RISK FACTORS

*An investment in the Public Shares (as defined below) of 468 SPAC I SE (to be renamed tonies SE as of closing of the Business Combination) (Legal Entity Identifier (“**LEI**”) 222100DAYRVSS1X9EB98), a European company (Societas Europaea) existing under Luxembourg law, having its registered office at 9, rue de Bitbourg, L-1273, Luxembourg, Grand Duchy of Luxembourg (“**Luxembourg**”) (“**468 SPAC**” and together with its consolidated subsidiaries, the “**468 SPAC Group**”, and, together with the Boxine Group (as defined below), A. VI Beteiligungs GmbH and A. VI Holding GmbH, the “**Company**”, “**we**”, “**us**”, “**our**” or “**ourselves**” or, the “**Group**”), each class A redeemable share of the Company with a par value of €0.016 (each a “**Public Share**”) is subject to risks. In addition to the other information contained in this prospectus (the “**Prospectus**”), investors should carefully consider the following risks when deciding whether to invest in the Company’s Public Shares. The market price of the Public Shares of the Company could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.*

The following risks, alone or together with additional risks and uncertainties not currently known to the Company, or that the Company might currently deem immaterial, could have a material adverse effect on our future business, financial condition, cash flows, results of operations and prospects. The risk factors featured in the Prospectus are limited to risks which are specific to the Company and which are material for taking an informed investment decision. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative impact. The risk factors are presented in categories depending on their nature. In each category the most material risk factor is mentioned first according to the assessment based on the probability of its occurrence and the expected magnitude of its negative impact. The risks mentioned may materialize individually or cumulatively.

1. Risks Related to Boxine’s Business, Operations and Financial Position

1.1 The full effect of the COVID-19 pandemic is uncertain and cannot be predicted. The COVID-19 pandemic could worsen, or its effects may be prolonged, which could lead to a materially adverse effect on our business and results of operations.

We offer a smart, connected audio player, the Toniebox. The audio content is unlocked through our Tonie figurines, which offer our customers an extensive and constantly growing choice of over 300 exciting characters, triggering steady usage and repurchases and thereby building brand loyalty. We source our boxes from a single supplier in China, with a second supplier in Hungary expected to be added later in 2021, and our Tonies from three suppliers in Tunisia and China. While we have expanded our second sourcing strategy since 2020 and continue to do so, we still rely on a single sourcing strategy for a few other components. We typically sell a large part of our products through retailers, with brick and mortar stores accounting for a large share of our sales with online sales via own and third party channels rapidly expanding.

Both our supply chains and distribution channels were negatively affected by the COVID-19 pandemic. In late 2020, due to hygiene measures, which negatively impacted production volumes, we were not able to meet the full demand. Measures that closed offline retail stores or significantly limited their operations negatively impacted our ability to attract new customers and to trigger potentially more repeat purchases from existing customers. The COVID-19 pandemic may also affect us due to limited availability of components such as chips and margin pressure due to an increase in raw material and logistics prices as well as overall availability of components and raw materials. The full effects of the COVID-19 pandemic cannot be predicted because of many uncertainties, including the deployment and long-term efficacy of vaccines, the emergence of new variants and repeated infection rate surges. Governments and businesses have taken mitigation actions, including business closures, travel restrictions, and quarantines. These actions could cause a general slowdown in the global economy, continue to adversely impact our supply chains, distribution channels, customers and partners, and could disrupt our operations.

Additionally, our management team is focused on ongoing planning for and mitigating the risks of COVID-19, which may reduce their time for other initiatives. Therefore, the COVID-19 pandemic may lead to employee inefficiencies, operational and cybersecurity risks, logistics disruptions, and other circumstances which could have an adverse impact on our business and results of operations.

Although we are continuously monitoring our business and operations to take appropriate actions to mitigate risks arising from the COVID-19 pandemic, there can be no guarantee that the actions we take will be successful. Should the situation worsen or not improve, or our steps for risk mitigation fail, our business, liquidity, financial condition, results of operations, stock price and prospects may be materially and adversely affected.

1.2 Our limited operating history and evolving market, geographic footprint and offerings make it difficult to evaluate our current business and future prospects, and predict results of operations.

We started selling our products only in late 2016. Since then, we have focused on expanding our offering and refining the Toniebox. Because we have a limited operating history, the markets for kids' toys, audio, entertainment and education are constantly evolving and we have just entered some of the jurisdictions in which we operate, it is difficult to predict our results of operations and the ultimate market size for our products and services. If the markets for kids' toys, audio, entertainment and education do not develop as we expect, or if we fail to address the needs of these markets, our business and prospects could be harmed.

We may fail to adapt to new geographic markets given our limited track-record in these markets, which may negatively affect our business. In particular, our product-market-fit may not always translate into anticipated sales figures due to our limited operational time in the respective markets, even if we have identified proof points for the product market fit of our products.

1.3 We depend on external capital to support our business growth such as bank lines and vendor loans, and this capital might not be available on acceptable terms, if at all. If we fail to implement additional measures to secure capital and liquidity, this could pose an existential risk to us.

Our growth and expansion will require additional capital. We will need additional capital to extend our geographic reach and to increase the penetration of the markets in which we are already active. We may require periodic injections of capital in order to continue to run our business, serve our debt and realize our growth plans. In particular, we currently depend on vendor loans and bank lines.

Any deterioration in the performance, prospects or perceived value of our business may have a material adverse effect on our share price and valuation. Such a development would make it more difficult and substantially more expensive to obtain financing and could trigger additional capital requirements. Any liquidity concerns encountered by us or any of our businesses may require us to curtail or abandon our growth strategy.

There is no guarantee that we will be able to obtain additional financing at favorable terms, or at all, in order to satisfy our need for capital. If we need capital and are unable to raise it, we may be required to take additional steps, such as borrowing money on unfavorable terms in order to raise capital, which could limit our growth and may negatively affect our market shares.

1.4 Several loan and factoring agreements which we entered into contain change-of-control provisions.

Several loan and factoring agreements, which we entered into, provide for an extraordinary right of termination for the lender in the event of a change of control in Boxine GmbH ("**Boxine**" and together with its consolidated subsidiaries, A. VI Beteiligungs GmbH and A. VI Holding GmbH, the "**Boxine Group**"). Lenders and the financial institutions we work with may take this opportunity to terminate their agreements with us, which would result in significant cash outflows. Lenders and the financial institutions we work with may, however, also use the De-SPAC transaction to renegotiate their commercial arrangements with us. Any such re-negotiation may lead to terms that are significantly less favorable to us, which may increase our future financing costs and may make covenants or make conditions to additional draws under our financing arrangements more difficult to meet.

1.5 We are exposed to concentration risks given that our business model currently centers around a single product family, we source our products from a few suppliers, we currently sell our products only in a small number of countries and our top five retailers account for c. 40% of our sales.

We seek to be efficient in our set up and processes, which exposes us to significant concentration risks. Our business model centers around a single product family, the Toniebox and the Tonies, which means that any decrease in demand for our Toniebox and Tonies cannot be compensated by other products. Demand for our products may decrease for a large number of reasons, including the introduction of innovative products by one of our current or potential future competitors, events that negatively impact our reputation or claims that our products do not comply with relevant legal requirements or ethics standards.

We source our boxes from a single supplier in China, with a second supplier in Hungary expected to be added later in 2021, and our Tonies from three suppliers in Tunisia and China. We also rely on a single sourcing strategy for a few other components, such as the production of the artificial leather for the Toniebox, assembly and packaging of the Toniebox and production of the magnets and NFC chips for the Tonies. While it is theoretically possible to replace these suppliers, any such change will take time, providing our suppliers with significant leverage. In addition, even in cases where we have a few suppliers for a product, such as for our Tonies, in case of a loss of a single supplier, the remaining suppliers may not be in a position to make up for the shortfall in the short term.

We sell our products only in a small number of countries, with the vast majority of our sales currently being generated with customers located in the DACH region. This geographic concentration exposes us to the economic development in a limited number of countries. While we have entered the United States, the United Kingdom, Ireland and, most recently, France, and seek to further broaden our geographic footprint, there can be no assurance that these efforts will be successful or help us to diversify our geographic risk. Even if we also sell our products directly to consumers through our online store, we still generate the majority of our sales through retailers. As we currently only operate in a limited number of markets, our retailer base is very concentrated, with our top five retailers accounting for c. 40% of our sales in 2020. The loss of any of our top retailers may significantly negatively affect our sales. Any disputes with our major retailers or any insolvency of a major retailer may significantly delay collection of our claims against such retailer or may even result in a complete loss of the relevant claims.

1.6 Major logistics and supply chain disruptions, including due to limited container availability and our reliance on a single warehouse for each major market, could have a significant negative effect on our operations and results.

Many of our suppliers are located in China, requiring us to ship the products to Europe or the United States. In part driven by the ongoing COVID-19 pandemic, containers are currently in short supply, in particular concerning deliveries for the Christmas season. Incidents such as the Suez Canal obstruction in early 2021, the closure of a port in China in the summer of 2021 or the blocking of Chinese railways, may add to logistics capacity constraints and increase logistics costs. Also, air freight capacity is scarce and costs are unpredictable. There is no guarantee that we will be able to secure sufficient capacity at acceptable cost.

We currently rely on two distribution centers, one located in Germany and the other in the United States, with another one being ramped up in the United Kingdom in September 2021. While we intend to add a distribution center in France, there is no guarantee that we will be able to do so in a timely or cost effective manner. Any failure to add distribution centers will significantly negatively impact our ability to ship our products in an efficient manner and to lower our distribution costs. In addition, our reliance on a small number of distribution centers means that a single hazard event may significantly negatively affect our ability to meet customer orders in a timely manner or at all. Further, our insurance coverage may not be sufficient to compensate for the loss of products stored in the relevant distribution center.

1.7 Future growth poses various risks and challenges to our business and we may not be able to manage future growth efficiently.

Our strategy is to grow our business, including through geographic expansion and expansion of product range, e.g., with respect to our audio library, accessories and content geared towards a slightly older audience (i.e., elementary school and beyond). Continued growth of our business requires us to expand and improve our platform, IT-systems, fulfilment infrastructure, customer service, financial, accounting, compliance processes as well as management controls and reporting systems, which may not be possible in a timely and cost-effective manner. If we are unable to successfully handle future growth, we may be required to take steps to slow down our growth, which may adversely affect our business and competitive position. In addition, our historical revenue growth or operating expansion may not be indicative of future performance for a variety of reasons, including increased competition and the maturation of our business, and we can provide no assurance that our revenue will continue to grow or will not decline.

The anticipated growth may place significant demands on our management and key employees. Our existing teams may not be adequately staffed to handle an increase in the workload or our workforce management may prove insufficient for our expanding business and growth plans. An expansion of our platform, including our IT-infrastructure, an increase in the number of suppliers and a growing workforce will make our operations more complex and challenging. Our ability to hire a sufficient number of new employees depends on the overall availability of qualified employees and our ability to offer them sufficiently attractive employment terms compared to other employers. Onboarding and integrating new employees may prove more challenging in a work environment where remote working has become more prevalent than in the past. There is no guarantee that we will be able to meet such challenges and the risk of disruptions and compliance violations may increase.

An inability to manage future growth efficiently could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.8 Any deterioration of economic conditions in the markets in which we operate may adversely affect our business and results of operations.

Our growth and the margins we can achieve depend in part on global and regional economic conditions in the markets in which we operate and their impact on consumer spending, which is likely to decline during periods of economic uncertainty and recession. Our products are discretionary in nature, which means that we may be disproportionately affected by economic uncertainty. Our customers could decide to no longer purchase our products during economically challenging times.

Small businesses that do not have substantial resources, including some of our suppliers and distributors, tend to be adversely affected to a greater extent by challenging economic conditions than large businesses. If one or more of our suppliers were to cease their operations due to an economic downturn, our business could be adversely affected. Any deterioration of economic conditions could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.9 Our future revenue depends on our ability to continue to attract new customers, which have an inherently high rate of turnover as the users of our products grow up.

We focus on very young and young users, with the vast majority of our users being pre-school children or elementary school students. Purchases are mainly made by relatives and other adults, who purchase the Toniebox or Tonies as a gift. The growth of our business depends on our ability to attract purchasers for our products, which is an ever evolving group as most users use the Toniebox while they are children. If we do not attract a sufficient number of purchasers who purchase the Toniebox for first time users, our revenues may grow more slowly than expected or decline, which could adversely affect our business, results of operations and financial condition.

We have achieved high penetration rates for our Toniebox within the relevant target age group of more than 30%. If we do not manage to grow this share or replicate a similar share in other markets (depending on maturity and time in market), our revenue targets might prove overly ambitious.

1.10 Our future revenue depends on the ability to continuously develop each customer cohort in line with our current expectations.

We track follow-on purchases generated by the sale of a Toniebox. To this end, we group Tonieboxes sold in a specific year in a cohort and compare the performance on a cohort basis. Based on our historical cohorts, the sale of a Toniebox currently on average generates the purchase of approximately 20 Tonies within 4.5 years from sale of the relevant Toniebox. Any failure to meet or exceed this follow-on purchase rate for younger or future cohorts may negatively affect our future performance and may require us to adjust our business plan, including due to an increase in marketing spending.

1.11 Acceptance of product offering may decrease or fail to improve, including due to a lack of innovation or our failure to bring new products to market as planned, which may materially adversely affect our business and results of operations.

We focus on the connected toys market and our entire offering centers around a single product family. In order to maintain and grow our operations, we will have to expand our content offering and extent the depth and breadth of our portfolio into adjacent products and merchandising. In order to achieve these strategic goals and to maintain the competitiveness of our current products, we will need to innovate. Any failure to do so, or any innovations that are not responsive to customer demands, may materially adversely affect our business and results of operations. If our products fail to meet the expectations of existing or future customers, demand for our products and the acceptance of our product offering could decrease or fail to improve and our business could be adversely affected.

Technological advancements may make our products less attractive. For example, wireless internet networks used to work with 2.4 GHz and now often rely on the more advanced 5 GHz technology and on IPV6 protocol technology, which have been implemented in our latest Toniebox model. Any failure by us to anticipate and/or react to any such changes may significantly impair the user friendliness of our products, harm our reputation and lead to a decrease in sales.

A lack of acceptance of our product offering could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects.

1.12 We may fail to accurately anticipate and promptly respond to new trends and customer demand in the kids' toys, audio, entertainment and education markets, including with respect to popular content, or to respond in a timely and effective manner.

The attractiveness of our product offering is driven by our ability to secure and offer the most relevant content and to meet certain technological standards. While trends change more slowly in the kids' toys, audio, entertainment and education markets than in other retail industries, the most relevant content changes over time and varies by geographic market. Any failure to secure relevant content or to identify or respond to changing trends and customer preferences, including those relating to sustainability of product sources, and spending patterns in a timely and effective manner may negatively affect our relationship with our customers, demand for our products and market share. If we are not successful at predicting trends and consumer preferences and adjusting our offering accordingly, we may also have excess inventory, which could result in markdowns and reduce our operating performance.

1.13 If our efforts to build, maintain and enhance our reputation and brand, in particular in our new geographic markets, are not successful, we may not be able to grow our user base, which could adversely affect our results of operations.

We believe our brands are a key asset of our business. Developing, protecting, and enhancing our "Tonies" and "Toniebox" brands are critical for the growth and continued success of our business as well as for our competitiveness in our target markets. Strong brands also help to counteract the significant purchaser turnover we experience from year to year as the kids that use our products grow older, and differentiate us from our competitors. Therefore, any developments that harm our brand could materially adversely affect our business.

We rely in part on social media (e.g., Facebook, Instagram and Pinterest) for the promotion of our brand and marketing efforts, and any negative publicity may be accelerated through social media due to its immediacy and accessibility as a means of communication. Such negative publicity, even if factually incorrect or based on isolated incidents, could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established and have a negative impact on our ability to attract new or retain existing customers. Given the rapid nature of social media, we may be unable to react to such negative publicity in a timely manner.

1.14 Our continued expansion in the accessories area, especially in the equipment and merchandising space, may not yield the expected results, including due to customers not adopting the Tonies brand in these categories.

We have started expanding our offering into the accessories area, where we offer or seek to offer headphones, shelves, cases for the Tonies and backpacks in the shape of popular figurines. We currently intend to expand our offering in the accessories area. However, there is no guarantee that our efforts will yield the expected results, including due to customers not adopting the Tonies brand in these categories. In addition, any issues with accessories may harm our reputation, especially as our strategy might involve sourcing them from white-label suppliers.

1.15 Our continued expansion into new forms of digital product offerings may not be adopted by customers as currently planned.

In addition to offering accessories, we also intend to expand our digital product offerings under our "Mytonies / audiolibrary" product line, where we allow users to unlock additional digital content for physical Tonies. There is no guarantee that our efforts will yield the expected results, including due to customers not adopting our digital offerings based on our unique selling proposition (USP). Any security or data breaches related to our digital products might reduce consumers' trust into our products.

1.16 Our geographic footprint exposes us to political, economic, legal and other risks and uncertainties.

We source our products from a small number of suppliers, currently mainly located in China, Germany, Hungary, India and Tunisia, and sell such products in six countries in Europe and the United States. As a result of our operations in these diverse markets, we are exposed to a number of risks, including:

- domestic and foreign customs, tariffs, quotas, import or export licensing requirements and other trade barriers with respect to our products or the raw materials required to manufacture such products;
- different manufacturing, packaging, certification and product safety standards and practices;

- differences in the way manufacturers and other suppliers store, ship and handle the quality control with respect to their products;
- the need to adapt our content offering to local tastes, practices and relevant languages;
- the need to adjust our customer targeting to local markets, including the offering of country specific websites and apps in local languages;
- differences in the way customers purchase, pay for and return products and provide us with feedback;
- unfamiliar business practices;
- government intervention or intervention from officials and other parties to favor certain competitors;
- political instability, civil unrest, including strikes, and urban violence;
- regulations restricting or limiting foreign ownership of companies and assets;
- diverse and complex legal and tax environments and customs regimes;
- opaque or unfamiliar legal systems and license requirements, which may contain conflicting regulatory requirements and are often subject to arbitrary enforcement by authorities; and
- limitations on the remittance of dividends and other cross-border payments or on the recovery of amounts withheld due to withholding taxes.

If we expand our geographic footprint these risks may increase and there is no guarantee that we can manage them effectively, or at all.

1.17 We face competition from other technology companies, traditional toy manufacturers and the entertainment industry and cannot exclude that content owners will start competing directly with us, limiting or denying us access to relevant content.

The market for kids' toys, audio, entertainment and education is highly competitive, fragmented and rapidly changing. We face intense competition from a diversified group of other technology companies, traditional toy manufacturers, digital attackers and the entertainment industry. We cannot exclude that content owners may decide in the future to start competing directly with us, which may limit, or deny us, access to the content owned by these companies.

New competitors may emerge, who currently operate in other countries, and choose to enter, or expand into, our markets. New competition may come from companies with greater brand recognition, larger customer bases and order fulfillment infrastructures, that have significantly greater financial, marketing, and other resources than we do. These advantages may allow our competitors to derive higher revenue and profits from their existing customer base, acquire customers at lower costs or respond faster to new or emerging technologies and changes in consumer habits. Our competitors may undertake more far reaching marketing campaigns and adopt more aggressive pricing policies, which may adversely impact our competitive position. We also face risks from strategic alliances by other participants. Some of our competitors may decide to merge or enter into business combinations, further increasing their size and market reach.

Competitive pressure from our current or future competitors or an inability to adapt effectively and quickly to a changing competitive landscape could adversely affect demand for our products, force us to cut prices and thereby adversely affect our growth and our margins. If we fail to compete effectively, we may lose existing consumers and fail to attract new customers.

1.18 Although we only collect anonymous meta-data on usage patterns of our products and content, concerns about data privacy may harm our reputation and business.

The Toniebox needs to be connected to the Internet in order to download content. Although we only collect anonymous meta-data on usage patterns of our products and content, the connection to the internet may lead to skepticism among potential purchasers and users of our Toniebox about data privacy. Any allegations concerning improper use of data may negatively impact our reputation and sales.

1.19 Our investments in marketing may fail to yield the desired results.

While we have historically spent limited amounts on marketing, we currently intend to significantly increase our marketing spending, in particular outside the DACH region. For purposes of planning our future marketing efforts, including deciding on the mix of marketing channels and setting our marketing budget, we rely on data regarding the effectiveness of marketing measures and channels collected in the past. Any inability to accurately measure the effectiveness of our marketing measures and channels may lead to our marketing efforts not having the desired effect, which may negatively affect our growth and business.

1.20 If our Toniebox and Tonies do not achieve a high ranking in internet-based search results, our sales may be negatively affected.

A material number of our customers rely, at least in part, on internet research before making a purchase decision. We endeavor to create interest for our products through organic search results generated by search engines such as Google or Bing. To this end, we need to focus on the ranking of our Toniebox and Tonies in organic searches, a process known as search engine optimization. However, the algorithms and ranking criteria of such search engines are confidential. Consequently, we do not have complete information on such algorithms and ranking criteria, making our efforts at search engine optimization considerably more difficult. Furthermore, search engines frequently modify their algorithms and ranking criteria to prevent their organic search results from being manipulated, which could impair our search engine optimization efforts. If we are unable to quickly recognize and adapt our techniques to such modifications in search engine algorithms or if our search engine optimization efforts prove otherwise ineffective, we may need to increase our spending on other forms of marketing or may potentially suffer from a decrease in demand for our products.

Search engines may consider our search engine optimization efforts manipulative or deceptive and therefore see them as a violation of their terms of services. This may result in our Toniebox and Tonies being excluded from organic search results. The same may occur if search engines modify their terms of service to prohibit our search engine optimization efforts. Any exclusion of our Toniebox and Tonies from organic search results could significantly reduce our ability to attract customers to our website and materially adversely affect our business.

Users may also search relevant marketplaces, such as Amazon or ebay. Any failure of our products to show up as top hits may negatively affect our sales and results of operations.

1.21 We may be subject to negative publicity, including inaccurate adverse information, which may result in declining demand for our products.

Customers value readily available information concerning products for their kids and often act on such information without further investigation or authentication or regard to its accuracy. Social media and websites immediately publish posts from users, often without filters or checks on the accuracy of the content posted. Allegations against us may therefore be posted on social media, in internet chat rooms or on blogs or websites by anyone on an anonymous basis. We may be the target of harassment or other detrimental conduct by third parties, including from our competitors. Our reputation may be negatively affected as a result of the public dissemination of anonymous allegations or demeaning statements about our business, even if these allegations or statements are unfounded, and we may be required to spend significant time and money to address such allegations. Inaccurate adverse information may harm our business and we may not be able to redress or correct inaccurate posts in a timely manner, or at all.

Our business may become the subject of negative media coverage and public attention, which may develop strong dynamics and adversely affect our business. In addition, third parties may communicate complaints to regulatory agencies and we may be subject to government or regulatory investigation as a result of such complaints. There is no assurance that we will be able to conclusively refute such allegations in a timely manner, or at all.

1.22 The increasing importance of e-distribution channels may result in insolvencies of sales partners and therefore negatively affect our results of operations.

We rely in large part on third-party distributors and representatives to market our products to customers, including e-distribution channels, such as Amazon. While a large share of our sales is currently generated from traditional trade channels, we expect that e-distribution channels will become increasingly relevant as a distribution channel for our Tonieboxes and Tonies. E-distribution channels will create changes and challenges in the traditional trade channels market. As a result of these issues, some traditional market participants may go out of business, including as a result of an insolvency, which may result in impairments of our accounts receivable and could negatively affect our results of operations.

1.23 We depend on having access to large online marketplaces. If we lose access to platforms such as Amazon or fail to adjust to their algorithm and commission changes, our business would be adversely affected.

A large percentage of our turnover is generated on major distribution platforms such as Amazon. If we lose access to these platforms, our business would be adversely affected. Changes in algorithms and commissions of these platforms can have a negative impact on our turnover and profitability. If distribution platforms change, we may need to install new distribution channels, which may result in additional expenses.

1.24 We rely on third-party suppliers and may not be able to meet customer demand due to sourcing constraints.

We source our Toniebox and Tonies and related components from third-party suppliers currently located mainly in China, Germany, Hungary, India and Tunisia as we do not operate any manufacturing facilities ourselves. We cannot guarantee that we will at all times be able to source the products we need in a timely manner at acceptable prices. There is no guarantee that we will be able to maintain our supplier network.

While we believe that the kids' toys, audio, entertainment and education industry is less subject to short-term trends than other retail industries, customer tastes and preferences do change over the medium-term, requiring us to adapt our product offering to meet such evolving customer demands. However, there is no guarantee that we will be able to source and successfully introduce new and innovative products in time. Should our competitors be able to introduce particularly attractive products for which they hold exclusive marketing rights, we may not be able to provide our customers with a comparable offering.

1.25 There can be no assurance that our suppliers will comply with applicable laws and regulations in all circumstances.

We source our products from a number of international manufacturers. Our reputation could suffer and we could become subject to adverse legal or regulatory actions if our suppliers provide us with products that do not comply with applicable laws or regulations, including laws and regulations relating to product safety, embargoes, environmental protection, and standards relating to employment and factory conditions.

While we have taken steps to prevent non-compliance of our suppliers with applicable laws and regulations, there can be no assurance that these steps effectively prevent non-compliance in all circumstances. If our suppliers do not observe these regulations and our requirements, we may be unable to sell the relevant products. In the event of any failure by our suppliers to comply with relevant standards, we could incur additional costs, our brand and reputation may be damaged by negative publicity due to such deficiencies, we or our management may face administrative fines or criminal charges and we may lose current or potential customers.

1.26 We may be unable to maintain and expand our relationships with content owners or to find additional content owners, which may materially adversely affect our business and results of operations. In addition, many of our contracts with content owners contain change-of-control provisions and we cannot exclude that content owners will use the De-SPAC transaction to renegotiate their commercial arrangement with us.

We depend on third-party content despite continuing to develop our own Tonies Originals content. Popular content in kids' toys, audio, entertainment and education changes over time. We are dependent on our ability to secure rights to the most relevant third-party content. There can be no assurance that relevant content owners will agree to cooperate with us in the future or that existing partners will continue to do so or at terms that are acceptable to us. In addition, our competitors may seek to enter into exclusivity agreements with our content owners.

Many of our contracts with content owners contain change-of-control provisions and we cannot exclude that content owners will use the De-SPAC transaction to renegotiate their commercial arrangement with us. If we fail to maintain and expand our existing relationships and to build new relationships with content owners on acceptable commercial terms, we will not be able to maintain and expand our content offering, which could adversely affect our business.

1.27 Product defects and product recalls could adversely affect our business and reputation.

As our products are manufactured by third-party suppliers, including suppliers from emerging markets, we do not have full control over the quality of these products. We may inadvertently sell defective products, which could cause injury to our customers or damage their property, forcing us to recall such products or resulting in product liability claims and/or administrative fines or criminal charges against us. In the past, for example, we had to scrap a series of Tonies because the figurines showed a tendency to break apart more easily than allowed under our specifications. Alternative materials (such as wood), which we currently experiment with in the production of our Tonies, may prove to be inadequate and result in product defects.

There is no guarantee that we will be adequately insured against such risks or will be able to take recourse against the suppliers from who we sourced these products, in particular if these are located in foreign countries or do not have sufficient capital to indemnify us. Any negative publicity resulting from product recalls or the assertion that we sold defective products could damage our brand and reputation.

1.28 We rely on Amazon Web Service (AWS) and other third-party software and service providers to provide systems, storage, software and tech stack development and services for us and our users and any disruption of such services or a material change to our arrangements could adversely affect our business.

We rely on AWS and other third-party software and service providers to provide systems, storage and services, including hosting of content that can be downloaded to a Toniebox. We also rely on a couple of key partners in systems, software and tech stack development. They also operate some servers and data services for us. Our reliance makes us vulnerable to any errors, interruptions, or delays in their operations. Any disruption in the services provided by third-party providers, including AWS, could harm our reputation or brand, cause us to lose users or revenues or incur substantial recovery costs and distract management from operating our business. Further, these third-party software and service providers may experience operational difficulties due to the current COVID-19 pandemic, including increased usage of their software and services. If they cannot adapt to the increase in demand or fail to ensure availability of their software and services, there could be a negative impact on our results of operations.

AWS may terminate its agreement with us upon 30 days' notice. Upon expiration or termination of our agreement with AWS, we may not be able to replace the services provided to us in a timely manner or on terms and conditions that are at least as favorable to us as the current terms and conditions. A transition from one vendor to another vendor could subject us to operational delays, disruption and inefficiencies until the transition is complete.

1.29 Our sourcing and logistics costs are subject to movements in the prices for raw materials and fuel as well as exchange rates, and we may not be able to pass on price increases to our customers.

Our sourcing and logistics costs are typically influenced by a variety of factors, many of which are beyond our control, including raw material and fuel prices, labor costs, rent levels, import tariffs, fluctuations in foreign exchange rates and the capacity and utilization rates of carriers. As a result, our sourcing costs may vary considerably in the short-term and increase significantly if there are shortages at suppliers or carriers. We have recently seen inflationary tendencies that have led and/or may lead to a rise in logistics costs. There is no guarantee that we will be able to pass on an increase in sourcing and logistics costs to our customers through price increases. To the extent we seek to increase our prices, such price increases could adversely affect demand for our products. If competitors are able to offer lower prices, for example due to long-term agreements thy may have with logistics providers, customers may demand that we also lower our prices irrespective of the actual development of our sourcing costs.

1.30 Our ability to reach our business plan goals will depend in part on our success in increasing our logistics efficiency.

Most of the products we sell have a recommended retail price of less than €20. Logistics costs account for a significant fraction of our total costs per unit sold, especially for digital channels. In order to increase our margins, it will be essential to decrease our logistics cost per item sold. Any failure to enhance our logistics efficiency may negatively impact our ability to reach our business plan goals.

1.31 We may be unable to efficiently manage our inventory levels, which may materially adversely affect our business and results of operations.

While trends in our industry change rather slowly, we may have products in stock that do not sell as expected. If we fail to correctly anticipate demand for our products or if we do not accurately anticipate the time it will take to obtain new inventory, we may not be able to avoid overstocking or understocking. If we underestimate demand, we may not be able to meet orders in a timely manner, which may result in a loss of customers. If we overestimate demand, we may experience excess inventories and may incur higher costs for maintaining such inventories and could ultimately be forced to record losses for write offs on our inventories. In order to sell excess inventories, we may choose to offer products at significant discounts, which may adversely affect our profit margins and the level of prices we can demand for other products.

1.32 We depend on our personnel to grow and operate our business and may not be able to retain and replace existing personnel or to attract new personnel.

We are a founder-led business and depend on the continued input of our co-founders, Marcus Stahl and Patric Faßbender. We also depend upon the continued services and performance of our other officers and other key personnel. The unexpected departure or loss of any of them could have a material adverse effect on our business, financial condition and results of operations, and there can be no assurance that we will be able to attract or retain suitable replacements for such personnel in a timely manner or at all. We may also incur significant additional costs in recruiting and retaining suitable replacements.

Our success and growth strategy also depends on our ability to expand our business by identifying, attracting, recruiting, training, integrating, managing and motivating new and talented personnel, which may require significant time, investments, and management attention. Competition for talent is intense, particularly for creative functions and other qualified personnel in our industry. In addition, new employment and immigration regulations may adversely affect our ability to find the required personnel. The envisaged transaction will be transformative for us and, accordingly, there is a heightened risk that we may experience higher turnover than in the past.

1.33 We may fail to operate, maintain, integrate and upgrade our technology infrastructure, or to adopt and apply technological advances.

We are a technology company that relies heavily on its technology infrastructure. It may become increasingly difficult to maintain and improve the availability of our services, especially during peak usage times and as our product offering becomes more complex and the number of visitors increases. Any failure to effectively address capacity constraints, operate, maintain, integrate and upgrade our technology infrastructure, or to adopt and apply technological advances, may decrease our competitiveness, may harm our reputation and may lead to decrease in sales.

1.34 We may experience malfunctions or disruptions of our technology systems.

We rely on technology systems for our daily operations. We may not be able to correctly assess how prone to errors, ransomware or viruses our technology systems are. Any failure of or disruptions to our technology systems may lead to significant malfunctions and downtimes of our systems, as has occurred in the past. In addition, our management of malfunctions may be inadequate. If we cannot fix any malfunctions ourselves, we might have to pay third parties to either fix the malfunctions, remove any blockages or to license functioning software, which might prove costly.

We depend on certain third-party service providers to maintain our technology systems. If such service providers were to increase their prices, this could adversely affect our margins. In addition, if we were forced to switch service providers (*e.g.*, because their software is no longer fully compatible with our technology platform), there is no guarantee that alternative service providers will be available to us or that we can manage the transition successfully.

As we continue to grow our business, we may be required to further scale our technology platform and technology systems, including by replacing outdated hardware and increasing the integration of our technology systems. Such changes may, however, be delayed or fail due to malfunctions or an inability to integrate new software and functions with our existing technology platform, resulting in disruptions to our operations and insufficient scale to support our future growth.

1.35 We may experience security breaches, loss of customer or supplier data and disruptions due to hacking, viruses, fraud and malicious attacks, other criminal activities or inadvertent or unintentional actions.

We use internet- and cloud-based applications and other technology systems through which we collect, maintain, transmit and store sensitive information about our customers, suppliers and other third parties as well as proprietary information, licensed content and business secrets. We also employ third-party service providers that store, process and transmit such information on our behalf, in particular e-mail addresses. Furthermore, we rely on encryption and authentication technology licensed from third parties to securely transmit sensitive and confidential information. While we take steps to protect the security, integrity and confidentiality of sensitive and confidential information, our security practices may be insufficient and third parties may access our technology systems without authorization (*e.g.*, through Trojans, spyware, ransomware or other malware attacks), which may result in unauthorized use or disclosure of such information. In particular, hackers might succeed in distributing unwanted content through our Tonies. Such attacks might lead to blackmailing attempts, forcing us to pay substantial amounts to release our captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until launched against a target, it may be impossible to properly secure our technology systems. In addition, technical advances or a continued expansion and increased complexity of our technology platform could increase the likelihood of security breaches.

Security breaches may also occur as a result of non-technical issues, including intentional or inadvertent breaches or mistakes by our employees or third-party service providers. Insufficient security practices, such as inadequate policies to enforce password complexity, the saving of username and password combinations on local browsers, the use of default credentials or their reuse coupled with the use of cloud services, the use of unauthorized and unprotected software as well as inadequate physical protection against unauthorized access may make our technology systems vulnerable and lead to unauthorized disclosure of sensitive information.

Any leakage of sensitive information could lead to a misuse of data (*e.g.*, unsolicited emails or other messages based on spam lists fed with such data). Inefficient management of administrator and user accounts may increase the risk of fraud and malfunctions. Any breach could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, negative publicity and adversely affect our business and reputation. In addition, we may need to devote significant resources to protect ourselves against security breaches or to address such breaches and there is no guarantee that our resources will be sufficient to do so. Furthermore, we provide certain information to third-party service providers who perform services for us. Consequently, we only have limited control over the protection of such information by the relevant third-party service providers and may be adversely affected by breaches and disruptions of their respective technology systems.

1.36 We are subject to various risks for which we may not be adequately insured.

While we have purchased what we consider to be market standard insurance coverage customary in our industry, such insurance does not cover all risks associated with our business. Accidents and other events, including interruptions or security breaches of our technology platform, could potentially lead to interruptions of our operations or cause us to incur significant costs, all of which may not be fully covered by our insurance policies. In addition, our insurance coverage is subject to various exclusions, retention amounts and limits. Of any of our insurance providers becomes insolvent, we may not be able to successfully claim payment from such insurance provider. In the future, we may not be able to obtain coverage at current levels, or at all, and premiums for our insurance may increase significantly.

1.37 Exchange rate fluctuations may adversely affect our results.

We currently incur substantial costs and generate revenue outside the Eurozone. Fluctuations in foreign exchange rates between the Euro, our reporting currency, and other currencies of countries where we sell or source our products, in particular the U.S. Dollar, the U.K. pound and the Swiss Franc, may result in significant increases or decreases in our reported operating results as expressed in Euro, our margins and in the reported value of our cash flows. Furthermore, depending on the movements of particular exchange rates, we may be adversely affected at a time when the same currency movements benefit some of our competitors.

1.38 If we are unable to accurately assess our performance through certain key performance indicators, this may adversely affect our ability to determine and implement appropriate strategies.

We assess the success of our business through a set of key performance indicators ("**Key Performance Indicators**") as well as certain other financial and non-financial key performance indicators, such as the number of our active customers. Our Key Performance Indicators may not be comparable to similarly named indicators used by our competitors.

Capturing accurate data to calculate our Key Performance Indicators may be difficult, in particular due to our limited operating history. There is no guarantee that the information we have collected thus far is accurate or reliable. As a result, our Key Performance Indicators may not reflect our actual operating or financial performance and may not be reliable indicators of revenue or profitability. Potential investors should therefore not place undue reliance on these Key Performance Indicators in evaluating or making an investment in our shares. The management of our business depends on our Key Performance Indicators and other indicators derived from them, and if these are inaccurate, we may end up making bad business and strategic decisions. Furthermore, if we report Key Performance Indicators that are significantly wrong, investors may lose confidence in the accuracy and reliability of information we report.

1.39 Our business plan numbers could differ materially from our actual results of operations and we may not achieve our long-term strategic goals.

We target, as a strategic goal, a medium term contribution margin of 40% for the Group and 47% in the DACH region and an adj. EBITDA margin of 16% for the Group and 35% for the DACH region. We have based our business plan and our strategic goals on a number of assumptions, which are beyond our control, relating to market development, trends and customer preferences, macro-economic developments, regulatory and legal environment, and the absence of unforeseen events. In addition, we have based our business plan and our strategic goals on various assumptions, which may, at least in part, be influenced by us, such as marketing, active customer base, return rate, geographic market expansion and product range expansion. Such assumptions are inherently subject to significant business, operational, economic and other risks. Accordingly, these assumptions may change or may not materialize at all. Should one or more of the assumptions underlying the business plan or our strategic goals prove to be incorrect, our actual results of operations could differ materially from such plan and goals. As we currently do not have a monthly financial reporting by country or segment, we cannot always accurately track our business goals by country or segment. Investors should therefore not place undue reliance on the business plan and our strategic goals.

1.40 Our business is subject to seasonal fluctuation, which may have a material impact on our results.

Our business is subject to significant seasonal fluctuation, with the Christmas and, to a lesser extent, Easter periods being the main drivers of our sales. In the future, such seasonality may become even more pronounced (*e.g.*, if customers focus more strongly on certain special events). Seasonality makes it difficult for us to accurately forecast demand for our products and source sufficient volumes of these products. Any failure to anticipate high demand for our products and to meet such elevated demand prior to the Christmas or Easter holidays, or any event that might negatively impact our reputation during these periods, may significantly negatively impact our sales, cash flows and our results of operations and prospects. A failure of us to meet our selling expectations during these seasonal events may have long-term adverse effects on our business. If, for example, less Tonieboxes are sold during these seasonal events, such will also result in less Tonies being sold in subsequent periods.

1.41 Any failure to further expand our operations outside the regions in which we currently operate and to further broaden our geographic footprint may have a significant negative impact on our business or reported results.

In 2019, we generated 98% of our net revenue in the DACH region. In order to achieve our business plan, we will need to significantly broaden our geographic footprint. We currently target to achieve 25% of our 2025 net revenue in the DACH region, with the United States contributing 42%, the United Kingdom 13%, China and other 13% and France 8%. These targets are based on a number of assumptions, which are at least in part outside of our control and may prove to be wrong. For example, there is no guarantee that our products will be equally popular in other geographic regions or that our assumption about competition are correct. Accordingly, there is no guarantee that we will be able to achieve our revenue goals.

2. Key Regulatory, Legal and Tax Risks Related to Boxine

2.1 We are subject to numerous, complex and sometimes conflicting legal and regulatory regimes.

As of the date of this Prospectus, we have operations in six countries in Europe and the United States and currently intend to expand our operations into France and China. As a result, our business is already subject to numerous laws in different countries, including laws respect to privacy, data protection and data security as well as laws with respect to intellectual property protection, consumer protection, product liability and the labeling of our products, competition, anti-corruption and international sanctions.

While we are not aware of any material breaches of applicable laws and regulations, we cannot guarantee that we have always been in full compliance with them in the past and will be able to fully comply with them in the future. The violation of any of the laws and regulations applicable to us may result in litigation, damage claims from our customers, business partners and/or competitors as well as extensive investigations by governmental authorities and substantial fines being imposed on us. Even unfounded allegations of noncompliance may adversely affect our reputation and business.

Any changes in the legal framework applicable to our business could adversely affect our operations and profitability. If we continue to expand our business and geographic scope, we will become subject to a legal framework that is even more complex. Furthermore, the laws and regulations of various jurisdictions in which we operate or may operate in the future are evolving. Consequently, such laws and regulations may change and sometimes even conflict with each other, making it even harder to observe them.

At any time, authorities in the countries where we operate may require us to obtain additional, or extend existing, licenses, permits and approvals. However, there is no guarantee that we will be able to obtain these in a timely and cost effective manner. In addition, authorities may revoke existing licenses and we may not be aware of, or able to appeal, any such revocations in a timely manner, or at all.

2.2 We are faced with demands by collecting societies and similar other organizations to pay fees.

Devices that allow users to store or copy individual content, such as our Tonieboxes, are subject to fees in certain jurisdictions, including in Germany. We are currently in discussions with some of the collecting societies and similar other organizations, in particular, for the German market, with the government-mandated Central Organization for Private Recording Rights (*Zentralstelle für Private Überspielungsrechte; "***ZPÜ***"*), which most likely will result in us being required to pay a fee. In December 2020, the ZPÜ filed for an arbitration proceeding with the arbitration board of the German Patents and Trademarks Office (*Schiedsstelle beim Deutschen Patent- und Markenamt*), which is currently pending due to ongoing negotiations between ZPÜ and us. However, even after months' of negotiations, there are still substantial differences of opinion between ZPÜ and us as which fee shall apply to our Tonieboxes. If our negotiations with ZPÜ fail, the arbitration proceeding will continue, which may result in us having to pay higher fees than the ones we had expected to negotiate with ZPÜ. The application of such higher fees could reduce our profit margin.

2.3 We are faced with demands by performance rights organizations in several countries for the music content distributed by us through our content Tonie figurines.

While we have entered into license agreements with content owners for our non-music content, negotiations regarding the conclusion of a license agreement with the competent performance rights organizations for music content in Germany, Austria, the United Kingdom and France are still ongoing. In the United States, our application for a statutory license is still pending. It is unclear whether we will be able to enter into license agreements for our music content on acceptable terms. If we do not succeed in entering into license agreements for our music content on terms which are economically acceptable to us, we may have to discontinue offering music content, which may make it more difficult for us to attract new customers and retain existing customers. Despite the fact that we have not yet entered into license agreements regarding the distribution of music content, we have been distributing such content without a license since the start of our operations. In particular, we have not entered into a license agreement with the German Society for musical performing and mechanical reproduction rights (*Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte; "***GEMA***"*), which administers the vast majority of musical reproduction rights on the German market. Even after several months of negotiations, we have not yet entered into a license agreement with GEMA due to differences of opinion as to what fees should apply. The only market in which we currently distribute music content with a license is Switzerland after being able to enter into a license agreement with the Swiss collecting society SUISA.

We may be liable to pay damages and fines and our management may be subject to further sanctions for having in the past distributed music content without a proper license in all countries in which we operate and for continuing to do so in all countries in which we operate with the exception of Switzerland which may lead to significant reputational damage.

2.4 We may not be able to adapt our internal controls as well as our reporting, risk management and compliance procedures to the requirements of a public company.

We are in the process of adapting our internal controls as well as our reporting and risk management procedures to the requirements of a publicly listed company, but there is no guarantee that we will be able to implement adequate procedures in a timely manner, or at all. We may be unable to detect and react to risks arising in the course of our business. Any failure to establish or maintain an effective system of internal controls over financial reporting could limit our ability to report our financial results accurately and in a timely manner or to detect and prevent fraud. We have adopted a group-wide risk management and compliance program that is aimed at preventing corruption, fraud and other criminal or other forms of non-compliance by our management, employees, consultants, agents and suppliers. Although our risk management and compliance organization continuously seeks to improve the effectiveness and efficiency of this program, such controls may prove to be insufficient to prevent or detect non-compliant conduct. Non-compliance with applicable laws and regulations may harm our reputation and ability to compete and result in legal action, criminal and civil sanctions, or administrative fines and penalties (*e.g.*, a loss of business licenses or permits) against us, members of our governing bodies and our employees. They may also result in damage claims by third parties or other adverse effects (*e.g.*, class action lawsuits and enforcement actions by national and international regulators resulting in limitations to our business).

2.5 We may not be able to adequately protect our intellectual property and trade secrets against infringements from third parties.

We believe that our intellectual property (*e.g.*, customer data, copyrights, brands, patents, trademarks, trade secrets and proprietary technology) is critical to our success. We have developed, and will continue to develop, a substantial number of proprietary software, processes and other know-how, including assortment related know how, that are of key importance to our operations. We may not be able to obtain effective protection for such intellectual property or other proprietary know-how in all relevant countries. In particular, our know-how protection concept may not satisfy the standards required by the laws implementing the EU Trade Secrets Directive (Directive (EU) 2016/943). Thus, our trade secrets may not enjoy protection under those laws.

There are still application processes pending for some intellectual property rights. Objections in the course of these application processes may result in reduced scopes of protection for such intellectual property rights. If the laws and regulations applicable to our intellectual property change, this may make it even more difficult to protect such intellectual property effectively.

In addition, we may be required to spend significant funds on monitoring and protecting our intellectual property and there is no guarantee that we can successfully discover all infringements, misappropriations or other violations of our intellectual property and pursue them successfully.

If we initiate litigation against infringements of our intellectual property, such litigation may prove costly and there is no guarantee that it will ultimately be successful and that the rulings we obtain will adequately remedy the damage we have suffered. Where we rely on contractual agreements to protect our intellectual property, such agreements may be found to be invalid or unenforceable. Furthermore, some of our intellectual property could be challenged or found invalid through administrative processes or litigation, and third parties may have independently developed or otherwise acquired equivalent intellectual property (or may do so in the future) that overlaps with our technology.

2.6 We may be accused of infringing on the intellectual property of third parties.

We depend on intellectual property for our business. Rights' owners or regulatory authorities may allege that intellectual property we use infringes on someone else's intellectual property, and we may therefore become subject to allegations and litigation (see *"2.9 We may be involved in litigation or other proceedings that could adversely affect our business*."). We may infringe on intellectual property of third parties inadvertently, for example if service providers to which we outsource the production of content use intellectual property of third parties without a license. Even unfounded allegations of infringement may adversely affect our reputation and business and may require significant resources to defend against. If we try to obtain licenses from such third parties to settle any disputes, there is no guarantee that such licenses will be available to us on acceptable terms, or at all, in which case we may be required to alter our products and change the way we operate.

Some of the agreements we entered into with content licensors may contain clauses regarding the protection of their intellectual property licensed to us. A violation of these clauses, such as the unauthorized sub licensing or disclosure of a confidential source code, may require us to pay significant penalties, prevent us from utilizing such intellectual property in the future and may result in litigation against us (see "*2.9 We may be involved in litigation or other proceedings that could adversely affect our business.*").

Copyright owners receive remuneration for the content they create through various channels – not only through direct licensing, but also through other channels such as collective licensing and copyright levies. As these are structured very differently in different countries, we may face allegations that we are liable for such remuneration in current or future markets, for past and future sales of any of our products. In addition, the respective laws, regulations and tariffs could change, which may increase copyright owners' remuneration. Where the remuneration is determined in negotiations, we may not be able to agree on acceptable tariffs, in which case we may be required to change the commercial parameters of our activities in the respective country.

2.7 We may not be able to provide our international licensees with rights requested by them, which may render it more difficult for us to find international licensees.

In our own content productions we might risk in specific cases an incongruence between the rights acquired by us and those requested by our international licensees. This is in particular due to the diverging copyright systems in the United States and continental Europe. Whereas copyright is fully transferrable in the United States ("work made for hire"/"total buy-out"), this is not the case in continental Europe, where authors enjoy a very high level of protection and, thus, some rights, in particular moral rights, have to remain with the author and cannot be transferred.

2.8 We may be unable to acquire, utilize and maintain our trademarks.

We have registered various word and figurative trademarks and expect to register additional similar rights in the future. These rights are regulated by the relevant regulatory bodies and subject to trademark laws and other related laws in the jurisdictions in which we have registered them.

If we cannot obtain or maintain our existing or future word and figurative trademarks on reasonable terms, we may be forced to incur significant additional expenses or be unable to operate our business as intended. The laws protecting trademarks and similar proprietary rights could change, which may prevent us from using these rights as intended. In addition, we may not be able to prevent third parties from registering utilizing trademarks that interfere with those that we have registered.

2.9 We may be involved in litigation or other proceedings that could adversely affect our business.

In the ordinary course of our business activities, we are regularly exposed to various litigation, particularly in the areas of product warranty, intellectual property disputes, labor disputes and tax matters. Such litigation is subject to inherent uncertainties, and unfavorable rulings could require us to pay monetary damages or provide for an injunction prohibiting us from performing a critical activity (*e.g.*, marketing certain products). Even if legal claims brought against us are without merit, defending such claims could be time-consuming and expensive, could divert management's attention from other business concerns and we may decide to settle such claims, which may prove expensive to us.

2.10 We use standardized documents, contracts and terms and conditions, which increases the impact if any clause is held to be void.

We require customers to sign up to our terms and conditions when they activate the Toniebox. If our terms and conditions are found to contain provisions which are interpreted in a manner disadvantageous to us, or if any clauses are held to be void and thus replaced by statutory provisions which are disadvantageous to us, a large number of our contractual relationships could be affected. We also use standardized contracts, terms and conditions with our distributors. Important contractual relationships would be affected if contracts or terms and conditions were found to be void.

Standardized terms and conditions have to comply with the statutory laws on general terms and conditions (*allgemeine Geschäftsbedingungen*) in the different jurisdictions in which we operate, which means that in many jurisdictions they are subject to intense scrutiny by the courts. In the European Union, the standard is even stricter if such terms and conditions are used *vis-à-vis* consumers. As a general rule, standardized terms and conditions are invalid if they are not transparent, not clearly worded, unbalanced or discriminate against the respective other party. In addition, there have been constant changes regarding the legal framework applicable to such terms and conditions as well as the interpretation thereof by the courts. As a result, we cannot guarantee that all standardized terms and conditions we use currently comply and will continue to comply with these strict requirements. Even if terms and conditions are prepared with legal advice, it is impossible for us to guarantee that they are valid, given that changes may continue to occur in the laws applicable to such terms and conditions and/or their interpretation by the courts. If contracts, terms and conditions we use were held to be void, we also may face administrative fines.

2.11 Our business is subject to the general tax environment in Luxembourg and Germany as well as the jurisdictions in which we operate and any changes to this tax environment may increase our tax burden.

Our business is subject to the general tax environment in Luxembourg and Germany as well the jurisdictions in which we operate. Our ability to use tax loss carryforwards, write-offs and other favorable tax provisions depends on national tax laws and their interpretation in these countries. Changes in tax legislation, administrative practices or case law could increase our tax burden and such changes might even occur retroactively. Furthermore, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretation may change at any time, which could lead to an increase of our tax burden. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty.

As a result of tax audits or other review actions by the relevant tax authorities, we may be required to make significant additional tax payments. In particular, this may be the case with respect to the utilization of tax loss carryforwards, transfer pricing applied by the Group, including the documentation thereof, the tax residency of certain Group companies, including 468 SPAC, and changes in the Company's shareholding structure and past reorganizations. Any tax assessments that deviate from our expectations or filings could lead to an increase in our tax burden and additional tax documentation costs or costs in relation to disputes. In addition, we may be required to pay interest on these additional taxes as well as late filing penalties.

Any of the foregoing could have a material adverse effect on our results of operations and financial condition.

3. Key Risks Related to the Public Shares

3.1 Upon conversion of the Public Warrants, the Sponsor Warrants and the Sponsor Shares into Public Shares, investors in the Public Shares may experience substantial dilution.

468 SPAC placed 10,000,000 Class A warrants to subscribe for one Public Share, ISIN LU2290524383 (the "**Public Warrants**"), and 6,400,000 Class B warrants subscribed by the Sponsor and the Co-Sponsors (each as defined below) (the "**Sponsor Warrants**"). Each Public Warrant and Sponsor Warrant entitles its holder to subscribe for one Public Share, with a stated exercise price of €11.50 (subject to customary anti-dilution adjustments). The Public Warrants and Sponsor Warrants will become exercisable 30 days after the consummation of the Business Combination (as defined below) and will expire five years from the date of the consummation of the Business Combination (as defined below), or earlier upon redemption by the Company or liquidation.

Furthermore, following the consummation of the Business Combination (as defined below), the Sponsor and the Co-Sponsors hold 7,500,000 class B shares (the "**Sponsor Shares**"), which will convert one year after the consummation of the Business Combination (as defined below), on a one-on-one basis into Public Shares or earlier if, at any time, the closing price of the Public Shares equals or exceeds €12.00 for any 20 trading days within any 30-trading day period.

3.2 There is no guarantee that following the Business Combination a liquid market for the Public Shares will develop and persist.

The price of the Public Shares after the Business Combination (as defined below) may vary due to general economic conditions and forecasts, SPAC's and/or Boxine's general business condition and the release of financial information by SPAC and/or Boxine. Although the current intention of SPAC is to maintain a listing on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange for the Public Shares, there can be no assurance that SPAC will be able to do so in the future. If SPAC is unable to maintain a listing on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange, for instance because it can no longer pay the listing fees to the Frankfurt Stock Exchange, or because it is liquidated, then the liquidity and price of the Public Shares may be limited. In addition, the market for the Public Shares may not develop towards an active trading market or such development may not be maintained. Investors may be unable to sell their Public Shares unless a viable market can be established and maintained.

4. Key Risks Related to the Business Combination and the PIPE

4.1 468 SPAC has no operating or financial history and its results of operations may differ significantly from the pro forma financial data.

468 SPAC is a recently formed development stage company with no operating results, and it has not engaged in activities other than organizational activities. Because 468 SPAC lacks an operating history, investors will take the experience and track record of the members of 468 SPAC's management to a greater extent into account. The founder and sponsor of 468 SPAC is 468 SPAC Sponsors GmbH & Co. KG, an affiliate of Alexander Kudlich, Dr. Ludwig Ensthaler and Florian Leibert, founders of the fund 468 Capital GmbH & Co. KG (the "**Sponsor**"). The former members of the supervisory board of 468 SPAC, directly or through their affiliates, as well as Fabian Zilker (the "**Co-Sponsor**") have also provided funds to 468 SPAC as well.

4.2 Alexander Kudlich, the CEO of the 468 SPAC, has certain relations to Boxine, the target company for 468 SPAC's de-SPAC transaction. While he has taken several measures that seek to avoid any potential conflicts of interest and to ensure that his role as CEO of SPAC will not interfere with Boxine's decision-making process concerning the envisaged transaction, there is no guarantee that he will be free of conflicts of interest.

Alexander Kudlich, the CEO of the 468 SPAC, has certain relations to Boxine, the target company for 468 SPAC's envisaged de-SPAC transaction (the "**Business Combination**"). It cannot be completely excluded that the personal and financial interests of the CEO of the 468 SPAC may have influenced his motivation in identifying Boxine as a target business despite having taken several measures to avoid such a potential conflict of interest.

4.3 Subsequent to the consummation of the Business Combination, 468 SPAC may be required to take write-downs or write-offs, restructuring and impairment or other charges that could have a significant negative effect on its financial condition, results of operations and share price, which could cause investors to lose some or all of their investment.

Even though write downs, write offs, restructuring costs and other charges may be non-cash items and not have an immediate impact on 468 SPAC's liquidity, the fact that 468 SPAC reports charges of this nature could contribute to negative market perceptions about it or its Public Shares or Public Warrants. In addition, charges of this nature may cause 468 SPAC to violate net worth or other covenants to which it may be subject as a result of assuming pre-existing debt held by a target business or by virtue of it obtaining post-combination debt financing. Any of the foregoing could have a material adverse effect on 468 SPAC's results of operations and financial condition.

4.4 Boxine is a private company about which little information is available, and despite 468 SPAC's management having conducted a due diligence review of Boxine, 468 SPAC's management board and supervisory board may not have properly valued the Boxine Group.

Despite 468 SPAC's management having conducted a due diligence review of the Boxine Group, 468 SPAC may not have identified all material issues or liabilities related to the Boxine Group. In this case, 468 SPAC may later be forced to write down or write off assets, restructure its operations or incur impairment or other charges that could result in its reporting losses.

4.5 Boxine's financial forecasts, which were prepared in connection with the Business Combination, may prove to be inaccurate.

Our financial forecasts depend, to some extent, on general economic, financial, competitive, market, legislative, regulatory and other factors, many of which are beyond our control. There can be no assurance that our business will generate sufficient cash flow from operations and that the investments required to further drive revenue growth as anticipated can be effected.

As far as we rely on debt and equity financing, we cannot assure this to be available to us on favourable terms, or at all, in an amount sufficient to fund our liquidity needs.

4.6 As the shares subscribed for in the PIPE will only be issued and become listed and tradeable after a positive vote in the 468 SPAC's shareholder meeting and the approval of the listing prospectus by the CSSF, there can be a significant time lag between the commitment to subscribe to the PIPE shares and the date on which subscribers are required to fund their subscriptions, and the PIPE shares become tradeable.

The expected significant time lag between the commitment to subscribe to the PIPE shares and the date on which subscribers are required to fund their subscriptions may deter potential investors from subscribing to the PIPE shares.

The commitment to subscribe to the PIPE shares can only be terminated pursuant to the conditions in the relevant subscription agreement.