ANNUAL REPORT 2021

BIKE24

	12M	Q4
Group Revenues	+ 25.6 % EUR 250.2m	+ 11.8 % EUR 58.5m
Adj. EBITDA Margin	– 1.2 pp 12.2 %	– 6.1 pp 7.6 %
Free Cash Flow	– 111.1 % EUR – 2.7m	– 156.6 % EUR – 2.2m
Cash and Cash Equivalents	– 60.0 % EUR 10.1m	– –
Active Customers	+ 18.2 % 820,780	– –
Average Order Volume after returns	+ 3.3 % EUR 140	+ 4.4 % EUR 150
Number of Orders	+ 20.1 % 1.77m	+ 8.3 % 384,090
Repeat Orders	+ 1.8 pp 74.8 %	– 0.1 pp 74.1 %
Average Number of Orders per Active Customer	+ 1.55 % 2.15	– –

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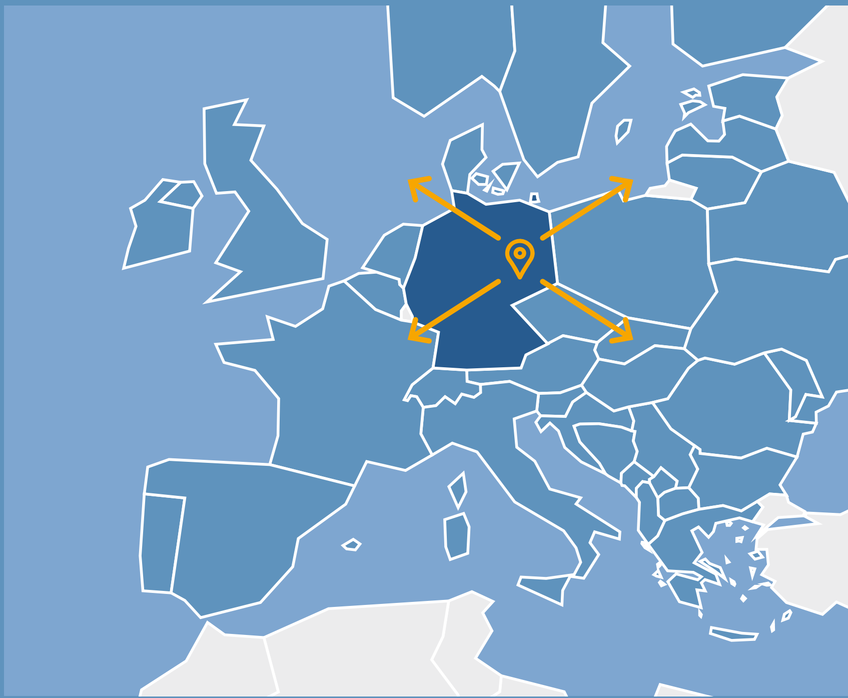
OVERVIEW

BIKE24

BIKE24



OVER 77,000 PRODUCTS

OVER 800 BRANDS

OVER 820,000 ACTIVE CUSTOMERS

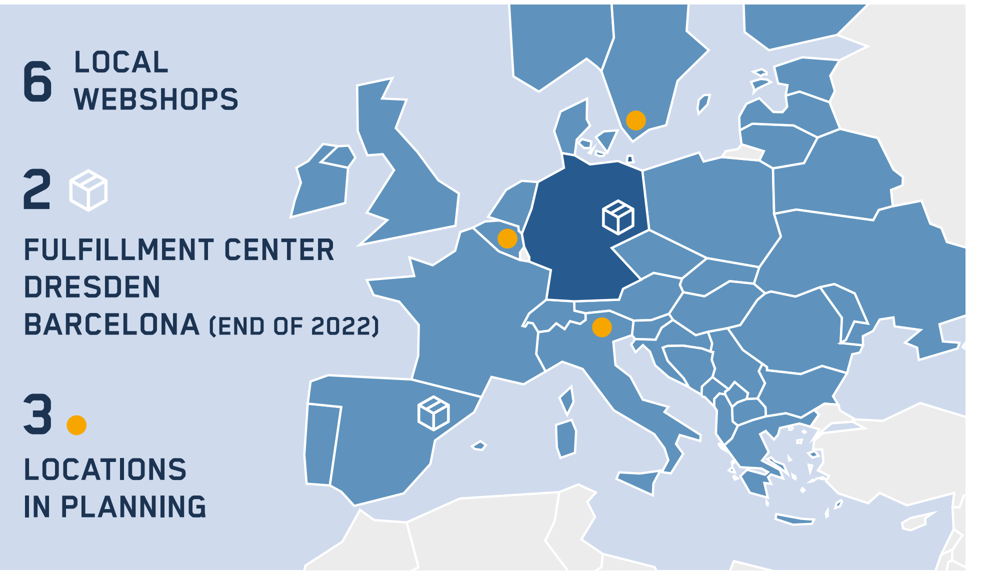
CUSTOMERS IN MORE THAN 80 COUNTRIES

OVER 450 EMPLOYEES

FROM DRESDEN TO EUROPE

GROWTH DRIVEN BY A PROVEN CONCEPT

We are the one-stop online shop for everything around cycling. Founded in Dresden 20 years ago, our business has since boomed and we are now focusing on rolling out our successful concept onto the burgeoning market across Europe.



MORE AND MORE PEOPLE ARE GETTING ON THEIR BIKES

Not only to get themselves up and moving, but also to protect the environment, and those are just two of the good reasons why. With the market booming as it is, BIKE24 is in an excellent position, having been working as experts in the field for 20 years now. As one of the leading platforms for cycling e-commerce, we are a one-stop online shop for cycling fans across continental Europe. By taking our business public, we continued our success story on into 2021 and in doing so, established the optimal conditions to foster further, sustainable growth and international expansion.

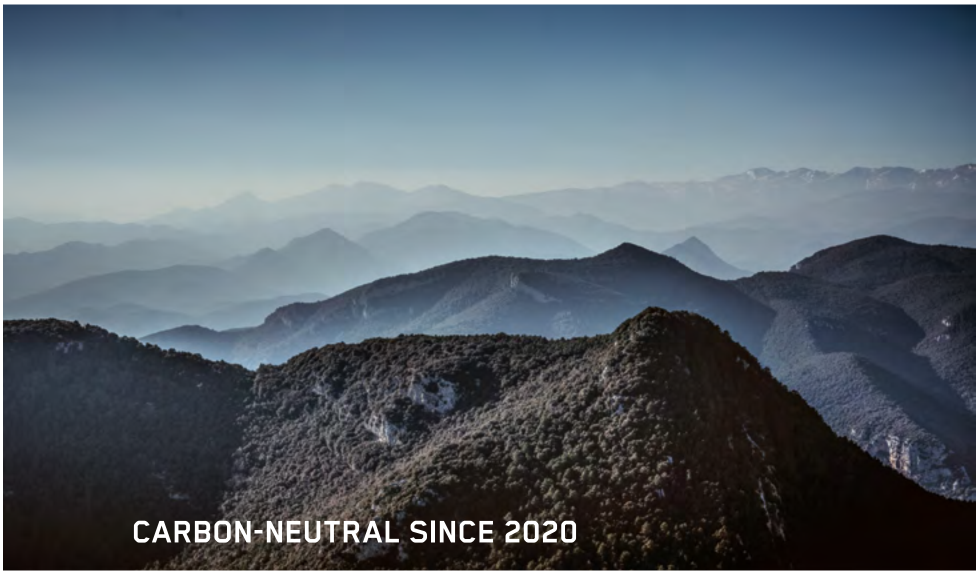
BIKE24 offers cycling enthusiasts the most extensive range of products currently available on the market, with a sharp focus on the premium segment. Whether customers are searching for individual parts, equipment, clothing, a traditional bike or an e-bike, they'll be able to quickly find anything and everything they need for their passion, and all from one place – our intuitive, well-organized online store. Professional and hobby cyclists in Germany, Austria and Spain can make the most of the country-specific versions of our website and of late, so can those in France and Italy too, whilst our international platform is aimed at customers across the globe.

After our Spanish store got off to a successful start, our strategy for growth remains centered around our international expansion. As part of our path to Europe, we're planning to have a presence in every one of the continent's key regions in the years to come with localized online stores and a logistics network.

BORN FROM A PASSION FOR CYCLING

With the founding of BIKE24 twenty years ago, Andrés Martin-Birner, Falk Herrmann and Lars Witt transformed their passion for cycling into a career, and the Dresden-based company has gone from strength to strength ever since. Our customer base is constantly growing, as is the range of products on offer, which has now expanded to include items for sports and outdoor activities related to cycling too.

A start-up from a small apartment has since developed into a leading e-commerce business employing over 450 members of staff. We're still based in Dresden, but now we have an ultra-modern automated warehouse, which means we can get deliveries out to our customers quickly and reliably.



A MARKET WITH HUGE POTENTIAL

The cycling market has been experiencing a boom for many years now, a trend which, thanks to the public desire for sustainable mobility and more movement in their everyday life, is sure to stand firm into the future. Following the continuous growth experienced in 2020, there were almost 22 million bicycles sold across Europe, with five million units being sold in Germany alone.[1] According to a study conducted by the German Ministry of Transport, there are also 16 million Germans who are considering buying a bicycle.[2] BIKE24 is in an excellent position to take the lead on the market in this high-growth segment.

A FOCUS ON SUSTAINABILITY

Acting sustainably is an integral part of BIKE24's business model. After all, with every item we sell, whether that be a pedal, helmet or full-bike, we champion green mobility. And we go even further: as a carbon-neutral company, we have been analyzing all the CO_2 emissions generated during the direct combustion of fossil fuels, in electricity consumption as well as in shipping, since 2020. What's important to us here is to be able to ship products out to customers in a more environmentally friendly way, entirely independent of parcel delivery services. To compensate for any emissions produced, we support conservation projects in Peru and India.

6 WEBSHOPS
- GERMANY
- AUSTRIA
- SPAIN
- FRANCE
- ITALY
- INTERNATIONAL

2 FULFILLMENT CENTER
- DRESDEN
- BARCELONA (OPENING AT THE END OF 2022)

EXCELLENT POSITION TO TAKE THE LEAD ON THE MARKET

CARBON-NEUTRAL SINCE 2020

THE WIDEST RANGE OF PRODUCTS ON THE MARKET

FOUNDED IN DRESDEN IN 2002

1 Source: CONEBI – Confederation of the European Bicycle Industry
2 Source: "Fahrrad-Monitor Deutschland 2021" (Bicycle Monitor for Germany 2021), Federal Ministry of Transport and Digital Infrastructure

SUPERB LOGISTICS

HIGH AVAILABILITY

BROAD ASSORTMENT

THE RIGHT BRANDS

WEBSITE RELAUNCH IN AUTUMN 2021

90 % OF ITEMS IN STOCK

ORDERS PLACED BEFORE 3 PM – **GET DISPATCHED THE SAME DAY***

+ 80 EMPLOYEES IN 2021

+ 79 % STOCK LEVELS IN 2021

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* usually delivered the next day (Germany)

OUR SECRET SAUCE

SUCCESS FACTORS ON THE WAY TO THE TOP

We want to help people spend as much time as possible getting out and actually going after their passion, that's why we provide the service we do. This means that we have the highest standards when it comes to our online store, as well as our service, delivery and logistics.

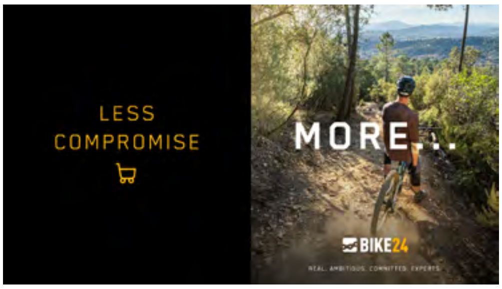
Automated Warehouse in Dresden.

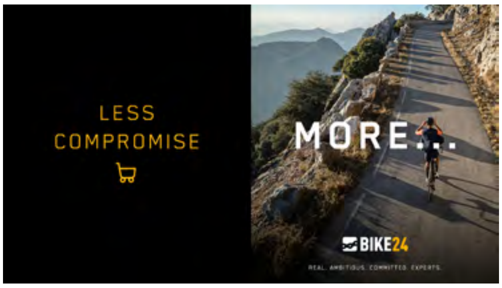
FRESH WEBSITE – CLEANER LAYOUT

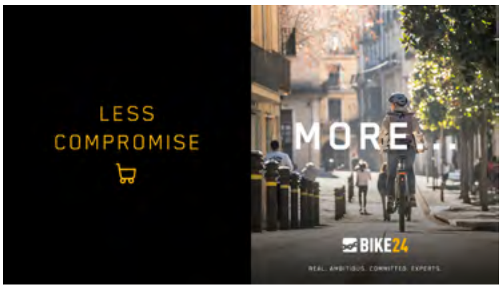
BIKE24's image is one of dedicated, driven, genuine experts who provide cycling enthusiasts with everything they need for their passion. To convey this as best we can, we're constantly refining our brand values and making our marketing activities more professional. To this end, we just launched an omnichannel image campaign for Austria, Germany and Switzerland and for our new international markets Spain, Italy and France, in spring 2022 in line with the objective of significantly increasing brand awareness, as well as our reach.

Our online store is the most important point of contact we have with our customers. As such, we chose to completely redesign the store in the autumn of last year. What mattered most to us when relaunching the store was to make it possible for our customers to complete their purchases in just a few clicks, so they can get back on their bikes even faster. This meant that transparent navigation, a simple checkout process and quick site loading times were at the top of our list when thinking about the redesign.

The consumers of today, however, expect rather more than this, and so we have alternating focus topics and seasonal campaigns on our homepage and exciting content on our category and themed pages to provide our customers with real added value. Since the relaunch, not only has this concept resulted in plenty of positive feedback from our customers, but we also recorded a higher volume of orders towards the end of the year.







Omnichannel-Imagecampagne

ULTRAMODERN, SCALABLE FULFILLMENT INFRASTRUCTURE

BIKE24's automated warehouse in Dresden uses the AutoStore storage and retrieval system, meaning that we can process customer orders quickly. We have the majority of the items we offer in stock and most of them can be dispatched on the same day if the order was placed by 3 pm. Our customers usually receive their BIKE24 parcels the following day, for deliveries within Germany. We have more than doubled our storage capacity over the past months in order to combat any shortages in supply, creating 1,500 additional pallet bays and installing new conveyors so goods can be transported quickly within the warehouse, to name two examples.

SHORT DELIVERY TIME FRAMES IN SOUTHERN EUROPE

The new logistics center close to Barcelona is being equipped with the latest storage technology, with one example being the AutoStore system. After its planned opening at the end of the year, customers based in Spain and other countries in southern Europe will also be able to benefit from such short delivery time frames.

TOP-CLASS SUPPLIER RELATIONS

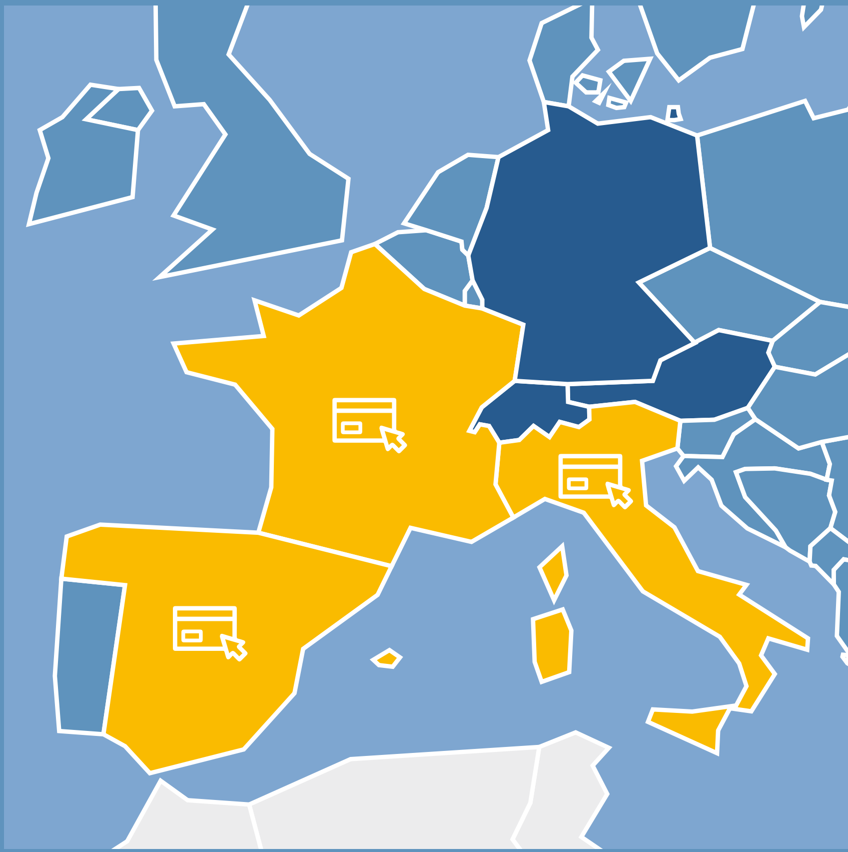
We have built up long-standing relationships with our suppliers based on trust and these close working relationships mean that we are able to offer high product availability. As a result, we were able to cope well with the supply shortages that struck the sector last year, as well as overcome other challenges.

A DEDICATED TEAM OF EXPERTS

With a strong team behind us, BIKE24 is in contention to take over the lead on the market in continental Europe. We recruited 80 new staff members to join us in 2021 alone. On an operational level, the past two years have seen experienced e-commerce specialists become part of the Bike24 GmbH management team. CEO and co-founder Andrés Martin-Birner, CFO Timm Armbrust and co-founder Lars Witt, responsible for Legal and Own Brands, are supported by CMO Carsten Wich and CIO Martin Wünnenberg.

In addition, we set up a second managerial level over the course of 2021. Using their know-how and managerial skills, this team will work on making significant progress with the growth of the company over the years to come. This way, we are very well prepared for the wide variety of tasks we will face in the future.

from left: Martin Wünnenberg (CIO),
Carsten Wich (CMO),
Andrés Martin-Birner (Founder & CEO),
Lars Witt (Founder, Legal & Eigenmarken),
Timm Armbrust (CFO)



3 LOCALIZED SHOPS OUTSIDE OF THE DACH REGION:

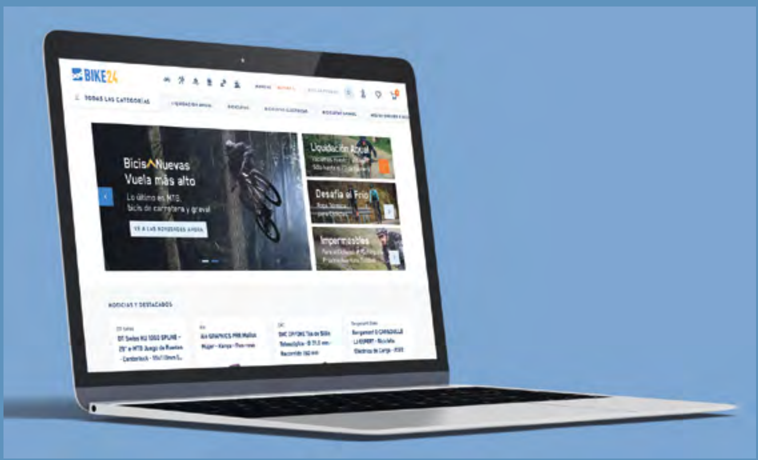
SPAIN

FRANCE

ITALY

ROLLOUT IN CONTINENTAL EUROPE

UNABATED CYCLING BOOM ACROSS EUROPE



OUR 'PATH TO EUROPE'

EUROPEAN ROLLOUT

It is our objective to be market leader on the cycling market in continental Europe. We have already taken the first steps to becoming an international presence by launching ourselves on the market in southern Europe.

ROLLOUT IN CONTINENTAL EUROPE

In summer 2020, we launched the BIKE24 country-specific online store in Spain, which marked the start of our rollout across continental Europe, an initiative which we will continue to drive forwards in the years ahead. After all, the multi-billion-dollar European cycling market presents us with huge opportunities for growth. We already have our international online platform bike24.com up and running, but we want to tap into the full potential of continental Europe in the mid-term by rolling out localized online stores in all key European regions.

Our Spanish online store just goes to show how well customers respond to concepts that have been specifically designed for their country: our turnover there more than doubled in the space of just one year. Since the beginning of this year, we have also had a country-specific presence in two other promising European states: France and Italy. These two countries also present us with plenty of potential for growth as both have growing communities of passionate cyclists and bicycle commuters.

We're also planning on setting up a network of logistics centers across Europe so that we'll be able to provide all of our European customers with a top-class order and delivery service. The first one of these international centers is currently being built close to Barcelona and should be up and running by the end of 2022 for orders placed by customers across the whole of southern Europe. We have already planned to open more locations in central and northern Europe over the next few years.

- **SPAIN: + 138 % SALES IN 2021**
- **2 MORE LOCALIZED WEBSHOPS LAUNCHED**
- **PREPARATIONS FOR AN INTERNATIONAL LOGISTICS NETWORK UNDERWAY**

EUROPEAN LOGISTICS NETWORK (PLANNED 2022 – 2025)

DIRECTLY SUPPLIED COUNTRIES:

SPAIN, PORTUGAL & S.-FRANCE	BENELUX & N.-FRANCE	ITALY, AUSTRIA & SWITZERLAND	SCANDINAVIA & MOE

LOCATIONS:

SPAIN	BELGIUM	NORTHERN ITALY	DENMARK / SWEDEN
2022	2023	2024	2025

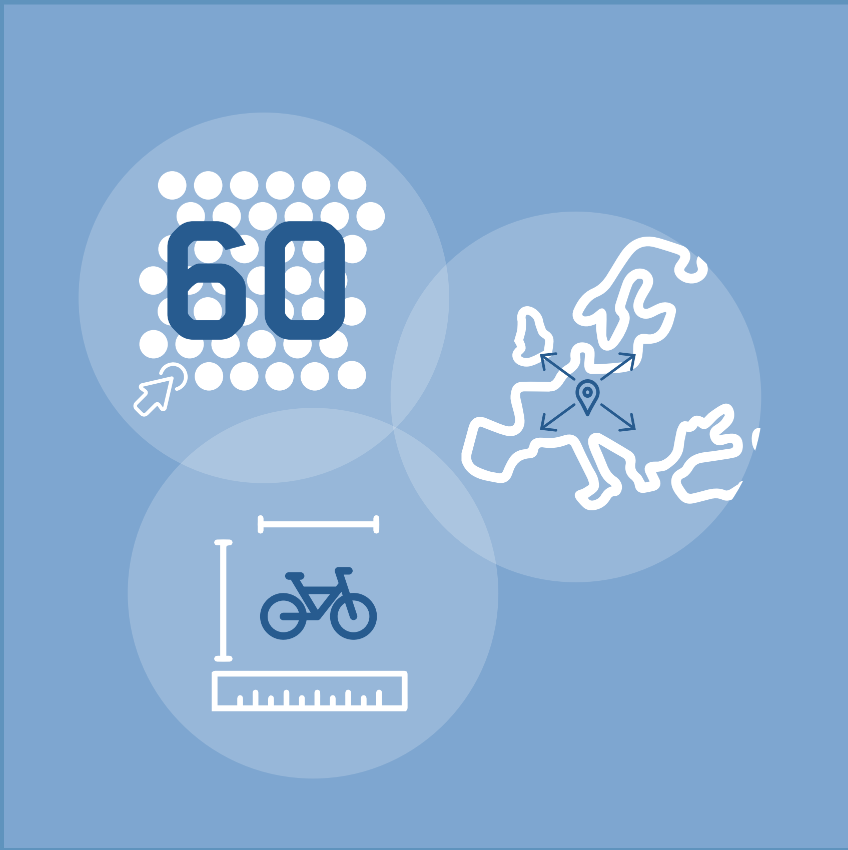
BIKE24

LOCAL WEBSHOPS	EUROPEAN LOGISTICS NETWORK
LOCALIZED WEBSHOPS FOR ALL MAJOR EUROPEAN COUNTRIES IN THE NEXT 3 – 4 YEARS	EUROPE-WIDE DELIVERY IN 24 – 48 HOURS WITHIN THE NEXT 3 – 4 YEARS

OUR 'PATH TO EUROPE'

SPAIN IS THE FIRST COUNTRY IN WHICH OUR LOCALIZATION PLAN IS IMPLEMENTED SINCE 2020.

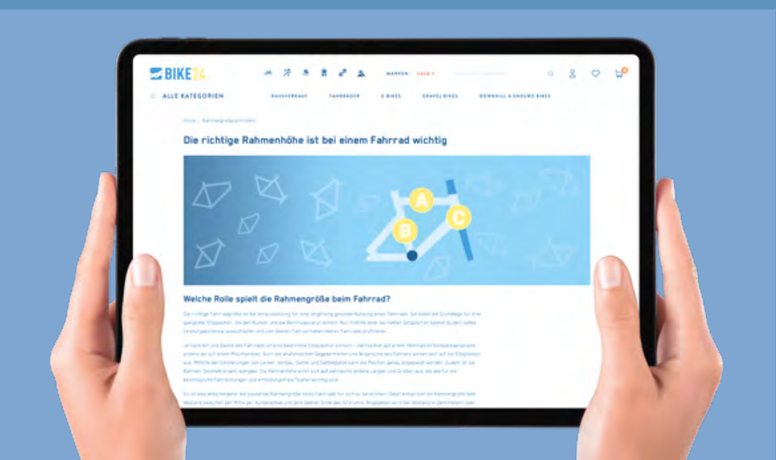
IN ITALY AND FRANCE, IMPLEMENTATION HAS BEEN UNDERWAY SINCE EARLY 2022.



APPROX. 60 BRANDS OF FULL-BIKES AVAILABLE

VIRTUAL BIKE SIZING

EXPANSION OF OUR PHYSICAL STORE NETWORK



BIKES & E-BIKES

FULL-BIKES AND E-BIKES GAINING MOMENTUM

Full-bikes have been extremely popular with our customers for some time now. Thanks to the range we have on offer and the service we provide when it comes to purchasing a bicycle, both of which are being constantly expanded, we're in an excellent position in this segment of the market too.

GROWTH MARKET FULL-BIKES

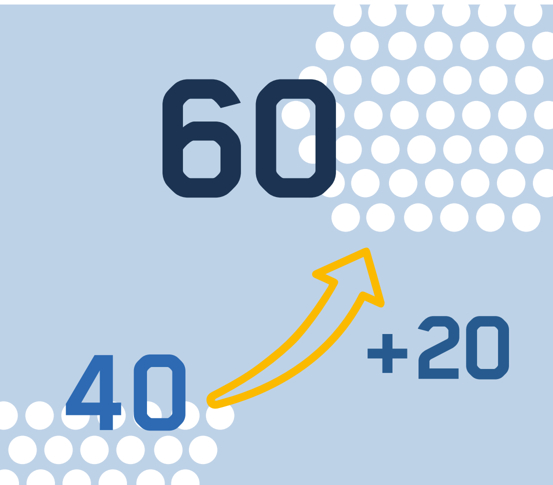
The market for full-bikes is growing across Europe: Conebi, the Confederation of the European Bicycle Industry, declared an 11 % increase in units sold in 2020, amounting to over 22 million full-bikes – a record result. What's more, according to a survey conducted by the German Ministry of Transport, there are around 16 million Germans who are currently considering buying a bicycle. A key driver here is the e-bike.

Also here at BIKE24, the high demand for full-bikes is very clear to see and besides supply challenges we achieved an 32 % increase in sales in this segment last year, with e-bikes representing 38 % of sales in this category. It's an upwards trend. We have our well-stocked warehouse and forward-thinking purchasing strategy to thank for the fact that we are capable of providing our customers with their dream bike, or at least an adequate alternative, even in times when supplies are running short.

AN EXPANDED PORTFOLIO

MORE POPULAR BRANDS WILL BE ADDED THIS AUTUMN IN TIME FOR THE 2023 SEASON

We are dedicated to keeping our finger on the pulse when it comes to the latest sought-after brands. This is why we are continuously expanding our range of classic bicycles and e-bikes and we added more than 20 new brands last year alone, including premium manufacturers such as Orbea, Haibike and Kalkhoff. All in all, we currently have around 60 brands of full-bikes available in our webshop.



FULL-BIKE CUSTOMERS: AN OVERVIEW

The growing group of individuals looking for a classic bicycle or e-bike will find that BIKE24 has more and more services available to them to help them choose the right bike. For online shoppers, we have a virtual sizing tool. The customer inputs their body measurements, such as height, arm and leg length, into the tool and they will then be shown suitable models based on these inputs. If the customer happens to be between two sizes or has any further questions, they can also receive advice from one of our service team via phone or video call.

Even visitors to our BIKE24 store in Dresden have the option of using digital and analogue methods to help them find and order their dream bike, and we will also offer this service when we open our new stores in other locations. The first one of these to open will be our pick-up store in Berlin this summer, with further stores to follow in major German cities in the years to come.

32 % INCREASE IN FULL-BIKE SALES

> 20 NEW FULL-BIKE BRANDS IN 2021

STORE OPENING IN BERLIN IN SUMMER 2022

INTERVIEW
WITH THE BOARD

BIKE24

Timm Armbrust (CFO), Andrés Martin-Birner (Gründer & CEO)

A CONVERSATION WITH ANDRÉS MARTIN-BIRNER AND TIMM ARMBRUST

MR. MARTIN-BIRNER, AS CO-FOUNDER, YOU'VE OBVIOUSLY BEEN THERE TO CELEBRATE EVERY ONE OF BIKE24'S ANNIVERSARIES. IS THE COMPANY'S 20TH ANNIVERSARY AN EXTRA SPECIAL ONE FOR YOU?

ANDRÉS MARTIN-BIRNER It certainly is. Recently, I've found myself frequently reflecting on the early days of the company. Back then, we were still packaging up our products in my small apartment in Dresden's university district and we would get excited when one of our customers placed an order with us for the second time. The boxes would be stacked up in the hallway and we used my study room as our office. Of course, at that time we had no clue that our idea to start an online store for cycling accessories would turn into a company that's one of the leading players in Europe and that is now a publicly listed corporation with over 450 employees. And although our company has come on leaps and bounds since its humble beginnings, with a huge range of products, ultramodern warehouse and our expansion into other European countries, our pioneering spirit is still palpable in our corridors even after two decades have passed. As such, I am confident that our journey is far from coming to an end.

>>

WHAT DO YOU PUT YOUR SUCCESS DOWN TO? SHIPPING BICYCLES TO CUSTOMERS IS NOT NECESSARILY A NATURAL THING TO DO – THERE ARE DEFINITELY PRODUCTS WHICH ARE EASIER TO FIT INSIDE A BOX.

ANDRÉS MARTIN-BIRNER A key role, of course, is played by our team of highly-motivated staff members who are mad about cycling. Full-bike sales currently only make up 10 percent of our turnover, but we can see huge potential for the future here. Shipping them out to our customers may be a little more complicated than shipping components, accessories or clothes, for example, but this is no longer a serious hurdle nowadays. The challenge we are faced with, however, is to impress customers before, during and after their online purchase, so much so that they come back to us when they need to order any spare parts and accessories. And we're currently managing to do that very well. One reason for our success here is the extensive range we stock – we believe that our range of products is the largest available on the market. Cycling fans can come to us for products that are either extremely difficult to obtain, or not available at all, in physical retail. We also impress our customers with the excellent service we offer, from our multilingual support, to the top-class consultation service provided by keen cyclists, through to our financing options and short time frames for delivery.

TIMM ARMBRUST Our high levels of customer loyalty are also reflected in our key figures: almost 75 percent of our orders are placed by returning customers. On average, our active customers place orders with us more than twice per year.

WHAT ARE YOUR RETURNS LIKE? THEY CAN BE QUITE BOTHERSOME FOR A LOT OF RETAILERS.

TIMM ARMBRUST Needless to say, returns are an issue when it comes to e-commerce, as they have a big impact on whether a company is profitable. However, we also want to avoid returns as much as possible for environmental reasons. Our returns rate, overall at around 18 percent and significantly below industry-average, is in single-digits for bicycles and components. This is due to the fact that, on the one hand, our customers know exactly what they want, and on the other hand, we provide different tools to help and support them when making their purchase. These include our informative product descriptions and the detailed way we present our products, as well as the easy access to options for getting advice and getting in touch. What's more, we're going to introduce a virtual sizing tool to help customers find the right bike size for them.

LET'S TAKE ANOTHER LOOK BACK AT 2021. WHAT WOULD YOUR SUMMARY OF THE YEAR BE?

TIMM ARMBRUST With an increase of 26 percent to around 250 million Euros, we have clearly achieved our target for growth. The number of active customers also rose by almost one fifth to over 820,000. This gave us some great validation in the year we took our company public. The fact that we were able to achieve what we wanted to achieve despite supply shortages and other challenges is all down to our close supplier relations and our dedicated team, which saw the addition of some new members in 2021, as well as a few other things.

WAS IT THE PANDEMIC THAT DROVE SALES UPWARDS LAST YEAR?

ANDRÉS MARTIN-BIRNER Consumer behavior definitely changed due to the pandemic. The lockdowns and other restrictions really expedited the switch from offline to

OR HAVE YOU NOTICED A CHANGE IN YOUR CUSTOMERS' BEHAVIOR REGARDLESS OF THIS?

online shopping, and that includes products such as bicycles too. Customers can make use of the wealth of information we provide and the service we offer to find the right bike for them. But the outbreak of the pandemic wasn't the first time we saw people choosing to get on their bicycles. Rather, this development appears to be fueled by overriding trends such as the desire for green mobility and more movement in everyday life. According to a study conducted by the German Ministry of Transport, 16 million Germans are considering buying a bicycle in the near future. And so it appears that riding a bicycle will continue to be popular even after the pandemic.

YOU TOOK YOUR COMPANY PUBLIC LAST YEAR. WHY DID YOU OPT TO HEAD IN THIS DIRECTION?

ANDRÉS MARTIN-BIRNER We chose to take our company public as we are convinced that this is the best way to drive growth and achieve our objective of becoming leaders on the European market. And the 100 million Euros in IPO proceeds means we are very well equipped for this.

WHAT WILL YOU DO WITH THE PROCEEDS FROM THE IPO? ARE YOU PLANNING ANY ACQUISITIONS IN THE MID-TERM?

TIMM ARMBRUST As Andrés has already explained, we're primarily using the additional capital for our 'Path to Europe'. We're focusing on organic growth – we currently don't have any acquisitions in the pipeline. If we ever were to make any, it would only be if there was an excellent opportunity that fit in with our plans.

YOU'RE AIMING TO SIGNIFICANTLY INCREASE YOUR SALES WITHIN THE NEXT FIVE YEARS – HOW WILL THAT WORK?

ANDRÉS MARTIN-BIRNER Yes, it's ambitious, but we have a clear strategy for growth that we are implementing systematically. BIKE24's growth will, above all, be driven by our rollout across Europe, and that we grow and remain profitable is particularly important to me. Over the years to come, we will set up an online store and fulfillment center network that will allow us to deliver to people in all the key countries across continental Europe, offering our wide range of products and the best standard of service. In this regard, we can see that the groups of customers shopping on European markets are very well aligned with our business, and we're just starting to get on our feet in the cycling nations of France, Italy and Spain. In addition to this, we're also expanding our range with certain products and increasing the professionalism of our marketing, addressing our existing customers as well as tapping into new target audiences. The relaunch of our online store last autumn and our omnichannel image campaign that we just launched this spring are just two building blocks in our strategy.

AND A FINAL QUESTION ON YOUR SHORT-TERM SALES OUTLOOK: WHAT ARE YOU EXPECTING FOR 2022?

TIMM ARMBRUST I think that the issue of supply shortages will continue to haunt us for a while. But this is an issue we have coped with well so far. Furthermore, we are noticing that our customers may well have other things on their mind at the moment than buying their next bicycle, with the geopolitical events that are taking place, as well as inflation, as it stands at the beginning of March. However, we still expect to see above average growth of between 10 and 17 percent for 2022. At the same time, despite the investments required to this end, we are still expecting to achieve a high adjusted EBITDA margin of 9 to 10 percent.

BIKE24
ON THE CAPITAL MARKET

BIKE24


BIKE24

A SUCCESSFUL IPO IN JUNE 2021

As of the 25th June 2021, shares in Bike24 Holding AG ('Bike24') have been listed on the Frankfurt Stock Exchange. The company was listed in Prime Standard, a strictly regulated segment with an international focus. After almost 20 years as a business and the acquisition of a majority stake by the European Riverside Fund, the IPO is a major milestone when it comes to shaping the future of Bike24. Shares in the business were issued at a price of EUR 15.00.

6.7 million new bearer shares were privately placed to raise capital and a further 12.0 million bearer shares mainly from the stock of the majority shareholder at the time, Riverside. A further 2.8 million existing shares were placed with investing international institutions as part of the overallotment option. The total volume placed amounted to EUR 322 million, with EUR 100 million going to the company in order to further support its growth, especially through its international expansion. Following the IPO, Riverside still held a 34.65 % share via REF VI Bike Holding and therefore remained the largest single shareholder of Bike24. The management team and founders of Bike24 did not sell any shares during the process.

Institution	Recommendation	Target price
JP Morgan	Hold	17.00
Berenberg	Buy	25.00

Status: February 2, 2022

Berenberg und JP Morgan were involved in the listing as Joint Global Coordinators and Joint Bookrunners. Both institutions are still monitoring the development of the company and the relevant markets, producing regular research reports. Over the course of this year, more brokers will start to get involved and analyze the company.

PROFESSIONAL INVESTOR RELATIONS WORK AND CLOSE COMMUNICATION WITH CAPITAL MARKETS

Keeping up dialogue with the capital markets and continuously issuing transparent reports on relevant events and developments are two fundamental principles of investor relations work at Bike24. The objective is, on the one hand, to gain and strengthen trust in our business model and, on the other hand, to generate the necessary transparency so that analysts, shareholders and potential investors can make a plausible, adequate assessment of the company.

SHARE PRICE DEVELOPMENT

KEY FIGURES FOR BIKE24 STOCK

Closing price on 31st Dec. 2021	EUR 15.49
Number of outstanding shares on 31st Dec. 2021	44,166,666
Market capitalization on 31st Dec. 2021	EUR 684.1 m
Annual high	EUR 27.00
Annual low	EUR 14.55
Designated Sponsor	Berenberg | Hauck und Aufhäuser*

* since February 2022

Bike24 strives to give all key players on the capital market a comprehensible explanation of the business model, the European cycling market and the potential for growth and return. In addition to issuing quarterly, semi-annual and annual reports, we also informed the capital market and any interested members of the public of our current business development and other major events in relation to the company by way of quarterly telephone conferences and regular press releases. Furthermore, the Executive Board and the IR team took part in numerous one-on-one discussions as well as mostly virtual investor conferences.

CAPITAL MARKET

The Coronavirus pandemic shaped the development of the German stock markets in 2021 and they were very volatile over the course of the year, especially in the second half. After a spirited start to the year, the leading German index DAX evidenced some very strong growth and by the middle of November had reached an all-time high with more than 16,250 points. Over the course of the following weeks, the investment climate was dampened by the next virulent wave of COVID-19 following the global spread of the Omicron variant and the resulting restrictions put in place by the government. Moreover, the capital markets were apprehensive about the increase in inflation, which in turn could trigger an increase in interest rates and delay an economic upturn. Disturbances and disruptions in supply chains across numerous sectors also generated pressure to get selling on the stock markets around the world. All in all, the DAX selection indices ended the year on a positive note, with + 15.8 % in DAX, + 14.1 % in MDAX, + 11.2 % in SDAX and + 22.0 % in TecDAX.

SHARE PRICE DEVELOPMENT

When the market closed on 25th June 2021, Bike24 shares were at EUR 15.30, slightly above their issue price. Their price increased over the following weeks, reaching an annual high of EUR 27.00 on 8th September, using the closing price as the benchmark. As many investors chose to reallocate their investments from e-commerce to instruments which are less impacted by the economy and inflation, this triggered an increase in the pressure to sell in this sector, and Bike24 shares couldn't escape unscathed. When trading ended for 2021, the shares were at a price of EUR 15.49.

SUPERVISORY BOARD REPORT

FOR THE 2021 FISCAL YEAR

ON BEHALF OF THE SUPERVISORY BOARD: RALF KINDERMANN, CHAIRMAN OF THE SUPERVISORY BOARD

DRESDEN, 30TH MARCH 2021

INTRODUCTION

Coming to you for the first time as a publicly listed company, the Supervisory Board for Bike24 Holding AG are delighted to report to you on the work they have carried out. 2021 was an eventful year for Bike24 Holding AG, shaped by the successful IPO, as well as strong growth.

The COVID-19 pandemic didn't fail to take its toll on our business. Whether it was our staff working from home, the extensive hygiene measures we put in place on site, or the unprecedented supply shortages and the effects this had on the entire cycling industry: we had to adapt ourselves to change.

The entire Supervisory Board is thrilled about the effort put in by every single member of the Bike24 team to achieve above average growth for yet another year. Following the 45 % growth in sales achieved in 2020, the company managed to add a further 26 % to that figure, significantly exceeding the market growth and asserting real sustainable momentum in an upwards direction. The company also kept a sharp focus on our mission of promoting green, sustainable mobility.

Our positive economic growth aside, Bike24 Holding AG made huge progress in other areas. The company has been carbon-neutral since 2020, analyzing all the CO_2 emissions generated during the direct combustion of fossil fuels, in electricity consumption as well as in shipping, so that they can be fully compensated for. We also lead by example when it comes to diversity and inclusion. Any employees who have specific needs are provided with support to enable them to go about their everyday work as best they can. This applies to our deaf colleagues, for example, who can make use of a sign language interpreter.

During the year under review, we carried out the work required of us by law, our Articles of Association and our rules of procedure with the necessary diligence and complied with the requirements set out by the [German Corporate Governance Codex (DCGK)] when undertaking our work.

COLLABORATION OF THE CORPORATE BODIES

During 2021, the Supervisory Board continuously monitored how the Executive Board was being run and regularly advised them on the management of the company. The Supervisory Board was always satisfied that the work carried out by the Executive Board was legal, fit for purpose and compliant. The Executive Board fulfilled their reporting obligations; they would regularly provide us with comprehensive written and oral information regarding any major developments and would do so in a timely manner, with particular regard to the position of the company and group, corporate planning, key matters relating to the company policy and strategy, investment projects, the risk situation and trends and the staffing situation. The members of the Supervisory Board had sufficient opportunity to critically discuss the reports submitted and resolutions proposed by the Executive Board during their meetings and in their committees. In particular, all important topics were discussed in detail and checked for plausibility. The Supervisory Board received information on a monthly basis in a detailed monthly report. The Executive Board was available should anything need to be discussed or explained.

SUPERVISORY BOARD MEETINGS IN THE 2021 FISCAL YEAR

Attendance was 100 % at meetings of the Supervisory Board and its committees. Every member of the Supervisory Board and its committees took part in every meeting that took place. The members of the Executive Board took part in meetings of the Supervisory Board and its committees. The Supervisory Board also had discussions where the Executive Board was not present.

In the year under review, the Supervisory Board had a total of four meetings. The most important topics discussed during the previous fiscal year included:

- the constitution of the Supervisory Board and its committees,
- planning and implementing the IPO and the associated increase in capital,
- the strategy and corporate planning for the group, including financing,
- the rules of procedure for the Executive Board and Supervisory Board,
- the declaration of compliance with the German Corporate Governance Code,
- the economic development of the group,
- the system used to remunerate the Executive Board,
- the annual and consolidated financial statements as of 31st December 2021.

WORK UNDERTAKEN BY THE COMMITTEES

The Supervisory Board formed two committees for the purposes of undertaking their work: the Presidential Committee and the Audit Committee. The primary task of the Supervisory Board committees is to make decisions and prepare topics ready for the plenum.

The Presidential Committee attended two meetings during the last fiscal year. In addition to preparing Supervisory Board meetings, this committee also focused on reviewing the system used to remunerate the members of the Executive Board so that this could be submitted for approval at the next General Assembly in accordance with section 120a (1) of the AktG (Aktiengesetz [German Stock Corporation Act]), as well as on establishing concrete requirements for what should be included in reports drawn up by the Executive Board, assessing the efficiency of the Supervisory Board (self-assessment) and evaluating whether individual members are autonomous. The Presidential Committee is made up of the Committee Chairman Mr. Ralf Kindermann, the Deputy Chairman Dr. Michael Weber, and Ms. Bettina Curtze.

In addition to their positions as Chairman and Deputy Chairman in this committee, Mr. Ralf Kindermann and Dr. Michael Weber are also members of the Audit Committee, with Dr. Michael Weber as Deputy Chairman here too. The Audit Committee was summoned to two meetings in the previous fiscal year. The declaration of independence required was obtained for the auditors of the annual accounts, their qualifications were checked and an agreement on fees was reached. The committee also discussed the services provided in addition to the auditing of the annual accounts. Furthermore, the Audit Committee received regular reports on the set-up of the risk management and internal control systems as well as on matters of compliance. The quality of the audit of the annual accounts was also a matter of concern to them. Mr. Sylvio Eichhorst, Chairman of the Audit Committee, maintained regular communication with the auditors of the annual accounts.

The relevant Managers as well as the auditing firm for the annual accounts were also available in committee meetings for reports and questions regarding individual items on the agenda.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2021 AUDITED AND APPROVED

The Executive Board drew up the annual financial statements for the 2021 fiscal year in accordance with the HGB (Handelsgesetzbuch [German Commercial Code]) and the consolidated financial statements in accordance with the IFRS, as well as the summarized management report, based on the consolidated management report. This was reviewed by auditing firm KPMG AG, Dresden, and an unqualified audit opinion was provided.

All these documents, including the Executive Board's proposal on the appropriation of earnings, were discussed in the Supervisory Board meeting on 30th March 2022, which representatives of the auditing firm for the annual accounts also attended. The auditors of the annual accounts reported on the focal points and key findings of their audit and went into any issues dealt with in the audit that were of particular importance.

The auditors were available should the members of the Supervisory Board want to discuss anything in more depth. There were no circumstances that pointed to any bias on the part of the auditors. The Audit Committee, who had the documents from the Executive Board and audit reports from the auditors available to them for a preliminary audit, reported to the Supervisory Board on the main content and results of their preliminary audit and provided some recommendations on what resolutions the Supervisory Board should make.

The Supervisory Board reviewed the annual and consolidated financial statements for the 2021 fiscal year, the summarized management report, drawn up based on the consolidated management report, and the Executive Board's proposal on the appropriation of earnings, in consideration of the report provided by the Audit Committee. The Supervisory Board concurred with the results of the audit performed by the auditors of the annual accounts. Based on their own audit, the Supervisory Board determined that there were no objections to be raised in regard to the annual and consolidated financial statements or the summarized management and consolidated management reports. The Supervisory Board approved the annual and consolidated financial statements drawn up by the Executive Board based on the recommendation provided by the Audit Committee. The annual statements for Bike24 Holding AG were thereby adopted.

After conducting our own review – with particular regard to the trend in earnings, financial planning and shareholder interests and with a view to preserving liquidity – we recommend to the General Assembly, together with the Executive Board, that the net profit for the 2021 fiscal year be carried forward.

CORPORATE GOVERNANCE AND THE DECLARATION OF COMPLIANCE

The Supervisory Board looked at the regulations contained in the German Corporate Governance Code (DCGK) in detail and checked up on the implementation of any recommendations in order to ensure compliance therewith. Together with the Executive Board, we submitted the declaration of compliance in November 2021. Any deviations from recommendations are detailed in the Corporate Governance Report. The declaration of compliance, as well as any other corporate governance documents, have been made permanently accessible to shareholders on the company's corporate website.

CONFLICT OF INTERESTS

Every member of the Supervisory Board must declare any conflicts of interest that may arise in compliance with the German Corporate Governance Code. There were no conflicts of interest to be immediately declared to the Supervisory Board in relation to any members of the Executive Board or Supervisory Board in the previous fiscal year.

THE TEAM

There were no changes in company management during the period under review.

CLOSING REMARKS

Bike24 Holding AG has enjoyed very good economic success, especially in view of the economic trends witnessed on Germany's core market and in light of the procurement challenges faced across the sector. In our opinion, this has only been possible with a clearly defined, long-term strategy, as well as by being reliable towards customers and employees and by every one of our employees living and breathing our values every single day. As such, it is particularly important to the Supervisory Board to say a big thank you to all our employees and the members of the Executive Board. The Supervisory Board is also dedicated to advising on and reviewing the way forward for the company in the future. As a final note, we would also like to thank our shareholders and business partners for the trust they have shown in our company.

REMUNERATION REPORT

Remuneration Report

1. Introduction and review of the 2021 reporting period

1.1. Introduction

The remuneration report of Bike24 Holding AG (hereinafter "Bike24" or "Company") for the 2021 reporting year contains individualized information regarding the remuneration provided and owed to active and previous board members and the supervisory board of the company as well as notes on the underlying remuneration system. The group of active and pervious board members includes former CEOs of Bike24 Support GmbH, which was merged with and into Bike24 Holding AG in April 2021 as part of the stock market launch. Within the remuneration report, Bike24 also describes how the remuneration of the bodies promotes the long-term development of the company. Preparing the remuneration report pursuant to Section 162 AktG (German Stock Corporation Act) is the responsibility of the board and supervisory board. The remuneration report of Bike24 as well as the annual auditor's endorsement regarding the completed formal audit are available on the company's website (www.corporate.bike24.com). Further information about the company's current remuneration system is also available on the website.

1.2. The 2021 fiscal year in review

In the 2021 reporting year, Bike24 developed and implemented a formalized remuneration system for members of the board in order to meet the requirements of the Stock Corporation Act. This is also guided by the recommendations of the German Corporate Governance Codex in its new version from December 16, 2019. The remuneration system is in accordance with these recommendations with specific exceptions, which are explained in the company's statement of compliance, available on the company's website (www.corporate.bike24.com). The following pages report on the design of the remuneration system. The remuneration system was submitted to the extraordinary general meeting on June 21, 2021, to vote on and unanimously approved. Against the background of changing the company's legal form into a stock corporation, the CEO contracts for the active board members were converted into contracts of employment for board members in 2021, so that the remuneration system was applied to both active board members. In addition, board members were granted individual remuneration components within the meaning of Section 162 AktG in the 2021 reporting year, which were not agreed on in the old contracts of employment for board members. These remunerations are also presented and explained in the following, if pertinent.

2. Remuneration system for the members of the board

The supervisory board of Bike24 is responsible for designing the structure of the board's remuneration system and determining the individual board emoluments. The system for remuneration to the members of the board of the company includes fixed and variable components. This is to ensure that the remuneration system contributes to furthering the business strategy and long-term and sustainable development of the company, in particular furthering a successful development of the company and the Bike24-stock after the stock market launch and thus being conducive to synchronizing the interests of stockholders and the board, as well as ensuring appropriate, but nonetheless competitive, remuneration to the board.

In order to further the long-term and sustainable development of the company, the remuneration to board members is linked to the business strategy and the corporate planning construed on this basis. The current strategy and planning are aimed at growth and thus serve the long-term development of the company. In addition, the share of the long-term variable remuneration clearly exceeds the share of the short-term variable remuneration. The short-term variable remuneration aims to secure the continuous implementation of the operational targets, the achievement of which as a basis for the long-term development of the group is of great significance. The long-term component of the variable remuneration allows the members of the board to participate in the relative and absolute development of the stock price, so that the interests of stockholders and the objectives of management are brought into line with each other. This gives the board an incentive to increase the company value both long-term and sustainably.

The supervisory board can grant compensation if before switching to the board of Bike24 Holding AG remuneration payments acquired lapse due to the switch. The supervisory board can decide on whether the compensation is to be invested in Bike24-stock in full or in part and is to be held over a minimum period.

The remuneration system shall be approved once more at this year's general assembly (the first general assembly as a publicly traded company) and then in case of significant changes to the remuneration system, but at least every four years, be submitted to the general assembly for approval.

3. Remuneration to members of the board

3.1. Remuneration to the board in the 2021 reporting year at a glance

The following table provides an overall picture of the components of the remuneration system applicable to active members of the board for the 2021 reporting year, the configuration of the individual remuneration components, as well as the respective objectives underlying these.

Remuneration to the board 2021

Component	Configuration
Performance-unrelated remuneration	
Basic remuneration	■ Fixed annual remuneration ■ Payment in twelve monthly instalments
Fringe benefits	■ Company bicycle ■ Insurance premium allowances ■ Reimbursement of work-related expenses
Pension scheme	■ Monthly contribution to private pension scheme ■ Monthly contribution to direct insurance
Performance-related remuneration	
Short-term variable remuneration (annual bonus)	■ Performance-oriented annual bonus ■ Cap: 150 % of the target amount ■ Target amount at 100 % ■ Two target dimensions (weighting in %): □ Quantitative performance targets (70 %): – Consolidated EBITDA (see definition below) – Sales targets □ Qualitative performance targets (30 %): – Strategic targets
Long-term variable remuneration (Equity-Settled Stock Options Program)	■ Stock-related long-term remuneration ■ Term of 10 years ■ Waiting period of 4 years ■ Three equal-weighted target dimensions: □ Strategic targets □ Financial targets and □ Specific price increase of the Bike24-stock within the previous calendar year
Further remuneration regulations	
Post-contractual restraint on competition	■ Two-year restraint on competition after leaving the board with payment of a waiting allowance of 50 % of the contractual remuneration last drawn.
Benefits in case of early termination	■ Any severance payments are limited to two annual compensations and must not remunerate more than the remaining term of the contract of employment

3.2. Performance-unrelated remuneration

Apart from basic remuneration, fringe benefits and pledges for pension schemes are also part of the performance-unrelated remuneration.

The basic annual salary is paid out monthly in twelve equal instalments. Departing from the remuneration system, each board member received basic remuneration of EUR 225 k in the year 2021. The reason for this was that the appointment to the board for both members took place in June 2021, and remuneration until that point was still paid as CEO.

In addition to the basic remuneration, the members of the board receive fringe benefits in form of insurance allowances, reimbursement of work-related expenses and a company bicycle. The total value of all fringe benefits granted must not exceed 25 % of the basic remuneration for the relevant reporting year. In 2021 the board did not receive any allowances for insurance.

Furthermore, the company bears the premiums for any existing direct insurance for all board members. In addition, the board member is provided with a fixed monthly amount to be used for private pension schemes. This amount is calculated from the maximum amount of the employer's contribution to the German pension insurance, with the contribution assessment ceiling (East) being applicable. The value of all pension commitments for a reporting year must not exceed 10 % of the basic remuneration.

3.3. Variable remuneration

3.3.1. Short-term variable remuneration (annual bonus)

The annual variable remuneration is provided to the members of the board in form of an annual bonus. The amount of the annual bonus results from the achievement of the targets agreed on with the supervisory board. These are agreed on annually by 31 March of the current reporting year and are proportionally composed to 70 % from the achievement of quantitative targets as well as to 30% from the achievement of qualitative targets. Performance criteria or quantitative targets consist of consolidated EBITDA-value ("Consolidated EBITDA"), adjusted for one-off effects, and part of or all of the following sales targets: (i) group sales acc. to IFRS; (ii) sales in region DACH and (iii) sales in the expansion markets. The qualitative targets consist of the strategic targets, the rolling out of the business in other European bicycle markets and the development of the product segment "full-bikes".

Target achievement is calculated separately for all target figures. For the individual strategic targets, the supervisory board – based on the corporate planning – defines milestones (implementation ratio for specific points on the time axis). The rate of target achievement is determined by means of these milestones. Unless at least 70 % is achieved in a target category, the board member does not receive a bonus. The target achievement is determined after the end of the reporting year. This is done by calculating a weighted percentage of target achievement from both aforementioned target dimensions, and then multiplying this first by itself and then with the target bonus. The bonus is limited to 150 % of the target bonus.

The performance criterion for the remuneration granted within the meaning of Section 162 par. 1 AktG in the 2021 reporting year (annual bonus 2020) can be seen in the following summary:

Performance criterion	Target values in EUR k (100 % target achievement)	Actual values reporting year 2020 in EUR k	Target achievement
Consolidated EBITDA 2020	18,054	26,719	148 %

Departing from the remuneration system recently decided on, the annual bonus granted within the meaning of the Stock Corporation Act is calculated based on the old remuneration system. In doing so, the consolidated EBITDA formed the financial performance criterion as an assessment basis for the 2020 annual bonus. The target achievement determined, analogous to the new remuneration system, is multiplied by itself and then with the target amount. The annual bonus is also limited to 150 % of the target amount.

For the 2020 annual bonus, the following target achievement per active board member thus resulted:

Name of board member	Target amount in EUR k (100 % target achievement)	Target achievement	Amount paid in EUR k
Andrés Martin-Birner	50	148 %	75
Timm Armbrust	50	148 %	75

The amounts paid in 2021 of the 2020 annual bonus are included with the remuneration granted and owed in the 2021 reporting year within the meaning of Section 162 par. 1 AktG.

In accordance with interpretation of Section 162 par. 1 AktG taken as a basis here, the 2021 annual bonus is "granted" or "owed" in the 2022 reporting year, which is why we will report on the 2021 annual bonus in the 2022 annual report.

3.3.2. Long-term variable remuneration (Equity-Settled Stock Options Program)

Bike24, under the stock option program newly drafted in 2021, can issue options to board members and other allottees. Bike24, at its own discretion, can also settle the exercised stock options, in part or in full, in cash. The stock options are issued in four tranches. The first tranche was issued on the day of Bike24's stock market launch on June 25, 2021. The remaining tranches will be issued annually in the first quarter of 2022, subject to achievement of the performance targets.

The number of stock options of tranches 2 to 4 to be granted for a reporting year is dependent on the following targets:

1. Strategic targets
2. Financial targets and
3. Specific increase of the exchange price of the Bike24-stock within the previous calendar year.

The targets are set in the respective calendar year preceding the issue and are incorporated to equal parts (one third each) into the overall target achievement.

Strategic targets set are such targets which involve future measures for implementing the business strategy, which have been incorporated into the corporate planning. These are intermediary targets related to opening up new European bicycle markets and developing the product segment "full-bikes". In doing so, the supervisory board defines milestones for the individual targets which are used to assess the target achievement.

For the financial targets, performance criteria used are the organic group sales growth as well as the consolidated EBITDA-margin. In doing so, target values are set that correspond to 100 % target achievement and, based on this, the values are determined that correspond to higher or lower target achievement. As actual values, the values from the consolidated accounts and group management report, respectively, for the relevant reporting year are used.

For the target related to the stock price, a price increase (which lies below the expected price increase) is determined over the reporting year, the achievement of which corresponds to 100 % target achievement. Based on this, the values that correspond to a higher or lower target achievement are determined. The degree of target achievement is determined on basis of the actual percentual difference of the applicable final quotation, i. e. the volume-weighted mean value of the closing price of the Bike24-stock in Xetra-trading during the last month of the respective reporting year, compared to the relevant opening quotation.

A target-grant amount is agreed for determining the actual number of stock options to be granted. If and when the target achievement for all targets in the respective reporting year is 100 %, the number of the stock options to be granted for the respective reporting year is determined by dividing the target-grant amount by a specific profit to be expected from a stock option (anticipated option profit) granted for the reporting year. The target-grant amount is apportioned in equal parts to the financial and strategic targets and to the target price agreed on for the Bike24-stock and is multiplied by the respective target achievement factor and rounded off to full EUR-amounts. Then the amounts are added up. The resulting grant-value is divided by the anticipated option profit and the number of stock options to be granted for the respective reporting year is determined in this way. In all cases, the maximum number of stock options to be granted to a board member for a reporting year, without taking into account the stock options granted in connection with the stock market launch, is 64,517. In total, a maximum of 258,068 stock options per board member are granted under the stock program of Bike24 Holding AG.

The exercise price for the stock options for the first tranche is equal to the issuing price of EUR 15.00 and for the following tranches to the average price of the last three months before December 31 of the calendar year preceding the year of issue.

The stock options are subject to a waiting period of four years until the initial exercise and have a total term of ten years, from the respective issue date. After the end of the waiting period, the stock options can be exercised outside of defined vesting periods. The stock options become vested one year after the issue date until the end of their term. After this, they expire without question and without compensation.

The stock options of boards are truncated pro rata temporis if these resign from office or their board work ends due to, e. g., scheduled expiration of the contract without reappointment. In case of change of control, the waiting period is reduced to the time of the change of control. Stock options that are still subject to the waiting period are settled either in cash or shares of the acquirer, based on the decision of the company.

For the first tranche issued in the 2021 reporting year, board members were allocated a total of 129,034 stocks:

Name of board member	Number as at January 1, 2021	Options granted or pledged in the 2021 reporting year	Fair value when granting in EUR k	Options exercised in the 2021 reporting year	Options expired in the 2021 reporting year	Number as at December 31, 2021
Andrés Martin-Birner	–	64,517	617	–	–	64,517
Timm Armbrust	–	64,517	617	–	–	64,517

The options outstanding of the board members are divided into the different issue tranches as follows:

Tranche	Exercise price in EUR	Andrés Martin-Birner Number of options outstanding	Timm Armbrust Number of options outstanding
06-25-2021	15.00	64,517	64,517

In the second tranche issued for the 2021 reporting year, board members will be allocated further stocks in April 2022. This allocation, in accordance with the interpretation of Section 162 par. 1 AktG taken as a basis here, will be "granted" or "owed" in the 2022 reporting year. The relevant reporting will be done in the 2022 remuneration report.

3.4. Remuneration by third parties for board work

The members of the board with regard to their work in the board of Bike24 have received neither benefits from third parties nor have such benefits been pledged to them in the 2021 reporting year.

3.5. Target and maximum remuneration

The remuneration system sets the total target remuneration accrued to a board member for a reporting year at EUR 1,302 k, if the target achievement for all performance-related remuneration components is 100 %. Departing from this, total target remuneration of up to EUR 2,500 k for the reporting year in which Bike24 Holding AG went public is permissible with regard to the stock options.

The table below illustrates the respective target remuneration, without taking into account fringe benefits, pension commitments, compensatory payments as well as the granting of stock options in connection with the stock market launch, for active board members for the 2021 reporting year.

Target remuneration

	Andrés Martin-Birner		Timm Armbrust	
	2021 in EUR k	2021 in %	2021 in EUR k	2021 in %
Performance-unrelated remuneration				
Basic remuneration	252	19	252	19
Total	**252**	**19**	**252**	**19**
Performance-related remuneration				
Annual bonus	50	4	50	4
Equity-Settled Stock Options Program	1,000	77	1,000	77
Total	**1,050**	**81**	**1,050**	**81**
Total remuneration	**1,302**	**100**	**1,302**	**100**

The supervisory board has set aside maximum remuneration for board members, pursuant to Section 87a par. 1 line 2 no. 1 AktG. Maximum remuneration for a board member is assessed in accordance with the pledged remuneration components. Maximum remuneration for both board members is EUR 2,000 k. Departing from this, maximum remuneration for the 2021 reporting year, in which Bike24 Holding AG went public, with regard to the granting of stock options in connection with the stock market launch is EUR 4,000 k. Adhering to the maximum remuneration can thus only be verified or ensured in the 2025 reporting year, as this is when the last remuneration component for the 2021 reporting year will be known.

3.6. Malus- and Clawback-regulations

In case of significant breaches by members of the board against current law or against corporate conduct policy guidelines, the supervisory board has the option of withholding or calling in, in part or in full, variable remuneration components not yet paid out. Withholding or calling in as above is at the discretion of the supervisory board.

In the 2021 reporting year, the supervisory board found no reason to make use of this option provided for in the remuneration system.

3.7. Benefits in case of early termination

The claims, in case of early termination of employment, are limited to the remaining term of the contract, whereat a maximum limit of two annual remunerations will be set. The severance payment is to be credited to any waiting allowance to be paid, which the company is obligated to pay due to a post-contractual restraint on competition.

3.8. Post-contractual restraint on competition

When leaving the board, members of the board of Bike24 are subject to a two-year restraint on competition. Members of the board who have left will be paid half of the last contractual remuneration paid as waiting allowance, for the duration of the restraint on competition.

3.9. Amount of individual remuneration for board members in the 2021 reporting year

The table below illustrates the remuneration granted and owed within the meaning of Section 162 par. 1 AktG to each board member in the 2021 reporting year. In doing so, the remuneration granted and owed within the meaning of Section 162 par. 1 AktG includes the annual basic remuneration paid in the 2021 reporting year, the accrued fringe benefits, the pension plan contributions, the 2020 annual bonus paid and the, determined pursuant to IFRS, fair value of the granted stock options.

Remuneration granted and owed to active board members

	Andrés Martin-Birner		Timm Armbrust	
	2021 in EUR k	2021 in %	2021 in EUR k	2021 in %
Performance-unrelated remuneration				
Basic remuneration	225	24	225	24
Fringe benefits	0	0	0.3	0
Pension plan	6	1	8	1
Total	**231**	**25**	**233**	**25**
Performance-related remuneration				
Annual bonus	75	8	75	8
Equity-Settled Stock Options Program	617	67	617	67
Total	**692**	**75**	**692**	**75**
Total remuneration	**923**	**100**	**925**	**100**

The following table contains the remuneration granted and owed to every individual former member of the board within the meaning of Section 162 par. 1 AktG in the 2021 reporting year. In doing so, the remuneration granted and owed within the meaning of Section 162 par. 1 AktG includes the annual basic remuneration paid in the 2021 reporting year. No further remuneration components have been granted until leaving the board.

Remuneration granted and owed to former board members

	Lars Witt until April 2021		Carsten Wich until April 2021	
	2021 in EUR k	2021 in %	2021 in EUR k	2021 in %
Performance-unrelated remuneration				
Basic remuneration	66	100	53	44
Performance-related remuneration				
Growth bonus	–		67	56
Total	**66**	**100**	**120**	**100**

4. Remuneration to members of the supervisory board

The full members of the supervisory board receive fixed remuneration in the amount of EUR 20 k for every reporting year pursuant to Section 12 of the articles of association of Bike24. The chairperson of the supervisory board receives fixed remuneration in the amount of EUR 35 k and his/her deputy in the amount of EUR 25 k. Supervisory board members who were not in office during the entire reporting year, receive a twelfth of the remuneration agreed on for every month or part thereof that they work.

Supervisory board members who hold the chair in a committee receive additional annual fixed remuneration of EUR 7.5 k for this. The chairperson of the audit committee receives EUR 10 k. Supervisory board members who are members in a committee, but do not hold the chair in a committee, receive additional annual remuneration of EUR 5 k for this membership. If the capacity of the chairperson or membership is not practiced for the entire reporting year, remuneration will be granted pro rata temporis.

In addition to this, board members will be reimbursed any expenses and sales tax due on their earnings.

The fixed remuneration as well as the remuneration for committee work fall due at the end of the respective reporting year and will be paid in the following reporting year. By decision of the stockholders' meeting on May 10, 2021, the legal form was changed into a stock corporation. With the change of legal form a supervisory board was appointed for the first time, and in the 2021 reporting year there is no remuneration granted or owed from the work as supervisory board or supervisory committee within the meaning of the Stock Corporation Act. Payment of the fixed remuneration and the committee remuneration for the 2021 reporting year is made, by decision of the general assembly, pursuant to Section 113 par. 2 AktG, in the 2022 reporting year and will, within the meaning of Section 162 par. 1 AktG, be assigned to the remuneration granted and owed in the remuneration report for the 2022 reporting year.

5. Comparative view of the remuneration and growth in earnings (vertical comparison)

The table below illustrates the relative development of remuneration for board members, the supervisory board, other personnel, as well as the company's growth in earnings based on the selected earnings indicators.

Comparative view of annual changes (vertical comparison)

Annual change in %	Change 2021 reporting year compared to 2020 reporting year
Board	
Andrés Martin-Birner	+ 30.2
Timm Armbrust	+ 30.6
Supervisory board	
Ralf Kindermann (Chairperson)	–
Dr. Michael Weber (Deputy chairperson)	–
Bettina Curtze	–
Sylvio Eichhorst	–
Earnings indicators	
Net income for the year of Bike24 Holding AG[1]	– 20,562.1
Consolidated EBITDA[2]	+ 14.5
Average remuneration on full-time equivalence basis of employees	
The company's employees[3]	+ 11.7

[1] Due to the merger of Bike24 Support GmbH with Bike24 Holding AG the financial performance cannot be compared to the previous year.
[2] Adjusted for one-off effects
[3] All employees in the group except management body/board

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON EXAMINATION OF THE REMUNERATION REPORT PURSUANT TO SECTION 162 (3) AKTG

To Bike24 Holding AG, Dresden,

Opinion

We have formally examined the remuneration report of Bike24 Holding AG, Dresden, for the financial year from January 1, 2021 to December 31, 2021 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not examined the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 (1) and (2) AktG. Our opinion does not cover the content of the remuneration report.

Basis for Opinion

We conducted our examination of the remuneration report in compliance with Section 162 (3) AktG taking into account the IDW assurance standard: Examination of the remuneration report pursuant to Section 162 (3) AktG (IDW AsS 870 [08.2021]). Our responsibilities under this regulation and this standard are further described in the "Our Responsibilities" section of our assurance report. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1). We have complied with our professional duties pursuant to the German Public Accountants Act [WPO] and the Professional Charter for Auditors/Chartered Accountants [BS WP/vBP], including the independence requirements.

Responsibilities of the Management Board and the Supervisory Board

The management and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our objectives are to obtain reasonable assurance about whether the remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 (1) and (2) AktG, and to issue an assurance report that includes our opinion.

We planned and performed our examination to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we have not examined whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

Handling Potential Misleading Presentations

In connection with our examination our responsibility is to read the remuneration report by taking into account the findings of the audit of the annual financial statements and, in doing so, remain alert for indications of misleading presentations in the remuneration report to determine whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

If, based on the work we have performed, we conclude that there is such misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Dresden, 30 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Lucas	Leser
Wirtschaftsprüfer	Wirtschaftsprüfer

CORPORATE GOVERNANCE STATEMENT

AND CORPORATE GOVERNANCE REPORT

The 2021 Corporate Governance Statement has also been made permanently available to the public on the company's website at

https://ir.bike24.com/

in the section ESG & Compliance.

COMBINED MANAGEMENT REPORT

BIKE24

Principles of the group

Group structure

Bike24 Holding AG (hereinafter also: "Bike24") is the holding company of the Bike24-Group with registered office in Dresden, Germany. The company is registered under Commercial Register Number HRB 41483 at the registry court in Dresden. The group's operational business is conducted by the wholly-owned subsidiary Bike24 GmbH. The company and the Bike24-Group also act under the business name Bike24.

The reporting on the situation of the Bike24-Group essentially corresponds to the reporting of the Bike24 Holding AG. Supplementary information can be found in the chapter Condensed report on the separate financial statement.

The consolidated financial statement comprises the company and its subsidiaries (ceollectively referred to as "Group"). Balance sheet date is December 31.

The legal predecessor of the company "REF Bike Holding GmbH" was renamed on May 18, 2021, to "Bike24 Holding GmbH", then changed into a stock corporation under German law with entry in the Commercial Register on June 1, 2021 and the corporate name changed to "Bike24 Holding AG".

On April 27, 2021, the merger of two wholly-owned subsidiaries of Bike24 Holding AG was entered into the commercial register of Dresden district court. With the merger agreement of December 3, 2020, and the decisions by the stockholders' meeting by the legal entities involved on the same day, Bike24 Service GmbH merged with and into Peloton MidCo2 GmbH by way of absorption. Peloton MidCo2 GmbH was renamed into Bike24 Service GmbH on the same day.

The merger of Bike24 Support GmbH with and into Bike24 Holding AG was entered into the commercial register of Dresden District Court on August 5, 2021. With the merger agreement of June 17, Bike24 Support GmbH was merged with and into Bike24 Holding AG by way of absorption.

In May 2021, Bike24 founded a foreign subsidiary, Bike24 Support ES, S.L., with registered office in Barcelona, Spain. The company is a wholly-owned subsidiary of Bike24 Holding AG.

At the stockholders' meeting on November 30, 2021, the founding of Bike24 Retail GmbH as a wholly-owned subsidiary of Bike24 Holding AG was decided, and the entry into the commercial register of Dresden District Court took place on December 29, 2021.

At the stockholders' meeting on December 1, 2021, the founding of Best Bike Brands GmbH as a wholly-owned subsidiary of Bike24 Holding AG was decided, and the entry into the commercial register of Dresden District Court took place on December 30, 2021. Bike24 Holding AG holds 100% of the shares in the following companies:

I. Bike24 Service GmbH
II. Bike24 GmbH (indirectly via Bike24 Service GmbH)
III. Bike24 Retail GmbH
IV. Best Bike Brands GmbH
V. Bike24 Support ES, S.L.

The company's shares have been traded since June 25, 2021, in the Prime Standard Segment of the regulated market at the Frankfurt Stock Exchange.

Board structure

The company's bodies are the Executive Board, the Supervisory Board and the general meeting. The company has a dual management and control system, consisting of the Executive Board and Supervisory Board. The duties and powers of these bodies are determined by the German Stock Corporation Act (AktG), the articles of association and the rules of procedure of the Supervisory Board and the Executive Board.

The Executive Board of Bike24 Holding AG currently comprises two members, who both bear equal responsibility for the governance of the group: Andrés Martin-Birner (CEO) is responsible for the areas group strategy and organization, corporate communications, marketing, logistics, purchasing as well as all further duties not assigned to the finance department. Timm Armbrust (CFO) is responsible for financing, controlling, auditing, risk management, accounting, legal and taxes, investor relations, IT, human resources, customer service and local stores.

The Supervisory Board, consisting of four members, not only appoints the Executive Board, but also regularly advises and monitors its executives. The Supervisory Board is made directly involved in decisions of fundamental importance to the company. In particular, it reviews the annual and the consolidated financial statements as well as the combined management report and it reports on these to the general meeting.

Both bodies work closely together for the benefit of Bike24. Further details are explained in the separate document "Corporate Governance Declaration and Corporate Governance Report".

Combined Corporate Governance Declaration

The summarized corporate governance statement of Bike24 Holding AG and the Group pursuant to Section 289f of the German Commercial Code (HGB) and Section 315d of the German Commercial Code (HGB) includes the declaration of compliance with the German Corporate Governance Code („DCGK") pursuant to Section 161 of the German Stock Corporation Act (AktG), relevant information on corporate governance practices, the description of the working methods of the Executive Board and the Supervisory Board as well as their composition and working methods of committees of the Supervisory Board, the determination of targets pursuant to Section 76 (4) and Section 111 (5) of the German Stock Corporation Act (AktG) and the information on the achievement of the targets as well as a description of the diversity concept. The combined corporate governance statement is available in the Investor Relations Section of the Company's website at https://ir.bike24.com.

Business model and strategy

BIKE24, by its own assessment, is one of the leading online bicycle platforms in continental Europe with a clear focus on the premium segment. Founded in 2002 by Andrés Martin-Birner, Falk Herrmann and Lars Witt, the company targets the community of bicycle-enthusiasts.

The BIKE24 Online-Shop offers customers an extensive product assortment in breadth and depth with 70,000 articles from more than 800 brand manufacturers. These include numerous premium brands such as Specialized, Garmin, Santa Cruz, Assos or Castelli. The state-of-the-art, automated warehouse in Dresden enables the company to process orders quickly. More than 80 % of products can be shipped on the same day for orders placed before 3 p.m. Within Germany, orders will usually reach the customer the next day.

The current focus of Bike24 is on continental Europe with localized online stores in Germany, Austria, and Spain. And, since January 2022, also in France and Italy. In addition, the international store supplies customers in more than 80 countries worldwide.

BIKE24 currently focuses on continental Europe with localized online shops in Germany, Austria and Spain, and since January 2022 also in France and Italy. In addition to this, the international shop supplies customers in more than 80 countries worldwide.

Although we do not exclude opportunistic acquisitions, our strategic focus is on organic growth. We have identified growth opportunities in the selected expansion markets of Spain, France and Italy. In order to tap these markets, we pursue a growth strategy that involves localizing our choice of products, including through making websites available in the respective local language, adapting our product mix, as well as payment systems commonly used locally, delivery options and a regional customer service. A further important cornerstone of our strategy is also expanding our product range, in particular with regard to full-bikes and e-bikes.

The growth is supported by fundamental macro-economic trends. These include higher environmental awareness, increasing demand for intelligent and sustainable mobility concepts – fueled by the European "Green Deal" –, the continuing fitness trend as well as increasing health awareness and a growing preference by customers for premium products. At the same time, the shift in demand from bricks-and-mortar retail to online trade has been recently accelerated further by the COVID-19 pandemic.

We believe that we are well positioned to harness these market opportunities. Our wide choice of products, access to leading brand partners and suppliers, our innovative logistics and warehousing, strong customer retention and our established brand present high barriers to market entry for competitors.

Management system

Our essential financial performance indicators include key figures on growth, profitability and capital structure. Previously, the most important indicators for managing the Group were revenues and EBITDA, i.e., operating profit (EBIT) less depreciation and amortization. We have defined the adjusted EBITDA margin instead of EBITDA as the most important key figure for managing the Group, as we are convinced that the adjustment for special items, in particular those that occurred in connection with the IPO, improves both transparency and long-term comparability for assessing the performance and earnings power of the Bike24-Group.

We define adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, adjusted for transaction costs, cash bonuses, expenses for share-based payments and non-recurring expenses. In the previous year, the adjustments also included development costs for certain modules of our internal product information management (PIM) system in connection with the localization of our offering in our expansion markets. EBITDA margin represents adjusted EBITDA as a percentage of total income.

Adjusted earnings measures (e. g., EBITDA and EBIT) are non-GAAP key performance indicators according to International Financial Reporting Standards (IFRS) as adopted by the EU.

We use additional financial performance indicators to govern our business activities and assess the success of our company. These performance indicators include revenue by country, other income, total expenses, the working capital level and net cash flow from operating activities.

In addition to the financial performance indicators, we use further non-financial performance indicators.

Number of active customers

We define the number of active customers as customers who have placed at least one order in the last twelve months. In the 2021 fiscal year, the number of active customers increased by 18.2 % to 821,000.

Number of orders

Defined as the total number of orders that were not cancelled, in a period of twelve months before the end of the reporting period. The number of orders increased by 20.1 % to 1,767m on the previous year. This performance indicator, abstracted from the merchandise value, gives some indication of the growth of the group.

Orders from recurring customers

Orders that are not initial orders by a customer of Bike24, in relation to the total number of orders. In 2021, the share increased by 1.8 pp to 74.8 %

Average number of orders per active customer

The average number of orders per active customers and per year increased by 2.1 to 2.2 in the reporting period.

Average order value

The average order value is defined as merchandise value (after returns and without VAT), divided by the number of orders in the reporting period. In the 2021 fiscal year, this increased from EUR 136 to EUR 140 (+ 3.3 %). This has a direct bearing on the group's turnover.

Procurement

A cornerstone of our business model is an extensive product portfolio in both depth and breadth, which provides added value both for our customers and our suppliers. That's why optimized procurement and supply chain management is of great significance for the Group.

We stock the majority of the most popular products, which allows us to keep delivery times short. At the same time, thanks to bulk discounts and well-established relations with our suppliers and brand partners, we benefit from favorable purchasing prices. The data-driven monitoring of our stock allows us forward-looking procurement planning with relatively few write-downs.

Procurement costs represent a high proportion of the operating expenses. In the 2021 business year, expenses for merchandise, consumables and supplies amounted to EUR 171.4 m or 68.5 % of the revenues (2020: EUR 137.9 m or 69.2 % of the revenues). Accordingly, procurement expenses represent a key factor for improving earnings and/or offering our customers even more attractive prices.

Essentially, Bike24 obtains its goods in Europe or on basis of supply contracts in Euro, so that no major foreign currency risks exist. There is no dependency on individual suppliers, the biggest supplier being responsible for less than 10 % of the purchasing volume.

Research and development

Bike24 makes continuous investments in optimizing logistics procedures, improving technological competency and data-driven analysis, in order to keep improving the customer experience. Research and development costs in this context are capitalized strictly only if the costs can be reliably calculated, the product or procedure is technically and commercially viable, a future commercial benefit is likely and Bike24 has the intention and sufficient resources at its disposal to complete the development and utilize or sell the asset. Otherwise, the development costs will be recorded in the consolidated statements of profit or loss and in the remaining total comprehensive income under other expenses. After the initial recognition, the capitalized development costs will be assessed at acquisition costs less accumulated depreciation and amortization and accumulated impairment losses. In 2021, capitalized development costs amounted to EUR 3.1 m (among others for the webshop relaunch) (2020: EUR 0), including own work capitalized in the amount of EUR 0.9 m and external personnel costs in the amount of EUR 2.2 m for software development. Amortization of capitalized development costs amounted to EUR 61 T (2020: EUR 0).

Marketing

The aim of our marketing activities is to generate the highest possible relevant traffic to our websites and to further strengthen our established brand. Thanks to our wide choice of products, our organically grown and established brand and our customer-oriented marketing approach, we are in a position to generate the lion's share of our website traffic from unpaid organic and direct website visits. The marketing expenses for Performance Marketing (e. g. Google AdWords or PayPerClick price comparison portals) were up to 0.2 % of revenue in the last year. In the reporting year we purposefully increased the expenses for Performance Marketing as part of our growth strategy and the expansion of our business activities to further regions. But with 0.6 % of the revenue, they still remained at a low level.

Staff

The current corporate growth and the ever-changing working world is accompanied by a rising demand for qualified staff. At the same time, there is an acute lack of skilled personnel in the German job market. For this reason, we have introduced various concepts for staff recruitment as well as for training and development.

As at December 31, 2021, the total number of employees, including trainees, was 464 (previous year 361) in the Bike24-Group.

	Ø 2021	Ø 2020	December 2021	December 2020
FTE	393	331	435	339
Number of staff	419	353	464	361

Staff development is incorporated into human resource management and aims to, by increasing the qualification of staff, ensure the best possible development opportunities, equip managerial staff with practically relevant tools and prompt cross-departmental process optimization. Thus in the reporting period, for example, the BIKE24 Academy was established, an e-learning platform for training courses with a focus on compliance.

As employers, we see ourselves as having a responsibility to ensure our staff have a safe and healthy workplace. The aim of our Health & Safety measures is to prevent accidents and work-related illness. In addition to initial training, all staff also receive annual occupational safety training. Furthermore, we offer ophthalmologic examinations by our company physician and, if necessary, bear all costs for computer glasses. Corona- and influenza-virus vaccinations are also part of the preventive health measures we offer. To meet the challenges of the corona pandemic, we have also developed a comprehensive hygiene concept.

With individual homeoffice-agreements we aim to allow for an optimal work-life-balance. In addition, further benefits such as a company pension scheme, jobtickets, discounted fitness or bike-leasing models aim to increase the appeal of Bike24 as an employer. Because we are convinced that a motivated team forms the basis for the success of our growth strategy.

Sustainability

As a responsible-minded company, we are committed to increasing our sustainability with many further activities. These include measures for protecting resources and the climate as well as supporting our staff or clubs and associations in our neighborhood.

Since 2020, we have been certified by DEKRA as a climate-neutral company. To achieve this, we first analyzed all our CO_2-emissions generated during direct combustion of fossil fuels, in electricity consumption as well as in shipping. To compensate, we support a forest protection project in Peru and a wind power project in India.

Further information regarding our commitment to sustainability can also be found on the company's website https://corporate.bike24.com in the Section Sustainability.

Economic report

Overall economic environment

The global economy has recovered from the corona crisis in 2021, but its effects still continue to shape the economic development. In the advanced economies, private consumption accelerated clearly in the wake of a drop of new infections and quick vaccination progress as of spring 2021. Since the beginning of 2021, however, increasing supply and capacity bottlenecks led to disruptions in the global supply chains and in many countries slowed down industrial production. Due to the rise in global demand and the bottlenecks on the supply side, the producer and consumer prices have risen strongly.

The easing of pandemic-related restrictions led to a revival in the economy in European core markets of Bike24. The service sector in particular profited from catch-up effects, whereas industrial growth was somewhat slowed down due to higher material costs and supply bottlenecks for upstream products. The economic output in the euro area, according to information from the IMF[3], increased by 5.2 %. In Germany, the increase for 2021 was 2.7 %.

Business environment

According to the German association of e-commerce and distance selling (Bundesverband E-Commerce und Versandhandel Deutschland e. V.) gross revenue for goods in e-commerce in 2021 increased to EUR 99.1 bn after EUR 83.2 bn in 2020. Growth for the preceding year was 19.0 % accordingly, and 2020 the sector grew by 14.6 % compared to the preceding year.

The high demand for products from the German bicycle and e-bike industry is unabated according to information from the bicycle industry association (Zweirad-Industrie-Verband, ZIV)[4].

The global factory closures and production stoppages from the year 2020 continued and the bottlenecks in raw materials supplies as well as supply chain disruptions have got noticeably worse in 2021 (e. g. Suez Canal in March 2021). Yet the German bicycle and e-bike industry was still able to achieve a slight overall increase in production in the first six months of the year, compared to the preceding years 2020 and 2019.

A marked increase was seen in the export of bicycles and e-bikes (+ 10.6 %). Sales of e-bikes (pedelecs) in Germany also increased again, to now 1.2 million (+ 9.1 %). With 1.55 million bicycles without pedal assist, significantly less vehicles of this category were sold in Germany than in the same period of the previous year (– 26 %).

According to estimates by the bicycle industry association, production and stock were completely discontinued in the previous year 2020, the available capacities were used primarily for production of e-bikes in the first half of 2021. With higher domestic supply (production + import), both significantly more bicycles as well as more e-bikes could have been sold, according to the association.

A normalization of the situation in the global markets and thus also in the domestic market is not to be expected in the near future. On the contrary, the bicycle industry association expects further negative effects on the sector and a tense situation with regard to raw materials, components and parts in the medium term. An easing is not expected before the end of 2022.

[1] https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022#Projections

[2] https://www.ziv-zweirad.de/presse-medien/pressemitteilungen/detail/article/deutscher-fahrradmarkt-1-hj-2021-industrie-trotzt-produktions-und-lieferkettenproblemen/

Business performance

Key figures Bike24-Group (in EUR m)	2020	2021	Change
Revenue	199.2	250.2	25.6 %
Total income	199.3	250.3	25.6 %
EBITDA (adjusted)	26.7	30.6	14.5 %
EBITDA-margin (adjusted)	13.4 %	12.2 %	– 1.2 pp
EBIT	10.3	6.1	– 40.8 %
Profit before tax	1.2	3.9	224.5 %
Total comprehensive result	**0.6**	**2.2**	**298.8 %**

2021 was a very successful year for Bike24, which we ended with an increase in revenue of 25.6 % to EUR 250.2 m and a solid adjusted EBITDA-margin of 12.2 % (2020: 13.4 %). This development was accompanied by an increase in the number of active customers to 821 T (2020: 694 T). The number of orders increased by 20.1 % to 1.767 m. Accordingly, the average order frequency per customer was 2.2 orders per year, a slight increase on the preceding year (2.1 orders per year). 74.8 % of orders (2020: 73.0 %) were placed by recurring customers. The average order value came to EUR 140 (2020: EUR 136).

As part of our forecast for 2021, we anticipated a drop in revenues and a drop in EBITDA in the previous year, in case of supply bottlenecks. Although the business environment in the reporting period was characterized by the market's supply bottlenecks, we succeeded in significantly increasing revenue through proactive procurement planning and inventory build-up. EBITDA was below that of the preceding year with EUR 20.3 m by EUR 3.6 m. This was, however, essentially caused by one-off effects in connection with the IPO.

In the course of the financial year, we narrowed our forecast and changed it to the performance indicator of adjusted EBITDA margin (instead of EBITDA). The table below shows the corresponding development:

	Sales growth	Adjusted EBITDA-margin
Specification during the IPO	+ 23 % to + 30 %	12 % to 13 %
Refinement (Nov. 2021)	+ 24 % to + 26 %	12 % to 13 %
Result	**+ 25.6 %**	**12.2 %**

The expectations for the ongoing 2022 fiscal year can be found in the forecasting report.

Turnover and earnings situation

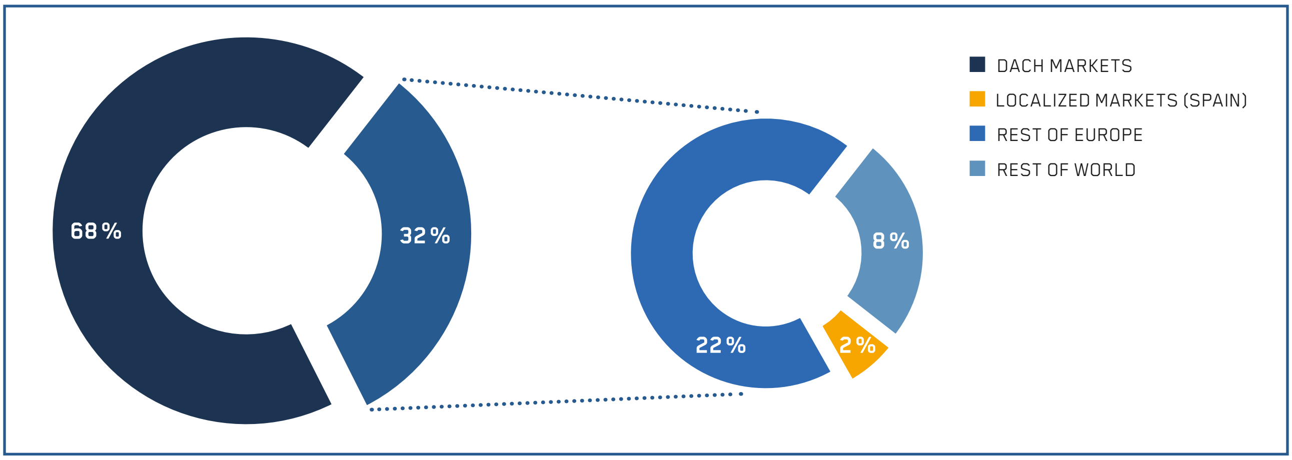
To ensure a transparent account of the current operations, adjusted variables are determined and reported. The adjustments comprise one-off items if these lead to significant effects in a reporting year. These one-off items can relate to, in particular, one-off transaction costs, share-based remuneration or exceptional expenditures.

In the year under review, EUR 10.3 m (2020: EUR 2.7 m) of adjustments were recognized to adjust the result. Thereof, EUR 3.1 m (2020: EUR 1.0 m) relate to personnel expenses and EUR 7.2 m (2020: EUR 1.8 m) to other operating expenses.

Total revenue of EUR 250.2 m resulted to 90 % (2020: 91 %) from the sale of parts, accessories and clothing (PAC). Full-bikes contributed 10 % of group revenue (2020: 9 %).

From a regional perspective, the DACH-sector was once again the largest sales market with a revenue share of EUR 170.2 m. This is an increase by 24.4 % or EUR 33.4 m compared to the previous year. In Spain, the first market with a localized choice of products, revenues increased by 137.8 % to EUR 4.7 m, in the remaining European Economic Area by 20.9 % to EUR 54.4 m. In the rest of the world (since 2021 including Great Britain) revenue were at EUR 20.9 m, i. e. 35.7 % above the previous year's level.

Distribution of revenue



The gross margin improved in the reporting period as a result of the cost of goods sold by 0.7 percentage points (pp) to 31.6 %.

As a result of higher consulting fees, among other things, in connection with the IPO of Bike24 Holding AG the other operating expenses increased to EUR 35.2 m (2020: EUR 22.0 m). Earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 20.3 m were below those of the previous year's level of EUR 24.0 m. Adjusted by exceptional items of EUR 10.3 m, related primarily to transaction costs in connection with the IPO, share-based remuneration and bonus payments, earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) amounted to EUR 30.6 m compared to EUR 26.7 m in the same period of the previous year. This corresponds to an adjusted EBITDA-margin of 12.2 % (2020 13.4 %).

The (unadjusted) operating result (EBIT) was EUR 6.1 m following EUR 10.3 m in 2020, a decrease of 40.8 %. After deducting interest and taxes, the group generated a net gain of EUR 2.2 m, following EUR 0.6 m in 2020.

Net assets

The group's balance sheet total as at December 31, 2021, increased by 5.5 % to EUR 301.6 m following EUR 285.9 m as at December 31, 2020.

Non-current assets of EUR 209.0 m were slightly below the level of the same date the previous year (EUR 215.8 m), essentially caused by a decrease in non-tangible assets of EUR 7.4 m. The latter mainly results from regular depreciation and amortization on the company value or goodwill, on the brand, customer relations, software and other intangible assets.

Current assets increased in the 2021 fiscal year by 32.2 % or EUR 22.6 m, from EUR 70.1 m to EUR 92.7 m. Within the current assets, the increase in goods in stock led to a growth in inventories of EUR 30.0 m from EUR 38.2 m to EUR 68.2 m. The background for the inventory increase is in addition to the planned growth of the Group also the ongoing tight procurement situation, in which we have actively built up inventories in order to ensure supply capability. Other assets increased by EUR 5.5 m to EUR 10.2 m. This was caused mainly by tax assets, prepaid expenses and and prepayments.

Cash and cash equivalents of EUR 10.1 m were considerably under the level of the comparison date December 31, 2020, of EUR 25.2 m, as Bike24 initially used part of the IPO proceeds for the purpose of optimized financial management to repay liabilities to banks ahead of schedule and to build up its inventory.

The long-term borrowed capital decreased significantly from EUR 142.6 m to EUR 50.3 m. This was essentially fueled by the aforementioned repayments of borrowings, so that liabilities to credit institutes dropped from EUR 88.9 m to EUR 1.0 m.

With regard to the short-term borrowed capital, trade payables increased by EUR 3.1 m to EUR 11.3 m, an increase of 37.3 %, which is related to the expansion of the business volume. Other liabilities, which mainly relate to provisions for personnel costs and tax liabilities, increased from EUR 6.3 m to 13.9 m. Altogether, the current liabilities were EUR 5.8 m above those on the same date in the previous year and as at December 31, 2021, amounted to EUR 28.1 m.

Equity essentially rose as a result of the increase in capital as part of the IPO by EUR 102.4 m to EUR 223.3 m. This led to an improvement in the equity ratio as at the balance sheet date December 31, 2020, by 31.7 percentage points from 42.3 % to 74.0 %.

Financial position

From operating activities, Bike24 generated a cash flow of EUR – 9.5 m in the 2021 fiscal year (previous year EUR 21.1 m). It was derived from the annual result, allowing for non-cash expenses and earnings, as well as the change in working capital. The decrease in the cash flow from the operating activities essentially resulted from an inventory increase in the stock value, which led to an outflow of funds of EUR – 30.0 m compared to an outflow of funds of EUR – 2.0 m the previous year. The high inventory increase was linked to early securing of goods against the background of the currently tense supply situation.

The cash outflow from the investment activity increased by EUR 4.9 m compared to the previous year and amounted to EUR – 6.5 m. The change resulted from higher investments in fixed assets (especially warehouse) and in intangible assets. The latter include internally produced and capitalized assets, in particular for the web shop, to the amount of EUR 0.9 m.

From the financing activities, Bike24 recorded an inflow of funds to the amount of EUR 0.9 m after an outflow of funds of EUR – 2.9 m in the same period of the previous year. A loan repayment of EUR 88.7 m was offset by a new injection of equity with a volume of EUR 97.0 m in total as part of the IPO. Payouts related to the costs of the IPO amounted to EUR – 6.7 m.

With cash and cash equivalents of EUR 10.1 m and the syndicated loan to the amount of EUR 50 m, of which only EUR 1,0 m had been drawn down as of the balance sheet date, the company has sufficient liquidity. The group's solvency was secured all throughout the 2021 financial year. In the short-term area, the company is financed exclusively by means of internal funds.

Principles and objectives of the finance management system

Managing liquid funds and working capital are at the core of Bike24's finance management. Maintaining liquidity is also an overall objective. The type and scope of transactions with cash funds is geared to our operational business. To determine the liquidity requirement, we employ rolling 12-month cash flow planning.

During 2021, Bike24 arranged a syndicated loan with a total volume of EUR 50 m with a term of three years until June 25, 2024), to support the short-term business operations. The interest rate is between 1.5 % and 2.5 % depending on the gross debt ratio. As of December 31, 2021, the loan had been utilized at 2 %. The financial covenants on the gross debt ratio agreed herein were complied with at all times in the reporting period.

Bike24 was in a position to meet its payment obligations at all times. With regard to existing repayment obligations and contingencies as well as for details regarding the financial risk management, we refer to Note F.12.

Overall assessment

The shift from off-line to online channels noticeable since many years has accelerated once more in the last two years due to pandemic related measures. Bike24 can benefit from this development with its digital business model. At the same time, however, supply bottlenecks pose new challenges for the purchasing and warehousing policies.

Overall, we ended the fiscal year with a rise in revenue and earnings in line with our original forecast. We successfully continued our growth course in the domestic and international markets. In addition, we have strengthened our international business with the initiated construction of a South European logistics center in the Barcelona region, Spain. Investments in technological infrastructure, in particular the successful relaunch of the web-shop, aim to further improve customer satisfaction.

With a high equity ratio of 74 % and corresponding flexibility in the financing activities, we see ourselves in a very good economic position to benefit from the expected growth in the online bicycle market.

Forecast

The global economy heads into 2022 weaker than previously expected, the International Monetary Fund (IMF) reports in its outlook published in January[5]. In view of the spread of the COVID-19 variant Omicron at the beginning of the year, many countries have again introduced restrictions. Rising energy prices and supply disruptions also lead to higher and more far-reaching inflation than projected. The slower than expected recovery of private consumption has also limited the growth outlook. The IMF's January assessment predicts that global economic growth will slow from 5.9 % in 2021 to 4.4 % in 2022 – half a percentage point lower for 2022 than in the World Economic Outlook of October 2021. In addition, the IMF has already announced its intention to lower its forecast for global economic growth again in April 2022. The reason for this, it said, is the impact of the conflict between Russia and Ukraine on the economy. The consequences of the war are rising commodity prices, an increase in the inflation rate, a deterioration in the business climate and challenging financing conditions.

According to information by the European Central Bank[6] economic growth in the euro area is expected to remain strong in the next three years, despite headwind in the near future. Private consumption will remain being the most important driving force of economic growth and profit from a rebound in real disposable income, a certain liquidation of the accumulated savings and a robust job market. Inflation in the euro area is expected to remain higher for longer. Thus, in its latest forecast of March 10, 2022, the ECB now expects average inflation of 5.1 % for this year – in December, the forecast was still 3.2 %. Only in 2024, according to the central bank, is the value expected to fall below two percent again. The increasing inflationary pressure, the further development of the pandemic and the tense supply chains all pose challenges to the economy. The effects of the crisis in Ukraine on consumer sentiment can also not be reliably anticipated at this point in time.

The share of e-commerce in the entire retail sector is also likely to make further gains in the current year, according to estimates by the German E-Commerce and Distance Selling Trade Association. Currently, the association assumes that sales of goods in 2022 will rise by another 12.0 %. E-commerce will see a turnover with goods alone by likely more than EUR 110 bn gross.

The bicycle sector has seen a very positive development in recent years, favored by several factors, including structural factors such as a higher level of environmental and health awareness. Online trading also profited from a general trend from off-line to online, which accelerated even more caused by measures to fight the pandemic.

For the coming years we thus expect demand for bicycles, accessories and parts to continue being high or rise even further. Accordingly, we are buoyed up by our medium-term forecast. Until the 2026 fiscal year, we expect the business volume to roughly triple. With this in mind, we always keep a healthy balance between growth and profitability in view. In our medium-term outlook, we aim for a corridor of 10 % to 12 % at the level of the adjusted EBITDA-margin.

For the current 2022 business year, expanding our capacity with the opening of the South European logistics center in Barcelona, Spain, is on the agenda. Furthermore, the new localized web shops in France and Italy, which were recently launched with much success, are part of our international growth strategy. In the field of procurement we expect the situation to remain tense in the current year due to continuing supply bottlenecks, in particular for full-bikes. Furthermore, as things stand, which can not yet fully assess the effects of the current geopolitical situation and rising inflation. We will not be able to completely decouple ourselves from the overall economic development, but based on our expansion plans for the current year, we nevertheless anticipate renewed sales growth of 10 % to 17 %, as the demand situation remains stable at a high level. The number of active customers and order volumes are expected to increase to a similar extent.

[5] https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022
[6] https://www.ecb.europa.eu/pub/projections/html/ecb.projections202112_eurosystemstaff~32e481d712.de.html

We have discontinued any deliveries to Russia, Belarus and Ukraine since the beginning of March 2022. However, as the share of sales in these markets was very low (< 2 %) in the past, no noteworthy effects should result from this.

Further investments in growth initiatives and personnel are expected to have a slight negative impact on the result in the current year. Thus for 2022 we expect a slightly declining adjusted EBITDA-margin, which will, however, keep moving at a high level of between 9 % to 10 %.

Opportunities and Risks

Characteristics of the accounting-related Internal Control System (ICS)

The aim of the Internal Control System (ICS) for the financial reporting process is to ensure that external reporting is reliable by compiling a financial statement which conforms with regulations. The efficacy of the ICS will be monitored by carrying out regular audits on processes relevant to accounts by means of internal controls. In addition, the audit committee of the Supervisory Board will monitor the effectiveness of the system.

Control mechanisms include the identification and definition of processes, approval levels, guaranteed group-wide accounting in accordance with IFRS in using standardized accounting provisions and guidelines, the clarification of specific technical issues and complex situations, case-related and taking into consideration external experts, the use of standard software in the finance and accounting departments and – as far as is possible – the application of the separation of functions and dual control principles. Furthermore, documented procedural instructions and guidelines exist (e. g. travel expense guidelines etc.) which are continuously updated. In addition, it is monitored that the controls are also carried out.

Unauthorized access to the company software in use is protected by appropriate IT equipment.

Principles and aims of the risk management system

Operating internationally means Bike24 is exposed to a multitude of risks connected to the business activities of Bike24 Holding AG and its subsidiaries or arising from external influences. One risk is seen in the danger that incidents, developments or activities could prevent the Group or one of its affiliated companies from reaching its targets. These include financial as well as non-financial risks. At the same time it is important to identify opportunities to secure and develop competitiveness. One opportunity constitutes the possibility of securing or exceeding the planned targets of the Group or a business segment due to incidents, developments or business activities.

Our risk management system aims to recognize early on, assess and actively steer the business risks connected with our business. For this purpose Bike24 Holding AG introduced a standardized Risk Management System ("RMS") in 2021. Activities in connection with the RMS, including all relevant measures to identify, assess and reduce the key risks of Bike24, have been defined in one standardized process ("Risk Management Cycle") and documented in the Risk Management Guideline. The system is designed to comply with respective legal requirements and relevant branch standards. It is based on the COSO II framework for risk management.

The risk management system encompasses the whole Bike24-Group in which currently only Bike24 constitutes a relevant operative unit.

The risk and opportunity situation of Bike24 Holding AG is essentially dependent on the risk and opportunity situation of the Group and is also essentially identical. In this respect the management's statements on the overall evaluation of risk and opportunities can be considered a summary for Bike24 Holding AG.

Organization and process of the risk management system

In 2021 risks were identified and monitored "top down" as well as "bottom up". The identified risks are assessed by Risk Owners in various positions on the basis of a common standard. Assessment is carried out on the basis of a time frame of twelve months from the determined assessment date. A comprehensive risk identification and assessment is carried out once a year and documented in a risk report. Furthermore, updates are carried out every quarter and reported in regular Executive Board meetings and Supervisory Board meetings.

In the course of risk assessment the identified risks are systematically assessed for the amount of damage and probability of occurrence. When assessing risks we consider gross as well as net risk. Gross risk represents the inherent risk before risk minimizing measures. Net risk describes the remaining risk after implementing all risk minimizing measures. This approach enables, on the one hand, a comprehensive understanding of what influence risk minimizing measures have and, on the other hand, forms the basis for scenario analyses.

Our risk assessment in this report exclusively reflects the net expected value (impact on operating profit). We identify risks as critical whose net expected value is at least EUR 500,000.00. In addition, our risk system also does not include unquantifiable risks, meaning risks not directly transferable into euros. These include above all damages, which take into account a potential negative impact on the reputation of Bike24 or criminal impact (with emphasis on compliance risks). These risks can also be critical.

Risks are assessed for their probability of occurrence in these four stages: "unlikely", "possible", "likely" or "almost certain". These stages are highlighted by percentage range of probability of occurrence, which is set out in the following table:

Probability of occurrence	Assessment
Almost certain	75% – 100%
Likely	50% – 74.9%
Possible	25% – 49.9%
Unlikely	0% – 24.9%

In assessing the possible extent we differentiate between the four categories of "low", "medium", "major" and "severe". These categories have also been assigned limit values with regard to the possible extent of damage in euros.

Stage	Extent of damage in EUR k
Low	< 50
Medium	50 – 200
Major	201 – 500
Severe	> 500

Based on the assessment on probability of occurrence and extent of damage, all identified risks are classified and visualized in a risk matrix:

Degree of impact	Likelihood of risk occuring			
	Unlikely 0 – 24.9 % ①	Possible 25 – 49.9 % ②	Likely 50 – 74.9 % ③	Almost Certain 75 – 100 % ④
Severe > EUR 500 k ④	4	8	12	16
Major EUR 200 – 500 k ③	3	6	9	12
Medium EUR 50 – 200 k ②	2	4	6	8
Low < EUR 50 k ①	1	2	3	4

- Very High
- High
- Medium
- Low

The risk matrix facilitates the comparison of the respective priority of risks and ensures additional transparency in relation to the overall risk position of Bike24. Categorizing the risks in "low" to "severe" furthermore serves to determine which risk information should be reported to the Executive Board and the Supervisory Board in more detail.

Overview and description of significant risks and opportunities

In this report we explain the most significant financial and non-financial risks and opportunities target achievement of the companyin the fiscal year 2022 and onwards. The current risk assessment shows that none of the risks reported in the following represent a threat to the company as a going concern.

Thanks to our product portfolio, our expertise and our innovative strength, we are convinced that we will be able to exploit the opportunities resulting from our entrepreneurial activities and successfully adress the challenges arising from the risks listed in the following.

In general, risks and opportunities that are not yet known today or are classified as insignificant may affect our earnings, financial position and net assets in the future.

Presentation of risks

There are currently no risks in the „very high" risk class. The following risks are currently assigned to the risk level "high":

Cyber-attack

The failure or material impairment of critical business IT systems and the supporting technical infrastructure as a result of cyber-attacks or other threats could significantly impact the proper functioning of the Company's business processes and lead to manipulation or the uncontrolled loss or leakage of data. This could lead to reputational damage, regulatory sanctions or restrictions on the execution of essential business processes.

The position of the Information Security Officer was newly created within the organization and has been filled since March 2021. In order to evaluate and assess the status quo, a test attack was carried out by an IT security consulting company which resulted in only a medium degree of severity in web shop technology and the network and server infrastructure. The current back-up and recovery strategy was reviewed for all IT systems critical to business. The back-up strategy was optimized and offline back-up functions improved. The infrastructure and hosting strategy was adjusted in such a way that critical and non-critical systems were transferred to Top-Tier-Cloud providers and other systems were also transferred to Cloud providers or changed to SaaS use.

System availability

The rapid growth of the Bike24 business challenges the development of the IT organization and processes. Bike24's in-house IT is limited in its ability to provide technical support 24/7. The results is that the reaction plans for emergency restoration and Business Continuity Management are not comprehensive. Customized in-house developments and high-grade adjusted system environments add to the complexity within the teams and limits the ability to employ (external) support services.

We are addressing this risk by introducing redundancies for system-critical components and increasingly switching to cloud-based standard solutions with 24/7 support.

In addition, we would like to provide information on the following risks which, although not currently assigned to the high category, could nevertheless potentially be material in our view:

Interruptions to the supply chain (Category medium)

The outbreak of COVID-19 led to substantial interruptions to supplies globally, where many supply processes had to be changed or adjusted to the new conditions. Furthermore, the current Ukraine crisis could also lead to interference with transport routes and therefore the supply chain. Although Bike24 has so far succeeded in largely carrying out its business smoothly and avoiding substantial interruptions to supplies, mitigating the effects through alternative suppliers or products. There is still a risk that the supply chain could be further interrupted if the pandemic situation is further aggravated. Our purchase team is proactive in reducing this risk by increasing the purchasing volume worldwide.

Macroeconomic consequences of the Ukraine crisis (not allocated to any category as of the balance sheet date)

Aside from the interruption to transport routes it is not clear in how far the Ukraine crisis will affect future consumer behavior and therefore also the economic development in the European Economic Area. There is a risk of a recession.

Presentation of opportunities

Faster reduction of supply bottlenecks

We currently expect the supply bottlenecks, in particular in the full-bikes sector, to continue until the end of the year 2022. Since many manufacturers and suppliers adjusted their manufacturing and/or sales processes they are now better prepared for potential delays. Should, as a result, the supply bottlenecks be removed faster than expected, this could positively effect the availability of goods and therefore the continuing demand could be attended to more quickly.

Accelerated shift from offline to online

For years now, one can observe increasing digitalization across all industries. In particular the non-food sector already has a very pronounced online business. While the online share of the bicycle business is still behind other sectors, considerable growth can be recognized here also. If consumers' purchasing behavior changes more rapidly than expected from stationary bicycle dealers to online dealers, the company could benefit disproportionately.

Established brands

More than 90 % of access to the company website comes from organic, meaning non-promoted, channels. This is partly attributable to the high level of brand awareness of Bike24. In particular for consumers who order a bicycle or accessories online for the first time that an established brand is advantageous in order to exclude abuse or a negative experience. Above average evaluations on consumer portals such as Trustpilot ensure new customers quickly gain confidence. This trust, as well as the high level of brand awareness, could help the company benefit disproportionately from the expanding market as well as the transfer from offline to online.

Established supplier relations / attractive partner

It is precisely in the current situation, which is affected by availability problems and excess demand, that suppliers are even more selective in their choice of partner. With over 800 different brands, with which some connections have existed since the company was founded about 20 years ago, Bike24 offers a very wide partner portfolio. These established and long-term relationships help the company to compensate for individual products not being available and, if necessary, to be able to offer an alternative product.

Expansion of geographical presence

The company holds a track record for its geographical expansion of its business due to localized offers. Each newly added region constitutes an extension to the whole addressable market and offers significant growth opportunities. In future, Bike24 plans to open up further new regions by means of regional websites and marketing campaigns.

Overall assessment of the risk and opportunity situation

For identifiable risks within the Bike24-Group that could have a negative impact on the net assets, financial position and results of operations, we have taken countermeasures in the reporting year – to the extent possible and reasonable - and/or made balance sheet provisions where there is a corresponding probability of occurrence. Based on a detailed analysis of the overall risk situation, from today's perspective there are no discernible risks that could jeopardize the company as a going concern – not even for the future.

We have identified the greatest opportunities in the Group's continued internationalization strategy.

Risk reporting on the use of financial instruments

The Group's existing financial instruments include receivables, payables, credit balances and liabilities to banks. We consider the receivables risk to be very low at present and also for the future. Due to a strong customer diversification as well as effective receivables management and predominantly secure payment methods, defaults are low. Where default and credit risks are identified for financial assets, appropriate allowances are made.

The Group endeavors to pay liabilities within the agreed payment periods, if possible within the cash discount period. The revenue and liquidity situation is monitored on a daily basis. The Group pursues a conservative risk policy in its cash management.

Condensed Report on Individual Financial Statements

The management report and the Group management report of Bike24 Holding AG have been combined. The following explanations are based on the financial statement of Bike24 Holding AG, which was established according to the provisions of the German Commercial Code (Handelsgesetzbuch (HGB)).

Governance

The key performance indicator for managing the Company is net income. Net income is significantly influenced by income from profit and loss transfer agreements.

Economic situation of Bike24 Holding AG

The company provides services for other group companies, primarily for the operationally active Bike24 GmbH. The revenues of Bike24 Holding AG result primarily from management service agreements with subsidiaries. During the fiscal year 2021 the company employed on average 52 (2020: 0) members of staff.

Due to the merger of Bike24 Support GmbH with Bike24 Holding AG in the fiscal year 2021, the company's financial position and performance cannot be compared to the previous year.

The financial position of Bike24 Holding AG is set out in the following abridged profit and loss accounts:

	2021	2020
Revenue	4,273,474.98	0.00
Other income	8,374,923.70	0.00
Personnel expenses	-3,819,358.76	0.00
Other operating expenditure	-13,848,753.14	-59,591.09
Revenue from profit transfer agreements	21,355,236.06	0.00
Other interest and similar revenue	2,213,839.08	0.00
Interest and other expenditure	-2,946,639.50	0.00
Tax on income and revenue	-3,408,699.48	0.00
Earnings after tax	12,194,022.94	-59,591,09
Other taxes	-419.00	0.00
Annual net profit/net loss	**12,193,603.94**	**-59,591.09**

For the fiscal year 2021, Bike24 Holding AG shows a profit in the sum of EUR 12.2 m. After the existing net loss has been offset, there is a net profit of EUR 12.1 m. This shall be carried forward to the new accounts.

The annual net profit results in part from the turnover achieved under the management service agreements and primarily from the merger gain of EUR 6.6 m as well as the revenue from the transfer of profits of Bike24 Service GmbH of EUR 21.4 m.

Counter to that, personnel expenses of EUR 3.8 m arose primarily due to having taken on the employees of Bike24 Support GmbH.

In connection with going public, the company incurred expenses in the sum of EUR 9.7 m of which EUR 1.6 m was adopted by the existing shareholders. The expenses and reimbursements were recorded through profit or loss in the financial statement of Bike24 Holding AG.

The accrued interest expenses of EUR 2.9 m result primarily from having adopted the syndicated loan of Bike24 Support GmbH which existed until June 2021.

Bike24 Holding AG entered into the profit-and-loss transfer agreement which existed to date between Bike24 Support GmbH and Bike24 Service GmbH, and in doing so has been the income tax parent company for the whole Bike24-Group since January 1, 2021. In this context the company incurred income taxes of EUR 3.4 m.

Assets and financial position

The assets of Bike24 Holding AG are presented in the following condensed balance sheet:

	2021	2020
Assets		
Fixed assets	149,442,218.99	122,582,849.75
Current assets	93,116,898.18	293,671.67
Accrued items	1,026,994.33	0.00
	243,586,111.50	**122,876,521.42**
Liabilities		
Equity	234,916,400.49	122,835,783.62
Provisions	1,142,659.00	40,737.80
Liabilities	7,527,052.01	0.00
	243,586,111.50	**122,876,521.42**

During the reporting period the total assets increased by EUR 120.7 m to EUR 243.6 m. This is above all ascribed to the retroactive merger on January 1, 2021 with Bike24 Support GmbH as well as to equity injections in the course of increasing capital for the company to go public. The funds received in the course of going public were primarily used to repay liabilities to banks.

The fixed assets result from shares in affiliated companies, primarily Bike24 Service GmbH (EUR 149.4 m), which in turn is sole shareholder of Bike24 GmbH which has operations itself.

The financial position saw receivables due from affiliated companies increase from EUR 0.00 in the previous year to EUR 87.1 m in the year 2021. This includes receivables from loans granted to subsidiaries, including interest, which were taken over by Bike24 Support GmbH (EUR 63.9 m) as well as accounts receivable trade (EUR 1.7 m) and revenue from the profit-and-loss transfer agreement existing with Bike24 Service GmbH (EUR 21.4 m).

The liabilities side is primarily determined by the increased equity capital of EUR 234.9 m which resulted from going public. At the balance sheet date the equity capital ratio was 96.4 % (2020: 100 %).

Opportunities and risks

Since the company only operates as a intercompany service provider, the opportunities and risks of Bike24 Holding AG are primarily those of the Group. Please refer to the chapter "Opportunities and Risks" in the summarized progress report.

Forecast

Due to the company's type of business activity its development for the future is closely linked to the development of the Group. We expect a slight increase in the company's net income for 2022. With regard to economic and market-specific developments, we refer to the Group's forecast.

Takeover law disclosures

Supplementary information pursuant to Section 289a and Section 315a German Commercial Code (Handelsgesetzbuch HGB)

Composition of subscribed capital

The share capital of Bike24 Holding AG as of December 31, 2021 amounts to EUR 44,166,666 and is divided into 44,166,666 no-par value bearer shares. As of December 31, 2021, the company held 1,335 shares in treasury which have not been utilized under the employee bonus program. These are openly offset from the subscribed capital. Each share oustanding carries one vote and, where appropriate with the exception of potential new shares not entitled to dividend, the same share of profits according to the dividend distribution decided in the General Meeting.

The shareholders' rights and obligations are governed by the Stock Corporation Act (Aktiengesetz (AktG)) in conjunction with the company's articles of association which are available in full on the website under Investor Relations/Governance & ESG. The shareholders' entitlement to individual share certificates is excluded pursuant to the articles of association.

Restrictions concerning the voting rights or transfer of shares

The company is not entitled to any voting rights from treasury shares. In the case of Section 136 Stock Corporation Act the voting right from the shares concerned is excluded by law.

Following the stock exchange listing, the shares in the possession of shareholders were/are subject to a customary vesting period of six months/twelve months relating to the shares held by members of the Executive Board and the Supervisory Board.

Shareholdings which exceed 10 % of voting rights

To the knowledge of the company the following direct or indirect shares in capital with an entitlement to vote exceed 10 % of voting rights at balance sheet date.

Name	Stake in %
Riverside Partners, LLC (REF VI Bike Holding)	34.65

Shares with special rights conferring powers of control

The company has no shares with special rights conferring powers of control.

Type of voting rights control when employees hold an interest in share capital

The company does not know of any employees with an interest in share capital who do not directly exercise their voting rights.

Regulations and provisions on appointing and dismissing members of the Executive Board and on amending the articles of association

Members of the Executive Board are appointed and recalled on the basis of Section 84, 85 Stock Corporation Act. Pursuant to Section 84 Stock Corporation Act, members of the Executive Board are appointed by the Supervisory Board for a term of office of maximum five years. The Executive Board consists of at least two people in accordance with Section 5 of the Articles of Association. The number of members is determined by the Supervisory Board. According to Section 84 (2) Stock Corporation Act (Aktiengesetz), the Supervisory Board may nominate a member of the Executive Board to be Chairman. The Supervisory Board is responsible for appointing members of the Executive Board, concluding the employment contract and recalling the appointments as well as amending or terminating employment contracts.

Insofar as statutory mandatory provisions do not determine otherwise, the resolutions of the General Meeting, in accordance with Section 16 (3) of the Articles of Association, are passed with a simple majority of submitted votes and, where necessary, with a simple majority of the capital represented. In accordance with Section 179 Stock Corporation Act, the Articles of Association can only be amended by resolution in the General Meeting. The Supervisory Board may decide upon amendments to the Articles of Association which only concern its wording. Amendments to the Articles of Association come into effect upon being entered into the Commercial Register in accordance with Section 181 (3) Stock Corporation Act. In accordance with Section 179 (2) Stock Corporation Act, any amendment to the corporate purpose requires a majority of 75 % of the share capital represented; the Articles of Association do not make use of the opportunity to determine a larger share majority for this.

Powers of the Executive Board to Issue or Buy Back Shares

The Executive Board is authorized to increase the share capital of the company until June 6, 2026 upon approval by the Supervisory Board by up to EUR 18,750,000.00 by issuing up to 18,750,000 no-par value shares of the company against cash and/or asset contributions (authorized capital 2021). Authorization may be exercised fully or partially, once or multiple times. Shareholders are generally entitled to subscription rights.

Authorized capital has not yet been used.

Furthermore, the Executive Board is authorized, upon approval by the Supervisory Board respectively, to exclude shareholders' subscription rights wholly or partially in the following cases:

- upon increase of capital, insofar as is necessary to balance out fractional amounts;
- upon increase of capital against cash investment, if the issue amount of the new shares does not significantly exceed the stock exchange price of equivalent shares at the time the issue amount is finally determined (simplified exclusion of subscription rights). The shares issued under exclusion of subscription rights may not exceed 10 % of the share capital at the time the authorization comes into effect or the time the authorization is exercised. This maximum limit of 10 % of the share capital shall be reduced by a pro-rata amount of the share capital, which affects those shares, which were sold as treasury stocks during the effectiveness of this authorization under exclusion of subscription rights pursuant to Section 186 (3) (4) Stock Corporation Act;
- upon capital increases against contributions, in particular for the purpose of company mergers or the acquisition of companies, business units and/or to exercise conversion or option rights and conversion obligations;
- in order to grant owners of option or conversion rights a subscription right on new no-par value bearer shares of the company to the extent that they are entitled upon exercising their option or conversion rights or fulfilling their conversion obligations;
- in order to satisfy employee participation programs or share-based compensation;
- in order to implement share dividends.

Subscription rights are also excluded in conjunction with a capital increase occurring in the course of a private placement in the wake of going public, as well as the increase option connected to this (Greenshoe). With the exception of a transaction in the wake of going public, no exclusion of subscription rights has been carried out to date.

The share capital is conditionally increased by up to EUR 17,191,908.00, divided into up to 17,191,908 no-par value bearer shares (conditional capital 2021/I). The conditional share capital increase is only carried out insofar as the holders of subscription rights on company shares exercise their option and conversion rights and the company does not grant treasury shares or a cash settlement in order to fulfil subscription rights. Furthermore, the share capital is conditionally increased by up to EUR 1,558,092.00 from the issue of up to 1,558,092 new no-par value bearer shares (conditional capital 2021/II). The conditional capital 2021/II serves exclusively to grant shares in order to fulfil subscription rights on shares (share options). The conditional share capital increase is only carried out insofar as subscription rights are exercised and the company does not grant treasury shares or a cash settlement in order to fulfil subscription rights.

No authorization to issue convertible bonds and/or bonds with warrants attached has yet been exercised to date.

Authorization by the General Meeting to acquire treasury shares

On June 7, 2021, the company's General Meeting decided to authorize the Executive Board, upon approval by the Supervisory Board, by the end of June 6, 2026, subject to compliance with the principle of equal treatment (Section 53(a) Stock Corporation Act), to acquire company treasury shares up to a total of 10 % of the existing share capital at the time of the resolution or – where this value is lower – at the time at which the authorization was exercised. Together with other treasury shares, which the company has already purchased and still owns or which are attributed to the company pursuant to Section 71(a) et seq. Stock Corporation Act, the shares purchased on the basis of this authorization may at no point exceed 10 % of the company's share capital.

In the reporting period this authorization was exercised to the extent of 17,000 shares (approx. 0.04 % of the share capital). The repurchased company shares were issued as a one-off pecuniary benefit (bonus) in connection with the company going public to employees of the company or an affiliated company. On December 31, 2021 the company still held 1,335 shares from this transaction.

Fundamental company agreements on condition of a change of control

Bike24 Holding AG concluded the fundamental agreements listed below, which contain regulations in the case of a change of control, which, among other things, could occur due to a takeover bid:

- For a syndicated loan agreement usual provisions exist for the event of change of control, which give the lenders involved the option of demanding a full repayment of the outstanding loan.

Company compensation agreement with members of the Executive Board or with employees in the case of a takeover bid

The Company has not entered into any compensation agreements with members of the Executive Board or employees in the event of a takeover bid.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
AS ADOPTED BY THE EUROPEAN UNION FOR BIKE24 HOLDING AG
(UNTIL JUNE 1, 2021 BIKE24 HOLDING GMBH, UNTIL MAY 18, 2021 REF BIKE HOLDING GMBH)

BIKE24

I. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

in EUR k, except share and per share data	Note	December 31, 2021	December 31, 2020
Revenue and other income			
Revenue	E.1	250,164	199,151
Other income		182	139
Total income		**250,346**	**199,290**
Operating expenses			
Personnel expenses	E.2	- 23,151	- 15,345
Expenses for merchandise, consumables and supplies	E.3	- 171,398	- 137,874
Impairment loss on trade receivables	E.4	- 242	- 147
Other expenses	E.5	- 35,215	- 21,954
Depreciation and amortization	F.1/F.2	- 14,227	- 13,640
Total expenses		**- 244,233**	**- 188,961**
Earnings before interest and taxes (EBIT)		**6,113**	**10,330**
Finance income and expense			
Finance income	E.6	1	1
Finance expense	E.6	- 2,243	- 9,138
Finance expense, net	E.6	- 2,243	- 9,137
Earnings before tax		**3,871**	**1,193**
Income tax (expense) income	E.7	- 1,639	- 633
Result for the period		**2,232**	**560**
Other comprehensive result		-	-
Total comprehensive result		**2,232**	**560**
Earnings per share			
Basic earnings per share	E.8	0.05 €	0.01 €
Diluted earnings per share	E.8	0.05 €	0.01 €
Weighted average ordinary shares outstanding (basic)	E.8	40,959,109	37,500,000
Weighted average ordinary shares outstanding (diluted)	E.8	40,959,109	37,500,000

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

II. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

in EUR k	Note	December 31, 2021	December 31, 2020
Assets			
Intangible assets	F.1	132,135	139,531
Goodwill	F.1	56,753	56,753
Property, plant and equipment	F.2	20,065	19,468
Financial assets	F.12	3	–
Non-current assets		**208,955**	**215,752**
Inventories	F.3	68,160	38,152
Other assets	F.5	10,197	4,700
Income tax assets		2,352	–
Trade and other receivables	F.4	1,856	1,991
Cash and cash equivalents		10,086	25,235
Current assets		**92,651**	**70,078**
Total assets		**301,606**	**285,831**
Equity			
Subscribed capital	F.6	44,165	25
Capital reserves	F.6	178,873	122,879
Retained Earnings		216	– 2,016
Total equity		**223,254**	**120,888**
Liabilities			
Liabilities to banks	F.7	995	88,880
Other financial liabilities	F.8	7,493	8,167
Provisions	F.9	641	2,312
Deferred tax liabilities	F.10	41,168	43,236
Non-current Liabilities		**50,296**	**142,596**
Liabilities to banks	F.7	11	720
Other financial liabilities	F.8	1,577	1,526
Provisions	F.9	1,304	650
Other liabilities	F.11	13,866	6,345
Income tax liabilities		–	4,875
Trade payables	F.12.1	11,298	8,230
Current liabilities		**28,056**	**22,347**
Total liabilities		**78,352**	**164,942**
Total equity and liabilities		**301,606**	**285,831**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

III. CONSOLIDATED STATEMENTS OF CASH FLOWS

in EUR k	Note	2021	2020
Cash flows from operating activities			
Profit for the period		**2,232**	**560**
Adjustments for:			
– Depreciation and amortization	F.1/F.2	14,227	13,640
– Losses from the disposal of fixed assets	F.1	9	–
– Write-ups	F.12	–3	–
– Finance income	E.6	–1	–1
– Finance expense	E.6	2,243	9,138
– Income tax expense	E.7	1,639	633
– Share-based compensation expenses	E.2	1,762	–
– Employee stock expenses	E.2	293	–
– Transaction costs	A.1/E.5	5,916	–
Result after adjustments		**28,317**	**23,970**
Changes in:			
– Inventories	F.3	–30,008	–1,984
– Trade and other reveivables	F.4	135	–574
– Other assets	F.5	–4,165	–2,370
– Trade and other payables	F.12.1	3,067	1,887
– Other liabilities	F.11	7,521	2,872
– Provisions	F.9	–1,017	1,905
Cash generated from operating activities		**3,850**	**25,707**
Interest paid		–3,158	–4,566
Income tax paid		–10,236	–43
Net cash from operating activities	**G.3**	**–9,544**	**21,097**
Cash flows from investing activities			
Acquisition of intangible assets	F.1	–3,301	–229
Acquisition of property, plant and equipment	F.2	–3,210	–1,398
Net cash used in investing activities	**G.3**	**–6,511**	**–1,627**
Cash flows from financing activities			
Proceeds from the issue of shares (less costs)	A.1	97,000	–
Payments related to the issue of shares		–6,696	–
Proceeds from transactions with owners		1,215	–
Payments related to the share buyback		–406	–
Repayment of liabilities to banks		–88,660	–1,320
Payment of lease liabilities		–1,547	–1,531
Net cash from financing activities	**G.3**	**906**	**–2,851**
Net increase (decrease) in cash and cash equivalents		**–15,149**	**16,619**
Cash and cash equivalents at the beginning of the period		25,235	8,616
Cash and cash equivalents at the end of the period		**10,086**	**25,235**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

IV. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

in EUR k	Note	Subscribed capital	Capital reserves	Retained Earnings	Total equity
Balance as of January 1, 2020		**25**	**122,879**	**– 2,575**	**120,328**
Result for the period		–	–	560	560
Other comprehensive result		–	–	–	–
Comprehensive result		**–**	**–**	**560**	**560**
Balance as of December 31, 2020		**25**	**122,879**	**– 2,016**	**120,888**
Balance as of January 1, 2021		**25**	**122,879**	**– 2,016**	**120,888**
Conversion of capital reserves to subscribed capital	F.6	37,475	– 37,475	–	0
Capital increase from the issue of shares (IPO)	F.6	6,666	93,334	–	100,000
Transaction costs related to the issue of shares (EUR 3,780 k), after deduction of taxes (EUR 1,194 k)	F.6	–	– 2,587	–	– 2,587
Transactions with owners (EUR 1,567 k), after deduction of Taxes (EUR 495 k)	F.6	–	1,072	–	1,072
Share-based compensation	F.6	–	1,762	–	1,762
Acquisition of treasury shares	F.6	– 17	– 389	–	– 406
Issue of employee shares	F.6	16	277	–	293
Result for the period		–	–	2,232	2,232
Other comprehensive result		–	–	–	-
Total comprehensive income		**44,140**	**55,994**	**2,232**	**102,366**
Balance as of December 31, 2021		**44,165**	**178,873**	**216**	**223,254**

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. Basic principles of the consolidated financial statements

A.1 Company information

Bike24 Holding AG (formerly Bike24 Holding GmbH and REF Bike Holding GmbH, hereinafter referred to as the "company" or, together with its subsidiaries, as the "Bike24-Group") is a stock corporation (Aktiengesellschaft) which was established in Germany on August 22, 2019 and is registered in the commercial register (Handelsregister) of the District Court (Amtsgericht) of Dresden, Department B, under official number 41483 (formerly 41023). The company has its headquarters in Breitscheidstrasse 40, 01237 Dresden, Germany.

On May 10, 2021, the Executive Board was authorized, upon approval by the Supervisory Board, to increase the company's capital stock within 5 years from its entry into the commercial register as a stock corporation one or more times by up to EUR 18,750,000.00 by issuing up to 18,750,000 new no-par value bearer shares versus cash or non-cash consideration (authorized capital 2021).

On May 18, 2021, the company increased its authorized capital from the company's own resources of EUR 25 k by EUR 37,475 k to EUR 37,500 k, which lead to a corresponding reduction in capital reserve. As part of this capital increase the preferential rights of the preferred shares were cancelled and they became ordinary shares.

On June 1, 2021, the legal form of the company (formerly REF Bike Holding GmbH, which was renamed Bike24 Holding GmbH on May 18, 2021) was changed from a limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) to a stock corporation (Aktiengesellschaft, AG) and entered into the commercial register at the District Court of Dresden.

On June 7, 2021, an extraordinary General Assembly was held in which the Executive Board was authorized, upon approval by the Supervisory Board, to issue up to 1,558,092 share options with subscription rights to members of the management body. Equally the Supervisory Board was authorized to issue up to 780,000 share options with subscription rights to members of the Executive Board and up to 780,000 no-par value bearer ordinary shares without nominal value to Bike24 Holding AG. The share options may be exercised after a waiting period of four years from the issue date. The extraordinary General Assembly decided to increase the capital stock of Bike24 Holding AG by up to EUR 1,558,092.00 through the issue of up to 1,558,092 new no-par value bearer ordinary shares without nominal value (conditional capital 2021/II). Furthermore, the extraordinary General Assembly authorized the Executive Board, upon approval by the Supervisory Board and free from subscription rights, to issue convertible bonds and bonds with warrants to a total nominal amount of up to EUR 500m and to grant the owners or creditors of such bonds conversion or option rights on a total of up to 17,191,908 new no-par value bearer ordinary shares from conditional capital (conditional capital 2021/I) created for this purpose in the extraordinary General Assembly and authorized the Supervisory Board to amend the Articles of Association accordingly.

On June 25, 2021, the company closed its IPO with 6,666,666 newly issued ordinary shares at a public offering price of EUR 15.00 per share as well as a listing of 37,500,000 existing shares on the Frankfurt Stock Exchange. The company obtained a revenue of EUR 100,000 k. After underwriting discounts and affiliated costs in the sum of EUR 3,000 k, payments of EUR 97,000 k were received.

Costs directly attributable to the IPO in the sum of EUR 3,780 k were deducted from the capital reserve following the deduction of taxes in the sum of EUR 1,194 k. Please refer to note F.6. IPO-related costs in the sum of EUR 1,567 k were charged to affiliated entities and deducted in full from the capital reserve, less deferred taxes in the sum of EUR 495 k. The other costs associated with the IPO in the sum of EUR 5,916 k are included in the other expenses, see note E.5.

The Bike24-Group runs an e-commerce store and a local store (in the first half of 2020: two local stores) and primarily trades in high-quality bicycles, bicycle parts, bicycle accessories, cycling clothing and running, swimming and outdoor products.

The consolidated financial statements of the Bike24-Group were approved by the Executive Board for publication on March 30, 2022.

A.2 Basic principles of financial reporting

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), as applicable in the European Union ("EU"), taking into account the recommendations of the International Financial Reporting Standards Interpretations Committee ("IFRIC"). The consolidated financial statements also take into account the supplementary commercial regulations that apply in accordance with Section 315e (3) HGB (German Commercial Code).

The accounting and assessment methods given below were used consistently in all periods covered by the consolidated financial statements, unless indicated otherwise.

The corporate year of the Bike 24-Group ends on December 31. All intercompany business transactions were eliminated in the course of preparing the consolidated financial statements.

The consolidated financial statements were prepared based on historical acquisition and manufacturing costs, unless indicated otherwise. The consolidated financial statements were prepared in euros ('EUR'), the company's working currency. Unless otherwise indicated, all amounts in these consolidated financial statements have been rounded to the nearest full thousand in line with standard commercial practice. Differences due to rounding may occur when adding up individual amounts and percentages. A hyphen ("–") indicates that an item is not applicable and a zero ("0") indicates that an item has been rounded to zero. The consolidated profit and loss account was prepared using the nature of expense method.

The consolidated financial statements were prepared under the assumption that the company is a going concern. The Executive Board is of the opinion that the Bike24-Group has adequate resources to continue its business activities for the foreseeable future.

A.3 Changes to the fundamental accounting policies and disclosures

a) New and revised standards and interpretations that were applied in the corporate year for the first time

The Bike24-Group has applied the following amendments to the IFRS, which have been adopted by the European Union, consistently for all the periods covered, insofar as they have effects on the consolidated financial statements.

Date of entry into force	New standards or amendments to existing standards	Adoption by the EU	Effects on the Bike24-Group
June 1, 2020	COVID-19-related rent concessions (Changes to IFRS 16)	Yes	None
January 1, 2021	Interest rate benchmark reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Yes	None
	Extension of temporary exemption from IFRS 9	Yes	None

b) New and revised standards that have been issued but have not yet entered into force

As at the date of approval of these consolidated financial statements, the Bike24-Group had not applied the following and revised IFRS, which have already been issued but have not yet entered into force, early.

Date of entry into force	New standards or amendments to existing standards	Adoption by the EU	Effects on the Bike24-Group
April 1, 2021	COVID-19-related rent concessions after June 30, 2021 (amendments to IFRS 16)	Yes	None
January 1, 2022	Onerous contracts – Cost of fulfilling a contract (amendments to IAS 37)	Yes	None
	Yearly improvements to the IFRS standards 2018 – 2020	Yes	None
	Property, plant and equipment: Proceeds before intended use (amendments to IAS 16)	Yes	None
	Reference to the conceptual framework (amendments to IFRS 3)	Yes	None
January 1, 2023	IFRS 17 Insurance contracts and amendments to IFRS 17 Insurance contracts	Yes	None

B. Composition of the group

B.1 Basic principles of consolidation

Intercompany balances and business transactions, as well as unrealized gains and losses from intercompany business transactions, were eliminated while preparing the consolidated financial statements in accordance with IFRS 10.B86. The accounting and assessment methods were applied consistently for all subsidiaries.

B.2 Consolidated companies

The consolidated financial statements include the individual financial statements of the company and its wholly-owned subsidiaries. Subsidiaries are enterprises that are controlled by the company. The company controls an enterprise when it is exposed to fluctuating returns as a result of its involvement in the enterprise and/or is entitled to these and has the ability to influence these returns through its discretionary power over the enterprise. Subsidiaries are consolidated from the date on which such control begins until the date on which such control ends. The acquisition costs for shares in subsidiaries within the context of company acquisitions are offset against the pro-rata fair value of the assets and liabilities acquired as at the date of acquisition. Any positive difference resulting from such offsetting is reported as goodwill and capitalized in the amount of the share acquired in the relevant subsidiary.

The names, headquarters and shares in the capital of the subsidiaries, i. e. the enterprises included in the consolidated financial statements in accordance with Section 313 (2) (1) HGB, are listed below.

In addition to Bike24 Holding AG, the following subsidiaries of the Bike24-Group are included in the group of consolidated companies:

Subsidiaries	Location	Percentage share of the holding
Bike24 Support ES, S.L.	Barcelona, Spain	100 %
Bike24 Retail GmbH	Dresden, Germany	100 %
Best Bike Brands GmbH	Dresden, Germany	100 %
Bike24 Service GmbH	Dresden, Germany	100 %
Bike24 GmbH	Dresden, Germany	100 %

The change in the group of consolidated companies in the corporate year 2021 is described in notes B.3 and B.4.

B.3 Merger of Bike24 Support GmbH and Bike24 Service GmbH

On April 27, 2021, the merger of two wholly-owned subsidiaries of Bike24 Holding AG was entered into the commercial register of Dresden District Court. With the merger agreement of December 3, 2020 and the resolutions passed by the stockholders' meetings of the legal entities involved on the same day, Bike24 Service GmbH was merged with Peloton MidCo2 GmbH by way of absorption. Peloton MidCo2 GmbH was renamed into Bike24 Service GmbH on the same day. The merger of Bike24 Support GmbH with Bike24 Holding AG was entered into the commercial register of Dresden District Court on August 5, 2021. With the merger agreement of June 17, Bike24 Support GmbH was merged with Bike24 Holding AG by way of absorption.

B.4 Foundation of Bike24 Support ES, S.L., Bike24 Retail GmbH and Best Bike Brands GmbH

In May 2021, Bike24 founded a foreign subsidiary, Bike24 Support ES, S.L., with headquarters in Barcelona, Spain. The company is a wholly-owned subsidiary of Bike24 Holding AG.

At the stockholders' meeting on November 30, 2021, a resolution was passed to establish Bike24 Retail GmbH as a wholly-owned subsidiary of Bike24 Holding AG, and the entry into the commercial register of Dresden District Court took place on December 29, 2021.

At the stockholders' meeting on December 1, 2021, a resolution was passed to established Best Bike Brands GmbH as a wholly-owned subsidiary of Bike24 Holding AG, and the entry into the commercial register of Dresden District Court took place on December 30, 2021.

C. Summary of the fundamental accounting and assessment methods

C.1 Difference between current and non-current classification

The Bike24-Group classifies assets and liabilities based on their remaining terms. Assets and liabilities are classed as current if they are expected to be realized within one year or within the normal operating business cycle of the Bike24-Group. The normal operating business cycle is less than one year, beginning upon the procurement of inventories and ending upon receipt of cash or cash equivalents as consideration for the sale of inventories. Inventories, trade receivables and other receivables, as well as trade liabilities, are classed as current in principle.

C.2 Foreign currency conversion

The consolidated financial statements of the Bike24-Group are prepared in euros. The euro is the working currency of the company and of the subsidiaries included in the group, and it is the reporting currency of the parent company. The working currency is determined for every company in the Bike24-Group. The items included in the financial statements of each company are valued using this working currency. The working currency is defined as the currency of the primary economic environment in which the relevant company operates. Business transactions in a foreign currency are converted at the exchange rate that applies on the date of the business transaction. Assets and liabilities in foreign currencies are converted at the reporting date rate for the relevant reporting period. Any resulting exchange differences are recorded in the consolidated profit and loss account and in the statement of comprehensive income.

C.3 Intangible assets and goodwill

Recognition and valuation

After initial recognition, intangible assets that have limited useful lives are valued at acquisition or manufacturing cost less accumulated depreciation and any accumulated impairment losses. The useful life of intangible assets may be determinable or non-determinable.

Within the context of the acquisition of Peloton MidCo2 GmbH in 2019, the goodwill, the brand, the customer relationships and the ERP software were recognized. The acquisition was recognized as a business combination in accordance with IFRS 3. The customer relationships were valued using the residual value method. Based on this method, the cash value of the expected payment flows from the customer relationships was calculated. The brand was valued using the license analogy method. The ERP software was valued using the replacement cost method.

Development costs are only capitalized if the acquisition and manufacturing costs can be determined reliably, the product or the process is technically and commercially realizable, it is likely that the Bike24-Group will receive future economic benefits from the asset and the Bike24-Group has the intention and adequate resources to complete the development of the asset and to use or sell it. Otherwise, the development costs are included in the consolidated profit and loss account and the statement of comprehensive income as part of the other expenses and the expenses for employee benefits, insofar as they are incurred. After initial recognition, the capitalized development costs will be assessed at acquisition and production cost less accumulated depreciation and accumulated impairment losses. In these consolidated financial statements, internal development costs in the sum of EUR 854 k (previous year: EUR 0 k) were capitalized.

Additional acquisition or production costs are only capitalized if they constitute an increase in the future economic benefit of the relevant asset. All other costs are included in the consolidated profit and loss account and the statement of comprehensive income under expenses for employee benefits and other expenses as at the date on which they are incurred.

Amortization

Intangible assets with determinable useful lives are amortized using the straight line method over the course of their estimated useful lives, provided that they are in usable condition. The amounts amortized are recognized in the consolidated statements of profit or loss and other comprehensive income within depreciation and amortization. If there are any indications that intangible assets with determinable useful lives may be subject to a reduction in value, they undergo impairment testing. The Bike24-Groups reviews the methods of amortization, the estimated useful lives and the residual values on every balance sheet date and adjusts these if necessary.

The Bike24-Group has estimated the following useful lives for intangible assets:

Type of intangible asset	Estimated useful life
Brand	15 years
Customer relationships	15 years
Software	3 – 5 years
Other intangible assets	3 – 5 years

Goodwill is reviewed by the company in respect of a reduction in value every year in the fourth quarter or if there are any indications that it may be subject to a reduction in value; further information on this is provided in note C.12.

C.4 Property, plant and equipment

Recognition and valuation

Property, plant and equipment are recognized at acquisition or manufacturing cost and subsequently valued less accumulated depreciation and any accumulated impairment losses.

The acquisition or manufacturing costs include the acquisition price and all directly attributable costs that are incurred to bring the asset to the location and to the necessary operational condition intended by the Executive Board. Property, plant and equipment are recognized as assets if it is likely that the future economic benefits associated with the asset that the company will receive are greater the benefits that would have been attained without acquiring the asset.

A profit or loss from the disposal of property, plant and equipment is reported in the consolidated profit and loss account and the statement of comprehensive income under other income or other expenses.

Additional acquisition costs are only capitalized if it is likely that the Bike24-Group will receive future economic benefits from the acquisition.

All repair and maintenance costs are recorded as at the date on which they are incurred.

Depreciation

Property, plant and equipment less estimated residual values are depreciated using the straight line method over the course of their estimated useful lives and reported in the consolidated profit and loss account and the statement of comprehensive income under depreciation. Land is not depreciated.

If significant parts of property, plant and equipment have different useful lives, they are recognized as separate items (components) in the tangible fixed assets and depreciated separately. These consolidated financial statements do not contain any assets that are recognized using this component-based approach.

Property, plant and equipment are generally depreciated using the straight-line method over their estimated useful lives:

Type of tangible fixed asset	Estimated useful life
Buildings	10 – 15 years
Technical equipment and machinery	5 – 14 years
Other equipment, factory and office equipment	3 – 23 years

Tenant fixtures are amortized over the course of the relevant lease or the estimated useful life of the asset, whichever is shorter.

Amortization methods, useful lives and residual values are reviewed on every balance sheet date and amended if necessary.

Bike24-Group assesses property, plant and equipment for impairment whenever there is an indication of potential impairment. Impairment losses are reversed if the reasons for them no longer exist.

C.5 Leases

At the beginning of the contract, the Bike24-Group assesses whether a contract gives rise to or contains a leasing relationship. A contract gives rise to a leasing relationship or contains a leasing relationship if it transfers the right to control the use of an identified asset for a specific period of time in exchange for a consideration.

The Bike24-Group's leasing relationships concern properties and cars. The terms and conditions of leases are negotiated on an individual basis and may contain a range of different stipulations. Leases can only be negotiated for a fixed period of time or contain renewal options.

To determine the terms of leases, all facts and circumstances that offer economic incentives to exercise renewal options are taken into account. The terms and conditions of leases contain fixed payments, as well as amounts that are expected to be payable within the context of a residual value guarantee; the exercise price within the context of a purchase option, the exercise of which the Bike24-Group is sufficiently certain of; lease payments in an option renewal period, if the Bike24-Group has sufficient certainty that a renewal option will be exercised, and contractual penalties for the premature termination of a leasing relationship, unless the Bike24-Group has sufficient certainty that the contract will not be terminated prematurely.

To determine whether the exercise of a renewal option is sufficiently certain, the Executive Board of the Bike24-Group examines the forecasts of the planned growth and the capacity of the existing leasing relationships.

The Bike24-Group records a right to use the leased asset and a leasing liability on the date of provision. The leasing liability is measured as the cash value of the expected lease payments over the term of the leasing relationship. The leasing liability is discounted using the implicit interest rate on which the leasing relationship is based or, if this cannot easily be determined, using the Bike24-Group's incremental borrowing rate. The Bike24-Group generally uses its incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Bike24-Group uses interest rates from various external financial data and makes certain adjustments to reflect the terms of the lease and the type of leased asset. The Bike24-Group used incremental borrowing rates of between 0.3 % and 0.69 % for the periods presented. Subsequently, leasing liabilities were valued at amortized acquisition cost using the effective interest method. They are revalued if future lease payments change due to a change in an index or interest rate, if the Bike24-Group changes its estimate of the amount that is expected to be payable within the context of a residual value guarantee, if the Bike24-Group changes its estimation of whether a purchase, renewal or termination option will be exercised, or if there are changes in in-substance fixed lease payments.

When a leasing liability is revalued in this way, a corresponding change is made to the book value of the right to use the asset. If the book value of the right to use the asset has been reduced to zero, this is recorded in the consolidated profit and loss account and the statement of comprehensive income under depreciation.

The interest expenses associated with the term of the leasing relationship are recorded over the term of the leasing relationship in the consolidated profit and loss account and the statement of comprehensive income.

Upon initial recognition, the right of use is valued at acquisition cost. This consists of the initial valuation of the leasing liability and all lease payments made before the provision date, plus all direct costs initially incurred, less all leasing incentives received and the estimated costs of the restoration of the relevant asset.

The right-of-use asset is then generally depreciated using the straight-line method over the term of the leasing relationship, unless ownership of the relevant asset is transferred to the Bike24-Group at the end of the lease term or the value of right-of-use asset reflects the exercise of a purchase option by the Bike24-Group. In this case, the right-of-use asset is depreciated over the useful life of the relevant asset. The useful life is estimated based on the same principles as when estimating the useful life of property, plant and equipment. The right to use the leased asset is regularly reduced by any reductions in value and adjusted by any revaluations of the leasing liability.

To date, no impairment losses have been identified on Bike24-Group's right-of-use assets.

The Bike24-Group reports right-of-use assets that do not satisfy the definition of investment properties on the consolidated balance sheet as tangible fixed assets and leasing liabilities under the other financial liabilities.

There are no leasing relationships in which the Bike24-Group is not the lessor as of the balance sheet date.

Short-term leasing contracts and leasing of low-value assets

The Bike24-Group has entered into leases that are covered by the exemption for low-value assets and short-term leases provided for in IFRS 16. They are not recognized on the consolidated balance sheet. The lease payments associated with these leasing relationships are recognized as an expense on a straight-line basis over the term of the leasing relationship.

C.6 Inventories

Inventories are recognized at the lower of acquisition or manufacturing cost and net realizable value. The acquisition and manufacturing costs are equivalent to the purchase price less purchase price reductions plus the costs incurred to transfer the inventories to their current location. The acquisition or manufacturing costs of inventories are calculated using the first-in, first-out method. The net realizable value is equivalent to the estimated sales revenue attainable in the course of ordinary business less the estimated costs of the sale.

In the event of a reduction in value of the inventories, the net realizable value is depreciated, and the lower net realizable value is recorded on the consolidated balance sheet. If circumstances in previous periods led to the depreciation of inventories to a value lower than the acquisition or manufacturing costs and these circumstances no longer apply, or if there are clear indications of an increase in the sale price, the value reduction previously recorded is reversed. Inventories are regularly reviewed as to how long they are stocked for. Inventories that are stocked for more than one year are devalued. The amount of the depreciation is based on historical empirical values, taking into account any expected price reductions due to the low rate of turnover.

The book value of the inventories is recorded as an expense if the inventories are sold. It is recorded under expenses for trade goods, consumables and supplies. Depreciation on the net realizable value and losses are recorded as an expense in the period in which they occur. Reversals of impairment losses are recorded in the period in which the reversal occurs.

C.7 Treasury shares

The Bike24-Group has bought back its own shares with the aim of issuing these to employees. As at the balance sheet date, any remaining treasury shares are openly deducted from the subscribed capital, see note E.2.

C.8 Financial assets and liabilities

A financial instrument is any contract which is a financial asset for one party and a financial liability or an equity instrument for another party at the same time. This includes both original financial instruments such as receivables and trade liabilities, as well as other receivables and liabilities such as derivative financial instruments, e.g. foreign exchange contracts.

C.8.1 Accounting and initial assessment

Trade receivables and issued debt instruments are recorded from the date on which they are incurred. All other financial assets and liabilities are recorded for the first time on the day of trading if the company is a contracting party in accordance with the contractual terms of the instrument.

A financial asset (except for a trade receivable without significant financial components) or a financial liability is valued at fair value upon initial recognition. In the case of an item that is not valued at fair value through profit or loss (FVTPL), the transaction costs that are directly attributable to the acquisition or issue of it are added or deducted. Trade receivables without significant financial components are valued at the transaction price upon initial valuation.

C.8.2 Classification and subsequent valuation

C.8.2.1 Financial assets

Upon initial recognition, a financial asset is classified and valued as follows:
- at amortized acquisition cost
- FVOCI debt instruments (investments in debt instruments that are valued at fair value with changes in comprehensive income)
- FVOCI equity investments (equity investments measured at fair value with changes in other comprehensive income)
- FVTPL (fair value with value adjustments in the profit or loss, particularly derivatives)

Financial assets are not reclassified following initial recognition, unless the Bike24-Group changes it business model for managing financial assets. In this case, all affected financial assets are reclassified on the first day of the reporting period following the change to the business model.

A financial asset is valued at amortized acquisition cost if both of the following conditions are met:
- It is covered by a business model, the aim of which is to hold financial assets for the collection of contractual cash flows, and
- the contractual terms of the financial asset lead at specific times to cash flows that exclusively constitute repayments and interest payments on the outstanding capital sum.

A financial asset is recognized directly in equity at fair value in other comprehensive income if both of the following conditions are met:

- It is covered by a business model, the aim of which is the collection of contractual cash flows and the sale of financial assets, and
- the contractual terms of the financial asset lead at specific times to cash flows that exclusively constitute repayments and interest payments on the outstanding capital sum.

In all other cases and in the case of derivatives in particular, the financial assets are valued at fair value through profit or loss.

The cash and cash equivalents include the cash and cash equivalents reported on the consolidated balance sheet. The cash and cash equivalents include cash in hand and balances at banks, including payment services providers with a banking license. There were no restrictions on disposal in any of the periods presented.

Evaluation of the business model

The Bike24-Group performs an evaluation of the aims of the business model in which the financial asset is held at portfolio level, because this best reflects the way in which the company is managed and information is provided to the management. The information to be taken into account includes:

- The specified guidelines and aims for the portfolio and the implementation of these guidelines in practice; this includes whether the managerial strategy is aimed at collecting contractual interest earnings, maintaining a specific interest rate profile, aligning the term of a financial asset with the term of an associated liability or the expected outflows, or realizing cash flows through the sale of assets;
- How the results of the portfolio are evaluated and reported to the management;
- The risks that affect the results of the business model (and the financial assets held in accordance with this business model) and how these risks are managed;
- How the management is remunerated – for example, whether the remuneration is based on the fair value of the assets managed or on the contractual cash flows collected – and
- The frequency, scope and date of sales of financial assets in previous periods and the expectations of future sales activities.

Assessment of whether the contractual cash flows are exclusively repayments and interest rate payments

For the purposes of this assessment, the "capital sum" is defined as the fair value of the financial asset upon initial recognition. "Interest" is defined as the fee for the fair value of the funds and for the risk of default associated with the outstanding capital sum over a certain period of time, as well as for other fundamental credit risks, costs (e.g. liquidity risk and administration costs) and a profit margin.

When assessing whether the contractual cash flows are exclusively interest payments and repayments of the capital sum, the Bike24-Group takes into account the contractual agreements relating to the instrument. This includes an assessment of whether the financial asset contains a contractual agreement that could change the date or the amount of the contractual cash flows, so that these no longer meet these conditions. When performing this assessment, the Bike24-Group takes into account:

- Certain events that would change the amount or the date of the cash flows;
- Terms that would adjust the interest rate, including variable interest rates;
- Early repayment and renewal options, and
- Terms that restrict the Bike24-Group's claim to cash flows from a specific asset (e.g. no rights of recourse).

An early repayment option is compliant with the criterion of exclusive interest payments and repayments if the amount of the early repayment primarily comprises unpaid interest payments and repayments against the outstanding capital sum, whereby a reasonable fee can be included for the early termination of the contract. In addition, a condition for a financial asset which is acquired for a premium or a discount on the contractual nominal amount that allows or requires an early repayment to be made in an amount that primarily comprises the contractual nominal amount plus accrued (but not yet paid) contractual interest (which may include a reasonable fee for the early termination of the contract) is considered to be compliant with the criterion provided that the fair value of the early repayment option at the beginning is not significant.

Subsequent valuation and profits and losses

Financial assets valued at amortized acquisition cost

These assets are subsequently valued at amortized acquisition cost using the effective interest method. The amortized acquisition costs are reduced by impairment losses. Interest earnings, currency exchange gains and losses and impairment losses are included in the profit or loss. A profit or loss from derecognition is included in the profit or loss.

Financial assets valued through profit or loss at fair value

These assets are subsequently valued at fair value. Net profits and losses, including any interest or dividend earnings, are included in the profit or loss.

Impairment of non-derivate financial assets

The Bike24-Group recognizes valuation allowances for expected credit losses ("ECL") under:
- Financial assets that are valued at amortized cost.

The Bike24-Group measures the valuation allowances based on the level of expected credit losses throughout the term, except for the following valuation allowances, which are measured based on the level of the expected 12-month credit loss:
- Debt instruments that exhibit a low default risk as at the balance sheet date, and
- other debt instruments and bank balances for which the default risk (e.g. the credit default risk throughout the expected term of the financial instrument) has not significantly increased since initial recognition.

When determining whether the default risk of a financial asset since initial recognition has significantly increased, and when estimating expected credit losses, the Bike24-Group takes into account appropriate and reliable information that is relevant and available without any unreasonable amount of time and expense. This includes both quantitative and qualitative information and analyses based on the Bike24-Group's previous experiences and well-founded evaluations, including future-orientated information.

The Bike24-Group assumes that the credit risk of a financial asset has significantly increased if it has been overdue for more than 30 days.

The Bike24-Group considers a financial asset to have been defaulted on when:
- It is unlikely that the debtor will be able to fully satisfy its credit liability to the Bike24-Group without the Bike24-Group having to resort to measures such as the realization of securities (if available), or
- the financial asset has been overdue for more than 180 days.

Lifetime expected credit losses are the expected credit losses that result from all the possible default events throughout the expected life of the financial instrument.

12-month credit losses are the proportion of the expected credit losses that result from possible default events within twelve months of the transaction date (or a shorter period of time, if the expected life of the instrument is less than twelve months).

The maximum period to be taken into account when estimating expected credit losses is the maximum contractual period over which the Bike24-Group is exposed to a credit risk.

Depreciation and amortization

The gross book value of a financial asset is depreciated if, based on a reasonable evaluation, the Bike24-Group does not expect the financial asset to be realizable, either wholly or partly. The Bike24 depreciates the gross book value if the financial asset is overdue for more than 180 days, based on previous experiences of realizing such assets.

C.8.2.2 Financial liabilitiesClassification, subsequent valuation and profits and losses

Financial assets are usually classed as being valued as amortized acquisition costs, including trade liabilities and loan commitments. A financial liability is classed as valued through profit and loss at fair value if it classed as held for trade purposes, it concerns a derivative or it is designated as such upon initial recognition. Financial liabilities that are classed as valued through profit and loss at fair value are valued at fair value, and net profits and losses, including any interest expenses, are recorded in the consolidated profit and loss account and the statement of comprehensive income. Other leasing liabilities are subsequently valued at amortized acquisition cost using the effective interest method. Interest expenses and foreign currency conversion gains and losses are included in the profit or loss. A profit or loss from derecognition is also recognized in the profit or loss.

Fees paid for the provision of credit facilities are recorded as the transaction costs of the loan if it is likely that all or part of the credit facility will be utilized. In this case, the fee is deferred until the credit facility is utilized. If there are no indications that the full or partial utilization of the credit facility is likely, the fee is capitalized as a prepayment for the provision of the credit facility and recognized as an expense over the term of the relevant credit facility. Subject to certain conditions, embedded derivatives are separated from the underlying contract and recognized separately.

C.8.3 Derecognition

C.8.3.1 Financial assets

The Bike24-Group derecognizes a financial asset when:

- Its contractual entitlement to cash flows from the financial asset expires or
- it transfers its entitlement to the receipt of contractual cash flows to a transaction in respect of which either:
  - all risks and opportunities associated with ownership of the financial assets are generally transferred or
  - if the Bike24-Group generally neither transfers nor retains all risks and opportunities associated with such ownership and does not retain the right of disposal over the transferred asset.

C.8.3.2 Financial liabilities

The Bike24-Group derecognizes a financial liability if the contractual liabilities have been fulfilled or rescinded or have expired. The Bike24-Group also recognizes a financial liability if its contractual terms have been changed and the cash flows from the amended liability are significantly different. In this case, a new financial liability based on the amended terms is recognized at fair value.

When derecognizing a financial liability, the difference between the book value of the settled liability and the fee paid (including transferred non-cash assets or assumed liabilities) is included in the profit or loss.

C.8.4 Offsetting

Financial assets and liabilities are netted and reported as net amounts on the balance sheet if the Bike24-Group has a current, enforceable legal right to offset the recorded amounts off against each other and it is planning either settlement on a net basis or dissolution of the corresponding liability at the same time as realization of the asset concerned.

C.8.5 Valuation at fair value

The fair value is the price at which an asset would be sold or a debt would be transferred on the valuation date in an ordinary business transaction on the main market or, if there isn't one, on the most favorable market to which the Bike24-Group has access at this point. The fair value of a debt reflects the risk of non-fulfilment.

Some of the Bike24-Group's accounting methods and notes require the calculation of fair values for financial and non-financial assets and liabilities. If available, the Bike24-Group calculates the fair value of a financial instrument based on quoted prices on an active market for this instrument. A market is considered active when transactions involving the relevant asset or the relevant liability are carried out with sufficient frequency and on a sufficient scale for price information to be continuously available.

If there are no quoted prices on an active market, the Bike24-Group uses valuation techniques that maximize the use of relevant, observable inputs and minimize the use of unobservable inputs. The valuation technique used takes into account all factors that market participants would consider when pricing such a transaction.

If an asset or a liability that is valued at fair value has a bid price and an ask price, the Bike24-Group values assets and long positions using the bid price and liabilities and short positions using the ask price.

The best evidence of the fair value upon initial recognition of a financial instrument is generally the transaction price, i. e. the fair value of the consideration paid or received. If the Bike24-Group determines that, upon initial recognition, the fair value differs from the transaction price and the fair value is neither evidenced by a quoted price on an active market for an identical asset or an identical liability nor based on a valuation technique in which all non-observable inputs can be considered irrelevant, this financial instrument is to be valued at fair value upon initial recognition. This amount is adjusted to distinguish the difference between the fair value and the transaction price. During subsequent valuation, this difference is included in the profit and loss in an appropriate manner over the life of the instrument, but no later than when fully valuing it using observable market data or derecognizing the transaction.

The Bike24-Group has established a control framework concept for the determination of fair values. This includes a finance team that takes general responsibility for monitoring all fundamental valuations at fair value, including the fair values of Level 3, and reports directly to the Executive Board.

The finance team carries out a regular review of the fundamental, non-observable inputs and the valuation adjustments. If information from third parties, e.g. quoted prices from brokers or price information services, is used to determine fair values, the finance team reviews the evidence obtained from the third parties to determine whether such valuations meet the requirements of IFRS, including the levels of the fair value hierarchy to which these valuations are to be allocated.

Significant valuation issues are reported to the Executive Board of the Bike24-Group.

When determining the fair value of an asset or a liability, the Bike24-Group uses data that is observable on the market, where possible. Based on the inputs used in the valuation techniques, the fair values are categorized into the different levels of the fair value hierarchy:

- Level 1: Quoted (unadjusted) prices on active markets for identical assets and liabilities
- Level 2: Valuation parameters that are not quoted prices included in Level 1 but that can be observed for the asset or liability, either directly (i.e. as a price) or indirectly (i.e. by deriving prices)
- Level 3: Valuation parameters for assets or liabilities that are not based on observable market data.

If the inputs used to determine the fair value of an asset or a liability can be allocated to different levels of the fair value hierarchy, the valuation of the fair value in its entirety is assigned to the level of the fair value hierarchy that corresponds to the lowest input that is relevant for valuation overall.

C.9 Employee benefits

Share-based Payment Transactions

Equity-settled share-based payment arrangements have been concluded with the Management Board and employees in management positions. The signing date of the share-based payment arrangement corresponds to the grant date. The fair value at the grant date is determined using a suitable valuation model and recognized as an expense on a straight-line basis until the vesting date, with a corresponding increase in equity.

All employees who were already working in the Group on the day Bike24 Holding AG went public were granted a bonus in the form of a transfer of an equity instrument. The expenses were determined at the fair value on the grant date and recognized in personnel expenses.

Cash-settled share-based payment transactions, which are linked to certain performances, have been granted to employees in managerial positions. The provision is revalued on each balance sheet date depending on the expected changes in value, and the resulting income or expense is recognized in the income statement. The expense recognized up to the vesting date corresponds to the fair value, taking into account a fluctuation probability.

Other short-term employee benefits

The current benefits due to employees of the Bike24-Group are recorded in the period in which the benefits are provided. The Bike24-Group records a liability in the sum of expected amount payable if there is a current legal or effective obligation to pay this amount due to the employee's performance in the past and the amount of the liability can be estimated reliably.

C.10 Provisions

The Bike24-Group recognizes provisions for current legal or effective obligations arising from a previous event, provided that the outflow of resources with economic benefits for fulfilment of this obligation is likely and the amount of the obligation can be reliably estimated. Provisions are recognized at cash value on the balance sheet date. This is determined by the Executive Board based on the estimated necessary costs of fulfilling the current obligation.

The amount of the provisions is determined by discounting the expected future cash flows with an interest rate before taxes that reflects current market evaluations in respect of the interest effect and the risks specific to the liability. The accumulation of interest on provisions is recognized as a financial expense.

The statutory warranty period for products sold by the Bike24-Group is 24 months. A provision for warranties is recorded on the date of the sale of the relevant products. The amount of the provision for warranties is based on estimates using historical warranty data and the expected probability of warranties being used.

C.11 Sales revenue from contracts with customers

The sales revenue of the Bike24-Group is reported in the consolidated profit and loss account and the statement of comprehensive income under the item sales revenue. IFRS 15 contains principles for reporting to the recipients of financial statements in respect of the type, amount, date and uncertainty of sales revenue and cash flows from a company's contracts with customers. In accordance with IFRS 15, the Bike24-Group realizes sales revenue when the power of disposal over goods is passed to the customer. This occurs upon completion of the delivery. The Executive Board uses the follow five-step model to determine the date and amount of revenue realization:

1. Identification of contacts with customers;
2. Identification of separate performance obligations;
3. Determination of the transaction price;
4. Division of the transaction price into separate performance obligations; and
5. Realization of sales revenue upon fulfilment of individual performance obligations.

The Bike24-Group attains a significant part of its sales revenue from the sale of goods and services via its website (online sales).

The Bike24-Group realizes sales revenue from the transfer of goods or services to customers. Sales revenue is realized in the amount equivalent to the expected consideration that the Bike24-Group will receive for the transfer of goods or services. The total consideration is made up of fixed amounts. Sales revenue is realized when the customer obtains power of disposal over the goods. When ordering via the website, the customer obtains power of disposal when delivery is made. When buying goods in a store, the customer obtains power of disposal over the goods at the point of purchase.

A delivery is made when the goods are shipped to their destination, the risks of destruction are passed to the customer and the customer has either accepted the goods in accordance with the sales contract, the conditions of acceptance have expired or the Bike24-Group has objective indications that all the criteria for fulfilment have been fulfilled.

The Bike24-Group evaluates all the provided goods and services and identified performance obligations at the start of the contract. Contracts with customers contain an individual performance obligation, e.g. the sale of a distinguishable bundle of goods and the associated activities to supply these foods and services (packaging, dispatch, credit card processing, settlement of charges and other transaction processing activities). As these associated activities are not independently distinguishable performance obligations, the revenue from these services is recognized as at the point at which the performance obligation between the seller and the customer is fulfilled.

The contracts with customers do not contain any significant financial components. Invoices are issued upon dispatch of the goods and are generally payable within 30 days. When goods are purchased in a store, payment is generally made immediately in the store.

If power of disposal has not yet been transferred to the customer, a contractual liability is recorded. As soon as the customer obtains power of disposal over the goods, the corresponding revenue from the contractual liability is realized. Customers have the option to pay by credit card, invoice, SOFORT transfer, PayPal or cash in advance. Payments received in advance from sales of goods are recorded as a contractual liability until the goods are dispatched under other liabilities on the consolidated balance sheet. As goods are usually delivered to customers within 5 days, contractual liabilities are not discounted.

Customers can return or exchange goods they have received within 14 days of receipt. Sales revenue is recorded to the extent that it is highly likely that there will not be a substantial adjustment to the accumulated sales revenue received. The Bike24-Group records a refund liability for expected returns as a reduction in the sales revenue and a right of return as a reduction in the expenses for trade goods, consumables and supplies. The amount of the refund liability and the right of return is determined based on historical data concerning the product groups. The right of return is valued at the previous book value of the goods less the expected costs of return. The refund liability is reported under other liabilities and the right of return under other assets. The Bike24-Group reviews the estimates of expected returns on every balance sheet date and updates the previously reported right of return and return liability amounts accordingly.

As the contracts only contain one single performance obligation, the transaction price is assigned to this performance obligation.

C.12 Impairment of non-financial assets

At each balance sheet date the Bike24-Group reviews the carrying amounts of its non-financial assets (with the exception of inventories and deferred tax assets, to determine whether there are any indications of impairment. If such indications exist, the recoverable amount of the asset is estimated. Goodwill is checked annually for impairment.

For the impairment test, assets are grouped into the smallest group of assets that generate cash flows from ongoing use that are largely independent of the cash flows from other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the higher of its value in use and its fair value less costs of disposal. The fair value less costs of disposal is based on the amount obtainable from the sale of an asset or CGU in a transaction at market conditions between knowledgeable, willing parties after deducting costs of disposal associated with the transaction. The use value is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized when the book value of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized within depreciation and amortization in the consolidated income statement and statement of comprehensive income. Any depreciation and amortization is initially made on the goodwill, any remaining, exceeding depreciation and amortization amount reduces the book value of other assets of CGUs on a pro rata basis.

There are no reversals of impairment losses on goodwill. For other assets, an impairment loss is reversed only to the extent that the book value of the asset does not exceed the book value that would have resulted after deducting depreciation and amortization had no impairment loss been recognized.

C.13 Income tax

Income tax expense or income includes current and deferred taxes. It is generally recognized in the consolidated income statement and statement of comprehensive income, except to the extent that income tax expense or income relates to a business combination or to items recognized directly in equity or other comprehensive income (OCI).

Current tax

Current tax comprises the expected tax liabilities or receivables on the taxable income or tax loss for the corporate year and any adjustment to the tax liabilities or receivables from previous periods. The amount of current tax liabilities or receivables is the best estimate of the tax amount that is expected to be paid or reimbursed, and reflects any tax uncertainties. The amount for expected tax liabilities or receivables is determined using the tax rate applicable, or enacted by law, at the balance sheet date. The Bike24-Group operates in Germany and Spain and generates its taxable income in those two countries.

Current taxes that relate to items directly included in equity are included in equity and not in the consolidated income statement and statement of comprehensive income. The Board of Directors regularly assesses individual tax issues to determine whether there is any room for interpretation with regard to the applicable tax regulations. If necessary, income tax liabilities are recognized.

Current tax assets and liabilities are only netted if certain criteria are met.

Deferred tax

Deferred taxes are recognized with regard to temporary differences between the book values of assets and liabilities for consolidated accounting purposes and the book values used for tax purposes. Deferred taxes are not recognized for:

- temporary differences arising from the initial recognition of assets or liabilities in an accounting transaction which is not a business combination and that does not affect either the accounting result before taxes or the taxable income;
- temporary differences associated with investments in subsidiaries, associated companies and joint agreements, to the extent that it is probable that they will not reverse in the foreseeable future and in the case of deductible temporary differences where no taxable profits will be available, in the case of taxable temporary differences where the Bike24-Group is able to control the timing of the reversal of those temporary differences, and
- taxable temporary differences from the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of the relevant taxable temporary differences. If the amount of taxable temporary differences is not sufficient to fully activate a deferred tax asset, future taxable profits are determined, adjusted for the reversal of existing temporary differences, based on the business plans of the individual subsidiaries of the Bike24-Group. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the associated tax benefit will be realized. Such depreciation and amortization is reversed when the likelihood of using future taxable profits increases.

Unrecognized deferred tax assets are reviewed at each balance sheet date and recognized to the extent that it has become probable that a future taxable profit will be available, against which they can be used.

Deferred taxes are valued using the tax rates expected when the temporary differences are reversed and when the tax loss carryforwards are used. The tax rates that are valid or passed on the balance sheet date are used as a basis for valuing deferred taxes as of the balance sheet date. Deferred taxes reflect any uncertainty related to income tax.

The valuation of deferred taxes reflects the tax consequences that result from the Bike24-Group's expectations with regard to the way in which the book values of its assets will be realized or its liabilities will be settled as of the balance sheet date.

Deferred tax assets and deferred tax liabilities are netted if the Bike24-Group has a legally enforceable right to offset the tax asset against actual tax liabilities and the deferred tax assets and liabilities relate to income taxes that are levied by the same tax authorities for the same taxable entity or different taxable entities, who intend to either settle the actual tax liabilities and assets on a net basis or to settle the current tax liability at the same time as recovering the asset or liability in each future period in which a significant amount of the deferred tax liability or assets is expected to be settled or realized.

The Bike24-Group uses IFRIC 23. IFRIC 23 clarifies the application of recognition and valuation regulations of IAS 12, if there is uncertainty regarding income tax treatment. Estimates and assumptions must be made for recognition and valuation, e. g. whether an assessment is made separately or together with other uncertainties, a probable or expected value is used for the uncertainty and whether there have been any changes compared to the previous period. The risk of detection is irrelevant for accounting for uncertain balance sheet items. Accounting is based on the assumption that the tax authorities investigate the matter in question and that they have all the relevant information.

C.14 Segment reporting

A business segment is a corporate component of the Bike24-Group that carries out a business activity that generates sales, in which expenses can be incurred and for which separate financial information is available that is used by the chief operating decision maker (CODM) to make decisions about the allocation of resources and to review the operating results of the Bike24-Group. The Bike24-Group has designated its Chief Executive Officer and Chief Financial Officer jointly as the CODM.

C.15 Earnings per share (EPS)

On May 18, 2021, the company increased its authorized capital from the company's own resources of EUR 25 k from EUR 37,475 k to EUR 37,500 k. As part of this capital increase the preferential rights of the preferred shares were cancelled and they became ordinary shares. After this capital increase the total number of the company's ordinary shares was 37,500,000.

This was a capital increase from business funds, that resulted in an increase in the number of ordinary shares in issue, without there being a corresponding change in the company's resources. In accordance with IAS 33.27 in conjunction with IAS 33.64 the company made a retrospective adjustment in determining the number of ordinary shares in issue when calculating the earnings per share for the corporate years 2020 and 2021. The retrospective adjustment was made as if the capital increase had taken place at the beginning of the 2020 corporate year. As a result, the number of ordinary shares in issue as of January 1, 2020 was 37,500,000, which was included accordingly in the calculation of the diluted and basic earnings per share for the corporate years 2020 and 2021. EPS are calculated by dividing the profit for the period, which the shareholders of the Bike24-Group are entitled to, by the weighted average number of shares in the reporting period. All shares issued by the Bike24-Group are outstanding. The issue of share options has a diluting effect that has an affect on the earnings per share. If there is a non-dilutive effect, the corresponding instruments are not taken into account when calculating the diluted earnings per share.

C.16 Significant discretionary decisions, assumptions and estimations uncertainties

The preparation of the Bike24-Group's consolidated financial statements according to IFRS requires the Board of Directors to make discretionary decisions, estimations and assumptions that have an impact on the reported assets, liabilities, income and expenses as well as on the associated disclosures in the notes and the reporting of contingent liabilities. Actual results may differ from these estimates.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Any changes in estimates are recognized prospectively in accordance with IAS 8 Calculation methods, changes in estimates and errors.

Significant discretionary decisions

Disclosures concerning discretionary decisions in the application of accounting and valuation policies that have the most significant effect on the amounts recognized in the financial statements are set out below:

Intangible assets: Goodwill impairment test
The Bike24-Group carries out an annual audit to determine whether the goodwill is subject to impairment in accordance with the accounting and valuation policies set out in note C.3. The recoverable amount of the CGU was determined using calculations of the fair value less costs of disposal and subjected to a sensitivity analysis. These calculations require the use of estimates (see note F. 1).

Revenue: Revenue reduction

By law, customers trading online have the option of returning goods within a period of 14 days without giving reasons. A provision is determined for this situation based on past returns rates and reported under the term "right of return". In contrast, there is an asset value of the goods that are returned to the warehouse.

Leases: Incremental borrowing rates and the exercise of extension options

Rates from various external financial data are used to determine incremental borrowing rates and certain adjustments are made to reflect the terms of the lease and the type of leased asset. See note C.5 on the exercising of extension options.

Significant estimate uncertainties

Intangible assets: Goodwill impairment test

The Bike24-Group carries out an annual audit to determine whether the goodwill is subject to impairment in accordance with the accounting and valuation policies set out in note C.3. The recoverable amount of the CGU was determined using calculations of the fair value less costs of disposal and subjected to a sensitivity analysis. These calculations require the use of estimates (see note F.1).

Inventories: Valuing inventories

Inventories are recognized at the lower cost of acquisition or production cost and net realizable value, which requires an estimate of the future net realizable value of the inventories. When estimating the net realizable value of inventories, the Bike24-Group takes into account the quantity and age structure of the inventory, the expected sales volumes, expected sales prices and the sales costs considering long-term average values. See note F.3.

Deduction of transaction costs from capital reserves in connection with the IPO

Transaction costs of EUR 9.7 m were incurred in connection with the IPO. Due to the application of IAS 32, expenses of EUR 3.8 m were deducted from capital reserves as of December 31, 2021, taking into account the deferred taxes attributable to these expenses. The Bike24 Holding AG exercised its discretion to apportion transaction costs that cannot be clearly attributed to the issue of new shares by means of an appropriate breakdown and only recognize them pro rata in equity. See Note F.6.

C.17 Estimations and valuations due to the COVID-19 pandemic

In the 2021 corporate year the Bike24-Group's business and economic environment was affected by the COVID-19 pandemic, with certain mitigating effects resulting from the various measures taken by the company, the government and the state.

Bike24-Group's order intake, sales and earnings figures were positively influenced by the COVID-19 pandemic in the past corporate year. The shift in demand from bricks-and-mortar retail to online trade was further accelerated by the COVID-19 pandemic.

Due to the sustained spread of the virus and the resulting restrictions to public life it is difficult to predict the duration and extent of the impact on the assets, finances, income situation and cash flow of the Bike24-Group. The accounting-related estimates and assumptions made or taken when preparing the consolidated financial statements as of December 31, 2021 reflect the currently available knowledge and information. Experiences from 2020 and 2021 show that the COVID-19 pandemic has had an impact on the availability of delivery, which Bike24 was able to counteract with an adapted purchasing strategy. Hence, stock was expanded significantly, especially in Parts/Accessories/Clothing, thus ensuring a good basis for sustained growth to be achieved in the long-term. The Bike24-Group continues to assume that the COVID-19 pandemic will not last long. Consequently, Bike24-Group assumes that the resulting impact on the consolidated financial statements will not be significant. Above all the experiences of the past year have shown this. The review of the fair values of the assets and liabilities did not result in any need for impairment, even taking into account the impact of COVID-19. The payment behavior of customers has not deteriorated significantly either, so that the intrinsic value of trade accounts receivable has not been affected by COVID-19. In addition, the estimate of the loss-free valuation of the inventories was updated to take into account the expected impact of the COVID-19 pandemic, which did not result in a material impact.

D. Segment reporting

The Bike24-Group consists of an operational and reportable segment, based on how the CODM assesses the operating results and the allocation of resources of the Bike24-Group. Net sales are used to measure performance, as the Board of Directors considers this information to be the most relevant when comparing the Bike24-Group to other companies operating in the same sectors.

The following table shows the revenue of the Bike24-Group by region. The regions include the country where the company has its headquarters and other main markets. To present geographic information revenue have been broken down into the geographical location of customers.

in EUR k	2021	2020
Germany	144,939	115,117
Austria and Switzerland	25,290	21,691
Rest of Europe	59,067	46,968
Rest of World	20,868	15,375
Total	**250,164**	**199,151**

In the previous financial statements, the UK was assigned to Europe, in these financial statements the UK is assigned to the group "Rest of world". The amounts of the comparison periods have not been adjusted. Sales to customers in the UK (included in European economic area) were EUR 3.667 k in 2020 and EUR 872 k in the three months period ended December 31, 2020.

With the exception of Germany, no other country accounted for more than 10 % of the Bike24-Group's revenues.

Essentially, all the revenue amounts originate from the sale of goods. No single customer contributed more than 10 % of Bike24-Group revenues in the corporate year's presented. All significant long-term assets are located in Germany.

E. Notes to the consolidated statements of profit or loss and other comprehensive income

E.1 Revenue

Bike24-Group's revenue is composed of the following product categories:

in EUR k	2021	2020
Parts, accessories and clothing	167,340	132,472
Traditional and e-bikes	24,520	18,619
Other	58,304	48,060
	250,164	**199,151**

All revenues are transferred at one time.

In the financial year 2021 revenues from contractual liabilities amounted to EUR 2,714 k (previous year: EUR 1,057 k). Essentially contractual liabilities relate to payments received from customers, for which the goods have not yet been transferred to the customer. Further details on contractual liabilities can be found in note F.11.

E.2 Personnel expenses

Personnel expenses consist of the following:

in EUR k	2021	2020
Wages and salaries	– 12,711	– 10,609
Social secruity costs	– 2,655	– 2,020
Expenses for long-term incentive plans	– 185	–
Growth bonus expenses	– 825	– 465
Expenses for share-based compensation	– 1,762	–
Expenses for employee shares	– 293	–
Other personnel expenses	– 4,720	– 2,251
Total	**– 23,151**	**– 15,345**

As of December 31, 2021 the Bike24-Group has the following share-based payment arrangements; we refer to Note C.9 for general accounting methods:

Share options program with settlement using equity instruments

In the second half of 2021, share options were granted to two Executive Board members and 14 employees in management positions. The share options are non-forfeitable after one year and may be exercised after a waiting period of 4 years from the grant date. The grant date corresponds to the date on which an employee signs up to the share options program and is between July 1, 2021 and December 26, 2021. For each employee, the weighted fair value of their share option is calculated using the Black-Scholes formula with the respective daily rate on the grant date. In total, 265,184 share options with a weighted average fair value of EUR 9.45 were issued. As at December 31, 2021, no share options had been exercised. The expenses as at December 31, 2021 amount to EUR 1,762 k (2020: EUR 0 k).

Volatility was determined based on the market entry of the Bike24-Group in June 2021. The share prices and their daily changes of six companies similar to the Bike 24-Group over a period of four years were used for this purpose. The period is based on the waiting period for exercise of the share options.

Input parameters	2021	2020
Fair value on grant date (in EUR)	2.68 to 12.44	–
Share price on grant date (in EUR)	14.55 to 25.26	–
Exercise price (in EUR)	15.00 to 22.18	–
Expected volatility (weighted average, in %)	40.96 to 41.46	–
Expected term (weighted average, in years)	4.00	–
Expected dividends (in %)	0.00	–
Risk-free interest rate (based on government bonds, in %)	– 0.56 to – 0.68	–

Long Term Incentives Plan

In the first quarter of 2021, the company released a program for long-term employee benefits (Long Term Incentive Plan 2021, "LTIP 2021") for employees in management positions. The program is subject to a vesting period of 4 years and operates using cash. The amount of the cash payment depends on the EBITDA growth. In accordance with IAS 19, the personnel costs resulting from the program in the sum of EUR 989 k are distributed over the vesting period. As at the effective date of December 31, 2021, EUR 185 k is recorded under personnel costs. The provisions for other long-term employee benefits include the cash value of the liabilities payable to employees.

Employee shares

In September 2021, Bike24 Holding AG repurchased 17,000 treasury shares at an average price of EUR 23.87 in order to give them away to its employees. The grant date was the day on which employees submitted their deposit account numbers and was between November 4, 2021 and December 2, 2021. The fair value of each employee's share present was determined according to the respective daily rate. In total, 15,665 shares with a weighted average fair value of EUR 18.68 were presented to the employees on December 16, 2021. Expenses in the sum of EUR 293 k are recorded under personnel costs. The remaining 1,335 treasury shares are identified as treasury shares in equity capital. See note F.6 in this regard.

Other employee benefits

Growth bonus program with cash compensation

In February 2020, the Bike24-Group introduced a growth bonus program with cash compensation. Four employees in management positions were warranted a cash payment claim which is due and payable at a certain event. The maximum payment claim is EUR 1,500 k. The first part was due upon the company's successful IPO, the second part is payable when further conditions are presented. In the 2021 corporate year, EUR 625 k was paid out in connection with the successful IPO; as one employee left, part of the provision was released. At the balance sheet date, a provision in the sum of EUR 500 k is shown for the growth bonus. Further bonus in the course of the IPO in the sum of EUR 165 k were issued to employees.

During the 2021 corporate year the company employed an average of 419 staff, of which 90 were commercial, 249 full-time, 2 casuals and 79 part-time workers. In 2020 an average of 354 staff were employed, of which 83 were commercial, 203 full-time, 7 casuals and 61 part-time workers. Other staff expenses essentially consist of costs for temporary workers in logistics, which also increased by EUR 1,553 k compared to the previous year.

E.3 Expenses for merchandise, consumables and supplies

Expenses for merchandise, consumables and supplies consist of the procurement of goods to generate sales from contracts with customers.

in EUR k	2021	2020
Goods to generate sales revenue from contracts with customers	– 171,021	– 138,090
Inventory write-downs	– 377	0
Reversal of write-downs	0	216
Total	**– 171,398**	**– 137,874**

Reversals of write-downs in the previous year resulted from increased clearance sales of old goods.

E.4 Impairment loss on trade receivables

As part of receivables management, trade receivables in the amount of EUR 242 k (previous year: EUR 147 k) were derecognized in 2021. In the 2021 corporate year, expected credit defaults on trade receivables amounting to EUR 26 k (previous year: EUR 67 k) were recognized. Information on the method of determining the expected credit losses is set out in Notes F.12.1a and C.8.

E.5 Other expenses

Other operating expenses are as follows:

in EUR k	2021	2020
Marketing costs	– 19,997	– 16,077
Performance marketing costs	– 1,562	– 470
Transaction costs	– 5,916	– 529
Other operating expenses	– 7,738	– 4,879
Total	**– 35,213**	**– 21,954**

Marketing costs essentially consist of packaging and freight costs and fees to payment service providers. The rise in these costs is due to increased sales. The Bike24-Group has increased its performance marketing costs to support its growth strategy. The rise in distribution and marketing costs in 2021 compared to 2020 is mainly due to the Bike24-Group's growth strategy. Transaction costs are connected to the IPO on June 25, 2021, the transaction costs of the previous year result from the acquisition of Peloton MidCo2 GmbH. The increase in other operating expenses in the amount of EUR 2,859 k results from higher consulting costs in the amount of EUR 1,486 k, which mainly result from internationalization, the founding of the three subsidiaries, the merger and other projects. In addition, the costs for general advertising efforts are EUR 518 k higher than the previous year and IT and communications expenses have also risen by EUR 569 k.

E.6 Finance expense, net

The finance expenses, net consists of the following:

in EUR k	2021	2020
Finance income		
Other finance income	1	1
Finance expense		
Interest expense from leasing contracts	– 53	– 73
Interest expense on liabilities to banks	– 1,870	– 4,213
Valuation effect derivative	–	– 3,808
Prepayment penalty	0	– 880
Other interest expenses	– 320	– 164
	– 2,243	**– 9,138**
Finance expense, net	**– 2,243**	**– 9,137**

E.7 Income tax expense

in EUR k	2021	2020
Current tax		
Current year	– 3,758	– 4,693
Previous year	51	–
	– 3,707	**– 4,693**
Deferred tax		
Current year	2,179	4,060
Previous year	– 111	–
	2,068	**4,060**
Income tax expense	**– 1,639**	**– 633**

In the 2021 and 2020 corporate years, the Bike24-Group tax rate was 31.58 %, consisting of the German corporation tax rate of 15 %, a solidarity surcharge of 5.5 % on the corporation tax rate and a trade tax rate of 15.75 %. In the corporate year 2020 a tax loss carryforward of EUR 1,032 k was used.

The table below shows the reconciliation between expected and reported income tax expense:

in EUR k	2021	2020
Earnings before tax	**3,871**	**1,193**
Expected group tax rate	**31.58 %**	**31.58 %**
Taxes for expected group tax rate	– 1,222	– 377
Trade tax additions/reductions	– 256	– 219
Non-tax deductible expenses	– 105	– 1
Taxes for previous year	– 59	–
Other	4	– 36
Income tax expense (–) / income tax income (+)	**– 1,639**	**– 633**
Total effective income tax rate (%)	**– 42.34 %**	**– 53.03 %**

E.8 Earnings per share

When calculating the diluted earnings per share as of December 31, 2021, 265,184 (previous year: 0) options from the stock option program were not taken into account, as this would have counteracted dilution.

F. Notes to the consolidated statements of financial position

F.1 Intangible assets and goodwill

The intangible assets and goodwill of the Bike24-Group consist of goodwill, the brand, customer relationships, software and other intangible assets.

The following table shows the development of intangible assets and the goodwill of the Bike24-Group in the 2021 corporate year. The amortization expenses of intangible assets are accounted for in the consolidated income statement and statement of comprehensive income under the item "Depreciation and amortization".

in EUR k	Goodwill	Trademark	Customer relationship	Software	Other	Deposits	Total
Acquisition costs							
As of January 1, 2020	56,753	97,330	51,740	1,862	391	232	208,308
Additions	–	–	–	–	173	188	361
Disposals	–	–	–	–	–	- 132	- 132
Transfers	–	–	–	–	22	- 22	-
As of December 31, 2020	56,753	97,330	51,740	1,862	585	267	208,537
As of January 1, 2021	56,753	97,330	51,740	1,862	585	267	208,537
Additions	–	–	–	–	1,919	1,382	3,301
Disposals	–	–	–	–	–	–	-
Transfers	–	–	–	–	200	- 209	-9
As of December 31, 2021	56,753	97,330	51,740	1,862	2,704	1,440	211,829
Cumulative amortization and impairment expenses							
As of January 1, 2020	–	1,081	575	59	23	–	1,739
Amortization	–	6,489	3,449	373	203	–	10,514
As of December 31, 2020	–	7,570	4,024	432	226	–	12,253
As of January 1, 2021	–	7,570	4,024	432	226	–	12,253
Amortization	–	6,489	3,449	373	378	–	10,689
As of December 31, 2021	–	14,059	7,473	805	604	–	22,941
Book value							
As of December 31, 2020	56,753	89,760	47,716	1,430	359	267	196,284
As of December 31, 2021	56,753	83,271	44,267	1,057	2,100	1,440	188,888

Transfers between intangible and tangible assets were made in the amount of EUR 9 k.

Goodwill

On November 8, 2019 Bike24 Support GmbH acquired 100 % of the shares in Peloton MidCo2 GmbH. The goodwill resulting from this acquisition is attributable to Bike24 as a group of CGUs (consisting of the web shop and a store) of the Bike24-Group and is not tax-deductible.

The recoverable amount of the group of CGUs is determined on the basis of the fair value less costs of disposal. The fair value is based on discounted cash flows. The key assumptions used to determine the fair value less costs of disposal are the underlying discount rates and growth rates of sales and the perpetuity of earnings after taxes. The values assigned to the key assumptions represent the Board of Directors' assessments with regard to future trends in the relevant sectors and are based on historic data and external and internal sources. The Board of Directors estimates the discount rates as after-tax rates based on historical industry averages of the weighted average cost of capital. In addition, a market risk premium and the risk-free interest rate for Germany were used for this calculation. Growth rates are based on the industry's growth forecasts.

The cash flow forecasts determined by the Bike24-Group are based on the current business plan, approved by the Board of Directors, for the next five years and revenue forecasts for the next ten years, with cost rates remaining the same. This includes the following growth assumptions: revenue growth in the next five years of approx. 24 % p. a. based on the growth strategy in the European market. The growth rate in perpetuity is set at 2 %.

The assumed growth rate in perpetuity and the discount rates used for the impairment assessment of the Bike24-Group's goodwill were as follows:

in per cent	December 31, 2021	December 31, 2020
Discounted interest rate	7.84 %	6.87 %
Perpetual annuity	2.00 %	2.00 %
Estimated revenue growth rate (average over the next five years)	24.04 %	25.50 %
Estimated revenue growth rate (average over the next ten years)	5.00 %	5.00 %
Estimated costs of disposal	1.00 %	1.00 %

There was no goodwill impairment in the corporate years shown. The annual impairment test was carried out on December 31.

No change in a key assumption that management considers possible would lead to the book value exceeding the recoverable amount.

Impairment of other intangible assets

As the other intangible assets have a determinable useful life, an impairment test is only carried out if there are indications of such an impairment. As no such indications were identified in the corporate years presented, no impairment was recognized in the 2021 corporate year.

More information can be found in the accounting and valuation policies in note C.3.

Internally generated intangible assets

The other intangible assets are essentially capitalized development costs for the web shop relaunch in the amount of EUR 1,762 k. Acquisition and production costs of EUR 1,822 k consist of internal development expenses of EUR 719 k and costs for external development services of EUR 1,103 k.

Additional internal (EUR 135 k) and external (EUR 1,182 k) capitalized development expenses in the amount of EUR 1,317 k for two other IT projects are included in the prepayments.

F.2 Property, plant and equipment

The development of property, plant and equipment in the corporate year presented is as follows:

in EUR k	Land and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Office building, warehouse, stores	Cars	Total
As of January 1, 2020	92	7,751	1,636	583	12,565	49	22,676
Additions	–	104	459	835	–	–	1,398
Disposals	–	–	- 17	–	- 1,142	–	- 1,159
Transfers		416	21	- 437	–	–	0
As of December 31, 2020	**92**	**8,271**	**2,099**	**981**	**11,423**	**49**	**22,915**
As of January 1, 2021	92	8,271	2,099	981	11,423	49	22,915
Additions	722	992	1,053	445	954	57	4,223
Disposals	95	–	269	–	86	–	450
Transfers	1,379	709	- 1,099	- 981	–	–	9
As of December 31, 2021	**2,098**	**9,972**	**1,785**	**445**	**12,291**	**106**	**26,697**
Cumulative depreciation and impairment expenses							
As of January 1, 2020	2	169	- 68	–	263	2	367
Depreciation	15	1,074	427	–	1,568	13	3,096
Disposals	–	–	- 17	–			- 17
As of December 31, 2020	**17**	**1,243**	**342**	**–**	**1,831**	**15**	**3,448**
As of January 1, 2021	17	1,243	342	–	1,831	15	3,448
Depreciation	249	1,199	489	–	1,578	23	3,538
Disposals	93	–	261	–			354
Transfers	191	44	- 235				
As of December 31, 2021	**364**	**2,486**	**335**	**–**	**3,409**	**38**	**6,632**
Book value							
As of December 31, 2020	**75**	**7,029**	**1,757**	**981**	**9,592**	**34**	**19,468**
As of December 31, 2021	**1,734**	**7,486**	**1,451**	**444**	**8,882**	**69**	**20,065**

The office building, warehouse, store and cars are rights of use assets within the meaning of IFRS 16.
Information on future undiscounted contractual obligations as of December 31, 2021, can be found in note F.12.

Some real estate leasing contracts contain extension options that can be exercised by the Bike24-Group up to one year before the end of the non-cancelable contract term. The extension options can be exercised solely by the Bike24-Group and not by the lessor. At the beginning of the leasing relationship the Bike24-Group assesses whether it is sufficiently certain that the extension options will be exercised. The Bike24-Group reassesses whether exercising the options is sufficiently certain, if a significant event or noteworthy change in circumstances occurs that is within the Bike24-Group's sphere of influence. The probability of exercising the extension option for one leasing relationship was reassessed in the reporting year. As a result, the corresponding leasing liabilities increased by EUR 279 k and the right-of-use assets by EUR 279 k.

The effects of existing extension options were assessed individually for each rental property. The Bike24-Group estimates that the expected future lease payments with exercising the extension option would result in an increase in the leasing liability of EUR 6,832 k.

In November 2021 the Bike24-Group entered into another lease by signing a rental contract for future warehouse in Spain. As the warehouse is currently still under construction and cannot be used yet, this lease is not recognized in these consolidated financial statements. The rental agreement has a term of at least 5 years and 6 months from the date of acceptance and an annual rent of EUR 567 k.

More information can be found in the accounting and valuation policies in note C.5.

F.3 Inventories

in EUR k	December 31, 2021	December 31, 2020
Raw materials and consumables	69	64
Merchandise	68,091	38,088
Total	**68,160**	**38,152**

Bike24-Group accounts for inventories at the lower of acquisition or production cost and net realizable value. Further information on value adjustments on inventories that are classified as consumables and supplies, and on expenses for inventories in the 2021 corporate year can be found in note E.3.

Inventories serve the Bike24-Group as security as part of a syndicated loan agreement.

F.4 Trade receivables and other receivables

Trade receivables mainly contain accounts receivable from customers. Other receivables include those against credit card companies.

Due to their short-term nature, the book value of trade receivables and other receivables corresponds approximately to their fair value. Trade receivables and other receivables and other receivables are interest free. The maximum default risk at the balance sheet date which corresponds to the book value of trade receivables and other receivables was taken into account when calcu-lating expected credit losses in accordance with IFRS 9. Information on the impairment of trade receivables and other receivables as well as default, currency and interest rate risks of the Bike24-Group are explained in note F.12.1.

More information can be found in the accounting and valuation policies in note C.8.

F.5 Other assets

Other assets of the Bike24-Group contain the following items:

in EUR k	December 31, 2021	December 31, 2020
Sales tax receivables	1,040	548
Prepaid expenses	1,756	513
Prepayments	1,456	585
Right of return asset	1,672	1,322
Warranty claims	1,000	863
Creditors with debit balances	1,001	–
Other assets	2,272	869
Total	**10,197**	**4,700**

Other assets includes receivables from the recharging of transaction costs as part of the IPO in the amount of EUR 419 k. Other assets also includes financial assets in the form of deposits of EUR 336 k (previous year: EUR 325 k) and a bank account pledged as security of EUR 566 k (previous year: EUR 0). The accrued items includes EUR 980 k in processing fees for the credit line and software leases paid in advance. For more information see also accounting and valuation policies in note C.8 and note F.12.1 on rating financial instruments and fair values.

F.6 Equity

See note A.1. for the development of equity. The subscribed capital amounts to EUR 44,165 k at the balance sheet date and is divided into 44,166,666 no-par value bearer shares with a nominal value per share of EUR 1. Of these, 6,666,666 no-par value bearer shares were newly issued with the IPO on June 25, 2021. All shares are ordinary shares without preferential rights so each share grants its owner one vote. In September 2021, Bike24 Holding AG bought back 17,000 shares, 15,665 were issued to employees, the remaining 1,335 shares were reported as treasury shares as of the balance sheet date, see note C.9.

In the previous year the subscribed capital amounted to EUR 25 k which equated to 25,000 outstanding shares with a nominal value per share of EUR 1. The shares were divided into 24,000 regular business shares and 1,000 preferential shares. For information on earnings per share and preferential shares, see note E.8.

At the balance sheet date the capital reserve amounted to EUR 178,873 k. The change compared to the previous year of EUR 55,994 k was mainly due to reductions based on the conversion of the capital reserve into subscribed capital of EUR 37,475 k and increases of EUR 93,334 k as part of the IPO. The transaction costs directly attributable to the IPO which are to be accounted for as a deduction from equity in accordance with IAS 32, amount to EUR 3,780 k and deferred taxes of EUR 1,194 k. Companies of Riverside Partners, LLC have assumed costs of EUR 1,567 k, deferred taxes are EUR 495 k. The share buyback in September 2021 and the employee share participation program reduced the capital reserve by EUR 112 k, whilst the share option program increases capital reserves by EUR 1,762 k. See note C.9 on determining the expenditure.

For the 2021 corporate year the period result of EUR 2,232 k (previous year: EUR 560 k) was included in the balance sheet profit.

The Bike24-Group has not distributed any dividends in the reporting periods presented.

F.7 Liabilities to banks

Loan commitments are secured by the existing and future cash at bank of the Bike24-Group, by assigning trade receivables and transferring movable assets in the warehouse. The likelihood of claims being made is considered to be low due to good growth rates in sales in the past and the planned increases in earnings before tax for the coming year. The term is 3 years to June 25, 2024. The interest depends on the gross debt ratio and is between 1.5 % and 2.5 %. The current interest rate is 2.5 % According to the syndicated loan agreement, the gross debt ratio should not exceed a ratio of 3.25 : 1. This condition was met at all times during the reporting year.

For further information please see note F.12.

F.8 Other financial liabilities

Other financial liabilities only include lease liabilities.

F.9 Provisions

Non-current provisions

	Warranties		Others		Total	
in EUR k	2021	2020	2021	2020	2021	2020
As of January 1	**831**	**476**	**1,481**	**62**	**2,312**	**538**
Utilization	191	–	1,352	–	1,543	–
Releases	247	–	66	–	313	–
Additions	0	355	185	1,419	185	1,774
As of December 31	**393**	**831**	**248**	**1,481**	**641**	**2,312**

Current provisions

	Warranties		Others		Total	
in EUR k	2021	2020	2021	2020	2021	2020
As of January 1	**605**	**404**	**45**	**31**	**650**	**435**
Utilization	605	–	25	5	630	5
Releases	–	–	–	6	0	6
Additions	1,274	201	10	25	1,284	226
As of December 31	**1,274**	**605**	**30**	**45**	**1,304**	**650**

In accordance with IAS 19, in the 2021 corporate year non-current other provisions include provisions for the long-term employee bonus program (LTIP) in the amount of EUR 185 k. In the previous year provisions for employee and Board bonuses of EUR 1,419 k were included.

The warranty provision was calculated based on past data regarding customer complaints. Future complaints from customers are probable but the time and amounts are uncertain.

F.10 Deferred tax liabilities

Deferred tax assets and liabilities are formed for the following types of temporary differences and interest carry forward:

	As of December 31, 2021			
in EUR k	Net	Deferred tax assets	Deferred tax liabilities	Deferred taxes recognized in profit and loss
Property, plant and equipment	3,085	–	3,085	244
Intangible assets	41,595	0	41,595	2,328
Trade receivables and other receivables	42	(4)	46	(57)
Inventories	136	–	136	(52)
Provisions	(272)	(272)	–	(363)
Other financial liabilities	(2,864)	(2,864)	–	(197)
Liabilities to banks	2	–	2	(279)
Liabilities from share option programs	(556)	(556)	–	556
Deferred tax liabilities (assets)	**41,168**	**(3,696)**	**44,864**	**2,179**
of which non-current	41,168			
Deferred tax liabilities (assets), net	**41,168**	**(3,696)**	**44,864**	**2,179**

	As of December 31, 2020			
in EUR k	Net	Deferred tax assets	Deferred tax liabilities	Deferred taxes recognized in profit and loss
Property, plant and equipment	3,330	–	3,330	893
Intangible assets	43,834	(26)	43,859	3,253
Trade receivables and other receivables	(15)	(15)	–	133
Inventories	93	–	93	(93)
Provisions	(666)	(666)	–	393
Trade liabilities	–	–	–	(76)
Other financial liabilities	(3,060)	(3,060)	–	(844)
Liabilities to banks	(278)	(278)	–	1,432
Tax loss carry forwards	–	–	–	(1,032)
Deferred tax liabilities (assets)	**43,237**	**(4,046)**	**47,282**	**4,060**
of which non-current	43,237			
Deferred tax liabilities (assets), net	**43,237**	**(4,046)**	**47,282**	**4,060**

The change in net deferred tax liabilities was fully recognized in corporate years 2020 and 2021 as income tax expense. In addition, in 2021 deferred tax expenses on transaction costs recognized in equity of EUR 1,194 k and deferred tax income on transactions with owners of EUR 495 k were recognized.

F.11 Other liabilities

Other liabilities break down as follows:

in EUR k	December 31, 2021	December 31, 2020
Current		
Personnel-related liabilities	2,485	1,423
Accrued expenses	1	2
Refund liability	2,334	1,930
Sales tax payables	3,705	78
Contractual liabilities	2,844	2,377
Other liabilities	2,497	535
Total	**13,866**	**6,345**

Staff-related liabilities mainly comprise current payroll obligations, bonus and holiday obligations and obligations arising from the Growth Bonus Agreements of EUR 500 k. Other liabilities comprise liabilities from the Growth Bonus Agreements as part of the IPO of EUR 1,000 k and liabilities for the audit of the financial statements and tax advice of EUR 485 k. There are also liabilities for other advice of EUR 42 k.

F.12 Financial instruments and financial risk management

Rating and fair value

The following table shows the book value and fair value of financial assets and liabilities, including their rating in the fair value hierarchy. The table does not contain any information on the fair value for financial assets and liabilities that are not valued at their fair value if the book value is a reasonable approximation of the fair value.

According to their type, the book values for cash and cash equivalents, trade receivables and other receivables, other assets, other financial liabilities and trade payables, are approximately their fair value.

As of December 31, 2021 in EUR k	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Financial investments	3	FVTPL	–	–	3	3
Current financial assets						
Trade receivables and other receivables	1,856	AC	–	–	–	–
Other assets	10,197		–	–	–	–
thereof deposits	903	AC	–	–	–	–
Cash and cash equivalents	10,086	AC	–	–	–	–
Total	**23,045**		**–**	**–**	**3**	**3**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	995	AC	–	–	–	–
Other financial liabilities	7,493	N/A	–	–	–	–
Current financial liabilities						
Liabilities to banks	11	AC	–	–	–	–
Other financial liabilities	1,577	N/A	–	–	–	–
Trade payables	11,298	AC	–	–	–	–
Total	**21,374**		**–**	**–**	**–**	**–**

As of December 31, 2020 in EUR k	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Current financial assets						
Trade receivables and other receivables	1,991	AC	–	–	–	–
Other assets	4,700		–	–	–	–
thereof deposits	325	AC	–	–	–	–
thereof interest cap	11	FVTPL	–	–	11	11
Cash and cash equivalents	25,235	AC	–	–	–	–
Total	**31,926**		**–**	**–**	**11**	**11**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	88,880	AC	–	–	–	–
Other financial liabilities	8,167	N/A	–	–	–	–
Current financial liabilities						
Liabilities to banks	720	AC	–	–	–	–
Other financial liabilities	1,526	N/A	–	–	–	–
Trade payables	8,230	AC	–	–	–	–
Total	**107,523**		**–**	**–**	**–**	**–**

The other financial liabilities consist entirely of lease liabilities that do not come under the scope of IFRS 9.

The book value of the above financial assets and liabilities that are valued at amortized cost and classified according to IFRS 9, are as follows, as of December 31, 2021 and 2020:

in EUR k	December 31, 2021	December 31, 2020
Book value		
Financial assets valued at amortized cost	12,845	27,551
Financial liabilities valued at amortized cost	12,304	107,523
Total	**25,149**	**135,075**

Financial instruments are not netted as the Bike24-Group does not meet the criteria for netting.

If no quoted prices are available on an active market, the Bike24-Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique used takes into account all factors that market participants would consider when pricing such a transaction. The valuation model for participants is based on expected future cash flows. The fair value of the loan liabilities corresponds approximately to the book value due to the variable interest rate, taking into account the credit risk.

In the 2021 corporate year there were no reclassifications between the various levels of the fair value hierarchy. The Bike24-Group recognizes reclassifications between the levels of the fair value hierarchy at the end of the corporate year.

The derivative embedded in the 2019 corporate year did not lead to any valuation approach in 2020. In 2021 there were no embedded derivatives from the loan agreement concluded.

The following table shows the reconciliation from opening balance to the closing balance for the fair value measurement categorized in level 3 from the embedded derivative.

in EUR k	2021	2020
As of January 1	**–**	**3,808**
Additions	–	–
Change in the fair value/valuation effect (net financial expense)	–	– 3,808
As of December 31	**–**	**–**

Interest income and expenses

Interest expense is calculated by applying the effective interest rate to the gross book value of liabilities valued at amortized cost. In 2021 there were EUR 15 k of interest expenses, for the previous year EUR 4,533 k of interest expense was recognized. The Bike24-Group did not realize significant interest income in any of the periods presented.

Depreciation

In 2021 there was a write-up to financial investments of EUR 3k. In the previous year these financial investments were written down by EUR 30k. The write-up is shown in the item "Other income", the depreciation is shown in the item "Depreciation" in the income statement and comprehensive income statement.

F.12.1 Financial risk management

The Bike24-Group is exposed to the following risk from the use of financial instruments:
a) Credit risk
b) Liquidity risk
c) Market risk and interest rate change risk
d) Currency risk

The company's Board is responsible for structuring and monitoring risk management in the Bike24-Group. Bike24-Group's risk management is aimed at identifying and analyzing potential risks to which it is exposed and minimizing the negative impact on the financial position of the Bike24-Group.

a) Credit risk

Trade receivables, other receivables and other assets
Default risk is the risk of financial loss for the Bike24-Group if a customer or the contractual party to a financial instrument does not meet their contractual obligations. Default risk mainly arises from Bike24-Group's trade receivables.

The maximum default risk corresponds to the book value of the financial assets.

The impairment recognized on income-statement related financial assets is as follows:

in EUR k	December 31, 2021	December 31, 2020
Impairment loss on trade receivables	-242	-147
Total	**-242**	**-147**

Bike24-Group's default risk is mainly influenced by customers' individual payment behavior.

As of December 31, 2021, the default risk on trade receivables mainly relate to those within the DACH region.

The Bike24-Group uses a valuation allowances matrix to measure the expected credit losses on trade receivables from individual customers. Trade receivables from individual customers include a large number of small balances in terms of amount.

The loss ratio is calculated using a roll-rate method which is based on the probability that a claim progresses through successive stages in the payment delay. The roll rates for bad debts are calculated in different areas on the basis of the following general credit risk features: geographic region, age structure of the debt and type of goods purchased.

The following table contains information on estimated default risk and the expected credit losses for trade receivables as of December 31, 2021.

in EUR k	Loss ratio	Gross book value	Valuation allowance
Current (not overdue)	0.27 %	579	2
1 – 30 days overdue	0.39 %	528	2
31 – 60 days overdue	5.29 %	21	1
61 – 90 days overdue	14.10 %	16	2
91 – 120 days overdue	29.12 %	4	1
121 – 150 days overdue	39.40 %	2	2
150 – 180 days overdue	47.57 %	1	0
More than 180 days overdue	96.00 %	17	16
		1,169	**26**

The loss ratios are calculated based on actual credit losses within the last 12 months.

The development of valuation allowances for trade receivables during the year is as follows:

in EUR k	2021	2020
As of January 1	**147**	**26**
Rating change, net	– 121	41
Recognized valuation allowance expenses	242	147
Impaired amounts	– 26	– 67
As of December 31	**242**	**147**

Trade receivables and other receivables are reviewed monthly for open items.

Credit losses from other receivables and assets are negligible. For this reason no valuation allowance for other receivables and assets was recognized.

Cash and cash equivalents

As of December 31, 2021 the Bike24-Group had cash and cash equivalents of EUR 10,086 k (December 31, 2020: EUR 25,235 k). Cash and cash equivalents are held at banks and financial institutions that have a Aaa rating from Moody’s ratings agency.

The impairment from cash and cash equivalents was determined based on expected default within 12 months and reflects short maturities. Bike24-Group is of the opinion that cash and cash equivalents are a low credit risk due to the external ratings of the banks and financial institutions. Credit losses from cash and cash equivalents are negligible, so no valuation allowance for them was recognized.

b) Liquidity risk

Liquidity risk is the risk that the Bike24-Group may not be in a position to meet its contractual financial liabilities by delivering cash or other financial assets. Controlling liquidity in the group should ensure that – as far as possible – sufficient liquid funds are always available to meet payment obligations when they are due, under normal circumstances as well as under strained conditions, without suffering unbearable losses or damaging the reputation of the Bike24-Group.

The Bike24-Group endeavors to use all discounts. There is an increased need for liquidity in February and March in particular, when goods arrive for the coming summer season. If the available cash and cash equivalents are not enough, the existing revolving credit line at the Berenberg Bank can be used.

The remaining contractual maturities of the financial liabilities at the reporting date including estimated interest payments are shown below. The amounts are shown not discounted and are gross, including contractual interest payments. The effect of off-setting is not shown.

		Contractual cash flows					
As of December 31, 2021 in EUR k	Book value	Total	2 months or less	2 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities							
Liabilities to banks	1,006	1,062	–	25	25	1,012	–
Other financial liabilities	9,070	9,221	266	1,358	1,647	4,467	1,484
Trade payables	11,298	11,298	11,298	–	–	–	–
	21,374	**21,581**	**11,564**	**1,383**	**1,672**	**5,479**	**1,484**

		Contractual cash flows					
As of December 31, 2020 in EUR k	Book value	Total	2 months or less	2 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
Non-derivative financial liabilities							
Liabilities to banks	89,600	113,080	–	4,180	4,180	12,540	92,180
Other financial liabilities	9,692	9,940	270	1,307	1,403	4,179	2,780
Trade payables	8,230	8,343	8,343	–	–	–	–
	107,522	**131,363**	**8,613**	**5,487**	**5,583**	**16,719**	**94,960**

c) Market risk and interest rate change risk

Market risk is the risk that changes in the market price, e.g. the exchange rate, interest rate or share price, will impact the earnings of the Bike24-Group or the value of the financial instruments it holds. The aim of market risk management is to manage and monitor market risk within an acceptable range whilst at the same time optimizing returns.

Most goods are bought in the euro area and paid for in euros, so there is no currency risk. Purchases are made directly from the United States of America or Taiwan for only a few selected suppliers. The currency risk in relation to these deliveries is considered negligible for the Bike24-Group due to the amount of the planned deliveries in foreign currency.

The Bike24-Group does not recognize fixed-interest assets and liabilities at fair value in the income statement. A potential change in interest rates of 100 basis points (bp) as of the reporting date would have increased or decreased profit or loss by EUR 10 k. For this analysis it was assumed that all other external influencing factors remained constant.

d) Currency risk

The Bike24-Group is exposed to transactional foreign currency risks to the extent that the listing of currencies in which sale and purchase transactions as well as receivables and credit card transactions take place do not match the functional currency. This risk is only low as main suppliers are located in the euro zone and the Bike24-Group's core market is Europe. Trade receivables and other receivable consist entirely of euros as payment by invoice is only possible for German customers and invoices are issued in euros.

The summary quantitative information on the currency risk of the Bike24-Group as reported to the Board of Directors is as follows:

December 31, 2021 in EUR k	TWD	USD
Trade receivables	–	–
Net risk on the balance sheet	**–**	**–**
Forecast sales for the next 6 months	–	–
Forecast purchases for the next 6 months	-872	-305
Net risk from forecast transactions	**-872**	**-305**
Net risk	**-872**	**-305**

December 31, 2020 in EUR k	TWD	USD
Trade receivables	–	–
Net risk on the balance sheet	**–**	**–**
Forecast sales for the next 6 months	–	–
Forecast purchases for the next 6 months	-140	-1,938
Net risk from forecast transactions	**-140**	**-1,938**
Net risk	**-140**	**-1,938**

The following main exchange rates were applied:

	Average rate		Year-end spot rate	
Euro	2021	2020	2021	2020
TWD	32.91	34.50	31.12	35.00
USD	1.18	1.23	1.13	1.22

All receivables and sales are in EURO. The majority of goods purchases are procured in the euro zone and paid for in euros, so there is no currency risk. Orders are only placed directly in the United States of America or Taiwan for a few selected suppliers.

F.12.2 Capital management

Bike24-Group is financed through ongoing business operations. In the short term it is possible to make use of more revolving credit lines up to EUR 49 m, based on the existing revolving credit line agreements.

For the purposes of capital management the Board monitors weekly bank transfers and approves these. Thus the decreases and increases in cash and cash equivalents as shown in the consolidated balance sheet and the ratio of total net debt to consolidated earnings before interest, taxes and depreciation and amortization are monitored. In addition the Board prepares a budget for financial resources, which is updated on an ongoing basis. In the periods shown, the Bike24-Group always had sufficient liquid funds to maintain the operating business, so that the aims of capital management were met.

Target figures used for monitoring capital management are sales growth, inventory changes, payment terms and interest and tax payments.

G. Other information

G.1 Contingent liabilities and other guarantees and commitments

The order commitment in connection with the purchase of goods was EUR 162,470 k (previous year EUR 44,924 k) on December 31, 2021. Regarding obligations from off-balance sheet leasing contracts, we refer to Note F.2.

G.2 Related companies and persons

G.2.1 Parent company and ultimate controlling company

The Riverside Partners, LLC is the main shareholder of Bike24 Holding AG. The main shareholder is represented on the company's Supervisory Board and therefore has a significant influence on the company.

The parent company of the largest and smallest group of companies for which a consolidated financial statement is compiled is Bike24 Holding AG, Dresden.

Related persons are the members of the Board of Directors and management, members of the Advisory Board (from May 10, 2021) and the Supervisory Board (to May 10, 2021) of the Bike24-Group as well as their closest relatives and family members.

The Advisory Board has advised the Board of Directors on all aspects of management, in particular financial matters and the Bike24-Group's strategic decisions. The Supervisory Board also takes on these activities in addition to its supervisory function.

G.2.2 Transactions with key management personnel and companies

a) Key management personnel compensation and transactions

Key management personnel compensation comprised the following:

in EUR k	2021	2020
Current employee benefits	1,218	966
Expenses for share options	1,647	–
Other employee benefits	375	214
Total	**3,240**	**1,180**

Other employee benefits include liabilities for bonuses.

Members of the management and managers in key positions or related persons can purchase goods from the Bike24-Group under employee conditions.

b) Other transactions with closely related companies

in EUR k	Amount of transactions in 2021	Amount of transactions in 2020	Outstanding balances as of December 31, 2021	Outstanding balances as of December 31, 2020
Related company services	-258	-288		-3
Income from passing on IPO-related costs	1,567		419	
	1,309	**-288**	**419**	**-3**

Related company services mainly include service fees for management services and delivery of goods. The balances are not collateralized and were not impaired in the periods shown. Information on parent company capital contributions are shown in note F.6.

As part of the IPO some of the transaction costs were covered by companies of the Riverside Partners, LLC. This share amounted to EUR 1,567 k and was paid as a contribution to equity. Deferred tax on the amount is EUR 495 k and was also recognized in equity.

c) Transactions of members of the Advisory Board

Remuneration of members of the Advisory Board is as follows:

in EUR k	2021	2020
Current benefits	9	58
Other benefits	1,046	954
Total	**1,055**	**1,012**

Other benefits include liabilities for bonuses.

Other liabilities includes EUR 1,000 k (previous year: EUR 7 k) of outstanding payments to the Advisory Board.

d) Transactions of members of the Supervisory Board

Remuneration of members of the Supervisory Board is as follows:

in EUR k	2021	2020
Current benefits	78	0
Total	**78**	**0**

Other liabilities includes EUR 77 k of outstanding payments to the Supervisory Board.

In the corporate year 2021 there were the following transactions by members of the Supervisory Board of the Bike24-Group:

Supervisory Board member	Purchase/sale	Price (in EUR)	Volume (in EUR)	Quantity	Date
Sylvio Eichhorst	Purchase	15.00	24,990,00	1,666	23.06.2021
Bettina Curtze	Purchase	15.00	99,990,00	6,666	23.06.2021
Ralf Kindermann	Purchase	15.00	99,990,00	6,666	23.06.2021

G.3 Notes to the consolidated cash flow statement

The consolidated cash flow statement was prepared in accordance with IAS 7, Cash Flow Calculations, and shows the inflows and outflows for the corporate year, broken down into cash flows from operating, investment and financial activities.

Cash flows from operating activities is presented according to the indirect method, in which the period results are corrected for non-cash transactions.

		2021			2020	
	Financial liabilities	Lease liabilities	Total	Financial liabilities	Lease liabilities	total
Interest payments	– 2,799	– 53	– 2,852	– 4,331	– 73	– 4,404
Payments from financial liabilities	– 88,660	–	– 88,660	– 1,320	–	– 1,320
Lease payments	–	– 1,547	– 1,547	–	– 1,531	– 1,531
Change in cash flow	**– 91,459**	**– 1,600**	**– 93,059**	**– 5,651**	**– 1,604**	**– 7,255**
As of January 1	**89,600**	**9,692**	**99,292**	**90,159**	**12,365**	**102,523**
Additions	995	925	1,920	880	–	880
Disposals	–	–	–	–	– 1,142	– 1,142
Interest expense	1,870	53	1,923	4,213	73	4,286
Change in liability	**92,465**	**10,670**	**103,135**	**95,251**	**11,296**	**106,547**
As of December 31	**1,006**	**9,070**	**10,076**	**89,600**	**9,692**	**99,292**

Information on cash flows in connection with lease activities can be found in note F.2.

G.4 Fee for the auditor

Auditing services include auditing the consolidated financial statements and the annual financial statements of the companies involved.

in EUR k	2021	2020
Auditing services	1,355	199
Validation services	548	–
Tax advisory services	189	99
Other advisory services	84	129
Total	**2,176**	**427**

G.5 Subsequent events

There were no significant events after December 31, 2021 that would have significant effect on the consolidated financial statements of the Bike24-Group.

G.6 Disclosure waiver

Bike24 GmbH and Bike24 Service GmbH make use of the exemption option under Section 264 (3) of the Commercial Code (HGB) with regard to preparation or disclosure, since the consolidated financial statements of Bike24 Holding AG have an exempting effect for them.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report, which is combined with the management report of Bike24 Holding AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Dresden, March 30, 2022

The Board of Directors

Andrés Martin-Birner Timm Armbrust

INDEPENDENT AUDITOR'S REPORT

To Bike24 Holding AG, Dresden

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of Bike24 Holding AG (until 1 June 2021: Bike24 Holding GmbH; until 18 May 2021: REF Bike Holding GmbH), Dresden, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of Bike24 Holding AG for the financial year from 1 January to 31 December 2021.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

The combined management report contains cross-references to the Group's website that are not provided for by law. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains marked cross-references to the Group's website that are not provided for by law. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment of merchandise

Please refer to note C to the financial statements ("Summary of significant accounting policies") for information on the accounting policies applied. We also refer to notes F.3 "Inventories" and E.3 "Expenses for merchandise, consumables and supplies".

The financial statement risk

Merchandise totalling EUR 68.1 million is reported in the consolidated statement of financial position as at 31 December 2021 (PY: EUR 38.1 million); this includes write-downs of EUR 1.2 million (PY: EUR 0.9 million).

Inventories initially measured at cost (taking into account incidental acquisition costs and reductions in the cost of acquisition due to subsequent compensation) must be reduced in value if their expected net realisable values no longer cover cost due to damage, obsolescence or reduced marketability.

The determination of net realisable values as an upper limit is subject to judgement. Net realisable value requires forward-looking estimates of future net selling prices. In addition, the ageing of inventories, expected sales volume, expected sales prices and selling costs play a significant role.

In order to prevent possible supply shortages, especially against the background of the dynamic coronavirus situation, and to ensure the availability of goods even if the planned growth in revenue materialises, inventories were increased significantly in financial year 2021, and the product range was also expanded. Both could have a bearing on the reliability of historical experience for forward-looking estimates of net realisable values compared to prior years.

There is the risk for the consolidated financial statements that inventories are overvalued due to unidentified impairment losses.

Our audit approach

We have evaluated the appropriateness of the significant assumptions and procedures for determining net realisable values. For this purpose, we first obtained an understanding of how the process for determining net realisable values and identifying impairment losses is designed by interviewing employees in the finance department and the responsible specialist departments and by assessing the relevant documents.

Based on our understanding of the process for the impairment testing of inventories, we assessed the establishment and design of identified internal controls, especially in terms of the determination of expected net realisable values.

We have mathematically verified the net realisable values determined as well as any potential impairment losses and checked the underlying data on a random sample basis. We assessed the selling prices used to determine net realisable value based on the selling prices applicable immediately after the reporting date. In addition, we assessed the Group's marketability analysis and evaluated whether the recognised write-downs are appropriate based on the Company's historical experience and knowledge specific to the financial year. We assessed the historical experience using the Group's analysis of price reductions over a representative period of time. With regard to taking specific findings for the financial year into account, we have assessed whether the Group's expected future development of net realisable values is appropriate, especially against the background of the further development of the coronavirus pandemic.

Our observations

The assumptions underlying the net realisable values are appropriate and reasonable.

Deduction of transaction costs from equity in connection with the IPO

Please refer to note C to the financial statements ('Summary of significant accounting policies') for information on the accounting policies applied. We also refer to note F.6 'Equity'.

The financial statement risk

Transaction costs in the amount of EUR 9.7 million arose at the parent company in connection with the IPO in the reporting year. Of this amount, expenses in the amount of EUR 3.8 million, less the related deferred tax liabilities of EUR 1.2 million, were deducted from equity in the statement of financial position as at 31 December 2021.

Pursuant to IAS 32, the costs of an equity transaction, e.g. an IPO, to the extent that these are costs directly attributable to the transaction, must be deducted from equity, by taking into account the deferred tax liabilities attributable to these expenses. Costs that are clearly attributable to the issue of new shares must be recognised in full in equity. However, costs that are clearly attributable solely to the placement of existing shares must be recognised in full through profit or loss. In the event of uncertainty about attribution, they must be attributed appropriately.

Furthermore, of the transaction costs of EUR 9.7 million, a share of EUR 1.6 million was reimbursed by the former owners of the company (shareholders). These reimbursements were recognised as a shareholder contribution in equity, taking into account the attributable deferred tax liabilities. The deferral as transaction costs and the attribution to old and new shares requires judgement.

There is the risk for the consolidated financial statements that equity is not presented correctly.

Our audit approach

We have assessed the appropriateness of significant assumptions used for allocating and attributing cost. For this purpose, we first obtained an understanding of the transaction costs incurred in connection with the IPO in financial year 2021, the basis on which these were clearly attributed to the IPO and the allocation formula used to allocate the costs to the old and new shares by interviewing finance staff and assessing the relevant documents. We verified the determination of the compensation amount based on the contractual agreement with the former shareholder.

We also evaluated the cost formula applied for compliance with the requirements of IAS 32. To ensure the computational accuracy of the valuation method used, we verified the calculations on the basis of selected risk-based elements.

Our observations

The assumptions underlying the transaction costs deducted from equity are appropriate and reasonable.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the combined corporate governance statement for the Company and the Group referred to in the combined management report

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon. Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with (German) law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file
"894500FCLU2M5GTUUR76-2021-12-31-de.zip"
(SHA256-Hash value: f512c94e71b4260082c5c1fd392c1c7eadd4ad23dbfc8b7da54301aebe43672e)
made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (10.2021)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.

Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the annual general meeting on 10 May 2021. In accordance with Section 318 (2) of the German Commercial Code [HGB], we are also deemed to be appointed as group auditor. We were engaged by the Supervisory Board on 10 December 2021. We have been the group auditor of Bike24 Holding AG (until 1 June 2021: Bike24 Holding GmbH; until 18 May 2021: REF Bike Holding GmbH) without interruption since financial year 2019, including one financial year during which the Company fulfilled the definition of a public interest entity within the meaning of Section 319a (1) sentence 1 HGB.

In addition to the consolidated financial statements, we audited the annual financial statements and combined management report of Bike24 Holding AG and performed various audits of annual and consolidated financial statements at subsidiaries for previous financial years as well as reviews of interim financial statements. In conjunction with the IPO in the reporting year, a comfort letter was issued and the formation of Bike24 Holding AG was audited. We also provided additional tax advisory services relating to income tax and VAT. These include advisory services in connection with the tax assessments issued for tax assessment periods 2018 to 2020 and tax advice relating to individual VAT matters. We provided other advisory services in connection with the implementation of data protection regulations and the provision of capital cost parameters.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette (Bundesanzeiger) – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Milan Lucas.

The English language text above is a translation provided for informational purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Dresden, 30 March 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

Lucas Wirtschaftsprüfer	Leser Wirtschaftsprüfer

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Board of Directors
Andrés Martin-Birner (Chairman),
Timm Armbrust

Chairman of the Supervisory Board
Ralf Kindermann


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