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**+++ Corporate News +++**

for immediate publication

**German Startups Group Increases Profitability and Performance  
in the First Half of 2015**

- **Net consolidated profit of EUR 2.0 million or EUR 0.30 per share, annualized, return on equity of 25% p.a. in the first half of 2015**
- **Annual gross performance of average capital invested in shareholdings of 33% p.a. for the overall period from mid-2012 to 30 June 2015**
- **Consistent continuation of the successful investment strategy**

**Berlin, 17 August 2015:** German Startups Group, the second most active venture capital investor in Germany since 2012 (CB Insights, 2015), continued its positive trend in the first half of 2015 by increasing both its profitability and its performance.

According to its figures, German Startups Group achieved net profit of EUR 2.0 million (IFRS consolidated financial statements) during the reporting period. With an average number of 6,566,882 shares, this equates to net profit of EUR 0.30 per share. The annualized return on equity amounted to 25.1% p.a. (2014: 15.7% p.a.). The gross performance of the average amount of capital employed in shareholdings also rose from 34.5% p.a. in fiscal 2014 to an annualized 53.4% p.a. in the first half of 2015.

Christoph Gerlinger, founder and CEO of German Startups Group, expressed his great satisfaction with how business developed: “With the net profit of EUR 2.0 million that we generated, we already achieved more profit in the first half of the year than the EUR 1.4 million we achieved in all of 2014. The profitability and even further increase in profit demonstrates the very positive development of our portfolio companies and thus the success of our investment strategy and our company structure.” German Startups Group has been increasingly profitable since its first full year of business and has now achieved gross annual performance of its average capital invested in shareholdings of 32.7% p.a. on a long-term average since it commenced with investing activities in July 2012.

The positive performance was driven by broad segments of the portfolio. Of the 24 minority stake holdings in operationally active companies significant to German Startups Group, which together account for 94.3% of the value of all 41 active minority stake holdings, 14 recorded an increase in value in the first half 2015. To value the Group’s investments as of 30 June 2015, 21 of the 24 minority stake holdings in active portfolio companies significant to German Startups Group were recognized at third-party



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objectivized share prices, in other words at the prices that third parties have recently paid for the same type of or similar shares. In two cases, the company assessed the fair value of its holdings by use of third-party objectivized prices and acquisition prices regarded by the company to be fair, while no third-party objectification was available in one case; therefore, another recognized valuation method was applied. The value of the majority stake in Exozet Group is not assessed in the consolidated financial statements, but rather fully consolidated.

### **German Startups Group to consistently continue with its successful investment strategy**

The key to the positive business development lies in the consistent execution of the strategy: Unlike typical closed-end VC funds of limited duration and restricted investment time frames, German Startups Group can finance and support its portfolio companies over the long term even for years and through several rounds of financing. In addition, German Startups Group can invest in startups in all stages of maturity, in other words during their entire life cycle, and also acquire so-called secondary shares, i.e. the existing shares in startups held by entrepreneurs and business angels.

German Startups Group was thus able to achieve the increase in value from different categories of investments in the first half of 2015:

On the one hand from the increase in value of shares in already advanced and some very well-known German startups that were often purchased as secondary shares. “Successful startups in advanced growth stages sometimes have company valuations in the triple-digit millions or even billions of euros. Although we, as German Startups Group, have only comparatively low stakes of less than 1% in these companies due to our small size, these make a substantial contribution to our profits,” Christoph Gerlinger explains.

Secondly, the increase in value of investments was achieved with young startups in the seed and early stage. These investments were mainly acquired in several tranches through staggered purchases of primary shares. German Startups Group typically holds the usual share quotas of between 1% and 10% in these startups as VC investments.

German Startups Group also intends to generate other income from majority stakes in the future. With the acquisition of additional shares in Exozet Group, German Startups Group acquired its first majority stake in June 2015. Over the long term, the company plans to acquire additional controlling interests and retain ownership of them.

Christoph Gerlinger explains the benefits of this strategy as follows: “With respect to the absolute number of our holdings, they spread almost evenly across the seed and early stage on the one hand and the growth stage on the other. The breadth of the seed and early stage portfolio not only allows for risk diversification, but also early follow-up investments once these companies have achieved relevant business success and accelerated their growth.” Today, however, the company’s assets are strongly influenced by startups in the growth stage. “Companies that have made the leap into the growth phase are, in our estimation, less speculative in nature and are usually not that far from



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an exit, in other words from being sold to an interested buyer.” The five most valuable of the 41 active investments, all except for one are in the growth stage, make up a 44.9% share of the value of the investment portfolio as of 30 June 2015.

German Startups Group believes it has access to a large portion of the universe of participation opportunities involving German startups because, unlike typical so-called company builders, it does not pose a competitive threat. German Startups Group provides young German companies with venture capital as "smart money" and supports its portfolio companies in various areas, not just with financing. But German Startups Group only assumes the role of lead investor in rare cases. Unlike many company builders, this offers an advantage in that the company is not largely responsible for raising capital to cover possible and often unpredictable funding gaps for its portfolio companies to ensure the survival of the respective startups. German Startups Group focuses on German startups because it can then better judge the situation and establish trustful relationships with the respective individuals than abroad, especially in distant countries and emerging markets.

“Once we have gone public, we feel that this strategy coupled with the knowledge, experience, and network that German Startups Group has will make us even more attractive for private and institutional investors, who otherwise would not be able to gain access to the asset class ‘startups made in Germany.’ Because we will then enable our shareholders to participate in the value increase of German startups that their founders have generated through their ingenuity, know-how, and hard work against the backdrop of the digital revolution,” Christoph Gerlinger concludes.

For more information on German Startups Group, its business model, portfolio, and management, please visit <http://www.german-startups.com>.

Press materials are available here <http://www.german-startups.com/index.php/presse>.

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## **About German Startups Group Berlin GmbH & Co. KGaA**

German Startups Group is an investment company based in Berlin that focuses on young, fast-growing companies, so-called startups. The company acquires majority and minority shareholdings mainly by providing venture capital. The portfolio companies that German Startups Group holds also stand to benefit from German Startups Group's expertise, experience and network with respect to strategy development, financing rounds, restructuring necessities, M&A transactions or selling the company, including a possible IPO. According to its own assessment, German Startups Group provides startups with so-called "smart money" by acquiring a shareholding. Its focus is on companies whose products or business models represent a disruptive innovation, allow for a high degree of scalability to be expected, and in which it has a great deal of trust in the entrepreneurial abilities of the founders to whom it feels that it obtains early access to due to its close relationships to relevant players in the German startup scene. The geographical focus is on the German-speaking region. Since it commenced with operations in 2012, German Startups Group has in its opinion built up a diversified portfolio of investments in young companies and become the second most active venture capital investor in Germany since 2012 (CB Insights, Germany Venture Capital Overview). 24 of the 41 minority stake holdings in operationally active companies are of particular significance to German Startups Group and together comprise 94.3% of the total value of all 41 active minority stake holdings. According to German Startups Group, its investment portfolio reflects a cross-section of extremely promising German startups of various maturity stages ("Seed," "Early" and "Growth Stage," by German Startups Group's own definition) and includes some of the most successful and best-known German startups. More information is available on our website under <http://www.german-startups.com>

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