

Financial information - LEKKER Bikes

Introduction

LEKKER Bikes originated in Australia in 2009 before it expanded its operations to Europe, primarily focusing on the growing markets of Germany and the Netherlands. In 2020/2021, an entry into the United States market was also pursued. The covid outbreak and supply chain shortages made LEKKER decide to close the operation in 2023 and concentrate fully on growth in Europe, as well as consolidation in Australia. All figures presented, including those for 2023, are based on the two regions where we are active, providing a comprehensive overview (US not included).

Investors considering a large ticket size can access more detailed financial information under a confidentiality agreement. If you require additional financial details, please email invest@lekkerbikes.com. For more insight on the valuation, please visit our investment page, where you can find the valuation report.

P&L

Below, the Profit & Loss statement is outlined in general terms for 2023 through 2028.

Profit & Loss statement						
LEKKER Bikes EUR & AUS (x €1.000)						
	2023	2024	2025	2026	2027	2028
	Act (prov)	Forecast	Forecast	Forecast	Forecast	Forecast
Turnover (net)	€ 7.958	€ 10.131	€ 13.557	€ 18.064	€ 23.360	€ 30.387
COGS	€ 5.748	€ 6.188	€ 8.308	€ 11.022	€ 14.194	€ 18.387
Contribution margin	€ 2.210	€ 3.942	€ 5.250	€ 7.041	€ 9.166	€ 12.001
Opex	€ 3.668	€ 3.979	€ 4.325	€ 5.445	€ 6.396	€ 7.782
EBITDA	-€ 1.458	-€ 37	€ 925	€ 1.596	€ 2.770	€ 4.218

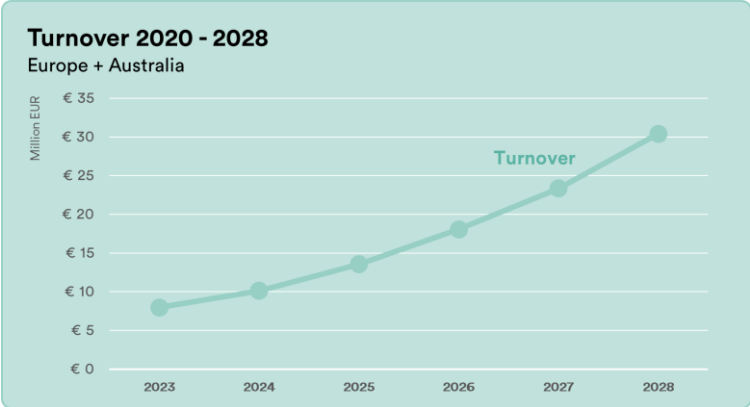
Turnover

In 2023, we achieved EUR 8 million in revenue in Europe and Australia. Approx. 10% of this revenue comes from freight, accessories, services and others.

With the introduction of our new Gen3 collection, we anticipate topline growth, aiming to sell around 5.000 bicycles, primarily eBikes.

Our revenue is expected to exceed EUR 10 million. This marks a significant growth trajectory, but the start of the year shows positive indications that this is achievable.

Our objective is to increase our revenue to over EUR 30 million by the end of 2028, with approximately 90% of it derived from eBike sales. Although this is an ambitious target, we believe it is realistic and achievable.



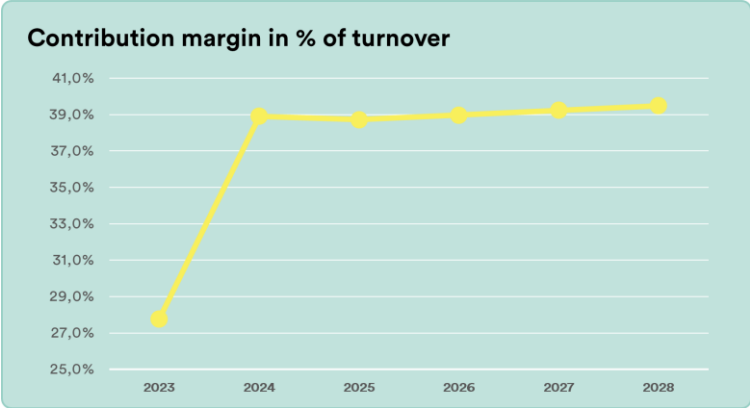
Growth in Europe is expected to be 3 to 4 times greater in percentage terms than in Australia. This is primarily due to the Netherlands and Germany being the largest markets in Europe and the potential of expansion to the French market in the future. Particularly in urban areas, the eBike remains popular, and the expected CARG remains very positive. The continuation of electrification is a fact!

Contribution margin

We calculate our gross margin by subtracting all procurement costs for frames and components, assembly, and transportation costs from revenue.

Over the past years, we have had low margins due to expensive procurement and high transportation costs during the pandemic, coupled with price pressure on the sales side. Our average margin was around 28% in 2023.

With our new Gen3 eBikes, we have significantly reduced our cost price, resulting in an overall margin of 39%. We have also developed a better range of eBikes, improved our positioning on the AU and EU markets and achieved a significantly higher average margin than our previous generation of eBikes (Gen2).



OPEX

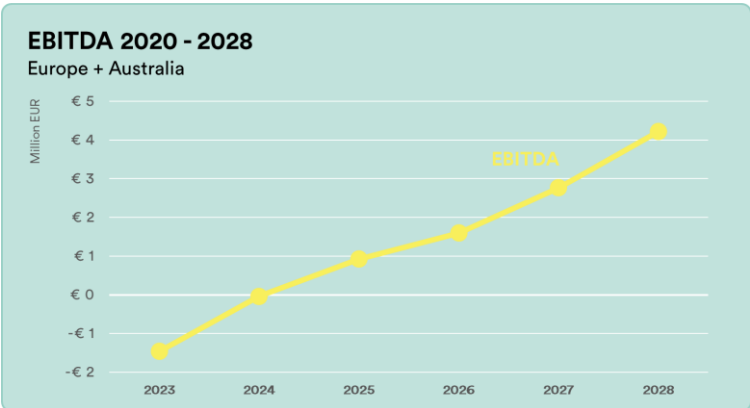
Overall, our operational costs as a percentage of revenue are decreasing from 46% in 2023 to 26% in 2028. In the first few years, most costs will be personnel. A modest growth in EUR is anticipated towards 2028. However, in % against revenue, it decreases to around 10% compared to 25% in 2023. This includes the costs of the team located at the Amsterdam HQ and the operational teams housed in the brand stores in Berlin, Amsterdam and three stores in Australia.

Over the coming years, marketing expenses (direct sales cost and general branding expenses) will increase. In % these costs will remain stable, around 12% of revenue. In EUR, costs will grow in line with revenue.

The remaining items include rent (stores and HQ), travel expenses and miscellaneous costs. These costs develop relatively stable to revenue and, therefore, decrease proportionately.

EBITDA Performance

Our EBITDA is expected to show positive development over the coming years. This is driven by increased revenue coupled with lower COGS. In addition, operational costs increase relatively minimally against revenue growth due to simplification, increasing our attention to the EU market, phasing out of our Conventional range and developing a large



service and test ride partner network.

Ultimately, the EBITDA is projected to grow to EUR 4 million in 2028, representing around 14% of revenue.

For 2024, we project a break-even result over the entire year. We expect the transition to MoM profitability towards the summer months. In 2023, there was clearly a negative EBITDA of over EUR 1.4 million, but the substantial margin improvement and restructuring of the organization is expected to yield a much better result.

Balance sheet

Find below a high-level balance sheet position at the end of February 2024 high level.

Assets

The main asset on the balance sheet is inventory, which amounts to over EUR 1.1 million. This inventory comprises the remaining units of the (older) Gen2 eBikes and some conventional (non-e-bikes, Australia only) bicycles. The first units of the new Gen3 generation eBike will be available by the end of April and will be taken into our stock position. A significant portion has already been successfully sold through a pre-sale campaign, which started end of February.

Additionally, EUR 0.6 million in intangible assets are on the balance sheet, primarily comprising our tech stack/Website.

Equity and liabilities

The shareholder equity is positive (EUR 0.4 million) due to significant capital injections in the past covering incurred losses. Long-term debts amount to EUR 1.2 million, of which EUR 0.3 million are convertible loans.

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