns, and are susceptible to leakage and distribution challenges across a distributed large battery pack due to the very high pressure inside the evaporators, there are severe challenges in using thermodynamic properties of the refrigerants in a distributed pack. For example, the refrigerant cools by boiling processes, and there is a significant engineering challenge to allow the boiling to take place at a similar rate across large cooling structures. Consequently, early cells in the cooling loop tend to be much cooler than the late cells downstream. Critical conditions represent temperature stepping stones that impose non-linear heating / cooling effects and therefore temperature inequalities. In combination with the limited coolant source availability (not many host vehicle projects readily provide refrigerant) we do not prefer this cooling method.

Cell immersion cooling into coolant fluids requires insulating engineered fluids. We consider using them for niche applications. Regular water based fluids cannot be used for immersion due to the onset of electrolysis when water gets into contact with electricity. The non-conductive fluids include transformer oil or advanced

chemical formulations such as 3M's Novec, but those fluids are considered to be pricey and difficult to obtain, or in case of spillage, harmful to the environment. For example, transformer oil can cause major fire events. The cooling performance achieved by immersion is high, as the cell can be in contact with the fluid with a large part of its surface. When the cooling rate is higher than required, however, it does not improve the battery's performance. Therefore, no benefit is expected from a cooling system over performance (the bottleneck in this case will be the cell). Furthermore, as the fluids have lower heat capacity than water, and as they are very viscous in the case of oil, the pump power required to circulate the immersion fluids through large batteries, can become prohibitively high. Novec and similar fluid has fire suppression capabilities. We consider it to be a viable option for very sensitive smaller size applications such as aerospace, which is not part of our business, where the fluid's price per liter and procurement issues play an inferior role.

Liquid water or glycol mixture based cooling benefits from using a widespread automotive antifreeze fluid, with low cost per liter, well known corrosion and aging behavior, global sourcing and disposal availability, and excellent thermal properties (very high specific heat capacity and low viscosity). Due to the intrinsic fluid electrical conductivity, such cooling systems need to be strictly insulated from the high voltage parts of the battery. This is the main drawback of this method. Any internal leakage of such fluids will cause isolation failures and potentially severe damage to the battery pack. Therefore, systems are designed with leakage detection options in the electronics, which we provide using an integrated insulation sensing method and thoroughly validated or even redundant barrier cooling structures that are robust against the pressure and usage conditions on the coolant inlet/outlet ports over the battery usage life. Since water based coolants have the highest thermal capacity properties among the regular coolants, the fluid heats up very little during its passageway from the first cells to the last cells because the related flow rate is sufficiently high. As a result, the cells in liquid cooled systems have a very small heat difference from the entrance to the exit. At the same time the volume requirements for the coolant channels and coolant structures are negligible compared to air cooling. Outside the battery, it is simple to add commodity coolant heaters or chillers into the battery liquid coolant loop. The battery can be mostly decoupled from the external ambient temperature influence simply by switching any external coolant pump. As the coolant system is hermetically sealed against the battery interior, liquid cooled batteries can be made robust against any environmental conditions like humidity, dust or dirt by putting the battery's active parts with the coolant structures inside a sealed container. This is a mandatory requirement in many host applications. Water / glycol based cooling has very few drawbacks. Similar to internal engine cooling, we consider this method to be the optimal cooling pathway for most of our products.

14.5.3 Battery housing

As Li-Ion batteries contain high amounts of energy, they are sensitive towards abusive environmental conditions (*e.g.*, heat, mechanical impact and moisture). Therefore, the modules are packaged within an environmentally sealed tray, typically made from steel or aluminum. AKASOL battery trays in many cases use a unique sandwich design (composite metal / foam / metal), which blocks external temperatures, absorbs mechanical impacts and provides for a stiff housing with relatively low weight. The outer casing provides all of the necessary interface connections: mechanical mounting points, HV connector, control signal connector as well as connections for cooling tubes. Additional features include degassing mechanisms to provide an overpressure release path, as well as earth ground connections for HV safety. Trays are developed towards client needs by modern finite element method ("**FEM**") calculation methods and verified in thorough testing regimes, including high g-loading in shock tests or exposure to external fuel fires.

14.5.4 Battery management systems

While a charged battery cell alone could provide its electrical energy, BMS electronics are needed to manage and monitor the energy flow, keep the cells in the desired operational windows and provide the expected level of operational safety. Key functions of the BMS include monitoring and reporting the state of charge ("**SOC**"), state of health ("**SOH**"), as well as critical battery pack voltages, pack currents and temperatures. Integrated within the battery alongside the BMS control unit are electrical contactors to activate and deactivate the batteries' HV connection, a fuse for short circuit protection, current and voltage sensors, and isolation monitoring devices.

As Li-Ion energy density increases, there is a risk of severe damage and exothermic reaction of a full battery pack in case of even a single cell overload condition. Overload may cause a cell to be too hot and enter thermal runaway and overcharge or over discharge can lead to gassing and subsequently the formation of cell overpressure and flammable gas release and ultimately thermal runaway.

As a consequence, monitoring of overload conditions at cell level is a key task of modern BMS units. Very high safety levels are required for large battery packs, achieved by using redundant CPU monitoring processors that can independently disconnect the battery from the external loads or chargers by deactivating the contactors.

One can differentiate between what is considered a BMS Master ("**BMSM**") and a BMS slave ("**BMSS**"). The BMSS is typically integrated into the modules and measures the cell temperatures and voltages, and communicates the values to the safety redundant BMSM, which manages the modules and communicates with the vehicle.

Generally, a BMS can be an analogue or digital electronic device, expected to achieve the following key objectives:

- measuring and reporting the batteries' SOC;
- monitoring and reporting the batteries' SOH;
- ensuring the battery system's safe operation; and
- interfacing with the host applications.

14.6 Our approach to meet market demands in various applications

In most battery end applications, where a battery replaces a combustion engine, there is an obvious market demand to store sufficient energy in a vehicle to enable an operation duration that is at least equivalent to the daily use of combustion engine vehicle. Since commercial vehicles move significantly higher masses and since some of the commercial vehicles operate almost continuously, the respective energy throughput is higher than in electric passenger cars. The resulting requirements for batteries in commercial vehicles exceed the size of batteries used in electric passenger cars in most cases by multiple times. Thus, they represent a major investment in the vehicles initial cost. Achieving the lowest total cost of ownership includes having a cell package and system that enables optimal use and protection of the valuable cells. Consequently, the high thermal performance, mechanical protection and surroundings of our systems are conducive to maximizing cell life by operating the cell in the ideal temperature and ambient conditions.

Other key aspects are our cell-supplier independent, multi-source cell/module sourcing and roadmap strategies, where our clients can follow through an initial full pack development, and then benefit from chemistry advances in standardized module packages without having to repeat full pack developments.

Our high performance BMS hardware platform, with substantial CPU reserves and hardware/software safety features, enables for OEM customization beyond regular BMS algorithms. This is an important aspect as the OEM´s specific diagnostics requirements can exceed the capabilities of the BMS core algorithms and OEMs require having their specific algorithms and software-tasks built into the BMS.

The wide cell format and housing type support in our products allow clients to define individual high performance requirements for their battery systems. For example, if energy density is at a premium, the latest cylindrical cells can be used to achieve state of the art energy densities. If cycle life or power is at a premium, high quality pouch cells or prismatic cells from the PHEV2 automotive segments are available for AKASOL´s systems.

Li-Ion cells involve a fire risk and therefore our clients are concerned about the safety of our battery systems. Besides selecting mature cells and BMS technology, our portfolio features several fire protection methods that can reduce the impact of external fires on the battery system and the occurrence of system internal battery fires, and meet the demanding requirements posed by the market or by regulation. We believe that our thermal insulating steel tray designs exhibit better external fire survival capabilities compared to any other tray housing methods of which we are aware, combined with high ruggedness and electromagnetic interference (see Section 15.6.8 below) properties.

15. Business

15.1 Business overview

AKASOL develops, tests, validates, manufactures and distributes mostly liquid-cooled and rechargeable high performance Li-Ion battery systems including battery management and client industry certified embedded software for a wide range of applications, such as buses, commercial vehicles, rail vehicles, marine, industrial vehicles and stationary applications.

15.1.1 Our business

Soon after its incorporation in 2008, as a limited liability company (*Gesellschaft mit beschränkter Haftung),* under name AKASOL Engineering GmbH (later renamed AKASOL GmbH), AKASOL developed into a pioneer for lithium ion ("**Li-Ion**") battery systems for high performance applications. We believe that Li-Ion battery technology will support the development of the market for electric vehicles in terms of technology and market share. Especially within our focused client industries, electric powertrains offer significant advantages compared to internal combustion engine ("**ICE**") powertrains, which in our view leads to a significantly different total cost of ownership business model for many operators.

Although the cost to purchase electric vehicles is more expensive than ICE-powered vehicles, the attendant operating costs are much lower, primarily due to:

- electric powertrains are more efficient than ICE powertrains;
- electricity is cheaper than fuel; and
- maintenance costs are significantly lower, because electric powertrains generally experience less wear and tear.

As early as 2009, our high performance battery systems were, to our knowledge, the first in the industry to realize efficient thermal management with liquid cooling integrated on a highly functional module level and our system design was the first to realize a standardized modular approach. As a result, we install highly functional and standardized battery modules including battery management system and thermal management features into the battery system architecture. We believe that one of our most important selling points is our flexibility in terms of battery chemistry and battery cell format. AKASOL offers product portfolios with different kinds of battery cell formats (pouch, prismatic and cylindrical) and Li-Ion battery chemistry (NMC, LTO and LFP, among others).

Due to the large variety of applications in which our clients utilize Li-Ion battery systems, there is a wide range of requirements and specifications that these battery systems need to comply with. In our view, these requirements, including those related to safety and specifications can only be met by offering a variety of battery solutions to our clients. We are able to provide this variety as a result of our modular and standardization approach that enables us to use different kinds of battery cell formats and battery chemistry solutions within the same battery system architecture. This approach provides cost benefits for our clients as well as positive cost effects for us, because we can limit our product portfolio and the required production equipment. Another important selling point for our product portfolio is in our view the availability of our Li-Ion battery systems for a wide voltage range from 48V up to 1,000V, which is necessary for high performance applications.

As of the date of the Prospectus, we conduct our business operations through two business segments:

- **On-Highway Segment**: In this business segment, we supply Li-Ion battery systems including battery management systems and software, equipment and services to manufacturers of buses and commercial vehicles (heavy, medium and light commercial vehicles) (collectively, the "**On-Highway Segment**"). Our clients in this segment are mostly large original equipment manufacturers, some of which are associates of leading global car manufacturers. The requirements of those clients for Li-Ion battery systems as well as for the production facilities and supply chain are in line with general automotive standards, while the high-performance battery systems we produce are more complex and require more tailored solutions than in passenger car applications. Currently our main clients in this segment are Daimler and Volvo Group.

- **Off-Highway Segment**: In this segment we supply manufacturers or tier 1 suppliers of rail vehicles, industrial vehicles (such as construction vehicles, mining vehicles and logistic vehicles), marine applications (including boats, ships, ferries and submarines) as well as stationary applications for residential and professional installations (collectively, the "**Off-Highway Segment**"). Most of the requirements for Li-Ion battery systems in those applications are close to the standards of the automotive industry, which we have grown accustomed to in our On-Highway Segment. For some applications, our clients set even higher standards – for example, in the case of rail vehicles – while standards with regard to stationary applications are typically lower since there are no comparable functionality and safety tests as is the case for Li-Ion battery systems in mobile applications. Currently, our main clients in this segment are Alstom, Bombardier, Rolls-Royce Power Systems (MTU Friedrichshafen) and Medatech.

Historically, however, we did not operate our business in different segments, and, as a result, did not reflect distinct reportable segments in our Audited IFRS Financial Statements.

Our corporate headquarters as well as our main research and development center and our production facility for prototypes, samples and small serial production are located in Darmstadt, Germany. Our serial production is located at our facility in Langen, Germany. Some of our operations team is based in Langen and we have additional office and laboratory space in Ravensburg, Germany. In total, we had 91 employees as of March 31, 2018, and a head count of 110.

We believe we are strategically well positioned to benefit from current trends across our business segments and specialized applications, which are characterized by underlying growth supported by a number of general trends. The trend towards drivetrain electrification, the growing global population and urbanization as well as the tightening of emission regulations are expected to drive growing demand for e-mobility applications in various industries and sectors. In particular, the emerging Li-Ion battery market is a disruptive technology not only for the conventional battery market but also for ICE powertrains, and we believe the Li-Ion based battery will replace most of the established conventional battery applications, as well as ICE powertrain applications within our business segments in the medium or long term.

15.1.2 Leading growth and performance

In 2017, our revenue was €14.5 million, compared to €13.4 million in 2016 and €8.8 million in 2015, with an EBIT of €1.1 million, compared to €1.3 million in the year ended December 31, 2016 and €0.4 million in the year ended December 31, 2015. In the three months ended March 31, 2018, we earned revenue of €4.5 million, compared to €2.2 million for the three months ended March 31, 2017, and an EBIT of €448 thousand, compared to a negative EBIT of €239 thousand for the three months ended March 31, 2017.

15.2 Competitive strengths

In our view, the following competitive strengths set us apart from our peers and competitors:

15.2.1 Highly attractive growth markets in electrical buses and electrical commercial vehicles

Our On-Highway Segment comprises public transportation and commercial vehicle product applications, which are expected to gain significant momentum in the coming years. The following trends are forecast for the European market (Source: The approximate figures in this paragraph are derived from data set out in Roland Berger based on the assumption of a linear increase of registration rates of E-Buses and E-CVs between 2015 and 2030.):

- the registration volume of electric buses is expected to increase from below 100 units in 2015 to approximately 2,500 units in 2020, and to approximately 5,000 units in 2025 which represents a CAGR of approximately 48% between 2015 and 2025;
- the registration volume of electric commercial vehicles is expected to increase from approximately 16,000 units in 2015 to approximately 113,000 units in 2020, and to approximately 229,000 units in 2025, which represents a CAGR of approximately 31% between 2015 and 2025;
- the relative share of registrations for electric buses is expected to increase from less than 1.0% in 2015 to approximately 5.0% in 2020 and to approximately 10.0% in 2025; and

the relative share of registrations for electric commercial vehicles is expected to increase from approximately 1.0% in 2015 to approximately 5.0% in 2020 and to approximately 10.0% in 2025. The On-Highway Segment is underpinned by the growth of the e-mobility sector, which has been driven by the following mega trends:

- **Population growth and urbanization**: Based on the United Nations estimates, the global population will increase by 28% from approximately 7.6 billion in 2017 to 9.7 billion by 2050 (Source: *United Nations Population*). According to United Nations, out of these 9.7 billion people about 66% or approximately 6.4 billion people will live in high-density urban areas by 2050 (Source: *United Nations Urbanization*). As populations pack themselves into ever denser urban areas, the utility of internal combustion engines (ICE) is limited. Mass-transit industries have to cope with the world's changing demographic landscape. We believe that the world's growing and increasingly urbanized population will drive demand for public transportation vehicles and electric commercial vehicles.

- **Growth in transportation volume:** Another mega trend which affects the Li-Ion battery market are stricter regulations and public policies related to slowing climate change and increasing energy efficiency, specifically in the EU, Member States recently agreed to the 2030 Framework, which includes targets and policy objectives to achieve a more competitive, secure and sustainable energy system within the EU. Moreover, in February 2018, a federal court in Germany ruled that a number of municipalities, including Düsseldorf and Stuttgart, can ban the most polluting diesel vehicles from their streets in order to meet applicable EU standards. Furthermore, according to Transport for London, all 9,200 public buses in that city are planned to be zero emission by 2037; according to *Régie autonome des transports Parisiens*, four out of five of the Greater Paris network's 4,500 buses will be electric by 2025; and in October 2017, mayors of 12 major world cities including London, Paris, Los Angeles, Cape Town, Barcelona and Mexico City pledged to procure only zero emission buses from 2025 onwards. We believe this trend will provide an impetus to the growth of our business. Because fossil fuel sources are limited and CO_2 emissions are, in part, responsible for climate change, clients have become more aware of the negative environmental impact of internal combustion engines and, as a result, have begun to turn to more energy-efficient applications. We expect this shift will accelerate in the future with various additional applications benefitting from the e-mobility revolution. According to targets from the European Commission, CO_2-emissions for LCVs will decrease from 175 grams per kilometer as of 2017 to 103 grams per kilometer as of 2030, at which time MCV and HCV are expected to account for 4% of the total fleet but for 26% of fuel consumption and 29% of CO_2 emissions within the fleet.

- **Tightening of emissions regulations**: A number of our end markets and the automotive industry in particular, are and are expected to continue to be subject to increasingly stricter efficiency regulations. Such regulations are expected to have a disruptive effect on the industry insofar as they could render valueless certain technologies while materially increasing the value of others. This could make some suppliers uncompetitive while introducing new suppliers in the market, and alter the infrastructure to which consumers have become accustomed. In addition, this would develop new industries and shutter others, which we believe would further drive demand for the battery technology we develop. In addition, we expect increased client demand for e-mobility applications in the future due to the increasing efficiency of electric vehicles. Battery life and performance are key differentiators in business clients' products. Client preferences are shifting in favor of e-mobility applications as they perceive added value in e-mobility products insofar as these reduce costs while improving efficiency, safety and quality. In particular, Roland Berger expects battery density to generally double between 2015 and 2022. In our view, consumers are becoming increasingly aware of the environmental impact of depleting traditionally used fossil fuels and the climate change resulting from CO_2 emissions, and are increasingly adopting energy efficient and sustainable alternatives;

- **Drivetrain electrification:** The global market for Li-Ion batteries, and thus our business, currently benefits from the trend towards electrification, which is the process of powering previously non-electrically powered devices electricity and, in many cases, the migration to electricity as a power source from other power sources (such as fossil fuels). According to the Association for Electronic and Information Technologies (*Verband der Elektrotechnik und Informationstechnik*), many e-mobility industry experts in Germany expect battery technologies to be a major growth sector in the German economy. We believe that increasing

connectivity and miniaturization as well as mass electrification of transportation systems will continue to support demand for our battery systems.

- **TCO parity of electric and combustion drivetrains:** Electrical commercial vehicles are becoming more and more affordable, which we expect will increase the demand for our products. Specifically, Li-Ion battery cell prices are expected to decrease from $270 per kWh as of 2015 to $100 per kWh as of 2022, according to the US Department of Energy. The main drivers in favor of electric powertrains are: increasing battery energy density and decreasing battery cost, improved charging infrastructure, rising taxation on fuel prices and regulatory forces increasing pressure on countries and OEMs to reduce CO_2 and NO_x emissions and thus to increase sales of electric commercial vehicles, *inter alia* by introducing emission and access regulation zones, for example, in connection with diesel bans, in various cities. At the same time, these factors are impeding internal combustion engine powertrains, and, as a result, indirectly also contributing to the advance of electric powertrains. Parity between the total cost of ownership of diesel vehicles and certain electric vehicles is expected to be achieved in the following time frames, according to McKinsey:
  - for urban haul (100 km): around 2021 for light-duty vehicles, around 2023 for medium-duty vehicles and around 2023 for city buses in Europe, and around 2025 for light-duty vehicles, around 2027 for medium-duty vehicles and around 2025 for city buses in the U.S;
  - for regional haul (200 km): around 2017 for light-duty vehicles, around 2023 for medium-duty vehicles and around 2029 for heavy-duty vehicles in Europe, and around 2025 for light-duty vehicles, around 2027 for medium-duty vehicles and after 2030 for heavy-duty vehicles in the U.S.; and
  - for long haul (500 km): around 2024 for light-duty vehicles, around 2027 for medium-duty vehicles and after 2030 for heavy-duty vehicles in Europe, and around 2029 for light-duty vehicles, after 2013 for medium-duty vehicles and after 2030 for heavy-duty vehicles in the U.S.
- **Strong pull from transportation authorities and fleet managers:** As a result of the trends described above, transportation authorities across Europe (for example, in London, Copenhagen, Barcelona, Paris and Milan) have communicated their mid-to-long term plans to replace existing ICE-based bus fleets with new electrified buses (Source: *ZeEUS*).

Further, in our Off-Highway Segment, we are currently active in several attractive end markets that are characterized by growth driven by increasing e-mobility penetration. In particular:

- **Rail vehicles**: The rail vehicles market is characterized by a rise in railway electrification due to a higher maintenance cost of diesel engines compared to electric engines, as well as regulatory requirements of environmental and sustainable transportation deploying advanced energy-efficient technologies. For example, in 2016, German transportation minister announced investments in developing zero-emission alternatives to diesel trains.
- **Marine applications**: The global market for marine electric vehicles is expected to grow from $1.3 billion as of December 31, 2016 to $1.9 billion as of December 31, 2020, at a CAGR of 9.8%, according to Technavio, primarily as a result of increasing boat and yacht sales, high luxury electric equipment fueling demand for high performance batteries, and increasingly stringent regulatory requirements, such as electric driving within ports. This area is characterized by high entry barriers, and specific regulatory requirements such as electrically supported *maneuvering* within ports and an increased preference for leisure boating and luxury yachts equipped with high performance electronics.
- **Industrial vehicles**: The global market for Li-Ion industrial electric vehicles is expected to grow from $2.2 billion as of –December 31, 2016 to €3.1 billion as of December 31, 2020, at a CAGR of 8.6%, according to World Lithium-Ion Battery Market, March 2016, Allied Market Research. The main market drivers in this application are mining electrification and automation, replacement of lead-acid battery systems with Lithium-Ion and a total cost of ownership advantage with reduced battery costs.
- **Stationary applications:** The global market for global stationary Li-Ion battery market is expected to grow from €1.6 billion as of December 31, 2017 to €5.6 billion as of December 31, 2020, at a CAGR of 37.6%, primarily as a result of ongoing home automation and renewable energy, growth in variable renewable energy generation and charging infrastructure for e-mobility.

15.2.2 E-mobility pure play pioneer and technology leader for battery system solutions

We are an industry pioneer in electric powertrain battery systems technology, with nearly 30 years' experience in the area. For more information about our corporate history, please see Section 15.4 below.

We offer modular and scalable battery systems for commercial applications with our signature system design, focusing primarily on high performance and highly engineered solutions. We believe that most of our competitors' products fall into the medium performance category, which comprises electric vehicle applications such as passenger vehicles and light commercial vehicles, or into the low performance category, which comprises light electric vehicle applications such as intralogistics, special purpose and leisure vehicles, including street scooters. A number of the battery systems we have developed are mature for serial production. The focus of our business is the production of battery modules and systems. For example, we have designed a proprietary module featuring liquid cooling, which generally extends service life by up to 50%, at 80% capacity after 8,000 cycles.

In addition, we have developed several systems for different applications and industries featuring smart BMS functions and meeting demanding performance requirements. Specifically, the following attributes of our systems differentiate us from our competitors:

- **Technology independent**: We have a flexible system approach independent of battery chemistry or format, and believe we are well prepared for the most likely shifts in battery technology going forward.
- **Automotive-certified**: We believe we are a preferred supplier of battery systems to major OEMs, including Volvo Group, Daimler and Alstom, which meet stringent automotive and railway certification standards. Our products and facilities comply with many industry standards, including for selected products a production process, which is or will be certified in accordance with
  - IATF 16949 of International Automotive Task Force ("**IATF**");
  - DIN-EN 15085-2 "railway vehicles and components – Part 2: Quality requirements and certification of welding manufacturers" ("**DIN**"); and
  - ISO 9001:2015 "Quality management systems – Requirements".
- **System modularity**: The modular design we have pioneered allows customized scaling in accordance with the specific application requirements not only on system level, but also on a module level.
- **High power and energy density**: Our battery systems can fulfill our clients' application requirements in terms of energy and power density. We believe there is no "one size fits all" solution for all battery systems, especially within our market segments. We have configured our battery systems to leading values in various industries in terms of energy density, power density or a combination of both.
- **Liquid cooling**: Our liquid cooling technology is integrated in every battery system. This enables full performance and energy use of the battery cells. Additionally, our liquid cooling extends battery life when compared to passive cooling concepts. Unlike some competitors, we use standardized coolant in combination with industrially proven thermal management installations instead of more unorthodox solutions, which can be expensive, unverified and unpopular with serial clients.
- **High and proven reliability**: Our reliable and robust battery system design fulfills stringent automotive safety requirements as well as client requirements. Serial product designs are also tested and validated to proof the design approach.
- **Very long life cycle**: As a result of the specific design, liquid cooling and intelligent BMS, battery cells installed in our systems achieve, in our view, a longer life cycle than our competitors' comparable products.
- **Competitive price**: We closely monitor and seek to optimize all relevant pricing factors in order to be able provide our clients with high quality products at competitive prices.

We believe that, considering the entirety of the abovementioned clients' requirements with regard to battery systems for high performance applications, we are in an outstanding competitive position in our product group and the market segment in which we operate.

15.2.3 Technology independent battery systems provider in the sweet spot of the value chain

We believe that the primary focus of our business is situated in the sweet spot of the high-performance battery value chain. On the one end of the industry spectrum, cell manufacturers face fierce pricing competition, an unclear outcome of the battery technology race and large capital expenditures, and are generally limited by their commitment to a single battery technology. The e-mobility OEM sector, on the other end of the spectrum, is characterized by a competitive market environment, high capital expenditures and cyclicality. In contrast, the battery systems sector benefits from the following advantages:

- technological flexibility in terms of battery chemistry and format;
- asset-light and intellectual property driven operations;
- scalable, mission critical products;
- decreasing raw material costs;
- stringent automotive certification requirements, which we have been able to fulfill; and
- stable replacement and second-life deployment opportunities.

Our business is characterized by high product flexibility and cell technology independence. Specifically, we:

- use all leading battery chemistries, with a strong focus on NMC and LTO Li-Ion battery chemistries at the moment with flexibility in switching to other chemistries in developing products for high performance applications in the future;
- utilize all types of cells – pouch, prismatic and cylindrical; and
- source cells from a wide array of cell suppliers, primarily Samsung, LG, CATL, Toshiba and Kokam.

We have made significant progress in benefitting from these advantages, and believe that we have become a battery system solution provider of choice for several OEMs by providing holistic solutions offering:

- engineering and consulting, comprising professional and experienced advice for optimizing electric powertrains, as well as battery technology advice;
- prototyping, including client support and proprietary development processes, as well as one-stop purchasing featuring steelwork, electrical engineering, chiller units and cabling;
- testing and validation, comprising steps to meet stringent client requirements and cutting edge software for the simulation of digital test procedures;
- serial production, featuring state-of-the-art production lines operated by MES (Manufacturing Execution System) and ERP (Enterprise Resource Planning) software, in a ISO/TS 16949-compliant production environment, which means that the production plant is compliant with strict automotive standards, what is a crucial factor for supplying to major car or commercial vehicle manufacturers and tier 1 suppliers. The complete production process is tracked digitally and the assembly of every part is traceable in terms of process stability and heritage. Our ERP software is able to receive serial client orders electronically. IAT ISO/ TS F 16949 compliancy is audited by an external service provider on a yearly basis;
- after-market services, comprising online and offline maintenance, remote diagnostics, damage analysis, retrofitting and client support and training; and
- we believe we have managed to overcome relatively high entry barriers in the various application areas by maintaining strong relationships with blue-chip clients, designing solutions to high performance and heavy duty application with demanding specifications, complying with stringent OEM-certification requirements, adhering to demanding supplier approval processes for blue-chip clients and developing patent-protected intellectual property with significant application know-how.

15.2.4 Decades of experience and trusted relationships with blue-chip OEMs

We have developed a strong supplier position with our blue-chip client base, which includes Alexander Dennis, Benteler, Continental, Daimler, Ford, MAN, TAM, VDL Bus & Coach, Volvo Group and ZF in our On-Highway

Segment, as well as Alstom, Bombardier, Bucher Municipal, Rolls-Royce Power Systems (MTU Friedrichshafen), Medatech and Siemens in our Off-Highway Segment. For some of our clients, we currently have, to our knowledge, a single source supplier position.

Specifically, we supply many of the major OEMs in bus and commercial vehicle applications: among the top five bus OEMs in Europe, we supply Daimler Buses and Volvo Buses, and among the top five truck OEMs in Europe, we supply Daimler Trucks and Volvo / Renault Trucks.

The following is an overview of sample contracts in the various battery system applications for our products:

- Bus transportation: the Volvo Group has engaged us as the main battery supplier for its entire electrical bus fleet, and we expect to deliver 900 battery systems under this arrangement until 2020. There is an option to extend this cooperation until 2023 for up to a further 3,600 battery systems;
- Commercial vehicles: Daimler has engaged us to develop battery systems for its EvoBus series;
- Rail vehicles: Coradia iLint 3P AKASYSTEM 18 AKM project with Alstom from 2016 to 2017, with a volume of approximately €4 million;
- Marine applications: Electric hybrid yacht 6P AKASYSTEM 15 AKM project with MTU for 2016;
- Industrial vehicles: CityCad 2020ev 2P AKASYSTEM 12 AKM project with Bucher Municipal from 2015 to 2017, with a volume of approximately €4 million.

Our distinguished supplier position is underlined by the prestigious awards we have garnered in recent years, including the reddot award in 2015, the Hesse award in 2012 and 2013, and the eCarTec award in 2010, 2012 and 2014.

15.2.5 Multi-dimensional and profitable revenue growth supported by fully charged order backlog

As described in greater detail in Section 15.3, we are pursuing a multi-dimensional growth strategy with a view to maintaining our status as a leading global battery systems provider for high performance applications, by leveraging our existing client base, expanding our market share and penetrating certain end markets in North America. The implementation of this strategy has already resulted in our strong pipeline of contracted and probability-weighted orders from blue-chip OEM clients. Our order backlog for the planning period to December 31, 2024 amounted to €1.22 billion as of December 31, 2017 and €1.45 billion as of March 31.

As a highly cash-generative, know-how driven business, we have achieved an attractive financial profile with high historical top-line growth and believe we have tangible growth potential to capitalize on economies of scale.

15.2.6 Dedicated founders and highly experienced management team with clear strategy

Our Company is led by a highly qualified and entrepreneurial team of founders who spearhead a clear strategy, which is described in greater detail in Section 15.3 below.

Sven Schulz is our CEO and is responsible for Strategy, Sales, Marketing and Communication. Mr. Schulz is a founder of AKASOL GmbH and brings wide entrepreneurial experience from Schulz Group GmbH, which is a family owned mid-size company founded by his father in 1986 as an mechanical engineering service company for automotive production plants. The Schulz Group has become a successful group of companies within the segments engineering, software, machine building and clean technology, with revenue of €52 million in the year ended December 31, 2017. Mr. Schulz has a degree in Industrial Engineering and an MBA degree from Sankt Gallen University in Switzerland. Mr. Schulz played a key role in building the business relationships with most of the major accounts of AKASOL such as Daimler and Volvo Group. In addition, he is responsible for the areas of marketing and communications.

Dr. Curt Philipp Lorber is our CFO responsible for managing our finances. Dr. Lorber is highly proficient in his field of work, with more than 8 years of experience as head of finance in listed companies and more than 6 years of audit experience.

Stephen Raiser is our CTO and responsible for our Technology division. Mr. Raiser is a highly experienced electrical engineer, having developed electrical and hydrogen fuel cell vehicles since he started his career in the early nineties, and also has a broad automotive industry experience. Mr. Raiser spent ten years at General Motors before joining AKASOL GmbH in 2009.

Felix von Borck is the sales manager responsible for Industrial and Rail Vehicles. Mr. van Borck was an early member of the non-profit organization AKASOL e.V. at Technical University of Darmstadt and has more than 25 years of experience in e-mobility.

Dr. Björn Eberleh, our Head of Project Management, holds a doctorate in electrical engineering and was also a member of the non-profit organization, AKASOL e.V., at Technical University of Darmstadt. Dr. Eberleh has experience in e-mobility research and development and has worked in the industry since 1996.

15.3 Strategy

We are pursuing a multi-dimensional growth strategy with a view to maintaining our status as a leading global battery systems provider for high performance applications.

15.3.1 Achieving strong growth

Our key objective is to grow organically in the On-Highway Segment and Off-Highway Segment, benefiting from strong momentum in the electrification of powertrain technology in the automotive industry by deepening supplier relations with existing clients based on our comprehensive product portfolio as well as gaining new clients. Another objective is the expansion of product capacities in Germany and market entry into the United States which will consequently increase demand for our products.

We are in the process of taking preparatory steps in order to penetrate the U.S. and Canadian markets by leveraging our relationships with European clients, particularly leading global bus and truck OEMs, who are active in those markets. To this end, we have incorporated a subsidiary based in Michigan, the United States. A portion of the proceeds of the Offering will be used to expand our presence in North America, where similarly favorable electrification trends and market developments as in Europe are expected.

In particular, our focus will be on penetrating the North American electric bus and electric commercial vehicle markets.

The electric bus market is gaining pace particularly in the U.S. West Coast, where an increasing number of operators have recently announced new purchases of electric buses. For example, Los Angeles has announced that it is planning to have a fully electric bus fleet by 2030, and Seattle has announced its plan to do the same, by 2034.

The North American electric commercial vehicle market has recently benefitted from declines in total cost of ownership resulting in cost parity of electric solutions with diesel trucks for certain applications. In addition, established OEMs have announced electrical truck models which are expected to result in an increase of supply, and charging infrastructure is widely expected to improve and expand. According to Roland Berger, the share of electric trucks in the U.S. light-duty truck market is expected to increase from less than one percent as of December 31, 2017 to around 20% by December 31, 2030.

15.3.2 Technology leadership for e-mobility

We have the clear target to continue to drive innovative power through sustained research and development efforts in order to expand our product portfolio and to increase the level of vertical integration into areas with value-add potential, including selective add-on acquisitions. Furthermore, we will also strive to attract and retain highly qualified research and development personnel.

We intend to increase our market shares in the various end markets in which we are active by acquiring new blue-chip clients across these markets and capturing momentum in other growth markets, such as rail and industrial vehicles, marine and stationary applications, in particular with respect to the second life business. We believe that such projects will increase in the next few years and car manufacturers will not have the required capacities to complete all passenger vehicle projects without outsourcing.

We believe we can grow our business by selectively acquiring companies with a focus on related business areas or possibly companies involved in business areas complementary to ours, such as metal processing or producers of compatible electronic components. If we are able to identify suitable targets and complete such acquisitions successfully, we expect to be in a position to diversify our business vertically along the value chain.

15.3.3 Attractive returns from efficient capital deployment

We expect to deliver attractive returns through operating leverage while capitalizing on what we view to be our leading technology position and attractive client base, as well as maintaining an efficient organizational structure.

We seek to leverage our existing client base in pursuing our growth plan by growing internationally with our blue-chip clients and capitalizing on product cross selling opportunities. Our market entry for establishing business relationships with blue-chip clients is the hybrid and full electric bus segment. Because we are convinced that we are a successful and reliable supplier for the battery systems used in these segments, we can deploy battery systems for other high-voltage applications such as trucks, construction vehicles and marine powertrains. We have already experienced a business leverage effect with some of our key clients. If we continue to perform in terms of technology, quality and price, and if we are able to cross-sell into new business segments, we believe that we will quickly grow our business.

15.4 Our history

In the winter semester 1989/1990, a group of students of the Technical University Darmstadt, Germany, developed a solar racecar to participate in the 1990 "Tour de sol" solar racecar championship. The students won first prize and later in 1990 decided, together with a group of professors, to found the not-for-profit organization AKASOL e.V. (whose name was derived from the German-language acronym for academic solar technology group). The AKASOL team also won the following two world championships for solar racecars and decided to change their focus on the development and prototyping of cars with electric powertrains. For more than 18 years, AKASOL e.V. was engaged in the research and development of many electric vehicles, such as the Oscar (Open Source Car), which was presented at the World Expo 2000 in Hannover.

In 2008, the Company was incorporated as AKASOL Engineering GmbH. In the following years, the team around the founders Sven Schulz, Felix von Borck and Dr. Björn Eberleh, as well as Stephen Raiser, who joined the Company in 2009, developed a highly functional, liquid cooled and intelligent Li-Ion battery module, which was a new approach for Li-Ion battery systems at that time. In 2010, the first AKASOL battery system (AKASystem AKM) based on the new AKASOL battery module technology was built and integrated in two prototype Honda vehicles.

Our parent company, the Schulz Group GmbH, which has been successfully operating in the automotive market for more than 30 years, supported our development and helped us to start up our business rapidly, in particular, by introducing us to a number of clients within their wide network.

The Company was renamed to AKASOL GmbH in 2012, to facilitate a clear communication as a product company and not only an engineering company. In the following two years, we became the strategic battery supplier for Bombardier Transportation and Rolls-Royce Power Systems (MTU Friedrichshafen), and in 2015 and 2016, we were awarded serial contracts by Daimler Buses and Volvo Buses, and also won several prototype and sample projects from clients such as Continental, ZF, MAN and Medatech.

In 2017, we completed a material development project regarding batteries for hydrogen fuel cell trains as part of our cooperation with Alstom. In addition, we expanded the business within our key account network to supply battery systems for Daimler Trucks and Volvo Trucks.

Also in 2017, we inaugurated our first serial production facility in Langen, Germany, which to our knowledge is the largest battery system production facility for commercial vehicles in Europe with a total capacity of up to 300 MWh annually. We estimate that this capacity level will allow us to produce battery systems for up to 1,500 buses or up to 6,000 commercial vehicles per year, depending on battery size.

As part of our strategy to produce battery systems for the American market, we incorporated AKASOL, Inc., a subsidiary in Michigan, in 2017. In line with our plan to penetrate North American end markets, we intend to open a production facility in Michigan, the United States, which will be operated by this subsidiary, in 2019. We expect this production facility to have a capacity of 300 MWh annually by end of year 2019 with a focus on the final assembly of our battery systems.

15.5 Our operations, marketing and recruitment

15.5.1 Production, supply and distribution

15.5.1.1 Production

Our main production facility in Langen, Germany, is compliant with ISO/TS 16949 standards for automotive serial production and currently has a capacity of 300 MWh annually, which translates to up to 1,500 fully electric buses or up to 6,000 commercial vehicles per year, depending on battery size.

By 2020, we intend to double our capacity in Germany to 600 MWh annually, including at a second production line to be opened in Langen. We estimate that this capacity level will allow us to produce battery systems for up to 3,000 buses or up to 12,000 commercial vehicles per year, depending on battery size. At the Langen facility, we manufacture our AKAsystem OEM for commercial vehicles such as buses and trucks. The semi-automated production facility was opened in November 2017 and is, to our knowledge, the largest production line for commercial vehicle battery systems in Europe. The planned investment amounts to approximately €30 million for the Langen facility to expand the capacity to 600 MWh annually by expanding the existing and building a second serial production line, creating up to 150 new jobs for the Rhein-Main region in the medium term. At our serial production facility in Langen, we currently focus only on battery system assembly.

Additionally, we have a prototype and sample production facility in Darmstadt, Germany, with a current capacity of up to 10 MWh annually in one shift mode. In our Darmstadt facility, we focus on battery module and system assembly, with mostly manual assembly lines.

In line with our plan to penetrate North American end markets, we intend to open a production facility in Michigan, the United States, in 2019. This production facility will focus on the final assembly of our battery systems and is expected to have a capacity of 300 MWh annually by end of year 2019. Consequently, we estimate that this capacity level will allow us to produce battery systems for up to 1,500 buses or up to 6,000 commercial vehicles per year in Michigan, depending on battery size.

15.5.1.2 Supply

We source cells for our battery systems from selected well-known cell suppliers, such as Samsung, LG, CATL, Toshiba and Kokam, who regularly audit our products and processes. Therefore, we benefit from reliable battery cell supplier access. We only use high-quality cells with a proven reliable performance and quality track record in the production of our battery systems. We carry out ongoing quality controls at our suppliers and at AKASOL before processing any cells in our battery systems. Cell supplier and cell performance is selected according to the desired application. The selection process for cell suppliers and the release of new cells for use in our products strictly follows our internal procedures to ensure the highest quality for our battery systems for the desired application as well as to meet the preferences of our clients. We group our cell suppliers into A, B and C categories. While we audit A-suppliers and they, in turn certify our production process, cells supplied by smaller suppliers (B- and C-suppliers) are subject to individual quality control measures. We believe that access to reliable and reputable cell suppliers will ensure our continuous operation as well as access to our top-supplier's research and development roadmaps.

During the year ended December 31, 2017, our top supplier provided approximately 34% of our purchase volume, followed by two suppliers who each provided approximately 14% and 8%, respectively. In aggregate, our top ten suppliers provided approximately 74% of our purchase volume for that year.

During the year ended December 31, 2017, modules and cells accounted for approximately 48% of our purchases from suppliers, electronics accounted for approximately 20%, steel or sheet metal components accounted for approximately 13%, DIN, standard and catalogue components accounted for approximately 7%, and other purchases accounted for approximately 12%.

15.5.1.3 Distribution

We generally distribute our products directly to clients using third-party logistics providers for delivery.

15.5.2 Research and development

Our production facilities are supported by research and development teams as well as engineering and design teams of approximately 30 employees for our On-Highway and Off-Highway Segment, which are currently centralized in Darmstadt and Langen.

We conduct our research and development activities with a focus on innovation for mobility, product and process enhancements as well as quality and cost improvements. We believe that our research and development experience and expertise are key differentiating factors and competitive strengths. We also engage in research and development in the context of specific projects in the context of which we develop specific battery systems for our clients, some of whom are key industry players.

We define research and development costs as all costs, internal and external, which were spent for research and development. This includes mainly salaries and wages of our staff, as well as costs related to external personnel and third-party services for necessary research and development support.

The development costs for plants and plant components are capitalized, under the condition that the applicable requirements of IAS 38 are met. The production costs include all directly attributable cost related to the development process and appropriate parts of the development related overhead.

As of production start, capitalized development costs are amortized linearly over the expected product lifecycle of three to five years. The research and development costs that cannot be capitalized are recognized as an expense when they occur.

In 2017, 2016 and 2015, we incurred research and development costs related to internal projects in the amount of €1.4 million, €810 thousand and €1.0 million, respectively, and €340 thousand in the three months ended March 31, 2018. Out of these expenses, in 2017, 2016 and 2015, €1.0 million, €560 thousand and €770 thousand, respectively, were capitalized, while €340 thousand were capitalized in the three months ended March 31, 2018.

We receive subsidies from the Federal Ministry for Economy, Energy and other public bodies. These contributions from the public sources must be recorded if there is sufficient certainty that the grants are granted and we fulfill the related conditions.

Expense-related benefits are recorded as income over the period required in order to offset the corresponding expenses. Grants for development projects reduce the cost of goods manufactured of the relevant intangible asset and in consequence reduce depreciation over the useful life of the three to five year period.

Such reductions amounted to €472 thousand in the year ended December 31, 2017, €350 thousand in the year ended December 31, 2016 and €452 thousand in the year ended December 31, 2015.

We cooperate with the following industrial partners, institutes and universities in the field of e-mobility and energy storage:

- efzn Energie-Forschungszentrum Niedersachsen;
- Fraunhofer;
- Fachochschule Darmstadt (University of Applied Sciences Darmstadt);
- IdE Kassel;
- Infineon Technologies;
- ISEA RWTH Aachen University;
- KIT Karlsruhe;
- LTi ReEnergy GmbH;
- MTU Friedrichshafen;
- Stöbich Technology;
- TU Darmstadt (Technical University Darmstadt);
- TU Dresden;

- UMICORE; and
- ZSW Ulm.

Given our joint history, our relationship with Technical University Darmstadt remains particularly strong, and many of our employees are alumni of the university.

15.5.3 Development testing and quality control

In most cases, commercial battery projects need to be validated extensively to ensure compatibility with clients' requirements and to fulfill legal requirements and certification. The basic and fault protection BMS functions need to be tested as well as the projected power and energy electrical performance in a wide range of use conditions.

AKASOL's own test facilities have developed substantially over the years. The facilities are primarily configured to allow flexible multi-purpose functional and software tests, with multiple large test chambers available, in order to test batteries at various ambient temperatures from -70°C to +200°C, with power levels of up to approximately 1,000 kW, and with voltages up to 1,000V. Test rooms provide connections for controlled liquid coolant flows over a large temperature and volume flow range, so batteries from several kWh to around 1 MWh can be tested with realistic interface conditions.

Dedicated test rooms are available for cell module and individual cell testing. Current module test capabilities exceed 1,000 A per channel and have more than 100 high power temperature regulated single cell test channels available to provide cell level benchmarking and parameter extraction as well.

For example, multiple cells are cycled several thousand times at various power and temperature levels (design of experiments array experiment) to extract aging parameters depending on the specific use profiles.

The aging parameters are essential for battery life prediction with our own modeling tool, as well as providing parameters for the BMS software in order to make accurate SOC / SOH predictions.

Abuse and environmental tests are required for homologation and certification in the transportation segment as well as a method to understand battery safety in a thermal runaway or crash scenario, but also behavior under stressed regular conditions.

Such tests are performed and have been passed together with specialized test institutes, which also provide test reports required for certification and homologation. Abuse tests include heavy shock and vibration, nail penetration, crush, fire propagation, external fuel fire, forced overcharge and over-discharge, and short circuits.

It is important to know which of the required tests will be difficult to achieve. Based on many years of experience, AKASOL addresses such critical setups early on in the projects whenever possible, in order to avoid the massive impact of late design changes on product and engineering costs.

Some of the key standards that have already been applied in testing and validation include:

- ECE R100;
- ECE R10;
- ISO 61508;
- ISO 12405;
- LV 123;
- DNV / GL;
- VDE 0100;
- IEC 60664;
- EN 50121;
- ISO 13766;

- IEC 61000;
- EN 60529;
- UN T 38.3; and
- SAE J2464.

A cross functional test team complements the design engineers in all areas, from software to battery hardware and electronics. Specialized testing in the area of electromagnetic interference ("**EMI**") / electromagnetic compatibility ("**EMC**"), cell and module behavior, system level functional and certification tests as well as production quality tests are handled simultaneously across multiple projects.

As large vehicle batteries consist in many cases in a combination of thousands of cells in parallel / serial connections, where single point failures or quality deficiencies could lead to client complaints and host system shutdowns, a zero failure strategy is pursued in quality control related end of line testing (EOL test) and incoming goods inspection.

Key battery components like the cells are monitored rigorously prior to cell supplier selection, and in many cases AKASOL performs extended incoming inspection quality tests (*e.g.*, capacity measurement, impedance measurement, weight, width, and other size measurements).

The production process is supported by accompanied test and 100% of the battery systems and modules produced go through a thorough end of line test, where all of the reasonably accessible functions are tested prior to packing and shipping.

As large battery systems are a relatively new technology, a lot of in-house expertise was build up, in order to do EOL testing within time a and invest efficient manner and still catching all of the detectable assembly faults.

15.5.4 Marketing

Our marketing efforts seek to increase sales through a variety of channels and initiatives. As of March 31, 2018, we employed a sales force of 10 employees in our headquarters in Darmstadt, Germany, and in Ravensburg, Germany. In addition, we closely cooperate with two regional external sales partners in Italy and Scandinavia.

Marketing is organized broadly between our On-Highway Segment and Off-Highway Segment. Marketing supports the expansion of our business through maintaining close contact with our sales force, designs and implements short and mid-term marketing strategies, develops new business opportunities and monitors relevant market trends. The main marketing activities include the attendance at trade shows, which are particularly important in our industry, as well as publications in professional journals.

Additionally, we are active on social media platforms, such as:

- Facebook, focusing on employer branding, private clients for stationary ESS and public awareness;
- LinkedIn, focusing on professional clients, suppliers, governmental organizations and press;
- Twitter, focusing on professional clients, suppliers, governmental organizations and press; and
- YouTube, focusing on professional and private clients and suppliers.

15.6 Our Products

15.6.1 Product overview

15.6.1.1 General Overview:

Our high-performance battery systems are typically based on individual client requirements and their respective application requirements, based on standardized sets of different modules, tailored precisely from the concept stage through to mass production.

Our battery systems are freely scalable with any number of our modules. They contain flexible packaging, have high energy and performance density, and are easily connected using aligned connection points, standardized CAN bus, and optional VDA/SAE cooling connections.

In addition, they have liquid cooling for even temperature distribution and significant volume reduction, which makes it a compact and lightweight solution for a variety of applications.

As a result of the development for EMI-requirement compliant serial production, our battery systems in our view have a long service life due to active and passive thermal management and allow for a robust, maintenance-free operation, with passive cell balancing.

More power at less space:

With very high energy densities on system level and in our view the most compact liquid cooling in the market, AKASOL battery systems have very low space requirements and emit only little heat. These are the ideal preconditions for a long battery life with a high power output for a safe, reliable and durable operation.

Tested and certified solutions:

At AKASOL experts, for system development, mechatronics, electronics, software and cell chemistry research together on innovative solutions for the best electrical energy storage system. All of our serial systems for buses, commercial vehicles, railway and marine applications are tested and certified according to the specific standards and requirements of each specific application.

Serial production according to IATF 16949:

To fulfill our clients' automotive standards, AKASOL battery systems for bus applications are or will be developed and produced in an automotive IATF 16949 compliant environment at our headquarters in Darmstadt, Germany. If necessary, we try to adopt additional requirements that will come up with our clients' projects.

15.6.1.1.2 *The AKASystems*

AKASystem AKM POC (pouch cell)

High performance technology for heavy-duty applications:

High performance applications benefit from a liquid-cooled and freely scalable system that not only fulfills high safety standards, but also currently belongs to a battery solution. Robust, maintenance-free and fast-charging AKASystem AKM POC is ideal for use in a variety of automotive applications with very high requirements when it comes to cycle life, performance and high system voltage.

The following image presents a cutaway view of an AKASystem AKM POC with visible liquid coolant distribution.

(Source: AKASOL)

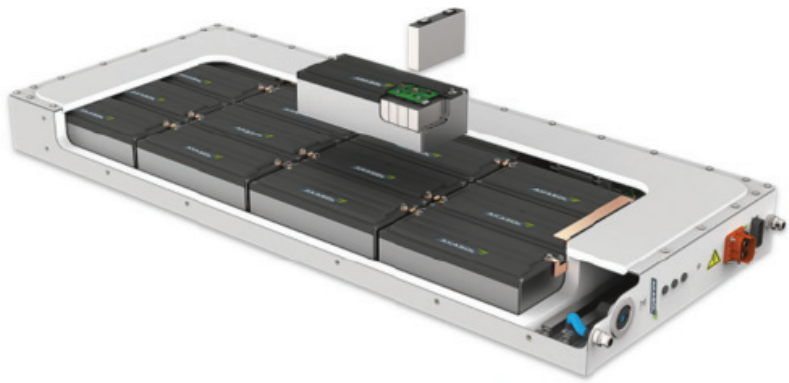
***AKASystem OEM PRC* (prismatic cell)**

Serial technology for bus applications.

The latest AKASystem OEM PRC Li-Ion battery system proves: powerful, specifically adapted Li-Ion battery systems for automotive applications can be both high-quality and affordable at the same time.

AKASOL is, to its knowledge, the first battery manufacturer in the world that offers a system that is compatible with the standardized automotive PHEV modules of all major producers. This means that even automotive applications for series production are equipped for their demanding tasks and, at the same time, remain flexible should the module supplier change at any point.

The following image presents a cutaway view of an AKASystem OEM PRC with visible liquid coolant distribution.



(Source: AKASOL)

AKASystem AKM CYC (cylindrical cell)

The AKASystem AKM CYC is the new solution for high-energy, long-range applications including long-distance coaches and commercial vehicles. AKASystem AKM CYC is robust, freely scalable and compliant with the needs of the automotive industry thanks to the use of standardized module formats for plugin-hybrids (PHEV).

It is AKASOL's first battery system based on 21700 cylindrical battery cells. The cells in this high-voltage-system have an energy density of more than 260 watt-hour per kilogram. AKASOL's liquid cooling system increases cell lifetime. A typical AKASystem AKM 60Ah CYC provides 40 kilowatt hours and has a capacity of 60 ampere hours. The system is compact at 1,700 mm x 700 mm x 150 mm and designed and validated for serial automotive applications.

The following image presents a cutaway view of an AKASystem OEM PRC with visible liquid coolant distribution.

(Source: AKASOL)

AKARack PRC / AKASystem AKR PRC

High performance technology for heavy duty applications.

The AKASystem AKR PRC is a modular and flexible building block for mobile and stationary application solutions. Within this product, multiple AKARack PRCs can be connected in series to form a HV battery string or in parallel to form large energy storage systems. It features a compact, easy to handle base unit (manual handling), an integrated contactor, cell monitoring and fuse, and allows for liquid or air cooling within the same package.

As discussed in Section 15.6.3. below, this product is designed to fit 19" racks (3U, 600mm depth).

The following images depict our AKARack PRC with 3 PHEV2 modules and AKASystem AKR PRC with 7 AKARacks PRC.

(Source: AKASOL)

(Source: AKASOL)

neeo by AKASOL

Following the first ten-year life cycle, some of our battery systems will be utilized in a number of residential and utility application products developed by our stationary electrical energy storage business, neeo, for a further ten years, which we refer to as the second life cycle. This business develops stationary application solutions for residential and professional installations with aggregate revenue of approximately €1.3 million from 2015 to 2017. We use the third-party services to produce our stationary applications solutions, and in the short term are exposed to quality and insolvency risks related to this third party.

neeoBASIX

Our neeoBASIX system is a compact solution for residential energy applications. Developed in compliance with all applicable standards, this system is appropriate for photovoltaic systems up to 10 kW A customized meter

measures the production and usage within the residential electricity network, which enables the connection to multiple energy sources through integrated energy management. External uses can also be managed through the same system.

The integrated neeoSAFES (Safety Fast Energy Switch) ensures consistently high performance, while lowering the threat of outages. In addition, the neeoBASIX energy manager conveys all meter data from a given residence to the free-of-charge neeoVISION online portal, enabling users to monitor energy production and usage with ease.

The following image depicts our neeoBASIX.

(Source: AKASOL)

neeoSYSTEM

Larger residences, businesses and electric vehicle drivers can benefit from the flexibility and power of our neeoSYSTEM. Its scalable performance and energy allows the neeoSYSTEM to be configured to address a host of client demands.

For instance, it enables the charging of electric vehicles up to 22 kW at home. Our tested and reliable battery racks, coupled with industrial performance electronic equipment. ensure safe long-term usage of the system. External connections are possible via the integrated energy management features.

The following image depicts our neeoSYSTEM.

(Source: AKASOL)

neeoMEGA

The most powerful and highly scalable product in this area, neeoMEGA, can continuously charge at a C-rate of 2C to 5C. This product can be used by utility companies and large corporations, and can be deployed in the optimization of production processes, network stabilization and peak shaving, among other industrial applications.

The neeoMEGA system has highly efficient liquid cooling and, to our knowledge, three to five times the average life cycle of conventional battery products. With its integrated BMS, neeoMEGA has no memory effect and can be cyclized in fragments.

The following image depicts our neeoMEGA.

(Source: AKASOL)

15.6.2 Module Standardization: PHEV2

While the automotive industry (in particular, the German Association of the Automotive Industry, or VDA) has defined several standard cell formats for pouch, prismatic and cylindrical cells, module standardization remains a difficult task due to the very individual passenger car OEMs battery pack layout concepts and design philosophies.

AKASOL has been actively monitoring module development trends and picked the most promising module dimensions (PHEV2 12s1p) as a focus point for our own modules, that are purchased from several key suppliers, as well as own module designs that match the PHEV2 size and mounting point rules.

While PHEV2 modules based on prismatic cells represent a large portion of the current business, with the benefit of good availability from multiple sources and high C-rate power levels, an innovative concept has been developed to offer PHEV2 12s1p compatible modules based on 21700 cylindrical cells for high energy density applications at moderate power levels.

In the Company´s estimation, this module currently surpasses even next generation PHEV2 prismatic modules energy content by approximately 20%.

This reflects end clients' demand to increase range further, and match or approach the performance of a traditional ICE engine driven vehicle and simplify infrastructure challenges associated with frequent charging.

Such a PHEV2 compatible high energy module provides an easy entry point for our existing client base, securing the original developmental investment, since – in principal – the development effort for an approximately 20% energy upgrade without changing size, weight and system level pack appearance is very moderate compared to approaches with a full re-design.

In essence, an important aspect of module standardization is the relatively simple opportunity to introduce the latest cell chemistry developments at a frequent rate, without a fundamental battery pack or even target vehicle re-development.

The most advanced chemistry cells have traditionally been the cylindrical cells, followed by large pouch and prismatic cells. For this reason, the cylindrical cell has been picked for this most recent AKASOL module development.

Within the cylindrical cell sizes for such a PHEV2 compatible module, the 21700 format has been picked, as this is the latest automotive cell format, available from multiple sources and expected to be the most produced and lowest cost cell format in the future (surpassing the smaller 18650s).

Compatible modules based on prismatic and pouch cells are available or have been designed as well, in order to obtain cell packaging independence at a module level.

15.6.3 Module Standardization: 19" Rack

For large marine and several stationary applications, there is generally a preference for modules that can be mounted in a battery room within a rack or frame. Because large format battery packs can be difficult to place and maintain in the narrow battery room installation areas, the preferred solution is a rack module, which can be installed without a crane or heavy duty equipment.

AKASOL has developed a solution that fits into the popular 19" rack format (3HE), where several configurations can be used in the same system depending on the application requirement. The cast aluminum housing provides a robust and sealed, low weight, low cost outer shell for the sub-modules that can be packed within this 19" AKARack outer shell.

Based on module experience, we have selected to install 3 PHEV2 sub-modules, which have the advantage of increased sub-module quantities by sharing with other mainstream applications, as well as upgrade capability with the latest PHEV2 modules mentioned above.

The standardized aluminum shell can be manufactured either air cooled or in the same size and without tooling change – with a simple, yet efficient water coolant solution.

Some very large marine applications (installed battery capacities of more than 3 MWh per ship have been realized in the market) have an exceptionally high cycle life demand. These large marine applications are usually large ferries that operate 24/7 in waterline crossings with trip times below one hour and fast recharging in the harbor. Over the required service life of 10 years, cycle life requirements (up to 100,000 partial cycles) are very high, which are hard to fulfill with regular automotive chemistries. To address this market segment, we usually select and design a dedicated long-life cell in combination with a matching operational strategy BMS algorithm in a 19" 3HE rack housing format. The nominal voltage per rack is 48V.

This pack has also generated considerable interest, and we plan to market it in the context of certain 48V based small vehicle applications, where very high cycle life is an enabler. Such small vehicles are as of today driven by lead acid 48V or 96V powertrains or even gas engines, and include fork lifts and golf carts, but also small construction machines and excavators.

15.6.4 BMS electronic hardware

AKASOL has developed and is using a proprietary and flexible BMS hardware and software subset, which contains all of the required functions and has been tailored to a variety of client applications and cell module configurations. The current BMS represents the third generation development and contains all of the experiences with previous generations with respect to core functionality, flexibility, safety, reliability as well as cost.

Stringent safety standards exist, especially for the transportation sector, and impose requirements on the BMS safety level. For instance, cell voltages are measured at a high resolution, with redundant cross checking mechanisms to verify the measurements' general validity, in order to prevent overcharge conditions. Cell group temperatures are measured in a diverse and redundant way in order to prevent excessively high temperatures.

A redundant central processing unit ("**CPU**"), with a backup CPU performing all of the safety monitoring in parallel to the primary CPU, is a typical approach to high safety level BMS functions. By using base components from high end automotive safety CPUs, AKASOL systems can be certified to high road vehicle safety levels (ISO26262 up to ASIL C; CPU availability is dual ASIL D cores).

BMS systems from AKASOL have been assessed successfully even in the safety critical train applications (SIL2). At the same time, the powerful 3 core CPU of the latest generation BMS has sufficient calculation power margins, to address the big OEMs needs to implement standard diagnostic software, so solutions with compliance to UDS diagnostics, J1939 CAN interfaces, or OEM proprietary interfaces can and have been implemented successfully in the AKASOL BMS. Local data storage is included in the baseline BMS configuration, to allow for fault history storage as well as usage profile statistics.

In our view, it is essential to monitor the end client's battery use profile, which can be helpful in product optimization as well as warranty claim management should the battery be operated outside the approved design area for an extended period of time. For very large data collection needs, an inexpensive secure digital ("**SD**") memory card can be used to provide low cost access to gigabyte-scale storage.

The low voltage ("**LV**") interface is highly variable across clients and industries with respect to, among other things, voltage levels (12V, 24V, 48V), additional inputs / outputs ("**I/Os**"), Electromagnetic Interference ("**EMI**") or even connector style requirements. To provide sufficient flexibility, all of the non-core interfacing BMS functions have been placed on a BMS-remote LV connector board. All of the client-specific or application-specific interface requirements are managed on the remote board, which can be adapted to clients' needs at a substantially reduced effort and risk compared to a full BMS redesign. This also provides package flexibility with respect to placement of LV connector on the pack housing, while the larger main BMS board can be placed on its own optimum location close to the main contactors and high voltage / high current sensors. This approach enables AKASOL to serve projects from all application areas with basically the same core BMS design.

EMI, also known as Electromagnetic Compatibility ("**EMC**"), is a critical point for high-power battery applications, from a receiving as well as a transmitting aspect. While battery cells by themselves are not an EMI concern, large transients and disturbances from the outside world must be survived by BMS electronics, and in many cases full functionality has to be granted even when heavy disturbances are present. For road legal batteries in the EU, homologation tests according to ECE R10 are required and are easily achieved with AKASOL's standard BMS.

However, most OEMs have very stringent internal standards, surpassing ECE R10. Rail applications have very heavy transient requirements as well. Again, individual EMI requirements can be achieved by customized EMI elements on the small connector board, while the core BMS (as it is located in the battery housings faradaic case) is not affected.

15.6.5 Software

We believe we have strong in-house software competence with one third of our engineers being software engineers.

Our core BMS software components comprise SOC and SOH algorithms that are explained in more detail below. Furthermore, our core BMS software measures current and voltage and cell balancing (passive) and it monitors and activates the contactors, while also monitoring the voltage safety and the temperature safety.

Our software interface includes a vehicle interface with communication capabilities and a telemetric interface. This enables remote data monitoring and, in connection with our smart in-house algorithms, sophisticated data analysis alongside with automotive compliant diagnostics.

15.6.5.1 BMS Software: State of Charge Algorithms

SOC is critical user information for most applications. SOC is calculated based on accurate current measurement and numeric Ah integration, where a regular voltage based model reference calculation eliminates the offset drift issues that are typically encountered for long term integration algorithms. Ah integration is a numerical method of adding up the time weighted current flow at a regular interval. As an example, if a current of 3 A is drawn over one hour, and the value is measured every second (or 3,600 seconds per hour), the numerical integration of 3,600 multiplied by 3 and divided by 3,600 yields the value of 3 Ah consumed. For a cell which has a capacity of 6 Ah when fully charged, the resulting SOC can be calculated to 50% when 3 Ah have been consumed.

Model based algorithms can be used to improve the SOC algorithms' accuracy, by comparing the measured cell behavior to simulated cell behavior and adjusting the model parameters to minimize the observable difference. In all cases, precise current measurement (with a less than one percent error target) is essential for accurate SOC calculations.

AKASOL has focused on algorithms for software-based current sensor accuracy enhancement algorithms, where current sensor offsets are automatically re-calibrated and magnetic error effects of low cost sensors have been eliminated, which enables the usage of inexpensive open loop hall effect sensors despite the accuracy deficiencies typically characteristic for those sensors.

15.6.5.2 BMS Software (SW): State of Health (SOH) Algorithms

Predictive and adaptive algorithms are also used to estimate the SOH. Cell aging (loss of capacity and power) depends on many factors, including temperature, cell age, energy throughput and load profile, and is therefore hard to predict in a dynamic driving scenario. Unless the load profile contains reference cycles (*e.g.*, fully charged, followed by a full discharge), direct SOH measurement is very difficult and must be rather done based on predicted values, or adaptive model based values, or a combination thereof.

As Li-Ion chemistry updates are occurring at a fast rate, in many cases the cell aging data at the start of a project cover a far lower lifespan than that anticipated for the application. Also, end user behavior and battery use profiles are hard to predict in many applications.

Remote data monitoring and statistical data assessment, in combination with remote software parameter updates, provide the benefit of evolving sophisticated algorithms during project runtime.

AKASOL maintains an advanced remote data server concept, where live or buffered BMS data can be analyzed and behavior and algorithms can be optimized; even remote troubleshooting of end user errors is possible in many cases.

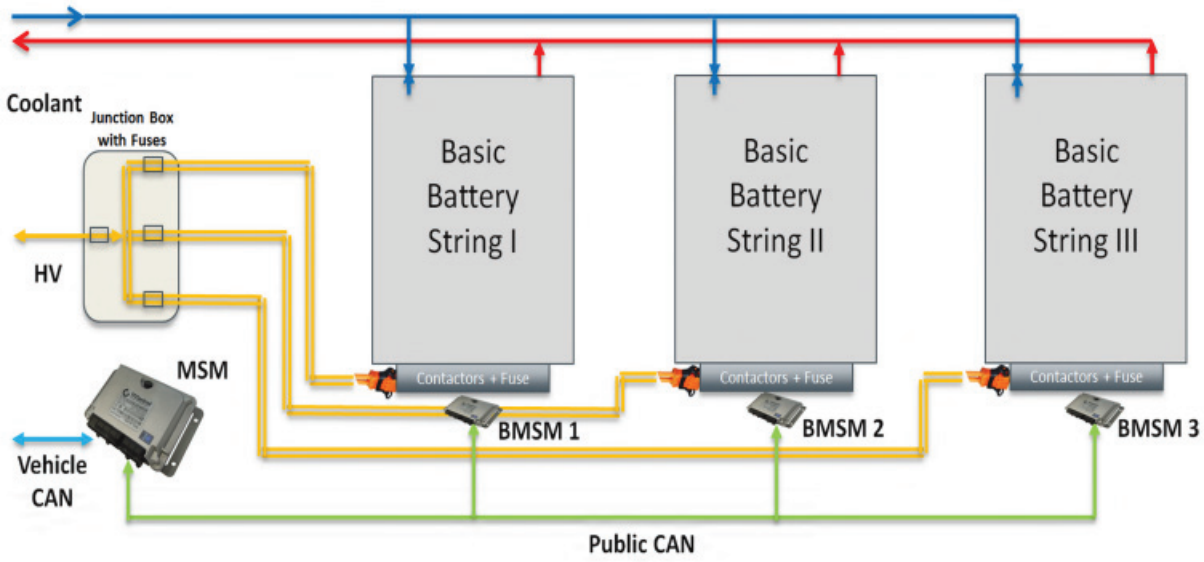
Data will be available on those servers if the client allows the data logger BMS extension, which contains hardware to buffer raw BMS data and transfer it via a Universal Mobile Telecommunications System ("**UMTS**") network. This solution has proven especially useful for remote support and client fleet monitoring on a worldwide basis.

15.6.6 Multiple string battery scaling approach

When very large battery systems are required (typically over 100kWh), multiple battery packs can be paralleled and controlled to achieve virtually unlimited total battery sizes. The control unit in charge (Multi String Manager, or MSM) will simultaneously monitor and control the multiple strings and represent a single control access point towards the host application. It is crucial to keep the multiple strings at a similar SOC and observe the diverse current sharing, such that a single string will never be overloaded.

Limp home features can be implemented to enable limited operation even when single strings are not operational. This is essential in applications which require high reliability and dependability. While the fault likelihood increases as battery size increases (and the number of cells exceeds 10,000, and even 100,000, in very large batteries), the combined reliability in such a system can be outstanding due to the high redundancy.

The following graphic depicts a multi string battery concept example, including three battery packs in parallel.



(Source: AKASOL)

15.6.7 High voltage isolation capability

High voltage isolation is another key aspect for large HV battery packs. Cells and HV must be electrically separate from housing and cooling circuits, and all BMS and battery HV signals and paths must be safely isolated from the low voltage control side.

Integrated isolation monitoring functions are used to verify the battery insulation integrity at least at every system startup.

Withstand test voltages in excess of 3,000V are common for large commercial applications, even when the battery system voltage is below 1,000V. High levels of electrical isolation are often challenging in liquid cooled batteries, since the electrical isolator needs to be thin enough to allow for efficient heat transfer. The most demanding projects so far have been successfully tested at voltages of up to 5,000V direct current (DC).

15.6.8 Battery thermal conditioning

Battery thermal conditioning (cooling and heating) plays a key role in achieving the optimum cell temperatures in Li-Ion chemistry. As cells get too cold (for instance during winter operation), performance drops, and some cells lose their charging capability completely at subzero temperatures, so adequate heating on startup is required.

Temperatures in excess of approximately 45°C, however, lead to rapidly accelerated aging, so the cell chemistry deteriorates even when the battery is not cycled.

Temperatures in excess of approximately. 60°C usually require immediate battery shutdown, to prevent any permanent damage.

Temperatures in excess of 120° are critical for most Li-Ion chemistries and can result in thermal runaway conditions, so they need to be avoided at all cost.

Batteries in general can be temperature conditioned by liquid cooling or air cooling (active or passive), with the coolant serving as a heat carrier in winter operation. Liquid cooling is superior in terms of volume overhead and performance as well as even temperature distribution. However it requires substantial engineering to address the related challenges with respect to *e.g.* equal flow distribution, pressure drop and flow rate capabilities, heat transfer interfaces, corrosion as well as HV insulation.

AKASOL is among the pioneers of active liquid cooling for high performance applications, as the high value cells can be utilized to their full potential with a powerful cooling concept.

Module integrated aluminum structures with coolant channels, or counter flow cooling plates mounted to the module bottom are commonly used. AKASOL capabilities include the design of low cost aluminum based

coolant structures, usually by employing aluminum extrusion profiles and adequate manifolds at the inlet and outlet.

The counter flow structure of the large scale cooling plates provides a unique thermal equalization behavior: the coolant passes each cell at least twice on its way through the battery system, so while the coolant heats up, each cell always sees the average temperature between coolant input and output.

This methodology avoids large temperature gradients within the battery from the coolant inlet to the coolant outlet, which is otherwise often found in poorly designed cooling systems and air cooled batteries. The fluid of choice is the automotive water / glycol mixtures, as glycol is globally available and has excellent cooling and corrosion behavior.

Other fluids including oil and non-flammable specialized chemicals have been investigated, and in certain cases offer advantages for niche applications, but are not available on a widespread basis and are not preferred by many clients due to availability or handling concerns.

Passive methods of thermal management are used in combination with actively cooled cell modules. As the ambient temperature in many applications can reach undesired high or low values, where cell aging or cell performance is far from ideal, the cells should be protected against severe ambient temperature fluctuations even for standby or storage conditions where the liquid cooling system is not active.

The methodology of choice in our products is the innovative utilization of thermally insulating sandwich structures as the outer part of the battery pack housing. The sandwich typically consists of rigid materials such as steel or aluminum, with a stiff porous foam material in between. Sandwich structures form mechanically stable, very robust housings with high mechanical abuse tolerances, which have the additional benefit of thermal insulation.

AKASOL considers its designed products superior to most other concepts in their capability to block even the massive heat from an external fuel fire to an extent where the internal cell modules remain completely intact.

In summary, the active and passive measures of the thermal management systems contained in the AKASOL battery pack are capable of enabling cell operation in practically all global temperature conditions, while maintaining the cells in their ideal temperature window.

15.7 Intellectual property

15.7.1 Trade and Services Marks

As of the date of the Prospectus, we own 14 distinct trademarks and service marks that are registered or pending with European and international intellectual property authorities.

We believe that our trademarks, service marks and other intellectual property rights are important to the marketing of our brand. Thus, it is our policy to protect and defend our rights to such intellectual property vigorously. However, we cannot predict whether steps taken to protect such rights will be adequate. See Section 3 for further details about the risks related to our intellectual property rights.

15.7.2 Patents

As of the date of the Prospectus, we have one registered patent in seven countries, and seven further patent applications are pending.

We are aware that a high rate of innovation and technological leadership is important to secure our long term success. Therefore we frequently investigate our designs with a view to potential innovation that has to be protected. We seek to protect this intellectual property by applying for patent protection in the jurisdictions that are relevant for our business. Depending on the relevance of the innovation, this is done by way of an international application or a German application. We strive to obtain national patent protection is in the e-mobility core markets, as well as in the most important markets for our clients. Following this strategy we have patented especially technical solutions with focus on our competences regarding modularity and performance of battery systems. As battery development is highly dynamic we have made an effort to describe the relevant innovation as generically as possible, enabling us to develop future battery generations based on intellectual property rights that have already been protected.

15.7.3 Trade Secrets and Know-how

Many of the processes and technologies that we employ are the result of the knowledge, experience and skills of our employees and are not eligible or suitable for patent protection. To protect our trade secrets, know-how, technologies and processes, we sometimes require employees, as well as contractors, consultants, advisors and collaboration partners, to enter into confidentiality agreements with us. These agreements prohibit the disclosure of confidential information to third parties, and, where appropriate, require disclosure to us of ideas, development discoveries and inventions in relation to our know-how, trade secrets, technologies and processes. We encourage our employees to be part of the innovation at our company by different incentives.

15.7.4 Registered Designs

Registered designs protect the visual appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colors, shape, texture or materials of the product itself, or its ornamentation. We believe that in striving to manufacture high quality products, the optimal technical solution also includes a smart and clean design.

As of the date of the Prospectus, we have registered our awarded Homestorage System design with appropriate intellectual property authorities.

15.7.5 License Agreements

We have a long term relationship with the Korean cell supplier, Kokam, with whom we have entered into a license agreement to sell battery systems including AKASOL technology based on Kokam cells. The agreed territory covers North America, South America, Australia, Oceania and Asia.

15.7.6 Domain Names

As of March 31, 2018, we have registered 17 Internet domain names through which information can be spread to potential clients, investors and the public:

- akasol.com;
- akasol.de;
- akasol-engineering.com;
- akasol-engineering.de;
- german-energy-storage.com;
- german-energy-storage.de;
- germanenergystorage.com;
- germanenergystorage.de;
- my-neeo.com;
- my-neeo.de;
- neeo-energy.com;
- neeo-energy.de;
- neeoqube.de;
- neeorack.com;
- neeorack.de;
- neeosystem.com; and
- neeosystem.de.

The information on, or that can be accessed through, our websites is not part of the Prospectus.

15.8 Property, plants and equipment

Our corporate headquarters are located at Landwehrstraße 55, 64293 Darmstadt, Germany, where we have leased approximately 979 square meters (approximately 10,538 square feet) of office and production operations space. Our management and central functions are currently based in Darmstadt.

Furthermore, we lease office, warehouse and production operations space in Darmstadt, Langen and Ravensburg, Germany.

We do not currently own any real property. The following table provides an overview of the material real property we leased and used as of December 31, 2017:

Location	Size (m^2)	Lease Term	Primary Use
Landwehrstraße 55, 64293 Darmstadt, Germany - Bau 35 A	979.10 (area actually utilized following annex expansion 1,490)	March 31, 2019 (automatically renewed for five years once, unless terminated)	Office and production operations space, Warehouse
Landwehrstraße 55, 64293 Darmstadt, Germany – Bau 62	153.72	June 30, 2018 (automatically renewed for one year from time to time, unless terminated)	Office and production operations space, Warehouse
	154	January 14, 2019 (automatically renewed for one year from time to time, unless terminated)	Office and production operations space, Warehouse
Pallaswiesenstraße 80, 64293 Darmstadt, Germany	575	June 30, 2023 (automatically extended for one year from time to time, unless terminated)	Production operations space
Raiffeisenstraße 5a, 63225 Langen, Germany	3,324	May 31, 2022 (automatically renewed for one year from time to time, unless terminated; AKASOL has the right to extended for a five-year period twice)	Office, warehouse and production operations space
Theodor-Krumm-Straße 18, 88213 Ravensburg, Germany	311	January 1, 2021 (automatically renewed for one year from time to time, unless terminated)	Office and production operations space

15.9 Employees

As of December 31, 2017, we had 80 employees (including both full-time and part-time employees, but excluding temporary agency employees (*Leiharbeitnehmer*) and trainees (*Auszubildende*)). As of March 31, 2018, we had 91 employees and a head count of 110.

The following table shows the number of employees as of March 31, 2018, as well as of December 31, 2015, 2016 and 2017, broken down by main category of activity:

	As of December 31,			As of March 31,
	2015	2016	2017	2018
Administration and sales	5	10	16	18
Development, project management, service and testing	27	32	41	44
Production operations	25	19	23	29
Total	57	61	80	91

Between March 31, 2018 and the date of the Prospectus, there have been no significant changes to the number of employees.

We contract temporary agency employees from time to time.

15.10 Insurance

Our insurance coverage includes, *inter alia*, property, electronic equipment, business interruption, fidelity, business and product liability, legal protection, photovoltaic facility, transportation, travel and accident insurance.

In addition, directors and officers insurance ("**D&O Insurance**") policies, with a total annual coverage of up to €5 million, are in force for the members of our Management Board and Supervisory Board and their representatives, officers, company secretaries, senior accounting officers, prescribed officers, certain other employees (including those of certain of our foreign subsidiaries to the extent they are not subject to liability privilege under applicable law), and insolvency administrators/trustees.

As required under applicable German law, there is also a deductible for members of the Management Board and the Supervisory Board. Members of our Management Board and the Supervisory Board remain personally responsible in the event they are adjudged to have personal liability, for 10% of the total amount of such liability, up to an amount that equals 1.5 times such member's total annual fixed remuneration. In such instances, there is a private insurance policy in force to cover any such damages. The premiums for such policies are not paid for by the Company.

We believe, according to our current knowledge, that the existing insurance coverage, including the level and conditions of coverage, meet the customary standard for our industry and provide reasonable protection, while also taking into account the costs for the insurance coverage and the potential risks of our business operations. We review our insurance coverage on a regular basis and, when necessary, make adjustments. However, we cannot guarantee that losses will not be incurred or that claims exceeding the scope of the relevant existing insurance coverage will not be filed against us.

15.11 Governmental, legal and arbitration proceedings

We are neither currently, nor have we been in the past 12 months, a party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have, or have had in the recent past, significant effects on our financial position or profitability.

15.12 Material contracts

15.12.1 EvoBus Product Development and Supply Agreement

Effective March 26, 2015, we entered into a product development and supply agreement with EvoBus GmbH (an affiliate of Daimler) for the development of a customized Li-Ion bus battery system for serial production and subsequent supply of the respective serial products to EvoBus, as well as for the development of pre-series products for Daimler Trucks with respect to the Urban eTruck, which was introduced in 2016 and EActros, which was introduced in 2018. The term of the agreement lasts until all obligations under the agreement are fulfilled. EvoBus GmbH enjoys certain statutory termination rights during the development stage, and may also terminate the agreement with six months' notice as of the end of the relevant month if our competitiveness with respect to quality, price or punctuality is impeded.

15.12.1 Volvo Truck Framework and Pricing Agreements

On November 1, 2016, we entered into a pricing agreement with Volvo Truck Corporation (the "**Volvo Pricing Agreement**") in conjunction with a framework agreement entered into with Aktiebolaget Volvo (publ) ("**AB Volvo**") on the same date (the "**Volvo Framework Agreement**"). Both Volvo Truck Corporation and AB Volvo have entered the respective agreement on account of any subsidiary of Volvo AB. The Volvo Pricing Agreement forms integral part if the Volvo Framework Agreement.

Whereas the Volvo Framework Agreement has been entered into for an indefinite period of time, the initial term of the Volvo Pricing Agreement expires six years after start of production. The Volvo Pricing Agreement, however, will be automatically extended for an indefinite term of time if it is not terminated by either party with 12 months' written notice before the initial term's expiration. The Volvo Framework Agreement may generally be terminated with 12 months' written notice. Following six years after start of production, the Volvo Pricing Agreement may also be terminated with 12 months' written notice. For the first three years following start of production, and for a further three years thereafter subject to certain conditions including competitive pricing, we will exclusively supply battery systems for all electric bus applications within the Volvo group.

15.12.2 Samsung Supply and Purchase Agreement

On November 3, 2017, we entered into a supply and purchase agreement with Samsung SDI Co., Ltd. Under the terms of this agreement, we agree to buy from Samsung SDI Co., Ltd. Li-Ion battery modules to be included in the battery systems we produce for Volvo Truck Corporation pursuant to the agreement described in the preceding paragraph. After December 31, 2020, either party may terminate the agreement by giving six months' written notice in writing. The agreement does not have a set term.

15.12.3 Kokam Master Supply Agreement

On April 18, 2013 we entered into a supply and purchase agreement with Kokam Co. Ltd. Under the terms of this Agreement, we agreed to buy from Kokam Co. Ltd. Li-Ion battery cells and Kokam Co. Ltd undertook to manufacture and supply cells to us. After December 31, 2017 this agreement is to be extended for 12 months every year, unless one of the parties gives six months' contractual notice to terminate this agreement.

15.12.4 Rental Agreement for our Production Facility in Langen

We have entered into a rental agreement with Multi Park Pittlerstrasse Langen GmbH & Co. KG, represented by Multi Park Pittlerstrasse GmbH, pursuant to which we are renting the site of our production facility and office space in Langen, Germany effective June 1, 2017. The rental agreement is for a term of five years, after the expiration of which we have the option to extend the lease for two additional five-year terms.

15.12.5 BW Bank Loan Agreement

On June 6, 2017, we entered into a loan agreement with the Baden-Württembergische Bank for a loan in the amount of €5.5 million until June 30, 2022 with a fixed interest rate. The agreement does not provide for any financial covenants.

16. Regulatory Environment

Our products and business operations are subject to a variety of laws, rules and regulations in the jurisdictions in which we operate. Our business activities in Germany are subject to a wide array of regulatory requirements under German and EU laws, and international treaties.

We expect that relevant laws, rules and regulations will become more comprehensive and stringent in the future. If we fail to comply with any applicable laws, rules or regulations, we may be subject to civil liability, administrative orders, fines or even criminal sanctions. As the regulatory framework applicable to our business operations is subject to revision and continuous development, it is difficult to predict the future cost of compliance with applicable regulatory requirements and technical standards accurately. Additional or more stringent laws, rules, regulations and technical standards could increase our costs or limit our ability to continue business operations in the same manner as we have done in the past.

The following provides only a brief overview of certain selected areas of regulation applicable to our business operations.

16.1 General product-related regulations

Batteries and energy storage systems are subject to various international, EU and national laws and regulations that govern the requirements to place such products on the market or information obligations to consumers regarding the safe handling and disposal of such products. Additionally, regulatory provisions may apply, in light of the intended use of the product (*e.g.*, the use of batteries in medical devices), the electronic emissions of products, as well as general product safety requirements.

16.1.1 Battery-specific legislation

Battery Directive

The European Directive 2006/66/EC on Batteries and Accumulators and Waste Batteries and Accumulators ("**Battery Directive**") aims to reduce the amount of hazardous substances in batteries and accumulators exposed in the environment by decreasing, *inter alia*, mercury, cadmium and lead in accumulators and by treating and re-using the amounts used.

Pursuant to the Battery Directive, EU Member States must prohibit the market placement of batteries and accumulators with a certain amount of mercury or cadmium. The Directive 2013/56/EU of November 20, 2013 (amending Directive 2006/66/EC of the European Parliament and of the Council on batteries and accumulators and waste batteries and accumulators as regards the placing on the market of portable batteries and accumulators containing cadmium intended for use in cordless power tools, and of button cells with low mercury content, and repealing Commission Decision 2009/603/EC), which amended the Battery Directive, strengthened the fixed thresholds for these substances.

The Battery Directive further governs the collection, treatment, recycling, and disposal of waste batteries and accumulators in order to ensure that a high proportion of spent batteries and accumulators are collected and recycled. In that regard, Member States must ensure, *inter alia*, that all batteries, accumulators and battery packs are marked with a symbol indicating separate collection and that end-users are provided with information about the potential environmental and human health impacts of the product, the necessity of separate collection and the collection and recycling schemes in place. Member States must ensure that producers or third parties acting on their behalf finance the costs associated with the collection, treatment and recycling of certain batteries and accumulators and with respective information campaigns. The fixed targets for collection activities were amended with effect as of September 26, 2016, which might impact our costs associated with the disposal of batteries and accumulators.

German Battery Act

The German Act Concerning the Placing on the Market, Collection and Environmentally Compatible Waste Management of Batteries and Accumulators *(Batteriegesetz, "***German Battery Act***"*) implements the European framework laid down in the Battery Directive into German legislation.

The German Battery Act stipulates, in particular, the following:

- prohibition of certain batteries containing harmful substances;
- batteries may only be placed on the market if it is ensured that end-users can return them;
- end-users are generally required to return used batteries (*e.g.*, to the distributor (*Vertreiber*) or a designated collector);
- distributors are required to inform end-users about their return obligation;
- producers and distributors are required to take back used batteries free of charge;
- producers are required to recycle batteries and dispose of non-recyclable batteries;
- producers are required to either set up and utilize a collective system for reclaiming batteries or to set up and operate a comparable manufacturing specific system; and
- producers of batteries are required to label them accordingly.

We believe that we comply with applicable provisions of the German Battery Act. In particular, we entered into several agreements with service providers governing, *inter alia*, the collection, treatment and recycling of inoperable batteries.

End-of-Life Vehicles Directive

In addition to the Batteries Directive, specific rules concerning batteries in automotive applications are included in Directive 2000/53/EC of the European Parliament and of the Council of September 18, 2000 on end-of-life vehicles ("**ELV Directive"**). The ELV Directive covers vehicles and end-of-life vehicles, including their components and materials, and lays down measures which aim, as a first priority, to prevent waste from vehicles, as well as the reuse, recycling and other forms of recovery of end-of-life vehicles and their components so as to reduce the disposal of waste. In addition, the ELV Directive is targeted at improving the environmental performance of all of the economic operators involved in the life cycle of vehicles, especially the operators directly involved in the treatment of end-of-life vehicles. Pursuant to Article 4 of the ELV Directive, Member States must ensure that materials and components of vehicles put on the market after July 1, 2003 do not contain lead, mercury, cadmium or hexavalent chromium except for exemptions and expiration dates for such exemptions listed in Annex II of the ELV Directive, which are subject to regular review and revision by the European Commission to reflect technical and scientific progress. The exemption for lead in batteries is expected to be reviewed by the European Commission by 2021 at the latest, and may eventually lead to a prohibition of lead-acid batteries in vehicles. If the EU prohibited or phased out the use of lead-acid batteries in vehicles, we believe such prohibition or phase out would further drive demand for Li-Ion battery technology and our business.

German Ordinance on End-of-Life Vehicles

The ELV Directive has been implemented into German law by the Ordinance on the Transfer, Collection and Environmentally Sound Disposal of End-of-life Vehicles (*Altfahrzeugverordnung*, "***AltfahrzeugVO***"), which is the legal basis for the environmentally sound disposal of end-of-life vehicles (*i.e.*, the proper and safe recovery and disposal compatible with public welfare) in Germany. The exemptions contained in Annex II of the ELV Directive apply directly in Germany due to the dynamic reference in the German End-of-Life Vehicle Ordinance.

Special Legislation on the Use of Batteries in Certain Products

Our batteries and battery systems are partly used in highly regulated industries, such as bus transportation, commercial vehicles, rail vehicles, marine and industrial vehicles, as well as stationary applications for residential and professional installations. Therefore, laws, rules and regulations concerning, *inter alia,* these industries and sectors might apply in almost all of our target markets which include but are not limited to the jurisdictions in which we currently operate. We expect that the applicable legal framework and rules will become more comprehensive and stringent in the future; this might imply, *inter alia*, that we could incur higher administrative costs in order to comply with such stricter requirements.

16.1.2 Use of hazardous substances in electrical and electronic equipment

RoHS Directive

Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment ("**RoHS Directive**"), as revised by Directive 2015/863/EU, restricts the use of hazardous substances in products and in individual product components (*i.e.*, electrical and electronic equipment) in order to protect human health and the environment. At its core, the RoHS Directive requires that newly marketed electrical and electronic equipment substantially must not contain any lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyl ("**PBB**"), polybrominated diphenyl ether ("**PBDE**") and, generally, as of July 22, 2019, Bis(2-ethylhexyl) phthalate ("**DEHP**"), Butyl benzyl phthalate ("**BBP**"), Dibutyl phthalate ("**DBP**") and Diisobutyl phthalate ("**DIBP**"). RoHS Directive restrictions have generally applied starting on July 22, 2014 (*e.g.*, for medical devices); the respective substance restrictions are, and will gradually be, extended to new product categories. Restrictions for certain hazardous substances under the previous RoHS Directive 2002/95/EC have generally applied since July 1, 2006.

Manufacturers of products covered by the RoHS Directive are required, *inter alia*, to prepare technical documentation and to draw up an EU declaration of conformity and affix the *Conformité Européene* ("**CE**") mark of conformity on the finished product.

We believe that we comply with the chemical composition requirements of the RoHS Directive. However, since the Battery Directive (and not the RoHS Directive) applies to our batteries, our products are generally not CE-marked.

German Ordinance on the Restriction of Hazardous Substances in Electrical and Electronic Equipment

The RoHS Directive has been implemented into Germany law by the Ordinance on the Restriction of Hazardous Substances in Electrical and Electronic Equipment *(Elektro- und Elektronikgeräte-Stoff-Verordnung, "**ElektroStoffV**"*).

16.1.3 Waste electrical and electronic equipment

WEEE Directive

The Waste Electrical and Electronic Equipment Directive 2012/19/EU ("**WEEE Directive**") governs the prevention and reduction of adverse effects on human health and the environment resulting from waste from electrical and electronic equipment. The WEEE Directive may generally also apply to batteries; however, there are certain interdependencies with the Battery Directive. For example, a producer of electrical or electronic equipment containing a battery may also be considered a battery producer under the Battery Directive; batteries incorporated in waste electrical and electronic equipment will be collected on the basis of the WEEE Directive, however, after collection they will count for the collection targets under the Battery Directive and are also subject to the recycling requirements under the Battery Directive.

German Electrical and Electronic Equipment Act

The WEEE Directive has been implemented into German law by the German Electrical and Electronic Equipment Act (*Elektro- und Elektronikgerätegesetz* – "**ElektroG**").

16.1.4 Electromagnetic compatibility of equipment

EMC Directive

The Electromagnetic Compatibility Directive 2014/30/EU ("**EMC Directive**") repealed former Directive 2004/108/EC from April 20, 2016. The EMC Directive encompasses, *inter alia,* general requirements for the design and manufacturing of equipment, such as to ensure limitation of electromagnetic emissions from equipment and immunity of equipment so that equipment does not disturb and is not disturbed by radio and telecommunications, or other equipment emissions.

We produce batteries with protective circuit boards as well as large energy storage systems falling under the scope of the EMC Directive. For these categories of products, we declare conformity and CE-mark the devices.

Currently, it is our clients' responsibility to declare the EMC conformity of most of our products. The responsibility for declaration will change, once we begin placing our products directly into the end-market ourselves.

German Act on the Electromagnetic Compatibility of Equipment

The EMC Directive has been implemented into German law by the German Act on Electromagnetic Compatibility of Equipment (*Elektromagnetische-Verträglichkeit-Gesetz – EMVG*).

16.1.5 General product safety requirements

General Product Safety Directive and Product Liability Directive

Directive 2001/95/EC of the European Parliament and the Council of December 3, 2001, as last amended Regulation (EC) No 765/2008 of the European Parliament and of the Council of July 9, 2008 and by Regulation (EC) No 596/2009 of the European Parliament and of the Council of June 18, 2009, on general product safety ("**GPSD**") is the European Union's main legislative body 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 "safe" consumer products on the market. Pursuant to the GPSD, a safe product particularly means a "product which, under normal or reasonably foreseeable conditions of use including duration and, where applicable, putting into service, installation and maintenance requirements, does not present any risk or only the minimum risks compatible with the product's use, considered to be acceptable and consistent with a high level of protection for the safety and health of persons". Manufacturers must particularly 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 *(e.g.,* withdraw products from the market, inform consumers and recall products, as necessary).

Depending on the individual case, the GPSD may also apply to authorized representatives, importers, distributor and retailers.

In particular, the GPSD has the following authority notification obligation: "Where producers and distributors know or ought to know, on the basis of the information in their possession and as professionals, that a product that they have placed on the market poses risks to the consumer that are incompatible with the general safety requirement, they shall immediately inform the competent authorities of the Member States thereof…."Unsafe products may be listed in an EU-wide, publicly accessible database such as RAPEX or ICSMS.

In February 2013, the Commission introduced a so called "Product Safety and Market Surveillance Package", proposing for a new Consumer Product Safety Regulation and a new Market Surveillance Regulation (intended to replace the GPSD). These two new regulations on consumer product safety particularly aimed at strengthening the manufacturers' obligations with respect to the indication of origin and traceability and with the aim to achieve a higher level of protection of safety and consumer health. Currently, the related legislative process is pending due to disagreements among Member States.

We are also subject to provisions on product liability and may therefore be held liable in cases of damage caused by a defective product. Council Directive 85/374/EEC of July 25, 1985 concerning liability for defective products, as amended by Directive 1999/34/EC of the European Parliament and of the Council of May 10, 1999 ("**PLD**"), generally applies to movables which 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 PLD does not restrict compensation for damage under national legislation.

German Product Safety Act and German Product Liability Act

In Germany, the GPSD has been implemented via the German Product Safety Act *(Produktsicherheitsgesetz).* Unlike the GPSD, the German Product Safety Act also applies to non-consumer products and also governs the respective market surveillance. Further regulations are included in various governmental ordinances on the

safety of specific products and product groups. A violation of the requirements of European or national laws may be sanctioned with a fine and, in certain cases, with a criminal sanction. The German Product Liability Act *(Produkthaftungsgesetz)* implements the PLD with a general limited producer's total liability to EUR 85 million resulting from a death or personal injury and caused by identical items with the same defect.

16.2 Chemicals legislation

16.2.1 REACH Regulation

The manufacturing, handling, use and trading of chemicals is regulated in the EU and its Member States. The EU requires control of the use of chemical products within its borders, requiring all affected industries to ensure and demonstrate the safe manufacture, use and disposal of chemicals. The Regulation (EC) 1907/2006 on Registration, Evaluation, Authorization and Restriction of Chemicals ("**REACH Regulation**"), which came into effect on June 1, 2007 (in part, the REACH Regulation provides for deferred implementation of certain provisions), requires the registration of chemical substances on their own, in mixture or articles above a certain threshold manufactured in the European Union ("**EU**") (whenever it is referred to the EU in Sec. 15.2.1 and 15.2.2 this also covers the non-EU Member States of the European Economic Area, *i.e.*, Norway, Iceland and Liechtenstein) or placed on the EU market (import in the sense of the REACH Regulation is deemed to be market placement). The registration process may take several years.

Pre-registration of certain chemicals (so called phase-in substances) with the European Chemicals Agency ("**ECHA**") has been compulsory since June 1, 2008. For pre-registered substances, three registration deadlines were generally applicable, depending on tonnage and certain hazard criteria. All three deadlines, November 30, 2010 May 31, 2013 and May 31, 2018, have already passed. Registration involves the submission of various data depending on the tonnage of the substance to be manufactured or imported and the specific risks associated with each substance. Due to the data required, registration of substances with ECHA can impose a substantial financial burden upon chemical manufacturers or importers.

The REACH Regulation requires formal documentation of the relevant data required for hazard assessments for each substance registered as well as development of risk assessments for their registered uses. Under certain circumstances, the performance of a chemical safety assessment is mandatory and a chemical safety report assuring the safe use of the substance must be submitted. If there is no registration of the substance, it is impermissible to manufacture this chemical in the EU or to place it on the EU market (the "no data, no market" principle). Therefore, registration may generally be a requirement for any substance used in technically important processes by manufacturers or importers.

The data recorded by potential registrants, downstream users and third parties are collected in substance information exchange forums ("**SIEF**") to allow for the exchange of information. The REACH Regulation provides for various information requirements in the supply chain (*e.g.*, purchasers of registered chemicals may be obliged to inform their sellers about the intended use of the chemicals, as the importer or producer may be obliged to add this information to its documentation).

Furthermore, the REACH Regulation establishes legal requirements for substances that are considered as particularly harmful to human health or the environment. Substances of concern might, *inter alia*, be identified as substances of very high concern ("**SVHC**") and included in the so-called "candidate list" maintained by ECHA. From the date on which the substance or mixture is first supplied, EU suppliers of such substances must provide their clients with a safety data sheet.

EU suppliers of articles which contain SVHC on the candidate list in a concentration above 0.1% weight per weight ("**w/w**") must provide sufficient information to allow for the safe use of the relevant article to the recipient of the article or upon request, to a consumer within 45 days of the receipt of the request. Additionally, EU producers or importers of articles have to notify ECHA if the relevant article contains a substance on the candidate list, provided that the substance is present in those articles in quantities totaling over one ton per producer or importer per year and if the substance is present in those articles above a concentration of 0.1% (w/w). Such a notification is not required if the producer or importer of an article can

exclude the possibility of exposure to humans and the environment during normal or reasonably foreseeable conditions of use, including disposal, or if the substance has already been registered for that use.

SVHC listed in the candidate list might be transferred to the authorization list of Annex XIV to the REACH Regulation. Once a SVHC is included in the authorization list of Annex XIV, the manufacturer, importer or downstream user must no longer place these substances on the market for use or use them, unless such market placement or use of the substance has been authorized by the European Commission; ECHA's Committees for Risk Assessment and Socio-Economic Analysis adopt opinions on the application for authorization which will be taken into account by the European Commission in its final decision. The authorization requirement does not apply to the market placement or the use of an article which contains an Annex XIV substance. However, in principle, the incorporation of an Annex XIV substance into an article is a use which is subject to the authorization requirement.

To date, we do not supply SVHC included in the candidate list and thus, the obligation to make available any safety data sheets for such substances does not apply to our products. Generally, we produce very few articles that contain candidate SVHC chemicals. We believe that we are in compliance with the information and notification requirements for SVHC containing articles as established under the REACH Regulation. To date, our products that qualify as articles do not contain any substances that are listed in the Annex XIV to the REACH Regulation. We closely observe applicable amendments to the REACH Regulation, as from time to time additional substances may be added to the candidate list or to the authorization list contained in Annex XIV and trigger notification, information or authorization requirements. In the case of an eventual ban of a substance, we would have to substitute the concerned SVHC contained in the article with an alternative substance. If substitution is not feasible, the product could possibly no longer be produced in the EU.

Further, the REACH Regulation restricts or bans the manufacturing, market placement or use of certain dangerous substances listed in Annex XVII. To date, our products are in compliance with the current version of Annex XVII of the REACH Regulation. In case of amendments, which we closely monitor, we might face costs associated with the substitution of the concerned substance.

16.2.2 CLP Regulation

Upon its adoption, the REACH Regulation was accompanied by the Regulation (EC) No. 1272/2008 on classification, labeling and packaging of substances and mixtures ("**CLP Regulation**"), as amended by Regulation (EU) No. 1297/2014 of December 5, 2014, including comprehensive implementing legislation.

The CLP Regulation seeks to, *inter alia*, ensure that EU workers and consumers are clearly informed of the hazards associated with chemicals by means of a system of classification, labeling and packaging. The aim is to ensure that the same hazards are described and labeled in the same way in all EU countries. The CLP Regulation provides uniform requirements for the classification, labeling and packaging of chemical substances and mixtures according to the United Nations' Globally Harmonized System of classification and labeling of chemicals ("**GHS**"). It requires companies falling under the scope of the CLP Regulation to classify, label and package their hazardous chemicals appropriately before placing them on the market.

Only a handful of our products are covered by the CLP Regulation. We believe that we are in compliance with the requirements of the CLP Regulation.

16.2.3 German legislation

In line with the REACH Regulation and the CLP Regulation, the German Chemicals Act *(Chemikaliengesetz)* establishes additional national requirements (*e.g.*, determination of competent German authorities). The Ordinance on the Prohibition of Certain Hazardous Substances *(Chemikalien-Verbotsverordnung)* contains requirements that must be complied with when placing on the market certain dangerous substances and mixtures, such as proof of competence and notification, information and recording duties. The Chemicals Sanctions Ordinance *(Chemikalien-Sanktionsverordnung)* governs, *inter alia*, sanctions for non-compliance with certain requirements of the REACH Regulation and the CLP Regulation.

16.3 Regulation of production facilities and storage sites

16.3.1 Emissions

In many countries, the emission of air pollutants, noise, odors and vibrations is governed by specific laws and regulations. The operation of industrial facilities is typically subject to permits and operators of these facilities are required to prevent impermissible emissions. Operators of facilities are required to maintain all installations in compliance with the respective permits in terms of the reduction of certain emissions and implementation of safety measures. In some cases, continuous improvement or retrofitting of installations to maintain facilities at "state of the art" safety standards may be required. Compliance with these requirements is monitored by local authorities, and operators may be required to submit emission reports on a regular basis. Non-compliance with maximum emission levels or other requirements imposed by the relevant authority may result in administrative fines, subsequent orders or, in severe cases, the withdrawal of the permit by the relevant authority, provided that such measures comply with the principle of proportionality.

16.3.2 Regulation of hazardous incidents

Operators of facilities storing hazardous goods in larger quantities are required to comply with safety standards set forth in Council Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances ("**Seveso III Directive**") and the respective national implementing laws. As the former Directive 96/82/EC ("**Seveso II Directive**") before it, the provisions of the Seveso III Directive are designed to prevent major accidents involving dangerous substances, such as emissions, fires and larger explosions, and to limit detrimental consequences in the event of an accident. The degree of additional safety requirements depends on the amounts of various categories of hazardous substances stored in the relevant facility. The Seveso III Directive aims to increase the rights for EU citizens to access information and justice, as well the public participation in decision-making.

In Germany, the Seveso III Directive was implemented on December 7, 2016, with the Seveso III transposition law (*Seveso-III Umsetzungsgesetz*). Legislation includes, *inter alia*, the amendment of certain provisions of the German Federal Emission Control Act, the Environmental Impact Assessment Act (*Umweltvertäglichkeitsprüfungsgesetz*) and the Environmental Legal Remedies Act (*Umweltrechtsbehelfgesetz*). Further legislative changes came into force on January 14, 2017 with the amendment of the twelfth ordinance under the German Federal Emissions Control Act (German Hazardous Incidents Ordinance, *Störfall-Verordnung*).

16.3.3 Production, possession and handling of waste

Directive 2008/98/EC on waste (the "**Waste Framework Directive**") governs the collection, transportation, recovery and disposal of waste. The Waste Framework Directive requires EU Member States to take appropriate measures for the prevention of waste and to ensure that waste is recovered or disposed of without endangering human health or causing harm to the environment. Member States must adopt appropriate permitting, registration and inspection requirements.

We are subject to statutory provisions regarding waste management. These provisions may govern permissible methods of, and responsibility for, the generation, handling, possession, discharge and recycling of waste depending on the dangers posed by the waste, among other factors. In particular, the discharge of waste is often restricted to licensed facilities. Under the German Act on Recycling *(Kreislaufwirtschaftsgesetz),* generators, owners, collectors and transporters of waste must demonstrate to the competent authority and to other parties that they have properly disposed of hazardous waste *(gefährliche Abfälle)* by proof of waste disposal *(Entsorgungsnachweis).* Documentation requirements include certain details regarding the handling, type, amount and origin of hazardous waste. In many European jurisdictions, plants must use licensed contractors for the disposal of hazardous or non-hazardous waste.

We believe that we are in compliance with the waste management laws. In particular, we cooperate with several service providers in waste management matters.

16.3.4 Environmental Damage Regulation

We are subject to Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage, as implemented into member state law. The German Environmental

Damage Act *(Umweltschadensgesetz)* creates an obligation to prevent damage to the environment and to remedy such damage regardless of fault. Our obligations thereunder reach beyond the rules of German civil liability for ground water and soil contamination and cover environmental losses that may not be eligible for compensation under other laws. The obligations and liabilities under the German Environmental Damage Act constitute public law obligations to avoid or remedy environmental damage. In addition, non-governmental environmental organizations may institute legal proceedings in the event the relevant authority has failed to take the necessary steps for enforcement.

16.3.5 German Act on Environmental Liability

If damage is caused to persons or property by one of our facilities, we may also be held strictly liable under the German Act on Environmental Liability *(Umwelthaftungsgesetz).* Liability under this statute may arise for damages caused by substances or gases that spread through soil, air or water. Under the statute, there is a presumption that any damage has been caused by a facility if the facility is generally capable of causing the damage in question. Should one of our sites fall under the German Hazardous Incidents Ordinance in the future, we might be required to provide financial security *(Deckungsvorsorge)* for environmental damage on the site.

16.3.6 Health and safety

We are required to comply with applicable laws and regulations to protect employees from dangers arising at work and against occupational injuries in all jurisdictions in which we operate. Under such laws and regulations, employers typically must establish work conditions and procedures in a manner that effectively prevents danger to employees. Such rules and regulations comprise rules on technical protection as well as rules on social protection. In particular, employers must observe certain medical and hygienic standards, and comply with certain occupational health and safety requirements, such as permissible maximum levels for noise at work, the use of personal safety equipment and requirements related to the handling of hazardous, *e.g.*, carcinogenic, substances.

16.3.7 German occupational health and safety requirements

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 and is in particular 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, "***ASiG**"), 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 in relation to these measures. Employers must make precautions for especially hazardous workplaces and situations. They must also provide preventive occupational healthcare. The ASiG contains employers' obligation to appoint and train appropriately qualified officers to support them in occupational health and safety matters, including ergonomic workplace design. These experts are obliged to advise employers in the entire range of health and safety factors in the working environment. This begins with the planning of operating facilities and the purchasing of equipment and extends to advising employers in the assessment of working conditions. The aforementioned general obligations are substantiated in several regulations which are further detailed in technical guidelines. Germany's occupational safety regulatory regime also includes the German Work Equipment Regulation *(Betriebssicherheitsverordnung, "***BetrSichV**"), which includes rules that work equipment must not endanger the health and safety of employees, the German Workplaces Regulation *(Arbeitsstättenverordnung, "***ArbStättV**"), which specifies how factories, workshops, offices, warehouses and shops must be equipped, and a number of technical guidelines enacted under these regulations.

We are also subject to the Regulation on Hazardous Substances *(Gefahrstoffverordnung "***GefStoffV**"), which contains, *inter alia*, provisions regarding the handling and storage of hazardous substances. It particularly sets forth provisions for the protection of employees who deal with hazardous substances. For instance, it places

employers under the obligation to assess the dangers resulting from hazardous substances, to implement preventive measures and to instruct employees about these measures. Moreover, it requires compliance with additional notification obligations *vis-à-vis* the competent authority and in accordance with applicable safety requirements. The provisions state the priority of technical and organizational measures over personal safety equipment, a principle which has been further enhanced by the recent revision of the Regulation on Hazardous Substances. Ongoing changes, *inter alia*, in the state of the art regarding the handling and storage of hazardous substances might cause us to incur costs, *e.g.*, for changing operational sequences. 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, to search for documents and to examine the work equipment and the personal health equipment. They are also authorized to impose fines. We believe that we are in compliance with applicable occupational health and safety laws.

16.4 Transportation of dangerous goods

16.4.1 Overview transportation of dangerous goods

While the majority of goods transported for us and on our behalf are non-dangerous goods, the absolute volume of dangerous goods is still relevant. In particular, certain categories of batteries *(e.g.,* batteries containing lithium) are subject to regulations regarding the transportation of dangerous goods.

The transportation of dangerous goods is governed by international conventions under the auspices of the United Nations Economic Commission for Europe ("**UNECE**"), the European Agreement concerning the International Carriage of Dangerous Goods by Road ("**ADR**") and the European Agreement concerning the International Carriage of Dangerous Goods by Inland Waterways ("**ADN**"), as well as by the Regulations concerning the International Carriage of Dangerous Goods by Rail ("**RID**") as set forth in Appendix C to the Convention concerning International Carriage by Rail ("**COTIF**"). These international treaties contain basic regulations regarding, *inter alia*, the transportation of hazardous substances as well as the packaging of these goods in the signatory states. They have been enacted in the EU as part of Directive 2008/68/EC, as amended by Directive (EU) 2016/2309, on the inland transportation of dangerous goods.

German law encompasses various legislation on the carriage of dangerous goods, including the German Act on the Carriage of Dangerous Goods *(Gefahrgutbeförderungsgesetz)* as the framework legislation providing the legal basis for issuing respective ordinances or the Ordinance on the National and International Carriage of Dangerous Goods by Road, Rail, and Inland Waterways *(Gefahrgutverordnung Straße, Eisenbahn und Binnenschifffahrt)* implementing Directive (EU) 2016/2309. The latter regulates the transportation of goods, labeling of packages, the requirements for the construction and identification of containers and tanks, certificates of qualification and transportation documentation, protection measures during transportation, as well as loading, unloading, handling and carriage procedures.

Aircraft transportation is subject to different standards such as the International Civil Aviation Organization's ("**ICAO**") Technical Instructions for the Safe Transport of Dangerous Goods by Air and the International Air Transport Association's Dangerous Goods Regulation ("**IATA DGR**").

We believe that we are in compliance with the applicable regulations on the transportation of dangerous goods. We closely and proactively monitor amendments to the applicable regulations and, if needed, take appropriate measures. Such measures might include, *inter alia*, changes in the design of our products as well as the production processes.

16.4.2 Transportation of Li-Ion

The United Nations' Recommendations on the Transport of Dangerous Goods are contained in the United Nations Model Regulations prepared by the Committee of Experts on the Transport of Dangerous Goods of the United Nations Economic and Social Council ("**ECOSOC**"). They cover the transportation of dangerous goods (including Li-Ion batteries) by all modes of transportation except by bulk tanker. They are not obligatory or legally binding on individual countries, but have gained a wide degree of international acceptance as they form the basis of several international agreements and many national laws.

16.5 Dual-use export control regime

16.5.1 Overview

Dual-use export controls affect the research and development, production and trade of typically high-tech, advanced products across a wide range of industries, including energy, aerospace, defense and security, telecommunications and information security, life sciences, chemical and pharmaceutical industries, material-processing equipment, electronics, semiconductor and computing, lasers and navigation. The trade in dual-use items – *i.e.* items including software and technology that can be used for both civilian and military purposes and goods which can be used for both non-explosive uses and assisting in any way in the manufacture of nuclear weapons or other nuclear explosive devices – is subject to controls to prevent the risks that these items may pose for international security. The controls derive from international obligations (in particular UN Security Council Resolution 1540, the Chemical Weapons Convention and the Biological Weapons Convention) and are in line with commitments agreed upon in multilateral export control regimes.

16.5.2 EU Dual-Use Export Control Regime

The EU export control regime is governed by Regulation (EC) No 428/2009 ("**Dual-Use Regulation**"), which provides for common EU control rules, a common EU control list of dual-use items and harmonized policies for implementation. Under the EU regime, the export of dual-use items is subject to control and dual-use items may generally not leave the EU customs territory without an export authorization. The Dual-Use Regulation is binding and directly applicable throughout the EU. EU Member States nevertheless need to take certain measures for implementing of some of its provisions, including in relation to breaches and applicable penalties. The existence of a common control system generally allows for the free movement of dual-use items within the EU Single Market; thus, dual-use items may generally be traded freely within the EU, except for some particularly sensitive dual-use items set out in Annex IV of the Dual-Use Regulation, whose intra-community transfer within the EU is subject to prior authorization. For the export of dual-use items listed in Annex I of the Dual-Use Regulation (including lithium) an export authorization is required. There is also an authorization requirement for other dual-use items not listed in Annex I of the Dual-Use Regulation, if the items in question are or may be intended for use in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of chemical, biological or nuclear weapons or other nuclear explosive devices, or the development, production, maintenance or storage of missiles capable of delivering such weapons. On September 28, 2016, the EU Commission adopted a proposal for a modernization of the EU export control system. The Commission proposal was discussed in the Council and the European Parliament in the course of 2017, as part of the legislative process; it is currently again being discussed within the Council.

German Dual-Use Export Control Regime

In Germany, besides the Dual-Use Regulation, export control of dual-use items is governed by the Foreign Trade and Payments Regulation ("**AWV**") and the Foreign Trade and Payments Act ("**AWG**"), among other provisions. Export authorizations are generally granted by the Federal Office of Economics and Export Control ("**BAFA**").

17. General Information about the Company

17.1 Formation, domicile, legal form, legislation, registration with the commercial register, name and registered office

The legal name of the Company is "AKASOL AG". The commercial name of the Company is "AKASOL". AKASOL AG is a German stock company (*Aktiengesellschaft*) founded in Germany and registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Darmstadt, Germany under docket number HRB 97834 with its registered seat in Darmstadt, Germany. The Company is governed by German law.

The Company was first incorporated on October 10, 2008, with its registered seat in Darmstadt, Germany and an initial share capital of €25,000.00. The formation was registered with the local court (*Amtsgericht*) of Darmstadt under docket number HRB 87340 on November 27, 2008. The Company changed its legal form into a stock company (*Aktiengesellschaft*) on June 8, 2018 upon the recording of the form change in the commercial register. With effect as of the same date, the Company changed its legal name into "AKASOL AG" and its business objective substantially into the business objective set out in Section 17.2 below.

The financial year of the Company is the calendar year. The term of the Company is unlimited. However, except in case of insolvency, the Company can be dissolved, in particular, by a resolution of the shareholders' meeting which requires a majority of not less than three-fourths of the share capital represented at the passing of the resolution.

The registered business address of the Company is Landwehrstraße 55, 64293 Darmstadt, Germany. The Company can be reached by telephone under the number +49 6151 800500.

17.2 Business objective

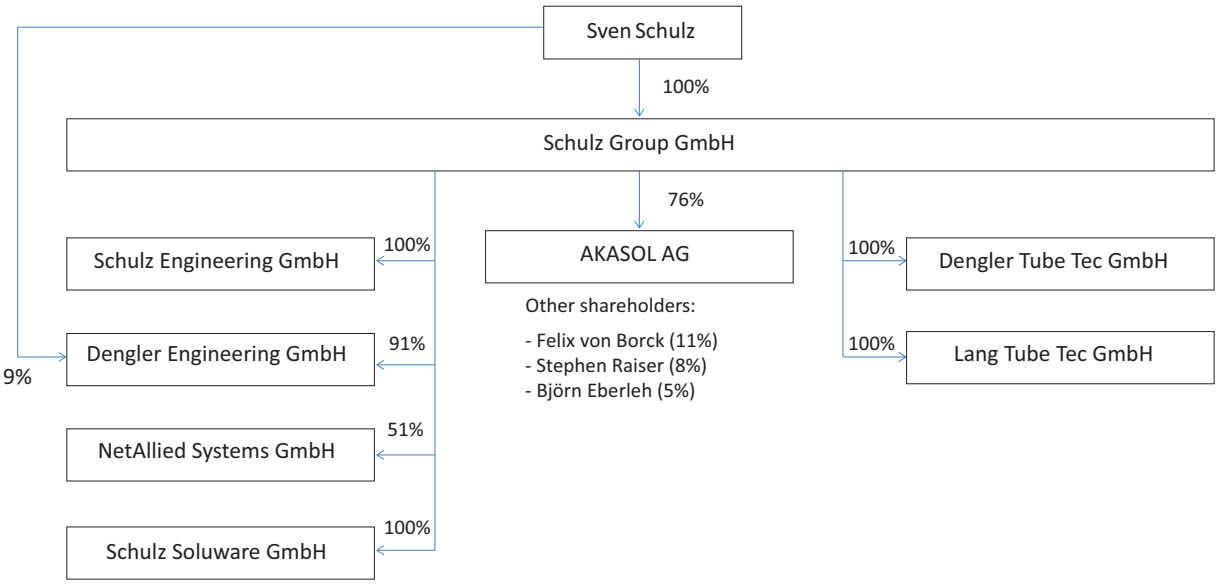
According to Section 2.1 of the Articles of Association of the Company, the Company's business purpose is developing, manufacturing and distributing mobile and stationary energy storage systems as well as alternative propulsion systems and regenerative energy systems. The Company's business purpose is further to provide development services and consulting services with regard to alternative propulsion systems and concepts as well as energy storage technologies and solutions.

According to Section 2.2 of the Articles of Association of the Company, the Company may take any and all measures, and conduct all kinds of businesses, which may directly or indirectly serve the purpose of the Company. The Company may establish branch offices and may acquire, establish or participate in enterprises, in Germany or abroad. The Company may manage such enterprises or conclude inter-company agreements (*Unternehmensverträge*) with them. Further the Company may transfer its business wholly or partially to such enterprises.

17.3 Company structure

The Company is part of the Schulz Group. As the parent company of the Schulz Group, Schulz Group GmbH has historically exercised certain group management functions, such as strategy, risk management, group accounting and controlling, treasury, legal, taxation, investor relations, Group marketing and public relations. Schulz Group GmbH and the Company intend to achieve a high level of independence for the Company and to transfer all areas of responsibility, except for information technology, to the Company itself by the end of this year. Fees related to information technology services are negotiated at arm's length, and may be outsourced to a third party in the future. The operating business of the group companies, including AKASOL, is conducted exclusively by the relevant direct and indirect operating subsidiaries of Schulz Group GmbH.

The following chart shows in simplified form the current structure of the Schulz Group as of the date of the Prospectus (unless indicated otherwise, the respective shareholdings are 100%):



17.4 Significant subsidiaries

We do not have any significant subsidiaries as of the date of the Prospectus. Our only subsidiary is AKASOL, Inc., incorporated in Michigan, United States of America, which is not yet active.

17.5 Auditor

The Audited IFRS Financial Statements were audited by BDO AG, Wirtschaftsprüfungsgesellschaft, registered at Fuhlentwiete 12, 20355 Hamburg, Germany, through its office located at Katharina-Heinroth-Ufer 1, 10787 Berlin, Germany (the "**Auditor**"). The Auditor is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany and has issued an unqualified independent auditor's report (*uneingeschränkter Bestätigungsvermerk des unabhängigen Abschlussprüfers*) on the Audited IFRS Financial Statements as included in the Prospectus.

With respect to the Audited IFRS Financial Statements, the Auditor conducted its audits in accordance with Section 317 German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer e.V.*).

17.6 Announcements

According to Section 3 of the Articles of Association, announcements are to be published in the electronic version of the German Federal Gazette (*Bundesanzeiger*) unless mandatory provisions require publication via other media. For statements or information that must be made available to the shareholders by law but that are not subject to specific form requirements posting on the Company's website is sufficient. Information to shareholders may also be transmitted via electronic media, to the extent permitted by law.

In compliance with the provisions of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), notices in connection with the approval of the Prospectus, or supplements thereto must be published in the manner stipulated for the Prospectus, *i.e.*, by publication on our website (https://www.akasol.com/investor-relations) and by making print versions available free of charge at the Company's offices and the offices of the Underwriters during regular business hours.

Publications concerning the Shares of the Company will be published in the German Federal Gazette and, if required by mandatory provisions, by media suitable for publication in the European Economic Area.

18. Information on the Company's Share Capital and further Material Provisions of the Articles of Association

18.1 Share capital and shares

The share capital of the Company amounts to €4,000,000.00 as of the date of the Prospectus. It is divided into 4,000,000 bearer shares with no par value *(auf den Inhaber lautende Stammaktien*), each with a notional amount of the share capital of €1.00. The share capital of the Company has been fully paid in.

Each share carries one vote at the Company's General Shareholders' Meeting. There are no restrictions on voting rights and the shares carry full dividend entitlement.

In the event that the Company is dissolved, the Company's assets remaining after settlement of its liabilities will be distributed among the shareholders.

The Management Board determines the form of the share certificates as well as the interim certificates, dividend coupons, renewal coupons, bonds and interest coupons. Global certificates, in which the respective shareholders hold co-ownership interests, may be issued. Pursuant to Section 5.3 of the Articles of Association, shareholders are not entitled to receive definitive share certificates (*Aktienurkunden*) for their shares.

The Company's share capital as of the date of the Prospectus is represented by one global share certificate without dividend coupons, which is held with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany. An additional global share certificate without dividend coupons will be issued for the New Shares and will likewise be deposited with Clearstream.

18.2 Development of the share capital

The Company was incorporated on October 10, 2008, with a registered share capital of €25,000.00.

Since that time, the registered share capital of the Company has been increased in several stages:

- By a resolution of the extraordinary General Shareholders' Meeting on April 25, 2013, which was registered with the commercial register of the local court of Darmstadt on September 9, 2013, our share capital was increased from €25,000,00 against contributions in cash in the amount of €1,975,000.00 to an aggregate of €2,000,000.00;
- By a resolution of the extraordinary General Shareholders' Meeting on April 24, 2018, which was registered with the commercial register of the local court of Darmstadt on May 3, 2018, our share capital was increased from €2,000,000.00 against contributions in cash and contributions in kind (*gemischte Bar- und Sachkapitalerhöhung*) in the amount of €2,000,000.00 to an aggregate of €4,000,000.00;
- By a resolution of the extraordinary General Shareholders' Meeting on June 8, 2018, as amended by resolutions of the Management Board and the Supervisory Board adopted on June 14, 2018 expected to be registered with the commercial register of the local court of Darmstadt on June 28, 2018, the share capital of the Company will be increased from €4,000,000.00 against contributions in cash in the amount of up to €2,061,856 to an aggregate of up to €6,061,856.

Furthermore, the extraordinary General Shareholders' Meeting on June 8, 2018 authorized the Management Board to apply for the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (Prime Standard) of all shares of the Company.

18.3 General provisions governing a liquidation of the company, a change in the share capital and subscription rights

18.3.1 General provisions governing a liquidation of the company

Apart from liquidation following insolvency proceedings, the Company may be liquidated, in particular, by a resolution of the general shareholders' meeting to dissolve the Company followed by a liquidation procedure. The resolution of the General Shareholders' Meeting requires a majority of not less than three-fourths of the share capital represented at the passing of the resolution (Section 262 (1) no. 2 of the German Stock

Corporation Act (*Aktiengesetz*)). Pursuant to Section 271 of the German Stock Corporation Act, in the event of the Company's liquidation, the assets remaining after all liabilities of the Company have been satisfied are divided among the shareholders in proportion to their interest in the Company's share capital. Certain restrictions, provided by the German Stock Corporation Act, in particular restrictions for the benefit of creditors, must be observed.

18.3.2 General provisions governing a change in the share capital

The general shareholders' meeting of the Company may resolve on a share capital increase. Under Section 182 (1) of the German Stock Corporation Act (*Aktiengesetz*), a German stock company requires a general shareholders' meeting resolution with a majority of not less than three-fourths of the share capital represented at the passing of such a resolution.

In accordance with Section 202 (2)-(3) of the German Stock Corporation Act, the shareholders of the Company may also resolve on the creation of authorized capital which requires a general shareholders' meeting resolution with a majority of not less than three-fourths of the share capital represented at the passing of the resolution whereas the nominal amount of the authorized capital may not exceed half of the existing share capital at the time the authorization is granted.

In addition, conditional capital may be created by the general shareholders' meeting by a resolution with a majority of not less than three-fourths of the share capital represented at the passing of the resolution, pursuant to Section 193 (1) of the German Stock Corporation Act. Conditional capital should only be created in order to grant exchange or subscription rights to holders of convertible bonds, to prepare for a business combination with one or more other companies or to grant subscription rights to employees and members of our management. In case conditional capital is created for the purpose of granting subscription rights to employees and members of the Company's management, its nominal amount may not exceed 10% of the share capital in existence at the time the resolution is adopted. In all other cases, the nominal amount must not exceed 50% of the Company's existing share capital, provided, however, in both cases that it does not, in aggregate, exceed 50% of the Company's existing share capital.

The general shareholders' meeting of the Company may also resolve on a share capital decrease. Such resolution requires a majority of not less than three-fourths of the share capital represented at the passing of the resolution, pursuant to Section 222 (1) of the German Stock Corporation Act.

18.3.3 General provisions governing subscription rights

According to Section 186 of the German Stock Corporation Act (*Aktiengesetz*), each shareholder is generally entitled to subscription rights to subscribe for new shares to be issued pursuant to a capital increase (including convertible bonds, warrant-linked bonds, profit participation rights or participating bonds). Subscription rights are freely transferable and may be traded on German stock exchanges within a specified period prior to the expiration of the subscription period. However, shareholders do not have a right to request admission to trading for subscription rights. The general shareholders' meeting may exclude the subscription rights with a majority of not less than three-fourths of the share capital represented at the passing of the resolution. Furthermore, according to Section 186(4) of the German Stock Corporation Act, the exclusion of shareholders' subscription rights also requires a proper notice and a written report from the Management Board (*Vorstand*) that justifies and demonstrates that the company's interest in excluding subscription rights outweighs the interest of the shareholders being granted such subscription rights. The exclusion of subscription rights is, in particular, allowed if the share capital is increased against cash contributions, the amount of the capital increase does not exceed 10% of the existing share capital and at the same time the issue price of the new shares is not substantially lower than the stock exchange price.

18.4 Authorized capital

The General Shareholders' Meeting may, by resolution requiring a majority of three quarters of the share capital represented at the meeting, authorize the Management Board to increase the share capital by an amount not exceeding 50% of the existing capital with a specified period not exceeding five years.

Pursuant to 4.5 of the Articles of Association, together with Section 202 of the German Stock Corporation Act (*Aktiengesetz*), the Management Board, is authorized to increase, only with the consent of the Supervisory

Board (as defined in Section 5.1), the registered share capital of the Company until May 13, 2023 once or repeatedly in the total amount of up to €2,000,000.00 by the issuance of new no-par value bearer shares against contributions in cash or in kind ("**Authorized Capital 2018**").

Shareholders must generally be granted a subscription right with respect to these shares. Pursuant to Section 186(5) of the German Stock Corporation Act (*Aktiengesetz*), the new shares may also be taken over by a credit institution or an enterprise as defined in Section 53(1) sentence 1 or Section 53b(1) sentence 1 or Section 53b(7) of the German Banking Act (*Gesetz über das Kreditwesen*) with the obligation to offer them to the shareholders for subscription (indirect subscription right).

The Management Board, however, is authorized fully or partially to exclude the subscription rights of the shareholders, with the consent of the Supervisory Board,

(i) in case of capital increases against contributions in kind for the purpose of an acquisition of companies, parts of companies or interests in companies, or any other assets;

(ii) in the case of fractional amounts;

(iii) in the event of capital increases against cash contributions provided that the issue price of the new shares is not substantially (in the sense of Section 186(3) sentence 4 of the German Stock Corporation Act) lower than the stock exchange price of the shares of the Company and the shares issued by excluding the subscription right in accordance with Section 186(3) sentence 4 of the German Stock Corporation Act in aggregate do not exceed 10% of the share capital at the time of this authorization or, provided this amount to be lower, at the time of exercise of this authorization. This 10% limit must include shares issued or to be issued for servicing bonds with conversion or option rights or an obligation to convert, if such bonds were issued during the term of this authorization with the shareholders' subscription rights being excluded by (analogous) application of Section 186(3) sentence 4 of the German Stock Corporation Act. Further, when calculating the 10% limit, the number of treasury shares sold are to be taken into account, if the sale occurs during the term of this authorization with the shareholders' subscription rights being excluded in accordance with or by analogous application of Section 186(3) sentence 4 of the German Stock Corporation Act.

The Management Board is authorized to determine any further details of the capital increases and its implementation, in particular the content of share-related rights and the general terms and conditions of the issuance of the shares, subject to the Supervisory Board's approval.

The Supervisory Board is authorized to adjust the wording of the Articles of Association accordingly once the Authorized Capital 2018 has been depleted or the deadline for its utilization has elapsed.

18.5 Treasury shares

The Company currently holds no treasury shares.

18.6 Mandatory takeover bids, exclusion of minority shareholders, share ownership notification requirements, managers' transactions

18.6.1 Mandatory takeover bids

After the shares of the Company are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (Prime Standard), the Company is subject to the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* – "***WpÜG***").

Under the provisions of the WpÜG, shareholders who acquire 30% or more of the voting rights in a listed stock corporation are obligated to publish this fact, including the percentage of their voting interest, without undue delay, but no later than within seven calendar days and subsequently (provided no exemption from this obligation has been granted by the BaFin) make a mandatory tender offer to all shareholders of the target company. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights connected with the shares.

If a shareholder fails to disclose that the 30% threshold was reached or exceeded or fails to submit a mandatory public offer, the shareholder will be precluded from exercising the rights associated with these

shares (including the voting right and in case of willful failure to send the notice and failure to subsequently send the notice in a timely fashion, the right to receive dividends) while such default subsists. In addition, an administrative fine may be imposed in the event of failure to comply with duties of notification.

18.6.2 Exclusion of minority shareholders

Pursuant to Sections 327a et seqq. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called "squeeze-out" process, the general shareholders' meeting of a stock corporation may resolve upon the request of a shareholder holding at least 95% of the share capital on the transfer of the shares of the remaining minority shareholders to such shareholder holding at least 95% of the share capital, in exchange for granting reasonable cash compensation.

The amount of the cash compensation to be granted to the minority shareholders must take into account "the circumstances of the company" at the time the resolution is adopted by the general shareholders' meeting. The amount of the compensation is determined by the full value of the enterprise which is normally determined using the capitalized earnings method (*Ertragswertverfahren*).

The shareholding requirements for a squeeze-out are lowered if the squeeze-out takes place in connection with the merger of a subsidiary into the parent company. According to Section 62(5) of the German Reorganization of Companies Act (*Umwandlungsgesetz*), the general shareholders' meeting of a transferring stock corporation may, within three months after the signing of the merger agreement, adopt a squeeze-out resolution in accordance with Section 327a of the German Stock Corporation Act if the acquiring company is a German stock corporation, partnership limited by shares (*Kommanditgesellschaft auf Aktien*) or a European company (*Societas Europaea, SE*) having its seat in Germany that holds at least 90% of the registered share capital. After registration of the squeeze-out with the commercial register, the merger can be implemented without a further resolution by the general shareholders' meeting of the subsidiary.

In addition to the squeeze-out process under the German Stock Corporation Act (*Aktiengesetz*) summarized above, the WpÜG permits the so-called squeeze-out under the law on takeovers. Under these provisions, a bidder holding at least 95% of the voting share capital in a target company (within the meaning of the WpÜG) after a public takeover offer or mandatory offer can generally file a motion with the district court (*Landgericht*) of Frankfurt am Main for the transfer of the other voting shares in exchange for the grant of reasonable compensation by means of a court order within three months after expiration of the acceptance period. A resolution of the general shareholders' meeting is not necessary. The type of compensation must correspond to the consideration in the takeover offer or the mandatory offer; cash compensation must always be offered as an alternative. The consideration offered in connection with the takeover or mandatory offer is deemed to be reasonable if the bidder has acquired shares equal to at least 90% of the share capital affected by the offer. In addition, shareholders have a sell-out right. During squeeze-out proceedings under the law on takeovers initiated upon the motion of the bidder, the provisions on a squeeze-out under stock corporation law do not apply, and they are only applicable after a final conclusion of the squeeze-out proceedings under takeover law.

Pursuant to Sections 319 et seqq. of the German Stock Corporation Act (*Aktiengesetz*) regarding the so-called integration process (*Eingliederung*), the general shareholders' meeting of a stock corporation can resolve upon the integration into another company if the future principal company holds all of the shares of the company to be integrated. The existing shareholders in the integrated company have a claim for reasonable compensation which must as a general rule be granted in the form of own shares in the principal company. The amount of the compensation must be determined using the so-called merger value ratio (*Verschmelzungswertrelation*) between the two companies, *i.e.*, the exchange ratio which would be considered reasonable in the event of merging the two companies. In contrast to the rules governing squeeze-outs, integration is only possible if the future principle company is a stock corporation domiciled in Germany.

18.6.3 Share ownership notification requirements

After the shares of the Company are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (Prime Standard), the Company is subject to the provisions of the WpHG, which has

been amended effective as of January 3, 2018, most recently by the Second Amendment of the Financial Market Regulation due to European Legislation (*Zweites Finanzmarktnovellierungsgesetz –"**2. FiMaNoG**"*).

The WpHG provides that any shareholder who, through acquisition, sale or otherwise, reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the voting rights in a listed company whose country of origin is Germany must notify the respective company and the BaFin without undue delay, but no later than four trading days after the event, of having reached, exceeded or fallen below the threshold values and must also disclose the amount of its current share of the voting rights. The prescribed time limit commences at the time when the shareholder required to give the notification has actual knowledge or should have had knowledge under the circumstances that its share of voting rights reached, exceeded or fell below the stated thresholds. It is assumed that the shareholder required to give the notification has gained knowledge about his shareholding two trading days after the reaching, exceeding or falling below the aforementioned thresholds.

Except for the threshold at 3%, corresponding disclosure obligations towards the Company and the BaFin apply for reaching, exceeding, or falling below the above mentioned threshold values when the relevant shareholder directly or indirectly holds financial instruments (i) which either, on maturity, give the holder the unconditional right to acquire already issued shares carrying voting rights in the Company or the discretion as to his right to acquire such shares in the Company or (ii) which are referenced to already issued shares of the Company carrying voting rights and have similar economic effect to the instruments mentioned under (i), irrespective of whether or not they confer a right to a physical settlement. In particular such instruments comprise transferable securities, options, futures, swaps, forward rate agreements and contracts for differences. The number of voting rights relevant for the notification requirement is generally calculated by reference to the full nominal amount of shares underlying the instrument, except where the instrument provides exclusively for a cash settlement. The voting rights from shares and voting rights obtainable through financial instruments will be aggregated.

The WpHG defines "holding" as the existence of an unconditional claim related to a transfer of shares without any undue delay or a respective obligation.

In case of non-compliance with the notification requirement, for example by failing to file a notice or providing false information, the shareholder is precluded from exercising the rights attached to its shares (including voting rights and the right to dividends) for the duration of the failure. Under certain circumstances the shareholder is precluded from exercising the rights attached to its shares for a period of six months after he or she files the necessary notice. In addition, a fine may be imposed for failure to comply with the notification requirement.

18.6.4 Managers' transactions

According to the rules of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and repealing Directive No. 2003/6/EC of the European Parliament and of the Council and Commission Directives No. 2003/124/EC, No. 2003/125/EC and No. 2004/72/EC ("Market Abuse Regulation"), persons discharging managerial responsibilities ("**Manager**") within the company are obliged to notify the company and the German Financial Supervisory Authority (the "**BaFin**") within three working days regarding any of their transactions in shares of the company or financial instruments linked to them, particularly derivatives. This obligation also applies to persons closely associated with to a Manager. The company is obliged to promptly publish the information received in accordance with the foregoing and to simultaneously notify the BaFin of the publication no later than three business days after the transaction. Notification is not required if the sum of all transactions involving a Manager and persons closely related to him or her is less than €5,000 in a given calendar year.

A "Manager" is any member of the company's administrative, management or supervisory body or another senior executive who has regular access to inside information relating directly or indirectly to the company and power to take managerial decisions affecting the future developments and business prospects of the company. Persons closely related to a Manager are spouses, registered civil partners, dependent children as well as other relatives who have been living in the same household as the Manager for at least one year when the relevant transaction is made. Notification is also required for transactions by legal entities in which a

Manager or any of the aforementioned parties holds management responsibilities, which are directly or indirectly controlled by a Manager or such a party, which were established for the benefit of a Manager or such a party or whose economic interests are substantially equivalent to those of a Manager or such party. Non-compliance with the notification requirements may result in a fine.

Furthermore, the Market Abuse Regulation imposes a closed period of 30 calendar days prior to the announcement of an interim financial report or a year-end report which the company is obliged to publish, during which a Manager shall not conduct any transactions in shares of the Company or financial instruments linked to them, particularly derivatives, or act on behalf of a third party in relation to such transactions.

18.6.5 Sanctions

The German law on the Second Amendment of the Financial Market Regulation due to European Legislation (*Zweites Finanzmarktnovellierungsgesetz –"**2. FiMaNoG**"*) has introduced the following sanctions into the WpHG:

- Infringements against the prohibition of insider dealing and market manipulation will be subject to a fine of up to a maximum amount of €5 million for individuals and of €15 million or 15% of the consolidated revenue of the group for corporations.
- If a company fails to comply with its duties to publish a Public Disclosure, it may be subject to fines up to a maximum amount of €2.5 million or 2% of the consolidated revenue of the group. Additionally, if the company has received economic advantages through the non-publication, the BaFin may impose penalties of up to a maximum of three times the economic advantage.
- Infringements with regard to directors' dealings will be sanctioned with a fine of up to €500,000 for individuals and up to €1 million for corporations.

Additionally, criminal sanctions are possible in case of willful non-compliance.

The BaFin is obliged to publish its decisions on any imposed aforementioned sanctions on its website for a period of at least five years.

19. Corporate Bodies

19.1 Overview

The Company is a stock company (*Aktiengesellschaft*) with its registered office in Darmstadt, Germany.

Furthermore, the Company is governed by the general provisions of German corporate law, particularly the German Stock Corporation Act (*Aktiengesetz*) and the German Commercial Code. German stock corporations are generally governed by a Supervisory Board and a Management Board. The Articles of Association provide for such a two-tiered governance system with a Supervisory Board and a Management Board.

The powers vested in these bodies are set forth in the German Stock Corporation Act (*Aktiengesetz*), the Articles of Association (*Satzung*) and the internal rules of procedure (*Geschäftsordnungen*) for the Management Board and the Supervisory Board.

The Management Board manages the Company's business in accordance with the provisions of the relevant statutes, the Articles of Association, the resolutions of the general shareholders' meeting (*Hauptversammlung*), and the internal rules of procedure for the Management Board including a schedule of responsibilities (*Geschäftsverteilungsplan*). It represents the Company in its dealings with third parties.

The Management Board is responsible for the management of the entire Company. Further, it bears responsibility for the preparation of the quarterly and half-year reports and our annual financial statements, ensures compliance with the legal provisions and the Company's internal guidelines, and strives to achieve adherence to these. In particular, it ensures an appropriate adequate risk management and risk controlling throughout the Company.

The Supervisory Board appoints the members of the Management Board and is authorized to remove a member of the Management Board before the expiration of his or her term for good cause. Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the Supervisory Board advises and supervises the Management Board in its management of the Company but is not authorized to perform management tasks.

Pursuant to the rules of procedure of the Management Board, apart from the cases provided for by law and to the extent permitted by law, the Management Board shall be allowed to conduct the following measures and transactions, or in case of subsidiaries and associated companies, let conduct the following measures and transactions only with the prior approval of the Supervisory Board:

- adoption of the Company's annual budget including the investment and financial planning as well as the underlying partial planning including the balance sheet and the consolidated profit and loss amount for the Company;
- operations and measures relating to the business structure or the general principle of the business strategy or leading to a material change of the business development, especially the establishment of new business divisions and the discontinuance or material limitation of existing business divisions;
- disposal or transmission of the entire business or material business parts or the leasing of the business or material business parts;
- foundation, disposal or acquisition of interest in other companies, regardless of the legal form, or the acquisition of other businesses in whole or material business parts provided that the transaction exceeds a volume of 10% of the annual turnover of the preceding financial year;
- admission to trading and de-listing of the shares of the Company;
- conclusion and termination of intercompany agreements pursuant to the Sections 291 and 292 of the German Stock Corporation Act;
- utilization of authorized capital;
- implementation of stock option programs and other staff programs;
- acquisition, disposal or encumbrance of real property or of rights equivalent to real property; erection of buildings or implementations of modifications not reflected in the annual budget and exceed a volume of 10% of the balance sheet total at the end of the preceding financial year;

- investments in the individual case, not reflected in the annual budget and exceed a volume of 10% of the balance sheet total at the end of the preceding financial year (including the assumption of additional obligations);
- conclusion, amendment or termination of contracts with (i) shareholders, members of the Management Board or the Supervisory Board or their relatives pursuant to Section 15 Fiscal Code (*Abgabenordnung*) and (ii) companies, in which a person mentioned in clause (i) directly or indirectly holds more than 10%;
- measures relating to associated companies including (i) the conclusion, amendment or termination of the articles of association and (ii) the liquidation, merger or continuation of the Company in the case of a liquidation reason;
- conclusion, amendment or termination of contracts relating to goods of the fixed assets provided that the respective market value exceeds 10% of the fixed assets.

To the extent permitted by law, the resolutions of the Supervisory Board concerning these matters are adopted by a simple majority of the votes cast. The Supervisory Board may also provide for further transactions which require its consent. It may grant revocable general approval in advance with respect to respect a specific class or type of matter. The members of the Management Board and the Supervisory Board are subject to fiduciary duties and duties of care towards the Company. The members of these bodies must take a wide range of interests into consideration, including those of the Company, its shareholders, its employees, its creditors and, to a limited extent, the general public. In addition, the Management Board must consider the shareholders' rights to equal treatment and equal information. In the event that the members of the Management Board or the Supervisory Board breach their duties, they are jointly and severally liable to the Company. Under German law, however, a shareholder generally does not have standing to sue members of the Management or Supervisory Board directly if he or she believes that these have breached their duties to the Company. Only the Company has the right to claim damages from the members of the Management or Supervisory Board. The Company may not waive compensation rights for three years from the date on which such rights arose, and may only do so or reach a settlement if so resolved by the shareholders at the general shareholders' meeting with a simple majority of the votes cast and provided that a minority of shareholders whose shares together make up or exceed 10% of the share capital do not raise an objection that is recorded in the minutes. Shareholders and shareholder associations may call on other shareholders, for example in the shareholder forum (*Aktionärsforum*) of the Federal Gazette (*Bundesanzeiger*), to apply for a special audit or a call for a general shareholders' meeting to be convened or exercise their voting rights in the general shareholders' meeting, either jointly or by proxy. Shareholders who together hold 1% of the share capital or a proportionate share of €100,000 can also assert a claim for damages against members of the governing bodies on behalf of the Company in their own name by way of a claim admission process.

German law prohibits individual shareholders (or any other person) from exercising their influence on the Company so as to cause a member of the Management or Supervisory Board to act in a manner that would be detrimental to the Company. Shareholders with a controlling influence may not use their influence to cause the Company to act against its interests unless a domination agreement (*Beherrschungsvertrag*) exists between the shareholder and the Company and the influence is exercised within the scope of certain mandatory statutory provisions or the damages are compensated for. Anyone who uses his or her influence to cause a member of the Management or Supervisory Board, an authorized officer (*Prokurist*), or an authorized agent (*Handlungsbevollmächtigter*) to act in a manner that would be detrimental to the Company or its shareholders is liable for the damage incurred by the Company and its shareholders as a result thereof. Moreover, if members of the Management Board or the Supervisory Board breach their duties they are jointly and severally liable for the resulting damages.

19.2 Management Board

19.2.1 Overview

Under the Articles of Association, the Management Board consists of a minimum of two persons, with the Supervisory Board deciding on the exact number. Currently, the Management Board consists of two members, with Sven Schulz appointed as chair.

According to the Articles of Association, the Supervisory Board appoints the members of the Management Board for a period to be determined upon appointment of the respective Management Board member. Reappointment prior to the end of the year before expiration of the appointment period carried out in tandem with the abrogation of the current appointment should only take place under special circumstances. The Supervisory Board is also responsible for entering into, amending and terminating service agreements with the members of the Management Board and, in general, for representing the Company in and out of court against members of the Management Board. The Management Board determines the Company's business areas and segments. The chair of the Supervisory Board sets up a schedule of responsibilities (*Geschäftsverteilungsplan*) allocating the businesses to the various members of the Management Board.

Unless otherwise provided by mandatory law or mandatory provisions in the Articles of Association, resolutions of the Management Board are adopted with a simple majority of the votes cast. The chair of the Management Board may cast the deciding vote.

According to Section 8 of the Articles of Association, the Company must be represented jointly by two members of the Management Board or a member of the Management Board jointly with an authorized officer (*Prokurist*). The Supervisory Board may, according to Section 8 of the Articles of Association, appoint individual members of the Management Board to represent the Company solitarily.

The Supervisory Board may, according to Section 8 of the Articles of Association, authorize individual members of the Management Board generally or in a particular instance to represent the Company in legal acts with themselves as a representative of a third party.

19.2.2 Current members of the Management Board

The following table lists the current members of the Management Board, their date of birth, the date on which they were first appointed, the date on which their current appointment is scheduled to end, their position as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Company during the past five years; unless stated otherwise below, these memberships are current:

Name	Date of birth	First appointed	Appointed until	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years
Sven Schulz	November 11, 1975	May 14, 2018	May 13, 2023	Chair of the Management Board	Managing Director of Schulz Engineering GmbH from October 2005 to April 2014 Managing Director of Dengler Tube Tec GmbH from April 2013 to November 2017 Managing Director of NetAllied Systems GmbH from July 2002 to March 2014 Managing Director of Schulz Soluware GmbH from October 2016 to October 2017
Dr. Curt Philipp Lorber	September 28, 1971	May 14, 2018	May 13, 2023	Deputy Chair of the Management Board	Head of Finance of msg life ag from August 2012 to April 2018

The members of the Management Board may be contacted at the Company's business address.

Sven Schulz was born on November 11, 1975, and became the Chair of the Management Board on May 14, 2018. Mr. Schulz has a degree in Industrial Engineering from the University of Applied Sciences Munich and an MBA degree from Sankt Gallen University in Switzerland. As our CEO, he is responsible for Strategy, Sales,

Marketing and Communication. Mr. Schulz was a founder of AKASOL GmbH and brings wide entrepreneurial experience from our parent company, Schulz Group GmbH, which is a family owned mid-size company founded by his father in 1986 as an mechanical engineering service company for automotive production plants. In October 2005, Mr. Schulz became a member of the management board of Schulz Engineering GmbH, a role in which he stayed until April 2014. In the following years he served as a member of the management boards of Schulz Group affiliates Dengler Tube Tec GmbH, from April 2013 to November 2017, in the Machine Building sector, as well as NetAllied Systems, from July 2002 to March 2014, and Schulz Soluware GmbH, from October 2016 to October 2017, in the Software sector.

Dr. Curt Philipp Lorber was born in Cologne on September 28, 1971. He was appointed to our Management Board on May 14, 2018. He studied economics and law and obtained a Ph.D. in economics from Technische Universität Darmstadt. After his studies he started his career as auditor with Ernst & Young Luxembourg and later with KPMG in Germany. Mr. Lorber joined the Company in May 2018 as CFO. Before that, he was working for more than eight years as head of finance for the listed stock company, msg life ag.

19.3 Service agreements and compensation of the members of the Management Board; ownership of shares

The Company has adopted a remuneration package for its management, consisting of its CEO, Sven Schulz and CFO, Dr. Curt Philipp Lorber, effective as of May 14, 2018. The remuneration package comprises non-performance-based compensation (fixed compensation and fringe benefits) and a short-term performance-based compensation (annual cash bonus).

The non-performance-based compensation component contains a fixed annual salary. Additionally, certain further benefits are afforded to management consisting mainly of payments for pension plan premiums, the private usage of company-owned vehicles as well as contributions to D&O and health insurance. According to the terms of the Company's remuneration package governing the non-performance based compensation component, current expenditure is €120 thousand for each member of the Management Board, excluding fringe benefits.

The remuneration package also contains a short-term performance-based cash compensation (annual cash bonus) component. The amount the Company is required to pay in relation to this component is based on both quantitative and qualitative factors set forth by the Supervisory Board annually, including the Company's performance measured in terms of Adjusted EBIT margin. The Supervisory Board is exclusively responsible in determining Management's eligibility to receive compensation based on this component. According to the terms of the Company's remuneration package governing the short-term performance-based compensation component, total expenditure is currently €36 thousand annually for each member of the Management Board if the applicable targets are met in full, with lower or higher expenditure possible if actual performance falls below or exceeds the targets, respectively.

In addition, we are currently assessing the tax and corporate feasibility of the introduction of a stock-based long-term incentive plan for our employees following the Offering. Under this plan, selected employees would be granted rights to receive Shares, which will be taken from the holdings of the Selling Shareholders. We currently anticipate that each eligible employee would receive Shares valued up to 1.5% of the employee's gross salary free of charge under this plan. As a result, no new shares would be issued in connection with the implementation of this plan, and it is not expected to trigger any shareholder dilution. No resolutions have been adopted by the Management Board or the Supervisory Board with respect to this plan or its terms and conditions, such as minimal employment time or vesting period.

19.4 Supervisory Board

19.4.1 Overview

The Supervisory Board currently consists of three members, who are elected by the shareholders at the general shareholders' meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*).

Pursuant to the Articles of Association the Supervisory Board members are elected for a maximum period ending upon termination of the general shareholders' meeting that resolves on the discharge (*Entlastung*) of

the Supervisory Board members for the fourth financial year after the commencement of their term of office. The financial year in which their term of office has commenced will not count for purposes of calculating such period. Supervisory Board members may be re-elected.

Resolutions of the Supervisory Board will generally be adopted in meetings. The chair of the Supervisory Board or, if he or she is unavailable, the deputy chair is responsible for convening and chairing the Supervisory Board meetings. The Supervisory Board has a quorum if at least three of its members participate in the vote.

Unless otherwise provided by mandatory law, Supervisory Board resolutions are adopted by a simple majority of the votes cast.

19.4.2 Current members of the Supervisory Board

The following table lists the current members of the Supervisory Board, their date of birth, the date on which they were first appointed, the date on which their current appointment is scheduled to end, their position as well as their other positions in administrative, management and supervisory bodies and as partners in partnerships outside the Company during the past five years; unless stated otherwise below, these memberships are current:

Name	Date of birth	First appointed	Appointed until	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years
Dr. Christoph Reimnitz	October 25, 1959	May 14, 2018	General Meeting 2023	Chair	• Director of the GE UK Pension Fund since January 2017; • Director of OMA Power Generation Ltd in Nigeria since January 2016.
Dr. Marie-Luise Wolff	August 11, 1958	June 8, 2018	General Meeting 2023	Deputy Chair	• citiworks AG, chair of the supervisory board (current); • ENTEGA AG, chief executive officer, management board (current); • University Hospital Cologne – public institute (*Universitätsklinikum Köln – Anstalt des öffentlichen Rechts*), member of the supervisory board (current); • hr Werbung GmbH, member of the supervisory board (current); • e-netz Südhessen GmbH & Co. KG, deputy chairman of the advisory board (*Verwaltungsrat*) (current); • ENTEGA Energie GmbH, chair of the advisory board (*Beirat*) (current); • Industriekraftwerk Breuberg GmbH, chair of the advisory board (*Beirat*) (current); • ENTEGA NATURpur AG, member of the supervisory board (until Feb/2018); • Mainova AG, member of the managing board (Oct/09 – June/13); • Aschaffenburger Versorgungs-GmbH, member of the supervisory board (July/13 until Dec/15);

Name	Date of birth	First appointed	Appointed until	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships in the previous five years
					• EW Medien und Kongresse GmbH, member of the advisory board (*Beirat*) (Dec/13 until Jan/17); • HSE Entsorgung GmbH, member of the supervisory board (Aug/13 until June/14); • HSE Medianet GmbH, member of the supervisory board (July/13 until Dec/16); • Helaba Pension Trust e.V., member of the advisory board (*Beirat*) (Jan/15 until Feb/18); • KfW IPEX-Bank GmbH, member of the advisory board (*Beirat*) (2013 until Dec/15); • Hessen Trade & Invest GmbH, member of the Entrepreneurs' Advisory Board (*Unternehmerbeirat*) (until Feb/18); • Technical University Darmstadt Energy Center e.V. (T.U. Darmstadt Energy Center e.V.), member of the board; member of the advisory board (*Beirat*) (until Feb/18); • Association of Friends of the Technical University Darmstadt (*Vereinigung von Freunden der* Technischen Universität zu Darmstadt e.V.), member of the Board Council (*Vorstandsrat*) (until Nov/17)
Dr. Christian Brenneke	June 6, 1974	June 8, 2018	General Meeting 2023	Member	• SmartDrive, Member of Board of Directors (supervisory body) (since June/2017) • WABCO Holdings Inc., Chief Technology Officer (management body) (since Feb/2018) • WABCO Holdings Inc., Vice President, Engineering (management body) (Oct/2015 to Feb/2018)

The members of the Supervisory Board may be contacted at the Company's business address.

Dr. Christoph Reimnitz was born on October 25, 1959, and became the Chair of the Supervisory Board on May 14, 2018. In 1991, he earned a PhD in banking law from the Johann-Wolfgang Goethe University in Frankfurt, and is a fully qualified lawyer in Germany. Mr. Reimnitz started his career in February 1991 with the Treuhandanstalt in Berlin. In 1993 he joined UBS Ltd. (Schweizerische Bankgesellschaft) in London as Associate in the Corporate Finance division. In September 1998 he transferred as Director M&A to GE Capital Ltd. During

his 20 years with GE he held various positions with increasing responsibility in the global M&A group with GE Capital and then with GE Corporate. Since 2015 he has been the Global Structuring Leader for GE's Gas to Power and Project Development group. As of the date of the Prospectus, he still holds the foregoing position.

Dr. Marie-Luise Wolff was born on August 11, 1958, and became the Deputy Chair of the Supervisory Board on June 8, 2018. She studied English and Musicology in Germany, England and the U.S. She holds a doctorate in humanities from the University of Cologne. After gaining experience at Bayer and Sony, she started working for E.ON and a predecessor company in 1996; following which, she acted as Managing Director of E.ON Sales company E WIE EINFACH in 2006. Additionally, prior to joining ENTEGA AG, she held the position of Managing Director of the Mainova AG, where she was responsible for the energy procurement, trading and sales beginning in 2009. She has been the chair of the board of ENTEGA AG since 2013. She is a member of several committees and associations. In 2018 she became a member of our Supervisory Board. As of the date of the Prospectus, she still holds the foregoing positions.

Dr. Christian Brenneke was born on June 6, 1974, and became the Member of the Supervisory Board on June 8, 2018. He holds an M.B.A. degree in general management from the University for Applied Sciences in Hamburg and a graduate degree in electrical engineering and doctorate degree in engineering, both from Leibniz University in Hanover. He spent several years in research, development and program management for driver assistance systems and autonomous driving at Volkswagen Group. Since joining WABCO Holdings Inc., a New York Stock Exchange listed stock corporation, a global supplier of technologies and services that improve the safety, efficiency and connectivity of commercial vehicles, in 2008, he has held various management roles, including Global Project Management Leader and Team Leader for Software Development. From 2014 to 2018, he acted as Leader of Advanced Braking Systems business unit and Vice President, Vehicle Dynamics and Controls. In February 2018, he was appointed Chief Technology Officer at WABCO Holdings Inc., a position he still holds as of the date of the Prospectus, after having served as Vice President, Engineering.

19.4.3 Committees

Under Section 107 of the German Stock Corporation Act (*Aktiengesetz*) the Supervisory Board is entitled to establish advisory committees among its members in order to prepare its meetings and resolutions, and to supervise and monitor the implementation of its resolutions. The rules of procedure for the Supervisory Board allow for the establishment of three committees, an executive committee, an audit committee and a nominations committee. Each of the committees comprises a minimum of three members who are also members of the Supervisory Board. As of the date of the Prospectus, however, our Supervisory Board has not established committees as it only consists of three members.

19.4.4 Compensation of the members of the Supervisory Board; ownership of shares

Together with a reimbursement for expenses, the members of the Supervisory Board receive a fixed remuneration determined by the General Shareholders' Meeting. Because the Supervisory Board was instituted this year, no remuneration was received by any members of the Supervisory Board during the periods reflected in our Audited Financial Statements. From their date of first appointment, each member of the Supervisory Board, other than the chair and the deputy chair of the Supervisory Board, receives an annual remuneration of €12,500. The chair of the Supervisory Board receives an annual remuneration of €30,000. The deputy chair of the Supervisory Board receives an annual remuneration of €20,000. There are no employment contracts between the Company, on the one hand, and one or more members of the Supervisory Board on the other hand, which provide for a severance payment or other benefits in the case of termination of the employment contract. The members of the Supervisory Board are also covered under a D&O insurance policy, the costs of which are borne by the Company, see Section "*15.10. Business –Insurance*". The General Shareholders' Meeting may approve additional yearly remuneration if necessary due to extraordinary circumstances. The members of the Supervisory Board currently do not directly hold shares in the Company.

19.5 Further information on the members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or member of the Supervisory Board has been convicted in relation to any fraudulent offences, nor has been subject to any bankruptcies, receiverships or

liquidations. No official public incriminations by statutory or regulatory authorities (including designated professional bodies) have been made, or sanctions have been imposed against a member of the Management Board or of the Supervisory board in the aforementioned period. No member of the Management Board or of the Supervisory Board has been disqualified by a court from acting as a member of an administrative, management, or supervisory body of any issuer or from conducting the management or the affairs of any issuer during the last five years.

The interest of the Major Shareholders or the aforementioned members of the Supervisory Board may substantially deviate from the interests of the Company. Thus, there is no assurance that the aforementioned members of the Supervisory Board will exercise their influence over the Company in a way that serves the interests of the Company and there are no potential conflicts of interests between the duties of the aforementioned members of the Supervisory Board to the Company and their other duties to the Major Shareholders.

Apart from that, no conflict of interest with regard to obligations owed to the Company as of the date of the Prospectus could result with respect to the members of the Management Board or Supervisory Board. Furthermore, no family relationships exist between the members of the Management Board and the Supervisory Board.

19.6 General Shareholders' Meeting

General Shareholders' Meetings (ordinary and extraordinary) are held either at the Company's registered office, at a place within a radius of 100 km from the Company's registered office or in a German city with more than 50,000 inhabitants, as required by Section 14.1 of the Articles of Association. Each Share entitles the shareholder to one vote in the respective General Shareholders' Meetings.

Unless mandatory law does not provide otherwise, resolutions are adopted by a simple majority of the votes cast and, if a capital majority is required, with the simple majority of the share capital represented on the adoption of a resolution. According to mandatory law, resolutions of fundamental importance require, in addition to the majority of votes cast, a majority of three quarters of the share capital represented at the adoption of the resolution. Resolutions of fundamental importance include in particular:

- changes of the corporate purpose of the Company;
- share capital increases; if preference shares are issued, and share capital decreases;
- creation of authorized and conditional share capital;
- exclusion of the subscription rights of shareholders;
- mergers, split-ups, spin-offs as well as the transfer of all assets of the Company;
- entering into enterprise agreements (*Unternehmensverträge*) (in particular domination agreements and profit and loss transfer agreements (*Beherrschungs- und Ergebnisabführungsverträge*));
- change of the corporate form of the Company; and
- dissolution of the Company.

General Shareholders' Meetings are convened by the Management Board or the Supervisory Board. The Supervisory Board must convene General Shareholders' Meetings whenever the interests of the Company so require. Upon request of shareholders holding an aggregate of 5% or more of the registered share capital, the Management Board is obliged to convene a General Shareholders' Meeting. Shareholders or shareholders' associations can use the shareholder forum of the German Federal Gazette, which is available through the German Company Register's (*Unternehmensregister*) website (www.unternehmensregister.de), to either put forward a joint request or to put forward a request on behalf of the shareholders for a shareholders' meeting. If, following a request made by shareholders whose combined shareholding amounts to 5% of the share capital, a shareholders' meeting of the Company is not held in the required 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. The Supervisory Board must call a shareholders' meeting if it is in the interest of the Company.

Pursuant to the German Stock Corporation Act (*Aktiengesetz*), the Company is required to publish notices of General Shareholders' Meetings in the German Federal Gazette (*Bundesanzeiger*) at least 30 days prior the

day of the meeting. When calculating the notice period the day on which the invitation is sent and the day of the shareholders' meeting are disregarded.

Only those shareholders who have provided evidence of their shareholding as of the 21st day before the date of the General Meeting and have duly submitted notification of attendance in a timely manner prior to the meeting shall be entitled to attend the general shareholders' meeting and to exercise their voting rights. The notification of attendance shall be made in text form (*Textform*) in German or English language and must be received by the Company at the address specified for this purpose in the notice of the meeting not later than six days prior to the general shareholders' meeting. A shorter time limit to be expressed in days may be stipulated in the notice of the meeting. The day of receipt of the notification of attendance and the day of the general shareholders' meeting shall not be taken into account for the purpose of calculating this time limit.

Voting rights may be exercised by proxy. The granting of a proxy must be in text form (*Textform*) unless the convening notice provides for another, facilitating form.

Neither German law nor the Articles of Association restrict the right of non-resident or foreign shareholders to hold shares or to exercise any voting rights attached to these shares.

19.7 Corporate governance

The German Government Commission of the German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance Kodex*) established by the German Federal Ministry of Justice in September 2001, approved the German Corporate Governance Code on February 26, 2002 (the "**Code**"), and most recently adopted various amendments to the Code on February 7, 2017. The Code contains recommendations and suggestions for the management and supervision of German listed companies. In this respect, it is based on internationally and nationally accepted standards for good and responsible corporate management. The Code is intended to make the German corporate governance system transparent and comprehensible. The Code includes recommendations (so-called "shall provisions") and suggestions (so-called "should or can provisions") on corporate governance in relation to shareholders and the General Shareholders' Meeting, the Management Board and the Supervisory Board, transparency, accounting and auditing of financial statements. The Code is available at: www.corporate-governance-code.de.

There is no obligation to comply with the recommendations or suggestions of the Code. However, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) oblige the Management Board and the Supervisory Board of a listed company to declare annually either that the recommendations of the Code were and are being complied with, or to declare which recommendations were not and are not applied. This declaration is to be made accessible to shareholders.

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. The Company currently complies, and following the Listing of the Company's shares on the Frankfurt Stock Exchange intends to comply, with the recommendations of the Code, with the following exceptions:

Section 2.3.2 of the Code:

The Code recommends the appointment of a proxy to exercise the shareholders' voting rights as directed before the General Meeting. Our Management Board and Supervisory Board are of the view that the appointment of such a proxy would result in additional administrative and financial burdens that are not necessary in light of the relatively low number of shareholders. In addition, our Management Board and Supervisory Board believe that the efficient exercise of shareholders' voting rights in general meetings is assured by their ability to grant individual powers of attorney and vote by mail.

Section 4.1.3 of the Code:

The Code recommends that employees should be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; third parties should also be given this opportunity. We do not have a system with which employees and third parties can provide appropriate protected information on suspected breaches of the law within the Company. We believe that this recommendation could be relevant and appropriate for the Company, which is why we may reconsider creating appropriate implementation measures in the future.

Section 4.1.5 of the Code:

When appointing individuals to executive positions, the Management Board is guided solely by the professional and personal qualifications of the given candidate, male or female. The same applies to the Supervisory Board when it appoints individuals to the Management Board and suggests candidates for elections to the Supervisory Board.

There are currently no women on our Management Board. One member of our three-member Supervisory Board is a woman. The professional and personal qualifications of the given candidate, whether male or female, are at the forefront of the concerns of the Management Board and the Supervisory Board when selecting candidates.

Neither the Management Board nor the Supervisory Board consider it effective not to fill, or fill, a vacant position with a woman solely in order to ensure adequate representation of women in leadership positions. In the view of the Management Board and the Supervisory Board, such an approach would not be in the Company's interest.

Regarding its composition the Supervisory Board has not yet specified concrete objectives that – taking into account the company-specific situation – consider the international activities of the company, potential conflicts of interest, the number of independent members of the Supervisory Board, a specified age restriction for members of the Supervisory Board and a specified limit for the term of office as member of the Supervisory Board as well as diversity. Establishing general objectives to compose the Supervisory Board would constitute an inappropriate limitation of the selection of suitable individual candidates for the Supervisory Board. General objectives would interfere with the right of the shareholders to vote the members of the Supervisory Board.

Section 4.2.3 of the Code

The Code recommends that there should be no subsequent changes to performance targets or benchmark parameters for the variable components of Management Board members' compensation.

The variable components of the compensation provided to our Management Board members in addition to their annual salaries are clearly limited through the application of clear mathematical formulae. In addition, our Management Board members receive customary fringe benefits. The Supervisory Board wishes to reserve the right to change performance targets or benchmark parameters for the variable components of Management Board members' compensation at a later date. Such changes allow the Supervisory Board the possibility of avoiding positive or negative inappropriate incentives that could result from unanticipated developments.

Section 4.2.5 of the Code

In addition to the applicable statutory requirements for compensation reporting, as supplemented by German Accounting Principle (Deutscher Rechnungslegungsstandard) DRS 17, the Code recommends the publication of a compensation report that includes specific additional disclosure in a format shown in two sample tables appearing in Annex I to the Code.

In the preparation of our compensation reports, we comply with the applicable statutory requirements, as supplemented by DRS 17. We do not, however, include the additional information in the format recommended by the Code, because we do not believe it would provide any material additional information for investors.

Sections 5.3 and 5.4.6 of the Code

The Company's Supervisory Board has not established committees as it only consists of three members.

5.4.3 of the Code

The Code recommends a time limit with respect to applications for judicial appointments of Supervisory Board members until the following ordinary general meeting. Recommendations of candidates to be judicially appointed are generally agreed upon with the Majority Shareholder in advance. Given the extent of the

Majority Shareholder's interest in our Shares, the later election of the candidate in the following ordinary general meeting would merely amount to a confirmation of his or her appointment, which we view as redundant.

Section 5.4.6 of the Code:

We believe that additional compensation of the deputy chair of our Supervisory Board is not necessary because the number of occasions on which she will substitute the chair is expected to be low. For the future, we also do not contemplate additional compensation for the members of Supervisory Board committees that may be formed, because committee activities would be adequately remunerated by the existing compensation.

Section 7.1.2 of the Code:

We publish our consolidated financial statements and the interim financial statements in accordance with the legal requirements and also strive to comply with the periods recommended by the Code (90 days for the annual financial statements, 45 days for interim financial statements). For organizational reasons, however, these deadlines could be exceeded.

20. Shareholder Structure (Before and Adjusted for the Offering)

20.1 Overview and general information about the Shareholders

Before completion of the Offering, all of the Company's Shares are held by its existing shareholders. The Selling Shareholders intend to place up to 150,000 Shares from their holdings in the Offering. In addition, the Selling Shareholders will provide (for the account of the Underwriters) up to 221,185 additional Shares to cover possible over-allotments as well as the respective Over-Allotment Shares.

The following table indicates the number of Sale Shares and the number of Over-Allotment Shares offered by each Selling Shareholder and presents an overview of the Company's shareholder structure before and after completion of the Offering (without exercise of the Greenshoe Option as well as assuming full exercise of the Greenshoe Option, in each case assuming the placement of 2,061,856 New Shares at the low end of the Price Range (and that none of the existing shareholders of the Company has been allotted Offer Shares) and the Offer Capital Increase is implemented accordingly), based on the information provided to the Company by the existing shareholders:

	Shareholdings							
	Before the Offering		Offering		Adjusted for the Offering (excluding exercise of the Greenshoe Option)		Adjusted for the Offering (assuming full exercise of the Greenshoe Option)	
Name of shareholder or shareholder group	No-par value Shares	%	Number of Sale Shares	Number of Over-Allotment Shares	No-par value Shares	%	No-par value Shares	%
Schulz Group GmbH	3,040,000	76.00	40,000	168,101	3,000,000	49.5	2,831,899	46.7
Felix von Borck	440,000	11.00	40,000	24,330	400,000	6.6	375,670	6.2
Stephen Raiser	320,000	8.00	40,000	17,695	280,000	4.6	262,305	4.3
Björn Eberleh	200,000	5.00	30,000	11,059	170,000	2.8	158,941	2.6
Free float	—	—	—	—	2,211,856	36.5	2,433,041	40.1
Total	4,000,000	100.00	150,000	221,185	6,061,856	100.00	6,061,856	100.00

All of the Shares in the Company carry the same rights. Neither the existing shareholders nor any other shareholders have different voting rights or other rights with respect to the Company.

Schulz Group GmbH may acquire additional shares in the secondary market to increase its shareholdings.

20.2 Acquisition of shares during the past Year by members of the Management Board and parties related to members of the Management Board and Supervisory Board

During the past year, neither the members of our Management Board nor parties related to the Management Board and the Supervisory Board have purchased any of our shares.

21. Related-Party Transactions

The following describes the transactions and legal relationships that existed between the Company on the one hand and related parties (in the meaning of IAS 24) on the other hand in the financial years ended December 31, 2015, 2016 and 2017, and in the current financial year up to the date of the Prospectus.

According to IAS 24, related parties of the Company are entities or persons related to the Company, including:

- Companies that are controlled by the Company, in which the Company has an interest that gives it a significant influence, or over which it has joint control;
- Companies that are associated with the Company within the meaning of IAS 28, and that are not consolidated by Company;
- The principal shareholders whose shares give them control, joint control or a significant influence over the Company, as well as all companies and businesses over which these shareholders can exert a controlling influence or in which they hold more than 50% of the voting rights; and
- The members of the Management Board and the Supervisory Board of the Company (or their close family members), as well as entities controlled or significantly influenced by members of the Management Board or the Supervisory Board (or their close family members), or in which those persons directly or indirectly hold significant voting power.

For purposes of our Audited IFRS Financial Statements, the following individuals and corporations were defined as related parties:

- our principal shareholder, Schulz Group GmbH, and its subsidiaries within the Schulz Group;
- Sven Schulz as our Managing Director and sole shareholder of the parent company (beneficial owner);
- Felix von Borck as our Managing Director; and
- Lothar Holder as our Managing Director until December 22, 2015.

21.1 Transactions with Shareholders

21.1.1 Transactions with Schulz Group GmbH

Schulz Group GmbH holds 76% of our share capital as of the date of the Prospectus and as of the end dates of all relevant periods presented in the financial statements included in the Prospectus.

Schulz Group GmbH granted us a shareholder loan amounting to €1,083 thousand as of March 31, 2018. This loan was granted for an indefinite period at an interest rate of 5% p.a. No collateral has been provided in connection with the loan. On April 24, 2018, €1 million payable under the loan granted by Schulz Group GmbH was transferred to the Company as a contribution in kind. As a result, the loan granted by Schulz Group GmbH amounts to €83 thousand as of the date of this Prospectus.

Schulz Group GmbH also entered into a cash management agreement with us in 2013. In 2016 and 2015 current liabilities to shareholders related to the balance of this cash pool and also had a fixed interest rate of 5% p.a. The cash pool agreement was terminated with effect from July 31, 2017.

We paid interest expense totaling €88 thousand in 2017, €191 thousand in 2016 and €230 thousand in 2015 to Schulz Group GmbH on the shareholder loan and cash pool liabilities. On January 1, 2009, an outsourcing agreement was signed with Schulz Group GmbH for the outsourcing of finance and accounting, human resources, sales and marketing, information technology and secretarial services. The contractual compensation for these activities amounted to €528 thousand in 2017 (2016: €434 thousand, 2015: €492 thousand). The responsibility for these services, except for information technology, is in the process of being transferred to us by the end of this year because Schulz Group GmbH and we intend to achieve a high level of independence for the Company. Fees related to information technology services are negotiated at arm's length, and may be outsourced to a third party in the future.

In addition, no revenue, compared to €22 thousand in 2016 and again no revenue in 2015, were generated in transactions with Schulz Group GmbH. Additional expenses from service relationships amounted to €85 thousand, compared to €71 thousand in 2016 and €36 thousand in 2015.

Total revenue of €51 thousand, compared to €46 thousand in 2016 and 0 in 2015, were generated in transactions with other subsidiaries of Schulz Group GmbH. Expenses of €358 thousand, compared to €3 thousand in 2016 and €115 thousand in 2015, were incurred in transactions with these companies.

Outstanding balances with related parties relate exclusively to Schulz Group GmbH and can be broken down as follows:

In TEUR	2015	As of December 31, 2016	2017
Shareholder loan	657	657	1,071
Cash-pool liabilities	3,980	1,812	0
Trade payables	12	44	60
Total	**4,649**	**2,513**	**1,131**

We are subject to joint and several liabilities with the other Schulz Group companies for framework credit agreements of €10 million and guarantee credit lines of €5 million in favor of Schulz Group GmbH. We believe the obligations can be expected to be fulfilled by the recipients of the loan. Consequently, this was not recognized on the liabilities side of the statement of financial position but instead disclosed in the notes to our Audited IFRS Financial Statements.

21.1.2 Transactions with Sven & Reinhold Schulz Immobilienverwaltungs-GbR

Sven Schulz, our Managing Director and principal shareholder of our parent company, Schulz Group GmbH, also holds an equity interest in Sven & Reinhold Schulz Immobilienverwaltungs-GbR, Ravensburg, Germany, which has leased business premises in Ravensburg, Germany, to us since 2016. The transaction volume amounted to €41 thousand in 2017, compared to €25 thousand in 2016 and 0 in 2015.

21.1.3 Cost sharing and Indemnity Agreement

In a cost sharing and indemnity agreement dated June 15, 2018 (the "**Cost Sharing and Indemnity Agreement**"), the Selling Shareholders (also referred to as the "**Indemnifying Shareholders**" in this section), have undertaken to reimburse the Company for certain defined costs and expenses incurred by the Company in connection with the Offering on a *pro-rata* basis of the respective shares sold by them in the Offering compared to the total Offer Shares (excluding Over-Allotment Shares) (the "**Shareholder's Percentage**").

Furthermore, the Company and the Indemnifying Shareholders agreed that each Indemnifying Shareholder shall, subject to its respective Shareholder's Percentage, indemnify and hold the Company harmless from any liabilities, losses and damages incurred in connection with the consummation of the Offering, and caused by or based upon the fact that:

- the Offering documents actually or allegedly contain statements that are incorrect, incomplete or otherwise misleading, including any indemnification liability of the Company under the Underwriting Agreement or
- material facts have been omitted in the Offering documents that are reasonably necessary for the information contained therein not to be misleading in view of the circumstances under which the Offering occurred

(the "**IPO Damages**", and any claim or action raised based on facts given rise to IPO Damages, the "**IPO Damage Claim**").

The Company is obliged to indemnify and hold harmless each Indemnifying Shareholder from any IPO Damages suffered by the respective Indemnifying Shareholder to the extent that these IPO Damages exceeded the Shareholder's Percentage. In this case the general indemnification rule still applies with regard to the other Indemnifying Shareholders, who have to indemnify and hold the Company harmless from any IPO

Damages in accordance with their respective Shareholders' Percentages. Each Indemnifying Shareholder shall further reimburse its respective Shareholder's Percentage of all costs and expenses reasonably incurred by the Company for the purpose of avoiding, defending, or compromising any such IPO Damage Claim.

The Indemnifying Shareholders shall no longer be obliged to hold harmless, indemnify or reimburse the Company, if and to the extent the Company is compensated by any third party, including but not limited to any payments under an insurance policy of the Company in connection with the Offering. If a shareholder already fulfilled its indemnification obligations under the Cost Sharing and Indemnity Agreement, the Company is obliged to assign and transfer any such claim for third-party indemnification to the respective Indemnifying Shareholder *pro-rata* to the amount the respective Indemnifying Shareholder has paid under its indemnification obligation.

21.2 Relationships with Key Management Personnel

Members of management in key positions at the Company are the members of the Management Board and of the Supervisory Board.

The members of the Management Board are:

- Sven Schulz, since May 14, 2018; and
- Curt Philipp Lorber, since May 14, 2018

The following persons comprise our Supervisory Board:

- Christoph Reimnitz (Chair), since May 14, 2018;
- Marie-Luise Wolff (Deputy Chair), since June 8, 2018; and
- Christian Brenneke, since June 8, 2018.

No transactions were conducted with key management personnel other than their work for the Company (see Note 7.8 to our Audited IFRS Financial Statements).

Further, a number of members of management in key positions and individuals related to them, hold positions in other companies, and as a result they have control over these companies. A number of these companies made transactions with the Company during the year ended December 31, 2017. These transactions were subject to ordinary market terms and conditions.

22. Underwriting

22.1 Subject of and arrangements on underwriting

The Company, the Selling Shareholders and each of the Underwriters expect to enter into an underwriting agreement on June 15, 2018 with respect to the offer and sale of the shares which are the subject of the Prospectus (the "**Underwriting Agreement**"). The Offering consists of a total of 2,433,041 ordinary bearer Shares of the Company with no par value (*Stammaktien*), each such Share having a notional value of €1.00 in the share capital and full dividend rights as from January 1, 2018, comprising (i) 2,061,856 newly issued ordinary bearer shares with no par value from a capital increase against cash contributions resolved by an extraordinary General Shareholders' Meeting of the Company on June 8, 2018, as amended by resolutions of the Management Board and the Supervisory Board adopted on June 14, 2018 (the "**New Shares**"), and (ii) 150,000 existing ordinary bearer shares with no par value from the holdings of the Selling Shareholders (the "**Sale Shares**"). Furthermore, the Offering consists of 221,185 existing ordinary bearer shares with no par value from the holdings of the Selling Shareholders to cover a potential over-allotment (the "**Over-Allotment Shares**", together with the New Shares and the Sale Shares, the "**Offer Shares**"). Under the terms of the Underwriting Agreement and subject to certain conditions, each Underwriter will be obliged to acquire the maximum number of Offer Shares set forth below opposite such Underwriter's name:

Underwriters	Maximum number of Offer Shares underwritten, assuming exercise of Greenshoe Option	Percentage of Offer Shares underwritten, assuming exercise of Greenshoe Option
Citigroup Global Markets Limited, Citigroup Centre, 33 Canada Square, London E14 5LB, United Kingdom	1,034,042	42.50%
COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany	1,034,042	42.50%
Bankhaus Lampe KG, Jägerhofstraße 10, 40479 Düsseldorf, Germany, ...	364,957	15.00%

22.2 Commission

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters will offer the Offer Shares at the Offer Price. The Company (for the New Shares offered from the capital increase), the Selling Shareholders (for the Sale Shares and the Over-Allotment Shares offered from their own holdings) will each pay the Underwriters commissions consisting of a basic commission of 2.50% of the corresponding aggregate gross sales proceeds. In addition, to the extent the Greenshoe Option is exercised, the Underwriters shall receive a commission of 2.50% of the aggregate gross sales proceeds of the Over-Allotment Shares from the Selling Shareholders. In addition, the Company and the Selling Shareholders will each pay the Underwriters an additional incentive fee, payable entirely at the sole discretion of the Company and the Selling Shareholders (after internal consultation) with regard to the Sale Shares and the Selling Shareholders with regard to the Over-Allotment Shares for which the Greenshoe Option was exercised, of up to 1.00% of the aggregate gross Offering proceeds. The split of any discretionary fee among the Underwriters is within the sole discretion of the Company and the Selling Shareholders (after internal consultation) with regard to the Sale Shares and the Over-Allotment Shares for which the Greenshoe Option was exercised, and such decision must be made and notified to the Underwriters, with regard to the New Shares and the Sale Shares, five banking days after the Listing of the Shares on the regulated market of the Frankfurt Stock Exchange and, with regard to the Over-Allotment Shares for which the Greenshoe Option was exercised, on five banking days after expiration of the Stabilization Period. The Company and the Selling Shareholders have also agreed to reimburse the Underwriters for certain expenses incurred by them in connection with the Offering.

22.3 Greenshoe Option and Securities Loan

To cover a potential Over-Allotment, the Selling Shareholders will make available up to 221,185 additional shares to the Underwriters free of charge through a share loan. In addition, the Selling Shareholders will grant

the Underwriters the option of acquiring up to 221,185 shares at the Offer Price less agreed commissions (the "**Greenshoe Option**"). This Greenshoe Option will terminate 30 calendar days after commencement of the trading of the shares on the regulated segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). For further information, see Section "*5.7. The Offering –Stabilization Measures, Over-Allotment and Greenshoe Option*".

22.4 Termination and Indemnification

The Underwriting Agreement provides that the Underwriters may terminate the Underwriting Agreement under certain circumstances, including after the shares have been allotted and listed, up to delivery and settlement.

If the Underwriting Agreement is terminated, the Offering will not take place. Any allotments already made to investors will be invalidated. In such case, no claim to delivery exists. Claims relating to any subscription fees already paid and costs incurred by any investor in connection with the subscription are controlled solely by the legal relationship between the investor and the institution to which the investor submitted its order. Investors who engage in short selling bear the risk of being unable to satisfy their delivery obligations.

The Company and the Selling Shareholders have undertaken in the Underwriting Agreement to indemnify the Underwriters against certain liabilities arising in connection with the Offering.

22.5 Selling Restrictions

In the Underwriting Agreement, the Underwriters have further undertaken to comply with certain selling restrictions.

22.5.1 United States

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

Accordingly, the Offer Shares may not be offered, sold, pledged or otherwise transferred within the United States, unless they are registered under the Securities Act, or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States. The Offer Shares are being offered in (i) in the United States only to QIBs pursuant to Rule 144A or another exemption from registration under the Securities Act and (ii) outside the United States in "offshore transactions" within the meaning of, and in reliance on, Regulation S.

Neither the Company nor the Selling Shareholders intend to register the Offer Shares or a part thereof under the Securities Act, or to conduct a public offering of Offer Shares in the United States.

22.5.2 United Kingdom

The sale of the Shares in the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**") is also subject to restrictions. This document is directed only at persons who: (i) are qualified investors within the meaning of the Financial Services and Markets Act 2000 (as amended) and any relevant implementing measures and/or are outside the United Kingdom or (ii) have professional experience in matters relating to investments who fall within the definition of "investment professionals" contained in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or are persons falling within article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or fall within another exemption to the Order (all such persons referred to in (i) and (ii) above together being referred to as "**Relevant Persons**"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

22.5.3 Member state of the European Economic Area

In relation to each member state of the European Economic Area which has implemented the Directive No. 2003/71/EC as amended by the Directive No. 2010/73/EC of the European Parliament and the Council (the

"**Prospectus Directive**" and each of the aforementioned member states a "**Relevant Member State**") no communication will be made in any form and by any means of sufficient information on the terms of the offer and any Offer Shares (an "Offer to the public") in that Relevant Member State other than the offers contemplated in the Prospectus in Germany and the Grand Duchy of Luxembourg, except that an offer to the public can be made by the Company, the Selling Shareholders and the Underwriters in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(i) to any qualified investor as defined in the Prospectus Directive,

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Global Coordinators for any such offer, or

(iii) in any other circumstances falling within Article 3 (2) of the Prospectus Directive;

provided that no such offer (as described above under (i) to (iii)) of Offer Shares shall result in a requirement for the publication of a further prospectus or the notification of the Prospectus to another authority by the Company, the Selling Shareholders or any Underwriter pursuant to Article 3 of the Prospectus Directive.

23. Taxation in the Federal Republic of Germany

The following section contains a summary of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares both by a shareholder (an individual, a partnership or 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 summary does not purport to be an exhaustive or complete description of all potential tax aspects that could be relevant for shareholders. The information is based on the tax law in force in Germany as of the date of the Prospectus (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax legislation and the status of the treaties may change, possibly with retroactive or retrospective effect. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative assessment to be correct that differs from the one described in this section.

This section is no substitute for individual tax advice to a particular shareholder. 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 individual tax advice can adequately take the specific tax-relevant circumstances of individual shareholders into due account.

23.1 Taxation of the Company

As a rule, the taxable profits generated by German corporations are subject to corporate income tax (*Körperschaftsteuer*). The rate of the corporate income tax is a standard 15% for both distributed and retained earnings, plus a solidarity surcharge (*Solidaritätszuschlag*) amounting to 5.5% on the corporate income tax liability (*i.e.*, 15.825% in total).

In general, dividends (*Dividenden*) or other profit shares that the Company derives from domestic or foreign corporations are effectively 95% exempt from corporate income tax, as 5% of such receipts are treated as a non-deductible business expenses, and are therefore subject to corporate income tax (and solidarity surcharge). However, dividends are not exempt from corporate income tax (including solidarity surcharge thereon), if the Company only holds a direct participation of less than 10% in the share capital of such corporation at the beginning of the calendar year (herein after in all cases, a "Portfolio Participation" – *Streubesitzbeteiligung*). Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations in the share capital of other corporations which the Company holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the Company only on a *pro-rata* basis at the ratio of the interest share of the Company in the assets of the relevant partnership.

The Company's gains from the disposal of shares in a domestic or foreign corporation are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge thereon), currently regardless of the size of the participation and the holding period. 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge thereon) at a combined rate of 15.825%. Conversely, losses incurred from the disposal of such shares are generally not deductible for corporate income tax purposes.

Additionally, German corporations are generally subject to trade tax (*Gewerbesteuer*) on their taxable trade profit (*Gewerbeertrag*) generated or deemed to be generated at their permanent establishments maintained in Germany (*inländische Betriebstätten*). The effective trade tax rate depends on the municipalities in which the corporation maintains permanent establishments. The effective trade tax rates generally ranges from approximately 7% to 19.25% depending on the municipal trade tax multiplier applied by the relevant municipal authority (*Hebesatz*). When determining the income of the corporation that is subject to corporate income tax, trade tax may not be deducted as a business expense.

In principle, profits derived from the sale of shares in another domestic and foreign corporation are treated in the same way for trade tax purposes as for corporate income tax purposes. However, 95% of profit shares will in effect be exempt from trade tax only, if the Company either held an interest of at least 15% in the share

capital of the company at the beginning of the relevant tax assessment period (*Erhebungszeitraum*) or – in case of foreign corporations – if the Company has held such participation permanently since the beginning of such period (trade tax participation exemption – *gewerbesteuerliches Schachtelprivileg*). If the participation is held in a foreign corporation as per Article 2 of Council Directive No. 2011/96/EU of November 30, 2011 (the "**Parent-Subsidiary Directive**") with its registered office in another member state of the European Union, the trade tax participation exemption generally applies if the participation amounts to at least 10% in the share capital of the foreign corporation at the beginning of the relevant tax assessment period. Otherwise, the profit shares will be fully subject to trade tax. Additional restrictions apply for profit shares originating from foreign corporations which do not fall under Article 2 of the Parent-Subsidiary Directive.

The provisions of the so-called interest barrier rules (*Zinsschranke*) limit the amount of interest expenses which can be deducted from the tax base in certain cases. According to these rules interest (and other financing) expenses are tax deductible without limitation to the extent that the relevant entity earns taxable interest income in the same fiscal year. Interest (and other financing) expenses which exceed the taxable interest income ("net interest expenses"), are only tax deductible up to an amount of 30% of the current year net taxable earnings before interest, tax and depreciation and amortization (EBITDA) of the respective entity unless the net interest expenses of the entity are below the threshold of €3,000,000 per annum and no other exceptions apply. Non-deductible interest expenses will be carried forward and will generally be deductible in subsequent years, subject to certain limitations. EBITDA that has not been fully utilized can under certain circumstances be carried forward to subsequent years and may be used to deduct interest expenses occurred in subsequent years. For trade tax purposes, however, the deductibility of interest expenses is further restricted to the extent that the sum of certain trade taxable add back items exceeds €100,000 since in such cases 25% of the interest expenses deductible after applying the interest barrier rules are added when calculating the taxable trade profit. Therefore, for trade tax purposes, the deductible interest expenses amount to only 75% of the interest expenses which are deductible for corporate income tax purposes.

Currently, there are legal proceedings pending before the German Federal Constitutional Court (*Bundesverfassungsgericht*) regarding the question whether the interest barrier rules which were in force in 2008 and 2009 were inconsistent with the principle of equality (*Gleichheitsgrundsatz*) under the German Constitution (*Grundgesetz*) and are, therefore, unconstitutional. The effect the decision of the German Federal Constitutional Court may have with respect to the taxation of the Company based on the currently applicable interest barrier rules cannot be foreseen.

Under certain conditions, negative income of the Company that has not been offset by the current year's positive income can be carried forward or back into other assessment periods. Loss carry-backs to the immediately preceding assessment period are only permissible up to €1,000,000 for corporate income tax but not for trade tax purposes. Negative income that has not been offset and not been carried back can only be carried forward to subsequent assessment periods in an amount of up to €1,000,000 to offset positive income for corporate income and trade tax purposes (tax loss carry-forward). If the taxable income or the taxable trade profit exceeds this amount, only 60% of the excess amount can be offset by tax loss carry-forwards. The remaining 40% of the taxable income are subject to trade tax and corporate income tax (so called minimum taxation –*Mindestbesteuerung*). Generally, tax loss carry forwards that are not utilized may be carried forward and be used to offset by future income, subject to the application of the minimum taxation rules.

However, interest carry-forwards, tax loss carry-forwards and unused losses of the current financial year are forfeited in full if more than 50% of the subscribed capital, membership rights, participation rights or voting rights in the Company are transferred, directly or indirectly, to an acquirer or related parties of such acquirer (or a group of acquirers with common interest) within a period of five years or in case of comparable measures (harmful acquisition – *schädlicher Beteiligungserwerb*). In case of a respective transfer of more than 25% and up to 50% the Company's tax loss carry-forwards and unused losses of the current financial year as well as interest carry-forwards (possibly also EBITDA carry-forwards), will generally be forfeited on a *pro-rata* basis. This does not apply to share transfers if (i) the purchaser directly or indirectly holds a participation of 100% in the transferring entity, (ii) the seller indirectly or directly holds a participation of 100% in the receiving entity, or (iii) the same natural or legal person or commercial partnership directly or indirectly holds a participation of 100% in the transferring and the receiving entity. Furthermore, if and to the extent the tax

loss carry-forwards and unused losses of the current financial year as well as the interest carry-forwards are covered by the built in gains of the loss making company's business assets that are subject to domestic taxation a forfeiture of such items will generally not apply. An allocation of the built-in gains of business assets to interest carry-forwards is subordinated to the allocation of built-in gains to loss carry forwards/unused losses. The tax consequences of a harmful acquisition may not be triggered upon the Company's application in case the conditions of a newly introduced law limiting the forfeiture of losses are met. Particularly, the Company has to continue its business activities after the harmful acquisition which it has carried out for a certain period of time before the harmful acquisition.

On March 29, 2017 the German Federal Constitutional Court (*Bundesverfassungsgericht*) held that the above loss expiration rules in their versions applicable from 2008 until 2015 were inconsistent with the principle of equality (*Gleichheitsgrundsatz*) under the German Constitution (*Grundgesetz*) to the extent they relate to a transfer of more than 25% up to and including 50% of the subscribed capital or voting rights of a company. This applies irrespective of the introduction of the Intra-Group Clause and the Hidden-Reserves Clause. The Federal Constitutional Court obliged the German legislature to revise by December 31, 2018 at the latest the law in line with the German Constitution (*Grundgesetz*) with retroactive effect as from January 1, 2008.

The ruling of the Federal Constitutional Court remains silent on whether or not the loss expiration rules are compliant with the German Constitution to the extent more than 50% of the subscribed capital or voting rights are transferred. However, this question is dealt with in cases still pending with the Federal Fiscal Court (*Bundesfinanzhof*). Further, the Federal Constitutional Court did not decide whether the loss expiration rules as applicable since 2016 comply with the constitutional principle of equality in light of the enactment of the Going Concern Tax Loss Carry Forward. Therefore, it is currently unclear if and to what extent the pertinent loss expiration rules will be further amended by the German legislature.

As described in detail in Section 23.2.2.1 below, a dividend distribution by the Company is generally subject to German withholding tax. The Company assumes responsibility for the withholding of taxes on distributions at source, in accordance with statutory provisions. This means that the Company is released from liability for the violation of its legal obligation to withhold and transfer the taxes at source if it provides evidence that it has not breached its duties intentionally or grossly negligently.

23.2 Taxation of the Shareholders

23.2.1 Income tax implications of the holding, sale and transfer of shares

Shareholders may be subject to taxation in connection with the holding of shares ("**Taxation of Dividends**"), the disposal of shares ("**Taxation of Capital Gains**") and the gratuitous transfer of shares ("**Inheritance and Gift Tax**").

23.2.2 Taxation of dividends

23.2.2.1 Withholding Tax

Dividends distributed by the Company are subject to a withholding tax (*Kapitalertragsteuer*) at a rate of 25% plus solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). The assessment basis for the withholding tax is the dividend approved by the general meeting. However, German withholding tax will not apply if and to the extent the Company pays dividends from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* § 27 of the German Corporate Taxation Act (*Körperschaftsteuergesetz* – "**KStG**"). Dividends paid out of the Company's contribution account for tax purposes lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gain upon the shareholder's sale of the shares.

Generally, the withholding tax is withheld and passed on for the account of the shareholders 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 the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends (hereinafter in all cases, the "**German Dividend Paying Agent**"). However, if and to the extent shares held in

collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as stock being held separately (so-called "*abgesetzte Bestände*"), the Company itself is responsible for withholding tax.

In general, the withholding tax must be withheld regardless of whether and to what extent the dividend is exempt from taxation at the level of the shareholder and whether the shareholder is domiciled in Germany or in a foreign country.

However, withholding tax on dividends distributed to a company domiciled in another EU Member State within the meaning of Article 2 of the Parent-Subsidiary Directive, may be refunded upon application provided that further conditions are met, including e. g., the minimum holding requirement of 10% and substance requirements of the German anti-treaty shopping rules. This also applies to dividends distributed to a permanent establishment of such a parent company in another Member State of the European Union 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. The application has to be filed with the German Federal Central Tax Office (*Bundeszentralamt für Steuern, Hauptdienstsitz Bonn-Beuel*, An der Küppe 1, D-53225 Bonn, Germany).

With respect to distributions made to other shareholders without a tax domicile in Germany, the withholding tax rate can be reduced in accordance with a double taxation treaty if Germany has entered into such double taxation treaty with the shareholder's country of tax residence and 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 reduction is generally granted by the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) 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%) is refunded by the German Federal Central Tax Office.

The German Federal Central Tax Office (www.bzst.bund.de) as well as at German embassies and consulates provide forms for the application of the refund of the withheld tax.

If dividends are distributed to corporations subject to limited taxation, *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 neither the Parent-Subsidiary Directive nor a double taxation treaty is applicable. The relevant application forms are available at the German Federal Central Tax Office (at the address specified above).

Pursuant to a special rule on the restriction of withholding tax credit, the above mentioned relief in accordance with the applicable double taxation treaty as well as the credit of withholding tax described in the Section 23.2.2.2 *"Taxation of dividends of shareholders with a tax domicile in Germany"* is subject to the following three cumulative prerequisites: (i) the shareholder must qualify as beneficial owner of the shares in the Company for a minimum holding period of 45 consecutive days occurring within a period of 45 days prior and 45 days after the due date of the dividends, (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the minimum holding period without being directly or indirectly hedged, and (iii) the shareholder must not be required to fully or largely compensate directly or indirectly the dividends to third parties. Should one of the three prerequisites not be fulfilled, the following applies:

1) As regards the taxation of dividends of shareholders with a tax residence in Germany, three-fifths of the withholding tax imposed on the dividends must not be credited against the shareholder's (corporate) income tax liability as described under Section 23.2.2.2.2.(i) *"Corporations"* , but may, upon application, be deducted from the shareholder's tax base for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax due to a tax exemption without qualifying for a full tax credit has to notify the competent local tax office accordingly and has to make a payment in the amount of the withholding tax deduction which was omitted. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings

within an assessment period do not exceed €20,000 or that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

2) As regards the taxation of dividends of shareholders without a tax residence in Germany who applied for a full or partial refund of the withholding tax pursuant to a double taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that holds directly at least 10% of the shares in the Company and that is subject to (corporate) income tax in the country of its tax residence without any exemptions, (ii) or that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double taxation treaty is at least 15%.

23.2.2.2 Taxation of dividends of shareholders with a tax domicile in Germany

23.2.2.2.1 *Shares held as private assets*

Dividends distributed to shareholders being tax residents in Germany and holding shares as private (non-business) assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25% plus solidarity surcharge of 5.5% thereon (*i.e.*, 26.375% in total plus church tax, if applicable). The private investor's income tax liability is in general settled by the withholding tax withheld by the German 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 €801 (€1,602 for married couples and for partners in accordance with the registered partnership act (*Gesetz über die eingetragene Lebenspartnerschaft*) filing jointly). However, the shareholder may request that his/her capital investment income (including dividends) along with his/her other taxable income be subject to 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 the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. In this case as well, income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

Exceptions from the flat rate withholding tax apply upon application for shareholders who have a direct/ indirect shareholding of at least 25% in the Company and for shareholders who have a direct/indirect shareholding of at least 1% in the Company and through professional work for the Company are able to exercise significant entrepreneurial influence on the business activities of the Company.

A legislative initiative in Germany which was aimed at abolishing the current system of the flat income tax regime for private investors has recently failed in the Federal Council (*Bundesrat*). However, political discussions regarding the abolition are still ongoing. According to the coalition agreement (*Koalitionsvertrag*) among the CDU, CSU and SPD, the flat income tax regime only with respect to interest income is planned to be abolished. As it is not yet clear if, when and to which extent the currently applicable withholding tax rules will indeed be amended, it cannot be fully excluded that such amendment may also affect the flat income tax regime with respect to dividend income. If this will be the case, it is likely that any such amendment may lead to a higher tax burden of private investors whose individual tax rate exceeds 25%.

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office.

If the withholding tax or, if applicable, the church tax on dividends is not withheld by a German Dividend Paying Agent, the shareholder is required to declare the dividends gains in his/her income tax return. The income tax and any applicable church tax on the dividends will then be collected by way of assessment.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto;* § 27 KStG) 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. However, these dividend payments are deemed a disposal of shares and a capital gain deriving thereof is in principle taxable if 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% of the share capital of the Company (a "**Qualified Holding**"). A capital gain generally arises if the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in the Section "Taxation of Capital Gains" made with regard to shareholders maintaining a Qualified Holding.

23.2.2.2.2 *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. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the German Dividend Paying Agent will 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.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) 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. To the extent the dividend payments funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain corresponds with the description in the Section "Taxation of Capital Gains" made with regard to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in case of a corporation it is disputed if the gain has to be qualified as dividend or capital gain, but if at least 10% or more of the company's share capital are held, the 95% exemption applies).

(i) Corporations

Generally, dividends paid to a corporation with a tax domicile in Germany are subject to corporate income tax (and solidarity surcharge thereon) at a rate of 15.825%. However, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge if the corporation holds a direct participation of at least 10% in the share capital of such corporation at the beginning of the calendar year. Participations of at least 10% 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 relevant partnership (see *"Partnership"* below). 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) resulting effectively in a tax exemption of 95% of such dividends. However, business expenses actually incurred in direct relation to the dividends may be deducted. If the corporation holds a direct participation of less than 10% in the share capital of such corporation ("**Portfolio Participation**") at the beginning of the calendar year the dividend will be fully subject to corporate income tax as the before mentioned tax exemption will not apply.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption privilege are fulfilled. This is generally the case if the dividend receiving entity holds a stake of at least 15% in the share capital of the Company at the beginning of the assessment period. In case the requirements of the participation exemption are met, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be a non-deductible business expenses (amounting to 5% of the dividend). The effective trade tax rates generally ranges from approximately 7% to 19.25% depending on the municipal trade tax multiplier applied by the relevant municipal authority (*Hebesatz*).

(ii) Sole proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder, so-called partial income method (*Teileinkünfteverfahren*). Respectively, only 60% of the business expenses incurred in connection with 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 deduction of business expenses) is not only subject to income tax but is also fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled. 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.

(iii) Partnerships

The income or corporate income tax is 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 "*Corporations*" above). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see "*Sole Proprietors*" above). Upon application and subject to further conditions, an individual as a partner can have his/her 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 partnership level 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. Under the law, if the partnership fulfills the prerequisites for the trade tax exemption privilege (*i.e.* it held at least 15% of the Company's registered share capital) at the beginning of the relevant assessment period, the dividends (after the deduction of business expenses economically related thereto) should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, under the law, also include corporate partners to whom, on a look-through basis, only Portfolio Participations are attributable) should not be subject to trade tax.

23.2.2.3 Taxation of dividends of shareholders without a tax domicile in Germany

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 Sections "*23.2.2.2.2 Taxation of dividends of shareholders with a tax domicile in Germany – 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.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) are generally not taxable in Germany.

23.2.3 Taxation of capital gains

23.2.3.1 Taxation of capital gains of shareholders with a tax domicile in Germany

23.2.3.1.1 *Shares held as private assets*

Gains on the disposal of shares held by a shareholder with a tax domicile in Germany as private assets are generally – regardless of the holding period – subject to a uniform tax rate on capital investment income in Germany (25% 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 computed as the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares and the expenses related directly to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) 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 Qualified Holding.

Only an annual lump-sum deduction of €801 (€1,602 for married couples and for partners in accordance with the registered partnership act (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) 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 to the disposal which can be deducted when calculating the capital gains. Losses on disposals of shares may only be offset against gains on the disposal of shares.

If the shares are held in custody or administered by a domestic credit institution, domestic 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 (a "**German Paying Agent**"), the tax on the capital gains will in general be satisfied by the German Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) plus any church tax, if applicable, on the capital gain and transferring it to the tax authority for the account of the seller.

However, the shareholder can apply for his total capital investment income together with his/her other taxable income to be subject to 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. Moreover, the limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a German Paying Agent, the shareholder is required to declare the capital gains in his/her income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

Reference is made to the Section "*Taxation of Dividends of Shareholders with a Tax Domicile in Germany - Shares Held as Private Assets*" above regarding the potential abolition of the flat tax regime currently applicable on capital gains deriving from private assets.

With regard to church tax on dividends an automatic procedure for deducting church tax applies unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Tax Office.

If the shareholder making the disposal – or, in case of a sale of shares acquired without consideration, its legal predecessor – held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding the disposal, the partial income method applies to gains on the disposal of shares, which means that only 60% of the capital gains are subject to tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a German 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/her capital gains in his/her 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 on his/her tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

23.2.3.1.2 *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 uniform withholding tax. 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; § 27 KStG*) reduce the

original acquisition costs. In case of disposal a higher taxable capital gain can arise. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

23.2.3.1.3 *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% exempt from corporate income tax (including the solidarity surcharge) and trade tax, currently, regardless of the size of the participation and the holding period. 5% 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 municipal authority, generally between approximately 7% and 19.25%). As a rule, losses on disposals and other profit reductions in connection with shares (*e.g.*, from a write-down) cannot be deducted as business expenses.

23.2.3.1.4 *Sole proprietors*

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains on the disposal of the shares are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder, and, if applicable, church tax (partial-income method). Respectively only 60% of the losses in connection with the disposal of the shares are tax deductible. If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited toward 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.

23.2.3.1.5 *Partnerships*

The income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. 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 "*Corporations*" above). 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 "*Sole proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his/her 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 the partnership, if the shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5% as far as they are 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% 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/her profit share will generally be credited, either in full or in part, against his/her 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.

23.2.4 Withholding tax

In case of a German Paying Agent, the gains of the sale of shares held as business assets are in general subject to withholding tax in the same way as shares held as non-business assets by a shareholder (see the Section 23.2.2.2.1. "*Taxation of capital gains – Taxation of capital gains of shareholders with a tax domicile in Germany – Shares held as private assets*"). However, the German Paying Agent will not withhold the

withholding tax, if (i) the shareholder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the shares belong to the domestic business assets of a shareholder, and the shareholder declares so to the German Paying Agent using the designated official form and certain other requirements are met. If withholding tax is nonetheless withheld by a German Paying Agent, the withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or will be refunded in the amount of any excess.

23.2.5 Taxation of capital gains of shareholders without a tax domicile in Germany

Capital gains derived by shareholders with no tax domicile in Germany are only subject to German tax if 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.

In the case, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply mutatis mutandis (see "*Taxation of capital gains of shareholders with a tax Domicile in Germany — Shares held as business assets*"). The German Paying Agent can refrain from deducting the withholding tax if the shareholder declares to the German Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

23.3 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

If credit institutions or financial services providers hold or sell shares that are allocable to their trading book pursuant to Section 340e para. 3 of the German Commercial Code , they will neither be able to use the partial income method nor have 60% of their gains exempted from taxation nor be entitled to the effective 95% 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 in which credit institutions or financial services providers directly or indirectly hold more than 50% of the shares if the acquired shares form part of the current assets on the level of the financial institution. Likewise, the tax exemption described earlier 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.

23.4 Inheritance and Gift Tax

The transfer of shares to another person by way of gift or upon death 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 not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany; or

(ii) independent of these individual circumstances, the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed; or

(iii) the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The small number of double taxation treaties with 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 the cases under (i) and, subject to certain restrictions, as stated under (ii) above. Special provisions apply to certain German nationals living outside of Germany and to former German nationals.

23.5 Other Taxes

No German capital transfer taxes, VAT, 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 VAT, to VAT if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

The European Commission and certain EU Members States (including Germany) are currently intending to introduce a financial transactions tax (presumably on secondary market transactions involving at least one financial intermediary). It is currently uncertain when the proposed financial transactions tax will be enacted by the participating EU member states and when the financial transactions tax will enter into force with regard to dealings with the Shares.

24. Taxation in Luxembourg

The following information is of a general nature only on certain tax considerations effective in Luxembourg in relation to shares held in a non-resident company, such as the Company, and does not purport to be a comprehensive description of all of the tax considerations that might be relevant to an investment decision in such a company. It is included herein solely for preliminary information purposes and is not intended to be, nor should it be construed to be, legal or tax advice. The information contained herein is based on the laws presently in force in Luxembourg on the date of the Prospectus, and thus subject to any change in law that may take effect after such date. Prospective shareholders should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law or concepts only. Further, any reference to a resident corporate shareholder/taxpayer includes non-resident corporate shareholders/taxpayers carrying out business activities through a permanent establishment, a permanent representative or a fixed place of business in Luxembourg to which assets (such as the Shares) would be attributable. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (impôt sur le revenu des collectivités), municipal business tax (impôt commercial communal), a solidarity surcharge (contribution au fonds pour l'emploi), as well as personal income tax (impôt sur le revenu) generally. Corporate shareholders may further be subject to net wealth tax (impôt sur la fortune), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident in Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

24.1 Withholding Tax

Dividend distributions made by a non-resident company, such as the Company, to Luxembourg resident shareholders are not subject to any Luxembourg withholding tax, which is also the case for liquidation proceeds and capital gains. Therefore the non-resident company has no responsibility to withhold tax in Luxembourg, even if the payments are made through a Luxembourg-based paying agent, provided that the latter is not considered as being the beneficial owner of the incomes.

24.2 Income Tax on Dividends and Capital Gains

24.2.1 Fully taxable resident corporate shareholders

For resident corporate taxpayers, dividends (and other payments) derived from shares held in a company and capital gains realized on the sale of shares in a company are, in principle, fully taxable and thus subject to a combined corporate income tax rate of 26.01% (for resident corporate taxpayers established in Luxembourg City), except that, as described in further detail below, (i) dividends can benefit either from a full exemption if the conditions of article 166 of the Luxembourg income tax law ("**LITL**") are met or from a 50% exemption if the conditions of Article 115 (15a) LITL are met, and (ii) capital gains realized by resident corporate shareholders are fully exempt if the conditions of the Grand Ducal Decree of December 21, 2002, (as amended) are fulfilled.

Under the Luxembourg participation exemption on dividends as implemented by Article 166 LITL, dividends derived from shares may be exempt from income tax at the level of the resident corporate shareholder if cumulatively, (i) the shareholder is either (a) a fully taxable resident collective entity taking one of the forms listed in the appendix to paragraph 10 of Article 166 LITL, (b) a fully taxable resident corporation not listed in the appendix to paragraph (10) of Article 166 LITL, (c) a permanent establishment of a collective entity referred to in Article 2 of the Parent-Subsidiary Directive, (d) a permanent establishment of a corporation resident in a State with which the Grand Duchy of Luxembourg has signed an agreement in an attempt to avoid double taxation, or (e) a permanent establishment of a corporation or a cooperative society resident in

a State party to the European Economic Area Agreement other than a Member State of the European Union, (ii) the subsidiary is either (a) a collective entity referred to in Article 2 of the Parent-Subsidiary Directive, (b) a fully taxable resident corporation not listed in the appendix to paragraph (10) of Article 166 LITL, or (c) a non-resident corporation fully subject to a tax corresponding to the Luxembourg corporate income tax, and (iii) the shareholder has held or commits itself to hold, for an uninterrupted period of at least 12 months in both comparison periods, a participation representing at least 10% in the share capital of the subsidiary or an acquisition price of at least €1.2 million. Liquidation proceeds are deemed to be a received dividend and may be exempt under the same conditions. The participation through an entity that is transparent for Luxembourg income tax purposes is to be considered as direct participation in proportion to the amount held in the net assets invested in that tax transparent entity.

The Luxembourg participation exemption regime may be denied if the income is (i) deductible in the other EU Member State paying such income or (ii) paid as part of an arrangement or a series of arrangements that, having been put into place with the main purpose or one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the Parent-Subsidiary Directive, is not genuine having regard to all relevant facts and circumstances. For the purposes of this anti-avoidance rule, an arrangement, which may comprise several steps or parts, or a series of arrangements, is considered as not genuine to the extent that it is not put into place for valid commercial reasons that reflect economic reality.

Expenses, including interest expenses and impairments, in direct economic relation with the shareholding held by a resident corporate shareholder should not be deductible for income tax purposes up to the amount of any exempt dividend derived during the same financial year. Expenses exceeding the amount of the exempt dividend received from such shareholding during the same financial year should remain deductible for income tax purposes.

If the conditions of the Luxembourg participation exemption, as described above, are not met, 50% of the gross amount of dividends may however be exempt from corporate income tax in accordance with Article 115 (15a) LITL if such dividends are received from (i) a fully taxable corporation resident in Luxembourg, (ii) a corporation (a) resident in a State with which the Grand Duchy of Luxembourg has signed an agreement in an attempt to avoid double taxation, and (b) fully subject to a tax corresponding to the Luxembourg corporate income tax, or (iii) a company resident in a Member State of the European Union and referred to in Article 2 of the Parent-Subsidiary Directive. A tax credit may further be granted for German withholding taxes, provided it does not exceed the corresponding Luxembourg corporate tax on the dividends and other payments derived from German source income.

Capital gains realized on shares by resident corporate shareholders may be exempt from corporate in-come tax if the conditions mentioned above under the Luxembourg participation exemption on dividends are met, except that the acquisition price must be of at least €6 million instead of €1.2 million. The participation through an entity that is transparent for Luxembourg income tax purposes is to be considered as direct participation in proportion to the amount held in the net assets invested in that tax transparent entity. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

Capital gains realized upon the disposal of shares should remain taxable for an amount corresponding to the sum of the expenses related to the shareholding and impairments recorded on the shareholding that reduced the taxable basis of the resident corporate shareholder in the year of disposal or in previous financial years.

24.2.2 Resident corporate shareholders with a special tax regime

A resident corporate shareholder that is governed by the law of May 11, 2007, on Family Estate Management Companies (as amended) or by the Law of February 13, 2007, on Specialized Investment Funds (as amended) or by the Law of December 17, 2010, on Undertakings for Collective Investment (as amended) or by the law of July 23, 2016, on Reserved Alternative Investment Funds not having the exclusive purpose of investing in risk capital, is not subject to Luxembourg income tax; thus, neither dividends (and other payments) derived from shares held in a company nor capital gains realized on the sale or disposal, in any form whatsoever, of shares in a company, are taxable at the level of such resident corporate shareholders.

24.2.2.1 Resident individual shareholders

For resident individual shareholders, dividends derived from shares and capital gains realized on the sale of shares are, in principle, subject to income tax at the progressive ordinary rate (with a current effective marginal rate of up to 42%). Such income tax rate is increased by 7% for income not exceeding €150,000 for single taxpayers and €300,000 for couples taxed jointly, and by 9% for income above these amounts. In addition, a 1.4% dependence insurance contribution is due.

Fifty percent of the gross amount of dividends derived from shares may however be exempt from income tax, if the conditions laid down under Article 115 (15a) LITL, as described above, are complied with. In addition, a total lump-sum of €1,500 (which is doubled for taxpayers who are jointly taxable) is deductible from the total of dividends received during the tax year.

Capital gains realized on the disposal of the shares by resident individual shareholders who act in the course of the management of their private wealth, will in principle only be taxable if said capital gains qualify either as speculative gains or as gains on a substantial participation. A disposal may include a sale, an exchange, a contribution or any other kind of alienation of shares. Capital gains are deemed to be speculative if the shares are disposed within six months after their acquisition or if their disposal precedes their acquisition. Speculative gains realized during the year that are equal to, or are greater than, €500 are subject to income tax at ordinary rates. A participation is deemed to be substantial where a resident individual shareholder holds, either alone or together with his spouse, his partner or minor children, directly or indirectly, at any time within the 5 years preceding the disposal, more than 10% of share capital of a collective entity. A shareholder is also deemed to alienate a substantial participation if such participation (i) has been acquired free of charge, within the 5 years preceding the transfer, and (ii) was constituting a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5 year period). Capital gains realized on a substantial participation more than six months after the acquisition thereof may benefit from an allowance of up to €50,000 granted for a ten-year period (which is doubled for taxpayers who are jointly taxable). They are subject to income tax according to the half- global rate method, (*i.e.*, the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the substantial participation).

Capital gains realized on the disposal of the Company's shares by resident individual shareholders, who act in the course of their professional or business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

24.3 Other Taxes

24.3.1 Net wealth tax

Whilst non-resident corporate taxpayers may only be subject to net wealth tax on their Luxembourg wealth, resident corporate taxpayers are in principle subject to net wealth tax at the rate of 0.5% for net wealth up to €500 million and at 0.05% for net wealth exceeding this threshold, unless a double tax treaty provides for an exemption or the asset may benefit from the Luxembourg participation exemption regime. Net worth is referred to as the unitary value *(valeur unitaire*), as determined at January 1, of each year. The unitary value is basically calculated as the difference between (a) assets estimated at their fair market value and (b) liabilities vis-à-vis third parties, unless one of the exceptions mentioned below are satisfied.

A resident corporate shareholder will be subject to net wealth tax on shares, except if (i) the shareholder is a securitization company governed by the Law of March 22, 2004, on Securitization (as amended) or an investment company in risk capital governed by the Law of June 15, 2004, on Venture Capital Vehicles (as amended) or a specialized investment fund governed by the Law of February 13, 2007, on Specialized Investment Funds (as amended) or a family wealth management company governed by the Law of May 11, 2007, on Family Estate Management Companies (as amended) or an undertaking for collective investment governed by the Law of December 17, 2010, on Undertakings for Collective Investment (as amended) or a pension-saving company as well as a pension-saving association, both governed by the Law of July 13, 2005, (as amended) or a reserved alternative investment fund governed by the law of July 23, 2016, or (ii) if the

conditions mentioned above for the participation exemption regime on dividend income are met at the end of the previous year (except that no minimum holding period is required).

A resident corporate shareholder may further be subject to either a minimum net wealth tax of €4,815 or to a progressive minimum net wealth tax from €535 to €32,100, which depends on the total asses on their balance sheet. The minimum net wealth tax of €4,815 will be applicable for a resident corporate shareholder, which has a minimum of 90% of fixed financial assets, transferable securities and cash at bank on its balance sheet, except if its accumulated fixed financial assets do in addition not exceed €350,000, in which case it may benefit from the a minimum net wealth tax of €535. Items (*e.g.*, real estate properties or assets allocated to a permanent establishment) located in a treaty country, where the latter has the exclusive tax right, are not considered for the calculation of the 90% threshold.

Despite the above mentioned exceptions, the minimum net wealth tax also applies if the resident corporate shareholder is a securitization company governed by the Law of March 22, 2004, on Securitization (as amended) or an investment company in risk capital governed by the Law of June 15, 2004, on Venture Capital Vehicles (as amended) or a pension-saving company as well as a pension-saving association, both governed by the Law of July 13, 2005, (as amended) or a reserved alternative investment fund having the exclusive purpose of investing in risk capital governed by the law of July 23, 2016.

The net wealth tax charge for a given year can be avoided or reduced if a specific reserve, equal to five times the net wealth tax to save, is created before the end of the subsequent tax year and maintained during the five following tax years. The net wealth tax reduction corresponds to one fifth of the reserve created, except that the maximum net wealth tax to be saved is limited to the corporate income tax amount due for the same tax year, including the employment fund surcharge, but before imputation of available tax credits.

24.3.2 Inheritance tax

Where a shareholder is a resident of Luxembourg for tax purposes at the time of his/her death, shares are included in his/her taxable estate for inheritance tax assessment purposes.

24.3.3 Gift tax

Gift tax may be due on a gift or donation of shares if recorded in a Luxembourg notarial deed or otherwise recorded in Luxembourg.

24.3.4 Registration taxes and stamp duties

In principle, neither the issuance of shares nor the disposal of shares is subject to Luxembourg registration tax or stamp duty.

However, a registration duty may be due in the case where (i) the deed acknowledging the issuance/disposal of shares is either attached (*annexé*) to a deed subject to a mandatory registration in Luxembourg (*e.g.*, public deed) or lodged with a notary's records (*deposé au rang des minutes d'un notaire*), or (ii) in case of a registration of such deed on a voluntary basis.

25. Financial Information

25.1 Unaudited Interim Condensed Financial Statements of the Company prepared in accordance with IFRS as of and for the three-month period ended March 31, 2018 . . . . . F-2

Statements of financial position F-4

Statements of comprehensive income F-5

Cash flow statements F-6

Statements of changes in equity F-7

The notes F-8

25.2 Audited Financial Statements of the Company prepared in accordance with IFRS as of and for the financial years ended December 31, 2017, December 31, 2016 and December 31, 2015 . . . F-15

Statements of financial position F-16

Statements of comprehensive income F-17

Cash flow statements F-18

Statements of changes in equity F-19

The notes F-20

Auditor's report F-45

25.3 Audited Financial Statements of the Company prepared in accordance with HGB as of and for the financial year ended December 31, 2017 . . . . . F-46

Balance sheet F-47

Income statement F-49

The notes F-50

Auditor's report F-58

25.1

Unaudited Interim Condensed Financial Statements of the Company prepared in accordance with IFRS as of and for the three-month period ended March 31, 2018

AKASOL GmbH
Darmstadt

Interim Condensed Financial Statements prepared in accordance with the IFRS as of and for the three-month period ended March 31, 2018

	notes	03/31/2018 kEUR	12/31/2017 kEUR
NON-CURRENT ASSETS			
Intangible assets	4.1.1	1,321	1,214
Property, plant and equipment	4.1.2	3,738	3,131
financial assets		1	
other non-financial assets		14	14
TOTAL NON-CURRENT ASSETS		**5,074**	**4,360**
CURRENT ASSETS			
Inventories	4.2	5,367	5,342
Trade receivables		1,922	2,068
other non-financial assets		526	419
Cash and cash equivalents		2,903	2,839
TOTAL CURRENT ASSETS		**10,717**	**10,668**
ASSETS		**15,791**	**15,027**

	03/31/2018 kEUR	12/31/2017 kEUR
SHAREHOLDERS' EQUITY		
Subscribed capital	2,000	2,000
Accumulated losses	(130)	(376)
TOTAL SHAREHOLDERS' EQUITY	**1,870**	**1,624**
NON-CURRENT LIABILITIES		
Deferred tax liabilities	154	48
Financial liabilities		
Liabilities to banks	5,774	6,176
TOTAL NON-CURRENT LIABILITIES	**5,927**	**6,224**
CURRENT LIABILITIES		
Financial liabilities		
Liabilities to banks	1,134	1,138
Liabilities to shareholders	1,083	1,071
Trade payables	1,800	1,365
Other non-financial liabilities	3,579	3,250
Provisions	399	356
TOTAL CURRENT LIABILITIES	**7,995**	**7,179**
SHAREHOLDERS' EQUITY AND LIABILITIES	**15,791**	**15,027**

	notes	1.1. - 31.3.2018 kEUR	1.1. - 31.3.2017 kEUR
Revenue	5.1	4,537	2,246
Change in inventory		74	(380)
Own work capitalized		338	190
Other income		20	22
Cost of materials		(2,167)	(610)
Personnel expenses		(1,266)	(1,105)
Other expenses	5.2	(961)	(455)
Depreciation and amortization		(129)	(146)
Operating results (EBIT)		448	(239)
Financial expenses		(97)	(32)
Financial result		(97)	(32)
Earnings before taxes (EBT)		351	(270)
Income tax expenses	5.3	(106)	82
Net profit		245	(188)
Other comprehensive income			
Total comprehensive income for the period		245	(188)

CASH FLOW STATEMENT

		1.1.- 3/31/2018 kEUR	1.1.- 3/31/2017 kEUR
Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		448	(239)
+	Depreciation and amortization	129	146
+/-	other non-cash transactions	7	6
Changes in net current assets			
-/+	Increase/decrease in inventories	(26)	606
-/+	Increase/decrease in trade receivables from third parties	147	718
-/+	Increase/decrease in other assets not allocated to investment of financing	(107)	(45)
+/-	Increase/decrease in trade payables to third parties	435	(299)
+/-	Increase/decrease in liabillities and other liabilities not allocated to investment or financing activities	374	182
+/-	Increase/decrease in provisions	43	24
-/+	Interest paid	(97)	(32)
-/+	Taxes paid	(44)	
		1,309	1,068
Cash flow from investment activities			
-	Additions to intangible assets	(190)	(84)
-	Additions to property plant and equipment	(660)	(302)
=	Cash flow from investment activities	(850)	(386)
Cash flow from financing activities			
+	Proceeds from issue of financial liabilities	12	
-	Repayment of financial liabilities	(407)	(795)
=	Cash flow from financing activities	(395)	(795)
Liquid funds at the end of the period			
Change in cash and cash equivalents		65	(114)
Cash and cash equivalents as of January 1		2,839	811
=	Cash and cash equivalents at the end of the period	2,903	697
Composition of liquid funds			
Cash and cash equivalents		2,903	697

STATEMENTS OF CHANGES IN EQUITY

	Subscribed capital	Accumulated losses	Equity
	kEUR	kEUR	kEUR
Balance as of January 1, 2017	2,000	(980)	1,020
Total comprehensive income for Q1/2017	0	(188)	-188
Balance as of March 31, 2017	2,000	(1,169)	831
Balance as of January 1, 2018	2,000	(375)	1,625
Total comprehensive income for Q1/2018	0	245	245
Balance as of March 31, 2018	2,000	(130)	1,870

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE COMPANY PREPARED IN ACCORDANCE WITH THE IFRS AS OF AND FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

1. General Information about AKASOL GmbH, Darmstadt

AKASOL GmbH (hereinafter also referred to as the Company) was founded on October 8, 2008, and has its registered office at Landwehrstrasse 55, 64293 Darmstadt, Germany. The company is registered in the Commercial Register at Darmstadt District Court under HRB 87340. Schulz Group GmbH, Ravensburg, with a shareholding of 76 %, was the parent company of the Company during the entire reporting period.

AKASOL GmbH develops and produces lithium-ion battery systems for both hybrid and all-electric drive systems in mobile applications and for storing renewable energies for statutory systems.

The interim condensed financial statements as of and for the three-month period ended March 31, 2018 are prepared in euros (EUR), which is the functional and reporting currency. Amounts in the financial statements are stated in thousands of euros unless otherwise indicated. This can result in rounding differences of up to one currency unit.

2. Basis of preparation

The interim condensed financial statements for the three months ended March 31, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements as at December 31, 2017.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2017. There are no adoptions of new standards effective as of January 1, 2018. IFRS 9 and IFRS 15 were applied voluntarily from the date of transition, January 1, 2015, although their application was not yet mandatory.

3. Segments

AKASOL GmbH is not managed on the basis of different segments. The management plans to differentiate between „On-Highway“ and „Off-Highway“ business to manage the Company in the future. This means that a distinction will be made between products for road use and other applications. Internal reporting is currently being established for this purpose.

The business of the Company is not regarded as seasonal. Therefore, the additional disclosure of financial information for the 12-month period ended on the interim reporting date, encouraged in IAS 34.21, is not provided.

4. Notes to the statement of financial position

4.1 Fixed assets

The development and composition of fixed assets in the three months ended March 31, 2018 is shown in the following statement of changes in fixed assets:

4.1.1 Intangible assets

January 1 to March 31, 2018

	Development costs	Rights acquired for consideration	Total
	in kEUR	in kEUR	in kEUR
Acquisition and production costs			
Balance as of January 1, 2018	2,500	241	2,741
Additions	187	3	190
Disposals	7	0	7
Balance as of March 31, 2018	2,680	244	2,924
Depreciation, amortization and impairment losses			
Balance as of January 1, 2018	1,320	206	1,526
Additions	70	7	77
Disposals	0	0	0
Balance as of March 31, 2018	1,390	213	1,603
Carrying amounts			
Balance as of January 1, 2018	1,180	35	1,214
Balance as of March 31, 2018	1,290	31	1,321

January 1 to March 31, 2017

	Development costs	Rights acquired for consideration	Total
	in kEUR	in kEUR	in kEUR
Acquisition and production costs			
Balance as of January 1, 2017	1,954	209	2,164
Additions	70	15	84
Disposals	7	0	7
Balance as of March 31, 2017	2,017	224	2,241
Depreciation, amortization and impairment losses			
Balance as of January 1, 2017	1,012	167	1,179
Additions	70	11	81
Disposals	0	0	0
Balance as of March 31, 2017	1,082	178	1,260
Carrying amounts			
Balance as of January 1, 2017	942	42	984
Balance as of March 31, 2017	935	46	981

The internally generated assets reported relate to capitalized own work in the context of development projects in connection with the development, evaluation and demonstration of lithium-ion battery systems for both hybrid and all-electric drive systems in mobile applications and for storing renewable energies for stationary systems.

The investment in development projects in the three-month period ended March 31, 2018, amounts to kEUR 187 (period ended March 31, 2017: kEUR 70), net of grants received amounting to kEUR 151 (period ended March 31, 2017: kEUR 120) and concerns essentially the projects „PREDIKT“ (kEUR 52, period ended March 31, 2017: kEUR 27), „OPTISTORE“ (kEUR 49, period ended March 31, 2017: kEUR 37) and „RESERVEBATT“ (kEUR 32, period ended March 31, 2017: kEUR 0).

4.1.2 Property, plant and equipment

January 1 to March 31, 2018

	Technical equipment and machinery	Factory and office equipment	Advance payments	Total
	in kEUR	in kEUR	in kEUR	in kEUR
Acquisition costs				
Balance as of January 1, 2018	977	1,958	1,894	4,829
Additions	18	177	466	660
Disposals	0	0	0	0
Balance as of March 31, 2018	994	2,135	2,359	5,488
Depreciation, amortization and impairment losses				
Balance as of January 1, 2018	784	914	0	1,697
Additions	9	43	0	52
Disposals	0	0	0	0
Balance as of March 31, 2018	793	957	0	1,750
Carrying amounts				
Balance as of January 1, 2018	193	1,045	1,894	3,131
Balance as of March 31, 2018	201	1,178	2,359	3,739

January 1 to March 31, 2017

Acquisition costs				
Balance as of January 1, 2017	892	1,337	490	2,719
Additions	7	240	55	302
Disposals	0	0	0	0
Balance as of March 31, 2017	899	1,577	545	3,021
Depreciation, amortization and impairment losses				
Balance as of January 1, 2017	738	679	0	1,417
Additions	9	56	0	65
Disposals	0	0	0	0
Balance as of March 31, 2017	747	734	0	1,481
Carrying amounts				
Balance as of January 1, 2017	154	659	490	1,302
Balance as of March 31, 2017	152	842	545	1,540

4.2 Inventories

If costs of inventories are not recoverable, a write down to the net realizable value will be recorded. The company has not recorded any write down in the three-month periods ended March 31, 2017 and 2018, respectively.

5. Notes to the statement of comprehensive income

5.1 Revenues

AKASOL concludes contracts with customers for the supply and development of products and their maintenance. On this basis, the Company classifies its recognized revenue from contracts with customers into the categories „product sales“ and „services“. The „product sales“ category includes the sale of all products, such as prototypes, series production or parts. The „service“ category includes all engineering services as well as other maintenance and consulting services. Revenues are categorized as follows:

	1/1-3/31/2018	1/1-3/31/2017
	kEUR	kEUR
product sales	3,951	1,170
services	586	1,075
	4,537	2,246

5.2 Other expenses

The other expenses include costs concerning consultancy and audit in the context of the IPO amounting to kEUR 155.

5.3 Tax on income and earnings

The Company calculates the period income tax expense using the tax rate that would be applicable to the total annual earnings. The disclosed tax on income and earnings refers exclusively to the change of deferred tax assets and liabilities.

6. Additional disclosures on financial instruments

The fair values of financial assets and liabilities compared to the carrying amounts are as follows:

March 31, 2018

			Recognized value on the statement of financial position under IFRS 9		
in kEUR	Measurement category	Carrying amount 03/31/2018	Amortized cost	Fair value through profit or loss	Fair value
Financial assets	FAAC	1	1		1[3)]
Trade receivables	FAAC	1,922	1,922		1,922[3)]
Cash and cash equivalents	FAAC	2,903	2,903		2,903[3)]
Financial liabilities	FLAC	7,990	7,990		7,990[3)]
Trade payables	FLAC	1,800	1,800		1,800[3)]
Of which aggregated by measurement category					
Financial Assets measured at amortized cost	FAAC	4,825	4,825		4,825[3)]
Liabilities at amortized cost	FLAC	9,790	9,790		9,790[3)]

FAAC: Financial assets measured at amortised costs
FAFVOCI: Financial assets measured at fair value through other comprehensive income
FAFVTPL: Financial assets measured at fair value through profit and loss
FLAC: Financial Liabilities measured at amortised cost
FLFVPL: Financial Liabilities at fair value through profit and loss

1) measured at acquisiton costs (not used)

2) Level 2 of the fair value hierarchy (not used)

3) The values stated for financial assets and financial liabilities are measured not at fair value but at the amortized cost/carrying amounts, which represent an appropriate approximation of fair value.

December 31, 2017

in kEUR	Measurement category	Carrying amount 12/31/2017	Recognized value on the statement of financial position under IFRS 9		Fair value
			Amortized cost	Fair value through profit of loss	
Trade receivables	FAAC	2,068	2,068		2,068[3)]
Cash and cash equivalents	FAAC	2,839	2,839		2,829[3)]
Financial liabilities	FLAC	8,385	8,385		8,385[3)]
Trade payables	FLAC	1,365	1,365		1,365[3)]
Of which aggregated by measurement category					
Financial Assets measured at amortized cost	FAAC	4,907	4,907		4,907[3)]
Liabilities at amortized cost	FLAC	9,750	9,750		9,750[3)]

FAAC: Financial assets measured at amortised costs
FAFVOCI: Financial assets measured at fair value through other comprehensive income
FAFVTPL: Financial assets measured at fair value through profit and loss
FLAC: Financial Liabilities measured at amortised cost
FLFVPL: Financial Liabilities at fair value through profit and loss

1) measured at acquisiton costs (not used)

2) Level 2 of the fair value hierarchy (not used)

3) The values stated for financial assets and financial liabilities are measured not at fair value but at the amortized cost/carrying amounts, which represent an appropriate approximation of fair value.

Net results by measurement category

01/01-03/31/2018	Financial assets measured at amortized cost	Derivative Financial instruments	Financial liabilities measured at amortized cost	Total
	kEUR	kEUR	kEUR	kEUR
Interest expenses	0	0	(97)	(97)
Net result	0	0	(97)	(97)

01/01-03/31/2017	Financial assets measured at amortized cost	Derivative Financial instruments	Financial liabilities measured at amortized cost	Total
	kEUR	kEUR	kEUR	kEUR
Interest expenses	0	0	(32)	(32)
Net result	0	0	(32)	(32)

7. Related parties

Related parties under IAS 24 are:

- The principal shareholder Schulz Group GmbH, Ravensburg, and its subsidiaries within the Schulz Group
- Sven Schulz as Managing Director of the Company and principle shareholder of the parent company (beneficial owner);
- Felix von Borck as Managing Director of the Company.

7.1 Transactions with Schulz Group GmbH, Ravensburg, Germany

The Company's parent company, Schulz Group GmbH, Ravensburg, Germany, held 76 % of the share capital of the Company as of March 31, 2018 as well as of December 31, 2017.

Schulz Group GmbH has granted the Company a shareholder loan amounting to kEUR 1,083 as of March 31, 2018 (12/31/2017: kEUR 1,071). This loan was granted for an indefinite period at an interest rate of 5% p.a. No collateral has been provided in connection with the loan.

Schulz Group GmbH also concluded a cash management agreement with AKASOL GmbH in 2013. The cash pool agreement with a fixed interest rate of 5% p.a. was terminated with effect from July 31, 2017.

The Company paid interest expense totaling kEUR 12 in the three-month period ended March 31, 2018 (period ended March 31, 2017: kEUR 13) to Schulz Group GmbH on the shareholder loan and cash pool liabilities.

On January 1, 2009, an outsourcing agreement was signed with Schulz Group GmbH for the outsourcing of finance and accounting, human ressources, sales and marketing and secretarial services. The contractual compensation for these activities amounted to kEUR 225 in the three-month period ended March 31, 2018 (period ended March 31, 2017: kEUR 132).

In addition, revenues of kEUR 0 (period ended March 31, 2017: kEUR 0) were generated in transactions with Schulz Group GmbH. Additional expenses from service relationships amounted to kEUR 17 (period ended March 31, 2017: kEUR 9).

Total revenues of kEUR 13 (period ended March 31, 2017: kEUR 13) were generated in transactions with other subsidiaries of Schulz Group GmbH. Expenses of kEUR 47 (period ended March 31, 2017: kEUR 0) were incurred with these companies.

Outstanding balances with related parties relate exclusively to Schulz Group GmbH and can be categorized as follows:

	03/31/2018	12/31/2017
	kEUR	kEUR
shareholder loan	1,083	1,071
Trade payables	18	60
	1,101	1,131

7.2 Transactions with Sven & Reinhold Schulz Immobilienverwaltungs-GbR, Ravensburg

Sven Schulz, Managing Director of the Company and principal shareholder of the parent company Schulz Group GmbH, also holds an equity interest in Sven & Reinhold Schulz Immobilienverwaltungs-GbR, Ravensburg, Germany. Sven & Reinhold Schulz Immobilienverwaltungs-GbR, Ravensburg, Germany, has leased business premises in Ravensburg, Germany, to AKASOL GmbH since 2016. The volume in the three- month period ended March 31, 2018 amounted to kEUR 10 (period ended March 31, 2017: kEUR 7).

7.3 Transactions with key management personnel

No transactions were conducted with key management personnel other than their work for the Company.

8. Contingent liabilities /commitments

There are no changes concerning contingent liabilities in comparison to the year end as of December 31, 2017. There is joint and several liability with the other Schulz Group companies for framework credit agreements of kEUR 10,000 and guarantee credit lines of kEUR 5,000 in favor of Schulz Group GmbH in Ravensburg, Germany. The Company believes the obligations can be expected to be fulfilled by the recipients of the loan. Consequently, it was not recognized on the liabilities side of the statement of financial position but instead disclosed in the notes.

There are commitments as of March, 31, 2018 of kEUR 365 (March 31, 2017: kEUR 1,875).

9. Subsequent events

By a resolution of the extraordinary General Shareholders' Meeting on April 24, 2018, which was registered with the commercial register of the local court of Darmstadt on May 3, 2018, our share capital was increased from EUR 2,000,000.00 against contributions in cash and contributions in kind in the amount of EUR 2,000,000.00 to an aggregate of EUR 4,000,000.00.

Concurrently with the capital increase, EUR 1 million payable under the loan granted by Schulz Group GmbH was transferred to the Company as a contribution in kind.

Furthermore, there were no events of particular significance after the end of the reporting period ended March 31, 2018 that were not recognized in the statement of comprehensive income or the statement of financial position.

These condensed financial statements were authorized for issue by the Management Directors on May 8, 2018.

10. Management

The following individuals were appointed Managing Directors:

Sven Schulz, Dipl.-Wirtschaftsingenieur; and
Felix von Borck, Dipl.-Ingenieur Maschinenbau

Darmstadt, May 8, 2018

Sven Schulz	Felix von Borck

25.2

Audited Financial Statements of the Company prepared in accordance with IFRS as of and for the financial years ended December 31, 2017, December 31, 2016 and December 31, 2015

STATEMENTS OF FINANCIAL POSITION AS OF 12/31/2017

	Annex	IFRS 12.31.2017 kEUR	IFRS 12.31.2016 kEUR	IFRS 12.31.2015 kEUR
NON-CURRENT ASSETS				
Intangible assets	4.1.1	1,214	984	1,173
Property, plant and equipment	4.1.2	3,131	1,302	1,473
Other non-financial assets	4.5	14	14	0
Deferred tax assets	5.6	0	224	544
TOTAL NON-CURRENT ASSETS		**4,360**	**2,525**	**3,190**
CURRENT ASSETS				
Inventories	4.2	5,342	3,898	5,710
Trade receivables	4.3	2,068	2,065	2,182
Other non-financial assets	4.5	419	154	378
Cash and cash equivalents	4.6	2,839	811	1,344
TOTAL CURRENT ASSETS		**10,668**	**6,928**	**9,614**
ASSETS		**15,027**	**9,452**	**12,804**

		12.31.2017 kEUR	12.31.2016 kEUR	12.31.2015 kEUR
SHAREHOLDERS' EQUITY				
Subscribed capital		2,000	2,000	2,000
Accumulated losses		-376	-980	-1,695
TOTAL SHAREHOLDERS' EQUITY	4.7	**1,624**	**1,020**	**305**
NON-CURRENT LIABILITIES				
Deferred tax liabilities	5.6	48	0	0
Financial liabilities				
Liabilities to banks	4.11.1	6,176	1,821	2,278
TOTAL NON-CURRENT LIABILITIES		**6,224**	**1,821**	**2,278**
CURRENT LIABILITIES				
Financial liabilities				
Liabilities to banks	4.8.1	1,138	451	1,098
Liabilities to shareholders	4.8.2	1,071	2,469	4,636
Trade payables	4.9	1,365	745	1,271
Other non-financial liabilities	4.11	3,250	2,794	3,135
Income tax liabilities	4.12	0	18	0
Provisions	4.13	356	135	80
TOTAL CURRENT LIABILITIES		**7,179**	**6,612**	**10,221**
SHAREHOLDERS' EQUITY AND LIABILITIES		**15,027**	**9,452**	**12,804**

The Notes on pages F-20 to F-44 form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR FISCAL YEAR 2017

	Annex	IFRS 1.1. - 31/12/2017 kEUR	IFRS 1.1. - 31/12/2016 kEUR	IFRS 1.1. - 31/12/2015 kEUR
Revenue	5.1	14,483	13,446	8,806
Change in inventory		-25	-238	698
Own work capitalized		1,018	556	772
Other income	5.2	536	111	162
Cost of materials	5.3	-6,878	-6,210	-4,736
Personnel expense		-4,837	-3,809	-3,023
Other expenses		-2,552	-1,884	-1,636
Depreciation and amortization	5.4	-628	-645	-633
Operating results (EBIT)		1,117	1,326	410
Financial expenses	5.5	-246	-273	-319
Financial result		-246	-273	-319
Earnings before taxes (EBT)		871	1,053	91
Income tax expenses	5.6	-266	-339	-42
Net profit		605	715	49
Other comprehensive income		0	0	0
Total comprehensive income for the period		605	715	49

The Notes on pages F-20 to F-44 form an integral part of these financial statements.

CASH FLOW STATEMENTS FOR FISCAL YEAR 2017

	Annex	1.1. - 31/12/2017 kEUR	1.1. - 31/12/2016 kEUR	1.1. - 31/12/2015 kEUR
Cash flow from operating activities	6			
Earnings before interest and taxes (EBIT)		1,117	1,326	410
+ Depreciation and amortization		628	645	633
+/- Other non-cash transactions		585	65	0
Changes in net current assets				
-/+ Increase/decrease in inventories		-1,443	1,811	-1,830
-/+ Increase/decrease in trade receivables from third parties		-4	117	611
-/+ Increase/decrease in other assets not allocated to investment or financing activities		-265	211	66
+/- Increase/decrease in trade payables to third parties		620	-527	816
+/- Increase/decrease in liabilities and other liabilities not allocated to investment or financing activities		455	-341	47
+/- Increase/decrease in provisions		221	55	80
-/+ Interest paid		-246	-273	-319
-/+ Taxes paid		-105	0	0
		1,562	3,089	513
Cash flow from investment activities	6			
- Additions to intangible assets		-577	-221	-326
- Additions to property plant and equipment		-2,602	-129	-170
= Cash inflow/outflow from investment activities		-3,179	-351	-496
Cash flow from financing activities	6			
+ Proceeds from issue of financial liabilities		5,914	0	1,560
- Repayment of financial liabilities		-2,269	-3,271	-255
= Cash flow from financing activities		3,645	-3,272	1,305
Liquid funds at the end of the period				
Change in cash and cash equivalents		2,028	-533	1,322
Cash and cash equivalents as of January 1		811	1,344	22
= Cash and cash equivalents at the end of the period		2,839	811	1,344
Composition of liquid funds				
Cash and cash equivalents		2,839	811	1,344
		2,839	811	1,344

The Notes on pages F-20 to F-44 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR FISCAL YEAR 2017

	Subscribed capital (Annex 4.7)	Accumulated losses (Annex 4.7)	Equity (Annex 4.7)
	kEUR	kEUR	kEUR
As at January 1, 2015	2,000	-1,744	256
Total comprehensive income for 2015	0	49	49
Balance as of December 31, 2015	2,000	-1,695	305
Balance as of January 1, 2016	2,000	-1,695	305
Total comprehensive income for 2016	0	715	715
Balance as of December 31, 2016	2,000	-980	1,020
Balance as of January 1, 2017	2,000	-980	1,020
Total comprehensive income for 2017	0	605	605
Balance as of December 31, 2017	2,000	-375	1,625

The Notes on pages F-20 to F-44 form an integral part of these financial statements.

NOTES TO THE IFRS FINANCIAL STATEMENTS OF AKASOL GMBH, DARMSTADT, CONSISTING OF HISTORICAL FINANCIAL INFORMATION FOR FISCAL YEARS 2017, 2016, and 2015

1. General Information about AKASOL GmbH, Darmstadt

AKASOL GmbH (hereinafter also referred to as the Company) was founded on October 8, 2008, and has its registered office at Landwehrstrasse 55, 64293 Darmstadt, Germany. The Company is registered in the Commercial Register at Darmstadt District Court under HRB 87340. Schulz Group GmbH, Ravensburg, with a shareholding of 76%, was the parent company of the Company during the entire reporting period.

AKASOL GmbH develops and produces lithium-ion battery systems for both hybrid and all-electric drive systems in vehicles and for storing renewable energies in stationary systems.

The annual financial statements of the Company are prepared in euros (EUR), which is the functional and reporting currency. Amounts in the financial statements are stated in thousands of euros, unless otherwise indicated. This can result in rounding differences of up to one currency unit.

The fiscal year covers the period from January 1 to December 31 of each year.

2. Accounting principles

2.1. General

AKASOL GmbH is required to prepare annual financial statements in accordance with § 264 of the German Commercial Code (HGB). In addition, annual financial statements in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) of the International Accounting Standards Board (IASB), as required to be applied in the European Union, were prepared voluntarily for the first time as of December 31, 2017, with comparative figures as of December 31, 2016, and December 31, 2015. The financial statements take into account all mandatory accounting standards and interpretations applicable in the EU.

The significant accounting and measurement principles applied in the preparation of these financial statements are presented below. Unless otherwise indicated, these principles have been applied uniformly for all fiscal years presented.

In preparing the financial statements, management is required to make estimates and assumptions that affect the recognized amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and contingent liabilities. In addition, management is also required to apply the accounting and measurement principles in accordance with its own judgment. Although these estimates and assumptions are based on the best possible knowledge of events and measures, the results may differ from these estimates.

The financial statements were prepared on the basis of cost, with the exception that certain financial instruments are measured at fair value. Costs are based on the respective value of the consideration paid for assets. This is based on the fair value of the consideration.

Fair value is the price that would be paid on the valuation date for the sale of an asset or for the transfer of a liability in a transaction between market participants at normal market conditions, irrespective of whether the price is directly observable or estimated using another valuation technique.

In the determination of the fair value of an asset or liability, the Company considers the characteristics of the asset or liability to the extent that market participants would also take these characteristics into account in determining the price of the asset or liability on the measurement date. The fair value for measurement or inclusion in the financial statements is determined on this basis. In addition, the measurement of fair value for financial reporting purposes is categorized into Level 1, Level 2, and Level 3, depending on the observability of the input for measuring the respective fair value and the significance of these inputs for the measurement of the fair value as a whole; this fair value hierarchy is described as follows:

- Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The income statement included in the statement of comprehensive income was prepared using the total cost (nature of expense) method. The Company exercises the option to present all income and expense items recognized in a period and the components of other comprehensive income in a single statement of comprehensive income (single-level statement of comprehensive income).

2.2. First-time application of IFRS

The opening IFRS statement of financial position was prepared as of January 1, 2015. This date marks the date of transition to IFRS.

In accordance with IFRS 1.10, the opening IFRS statement of financial position

- recognized all assets and liabilities whose recognition is required by IFRS;
- did not recognize any items as assets or liabilities if IFRS do not permit such recognition;
- reclassified items that it recognized in accordance with previous GAAP as one type of asset, liability or component of equity, but are a different type of asset, liability or component of equity in accordance with IFRS; and
- applied IFRS in measuring all recognized assets and liabilities.

The change in accounting principles compared to the annual financial statements in accordance with the German Commercial Code (HGB) resulted in a negative effect on equity in the opening IFRS statement of financial position as of January 1, 2015, in the amount of kEUR 566. This is primarily the result of inventory valuation adjustments in the amount of kEUR 925. The effect was partly offset by recognition of deferred tax assets for temporary differences and tax losses carried forward totaling kEUR 587.

The following standards that had already been adopted by the IASB were not applied in the financial statements, as they had not yet become effective:

IFRS 16: Leases

In January 2016, the IASB issued a new standard on the accounting of leases. IFRS 16 replaces the previous standard IAS 17 and the interpretations IFRIC 4, SIC-15 and SIC-27. The application of the new regulations are mandatory as of January 1, 2019. Voluntary early application is permitted, but only if IFRS 15 is also applied on this date. The main changes under IFRS 16 relate to lessee accounting. For example, the lessee must recognize assets for rights of use acquired and liabilities for payment obligations entered into for all leases. The distinction between finance and operating leases, previously required under IAS 17, will therefore no longer apply to the lessee. Exemptions are granted for low-value asset leases and for short-term leases. The effects of the new standard have not yet been conclusively analyzed.

The following standards and interpretations are not yet applicable in the financial statements as they have not been adopted into European law as part of the EU's IFRS endorsement process:

- IFRS 14: Regulatory Deferral Accounts
- Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 2, "Classification and Measurement of Share-based Payment Transactions"
- Annual Improvements to IFRSs 2014-2016 Cycle
- IFRIC 22: Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40, "Transfers of Investment Property"
- IFRS 17: Insurance Contracts
- IFRIC 23: Uncertainty over Income Tax Treatments
- Amendments to IFRS 9, "Prepayment Features with Negative Compensation"

- Amendments to IAS 28, “Long-term Interests in Associates and Joint Ventures”
- Annual Improvements to IFRSs 2015-2017 Cycle

First-time adoption is not expected to have a material effect on the financial statements.

The following regulations already adopted by the IASB were applied voluntarily from the date of transition, January 1, 2015, although their application was not yet mandatory in the 2015 to 2017 reporting period:

IFRS 9: Financial Instruments

With the publication of the final version of IFRS 9 in July 2014, the IASB completed its project to replace IAS 39. IFRS 9 introduces a standardized approach to classifying and measuring financial assets based on their cash flow characteristics and the business model for managing the assets, and contains a new impairment model based on expected credit losses. The standard also contains new requirements for hedge accounting and the clearer presentation of an entity’s risk management activities, in particular with regard to the management of non-financial risks. The regulations shall be applied for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted. The application of the new standard had no effect on the Company.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 was published by the IASB in May 2014 and aims to combine the large number of regulations on revenue recognition contained in various standards and interpretations and to establish standardized core principles that are applicable to all industries and categories of revenue transactions. IFRS 15 specifies when and to what extent revenue is to be recognized. The core principle of IFRS 15 is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides for a standardized five-step model for the identification and recognition of revenues, which is applicable to all contracts with customers. IFRS 15 contains, inter alia, expanded guidelines on transactions with multiple components as well as new regulations on the treatment of service contracts and contract modifications. The new standard also requires disclosure of a range of quantitative and qualitative information to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. IFRS 15 replaces IAS 11: Construction Contracts, IAS 18: Revenue and the related interpretations. The new regulations shall be applied for annual reporting reports beginning on or after January 1, 2018. Earlier application is permitted.

The Company has applied the standard since the date of transition, January 1, 2015. See the notes under 3.9 Revenue Recognition.

3. Principles of accounting and measurement

3.1 Intangible assets

Intangible assets are recognized at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Accumulated depreciation and accumulated impairment losses are deducted from their costs. Intangible assets with finite useful lives are amortized by the straight-line method over their estimated useful lives. The amortization period and the amortization method are reviewed annually at the end of each fiscal year.

3.1.1 Internally generated intangible assets

Development costs for equipment and plant components are capitalized if the requirements of IAS 38 are met. Production costs include all costs directly attributable to the development process as well as an appropriate share of development-related overhead costs. Capitalized development costs are amortized on a straight-line basis from the start of production over the expected product life cycle, generally three to five years. Research costs and non-capitalizable development costs are expensed as incurred.

AKASOL GmbH receives grants from the German Federal Ministry for Economic Affairs and Energy and other public institutions. These government grants are recognized when there is reasonable assurance that the grants will be received and the Company will comply with the conditions associated to the grant. Grants

related to expenses are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. Grants for capitalized development projects reduce the costs of the assets concerned and reduce depreciation over their expected useful lives of three to five years.

3.1.2 Software and other rights

Software and other rights are recognized at cost as intangible, assets unless the cost of the software is an integral part of the related hardware. Software and other rights are amortized over a period of three to five years.

3.2. Property, plant and equipment

Property, plant and equipment is recognized at cost less accumulated depreciation and impairment losses. When property, plant, and equipment is disposed of or retired, its cost and accumulated depreciation and impairment losses are derecognized from the statement of financial position and the gain or loss on disposal is recognized in the statement of comprehensive income.

The costs of property, plant and equipment include the purchase price plus incidental acquisition costs. Expenses incurred after the item of property, plant and equipment has been put into service, such as maintenance and repair costs and refurbishment costs, are usually recognized in the income statement in the period in which the costs were incurred. In situations where it has become clear that expenses will result in additional future economic benefits expected to be derived from the use of an item of property, plant and equipment in excess of its originally assessed performance level, these expenses are recognized as additional expenses relating to property, plant, and equipment.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

	Useful life in years
Technical equipment and machinery	3 to 20
Other equipment, operating and office equipment	3 to 13

The depreciation methods and useful lives used are reviewed in each period to ensure that the depreciation methods and useful lives are consistent with the expected economic benefits from property, plant and equipment.

3.3 Inventories

In accordance with IAS 2, inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less costs of completion and selling and distribution expenses. In addition to direct costs, costs include a systematic allocation of fixed and variable production overheads such as production-related depreciation and pro rata administrative overhead costs that can be allocated directly to the manufacturing process. If required, the average cost method is used as a simplified measurement procedure.

3.4 Trade receivables

Trade receivables are recognized at amortized cost less necessary impairments for doubtful accounts. Receivables that are not separately identified as impaired are written down based on experience to anticipate expected credit losses.

If the revenues realized for each construction contract at the end of the reporting period exceed the amount of the advance payments, the construction contracts are reported under receivables from customer contracts as a component of trade receivables. A negative balance is shown under other liabilities as contractual liabilities. Allowances for doubtful accounts are recognized in a separate impairment account. Changes in the impairment account are recognized in profit or loss under the caption other operating expenses in the statement of comprehensive income.

3.5 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances. Cash and cash equivalents are recognized at their nominal amounts.

3.6 Other non-financial assets

Other assets are measured at amortized cost. Individual risks are taken into account through corresponding value adjustments (individual impairment charges).

3.7 Provisions

A provision is only recognized if the Company has a present obligation (legal, contractual or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to the current best estimate. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

3.8 Trade payables and other liabilities

Trade payables and other liabilities are measured at amortized cost.

3.9 Revenue recognition

In May 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers”. Application is mandatory for reporting periods beginning on or after January 1, 2018. AKASOL has voluntarily applied the standard from the date of transition to IFRS, January 1, 2015. The standard provides for a standardized five-step model framework for the identification and recognition of revenues, which is applicable to all contracts with customers. In particular, it replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The first step in revenue recognition is to identify a contract with a customer and the individual performance obligations. The transaction price is then determined and allocated to possible separate components. Revenue is recognized on this basis for fulfilled performance obligations.

AKASOL concludes contracts with customers for the supply and development of products and maintenance of products. On this basis, the Company classifies its recognized revenue from contracts with customers into the categories “Product sales” and “Services”. The “Product sales” category includes the sale of all products, such as prototypes, series production and parts. The “Services” category includes all engineering services as well as other maintenance and consulting services.

The contracts therefore consist of multiple components. As a core principle revenues are recognized for the transfer of goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 contains, inter alia, expanded guidelines on transactions with multiple components as well as new regulations on the treatment of service contracts and contract modifications.

When products are sold, the date of revenue recognition is determined on the basis of the delivery of the respective object of the contract. Payment is normally due after delivery and invoicing. Engineering services are regarded as realized when the contractual conditions are deemed to be fulfilled. Invoices are issued as the project progresses on the basis of the agreed milestones. Revenue is recognized for unfulfilled milestones over time. Maintenance contracts are recognized pro rata over the corresponding term of the contracts.

Advance payments are regularly received based on the progress of the work, usually at a relatively early stage in the order process of a project. Consequently, contract liabilities tend to be higher than contract assets. All invoices are normally due for payment within two weeks of receipt.

Judgmental decisions on the application of IFRS 15 arise in the context of contracts with multiple components, in particular with regard to the transaction price. The transaction price, usually a contractually fixed price, is allocated to the performance obligations in an amount corresponding to the consideration. Because the

standalone selling price is not directly observable, an estimate is made using the expected-cost-plus-margin approach (IFRS 15.79). The Company uses this approach to determine the standalone selling price of each performance obligation. The total of the standalone selling prices is the transaction price. The individual selling price is determined by increasing the relevant costs by a profit margin in line with the market.

3.10 Leases

The Company has operating leases under which all material risks and rewards incidental to ownership remain with the lessor. Lease payments under operating leases are expensed in the statement of comprehensive income on a straight-line basis over the term of the lease.

The Company does not have any finance leases under which all material risks and rewards incidental to ownership of a leased asset are attributable to the Company as lessee.

3.11 Foreign currency transactions/Currency conversion

Transactions in foreign currencies are converted using the functional currency concept in accordance with IAS 21 at the exchange rates prevailing at the date of initial recognition of the transactions. Exchange rate gains and losses are recognized in profit or loss in the statement of comprehensive income.

3.12 Financial instruments

AKASOL GmbH holds financial instruments in the form of receivables, loans and derivative financial instruments in the form of currency forward instruments.

The initial recognition of a financial asset or financial liability is at fair value. Depending on the original classification, they are subsequently measured at amortized cost using the effective interest method or at fair value.

The amortized cost of current receivables and liabilities equals the nominal amount or the repayment amount.

Purchases and sales of financial assets in line with market conditions are recognized on the settlement date. The Company derecognizes financial assets when the contractual rights to the cash flows expire or when the rights are transferred from the Company to a third party in such a way that the criteria for derecognition are met.

Financial liabilities are removed from the statement of financial position when they are settled, i.e., when the contractual obligations have been discharged or canceled or have expired.

AKASOL GmbH makes use of derivative financial instruments (currency forward contract) for hedging purposes in order to reduce currency risks from operations. Under IFRS 9, all derivative financial instruments, such as currency forward contract, are recognized at fair value irrespective of the purpose or intent of the hedge. Derivative financial instruments are measured using market data or recognized measurement methods.

3.13 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

3.14 Government grants

AKASOL GmbH receives grants from the German Federal Ministry for Economic Affairs and Energy and other public institutions. These government grants are recognized when there is reasonable assurance that the grants will be received and the Company will comply with the conditions attached to the grant. Grants related to expenses are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate. Grants for capitalized development projects reduce the costs of the respective assets and reduce depreciation over their expected useful lives.

3.15 Income taxes

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates used to calculate current income taxes correspond to the tax rates applicable on the reporting date.

Deferred taxes are calculated using the liability method. Deferred tax assets and liabilities are measured using the tax rates expected to apply to the period in which an asset is realized or a liability is settled.

A deferred tax asset is recognized for all deductible temporary differences and for tax loss carry-forwards to the extent that it is probable that taxable profit will be available in the future and it therefore appears sufficiently certain that the loss carry-forwards can actually be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets.

Deferred tax assets and liabilities are offset if they are levied by the same tax authority.

3.16 Impairment of assets

Property, plant and equipment and intangible assets must be tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized for property, plant and equipment and intangible assets measured at cost. The recoverable amount is the higher of the fair value less costs of disposal and value in use. The fair value less costs of disposal is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use means the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognized in profit or loss under the caption other expenses in the statement of comprehensive income.

An impairment loss recognized for an asset in prior years is reversed if there is an indication that the impairment loss no longer exists or has decreased. The reversal is recognized in the statement of comprehensive income.

3.17 Segments

In the past, AKASOL GmbH was not managed on the basis of different segments. The management plans to differentiate between "On-Highway" and "Off-Highway" to manage the Company in the future. This means that a distinction will be made between products for road use and other applications. Internal reporting is currently being established for this purpose.

Revenues are broken down by geographical markets as follows:

	1/1-12/31/2017	1/1-12/31/2016	1/1-12/31/2015
	kEUR	kEUR	kEUR
Germany	7,035	6,046	3,415
Abroad	7,448	7,400	5,391
	14,483	13,446	8,806

Sales of more than 10% of total sales were generated with the following customers in the respective years:

2017

	%	kEUR
Customer 1	24.3	3,523
Customer 2	23.6	3,416

2016

	%	kEUR
Customer 1	22.0	2,964
Customer 2	15.6	2,093
Customer 3	15.3	2,062
Customer 4	14.8	1,985

2015:

	%	kEUR
Customer 1	22.4	1,972
Customer 2	16.2	1,424
Customer 3	10.3	905

3.18 Contingent assets

Contingent assets are not recognized in the annual financial statements. However, they are disclosed where an inflow of economic benefits is probable.

3.19 Statement of cash flows

The statement of cash flows was prepared in accordance with IAS 7 “Statements of Cash Flows” using the indirect method. IAS 7 classifies cash flows according to operating, investing and financing activities. The cash and cash equivalents shown in the statement of cash flows comprise cash on hand and bank balances.

3.20 Assumptions and estimates

The preparation of the annual financial statements in accordance with IFRS requires estimates for some items, which have an effect on the recognition and measurement in the balance sheet or statement of comprehensive income. Actual amounts may differ from these estimates. Estimates are particularly necessary in determining the stage of completion of customer orders and their recoverability. The carrying amount of receivables from customer orders is kEUR 555 (2016: 173, 2015: 248). At the time of preparation of the annual financial statements, there are no indications indicating the need for a material change in the underlying assumptions and estimates, and therefore no significant adjustment to the carrying amounts of the recognized assets and liabilities is currently to be expected in the following fiscal year.

3.21 Subsequent events

Subsequent events that provide additional information on the position of the Company at the end of the reporting period (events resulting in adjustments) are reported in the statement of financial position or statement of comprehensive income. Subsequent events that do not result in an adjustment are disclosed separately in Note 7.7.

4. Notes to the statement of financial position under IFRSs

4.1 Fixed assets

The development and composition of fixed assets in the years 2015 to 2017 is shown in the following statement of changes in fixed assets:

4.1.1 Intangible assets

2017

	Development costs	Rights acquired for consideration	Total
	in kEUR	in kEUR	in kEUR
Acquisition and production costs			
Balance as of January 1, 2017	1,954	209	2,164
Additions	545	32	577
Disposals	0	0	0
Balance as of December 31, 2017	2,500	241	2,741
Depreciation, amortization, and impairment losses			
Balance as of January 1, 2017	1,012	167	1,179
Additions	308	39	347
Disposals	0	0	0
Balance as of December 31, 2017	1,320	206	1,526
Carrying amounts			
Balance as of January 1, 2017	942	42	984
Balance as of December 31, 2017	1,180	35	1,214

2016

Acquisition and production costs			
Balance as of January 1, 2016	1,749	194	1,943
Additions	206	15	221
Disposals	0	0	0
Balance as of December 31, 2016	1,954	209	2,164
Depreciation, amortization, and impairment losses			
Balance as of January 1, 2016	639	130	769
Additions	373	37	410
Disposals	0	0	0
Balance as of December 31, 2016	1,012	167	1,179
Carrying amounts			
Balance as of January 1, 2016	1,109	64	1,173
Balance as of December 31, 2016	942	42	984

2015

	Development costs	Rights acquired for consideration	Total
	in kEUR	in kEUR	in kEUR
Acquisition and production costs			
Balance as of January 1, 2015	1,429	188	1,617
Additions	320	6	326
Disposals	0	0	0
Balance as of December 31, 2015	1,749	194	1,943
Depreciation, amortization, and impairment losses			
Balance as of January 1, 2015	274	90	364
Additions	365	40	405
Disposals	0	0	0
Balance as of December 31, 2015	639	130	769
Carrying amounts			
Balance as of January 1, 2015	1,155	97	1,252
Balance as of December 31, 2015	1,109	64	1,173

The internally generated assets reported relate to capitalized own work in the context of development projects in connection with the development, evaluation and demonstration of lithium-ion battery systems for both hybrid and all-electric drive systems in mobile applications and for storing renewable energies for stationary systems. In the course of the annual assessment of capitalized development costs for projects with residual carrying amounts, it was not necessary to recognize any impairments in the reporting periods.

The following development projects were essential for the financial statements of the Company:

	Remaining useful life	12/31/2017 kEUR	12/31/2016 kEUR	12/31/2015 kEUR
Project “PREDIKT”	3 years	476	221	89
Project “OPTISTORE”	3 years	187	69	5
Project “HEIPHOSS”	2 years	166	249	332
		829	539	426

The carrying amounts of the development projects include grants from the German Federal Ministry for Economic Affairs and Energy and other public institutions. These grants reduced the costs of the respective assets in 2017 by kEUR 472 (2016: kEUR 350, 2015: kEUR 452).

As noted in the statement of comprehensive income, in addition to the capitalized internally generated assets, we also incurred development costs in the amount of kEUR 413 in 2017 (2016: kEUR 254, 2015: kEUR 256).

4.1.2 Property, plant and equipment

2017

	Technical equipment and machinery	Factory and office equipment	Advance payments	Total
	in kEUR	in kEUR	in kEUR	in kEUR
Acquisition costs				
Balance as of January 1, 2017	892	1,337	490	2,719
Additions	87	621	1,894	2,602
Disposals	2	0	490	493
Transfers	0	0	0	0
Balance as of December 31, 2017	977	1,958	1,894	4,829
Depreciation, amortization, and impairment losses				
Balance as of January 1, 2017	738	679	0	1,417
Additions	45	235	0	281
Disposals	0	0	0	0
Balance as of December 31, 2017	784	914	0	1,697
Carrying amounts				
Balance as of January 1, 2017	154	659	490	1,473
Balance as of December 31, 2017	193	1,045	1,894	3,131

2016

Acquisition costs				
Balance as of January 1, 2016	941	1,135	578	2,654
Additions	9	118	2	129
Disposals	59	6	0	65
Transfers	0	89	-89	0
Balance as of December 31, 2016	892	1,337	490	2,719
Depreciation, amortization, and impairment losses				
Balance as of January 1, 2016	679	503	0	1,182
Additions	59	176	0	235
Disposals	0	0	0	0
Balance as of December 31, 2016	738	679	0	1,417
Carrying amounts				
Balance as of January 1, 2016	262	633	578	1,473
Balance as of December 31, 2016	154	659	490	1,302

2015

	Technical equipment and machinery	Factory and office equipment	Advance payments	Total
	in kEUR	in kEUR	in kEUR	in kEUR
Acquisition costs				
Balance as of January 1, 2015	848	1,076	560	2,484
Additions	84	59	26	170
Transfer	9	0	-9	0
Balance as of December 31, 2015	941	1,135	578	2,654
Depreciation, amortization, and impairment losses				
Balance as of January 1, 2015	601	353	0	954
Additions	78	149	0	228
Disposals	0	0	0	0
Balance as of December 31, 2015	679	503	0	1,182
Carrying amounts				
Balance as of January 1, 2015	247	722	560	1,530
Balance as of December 31, 2015	262	633	578	1,473

No impairment losses were recognized in the reporting periods.

In 2017, compensation of kEUR 1,000 from third parties for property, plant and equipment was recognized as other operating income. This asset with a carrying amount of kEUR 490 was disposed of in 2017. No compensation was recorded in previous years.

4.2 Inventories

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Raw materials and supplies	4,197	2,356	4,182
Finished products	1,115	1,141	1,379
Payments made	30	402	149
	5,342	3,899	5,710

If cost of inventories are not recoverable, a write down to the net realizable value will be recorded. The company has recorded kEUR 314 in write downs in 2017, kEUR 132 in 2016 and kEUR 272 in 2015.

In 2017, inventories in the amount of kEUR 5,363 were recognized as an expense in cost of materials (2016: kEUR 5,417, kEUR 4,612). The change in finished and unfinished goods is shown as change in inventory in profit and loss.

4.3 Trade receivables

Trade receivables are recognized at their nominal value less any necessary credit losses. All trade receivables as of December 31, 2017, and in both previous years have a remaining term of up to one year.

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Trade payables	1,513	1,892	1,934
Contract assets under IFRS 15.116	555	173	248
	2,068	2,065	2,182

The total value of the performance obligations from existing contracts with customers not yet satisfied as of the end of the reporting period amounted to kEUR 3,491 (2016: kEUR 1,982, 2015: kEUR 2,044). It is generally expected that these revenues will be realized within one year.

Where revenues already realized from construction contracts exceed advance payments received, they are presented as contract assets under trade receivables.

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Revenues realized for each construction contract at the end of the reporting period	857	477	551
Less payments received	-302	-304	-303
Contract assets under IFRS 15.116	555	173	248

Impairments on trade receivables developed as follows:

	2017	2016	2015
	kEUR	kEUR	kEUR
As of 1/1	60	22	23
Additions	0	41	0
Usage	-32	-3	-1
As of 12/31	28	60	22

The following picture emerges from an analysis of the age structure of receivables:

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Maturity up to 30 days	297	385	945
Maturity up to 60 days	98	77	625
Maturity over 60 days	102	64	54
Overdue receivables	497	526	1,624

There are no indications as of the end of the reporting periods that the borrowers will not meet their payment obligations with regard to trade receivables invoiced that are neither impaired nor overdue.

4.4 Other non-financial assets

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Income tax	294	104	243
Income tax receivables	92	0	0
Government grants	0	50	131
Creditors with a debit balance	8	0	4
Deposits	14	14	0
Other	25	0	0
	433	168	378

Other non-financial assets as of December 31, 2017 & December 31, 2016 amounting to kEUR 14 have a remaining term of more than one year. As of December 31, 2015, all other non-financial assets have a remaining term of up to one year.

4.5 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances.

4.6 Shareholders' equity

The statement of changes in equity presents the development of equity items.

As of December 31, 2017, the subscribed capital of AKASOL GmbH remained unchanged from previous years at kEUR 2,000.

In addition to ensuring the continuation of the Company, the capital management of AKASOL GmbH is geared towards generating appropriate profits for the shareholders. Capital is managed on the basis of equity, in particular via the equity ratio. This ratio is calculated as the ratio of equity in comparison to total assets.

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Equity	1,624	1,020	305
Balance sheet total	15,027	9,452	12,804
Equity ratio (in %)	10.8	10.8	2.4

Accumulated losses include the results achieved in the past as well as adjustments owing to the first-time adoption of IFRSs.

Owing to the legal form of the company, earnings per share are not disclosed.

4.7 Financial debt

4.7.1 Liabilities to banks

Non-current liabilities to banks relate to support loans from Sparkasse Bodensee and Baden-Württembergische Bank.

	Maturity up to	Nominal interest	12/31/2017 kEUR	12/31/2016 kEUR	12/31/2015 kEUR
Sparkasse Bodensee for kEUR 300	2019	4.95%	38	75	113
Sparkasse Bodensee for kEUR 450	2019	4.55%	150	300	450
Founding and growth financing kEUR 1,300	2023	2.95%	614	758	903
ERP Innovation program for kEUR 1,000	2023	2.45%	562	688	812
BW-Bank for kEUR 5,500	2022	3.40%	4,812	0	0
			6,176	1,821	2,278

The nominal interest rate equals the respective effective interest rate of the loan.

4.7.2 Liabilities to shareholders

Liabilities to shareholders in the amount of kEUR 1,071 (2016 and 2015: kEUR 657) relate to a shareholder loan granted by the main shareholder Schulz Group GmbH at an interest rate of 5% p.a. for an indefinite period. In 2017 the amount of the loan was increased by kEUR 375. No collateral has been provided in connection with the loan.

In 2016 and 2015, current liabilities to shareholders related to the balance of the cash pool agreed with the parent company Schulz Group GmbH. The loans resulting from this cash management system also had a fixed interest rate of 5% p.a. The cash pool agreement was terminated with effect from July 31, 2017.

4.8 Trade payables

All trade payables as of December 31, 2017, and in previous years have a remaining term of up to one year.

4.9 Other non-financial liabilities

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Contract liabilities under IFRS 15.116	1,245	1,150	809
Payments received on inventories	788	928	1,907
Personnel	516	384	59
Creditors with a debit balance	472	149	135
Income tax	128	119	106
Wage and church tax	57	40	30
Other	44	24	77
	3,250	2,794	3,135

Prepayments received on construction contracts that exceed the revenues already realized on contracts with customers are recognized as liabilities under the caption other non-financial liabilities.

	12/31/2017	12/31/2016	12/31/2016
	kEUR	kEUR	kEUR
Capitalized revenue from customer orders	1,855	1,438	589
less payments received	-3,100	-2,588	-1,398
Contractual obligations under IFRS 15.166	-1,245	-1,150	-809

	2017	2016	2015
Proceeds for the period, which had been included in the contractual obligations current balance at the beginning of the period	718	589	660

Other liabilities are presented at their settlement or repayment amounts. The liabilities recognized as of December 31, 2017, and in previous years have a remaining term of up to one year.

From time to time the Company enters into currency forward transactions (derivative financial instruments) with German banks that require the sale of US dollars at a certain rate. As of December 31, 2017, and December 31, 2016, there were no obligations arising from such transactions. As of December 31, 2015, there was one currency forward instrument of this type with a nominal volume of USD 800,000. See the notes under 7.1.2.

4.10 Income tax liabilities

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Trade tax	0	11	0
Corporation tax/Solidarity surcharge	0	7	0
	0	18	0

Current income taxes are presented under income tax liabilities.

4.11 Provisions

	As of 01/01/2017	Usage	Additions	As of 12/31/2017
	kEUR	kEUR	kEUR	kEUR
Warranty	135	0	221	356

	As of 01/01/2016	Usage	Additions	As of 12/31/2016
	kEUR	kEUR	kEUR	kEUR
Warranty	80	0	55	135

	As of 01/01/2015	Usage	Additions	As of 12/31/2015
	kEUR	kEUR	kEUR	kEUR
Warranty	0	0	80	80

All provisions are current. The effects of discounting and changes in interest rates were not taken into account owing to their immateriality.

There are uncertainties regarding the amount of outflows from warranty obligations. The estimate was made on the basis of past experience.

4.12 Maturity of liabilities

The maturities of liabilities are structured as follows:

	12/31/2017			
		Residual maturity of		
	Total	up to 1 year	>1 to 5 years	More than 5 years
	kEUR	kEUR	kEUR	kEUR
Financial debt	8,385	2,209	6,077	99
Trade payables	1,365	1,365	0	0
Other liabilities	3,250	3,250	0	0
Total	13,000	6,824	6,077	99

	12/31/2016			
		Residual maturity of		
	Total	up to 1 year	>1 to 5 years	More than 5 years
	kEUR	kEUR	kEUR	kEUR
Financial debt	4,741	2,920	1,453	368
Trade payables	745	745	0	0
Other liabilities	2,794	2,794	0	0
Income tax liabilities	18	18	0	0
Total	8,298	6,477	1,453	368

	12/31/2015			
		Residual maturity of		
	Total	up to 1 year	>1 to 5 years	More than 5 years
	kEUR	kEUR	kEUR	kEUR
Financial debt	8,013	5,735	1,640	638
Trade payables	1,271	1,271	0	0
Other liabilities	3,135	3,135	0	0
Total	12,419	10,141	1,640	638

5. Notes to the statement of comprehensive income under IFRSs

5.1 Revenues

AKASOL concludes contracts with customers for the supply and development of products and maintenance of products. On this basis, the Company classifies its recognized revenue from contracts with customers into the categories “Product sales” and “Services”. The “Product sales” category includes the sale of all products, such as prototypes, series production or parts. The “Services” category includes all engineering services as well as other maintenance and consulting services. Revenues are broken down as follows:

	1/1-12/31/2017	1/1-12/31/2016	1/1-12/31/2015
	kEUR	kEUR	kEUR
Product sales	10,347	8,321	2,516
Services	4,136	5,125	6,290
	14,483	13,446	8,806

5.2 Other income

	1/1-12/31/2017	1/1-12/31/2016	1/1-12/31/2015
	kEUR	kEUR	kEUR
Indemnity payments	510	0	0
Income from price differences	17	42	149
Other	9	69	13
	536	111	162

The underlying expense was offset against income from the indemnity payment (kEUR 1,000).

5.3 Cost of materials

	1/1-12/31/2017	1/1-12/31/2016	1/1-12/31/2015
	kEUR	kEUR	kEUR
Expenses for raw materials and supplies	5,363	5,417	4,612
Expenses for purchased services	1,515	793	124
	6,878	6,210	4,736

5.4 Depreciation, amortization, and write-downs

	1/1-12/31/2017	1/1-12/31/2016	1/1-12/31/2015
	kEUR	kEUR	kEUR
Internally generated intangible assets	308	373	365
Other intangible assets	39	37	40
Property, plant and equipment	281	235	228
	628	645	633

5.5 Interest expenses

	1/1-12/31/2017	1/1-12/31/2016	1/1-12/31/2015
	kEUR	kEUR	kEUR
Non-current liabilities	194	109	121
Interest from cash pooling	48	160	198
Other current interest expenses	4	4	0
	246	273	319

5.6 Taxes on income and earnings

Taxes on income include taxes on income paid or owed by the company and deferred taxes.

Deferred taxes are recognized for all material temporary differences between the IFRS commercial statement of financial position and the German tax statement of financial position in accordance with IAS 12. Significant temporary differences arose owing to differences in accounting regulations. Deferred tax assets relate in particular to tax loss carry-forwards that can be carried forward indefinitely.

The potential tax benefits from corporate and trade tax loss carry-forwards are capitalized. Deferred taxes are calculated on the basis of the tax assessments and tax returns of the companies.

In the IFRS opening statement of financial position as of January 1, 2015, deferred tax assets of kEUR 344 were capitalized on the existing corporate income tax loss carry-forward of kEUR 2,175. This loss carry-forward was used in the financial years from 2015 to 2016. As of December 31, 2017, the loss carry-forward increased again to kEUR 1,392 because of the loss recognized under the German Commercial Code.

As of January 1, 2015, deferred tax assets of kEUR 313 were also capitalized on the existing trade tax loss carry-forward of kEUR 2,107. This loss carry-forward was used in financial years 2015 to 2016. As of December 31, 2017, this loss carry-forward also increased again to kEUR 1,188.

Deferred tax liabilities are attributable to temporary differences with respect to intangible assets (capitalized development costs).

As a corporation, AKASOL GmbH is subject to corporation tax and trade tax. The effective trade tax rate is determined by the jurisdiction in which the Company operates. As in the two previous years, the corporate income tax rate in Germany was 15% in 2017. In addition a solidarity surcharge of 5.5% is levied on the corporate income tax assessed. AKASOL GmbH's effective tax rate of 30.7% results from the City of Darmstadt's trade tax collection rate of 425%.

Deferred taxes result from the individual items of the statement of financial position as follows:

	12/31/2017		12/31/2016		12/31/2015	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
Intangible assets	0	362	0	289	0	341
Inventories	0	0	259	0	383	0
Receivables	0	83	131	0	16	0
Provisions	0	0	0	18	0	0
Loss carryforwards	397	0	141	0	486	0
	397	445	531	307	885	341
Netting	-397	-397	-307	-307	-341	-341
	0	48	224	0	544	0

The reconciliation of tax expenses to the effective tax rate (based on earnings before taxes to actual income tax expenses) is as follows in the financial year:

	2017	2016	2015
	kEUR	kEUR	kEUR
Earnings before taxes	871	1,053	91
Expected income tax (30.7%)	267	323	28
Other effects	-1	16	14
Taxes on income and earnings in accordance with the statement of consolidated income	266	339	42
Effective tax rate	30.6%	32.2%	46.1%

6. Notes to the IFRS statement of cash flows

The statement of cash flows shows changes in cash and cash equivalents of AKASOL GmbH during the reporting year as a result of outflows/inflows of cash and cash equivalents. IAS 7: Statement of Cash Flows classifies cash flows from the categories of operating activities, investing activities and financing activities. Liquid funds in the statement of cash flows comprise cash on hand and bank balances with a term of up to three months. No cash and cash equivalents exist that are held by the company, but over which it has no control.

Cash flow from operating activities is calculated using the indirect method and amounts to kEUR 1,562 (2016: kEUR 3,089, 2015: kEUR 513). The negative cash flow from investing activities of kEUR 3,179 (2016: kEUR 351, 2015: kEUR 496) relates to investments in development projects in the amount of kEUR 545 (2016: kEUR 206, 2015: kEUR 320) and to the construction of a new assembly line in the amount of kEUR 1,572 in 2017.

In fiscal year 2017, the cash flow from financing activities totaled kEUR 3,645 (2016: negative cash flow of kEUR 3,272, 2015: positive cash flow of kEUR 1,305). All changes in cash flow from financing activities in the periods 2015 to 2017 are recognized in income.

In addition to the repayment of current loans, a new loan in the amount of kEUR 5,500 was taken out with BW Bank in 2017.

7. Other disclosures

7.1 Financial instruments

7.1.1 Interest-rate risk

Interest-rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate resulting from changes in market interest rates. The Company has substantially eliminated interest-rate risk by agreeing on fixed interest rates on long term loans and, up to and including July 31, 2017, for the cash pool agreement with the principal shareholder Schulz Group GmbH. This cash pool agreement was terminated with effect from July 31, 2017. As of the end of the reporting periods no derivative financial instruments were held to manage interest-rate risk.

7.1.2 Exchange-rate risk

Exchange-rate risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate resulting from changes in exchange rates.

AKASOL conducts its sales transactions primarily in Germany and within the EU. Consequently the majority of transactions are concluded and executed in the eurozone without any exchange rate risk. This risk arises for transactions outside the eurozone, especially if revenues are denominated in a different currency. To reduce the effects of exchange rate fluctuations, AKASOL GmbH quantifies the exchange rate risk in individual cases and hedges the material risks with currency forward instruments where this is commercially feasible.

As of December 31, 2017 and December 31, 2016, there were no currency forward instruments outstanding. As of December 31, 2015 there existed one forward currency transaction of this type with a nominal volume

of USD 800,000. The settlement date for this transaction was January 15, 2016. The nominal volume is the sum of all purchase amounts of derivative financial transactions. Fair value is calculated by measuring the outstanding positions at market prices. Market value indicates how settlement at the end of the reporting period would have affected earnings. The market value of the derivative financial instrument as of December 31, 2015, for the USD currency forward instrument amounts to kEUR -12. In contrast to the change in the market value of the derivatives, the changes in the valuation of the underlying transactions were taken into account in the statement of comprehensive income. Currency derivatives are in all cases allocated to original underlying transactions, with the result that no currency risks arise from these instruments.

7.1.3 Liquidity risks

Liquidity risks arise from the risk that the Company will not be able to meet its financial obligations. The current financing structure of AKASOL GmbH ensures the Company's solvency, and there are no liquidity risks that could endanger its ability to continue as a going concern.

AKASOL GmbH is integrated into the control and risk management system of Schulz Group. Key components of this system include monthly reports on the development of net assets, financial position, and results of operations, including target/actual analyses and detailed liquidity planning.

7.1.4 Credit risks

Credit risks, i.e., risks that counterparties will not meet their payment obligations, are managed through the internal approval of transactions by the Board of management. The Company obtains additional collateral where appropriate. The amounts recognized in the statement of financial position reflect the maximum default risk.

7.1.5 Fair value

The financial instruments of AKASOL GmbH not recognized at fair value primarily comprise cash and cash equivalents, trade receivables, trade payables, overdrafts, and loans.

The carrying amount of cash and cash equivalents approximates their fair value owing to the short maturity of these financial instruments.

For receivables and liabilities based on normal trade credit terms, the carrying amount based on cost approximates also their fair value.

The fair values of financial liabilities are determined on the basis of expected cash flows discounted at an appropriate market interest rate. Resulting from their short-term nature, the carrying amounts of financial liabilities represent an appropriate approximation of their fair values.

7.1.6 Additional disclosures on financial instruments

The fair values of financial assets and liabilities compared to their carrying amounts are as follows:

2017

in kEUR	Measurement category	Carrying amount 12/31/2017	Recognized value on the statement of financial position under IFRS 9		Fair value
			Amortized cost	Fair value through profit or loss	
Trade receivables	FAAC	2,068	2,068		2,068[3)]
Cash and cash equivalents	FAAC	2,839	2,839		2,829[3)]
Financial liabilities	FLAC	8,385	8,385		8,385[3)]
Trade payables	FLAC	1,365	1,365		1,365[3)]
Of which aggregated by measurement category					
Financial Assets measured at amortized cost	FAAC	4,907	4,907		4,907[3)]
Liabilities at amortized cost	FLAC	9,750	9,750		9,750[3)]

FAAC - Financial assets measured at amortised costs
FAFVOCI - Financial assets measured at fair value through other comprehensive income
FAFCPL - Financial assets measured at fair value through profit and loss
FLAC - Financial Liabilities measured at amortised cost
FLFVPL - Financial Liabilities at fair value through profit or loss

1) Measured at acquisition costs (not used)

2) Level 2 of the fair value hierarchy (not used)

3) The values stated for financial assets and financial liabilities are measured not at fair value but at the amortized cost/carrying amounts, which represent an appropriate approximation of fair value.

2016

in kEUR	Measurement category	Carrying amount 12/31/2016	Recognized value on the statement of financial position under IFSR 9		Fair value
			Amortized cost	Fair value through profit or loss	
Trade receivables	FAAC	2,065	2,065		2,065[3)]
Cash and cash equivalents	FAAC	811	811		811[3)]
Financial liabilities	FLAC	4,741	4,741		4,741[3)]
Trade payables	FLAC	745	745		745[3)]
Of which aggregated by measurement category					
Financial Assets measured at amortized cost	FAAC	2,876	2,876		2,876[3)]
Liabilities at amortized cost	FLAC	5,486	5,486		5,486[3)]

FAAC - Financial assets measured at amortised costs
FAFVOCI - Financial assets measured at fair value through other comprehensive income
FAFCPL - Financial assets measured at fair value through profit and loss
FLAC - Financial Liabilities measured at amortised cost
FLFVPL - Financial Liabilities at fair value through profit or loss

1) Measured at acquisition costs (not used)

2) Level 2 of the fair value hierarchy (not used)

3) The values stated for financial assets and financial liabilities are measured not at fair value but at the amortized cost/carrying amounts, which represent an appropriate approximation of fair value.

2015

in kEUR	Measurement category	Carrying amount 12/31/2015	Recognized value on the statement of financial position under IFRS 9		Fair value
			Amortized cost	Fair value through profit or loss	
Trade receivables	FAAC	2,182	2,182		2,182[3)]
Cash and cash equivalents	FAAC	1,344	1,344		1,344[3)]
Financial liabilities	FLAC	8,012	8,012		8,012[3)]
Trade payables	FLAC	1,271	1,271		1,271[3)]
Other liabilities	FAfvpl	12	0	12	12[2)]
Of which aggregated by measurement category					
Financial Assets measured at amortized cost	FAAC	3,526	3,526		3,526[3)]
Liabilities at amortized cost	FLAC	9,283	9,283		9,283[3)]
Liabilities at fair value through profit or loss	FLfvpl	12	0	12	12[2)]

FAAC - Financial assets measured at amortised costs
FAFVOCI - Financial assets measured at fair value through other comprehensive income
FAFCPL - Financial assets measured at fair value through profit and loss
FLAC - Financial Liabilities measured at amortised cost
FLFVPL - Financial Liabilities at fair value through profit or loss

1) Measured at acquisition costs (not used)

2) Level 2 of the fair value hierarchy

3) The values stated for financial assets and financial liabilities are measured not at fair value but at the amortized cost/carrying amounts, which represent an appropriate approximation of fair value.

Net results by measurement category

2017	Financial assets measured at amortized cost	Derivative financial instruments	Financial liabilities measured at amortized cost	Total
	kEUR	kEUR	kEUR	kEUR
Interest expenses			-246	-246
Interest income	0			0
Unanticipated income/Derecognition of liabilities	0			0
Changes in fair value		0		0
Net result	0	0	-246	-246

2016	Financial assets measured at amortized cost	Derivative financial instruments	Financial liabilities measured at amortized cost	Total
	kEUR	kEUR	kEUR	kEUR
Interest expenses			-273	-273
Interest income	0			0
Unanticipated income/Derecognition of liabilities	38			38
Changes in fair value		0		0
Net result	38	0	-273	-235

2015	Financial assets measured at amortized cost kEUR	Derivative financial instruments kEUR	Financial liabilities measured at amortized cost kEUR	Total kEUR
Interest expenses			-319	-319
Interest income	0			0
Unanticipated income/Derecognition	0			0
of liabilities			0	0
Changes in fair value		-12		-12
Net result	0	-12	-319	-331

7.2 Related parties

Related parties under IAS 24 are:

- the principal shareholder Schulz Group GmbH, Ravensburg, and its subsidiaries within the Schulz Group;
- Sven Schulz as Managing Director of the Company and principal shareholder of the parent company (beneficial owner);
- Felix von Borck as Managing Director of the Company; and
- Lothar Holder as Managing Director of the Company until December 22, 2015.

7.2.1 Transactions with Schulz Group GmbH, Ravensburg, Germany

The parent company of the Company, Schulz Group GmbH, Ravensburg, Germany, holds 76% of the share capital of the Company as of December 31, 2017, as well as on the two previous reporting dates.

Schulz Group GmbH has granted the Company a shareholder loan amounting to kEUR 1,071 as of the reporting date (2016 and 2015: kEUR 657). This loan was granted for an indefinite period at an interest rate of 5% p.a. In 2017 the amount of the loan increased by kEUR 375. No collateral has been provided in connection with the loan.

Schulz Group GmbH also concluded a cash management agreement with AKASOL GmbH in 2013. In 2016 and 2015 current liabilities to shareholders related to the balance of this cash pool and also had a fixed interest rate of 5% p.a. The cash pool agreement was terminated with effect from July 31, 2017. The company paid interest expense totaling kEUR 88 in 2017, kEUR 191 in 2016 and kEUR 230 in 2015 to Schulz Group GmbH on the shareholder loan and cash pool liabilities. On January 1, 2009, an outsourcing agreement was signed with Schulz Group GmbH for the outsourcing of finance and accounting, human resources, sales and marketing and secretarial services. The contractual compensation for these activities amounted to kEUR 528 in 2017 (2016: kEUR 434, 2015: kEUR 492).

In addition, revenues of kEUR 0 (2016: kEUR 22, 2015: kEUR 0) were generated in transactions with Schulz Group GmbH. Additional expenses from service relationships amounted to kEUR 85 (2016: kEUR 71, 2015: kEUR 36).

Total revenues of kEUR 51 (2016: kEUR 46, 2015: kEUR 0) were generated in transactions with other subsidiaries of Schulz Group GmbH. Expenses of kEUR 358 (2016: kEUR 3, 2015: kEUR 115) were incurred with these companies.

Outstanding balances with related parties relate exclusively to Schulz Group GmbH and can be broken down as follows:

	12/31/2017	12/31/2016	12/31/2015
	kEUR	kEUR	kEUR
Shareholder loan	1,071	657	657
Cash-Pool liabilities	0	1,812	3,980
Trade payables	60	44	12
	1,131	2,513	4,649

7.2.2 Transactions with Sven & Reinhold Schulz Immobilienverwaltungs-GbR, Ravensburg

Sven Schulz, Managing Director of the Company and principal shareholder of the parent company Schulz Group GmbH, also holds an equity interest in Sven & Reinhold Schulz Immobilienverwaltungs-GbR, Ravensburg, Germany. Sven & Reinhold Schulz Immobilienverwaltungs-GbR, Ravensburg, Germany, has leased business premises in Ravensburg, Germany, to AKASOL GmbH since 2016. The volume in 2017 amounted to kEUR 41 (2016: kEUR 25, 2015: kEUR 0).

7.2.3 Transactions with key management personnel

No transactions were conducted with key management personnel other than their work for the Company (see Note 7.8).

7.3 Contingent liabilities

There is joint and several liability with the other Schulz Group companies for framework credit agreements of kEUR 10,000 and guarantee credit lines of kEUR 5,000 in favor of Schulz Group GmbH in Ravensburg, Germany. The Company believes the obligations can be expected to be fulfilled by the recipients of the loan. Consequently it was not recognized on the liabilities side of the statement of financial position but instead disclosed in the Notes.

7.4 Employees

The average number of employees in 2017 was 82 (2016: 67, 2015: 60), 2 Managing Directors (2016: 2, 2015: 3) and 3 trainees and interns (2016: 8, 2015: 6).

7.5 Collateral assignments / Liens on real property

Of liabilities to banks, kEUR 1,435 (2016: kEUR 1,705, 2015: kEUR 1,974) were secured by the assignment of receivables or by collateral assignments. Liabilities to BW Bank in the amount of kEUR 5,500 (2016 and 2015: kEUR 0) are secured by assignment of receivables, collateral assignments and transfers of pledges.

7.6 Other financial obligations

The Company has concluded various rental and lease agreements. The maturities of the minimum lease payments from operating leases are structured as follows:

Obligations from leases, rental agreements and similar contracts

2017

	up to 1 year	1-5 years	over 5 years
	kEUR	kEUR	kEUR
Rents	417	1,171	57
Leasing hardware and office equipment	9	0	0
Leasing passenger vehicles	22	29	0
	448	1,200	57

2016

	up to 1 year	1-5 years	over 5 years
	kEUR	kEUR	kEUR
Rents	150	224	57
Leasing hardware and office equipment	9	0	0
Leasing passenger vehicles	12	33	0
	171	257	57

2015

	up to 1 year	1-5 years	over 5 years
	kEUR	kEUR	kEUR
Rents	125	152	95
Leasing hardware and office equipment	9	0	0
Leasing passenger vehicles	3	1	0
	137	153	95

In the fiscal year 2017 rental and lease payments of kEUR 343 (2016: kEUR 140, 2015: kEUR 95) were recognized under the caption other operating expenses.

7.7 Subsequent events

There were no events of particular significance after the end of the fiscal year that were not recognized in the statement of comprehensive income or the statement of financial position.

These financial statements were authorized for issue by the Managing Directors on April 6, 2018.

7.8 Management

The following individuals were appointed Managing Directors:

Sven Schulz, Dipl.-Wirtschaftsingenieur;
Felix von Borck, Dipl.-Ingenieur Maschinenbau; and
Lothar Holder, Managing Director, until December 22, 2015.

In 2017, fixed components of management remuneration totaled kEUR 119 (2016: kEUR 105, 2015: kEUR 105) and variable components totaled kEUR 30 (2016: kEUR 35, 2015: kEUR 43).

Darmstadt, April 6, 2018

Sven Schulz

Felix von Borck

To AKASOL GmbH

We have audited the IFRS financial statements, comprising the statements of financial position, the statements of comprehensive income, the cash flow statements, the statements of changes in equity and the notes to the financial statements of AKASOL GmbH, Darmstadt, for the business years from January 1, 2015 to December 31, 2015, from January 1, 2016 to December 31, 2016 and from January 1, 2017 to December 31, 2017 together with the bookkeeping system. The maintenance of the books and records and the preparation of the IFRS financial statements in accordance with IFRS as adopted by the EU are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements, together with the bookkeeping system, based on our audit.

We conducted our audit of the financial statements in accordance with § 317 (Article) of the HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the financial statements in accordance with the applicable financial reporting framework are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the financial statements comply with IFRS as adopted by the EU and give a true and fair view of the net assets, financial position and results of operations of the Company.

Berlin, April 6, 2018

BDO AG
Wirtschaftsprüfungsgesellschaft

Gebhardt
Wirtschaftsprüfer
(German Public Auditor)

Sartori
Wirtschaftsprüferin
(German Public Auditor)

25.3

Audited Financial Statements of the Company prepared in accordance with HGB as of and for the financial year ended December 31, 2017

Balance sheet as of Dec. 31, 2017
AKASOL GmbH, Landwehrstraße 55, 64293 Darmstadt, Germany

		12/31/2017	12/31/2016
	EUR	EUR	EUR
ASSETS			
A. Fixed assets			
I. Intangible assets			
1. Internally created industrial property and similar rights and values	586,555.16		552,705.00
2. Concessions, commercial property rights and similar rights and values as well as licenses to such rights and values purchased in return for a consideration	34,887.00	**621,442.16**	42,443.00
II. Property, plant and equipment			
1. Technical equipment and machinery	192,838.00		153,609.00
2. Other equipment, factory and office equipment	1,044,671.00		658,719.00
3. Advance payments and assets under construction	1,893,686.42	**3,131,195.42**	490,090.06
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	4,196,594.16		3,628,365.18
2. Work and service contracts in progress	2,439,990.90		2,398,446.79
3. Finished products and goods	1,115,120.95		711,638.25
4. Advance payments	29,932.65		401,754.74
5. Prepayments received on orders	-4,189,967.38	**3,591,671.28**	-3,820,418.08
II. Receivables and other assets			
1. Trade receivables	1,553,252.81		1,832,701.42
2. Receivables from affiliated companies	2,903.60		0.00
3. Other assets	446,239.22	**2,002,395.63**	167,760.69
III. Cash balance, German central bank balances, bank balances and checks		**2,838,709.37**	810,983.88
C. Deferred income		**8,470.83**	0.00
D. Deferred tax assets		**295,877.00**	0.00
Total ASSETS		**12,489,761.69**	8,028,798.93

Balance sheet as of Dec. 31, 2017
AKASOL GmbH, Landwehrstraße 55, 64293 Darmstadt, Germany

		Financial year 2017	Previous year 2016
	EUR	EUR	EUR
EQUITY AND LIABILITIES			
A. Equity			
I. Subscribed capital	2,000,000.00		2,000,000.00
II. Loss carry-forward	-385,735.96		-1,128,183.92
III. Net loss for the year/ Net profit for the year	-525,975.17	**1,088,288.87**	742,447.94
B. Provisions			
1. Tax provisions	0.00		17,825.23
2. Other provisions	907,616.50	**907,616.50**	585,447.07
C. Liabilities			
1. Liabilities to banks	7,313,915.01		2,272,567.85
2. Trade payables	1,304,662.64		697,998.67
3. Liabilities to affiliated companies	1,131,083.82		2,514,748.66
4. Other liabilities	744,194.85	**10,493,856.32**	325,947.43
Total EQUITY and LIABILITIES		**12,489,761.69**	8,028,798.93

Income statement

			Financial year 2017	Previous year 2016
		EUR	EUR	EUR
1.	Revenue		**13,722,604.90**	13,569,764.85
2.	Increase (decrease) in finished goods and work in progress		**445,026.81**	-57,529.73
3.	Other internally generated and capitalized assets		**524,388.80**	0.00
4.	Other operating income		**751,160.88**	409,322.82
5.	Cost of materials			
	a) Costs of raw, auxiliary and operating materials and goods received	6,570,173.85		5,744,977.78
	b) Costs of purchased services	1,515,037.29	**8,085,211.14**	793,128.10
6.	Personnel expenses			
	a) Wages and salaries	4,081,092.80		3,225,368.56
	b) Social insurance contributions and expenses in relation with pension and other benefits	755,991.50	**4,837,084.30**	583,822.31
	- of which for post employment benefits (FY 37,346.94 / PY 30,971.96)			
7.	Depreciation			
	a) Depreciation of intangible assets and property, plant and equipment		**553,745.93**	626,210.21
8.	Other operating expenses		**2,532,924.69**	1,914,786.09
9.	Interest and similar expenses		**262,504.40**	272,723.72
	- of which to affiliated companies (FY 87,654.34 / PY 190,913.62)			
10.	Taxes on income and earnings		**-303,383.90**	17,825.23
	- of which expenses from the allocation and release of deferred taxes (FY 180,130.00 / PY 0.00)			
	- of which income from the allocation and release of deferred taxes (FY 476,007.00 / PY 0.00)			
11.	**Income after taxes**		**-524,905.17**	742,715.94
12.	Other taxes		**1,070.00**	268.00
13.	**Net loss for the year / Net profit for the year**		-525,975.17	742,447.94

A. General information

AKASOL GmbH has its registered office in Darmstadt and is registered in the Commercial Register of the Darmstadt District Court under HRB 87340.

The present annual financial statements were prepared in accordance with §§ 242 et seq. and §§ 264 et seq. of the German Commercial Code (HGB) in the version of the Accounting Directive Implementation Act (BilRUG) and the applicable provisions of the German Limited Liability Company Law (GmbHG). The provisions for medium-sized corporations apply.

The income statement was prepared based on total cost accounting.

In order to improve the clarity of the presentation, information concerning positions that are also recognized in other items in the balance sheet have been disclosed here.

B. Accounting and valuation methods

The following accounting and valuation principles continued to govern the preparation of the annual financial statements below without any significant changes. In contrast to the previous year, internally created intangible assets were capitalized. The reason for the capitalization was the alignment with the Company's IFRS accounting as well as to improve the true and fair view of the financial statements.

The recognition of internally generated intangible assets resulted in a fixed assets increase in the amount of EUR 267.558.16, which, after reduction of the related deferred taxes had a positive impact on the annual profit. This increase is subject to the prohibition against payment of dividends under § 268 Para 8 HGB.

Internally generated or purchased **Intangible assets** were recognized at their acquisitions or production costs and depreciated according to their useful life based on a depreciation schedule (3 or 5 years; straight-line depreciation). In addition to the directly allocable production and material costs, the recognized production costs also contain a reasonable portion of production and material overhead . The development costs shown on the balance sheet were reduced to reflect public subsidies received in the amount of EUR 256,830.64.

Property, plant and equipment assets are measured at their acquisition or production costs and will, if subject to wear and tear, be depreciated using a depreciation schedule based on their estimated useful life. The average useful life was estimated to be 3 - 8 years for technical equipment, 8 years for tools, 13 years for office furniture, 10 - 13 years for fittings and installations, 5 - 13 years for other operating and office equipment and 20 years for operating facilities. Scheduled depreciation was performed based on the estimated useful life of the assets using straight-line depreciation. Since 2016, additions to movable fixed assets up to a value of EUR 410.00 net are depreciated in full in the year they are acquired. Between 2013 and 2015, additions to movable fixed assets with an acquisition or production value between EUR 150.00 and EUR 1,000.00 were capitalized net in the year of acquisition as compound item and depreciated over five years using straight-line depreciation.

Raw, auxiliary and operating materials and goods were recognized at their acquisition cost applying the weighted average method. Inventory risk arising from slow moving items and reduced marketability were taken into account using appropriate lump sum write-downs.

Finished goods and work and service contracts in progress are valued at production cost depending on the stage of completion. In addition to the directly allocable production and material costs, the recognized production costs also contain a reasonable portion of production and material overhead.

Prepayments are recognized at their nominal value (excluding VAT); received prepayments for inventory have been deducted together with their repayment amount (excluding VAT) from the item "inventory".

Receivables and other assets are recognized at their nominal value. Identifiable risks in connection with trade receivables are taken into account by applying write-downs, and the general credit risk is furthermore taken into account through a lump sum write-down amounting to 1 per cent of the net customer receivables.

Cash and cash equivalents are recognized at their nominal value.

Tax deferrals are recognized based on the temporary differences between book and tax measurement, and if it can be expected that these will be reversed in the following financial years. A resulting tax burden is

recognized as a deferred tax liability on the balance sheet. In case of an overall resulting tax relief, the Company elects to capitalize it as a deferred tax asset pursuant to § 274(1) sentence 2 HGB. According to the elective option pursuant to § 274(1) sentence 3 HGB, deferred tax liabilities and deferred tax assets are recognized on a net basis. The income tax rate applied in the calculation is 30.71% (corporate income tax 15.83% and trade tax 14.88%).

Tax provisions contain taxes that have not yet been assessed as of the balance sheet date.

Other provisions take into account all uncertain liabilities. They are recognized based on prudent commercial assessment at their settlement amount. The warranty provisions, on the other hand, are generally recognized at 1% of revenues in deviation from the aforesaid.

Liabilities are recognized at their settlement amount.

Transactions in **foreign currencies** were translated and recognized at the respective average spot exchange rate. All receivables and liabilities in foreign currencies have a remaining term of up to one year and were measured at the year-end average spot exchange rate.

C. Notes to the balance sheet

1. Fixed assets

Changes in individual fixed assets are presented in the statement of changes in fixed assets including depreciation in the financial year.

During the financial year total research and development costs amounted to kEUR 1,431, including capitalized internally generated intangible assets in the amount of kEUR 524.

Amounts blocked from distribution of dividends pursuant § 268(8) HGB amount to EUR 882,432.16 (previous year: EUR 552,705.00); they relate to the capitalization of internally created intangible assets from 2009 to 2015 and in the current year and the net amount of deferred tax assets.

2. Receivables and other assets

Of the other assets, a partial amount of EUR 14,000.00 (previous year: EUR 14,000.00) has a remaining term of more than one year.

The receivables from affiliated companies contain trade receivables amounting to EUR 2,903.60 (previous year: EUR 0.00).

3. Deferred tax assets

Deferred tax assets have been recognized, making use of the option available under § 274 (1) sentence 2 HGB. The creation of deferred tax assets is based on the tax losses carried forward in relation to the corporate income and trade taxes. The existing tax losses carried forward are estimated to be fully used to reduce taxes within the next five years. The valuation is performed based on the applicable tax rates for the corporate income tax of 15.83% and trade tax of 14.88%. The option to recognize only the surplus of deferred tax assets in relation to the differences between the valuation for book and tax measurement is generally exercised.

The accounted **deferred tax assets** are calculated as follows:

Designation	Balance sheet for commercial purposes EUR	Balance sheet for tax purposes EUR	Temporary differences - assets EUR	Temporary differences - liabilities EUR
Loss carried forward - corporate income tax	0.00	1,649,208.00	1,649,208.00	0.00
Loss carried forward - trade tax	0.00	1,444,480.00	1,444,480.00	0.00
Internally generated intangible assets	586,555.16	0.00	0.00	586,555.16
	586,555.16	**3,093,688.00**	**3,093,688.00**	**586,555.16**
Tax rate - corporate income tax/solidarity surcharge	15.83%	15.83%	261,069.00	92,851.00
Tax rate - trade tax	14.88%	14.88%	214,938.00	87,279.00
			476,007.00	**180,130.00**
Deferred tax assets			**295,877.00**	

The **deferred taxes** changed as follows:

	Jan. 1	Addition	Used	Dec. 31
Deferred tax assets	0.00	476,007.00	0.00	476,007.00
Deferred tax liabilities	0.00	./. 180,130.00	0.00	./. 180,130.00

4. Provisions

Other provisions primarily relate to trade association fees, vacation and overtime claims, bonus payments, warranty payments and annual financial statement costs.

The company develops and produces pioneering lithium-ion battery systems, which can result in warranties. As a precaution, provisions related to the warranty obligations in the amount of kEUR 356 were allocated; this represents the largest item included in total provisions amounting to kEUR 908.

5. Liabilities

The liabilities to affiliated companies contain the shareholder loan from Schulz Group GmbH amounting to EUR 1,071,125.41 (previous year: EUR 656,512.50). This shareholder loan carries an annual interest rate of 5%; a collateral was not provided. In 2017, the loan was increased by EUR 375,000.00. No repayments were made.

The liabilities to affiliated companies contain trade payables amounting to EUR 59,958.41 (previous year: EUR 46,609.71).

The remaining terms are shown in the liabilities schedule:

		Remaining term		
	total	up to than 1 year	more than 1 year	of which more than 5 years
Liabilities	**EUR**	**EUR**	**EUR**	**EUR**
Liabilities to banks	7,313,915.01	1.148.212,11	6.165.702,90	87,924.98
	(2,272,567.85)	(462.420.,47)	(1.810.147,38)	(357,369.46)
Trade payables	1,304,662.64	1,304,662.64	0.00	0.00
	(697,998.67)	(697,998.67)	(0.00)	(0.00)
Liabilities to affiliated companies	1,131,083.82	1,131,083.82	0.00	0.00
	(2,514,748.66)	(2,514,748.66)	(0.00)	(0.00)
Other liabilities	744,194.85	744,194.85	0.00	0.00
	(325,947.43)	(325,947.43)	(0.00)	(0.00)
Totals - financial year	10,493,856.32	4.328.153,42	6.165.702,90	87,924.98
(Totals - previous year)	(5,811,262.61)	(4.001.115,23)	(1.810.147,38)	(357,369.46)

Other liabilities contain tax liabilities amounting to EUR 180,750.74 (previous year: EUR 158,731.04) and liabilities relating to social security in the amount of EUR 8,702.22 (previous year: EUR 18,529.35).

The overall liabilities amounting to EUR 6,217,573.69 are secured through assignment of receivables and bills of sale. The liabilities to the Sparkasse Bodensee savings bank in the amount of EUR 717,573.69 (previous year: EUR 852,295.93) are secured through assignment of receivables and bills of sale. The liabilities to BW Bank in the amount of EUR 5,500,000.00 (previous year: EUR 0.00) are secured through assignment of receivables, bills of sale and assignment of inventory. For the aforementioned collateral, the Sparkasse Bodensee and BW Bank have a concluded a security pool agreement.

6. Contingent liabilities

The company is jointly and severally liable together with other Schulz Group GmbH subsidiaries for credit facility agreements with Sparkasse Bodensee savings bank in the amount of EUR 5,000,000 and BW Bank of EUR 5,000,000 and for a guaranteed credit from Zurich Insurance plc. amounting to EUR 5,000,000 for the benefit of Schulz Group GmbH in Ravensburg.

7. Other financial commitments

At the balance sheet date, there are other financial commitments, primarily from rental and leasing agreements amounting to EUR 1,510,000 in total, of which EUR 350,000 has a remaining term of up to 1 year, and by order commitments for capital expenditures in property, plant and equipment under construction of EUR 974,000 in total, of which EUR 974,000 has a remaining term of up to 1 year. At the balance sheet date, total other financial obligations amounted to EUR 2,484,000, and those with a remaining maturity of up to one year amonuted to EUR 1,324,000.

D. Notes on the income statement

1. Other operating income

Other operating income includes subsidies from the Federal Ministry for Economic Affairs and Energy of EUR 206,145.19 (previous year: EUR 360,990.24) as exceptional income. Additional subsidies of EUR 256,830.64 (previous year: EUR 0.00) reduce the production costs of internally created intangible assets in development.

The company has received insurance compensation of EUR 1,000,000.00 based on a compensation claim against ASYS Automatisierungs GmbH. . After netting the proceeds received with the expenses from asset disposal of EUR 490,120.06, exceptional income of EUR 509,879.94 is included in other operating income.

Other operating income includes currency exchange gains of EUR 17,131.46 (prev. year EUR 41,908.87)

2. Other operating expenses

Other operating expenses comprise currency exchange costs of EUR 40,358.72 (prev. year EUR 0.00)

3. Taxes on income and earnings

The taxes on income and earnings in the financial year amount to EUR -303,000, of which EUR 0 is allocated to the current tax liabilities from 2017. Furthermore, a tax expense was recognized in 2017 as a result of the creation of deferred tax liabilities of EUR 180,000 in total. This is related entirely to the capitalization of internally created intangible assets (EUR 587,000 higher valuation in the commercial balance). Deferred tax assets in the amount of EUR 476,000 are capitalized under § 274(1) sentence 2 HGB (elective option). They are based on losses carried forward relating to corporate income tax of EUR 1,649,208.00 and trade tax of EUR 1,444,480.00. The tax rate applied was 15.83% for corporate income tax and 14.88% for trade tax. The option to recognize only the surplus of deferred tax assets in relation to the differences between the valuation for tax or for commercial purposes is generally exercised. The existing losses carried forward are estimated to be fully used within the next five years.

4. Auditors' fees

We elected not to disclose the total fees charged by the auditors, making use of the waiver in § 288(2) sentence 2 HGB.

E. Other disclosures

1. Employees

During the financial year, the company employed on average:

Management	11
Commercial and technical staff	50
Manual workers	24
	85

2. Management

In the year under review, the management consisted of Dipl.-Ing. Maschinenbau Felix von Borck (managing director responsible for technology) and Dipl.-Wirtschaftsing. Sven Schulz (managing director for commercial aspects). The managing directors have sole power of representation and are exempt from the restrictions of § 181 of the German Civil Code (BGB).

We elected not to disclose the compensation paid to the managing directors, making use of the waiver in § 286(4) HGB.

3. Group affiliation

AKASOL GmbH is included in the consolidated financial statements of Schulz Group GmbH, Ravensburg. Schulz Group GmbH is the parent company which prepares consolidated financial statements both for the largest as well as the smallest scope. The consolidated financial statements can be accessed on the Federal Gazette platform (§ 285 Nos. 14 and 14a HGB).

4. Proposed appropriation of profits

Company management proposes to the shareholders' meeting to carry forward the annual net loss of EUR 525,975.17 to new account.

5. Events after the reporting date

No events of particular significance occurred after the close of the financial year that have not been taken account in the statement of income or in the balance sheet.

Darmstadt, April 9, 2018

Sven Schulz	Felix von Borck

Asset schedule as of Dec. 31, 2017

	Acquisition/ production costs	Additions (of which interest for debt capital)	Disposals	Reclassifications	Acquisition/ production costs	Cumulative depreciation	Depreciation Financial year	Disposals	Reclassifications	Cumulative depreciation	Additions Financial year	Book value
	01/01/2017 EUR	EUR	EUR	EUR	12/31/2017 EUR	01/01/2017 EUR	EUR	EUR	EUR	12/31/2017 EUR	EUR	12/31/2017 EUR
A. Fixed assets												
I. Intangible assets												
1. Internally generated industrial property and similar rights and values	3,104,730.78	267,558.16	0.00	0.00	3,372,288.94	2,552,025.78	233,708.00	0.00	0.00	2,785,733.78	0.00	586,555.16
2. Concessions, commercial property rights and similar rights and values as well as licenses to such rights and values purchased in return for a consideration	209,377.68	31,791.96	0.00	0.00	241,169.64	166,934.68	39,347.96	0.00	0.00	206,282.64	0.00	34,887.00
Subtotal	**3,314,108.46**	**299,350.12**	**0.00**	**0.00**	**3,613,458.58**	**2,718,960.46**	**273,055.96**	**0.00**	**0.00**	**2,992,016.42**	**0.00**	**621,442.16**
II. Property, plant and equipment												
1. Technical equipment and machines . . .	876,296.64	87,125.63	2,440.00	0.00	960,982.27	722,688.64	45,455.63	0.00	0.00	768,144.27	0.00	192,838.00
2. Other plants, operating and office equipment . .	1,412,535.90	621,115.83	32.49	0.00	2,033,619.24	753,713.90	235,234.34	0.00	0.00	988,948.24	0.00	1,044,671.00
3. Prepayments made and construction in progress . . .	490,090.06	1,893,686.42	490,090.06	0.00	1,893,686.42	0.00	0.00	0.00	0.00	0.00	0.00	1,893,686.42
Carry-over	6,093,031.06	2,901,278.00	492,562.55	0.00	8,501,746.51	4,195,363.00	553,745.93	0.00	0.00	4,749,108.93	0.00	3,752,637.58

Asset schedule as of Dec. 31, 2017

	Acquisition/ production costs	Additions (of which interest for debt capital)	Disposals	Reclassifications	Acquisition/ production costs	Cumulative depreciation	Depreciation Financial year	Disposals	Reclassifications	Cumulative depreciation	Additions Financial year	Book value
	01/01/2017				12/31/2017	01/01/2017				12/31/2017		12/31/2017
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Carry-over	6,093,031.06	2,901,278.00	492,562.55	0.00	8,501,746.51	4,195,363.00	553,745.93	0.00	0.00	4,749,108.93	0.00	3,752,637.58
Subtotal	**2,778,922.60**	**2,601,927.88**	**492,562.55**	**0.00**	**4,888,287.93**	**1,476,402.54**	**280,689.97**	**0.00**	**0.00**	**1,757,092.51**	**0.00**	**3,131,195.42**
Total fixed assets	**6,093,031.06**	**2,901,278.00**	**492,562.55**	**0.00**	**8,501,746.51**	**4,195,363.00**	**553,745.93**	**0.00**	**0.00**	**4,749,108.93**	**0.00**	**3,752,637.58**

The following auditor's report (*Bestätigungsvermerk*) has been issued in accordance with Section 322 German Commercial Code (*Handelsgesetzbuch*) on the financial statements and management report (*Lagebericht*) of AKASOL GmbH as of and for the financial year ended December 31, 2017. The management report is neither included, nor incorporated by reference, in the Prospectus.

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of AKASOL GmbH, Darmstadt, for the business year from January 1, 2017 to December 31, 2017. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 (Article) of the HGB ("Handelsgesetzbuch": "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with legal requirements, as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Berlin, April 23, 2018

BDO AG
Wirtschaftsprüfungsgesellschaft

Gebhardt
Wirtschaftsprüfer
(German Public Auditor)

Sartori
Wirtschaftsprüferin
(German Public Auditor)

26. Glossary

ADN	European Agreement concerning the International Carriage of Dangerous Goods by Inland Waterways.
ADR	European Agreement concerning the International Carriage of Dangerous Goods by Road.
AltfahrzeugVO	Ordinance on the Transfer, Collection and Environmentally Sound Disposal of End-of-life Vehicles (*Altfahrzeugverordnung)*, the German legal basis for the environmentally sound disposal of end-of-life vehicles.
Ampere (A)	Ampere or Ampère, often shortened to "Amp", is the base unit of electric current.
Ampere/hour (Ah)	The Ah or Ampere/hour capacity is the charge a battery can provide over a specified period of time, *e.g.* 100Ah means the battery can provide 10 Amps for 10 hours or 100 Amps for 1 hour.
APAC	The Asia-Pacific.
Articles of Association	The Company´s articles of association.
Audited	IFRS Financial Statements Audited IFRS financial statements of the Company prepared in accordance with IFRS for the financial years ended December 31, 2017, December 31, 2016 and December 31, 2015 prepared in accordance with IFRS as adopted by the European Union.
Auditor	BDO AG, Wirtschaftsprüfungsgesellschaft.
Authorized Capital 2018	Registered share capital of the Company until May 13, 2013.
AWG	Foreign Trade and Payments Act.
AWV	Foreign Trade and Payments Regulation.
BAFA	Federal Office of Economics and Export Control.
BaFin	German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Battery	A number of cells connected together in series or parallel strings.
BBP	Butyl benzyl phthalate.
Battery Directive	The European Directive on Batteries and Accumulators and Waste Batteries and Accumulators.
Battery System	A fully equipped battery consisting of modules containing the cells, a battery management system, electronic equipment, such as contactors, fuses etc. and, if necessary, the cooling components.
Battery Management System (BMS)	The electronics package that maintains safe operation, controls the battery and extends its life and durability. A Battery Management System supervises the internal status of the system and controls the communication to the vehicle. Battery Management Systems are further grouped

	into master BMS (mBMS) and slave BMS (sBMS). The slave BMS is integrated into the modules and measures the cell temperatures and voltages, and communicates the values to the mBMS which supervises the modules and communicates with the vehicle. In addition, the mBMS also controls the electronic components, such as the closing and opening of the contactors and operates any integrated cooling system.
BMSM	BMS Master.
BMSS	BMS Slave.
Bonds	Unity of registered bonds with warrants, convertible bonds, profit participation rights, or participating bonds or a combination of these instruments.
C-Rate	C-rate is used to signify a charge or discharge rate equal to the capacity of the cell or battery divided by 1 hour e.g. 1C for a 100Ah cell would be 100A, 2C would be 50A and 5C would be 500A.
CAGR	Compound annual growth rate.
CAN	Controller Area Network.
CE	Conformité Européene.
Cell	A combination of two electrodes arranged in a way that an overall oxidation-reduction reaction produces an electromotive force. A cell as the basis for any battery system contains the chemistry that enables (dis-)charging processes.
CEST	Central European Summer Time.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
CLP Regulation	Unity of the REACH Regulation and the Regulation (EC) on classification, labeling and packaging of substances and mixtures.
CO_2 – reduction	Carbon Dioxide Reduction
Company	AKASOL AG, Darmstadt, Germany.
Controlling Shareholder	Schulz Group GmbH, Ravensburg, Germany.
COTIF	Convention concerning International Carriage by Rail.
CPU	Central processing unit.
CSSF	*Commission de Surveillance du Secteur Financier* in Luxembourg.
Cycle	A full charge and discharge of the battery is one cycle.
Cycle life	The number of cycles completed until the battery has reached 80% of its original capacity, typically 1,000-2,500 cycles.
DBP	Dibutyl phthalate.
DDOS	Distributed denial-of-service.
DEHP	Phthalate.

DIBP	Diisobutyl phthalate.
DIN	DIN-EN 15085-2 “railway vehicles and components – Part 2: Quality requirements and certification of welding manufacturers” certification.
DoD	Depth of discharge.
D&O Insurance	Directors and officers insurance.
EBIT	Earnings before interest and taxes, as shown in the Company’s financial statements.
EBITDA	Earnings before interest and taxes, depreciation and amortization; as derived from the Company’s financial statements.
EC Dual-Use Regulation	The EU export control regime governed by Regulation (EC).
ECHA	European Chemicals Agency.
ECOSOC	United Nations Economic and Social Council.
Electric machines	Electric motors.
ElektroG	Elektro- und Elektronikgerätegesetz.
Electrolyte	A non-metallic ionic conductor between the positive and negative electrodes of a battery.
ELV Directive	Directive of the European Parliament and of the Council of 18 September 2000 on end-of-life vehicles.
EMC	Electromagnetic Compatibility.
EMI	Electromagnetic Interference.
Energy storage system (ESS)	Synonym for battery system, often used to describe stationary batteries.
ESMA	European Securities and Markets Authority.
ESMA Guidelines	The guidelines on alternative performance measures issued by the European Securities and Markets Authority on October 5, 2015.
EU	European Union.
FEM	Finite element method.
Financial year	A financial year of AKASOL, *i.e.*, a financial year beginning on January 1, in a given calendar year and ending on December 31 of the same calendar year.
FTT	Financial transaction tax.
German Battery Act	The German Act Concerning the Placing on the Market, Collection and Environmentally Compatible Waste Management of Batteries and Accumulators *(Batteriegesetz).*
German Dividend Paying Agent	Domestic securities trading bank which keeps or administers the shares and disburses or credits the dividends.
German Paying Agent	Domestic credit institution, domestic financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic

	branches of foreign credit institutions or financial service institutions which administers or holds a share in custody or if such an office executes the disposal of the shares and pays out or credits the capital gains.
Germany	The Federal Republic of Germany, a Member State of the European Union.
GHG	Greenhouse-gas.
GHS	Globally Harmonized System of classification and labeling of chemicals.
Global Coordinators	Citigroup Global Markets Limited, Citigroup Centre, 33 Canada Square, London E14 5LB, United Kingdom and COMMERZBANK Aktiengesellschaft, Kaiserstraße 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany.
GPSD	General product safety.
Greenshoe Option	In connection with a possible over-allotment, the Company will grant the Joint Bookrunners an option exercisable by the Stabilization Manager on behalf of the Joint Bookrunners to acquire up to 221,185 additional shares from the holdings of the Selling Shareholders for purposes of covering any over-allotment.
HCV	Heavy commercial vehicles.
HD-Drive Bus	New hybrid-drive bus.
HGB	German Commercial Code *(Handelsgesetzbuch).*
HP	High power cells.
HV	High voltage.
IASB	The International Accounting Standards Board.
IATF	The International Automotive Task Force.
ICE	Internal Combustion Engine.
IFRS	International Financing Reporting Standards as issued by the International Accounting Standards Board and as adopted by the EU.
International System of Units (SI)	The International System of Units (abbreviated as SI) is the modern form of the metric system, and is the most widely used system of measurement. It comprises a coherent system of units of measurement built on seven base units. The system also establishes a set of 20 prefixes to the unit names and unit symbols that may be used when specifying multiples and fractions of the units.
I/Os	Inputs / outputs.
Joule (J)	The joule (abbreviated as J) is a derived unit of energy in the International System of Units. It is equal to the energy transferred to (or work done on) an object when a force of one newton acts on that object in the direction of its motion through a distance of one meter (1 newton meter or Nm). It is also the energy dissipated as heat when an electric current of one ampere passes through a resistance of one ohm for one second.

Kilowatt hour (kW h)	The kilowatt hour is a composite unit of energy equivalent to one kilowatt (1 kW) of power sustained for one hour. One watt is equal to 1 J/s. One kilowatt hour is 3.6 mega-joules, which is the amount of energy converted if work is done at an average rate of one thousand watts for one hour. The base unit of energy within the International System of Units (SI) is the joule. The hour is a unit of time "outside the SI", making the kilowatt hour a non-SI unit of energy. The kilowatt hour is not listed among the non-SI units accepted by the International Bureau of Weights and Measures (French: *Bureau international des poids et mesures*) for use with the SI, although the hour, from which the kilowatt hour is derived, is. The unit kilowatt hour used for the measurement of battery energy. Battery energy is determined by multiplying the battery voltage by the Ah capacity, *e.g.* a 3.2V 200Ah cell has an energy of 640Wh, whereas a 256V 200Ah battery has an energy of 51.2kWh.
LAB	Lead-acid.
LCV	Light commercial vehicles.
LFP	Lithium iron phosphate.
Li-Ion	Lithium-ion based battery modules and systems.
Listing	Admission of the Company's Shares to trading on the regulated market of the Frankfurt Stock Exchange.
LITL	Luxembourg income tax law
LTO	Lithium titanium oxide.
Luxembourg	Grand Duchy of Luxembourg, Member State of the European Union.
LV	Low voltage.
Management Board	The Company's management board (*Vorstand*), which is responsible for the management of the Company.
Market Abuse Regulation	Regulation of the European Parliament and of the Council of April 16, 2014, on market abuse.
MCV	Medium commercial vehicles.
Mega-joule (MJ)	The mega-joule (MJ) is equal to one million (10^6) joules, or approximately the kinetic energy of a one mega-gram (ton) vehicle moving at 160 km/h. One kilowatt hour of electricity is 3.6 mega-joules.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments.
Module	A module is a set of cells from one cell type with identical chemistry and format. Within such module the cells are connected in series or parallel to achieve certain voltage levels.
NCA	Nickel - cobalt aluminum oxide.
NCM	Lithium-nickel cobalt manganese oxide.

New Shares	Up to 2,061,856 newly issued ordinary bearer shares with no par value (*auf den Inhaber lautende Stammaktien*) from a capital increase against cash contributions resolved by an extraordinary general shareholders' meeting of the Company held on June 8, 2018, as amended by resolutions of the management board and the supervisory board adopted on June 14, 2018.
NiCd	Nickel-Cadmium.
NiMH	Nickel-Metal-Hydride.
OEM	Original equipment manufacturer.
Offer Capital Increase	Resolution in favor of a capital increase against cash contributions of up to €2,500,000.00 in order to create the New Shares.
Offer Price	Final offer price.
Offer Shares	The New Shares, the Sale Shares and the Over-Allotment Shares, collectively.
Offering	The initial public offering of the Offer Shares.
Offering Period	The period during which purchase orders for Offer Shares for retail investors and for institutional investors can be submitted.
Offering Terms	Collectively, the number of Offer Shares, the Price Range and the Offering Period.
Our	Belonging to the Company.
Over-Allotment	Allocation of up to 221,185 additional Shares in the Offering.
Over-Allotment Shares	221,185 existing ordinary bearer shares with no par value (*auf den Inhaber lautende Stammaktien*) from the holdings of the Selling Shareholders to cover a potential over-allotment.
Participating Member State	Member States – currently Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia – who have resumed negotiations regarding the introduction of the Common Financial Transaction Tax.
PBB	Polybrominated biphenyl.
PBDE	Polybrominated diphenyl ether.
PCB	Printed Circuit Board.
PHEV	Short for "Plug-in Hybrid Electric Vehicle". A vehicle with a plug-in battery and an internal combustion engine.
POC	Percentage-of-completion.
Price Range	Price range of between €48.50 and €64.50 per Offer Share.
Prospectus	This prospectus.
Prospectus Directive	Directive No. 2003/71/EC as amended by the Directive No. 2010/73/EC of the European Parliament and the Council.
QIBs	Qualified Institutional Buyers.
REACH Regulation	Regulation on Registration, Evaluation and Authorization of Chemicals.

Rechargeable battery	Also called "secondary cell" or "accumulator" is an electrical battery that can be charged and discharged many times.
Regulation S	Regulation S under the Securities Act.
Relevant Member State	Each member state of the European Economic Area which has implemented the Prospectus Directive.
Relevant Persons	Persons who are qualified investors within the meaning of the Financial Services and Markets Act 2000 and any relevant implementing measures and/or are outside the United Kingdom or have professional experience in matters relating to investments who fall within the definition of "investment professionals" contained in article 19(5) of the Financial Services and Markets Act 2000 Order 2005 or are persons falling within article 49(2)(a) to (d) of the Order, or fall within another exemption to the Order.
RID	Regulations concerning the International Carriage of Dangerous Goods by Rail.
RoHS Directive	Restriction of the use of certain hazardous substance.
Rule 144A	Regulation 144A under the Securities Act, as amended.
SD	Secure digital.
Sale Shares	150,000 shares from holdings of the Selling Shareholders.
Securities Act	United States Securities Act of 1933, as amended.
Selling Shareholders	Schulz Group GmbH, Felix von Borck, Stephen Raiser and Björn Eberleh.
Seveso III Directive	Council Directive containing revised rules on hazardous incidents of the Council Directive 2012/18/EU on the control of major-accident hazards involving dangerous substances.
Shares	All shares of the Company outstanding from time to time.
SIEF	Substance information exchange forums.
SOC	State of charge.
SOH	State of health.
Stabilization Manager	Citigroup Global Markets Limited.
Stabilization Period	Period commencing on the date of listing of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) until 30 days thereafter.
Stationary applications	Battery systems for energy storage in residential and commercial applications that are not mobile.
Supervisory Board	The Company's supervisory board (*Aufsichtsrat*).
SVHC	Substances of very high concern.
TCO	Total cost of ownership.
Transaction	The Offering and the admission to trading of the Shares on the Frankfurt Stock Exchange.
Unaudited Interim Condensed Financial Statements	The unaudited condensed interim financial statements of AKASOL GmbH prepared in accordance with IFRS for interim

	financial reporting (IAS 34), as of and for the three-month period ended March 31, 2018.
UMTS	Universal Mobile Telecommunications System.
UNECE	Nations Economic Commission for Europe.
Underwriters	The Joint Bookrunners.
Underwriting Agreement	The underwriting agreement between the Company, the Selling Shareholders and each of the Joint Bookrunners, expected to be entered into on June 15, 2018.
United Kingdom	The United Kingdom of Great Britain and Northern Ireland.
Us	The Company or the Issuer.
US DOE	The US Department of Energy.
V	Volts.
W/w	Weight per weight.
We	The Company or the Issuer.
Wh/kg	Watt hours per kilogram.
Wh/l	Watt hour per liter.
WpHG	German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpPG	German Securities Prospectus Act *(Wertpapierprospektgesetz)*.
WKN	German Securities Code (*Wertpapierkennnummer*).

27. Recent Developments and Outlook

27.1 Recent Developments

27.1.1 Corporate Developments

By a resolution of the extraordinary General Shareholders' Meeting on April 24, 2018, which was registered with the commercial register of the local court of Darmstadt on May 3, 2018, our share capital was increased from €2,000,000.00 against contributions in cash and contributions in kind (*gemischte Bar- und Sachkapitalerhöhung*) in the amount of €2,000,000.00 to an aggregate of €4,000,000.00 (the "**Pre-IPO Capital Increase**"). As part of the Pre-IPO Capital Increase, €1.0 million payable under the loan granted by Schulz Group GmbH was transferred to the Company as a contribution in kind. Furthermore, the shareholders paid a premium of €1.0 million in total for the new shares.

27.1.2 Business Developments

The overall development in the first five months of 2018 reflects consistent revenue and adjusted EBIT growth, in line with management's expectations. Our revenue for the quarter ended March 31, 2018 was €4,537 thousand, compared to €2,246 thousand for the quarter ended March 31, 2017, while our net income for the quarter ended March 31, 2018 was €245 thousand, compared to a loss of €188 thousand for the quarter ended March 31, 2017. This is the result of more than doubled revenue, with an increase of €2,291 thousand, stemming from higher product sales.

Our adjusted EBIT, which includes adjustments for one-time costs like those related to the Offering, and is thus, in our view, a more accurate measure of our growth, for the quarter ended March 31, 2018 was €603 thousand, and our adjusted EBIT margin was 13.3%.

Between March 31, 2018 and the date of this Prospectus, there have been no material changes in our financial condition or results of operations.

27.2 Outlook

Following the ramp-up of serial production in our plant in Langen and strong order intake, we expect our growth to accelerate, leading to revenue of between €22 million and €24 million in 2018.

We expect our adjusted EBIT margin, which we define as the quotient of our EBIT adjusted for costs related to capital market transactions and our revenue, to decrease slightly in 2018 to approximately 7% as a result of our serial production ramp-up.

For financial year 2019, we expect our revenue to increase significantly compared to our expected revenue in the financial year 2018.

The planned growth is supported by our order backlog for the planning period until December 31, 2024 of €1.22 billion as of December 31, 2017 and €1.45 billion as of March 31, 2018.

In the next four to five years, we aim to achieve revenue above €300 million with an improvement in the adjusted EBIT margin by leveraging our technologies and close relationship with leading blue-chip OEMs, coupled with the planned expansion into other regions on the back of the expected continuous growth in commercial e-mobility, utilization of economics of scale and a higher degree of automation. In light of strong order intake and client interest in our On-Highway Segment, we expect the On-Highway Segment increasingly to represent our main revenue contributor.

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