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for immediate publication

German Startups Group still strongly believes in SoundCloud

- *Due to prior precaution, even in case of a downround no significant negative effect on the balance sheet of German Startups Group*

Berlin, 7 August 2017 - German Startups Group, the most active private venture capital provider in Germany in the time period since 2012 (CB Insights 2015, PitchBook 2016), is indirectly invested in SoundCloud through a Special Purpose Vehicle for several years. SoundCloud is one of the best known and most successful German startups, founded by two Swedes in Berlin and employing nearly 250 people in offices in Berlin and New York. With approx. 175m unique users and a music catalogue of far more than 135m tracks SoundCloud ranks among the biggest music streaming platforms worldwide. SoundCloud's uniqueness and one of the reasons for German Startups Group's investment at that time sits in its vast repertoire of user generated content, e.g. DJ mixes, remixes, demos, etc., which is why SoundCloud is often titled Youtube for music by the media while competitors rather get compared to Netflix. Despite the overwhelming success of its product SoundCloud's careful approaches of monetising it haven't been yielding enough, yet. In March 2017 SoundCloud succeeded in raising a venture loan of 70m USD.

For a few days now, there are persistent rumours of a so called downround financing round with a valuation of 300m to 320m USD. Due to a prior precautionary mark-down, even in case of such downround there will be no significant negative effect on the balance sheet of German Startups Group but only amounting to around 1% of its balance sheet total.

However, the management of German Startups Group is still convinced of SoundCloud's excellent chances to establish itself as sustainable leading music streaming provider in the market. In this case, enormous value appreciation chances do exist.

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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). 22 of the 41 minority stakeholdings in operationally active companies are of particular significance to German Startups Group and together comprise 90% of the total value of all 41 active minority stakeholdings. The ten core holdings alone make up 57% 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.