

# Elevating Champions

QUARTERLY STATEMENT Q1 2022  
INVESTOR UPDATE CALL

May 17, 2022

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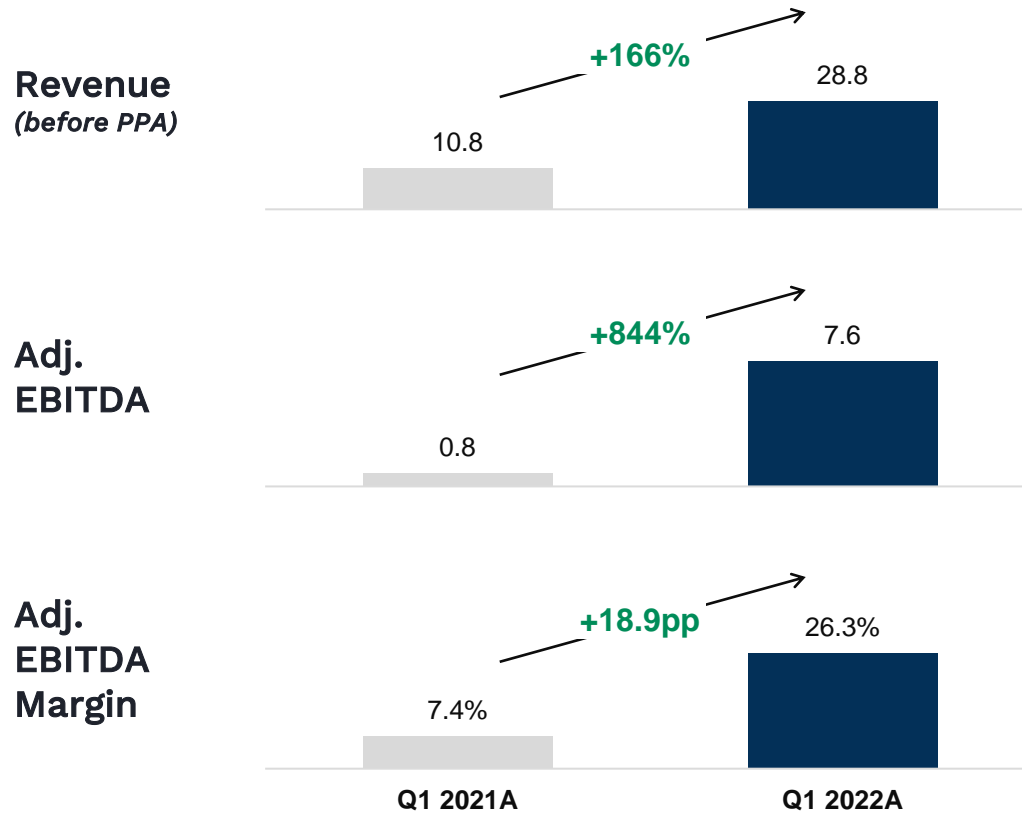
For information on performance indicators, please refer to Note 7 of BKHT's consolidated financial statements for 2021.

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# Summary Q1 2022

## Selected group financials (€m)



## Key highlights



Confirmation of FY 2022 guidance with revenue of between €140m - 150m and continued high adj. EBITDA margin of 35%



Integration of Bikeleasing successfully concluded;  
Q1 performance within expectations



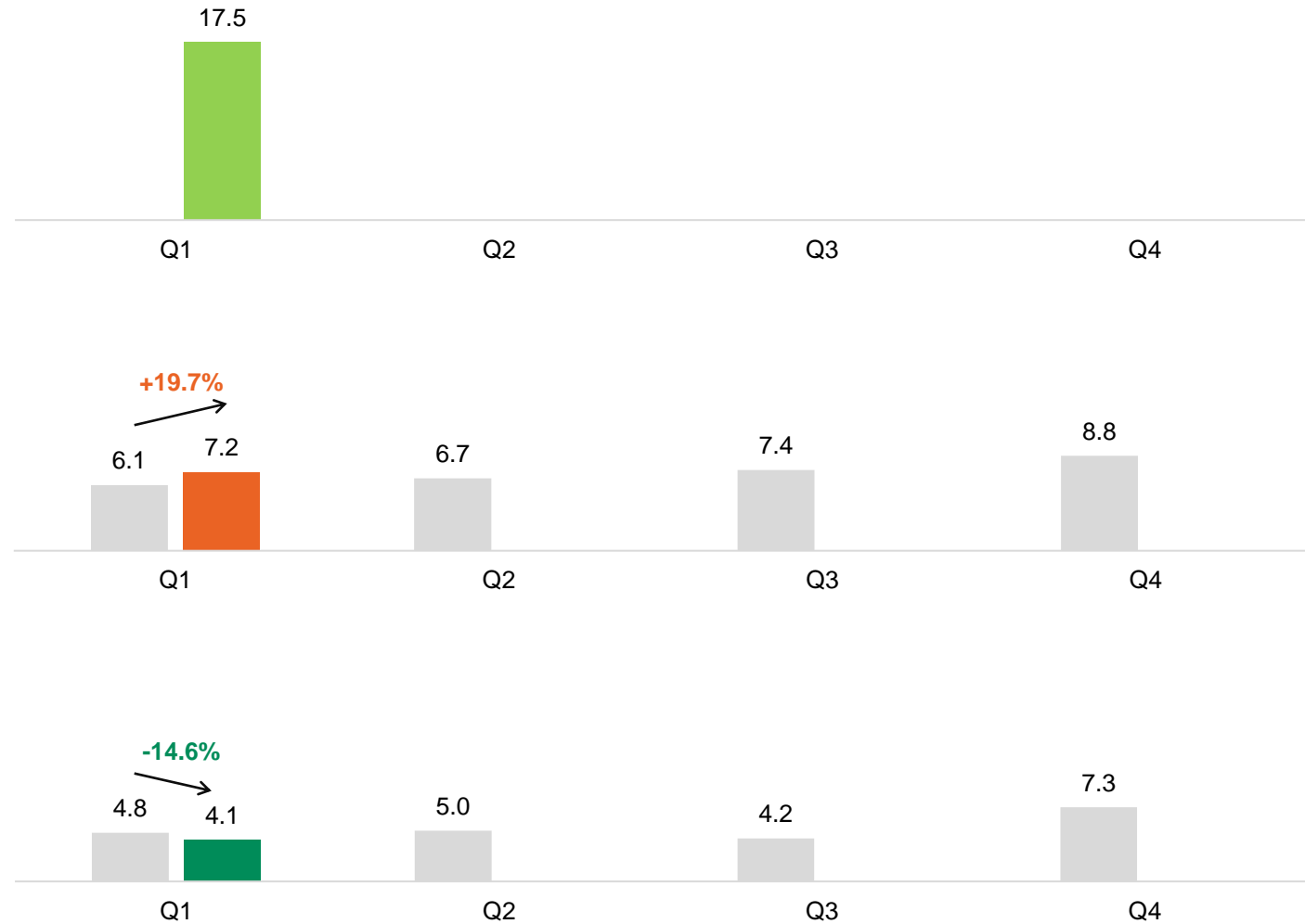
Strong pipeline of potential acquisition targets with 3 promising transactions in early stages of due diligence

# Revenue by quarter 2022

**BIKELEASING.DE**<sup>1</sup>

**ihse.**

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# Bikeleasing - Operational deep dive



Comparable IFRS revenue figure for Q1 2021 not available;  
Bikeleasing only accounted according to German GAAP prior to acquisition

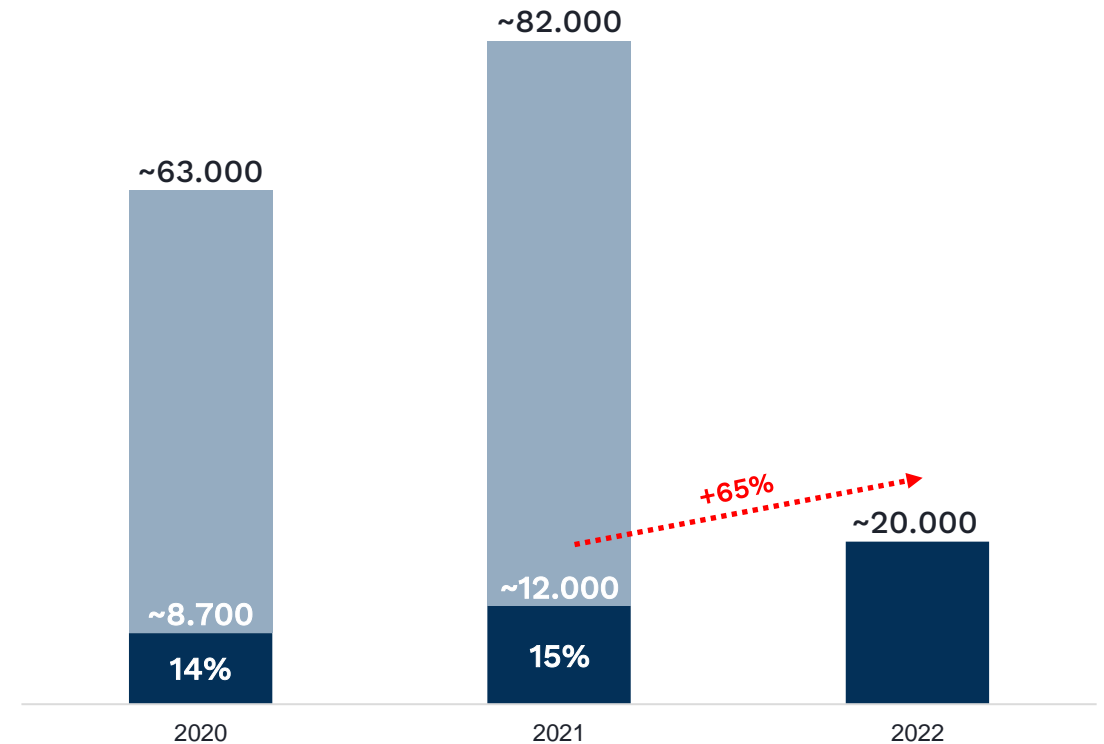


# of facilitated bikes  
grew by +65% to ~20.000

# of corporate customers  
increased by +2.600 to now 34.500



Refinancing of bikes through a securitized "Green Bond" in Q1 2022 leading to deferred revenue



# Palas - Q1 background



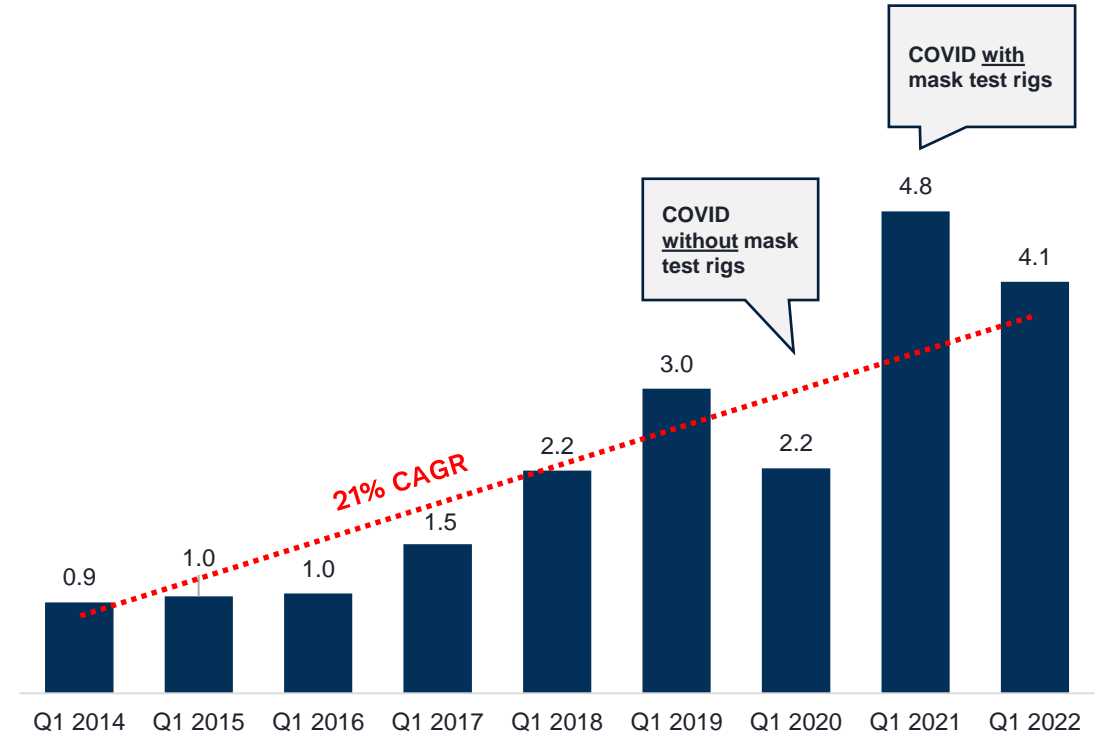
Second strongest Q1 in Palas' corporate history



Comparison distorted by extraordinarily strong Q1 2021 driven by elevated demand for mask test rigs



Despite significantly growing order intake in China, revenue recognition delayed due to ongoing lock-down



(€ million)

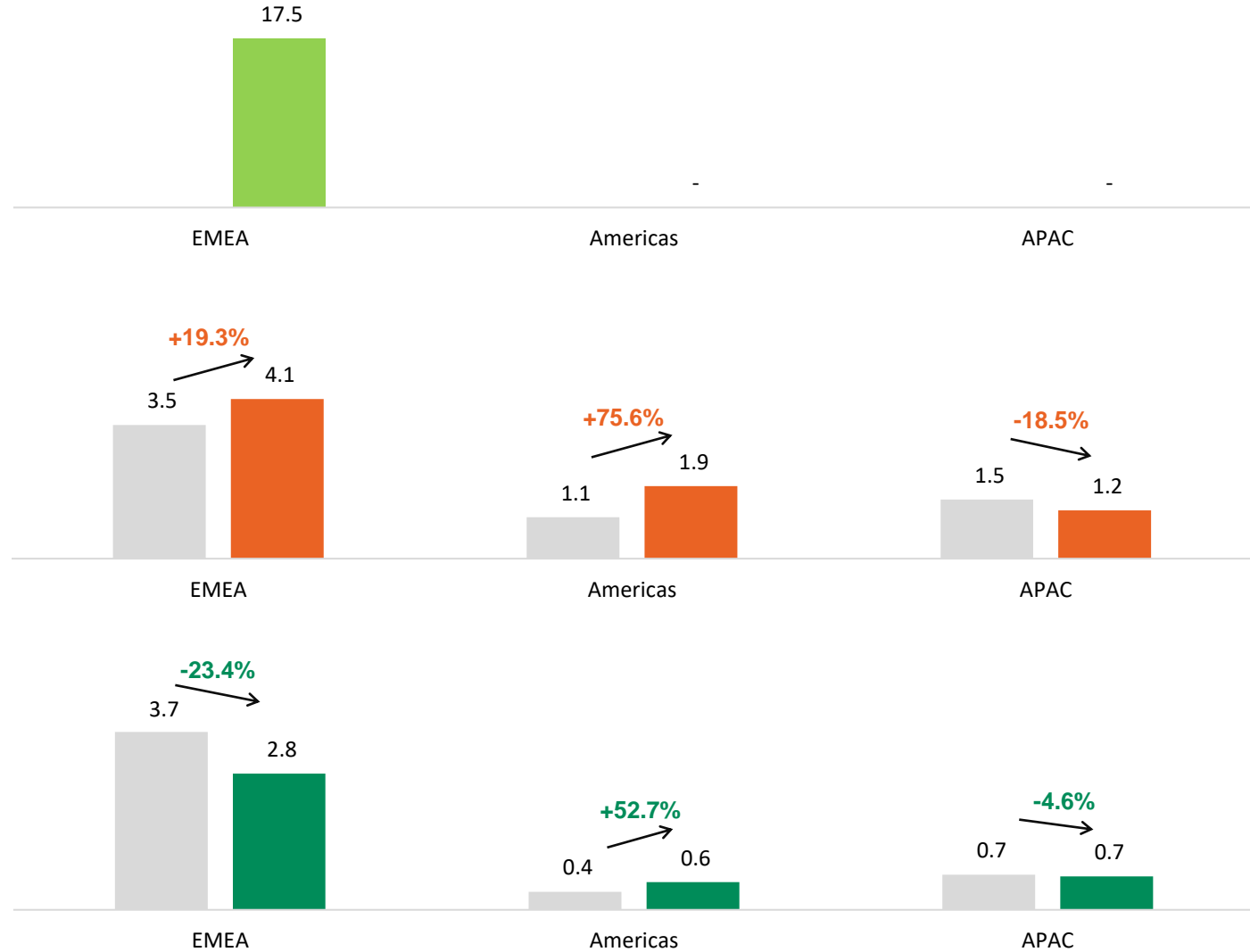
● Q1 revenue year over year

# Revenue by region

**BIKELEASING.DE**<sup>1</sup>

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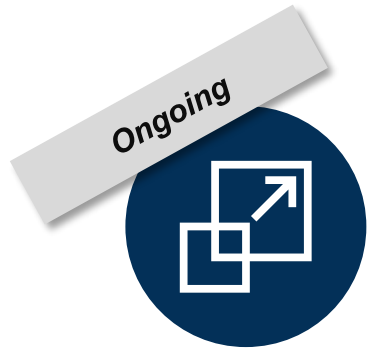
# KPIs by segment

	<i>Reportable Segments</i>						Central Functions and Consolidation		BKHT Group	
	Financial Technologies		Security Technologies		Environmental Technologies					
[€ thousand]	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Revenue before PPA	17,457	-	7,245	6,053	4,082	4,778	1	-	28,785	10,831
<i>Revenue Growth</i>			19.7%		-14.6%				165.8%	
Gross Profit before PPA	9,165	-	5,707	3,917	3,186	3,897	46	-	18,104	7,814
<i>Gross Profit Margin</i>	52.5%		78.8%	64.7%	78.1%	81.6%			62.9%	72.1%
Adjusted EBITDA	5,871	-	2,081	696	939	1,599	(1,308)	(1,493)	7,582	803
<i>Adjusted EBITDA Margin</i>	33.6%		28.7%	11.5%	23.0%	33.5%			26.3%	7.4%

**Total cash and cash equivalents of €26.2 million as per end of March 2022**



# M&A activity: Selected deal flow



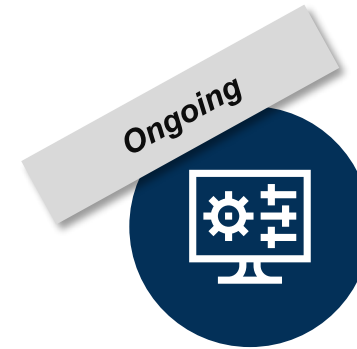
## DIGITAL PLATFORM

**EBITDA margin:** ~40%  
**Source:** M&A process



## ENVIRONMENTAL TECHNOLOGY

**EBITDA margin:** ~40%  
**Source:** Proprietary



## COATING TECHNOLOGY

**EBITDA margin:** ~25%  
**Source:** M&A process

# Forecast FY 2022 confirmed

Please refer to the section Expected Developments of the Group Management Report, disclosed in our Annual Report 2021

Revenue

€140m - €150m

(2021: €127m | +11-19%)

Adj. EBITDA margin

35%

(2021: 38%)

corresponding  
Adj. EBITDA

€49m - €53m

(2021: €48m | +2-10%)

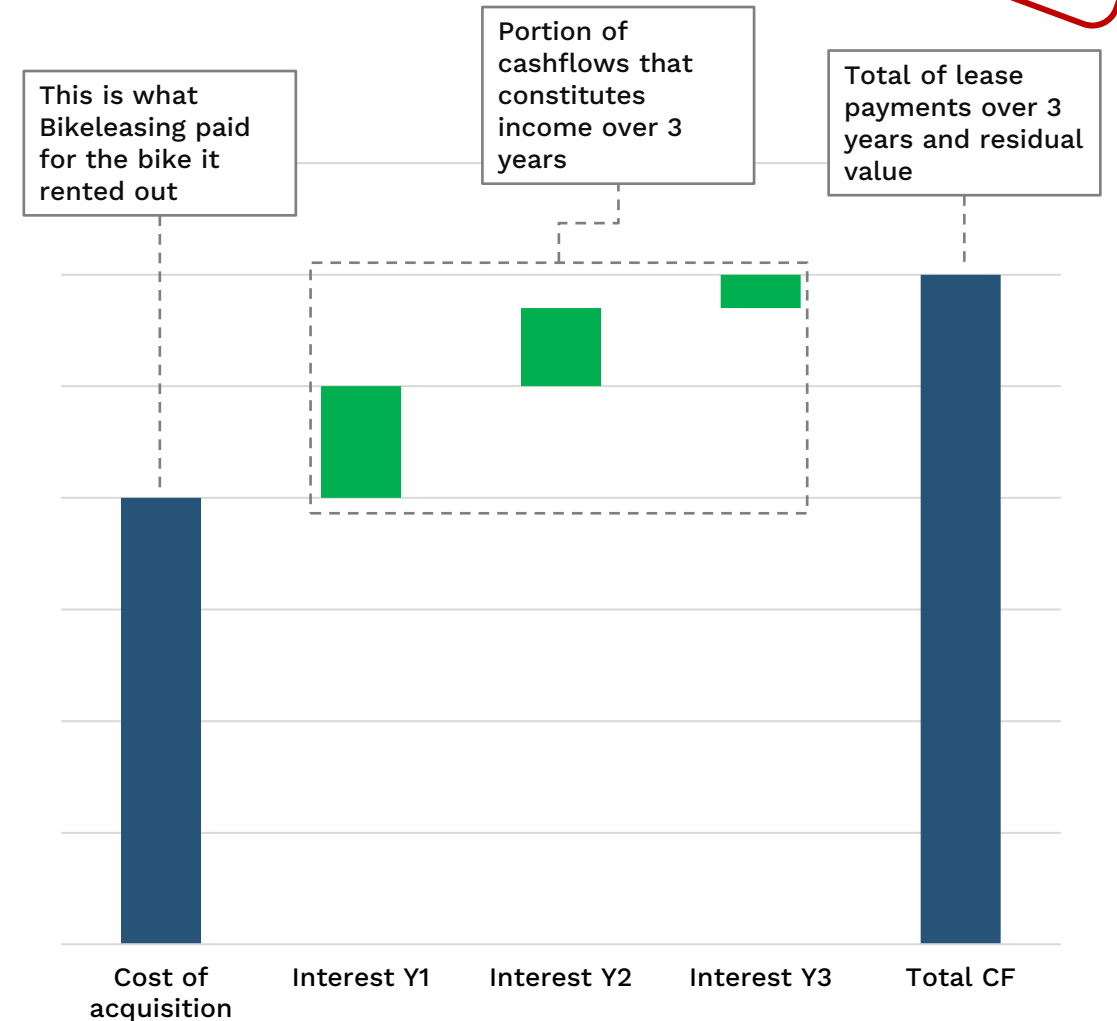
Q&A

**Happy to answer  
your questions**

# How do PPA effects get into revenue?

But first, a brief refresher on finance leases...

- When leasing out a bike, we buy it from the retailer and give it to a lessor to use – in return, we get a monthly lease rate
- IFRS however, sees the economic essence of such a deal as **us giving the bike user a loan** and he goes out and buys himself a bike
- As a consequence, there are no bikes on our balance sheet, but **lease receivables** (financial asset)
- The future cash flows that we receive in the form of lease rates (and the residual value at the end of the lease term) therefore must be seen as part **payment of principal** and part **interest income** on the bike user's loan
- To determine the figures, we apply the effective interest method
  - Starting point is the bike's purchase price (initial book value of the lease receivable)
  - Internal rate of return is calculated based on future cash flows vs. the initial cost
  - Incoming rates are accounted for like loan annuities
- Over the lease term, we receive principal repayments in the amount of the bike's purchase price – the rest is interest income

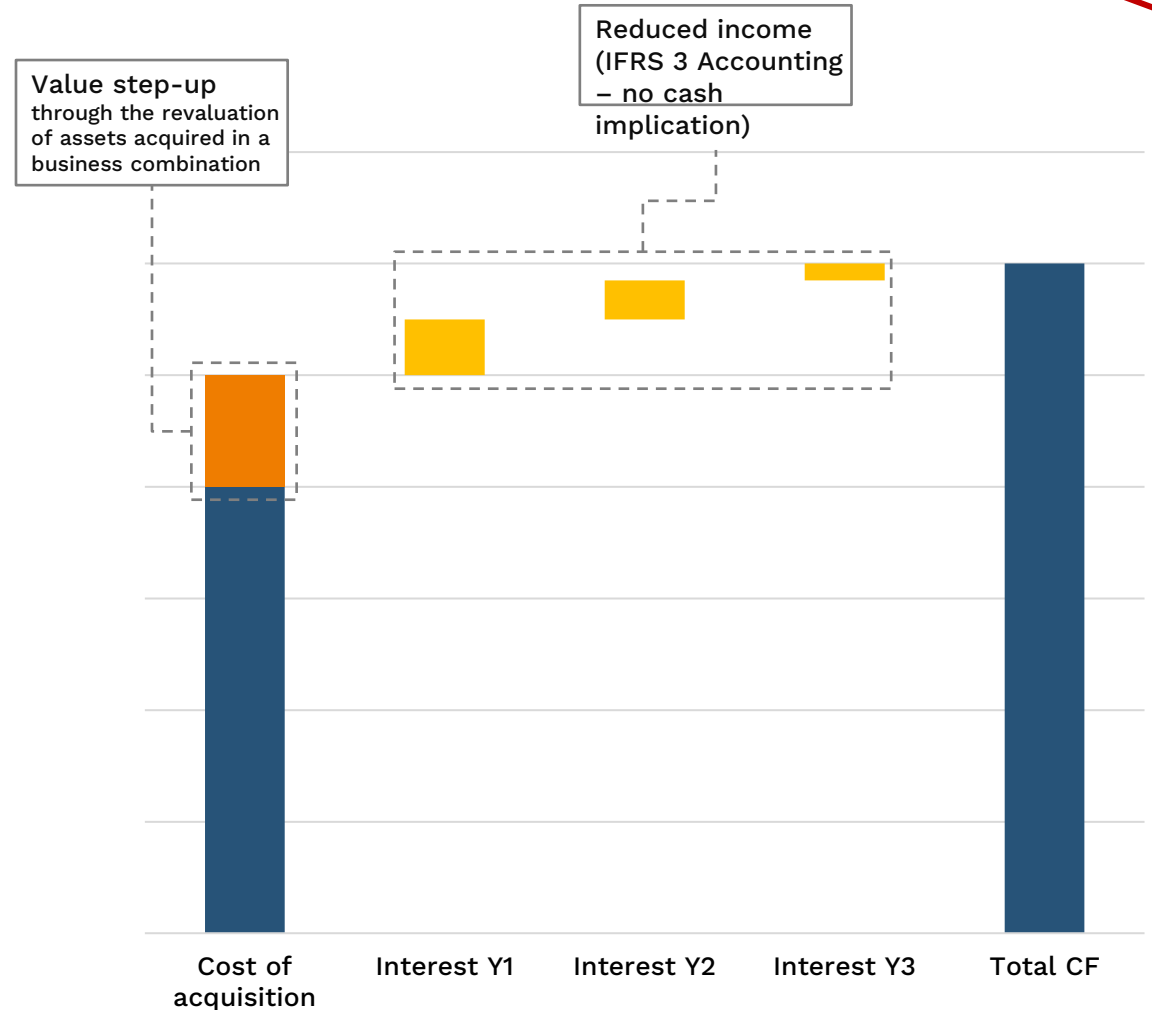


# How do PPA effects get into revenue?

When IFRS 3 (business combinations) comes into play...

Illustrative depiction

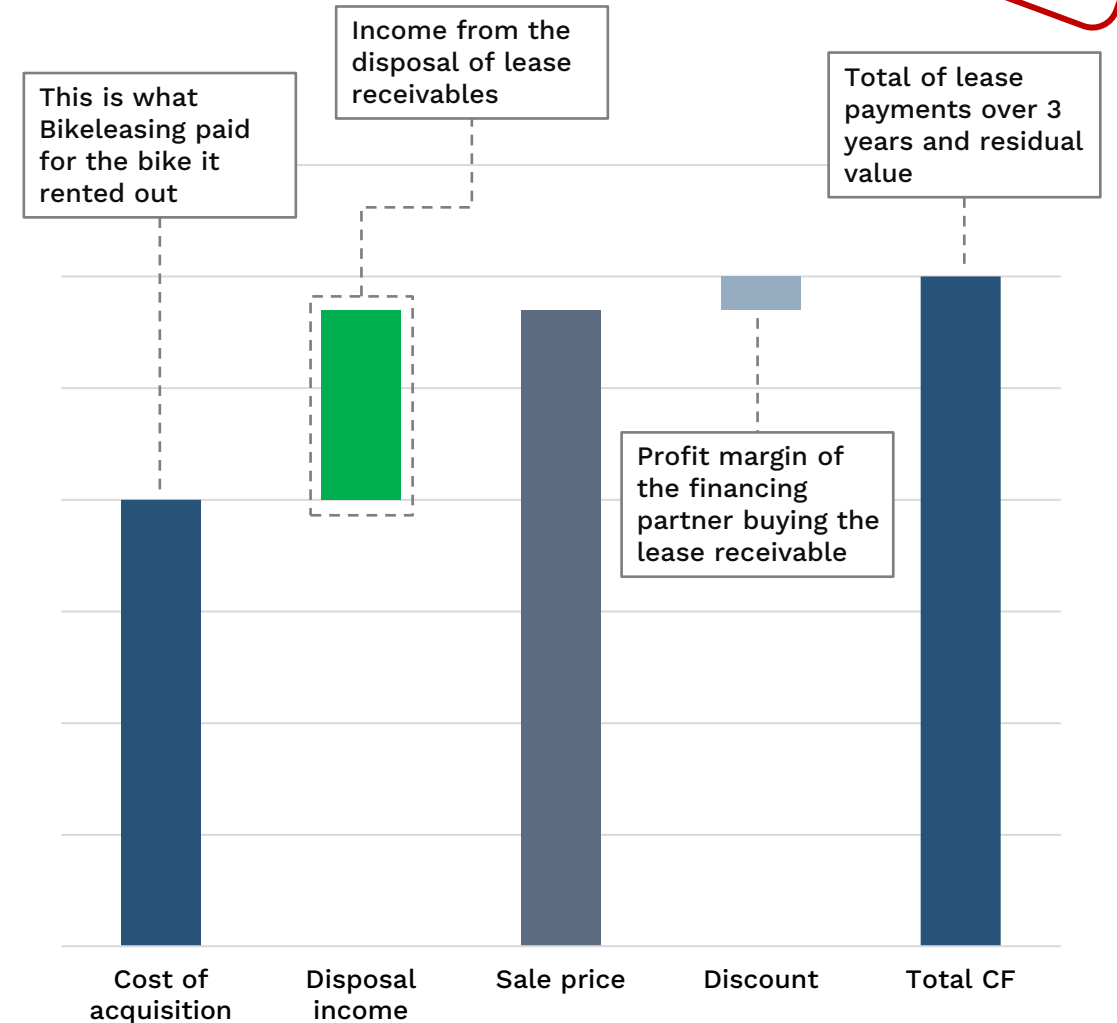
- When acquiring a company in an M&A transaction, IFRS 3 requires the buyer to revalue all assets and liabilities of the target at the point of time when control is obtained
- This so-called purchase price allocation (PPA) mostly results in a value step-up (market value is greater than book value in the target's balance sheet)
- Usually, this relates to intangible assets (customer base, trademarks etc.) and therefore, PPA mostly leads to increased amortization expenses in the consolidated accounts
- When we acquired Bikeleasing, substantial **leasing receivables had to be revalued**. The IRRs of Bikeleasing's contracts in general is clearly higher than any market rates that come into play when revaluing future cash flows
- Therefore, discounting future cash flows at a lower rate, leads to a higher revalued leasing receivables in our consolidated accounts, compared to their acquisition cost
- The amount of future cashflows however, remains untouched by this
- When applying the effective interest method now, those future cashflows must be allocated **more to principal repayments** and **less to interest income**
- As a result, earnings are reduced (P&L effect)
- This accounting effect in our consolidated is not cash-effective. Just like PPA amortization, the value step-up decreases earnings only due to M&A accounting
- **Since this has nothing to do with Bikeleasing's value creation, we adjust for that effect**



# How do PPA effects get into revenue?

When leasing receivables are forfeited (sold-off)...

- In order to optimize financing and to keep the balance sheet as lean as possible, Bikeleasing seeks to sell-off most leasing receivables
- Buyers can be banks, insurance companies, institutional investors etc.
- When a leasing receivable is sold in a way that essentially all risks and rewards are transferred to an external party, the receivable is derecognized from the balance sheet
- The delta between the sales price and the cost of acquisition is profit, which we show in our P&L as revenue
- The sale occurs at an amount lower than the total of future cash flows from the receivable. This discount is the profit margin of the investor who buys the leasing receivable

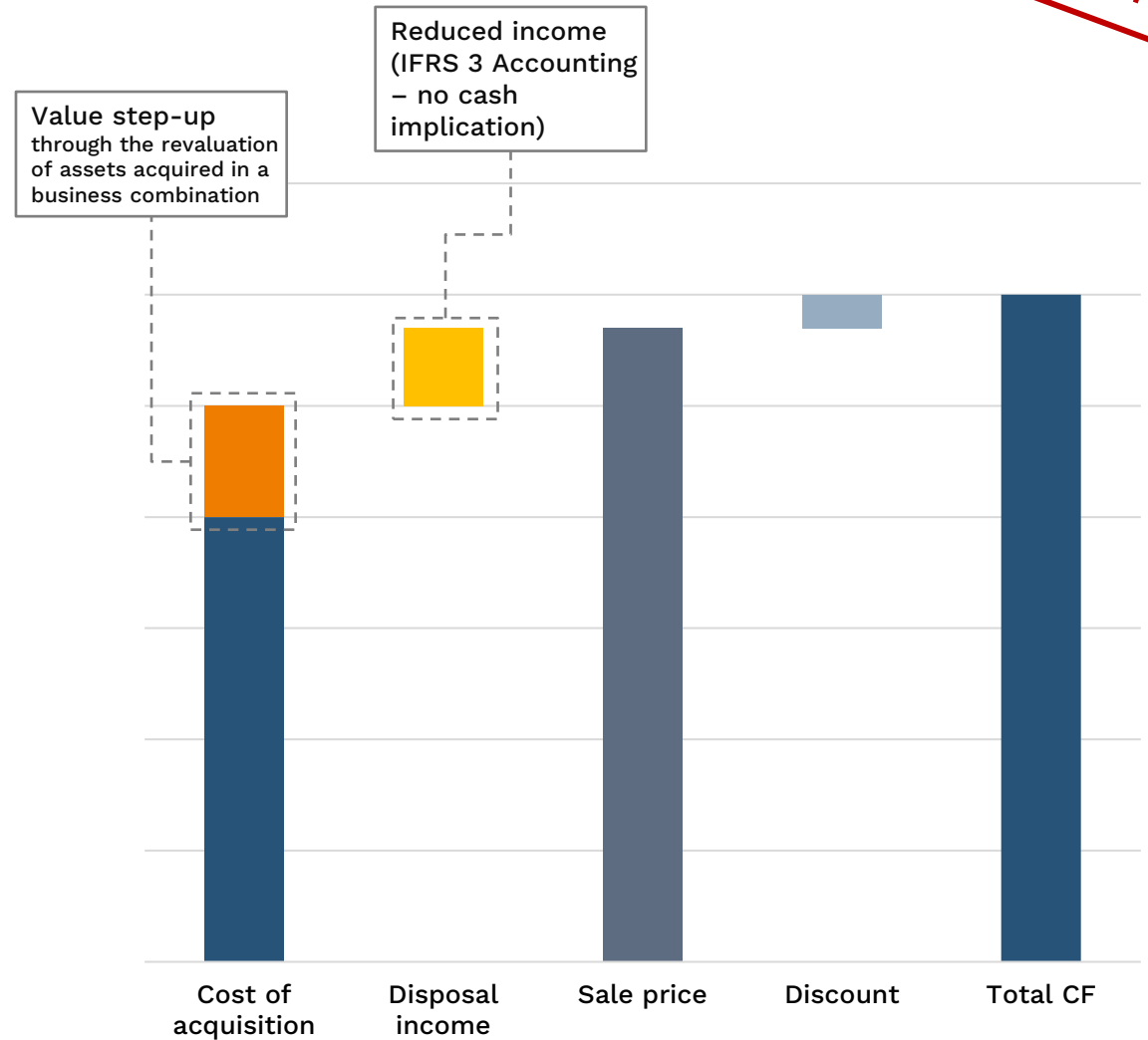


# How do PPA effects get into revenue?

When leasing receivables are forfeited (sold-off)...

- In this situation too, the remeasurement of the lease receivable has an earnings-decreasing impact in the consolidated accounts
- Since this effect is not cash-effective either, we adjust for it in order to present Bikeleasing's value creation without distorting effects from M&A accounting



Illustrative depiction



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