

VALUATION REPORT

LEKKER Bikes



2024
April

THE COMPANY

Legal entity

LEKKER Bikes Holding B.V.
(Dutch private limited
company)

Year of foundation

2009

Contact

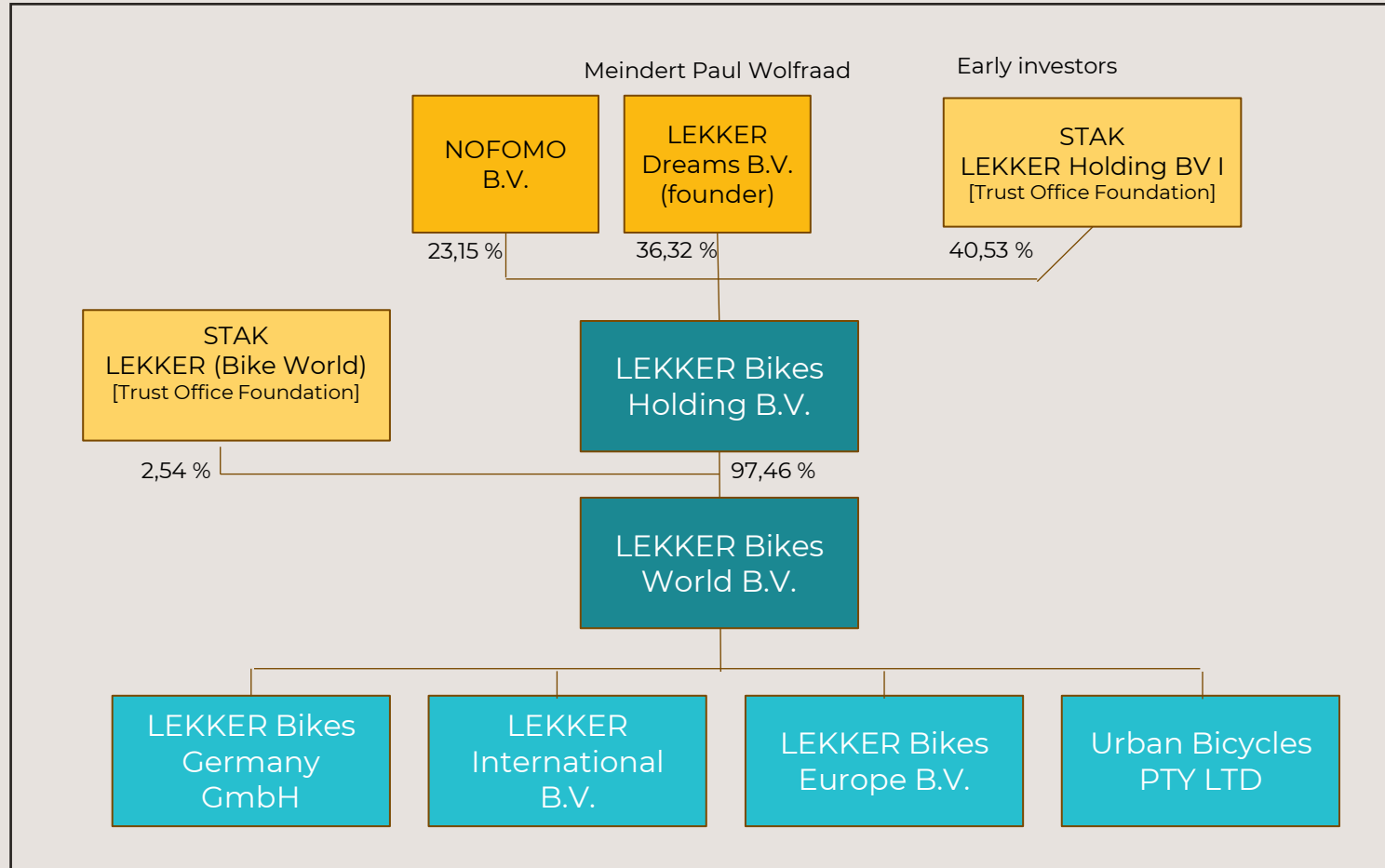
niels@lekkerbikes.com

'Dutch-style bikes born in Australia and raised in Amsterdam that are adapted for international needs and conditions. Perfect for exploring the city streets around the world and heading out further afield, in a way that just makes sense. Since our launch in Australia, in 2009, we grew into a market leading e-Bike brand in Australia with brand stores in Melbourne, Sydney and Brisbane. Meanwhile we also launched LEKKER Bikes in Europe and are currently operating from our hubs in Amsterdam and Berlin.'

As they say: The way we ride



LEGAL STRUCTURE LEKKER BIKES



LEKKER BIKES VALUATION

The value of the
business plan

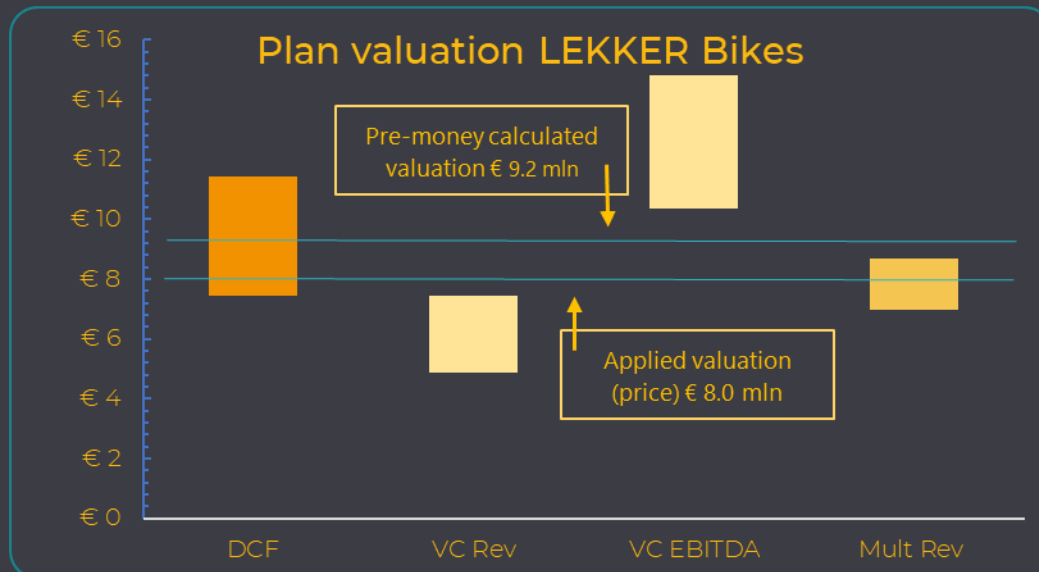
€ 9.2 MILLION
(Pre-money)

Applied value
fundinground
April 2024

€ 8.0 MILLION
(Pre-money)

Funding Masters has made a valuation based on the business plan and financial forecast provided by the board of LEKKER Bikes. This valuation is based on three market-standard valuation methods:

1. The value of future free cashflows, the Discounted Cashflow method (DCF)
2. A valuation method used by large investors, the Venture Capital method (VC)
3. A value derived from branchebased multiples, the multiple method (MULT)



The high level results are presented in the diagram. All methods show values within certain boundaries. This will be explained hereafter in this report in more detail.

Disclaimer: This valuation report shows a LEKKER Bikes plan valuation. The valuation is based on a 5 year financial forecast created by the company. The used valuation methods are common methods in the financial industry. The underlying figures and assumptions made by the company have strong impact on the outcome.

EXPLANATION VALUATION LEKKER BIKES

General background valuation of companies

The future value of a company is strongly dependent on the commercial and financial successes achieved. The following elements play a crucial role:

- A. Quality of the company: this is determined by the quality of the business plan, but especially by the power of execution of the founders, management and team.
- B. The market: a huge and growing market is offering bigger upwards potential than a smaller or shrinking market. But also the level of competition plays a role.
- C. (Economic) circumstances: the general economic situation and market sentiments, as well as the overall situation across the world are having its impact.
- D. The company's stage of life: it makes quite a difference whether the company is in its early start-up days or already a 'scale-up' with significant business.

We take these elements into account by using a certain range for risk and growth appropriate to the company.

Valuation of LEKKER Bikes

LEKKER Bikes should be seen as a real scale-up. They have been able to grow revenues by tenths of percentages. Originally started in Australia, they are now growing rapidly in Germany and the Netherlands.

They were tough years during Covid lockdowns, especially in the supply chain. High levels of uncertainty led to high COGS and pressure on margins. But recently LEKKER Bikes introduced their third generation e-bikes with significantly improved margins.

Focus mainly on Europe and Australia reduces complexity and high cost of entering new markets. The organisation is lean and ready for growth.

Please see the used range for growth and risk appropriate to LEKKER Bikes hereafter in this report.

LEKKER Bikes parameters	LOW	MID	HIGH
Risk indicator (WACC)	22%	20%	18%
Long term growth	1.0%	1.5%	2.0%
Return on equity (for the purpose of VC)			27.5%

FINANCIAL RESULTS LEKKER BIKES| PROFIT & LOSS

LEKKER Bikes

Below you will find the forecast of the P & L for LEKKER Bikes as created by the management of LEKKER Bikes. They plan for growth of gross sales for over €30 million in 2028 with an expected EBITDA of €4.2 million (14% of turnover). At the end of this year, it is expected to run break even or slightly positive. The strongly improved EBITDA in 2024 compared to 2023 is a result of an increase in gross margin of 10% on the recently introduced gen 3 e-Bikes.

P&L LEKKER Bikes EUR & AUS (x €1,000)	2023	2024	2025	2026	2027	2028
Gross Sales	7,958	10,131	13,557	18,064	23,360	30,387
<i>COGS</i>	<i>5,748</i>	<i>6,188</i>	<i>8,308</i>	<i>11,022</i>	<i>14,194</i>	<i>18,387</i>
Contribution margin	2,210	3,942	5,250	7,041	9,166	12,001
<i>Marketing & sales</i>	<i>943</i>	<i>1,090</i>	<i>1,546</i>	<i>2,134</i>	<i>2,810</i>	<i>3,669</i>
<i>Other cost</i>	<i>2,725</i>	<i>2,889</i>	<i>2,779</i>	<i>3,311</i>	<i>3,586</i>	<i>4,113</i>
EBITDA	-1,458	-37	925	1,596	2,770	4,218
<i>Depreciation & Interest</i>	<i>239</i>	<i>263</i>	<i>263</i>	<i>263</i>	<i>263</i>	<i>263</i>
Return before taxes	-1,697	-300	662	1,334	2,507	3,956

VALUATION LEKKER BIKES| DCF VALUATION

DCF LEKKER Bikes EUR & AUS (x €1,000)	2023	2024	2025	2026	2027	2028	TY
Net earnings	-2,338	-308	654	1,326	2,499	3,218	
Depreciation (+)	153	156	156	156	156	156	
CAPEX (-)	-	-	-	-	-	-	
Growth working capital (-)	15	15	15	15	15	15	
Free cashflow	-2,170	-136	826	1,497	2,670	3,389	18,701
Discount factor	1.00	0.83	0.70	0.58	0.48	0.40	0.40
Discounted free cashflow	-2,170	-114	574	869	1,292	1,368	7,548
Total discounted cashflows (2024-2028), post-money	11,538						
Long term debt (-)	880						
Funding (-)	1,500						
Plan valuation (pre-money)	9,158						

Range	WACC 21.9% Growth 1.0%	WACC 19.9% Growth 1.5%	WACC 17.9% Growth 2.0%
Valuation after deducting long term debt and new capital	€ 7.5 mln.	€ 9.2 mln.	€ 11.4 mln.

Based on the DCF method, valuation of the LEKKER Bikes business plan shows results between €7.5 and €11.4 million. At the moment, long term debt in the company is €0.88 million, which is deducted from the plan value. The DCF method is one of the best methods for a company in this lifecycle.

VALUATION LEKKER BIKES| THE MULTIPLES

Multiples branche	April 2024
Revenue multiple	0.95
EBITDA multiple	11.95

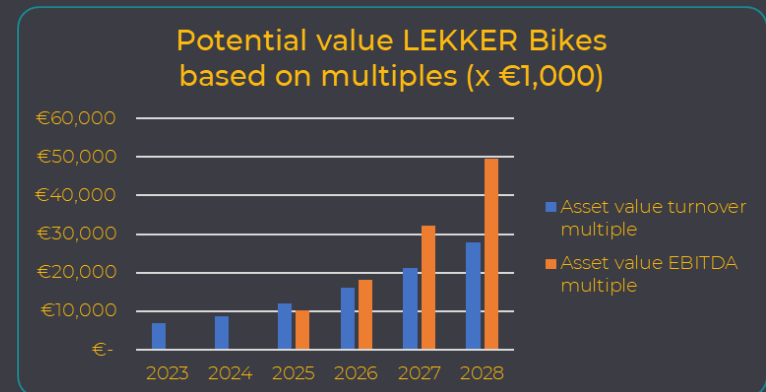
The source for the revenue multiple is NYU/Stern school of business, New York USA, by professor Aswath Damodaran (class Retail Automotive).

The EBITDA Multiple is based on Equidam-data (class Household electronics and Household products).

These are generally accepted sources. In both multiples a safety margin of 10% is applied.

Multiple method LEKKER Bikes EUR & AUS (x €1,000)	2023	2024	2025	2026	2027	2028
Net turnover	8,326	10,131	13,557	18,064	23,360	30,387
EBITDA	-2,055	-37	925	1,596	2,770	4,218
Asset value turnover multiple	6,988	8,693	11,932	16,190	21,195	27,836
Asset value EBITDA multiple	-	-	10,171	18,194	32,210	49,520

The plan valuation based on multiples is calculated with the expected turnover and EBITDA from 2023 until 2026 (inclusive). Because LEKKER Bikes is in its scale-up phase, these outcomes should primarily be used as an indicator for the future value of the company. The outcome could differ from the one provided in this report.



VALUATION LEKKER BIKES| VC-METHOD

VC method LEKKER Bikes EUR & AUS (x €1,000)	Turnover	EBITDA
Multiple	0.95	11.95
Timeframe (year)	5	5
Value end of horizon	28,716	50,400
Required ROI	28%	28%
Implied cash multiple	3.4x	3.4x
Funding and debt	2,380	2,380
VC value	6,143	12,578
Average		9,360

The VC method is applied for LEKKER Bikes both on turnover and EBITDA as value drivers. The results differ quite a lot. This implies relatively strong EBITDA in comparison with the turnover.

Please see the previous page for some background on the applied multiples..

The required return on investment (ROI) is set at 27.5%. WACC's between 25 and 35% apply for companies in a similar lifecycle. The lower side of the range is selected because of the realised turnover in the past and expected break even towards the end of 2024, early 2025.

The combination of applied multiples and required ROI leads to a cash multiple of 3.4. This means an investor requires a multiple of 3.4 on the investment in a 5 year timeframe (until the end of 2028).

DISCLAIMER

This valuation report uses various valuation methods. These methods depend solely on the assumptions a business owner makes about his or her own business, so the valuation is qualitatively as good as the assumptions the business owner makes. The valuation methods are applied according to generally accepted assumptions and calculations. A significant part of the information is future-oriented and estimated by the entrepreneur as best as possible.

The purpose of the valuations in this report is purely as an indication of what the company or business plan is or may be worth. The outcome of the valuation over time is determined by various internal and external circumstances. Not in the least by the possible demand for shares in the company concerned or a possible sale (exit).

Funding Masters bears no responsibility for the correctness and accuracy of the financial projections provided by the company, nor has Funding Masters audited them.

No rights whatsoever can be derived from the figures provided, including the valuation, by the reader of this report. Funding Masters does not provide investment advice regarding a potential investment in the company. It is solely the responsibility of the investor to inform himself as well as possible and to make an investment decision based on this information, while considering the risks involved.