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German Startups Group takes aim at two new operative business fields

Berlin, 28 April 2017 - Within the scope of its strategy to tap into further operative revenue sources beyond the digital agency business, German Startups Group takes aim at two new business fields. For this, it intends to make use of its leading market position as the most active private venture capital investor in the booming German startup ecosystem since 2012 (CB Insights 2015, PitchBook 2016) and proposes to the Annual General Meeting on 8 June 2017 a corresponding change to the purpose of the company in the agenda published today.

Subject to approval by the Annual General Meeting, German Startups Group plans the creation of a secondary market platform for unquoted shares in startups, presumably together with partners. While such platforms, e.g. SharesPost, have established themselves long since in the US and other countries, Germany is a developing nation in this respect. The creation of liquidity for so-called secondary shares is in the interest of all parties involved - the founder, business angels, and employees of startups as well as the startups themselves and their investors - and therefore offers lucrative business opportunities. Even today, German Startups Group has established a reputation as a buyer of secondary shares and receives many unsolicited purchase offers, but can itself only seize a fraction of these opportunities.

Additionally, German Startups Group intends to issue participation rights in the future for the increase in value of individual portfolio companies, subject to approval by the respective portfolio company. It has been shown in recent years that many private investors have an interest in direct investments in portfolio companies of German Startups Group that are not accessible to them. By issuing participation rights, German Startups Group intends to enable these investors to directly participate in the value creation of individual startups in the growth stage. The issuance of participation rights would lead to a capital inflow that would be used to acquire shares in the respective portfolio companies so that a so-called balance sheet extension occurs and German Startups Group increases in size. The goal is a generation of a so-called "carry", i.e. a profit-share in the increase in value.

A capital increase is unchangedly not planned. German Startups Group is sufficiently equipped with capital and liquidity. In this respect, the management will only propose to the Annual General Meeting to raise the authorised capital by 492 TEUR.

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German Startups Group - We Love Startups!

German Startups Group is a listed 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 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 most active private venture capital investor in Germany since 2012 (CB Insights 2015, PitchBook 2016). 24 of the 43 minority stakeholdings in operationally active companies are of particular significance to German Startups Group and together comprise 91% of the total value of all 43 active minority stakeholdings. The ten core holdings alone make up 62% of the value of all active minority stakeholdings. According to German Startups Group, its investment portfolio reflects a cross-section of 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 at www.german-startups.com.