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The Annual General Meeting approves the merger with SGT Capital. German Startups Group is a listed private equity asset manager now.

- Merger per acquisition of a contribution in kind at a valuation of 2.92 to 4.04 euros per newly issued German Startups Group share
- Arithmetical five-fold increase of the current market capitalization to more than 100 million euros
- Based on 0.20 - 0.30 euros expected earnings per share in 2022, further sustainable, profitable growth targeted
- Share buyback offer for at least 5% of outstanding GSG shares at 2.00 euros targeted for September

Berlin, 07 August 2020 - The Annual General Meeting of the German Startups Group (GSG), a leading venture capital provider in Germany up to now, approved the merger with SGT Capital Pte. Ltd., a global alternative investment and private equity asset manager headquartered in Singapore with a country vehicle in Frankfurt am Main. The merged company changes its name to SGT German Private Equity GmbH & Co. KGaA and has its registered office in Frankfurt/Main.

The merger results in a Germany-based, listed private equity asset manager. The merged company expects sustainable, predictable net profits from market standard asset management fees of 0.15 to 0.20 euros per GSG share in 2021 and of approximately 0.20 to 0.30 euros p.a. from 2022 onwards, depending on the respective fund volume scenario, which will be primarily distributed to shareholders or used for tender offers to buy back own shares. In addition, the merged company has the potential to generate earnings from the assets of about 30 million euros held by German Startups Group, especially from the investment of its existing liquid assets of some 7 million euros and its VC investments with a fair value of more than 20 million euros.

To realize the transaction, German Startups Group acquires SGT Capital Pte. Ltd. against the issuance of 50.0 million new GSG shares and against the issuance of a mandatory convertible bond, which will be converted into a further 1.0 million to 103.0 million new GSG shares depending on the fund volume raised until 31 December, 2022. Therefore, the new shares to be issued will be fully subscribed by SGT Capital LLC and not be placed in the market. In the base case scenario of a fund volume of 1 billion USD, the contributors will thus receive a total of 51.0 million GSG shares, with 2 billion USD they will receive 92.8 million GSG shares, and a maximum of 153.0 million GSG shares in the best case scenario of a fund volume of 3.5 billion USD. The nominal amount of the mandatory convertible bond not converted into shares will expire without payment, latest by 30 June, 2023. In the case of failure or delay in achieving the fundraising targets, the contributing SGT Capital LLC has undertaken to return a corresponding number of new GSG shares. With the chosen mechanism, the contributors as well as the existing shareholders of GSG will benefit from any exceeding of the minimum target volume of 1 billion USD. Long-term lock-ups were agreed for the majority of the new GSG shares. Thus, a maximum



of 4.5 million new GSG shares may be sold until 30 June, 2022 and a maximum of 20 million new GSG shares until 30 June, 2025.

The transaction is based on an indicative company valuation by the auditing firm Ebner Stolz, which arrives at a DCF value of 148.7 million euros in the base case scenario for the contribution in kind of SGT Capital Pte. Ltd., up to 618.3 million euros in the best case scenario. With the negotiated consideration of 51 million new GSG shares in the base case scenario, the GSG share is valued at 2.92 euros, and with 153 million new GSG shares in the best case scenario at 4.04 euros.

The five-member management team of SGT Capital, which was founded in 2019, consists of almost the entire senior team of the predecessor private equity company that invested 1.2 billion USD over the course of two years and for whose subscribers it achieved a gross performance of 27.4% IRR p.a. and a return of 2.2 x Money on Money (MoM) with private equity investments in Europe and the USA until early 2020. In total, the SGT Capital senior team has generated more than 1.4 billion USD in profits to investors. For its new, sector-agnostic private equity fund "SGT Capital Fund II" with a geographical focus on Europe and North America and fund lifetime of ten years, SGT is aiming for a target fundraising volume of 1 to 3.5 billion USD. Shortly after beginning of the fundraising, capital commitments of just under 500 million USD have already been made. The management team has many years of senior experience at renowned addresses - global private equity houses, management consultancies and investment banks. The merged company expects further mid and long-term growth of its Assets under Management (AuM), beyond the initial scenarios mentioned above. Christoph Gerlinger will remain within the merged company for the long term as managing director and shareholder of the general partner and will also become a partner of SGT Capital LLC. As part of the transaction, he indirectly acquires further shares in GSG and will thus indirectly hold more than 10% of the shares despite the multiplication of the number of shares. The international management team of the merged company consists of one American, one Australian and four Germans.

The market capitalisation of GSG will arithmetically multiply to over 100 million euros as a result of the increase in the number of outstanding shares and the trading liquidity of GSG shares will consequently increase significantly compared to the past.

The German Startups Group intends to make a public share buyback offer soon for at least 5% of shares of the company at a price of 2.00 EUR per share, if the merger with SGT Capital Pte. Ltd. was approved by the Annual General Meeting, provided that this is covered by the allowance of the Annual General Meeting of 17 July 2019, which allows a price deviation of up to 20% up or down the current share price. Beforehand the respective number of treasury shares will be withdrawn. The company is currently holding almost 10% treasury shares.

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