Prospectus dated June 15, 2021

Prospectus
for the admission to trading

of

up to 6,666,666 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions expected to be resolved by a shareholders' meeting of the Company on or about June 16, 2021

and of

37,500,000 existing bearer shares with no par value (*Stückaktien*) (existing share capital), each such share with a notional value of €1.00 and full dividend rights from January 1, 2021

on the

regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

Bike24 Holding AG

International Securities Identification Number (ISIN): DE000A3CQ7F4
German Securities Code (*Wertpapierkennnummer* (*WKN*)): A3CQ7F
Ticker Symbol: BIKE

Joint Global Coordinators and Joint Bookrunners

Berenberg **J.P. Morgan**

The information contained in this prospectus will not be updated subsequent to the date hereof except for any significant new factor, material mistake or material inaccuracy relating to the information included in this prospectus which may affect the assessment of the securities and which arises or is noted between the time when this prospectus is approved and the time when trading of the Company's shares on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) commences, currently expected for June 25, 2021, which will be disclosed in a supplement to this prospectus without undue delay.

The validity of this prospectus will expire at the time when trading of the Company's shares on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) commences, which is currently expected for June 25, 2021.

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I. SUMMARY OF THE PROSPECTUS

A. – Introduction and Warnings

Name and international securities identification number (ISIN) of the securities – This prospectus (the "**Prospectus**") relates to shares of Bike24 Holding AG with the International Securities Identification Number ("**ISIN**") DE000A3CQ7F4.

Identity and contact details of the issuer, including its legal entity identifier (LEI) – The issuer of the shares is Bike24 Holding AG (the "**Company**" and, together with its consolidated subsidiaries, the "**Bike24 Group**", "**we**", "**us**", "**our**" or "**ourselves**", and "**Bike24**" relating to the underlying business of Bike24 Group), Breitscheidstr. 40, 01237 Dresden, Federal Republic of Germany ("**Germany**") (telephone +49 (0) 351 417497-0; website www.bike24.com), legal entity identifier ("**LEI**") 894500FCLU2M5GTUUR76, registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, under docket number HRB 41483.

Identity and contact details of the person asking for admission to trading on a regulated market, including its legal entity identifier (LEI) – The Company and Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany (telephone: +49 (0)40 350 600; website: www.berenberg.de), LEI 529900UC2OD7II24Z667, ("**Berenberg**") will ask for admission of the Company's shares to trading on a regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

Identity and contact details of the competent authority approving the Prospectus and date of the approval of the Prospectus – On June 15, 2021, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, telephone +49 228 4108 0, website: www.bafin.de, approved this Prospectus.

Warnings – *This summary should be read as an introduction to this Prospectus. Investors should base any decision to invest in the shares on a consideration of this Prospectus as a whole. Investors in the shares may lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the shares.*

B. – Key Information on the Issuer

B.1 – Who is the Issuer of the Securities?

Issuer Information – The Company has its registered seat in Dresden, Germany, and the LEI 894500FCLU2M5GTUUR76. The Company is a stock corporation (*Aktiengesellschaft*) incorporated in Germany and governed by the laws of Germany.

Principal Activities – Operating under our established "Bike24" brand, we are, by our own estimate, one of the leading e-commerce platforms in continental Europe with a clear focus on the premium bicycle segment. We offer our customers a one-stop cycling shop with a broad product portfolio that focuses on the needs of bike enthusiasts and includes bike parts, accessories and clothing ("**PAC**") as well as traditional bikes and e-bikes. We also offer adjacent products, such as sports electronics, outdoor equipment, running and swimming gear and sports nutrition. The combination of our broad product assortment, the content and functionality of our websites, the seasoned partnerships with our brand partners and suppliers, our fulfillment structure that requires only limited investments in fixed asset ownership and our focus on customer service allowed us to create an ecosystem that attracts a loyal and high-spending customer base. We are able to realize price advantages through and benefit from high product availability through direct access to, and long-standing partnerships with, many leading international manufacturers and suppliers as well as large average order volumes. Our automated and low-cost distribution platform and automated order-flow allow us to offer same-day shipping options in Germany and most of our other markets for the vast majority of our products. We historically focused on the German, Austrian and Swiss growth markets and have a record of growing sales and market shares in a number of other European and international markets. Our revenue increased from €10.5 million in 2008 at a mean growth rate per year (*i.e.*, compound annual growth rate or "**CAGR**") of 28% to €199.2 million in 2020. Scaling effects in our overhead costs support our profit margins.

The continental European cycling market is large and attractive. The online and offline cycling market in Europe, comprising the product categories PAC, traditional bikes and e-bikes, had a size of €18 billion in 2017 and increased at a CAGR of 9% to €22 billion in 2019. The German cycling market in particular has shown high growth rates increasing from €4.6 billion at a CAGR of 16% to €6.2 billion in the same period (*source: OC&C Analysis; ZIV; NPD Cycling Market*). We expect both the European and German cycling markets to grow further (*Company* *estimate*). This expected market increase will be driven by several fundamental trends, including an increasing environmental awareness resulting in a general cycling uptake, the governmental promotion of environmentally friendly traffic solutions and enhancement of urban cycling infrastructure under the European green deal, including various tax incentives aiming at the promotion of certain uses of traditional bikes and e-bikes, as well as consumers' affinity for technological innovation (*Company estimate; source: EU Mobility Strategy; Federal Ministry for the Environment; Federal Ministry of Transport and Digital Infrastructure; Freewheeling France; Eltis COVID-19 Impact; Eltis Italy; Eltis Spain; ZIV*). The market for e-bikes is particularly promising. The German market for e-bikes amounted to €2.7 billion in 2019 and is expected to have increased at a CAGR of 69% to €4.6 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). The surge of e-bikes is also expected to strongly support the PAC market as our key revenue component due to higher technological complexity and maintenance needs of e-bikes, a higher need for replacement parts and a generally increasing willingness of customers to acquire related bike equipment and accessories. The German PAC market is expected to have increased from €1.7 billion in 2017 at a CAGR of 9.9% (based on the unrounded relevant figures included in the OC&C Analysis) to €2.3 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). At the same time, customers have increasingly shown a higher propensity to buying bicycles and bike parts online. The German online bicycle market amounted to €0.5 billion in 2017 and is expected to have increased at a CAGR of 51% (based on the unrounded relevant figures included in the OC&C Analysis) to €1.9 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). The German online PAC market is expected to have also shown strong growth and increased at a CAGR of 23% (based on the unrounded relevant figures included in the OC&C Analysis) from €0.4 billion in 2017 to €0.8 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*) and we expect it to continue to grow until 2023 (*Company estimate*). We have positioned ourselves as a specialist in the fragmented online cycling market and intend to tap that growth opportunity by serving the highest-spending customers.

Our business model incorporates several characteristic features. We believe we offer a market leading product range and depth with a larger number of product options by category than our closest competitor (*Company estimate*). The vast majority of our products is available for same-day shipping in Germany and most of our other markets. Our established brand that is known for a broad product range and high product availability allows us to pursue an organic and low-cost customer acquisition strategy, driven by strong word-of-mouth effects and search engine optimization resulting in almost exclusively unpaid website traffic. A high and increasing share of existing customers, a growing number of orders per customer and average order values above the market-average in the PAC product category drive strong customer economics. Our automated warehouse operations in Dresden, Germany, which are fully integrated into our logistics and fulfillment infrastructure, ensure rapid shipping (including overnight shipping) and continued scalability. Our long-standing partnerships with many leading brand partners and suppliers allow us to get preferred access to various products. Our business model benefits from comparably low overhead costs due to limited marketing investments and strong fulfillment and shipping economics driven by our automated logistics infrastructure.

Our business processes are data- and technology-driven. Our IT infrastructure allows for advanced and complete data analytics and data-driven decision-making. This positions us to tailor our product offering and marketing efforts to reach a high number of new customers and lead our existing customers to return to us for their next purchase. We offer our customers a convenient experience through our desktop and mobile websites enabled by high loading speeds, persistent baskets, which retain our customers' shopping cart or product selections after they leave our websites, and dynamic searches. Our IT set-up has been developed with a focus on scalability and ease of internationalization. Our customer support system allows us to accompany our customers throughout the entire shopping process and contributes to a superior customer experience.

We believe that the following competitive strengths have been the primary drivers of our success in the past and will continue to set us apart from our competitors in the future:

- We believe we are a leading online cycling platform, well positioned in the strongly growing online cycling market;
- We believe we provide a convenient one-stop cycling e-commerce solution for a growing, highly loyal and high-spending customer base;
- We believe we offer excellence in execution based on a scalable state-of-the-art logistics and fulfillment infrastructure;
- We have a track record of customer and revenue growth, which we believe is supported by our management expertise and business model incorporating several characteristic features;
- We have developed a clear strategy for future growth, which includes the expansion of our operations to our selected growth markets Spain, France and Italy and potentially additional geographies as well as the roll-out of our own private-label products; and
- We can rely on an experienced management team, which is led by our co-founder Andrés Martin-Birner.

To achieve continued success, we have identified the following key elements of our strategy:

- We aim to capitalize our strong position in our core region with an accelerating offline to online migration;
- We intend to further improve our customers' experience;
- We intend to realize further growth in already selected and promising expansion markets;
- We plan to even further expand our footprint into additional geographies based on a proven playbook; and
- We consider to selectively pursue M&A opportunities.

Major Shareholders – As of the date of this Prospectus, REF VI Bike Holding S.à r.l., Luxembourg, directly holds 79.49%, REF VI Associates II SCSp, Luxembourg, directly holds 0.64%, REF VI OOPS SCSP, Luxembourg, directly holds 0.29%, Andrés Martin-Birner directly holds 5.54%, Lars Witt directly holds 5.54%, Falk Herrmann directly holds 5.54% and Timm Armbrust directly holds 2.98% of the shares in the Company.

Controlling Shareholders – As of the date of this Prospectus, the Company is controlled by REF VI Bike Holding S.à r.l., Luxembourg, which in turn is controlled by REF VI GP, LLC, Delaware. The Company is ultimately controlled by Stewart A. Kohl and Béla Szigethy, who each hold 50% of the voting rights in and are Co-CEOs of REF VI GP LLC.

Management Board – The members of the management board of the Company are Andrés Martin-Birner (chief executive officer) and Timm Armbrust (chief financial officer).

Statutory Auditors – The Company's auditor is KPMG AG Wirtschaftsprüfungsgesellschaft, Dresden branch, Galeriestraße 2, 01067 Dresden, Germany.

B.2 – What is the Key Financial Information regarding the Issuer?

Selected Financial Information of Bike24 Group

Unless indicated otherwise, all financial information presented in the tables below is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables included below may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

Our financial results for the fiscal year ended December 31, 2020 are not fully comparable to financial results for the fiscal year ended December 31, 2019 as well as previous fiscal years due to the acquisition of Bike24 by an affiliate of private equity investor The Riverside Company ("**Riverside**") in the fall of 2019 from an affiliate of private equity investor Bridgepoint Capital ("**Bridgepoint**").

On September 10, 2019, an affiliate of Riverside directly acquired the Company (at that time: Weilchensee 956. V V GmbH and later renamed to REF Bike Holding GmbH) and indirectly its subsidiary Bike24 Support GmbH (at that time: Weilchensee 957. V V GmbH and later renamed to REF Bike Acquisition GmbH) as shelf companies and special-purpose vehicles for the acquisition of Bike24. On November 8, 2019, Bike24 Support GmbH acquired all shares in Peloton MidCo 2 GmbH from Peloton MidCo1 Ltd., an affiliate of, among others, Bridgepoint. Since November 1, 2019, Peloton MidCo 2 GmbH has been consolidated in the consolidated financial statements of the Company. The financial information for the fiscal year ended December 31, 2020 and the short fiscal year ended December 31, 2019 is taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH, the Company's predecessor before its change of legal form into a German stock corporation (*Aktiengesellschaft*) and change of legal name into "Bike24 Holding AG". The financial information for the fiscal years ended December 31, 2019 and 2018 is taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.

Selected Data from the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,(1)		For the short fiscal year from August 22, 2019 to December 31,(2)	For the year ended December 31,(2)	For the three months ended March 31,	
	2018	**2019**	**2019**	**2020**	**2020**	**2021**
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Revenue and other income						
Revenue	118.7	137.1	21.5	199.2	33.0	57.6
Other income	0.2	0.2	0	0.1	0	0
Total income	**118.8**	**137.3**	**21.5**	**199.3**	**33.0**	**57.6**
Operating expenses						
Personnel expenses	(10.3)	(11.0)	(1.8)	(15.3)	(3.2)	(5.0)
Expenses for merchandise, consumables and supplies	(83.1)	(97.1)	(15.3)	(137.9)	(23.7)	(39.9)
Other expenses	(13.6)	(13.8)	(4.4)	(22.0)	(4.3)	(7.1)
Depreciation and amortization	(8.6)	(8.9)	(2.2)	(13.6)	(3.4)	(3.4)
Total expenses	(115.7)	(131.0)	(23.7)	(189.0)	(34.6)	(55.5)
Earnings before interest and taxes (EBIT)	**3.2**	**6.3**	**(2.2)**	**10.3**	**(1.6)**	**2.1**
Finance expense, net	(12.7)	(9.5)	(0.4)	(9.1)	(0.8)	(1.1)
Earnings before tax	**(9.5)**	**(3.1)**	**(2.7)**	**1.2**	**(2.4)**	**1.0**
Income tax expense (income)	0.5	(0.9)	0.1	(0.6)	0.6	(0.3)
Result for the period	**(9.1)**	**(4.1)**	**(2.6)**	**0.6**	**(1.8)**	**0.7**
Other comprehensive loss	–	–	–	–	–	–
Comprehensive result	**(9.1)**	**(4.1)**	**(2.6)**	**0.6**	**(1.8)**	**0.7**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

Selected Data from the Statements of Financial Position

	As of December 31,(1)		As of December 31,(2)		As of March 31,
	2018	**2019**	**2019**	**2020**	**2021**
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)
Assets					
Non-current assets	179.7	171.9	232.7	215.8	213.0
Current assets	40.7	45.1	48.5	70.1	81.8
Total assets	**220.5**	**216.9**	**281.2**	**285.8**	**294.8**
Total equity	**36.0**	**115.4**	**120.3**	**120.9**	**121.6**
Liabilities					
Non-current Liabilities	158.5	33.3	148.1	142.6	141.3
Current Liabilities	25.9	68.2	12.7	22.3	31.9
Total liabilities	**184.4**	**101.5**	**160.9**	**164.9**	**173.2**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

Selected Data from the Consolidated Statement of Cash Flows

	For the year ended December 31,(1)		For the short fiscal year from August 22, 2019 to December 31,(2)	For the year ended December 31,(2)	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Net cash from operating activities	(1.0)	3.5	(0)	21.1	(1.2)	0.3
Net cash used in investing activities	(1.8)	(1.0)	(104.9)	(1.6)	(0.5)	(0.6)
Net cash from financing activities	(2.1)	(1.6)	113.5	(2.9)	3.9	(0.4)
Net increase (decrease) in cash and cash equivalents	(5.0)	0.9	8.6	16.6	2.2	(0.7)
Cash and cash equivalents as of January 1	9.1	4.2	0	8.6	8.6	25.2
Cash and cash equivalents as of December 31/March 31	4.2	5.1	8.6	25.2	10.8	24.5

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.

(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

B.3 – What are the Key Risks that are Specific to the Issuer?

- The cycling-focused e-commerce market is highly fragmented and very competitive and our ability to compete depends on a large variety of factors both within and beyond our control.
- Negative developments in global and local economic conditions in our markets, including the COVID-19 pandemic if it continues, could adversely impact consumer spending.
- We may not be able to maintain or grow our revenue or our business.
- We have grown in the past and plan to grow further in the future and may not be able to manage our past or future growth effectively or at all.
- The growth and success of our business depends on the continued growth of e-commerce as a marketplace and the corresponding shift from offline to online sales.
- Any failure to provide our customers with an appealing and personalized website experience and to adapt to the fast-changing e-commerce landscape could negatively affect our business.
- We depend on the reputation of our “Bike24” brand, and any failure to maintain, protect and enhance our brand may harm our ability to retain or expand our customer base.
- We rely on numerous third-party suppliers for the procurement of our broad product assortment and any deterioration in the relationships with such suppliers may materially and adversely affect our business.
- We are subject to standardized contractual terms and conditions typically imposed by our suppliers that often include restrictive clauses, which, for example, prohibit us from selling our products in or into certain regions and markets or from purchasing products from certain other suppliers.
- We currently lease and operate a single automated warehouse and any disruption of our warehouse operations could adversely affect our business.
- We may be unable to manage our own inventory levels effectively and face various risks relating to overstocking or understocking of products.
- Any failure to operate, maintain, integrate and scale our network and IT infrastructure could result in customer dissatisfaction, loss of revenue or subject us to claims for damages.
- We are exposed to the risk of disruptions and security breaches, including cyber-attacks, and unauthorized use of our websites, databases, online security systems or computerized logistics management systems.

- We are subject to a variety of regulations, including but not limited to consumer protection laws, regulations governing e-commerce and competition laws, and future regulations might impose additional requirements and other obligations on our business.

C. – Key Information on the Securities

C.1 – What are the Main Features of the Securities?

The Prospectus relates to up to 44,166,666 bearer shares with no par value (*Stückaktien*) consisting of (i) up to 6,666,666 newly issued ordinary bearer shares with no par value (*Stückaktien*) from a capital increase against contribution in cash expected to be resolved by a shareholders' meeting of the Company on or about June 16, 2021 (the "**New Shares**") and (ii) 37,500,000 existing ordinary bearer shares with no-par value (*Stückaktien*) (existing share capital).

Number and Nature of Shares – As of the date of this Prospectus, 37,500,000 shares are outstanding. Assuming issuance of the maximum number of New Shares, 6,666,666 additional shares would be issued. All shares are bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

ISIN and Denomination – The ISIN of the shares is DE000A3CQ7F4 and the shares are denominated in euros.

Rights Attached to the Shares and Transferability – All shares carry full dividend rights from January 1, 2021. Each share carries one vote at the Company's shareholders' meeting. The shares are subordinated to all other securities and claims in case of an insolvency of the Company and are freely transferable in accordance with the legal requirements for bearer shares.

Dividend Policy – The Company does not intend to pay dividends for the foreseeable future. Any determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions and capital requirements.

C.2 – Where will the Securities be traded?

All shares are expected to be admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**").

C.3 – What are the Key Risks that are Specific to the Securities?

- Following the Private Placement, our existing shareholders will retain a significant interest in the Company and their interests may conflict with the interests of the Company or those of our other shareholders.

D. – Key Information on the Offer of the Securities and the Admission to Trading

D.1 – Under which Conditions and Timetable can I invest in this Security?

Listing and Closing – Listing approval is expected to be granted on June 24, 2021 and trading is expected to commence on June 25, 2021.

Private Placement – On June 15, 2021, in anticipation of the expected admission to trading of the Company's shares on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Company, together with Berenberg and J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany (telephone: +49 (0) 69 71240; website: https://www.jpmorgan.com), LEI 549300ZK53CNGEEI6A29 initiated a private placement of up to 25,759,998 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2021 (the "**Private Placement**"), consisting of:

- up to 6,666,666 New Shares;
- up to 12,000,000 existing ordinary bearer shares with no par value (*Stückaktien*) (the "**Existing Shares**", together with the New Shares, the "**Base Placement Shares**") from the holdings of REF VI Bike Holding S.à r.l., REF VI Associates II SCSp and REF VI OOPS SCSP (together, the "**Selling Shareholders**");
- up to 3,733,333 existing ordinary bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders (the "**Additional Shares**") subject to the exercise of an upsize option upon decision of the Selling Shareholders on the date of pricing based on market demand; and

- up to 3,359,999 Over-Allotment Shares from the holdings of the Selling Shareholders, Andrés Martin-Birner and Timm Armbrust in connection with a possible over-allotment (the "**Over-Allotment Shares**", and together with the Base Placement Shares and any Additional Shares, the "**Placement Shares**"), with the total number of Over-Allotment Shares not exceeding 15% of the final number of Base Placement Shares and any Additional Shares actually placed in the Private Placement.

The Company targets gross proceeds of approximately €100 million from the Private Placement resulting from the sale of the New Shares. The price range for the Private Placement of €15.00 to €19.00 per Placement Share (the "**Price Range**") has been set to ensure that at the low-end of the Price Range, the Company would still achieve its target proceeds. If the Placement Shares are placed at a placement price that is higher than the low-end of the Price Range, the number of New Shares will be reduced accordingly. Andrés Martin-Birner and Timm Armbrust will make available shares from their shareholdings to the underwriters only in the form of a securities loan to cover potential over-allotments, but will not sell any shares in the course of the Private Placement.

D.2 – Who is the Offeror and the Person asking for Admission to Trading?

Admission to Trading – The Company will apply for the Listing. The application will be made together with Berenberg for the purpose of the Listing.

D.3 – Why is this Prospectus being Produced?

Reason for the Listing – The Company intends to pursue the Listing to gain better access to the capital markets.

Material Conflicts of Interest – There are no conflicting interests with respect to the Listing.

II. PROSPEKTZUSAMMENFASSUNG

A. – Einleitung mit Warnhinweisen

Bezeichnung und internationale Wertpapier-Identifikationsnummer (ISIN) der Wertpapiere – Dieser Prospekt (der „**Prospekt**“) bezieht sich auf Aktien der Bike24 Holding AG mit der internationalen Wertpapier-Identifikationsnummer („**ISIN**“) DE000A3CQ7F4.

Identität und Kontaktdaten des Emittenten, einschließlich der Rechtsträgerkennung (LEI) – Die Emittentin der Aktien ist Bike24 Holding AG (die „**Gesellschaft**“ und zusammen mit ihren vollkonsolidierten Tochtergesellschaften die „**Bike24 Gruppe**“ bzw. „**wir**“, „**uns**“ oder „**unsere**“, und „**Bike24**“ in Bezug auf das der Bike24 Gruppe zugrundeliegende Unternehmen), Breitscheidstr. 40, 01237 Dresden, Bundesrepublik Deutschland („**Deutschland**“) (Telefon +49 (0) 351 417497-0; Website www.bike24.de), Rechtsträgerkennung („**LEI**“) 894500FCLU2M5GTUUR76, eingetragen im Handelsregister des Amtsgerichts Dresden, Deutschland, unter der HRB 41483.

Identität und Kontaktdaten der die Zulassung zum Handel an einem Regulierten Markt beantragenden Person, einschließlich der Rechtsträgerkennung (LEI) – Die Gesellschaft und Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland (Telefon: +49 (0)40 350 600; Website: www.berenberg.de), LEI 529900UC2OD7II24Z667 („**Berenberg“**) werden die Zulassung zum Handel der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zum Teilbereich des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (Prime Standard) beantragen.

Identität und Kontaktdaten der zuständigen Behörde, die den Prospekt billigt und Datum der Billigung des Prospekts – Die Bundesanstalt für Finanzdienstleistungsaufsicht, Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Deutschland, Telefon +49 228 4108 0, Website: www.bafin.de, hat diesen Prospekt am 15. Juni 2021 gebilligt.

Warnhinweise – *Diese Zusammenfassung sollte als Prospekteinleitung verstanden werden. Anleger sollten sich bei jeder Entscheidung, in die Aktien zu investieren, auf diesen Prospekt als Ganzes stützen. Die Anleger könnten ihr gesamtes angelegtes Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien für die Anleger eine Entscheidungshilfe darstellen würden.*

B. – Basisinformationen über die Emittentin

B.1 – Wer ist die Emittentin der Wertpapiere?

Angaben zur Emittentin – Die Gesellschaft hat ihren eingetragenen Sitz in Dresden, Deutschland, und die LEI 894500FCLU2M5GTUUR76. Die Gesellschaft ist eine in Deutschland gegründete und deutschem Recht unterliegende Aktiengesellschaft.

Haupttätigkeiten – Wir operieren unter unserer etablierten Marke „Bike24“ und sind nach eigener Einschätzung eine der führenden E-Commerce-Plattformen in Kontinentaleuropa mit klarem Schwerpunkt auf dem hochwertigen Fahrradsegment. Wir bieten unseren Kunden ein Komplettangebot rund um das Fahrrad mit einem umfassenden Produktsortiment, das sich auf die Bedürfnisse von Fahrradenthusiasten konzentriert und Fahrradteile, Zubehör und Bekleidung („**PAC**“) sowie traditionelle Fahrräder und E-Bikes umfasst. Wir bieten auch dieses Portfolio ergänzende Produkte an, wie z. B. elektronische Sportartikel, Outdoor-Ausrüstung, Lauf- und Schwimmbekleidung sowie Sportnahrungsmittel. Die Kombination aus unserem breiten Produktsortiment, dem Inhalt und der Funktionalität unserer Webseiten, den langbewährten Partnerschaften mit unseren Markenpartnern und Zulieferern sowie unserer Bestellungsabwicklungsstruktur, die nur geringe Investitionen in Sachanlagevermögenswerte erfordert, und unserem Fokus auf Kundenservice haben es uns ermöglicht, ein Ökosystem zu schaffen, das einen loyalen und kaufkräftigen Kundenstamm anzieht. Durch den direkten Zugang zu und langjährige Partnerschaften mit zahlreichen führenden internationalen Herstellern und Zulieferern sind wir in der Lage, Preisvorteile zu erzielen und profitieren zudem von einer hohen Produktverfügbarkeit. Unsere automatisierte und kostenarme Vertriebsplattform sowie unser automatisierter Bestellvorgang ermöglichen es uns, in Deutschland und den meisten anderen unserer Märkte für die meisten unserer Produkte Versandoptionen noch für den Tag der Bestellung anzubieten. In der Vergangenheit haben wir uns auf die Wachstumsmärkte in Deutschland, Österreich und der Schweiz konzentriert, verzeichnen inzwischen aber auch in einigen anderen europäischen und internationalen Märkten steigende Umsatzerlöse und Marktanteile. Unsere Umsatzerlöse sind von €10,5 Mio. im Jahr 2008 mit einer durchschnittlichen jährlichen Wachstumsrate (*compound annual growth rate* oder „**CAGR**") von 28% auf €199,2 Mio. im Jahr 2020 gestiegen. Skalierungseffekte in Bezug auf unsere Fixkosten fördern dabei unsere Gewinnspanne.

Der kontinentaleuropäische Fahrradmarkt ist groß und attraktiv. Der Online- und Offline-Fahrradmarkt in Europa, bestehend aus den Produktkategorien PAC, traditionelle Fahrräder und E-Bikes, ist von €18 Mrd. im Jahr 2017 mit einer CAGR von 9% auf €22 Mrd. im Jahr 2019 gewachsen. Insbesondere der deutsche Fahrradmarkt hat eine hohe Wachstumsrate gezeigt und ist über den gleichen Zeitraum von €4,6 Mrd. mit einer CAGR von 16% auf €6,2 Mrd. gewachsen (Quelle: *OC&C Analyse; ZIV; NPD Fahrradmarkt*). Wir erwarten sowohl für den europäischen als auch den deutschen Fahrradmarkt weiteres Wachstum (*Einschätzung der Gesellschaft*). Dieses erwartete Marktwachstum wird dabei durch verschiedene grundlegende Entwicklungen begünstigt, unter anderem durch ein zunehmendes allgemeines Umweltbewusstsein das zu einer generellen Zunahme an Radfahrern führen wird, die öffentliche Förderung umweltfreundlicher Transportlösungen und den Ausbau städtischer Fahrradverkehrsinfrastrukturen im Zusammenhang mit dem europäischen Green Deal, einschließlich verschiedener Steuervergünstigungen, die auf die Förderung der Nutzung traditioneller Fahrräder und von E-Bikes abzielen, sowie das Interesse von Verbrauchern an technologischer Innovation (*Einschätzung der Gesellschaft; Quelle: EU Mobilitätsstrategie; Bundesministerium für Umwelt; Bundesministerium für Transport und digitale Infrastruktur; Freewheeling Frankreich; Eltis Italien, Eltis Spanien, COVID-19 Auswirkungen; ZIV*). Der Markt für E-Bikes ist besonders vielversprechend. Der deutsche Markt für E-Bikes belief sich im Jahr 2019 auf €2,7 Mrd. und ist voraussichtlich mit einer CAGR von 69% auf €4,6 Mrd. im Jahr 2020 gestiegen (Quelle: *OC&C Analyse; ZIV; NPD Fahrradmarkt*). Es ist zu erwarten, dass der Zuwachs an E-Bikes aufgrund der höheren technischen Komplexität und der gesteigerten Wartungsanforderungen von E-Bikes, des höheren Bedarfs an Ersatzteilen sowie der generell steigenden Kundenbereitschaft, entsprechende Fahrradausrüstung und Zubehör zu kaufen, auch den PAC-Markt und damit die Schlüsselkomponente unserer Umsatzerlöse stark fördern wird. Der deutsche PAC-Markt ist von €1,7 Mrd. im Jahr 2017 voraussichtlich mit einer CAGR von ca. 9,9% (basierend auf den ungerundeten relevanten Zahlen aus der OC&C Analyse) auf €2,3 Mrd. im Jahr 2020 gewachsen (Quelle: *OC&C Analyse; ZIV; NPD Fahrradmarkt*). Gleichzeitig neigen Kunden verstärkt dazu, Fahrräder und Fahrradteile online zu kaufen. Der deutsche Online-Fahrradmarkt belief sich im Jahr 2017 auf €0,5 Mrd. und ist voraussichtlich mit einer CAGR von 51% (basierend auf den ungerundeten relevanten Zahlen aus der OC&C-Analyse) auf €1,9 Mrd. im Jahr 2020 gestiegen (Quelle: *OC&C Analyse; ZIV; NPD Fahrradmarkt*). Der deutsche Online-PAC-Markt hat mit einem erwarteten Wachstum von €0,4 Mrd. im Jahr 2017 mit einer CAGR von 23% (basierend auf den ungerundeten relevanten Zahlen aus der OC&C-Analyse) auf €0,8 Mrd. im Jahr 2020 voraussichtlich ebenfalls ein starkes Wachstum gezeigt (*Quelle: OC&C Analyse; ZIV; NPD Fahrradmarkt*) und wir gehen davon aus, dass er bis 2023 voraussichtlich noch weiter wachsen wird (*Einschätzung der Gesellschaft*). Wir haben uns innerhalb des fragmentierten Online-Fahrradmarktes als Spezialist positioniert und wollen die hiermit verbundene Wachstumschance nutzen, indem wir die kaufkräftigsten Kunden für uns gewinnen.

Unser Geschäftsmodell basiert auf mehreren charakteristischen Merkmalen. Wir glauben, dass wir eine marktführende Produktbreite und -tiefe mit einer höheren Anzahl an Produktoptionen pro Kategorie anbieten als unser nächster Konkurrent (*Einschätzung der Gesellschaft*). Die weit überwiegende Anzahl unserer Produkte ist in Deutschland und den meisten unserer anderen Märkte noch am Tag der Bestellung versandfertig. Unsere etablierte Marke, die für ein breites Produktsortiment und eine hohe Produktverfügbarkeit steht, erlaubt es uns, angetrieben durch starke Mund-zu-Mund-Effekte und Suchmaschinenoptimierung, eine organische und kostengünstige Strategie zur Gewinnung von Neukunden zu verfolgen und auf diese Weise größtenteils unbezahlten Websiteverkehr zu generieren. Ein hoher und wachsender Anteil an bestehenden Kunden, eine wachsende Anzahl an Bestellungen pro Kunde und über dem Marktdurchschnitt liegende Durchschnittsbestellwerte in der Produktkategorie PAC treiben unsere Kundenökonomie voran. Unser automatisiertes Warenlager in Dresden, Deutschland, welches vollständig in unsere Logistik- und Bestellungsabwicklungs-Infrastruktur integriert ist, gewährleistet einen schnellen Versand (einschließlich Übernachtzustellungen) und kontinuierliche Skalierbarkeit. Unsere zahlreichen langjährigen Partnerschaften mit führenden Markenpartnern und Zulieferern verschaffen uns einen bevorzugten Zugang zu diversen Produkten. Zudem profitiert unser Geschäftsmodell von vergleichsweise niedrigen Fixkosten aufgrund geringer Investitionen in Marketing und einer hohen Bestellungsabwicklungs- und Versandökonomie getrieben durch unsere automatische Logistikinfrastruktur.

Unsere Geschäftsabläufe sind daten- und technologiegesteuert. Unsere IT-Infrastruktur ermöglicht eine fortschrittliche und vollständige Datenanalyse und datenbasierte Entscheidungsfindung. Hierdurch können wir unser Produktangebot und unsere Vermarktung so gestalten, dass wir eine hohe Anzahl neuer Kunden erreichen und unsere bestehenden Kunden zu ihrem nächsten Einkauf verleiten können. Wir bieten unseren Kunden aufgrund unserer Desktop- und mobilen Webseiten, ermöglicht durch hohe Ladegeschwindigkeiten, beständige Warenkörben, welche die Zusammensetzung des Warenkorbs oder die Produktauswahl unserer Kunden auch dann beibehalten, wenn sie unsere Websites verlassen, sowie durch dynamische Suchfunktionen, ein komfortables Kauferlebnis. Unser IT-System wurde mit einem Fokus auf Skalierbarkeit und vereinfachter Internationalisierung entwickelt. Unser Kundensupport-System ermöglicht es uns, unsere Kunden während des gesamten Kaufprozesses zu begleiten und trägt zu einem exzellenten Kauferlebnis bei.

Wir glauben, dass die folgenden wettbewerblichen Stärken in der Vergangenheit der maßgebliche Grund für unseren Erfolg waren und uns auch in Zukunft von unseren Wettbewerbern abheben werden:

- Wir glauben, eine führende Online-Fahrradplattform mit einer guten Position im stark wachsenden Online-Fahrradmarkt zu sein;
- Wir glauben, eine komfortable E-Commerce-Komplettlösung im Fahrradmarkt für einen wachsenden, sehr loyalen und kaufkräftigen Kundenstamm anzubieten;
- Wir glauben, eine äußerst effiziente Geschäftsabwicklung auf Basis einer skalierbaren, hochmodernen Logistik- und Bestellungsabwicklungs-Infrastruktur anzubieten;
- Wir können ein stetiges Wachstum an Kunden und Umsatzerlösen aufweisen, von dem wir glauben, dass es durch die Expertise unseres Managements und durch unser Geschäftsmodell, das auf mehreren charakteristischen Merkmale beruht, gefördert wird;
- Wir haben eine klare Strategie für künftiges Wachstum entwickelt, die die Expansion unserer Geschäftstätigkeit in unsere ausgewählten Wachstumsmärkte Spanien, Frankreich und Italien sowie die Markteinführung und den Verkauf von Eigenmarkenprodukten beinhaltet; und
- Wir können auf ein erfahrenes Managementteam, das von unserem Mitgründer Andrés Martin-Birner als Chief Executive Officer geführt wird, zugreifen.

Um unseren Erfolg beizubehalten, haben wir die folgenden Faktoren als Schlüsselelemente unserer Strategie identifiziert:

- Wir wollen unsere starke Position in unserer Kernregion, die sich durch zunehmende Verlagerung von Offline- zu Online-Handel auszeichnet, ausnutzen;
- Wir wollen das Einkauferlebnis unserer Kunden weiter verbessern;
- Wir wollen zusätzliches Wachstum in bereits ausgewählten und vielversprechenden Expansionsmärkten erzielen;
- Wir wollen unseren geographischen Fußabdruck aufgrund bereits bewährter Strategien weiter vergrößern; und
- Wir erwägen, sich eröffnende Gelegenheiten für M&A-Transaktionen zu ergreifen.

Hauptanteilseigner **–** Zum Datum dieses Prospekts halten REF VI Bike Holding S.à r.l., Luxemburg, unmittelbar 79,48%, REF VI Associates II SCSp, Luxemburg, unmittelbar 0,64%, REF VI OOPS SCSP unmittelbar 0,29%, Andrés Martin-Birner unmittelbar 5,54%, Lars Witt unmittelbar 5,54%, Falk Herrmann unmittelbar 5,54% und Timm Armbrust unmittelbar 2,98% der Aktien der Gesellschaft.

Beherrschende Anteilseigner – Zum Datum dieses Prospekts wird die Gesellschaft von der REF VI Bike Holding S.à r.l., Luxemburg, beherrscht, die ihrerseits von der REF VI GP, LLC, Delaware, beherrscht wird. Die Gesellschaft wird letztlich von Stewart A. Kohl und Béla Szigethy beherrscht, die jeweils 50% der Stimmrechte an der REF VI GP, LLC halten und Co-CEOs der REF VI GP, LLC sind.

Vorstand – Die Mitglieder des Vorstands der Gesellschaft sind Andrés Martin-Birner (Chief Executive Officer) und Timm Armbrust (Chief Financial Officer).

Abschlussprüfer – Der Wirtschaftsprüfer der Gesellschaft ist die KPMG AG Wirtschaftsprüfungsgesellschaft, Niederlassung Dresden, Galeriestraße 2, 01067 Dresden, Deutschland.

B.2 – Welche sind die wesentlichen Finanzinformationen über die Emittentin?

Die in den untenstehenden Tabellen aufgeführten Finanzinformationen werden in Millionen Euro (€ Mio.) dargestellt, soweit nicht anders angegeben. Bestimmte Finanzinformationen, einschließlich Prozentsätze, wurden kaufmännisch gerundet. Daher entsprechen die gerundeten Zahlen in den untenstehenden Tabellen möglicherweise nicht in allen Fällen den Gesamtwerten (Summen oder Zwischensummen) in diesen Tabellen, die auf Basis ungerundeter Zahlen berechnet werden. Bei in Klammern angegebenen Finanzinformationen handelt es sich um den negativen Wert der dargestellten Zahlen. Ein Gedankenstrich („–") indiziert, dass die jeweilige Zahl nicht verfügbar ist oder Null beträgt, während eine Null („0,0") bedeutet, dass die jeweilige Zahl auf Null gerundet wurde.

Unser Geschäftsergebnis für das zum 31. Dezember 2020 endende Geschäftsjahr ist aufgrund des Erwerbs von Bike24 durch ein mit dem Private Equity Investor The Riverside Company („**Riverside**") verbundenes Unternehmen von einem mit dem Private Equity Investors Bridgepoint Capital („**Bridgepoint**") verbundenen Unternehmen im Herbst 2019 nicht vollständig mit dem Geschäftsergebnis für das zum 31. Dezember 2019 endende Geschäftsjahr und mit vorangegangenen Geschäftsjahren vergleichbar. Ein mit Riverside verbundenes Unternehmen erwarb am 10. September 2019 unmittelbar die Gesellschaft (zu diesem Zeitpunkt: Weilchensee 956. V V GmbH und nachfolgend umbenannt in REF Bike Holding GmbH) und damit mittelbar ihre Tochtergesellschaft Bike24 Support GmbH (zu diesem Zeitpunkt: Weilchensee 957. V V GmbH und nachfolgend umbenannt in REF Bike Acquisition GmbH) als Vorratsgesellschaften und Akquisitionsvehikel für den Erwerb von Bike24. Am 8. November 2019 erwarb die Bike24 Support GmbH von der Peloton MidCo1 Ltd., einem u.a. mit Bridgepoint verbundenen Unternehmen, sämtliche Anteile an der Peloton MidCo 2 GmbH. Seit dem 1. November 2019 wird die Peloton MidCo 2 GmbH in den Konzernabschluss der Gesellschaft einbezogen. Die Finanzinformationen für das zum 31. Dezember 2020 endende Geschäftsjahr und für das zum 31. Dezember 2019 endende verkürzte Geschäftsjahr sind dem geprüften Konzernabschluss der REF Bike Holding GmbH, der Vorgängergesellschaft der Gesellschaft vor ihrer Umwandlung in eine deutsche Aktiengesellschaft und Umfirmierung in „Bike24 Holding AG", für die zum 31. Dezember 2019 und 31. Dezember 2020 endenden Geschäftsjahre entnommen. Die Finanzinformationen für die zum 31. Dezember 2019 und 2018 endenden Geschäftsjahre sind dem geprüften Konzernabschluss der Peloton MidCo 2 GmbH für die zum 31. Dezember 2019 und 2018 endenden Geschäftsjahre entnommen.

Ausgewählte Konzernfinanzinformationen der Bike24 Gruppe

Ausgewählte Daten aus der Konzern-Gewinn- und Verlustrechnung und Gesamtergebnisrechnung

	Für das zum 31. Dezember endende Geschäftsjahr(1)		**Für das verkürzte Geschäftsjahr vom 22. August bis 31. Dezember,(2)**	**Für das zum 31. Dezember endende Geschäftsjahr(2)**	**Für den zum 31. März endenden Dreimonatszeitraum**	
	2018	**2019**	**2019**	**2020**	**2020**	**2021**
	(geprüft) (in € Mio.)		**(geprüft) (in € Mio.)**		**(ungeprüft) (in € Mio.)**	
Umsatzerlöse und sonstige Erträge						
Umsatzerlöse	118,7	137,1	21,5	199,2	33,0	57,6
Sonstige Erträge	0,2	0,2	0	0,1	0	0
Gesamterträge	**118,8**	**137,3**	**21,5**	**199,3**	**33,0**	**57,6**
Betriebliche Aufwendungen						
Aufwendungen für Leistungen an Arbeitnehmer	(10,3)	(11,0)	(1,8)	(15,3)	(3,2)	(5,0)
Aufwendungen für Handelswaren, Verbrauchsmaterialien und Betriebsstoffe	(83,1)	(97,1)	(15,3)	(137,9)	(23,7)	(39,9)
Sonstige Aufwendungen	(13,6)	(13,8)	(4,4)	(22,0)	(4,3)	(7,1)
Abschreibungen	(8,6)	(8,9)	(2,2)	(13,6)	(3,4)	(3,4)
Gesamtaufwendungen	(115,7)	(131,0)	(23,7)	(189,0)	(34,6)	(55,5)
Ergebnis vor Zinsen und Steuern (EBIT)	**3,2**	**6,3**	**(2,2)**	**10,3**	**(1,6)**	**2,1**
Finanzaufwendungen, netto	(12,7)	(9,5)	(0,4)	(9,1)	(0,8)	(1,1)
Ergebnis vor Steuern	**(9,5)**	**(3,1)**	**(2,7)**	**1,2**	**(2,4)**	**1,0**
Ertrag (Aufwand) aus Ertragsteuern	0,5	(0,9)	0,1	(0,6)	0,6	(0,3)
Periodenergebnis	**(9,1)**	**(4,1)**	**(2,6)**	**0,6**	**(1,8)**	**0,7**
Sonstiges Ergebnis	–	–	–	–	–	–
Gesamtergebnis nach Steuern	**(9,1)**	**(4,1)**	**(2,6)**	**0,6**	**(1,8)**	**0,7**

(1) Entnommen aus dem geprüften Konzernabschluss für die zum 31. Dezember 2019 und 2018 endenden Geschäftsjahre für die Peloton MidCo 2 GmbH.
(2) Entnommen aus dem geprüften Konzernabschluss für die zum 31. Dezember 2019 und 31. Dezember 2020 endenden Geschäftsjahre für die REF Bike Holding GmbH.

Ausgewählte Daten aus der Konzernbilanz

	Zum 31. Dezember[1]		Zum 31. Dezember[2]		Zum 31. März,
	2018	2019	2019	2020	2021
	(geprüft) (in € Mio.)		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)
Vermögenswerte					
Langfristige Vermögenswerte	179,7	171,9	232,7	215,8	213,0
Kurzfristige Vermögenswerte	40,7	45,1	48,5	70,1	81,8
Summe Vermögenswerte	**220,5**	**216,9**	**281,2**	**285,8**	294,8
Summe Eigenkapital	**36,0**	**115,4**	**120,3**	**120,9**	**121,6**
Verbindlichkeiten					
Langfristige Verbindlichkeiten.....	158,5	33,3	148,1	142,6	141,3
Kurzfristige Verbindlichkeiten.....	25,9	68,2	12,7	22,3	31,9
Summe Verbindlichkeiten	**184,4**	**101,5**	**160,9**	**164,9**	**173,2**

(1) Entnommen aus dem geprüften Konzernabschluss für die zum 31. Dezember 2019 und 2018 endenden Geschäftsjahre für die Peloton MidCo 2 GmbH.

(2) Entnommen aus dem geprüften Konzernabschluss für die zum 31. Dezember 2019 und 31. Dezember 2020 endenden Geschäftsjahre für die REF Bike Holding GmbH.

Ausgewählte Daten aus der Konzern-Kapitalflussrechnung

	Für das zum 31. Dezember endende Geschäftsjahr[1]		Für das verkürzte Geschäftsjahr vom 22. August bis 31. Dezember,[2]	Für das zum 31. Dezember endende Geschäftsjahr[2]	Für den zum 31. März endenden Dreimonatszeitraum	
	2018	2019	2019	2020	2018	2019
	(geprüft) (in € Mio.)		(geprüft) (in € Mio.)		(ungeprüft) (in € Mio.)	
Mittelzufluss aus betrieblicher Tätigkeit, netto	(1,0)	3,5	(0)	21,1	(1,2)	0,3
Mittelabfluss aus Investitionstätigkeit, netto	(1,8)	(1,0)	(104,9)	(1,6)	(0,5)	(0,6)
Mittelabfluss/-zufluss aus Finanzierungstätigkeit, netto	(2,1)	(1,6)	113,5	(2,9)	3,9	(0,4)
Zunahme von Zahlungsmitteln und Zahlungsmitteläquivalenten, netto..	(5,0)	0,9	8,6	16,6	2,2	(0,7)
Zahlungsmittel und Zahlungsmitteläquivalente zu Beginn der Periode......................	9,1	4,2	0	8,6	8,6	25,2
Zahlungsmittel und Zahlungsmitteläquivalente zum Ende der Periode	4,2	5,1	8,6	25,2	10,8	24,5

(1) Entnommen aus dem geprüften Konzernabschluss für die zum 31. Dezember 2019 und 2018 endenden Geschäftsjahre für die Peloton MidCo 2 GmbH.

(2) Entnommen aus dem geprüften Konzernabschluss für die zum 31. Dezember 2019 und 31. Dezember 2020 endenden Geschäftsjahre für die REF Bike Holding GmbH.

B.3 – Welche sind die zentralen Risiken, die für die Emittentin spezifisch sind?

- Der auf Fahrräder ausgerichtete E-Commerce-Markt ist stark fragmentiert und sehr wettbewerbsintensiv und unsere Konkurrenzfähigkeit hängt von einer Vielzahl von Faktoren ab, die zum Teil innerhalb und zum Teil außerhalb unsere Einflusses liegen.
- Negative Entwicklungen der globalen und regionalen wirtschaftlichen Bedingungen in unseren Märkten, einschließlich der COVID-19 Pandemie, sofern diese anhält, könnten sich negativ auf Verbraucherausgaben auswirken.

- Wir werden möglicherweise nicht in der Lage sein, unsere bisherigen Umsatzerlöse und unser bisheriges Geschäft zu halten oder zu vergrößern.
- Wir sind in der Vergangenheit gewachsen und beabsichtigen auch weiterhin zu wachsen und werden möglicherweise nicht in der Lage sein, unser bisheriges oder künftiges Wachstum erfolgreich oder überhaupt zu bewältigen.
- Das Wachstum und der Erfolg unseres Unternehmens hängen vom weiteren Wachstum des E-Commerce Marktplatzes und der damit verbundenen Verlagerung vom Offline- zum Online-Handel ab.
- Wenn es uns nicht gelingt, unseren Kunden ein ansprechendes und personalisiertes Kauferlebnis auf unseren Websites zu bieten und uns an die sich ständig weiterentwickelnden Rahmenumstände des Online-Handels anzupassen, könnte sich das negativ auf unser Geschäft auswirken.
- Wir sind auf den Ruf unserer Marke „Bike 24“ angewiesen, und wenn es uns nicht gelingt, diese Marke zu erhalten, zu schützen und weiter zu stärken, könnte sich das negativ auf unsere Fähigkeit auswirken, unseren Kundenstamm zu erhalten oder zu erweitern.
- Wir sind bei der Beschaffung unseres breiten Produktsortiments auf zahlreiche Drittlieferanten angewiesen und eine Verschlechterung der Geschäftsbeziehungen mit diesen Drittlieferanten kann unser Geschäft erheblich und nachteilig beeinträchtigen.
- Wir unterliegen standardisierten, typischerweise von unseren Lieferanten gestellten Vertragsbedingungen, die oftmals restriktive Klauseln enthalten, welche uns beispielsweise den Verkauf unserer Produkte in bestimmten Regionen und Märkten oder den Erwerb von Produkten von bestimmten Zulieferern untersagen.
- Wir mieten und betreiben gegenwärtig ein einzelnes automatisiertes Warenlager und eine Beeinträchtigung des Betriebs dieses Warenlagers kann unser Geschäfts erheblich beeinträchtigen.
- Wir werden möglicherweise nicht in der Lage sein, unsere Lagerbestände effektiv zu verwalten und sind verschiedenen Risiken in Bezug auf Lagerüber- oder Lagerunterbestände ausgesetzt.
- Wenn es uns nicht gelingt, unsere Netzwerk- und IT-Infrastruktur ordnungsgemäß zu betreiben, aufrechtzuerhalten, zu integrieren und zu skalieren, könnte das zu Kundenunzufriedenheit und Umsatzverlusten führen oder uns Schadensersatzansprüchen aussetzen.
- Wir sind dem Risiko von Störungen und Sicherheitslücken ausgesetzt, einschließlich Cyber-Attacken sowie unbefugter Nutzung unserer Webseiten, Datenbanken, Online-Sicherheitssysteme oder computergesteuerter logistischer Verwaltungssysteme.
- Wir unterliegen einer Vielzahl von Rechtsvorschriften, einschließlich Verbraucherschutzgesetzen, Vorschriften zum elektronischen Handel und Wettbewerbsgesetzen, und künftige Rechtsvorschriften könnten unser Geschäft zusätzlichen Anforderungen und weiteren Verpflichtungen unterwerfen.

C. – Basisinformationen über die Wertpapiere

C.1 – Welche sind die wichtigsten Merkmale der Wertpapiere?

Dieser Prospekt bezieht sich auf bis zu 44.166.666 auf den Inhaber lautenden Stammaktien ohne Nennbetrag (Stückaktien), bestehend aus (i) bis zu 6.666.666 neu ausgegebene auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien) aus einer am oder um den 16. Juni 2021 durch eine Hauptversammlung der Gesellschaft zu beschließenden Barkapitalerhöhung (die „**Neuen Aktien**“) sowie (ii) 37.500.000 auf den Inhaber lautenden Stammaktien ohne Nennbetrag (Stückaktien) (bestehendes Grundkapital).

Anzahl und Art der Aktien – Zum Datum dieses Prospekts sind 37.500.000 Aktien ausgegeben. Unter der Annahme, dass die maximale Anzahl an Neuen Aktien ausgegeben wird, würden 6.666.666 zusätzliche Aktien ausgegeben. Alle Aktien sind Inhaberaktien (Stückaktien) mit einem Nominalwert von je €1,00.

ISIN und Währung – Die ISIN der Aktien lautet DE000A3CQ7F4 und die Aktien sind in Euro denominiert.

Mit den Aktien verbundene Rechte und Übertragbarkeit – Alle Aktien sind voll dividendenberechtigt ab dem 1. Januar 2021. Jede Aktie gewährt eine Stimme in der Hauptversammlung der Gesellschaft. Die Aktien sind gegenüber allen anderen Wertpapieren und Forderungen nachrangig im Falle einer Insolvenz der Gesellschaft und nach den gesetzlichen Bestimmungen für Inhaberaktien frei übertragbar.

Dividendenpolitik – Die Gesellschaft beabsichtigt auf absehbare Zeit nicht, Dividenden zu zahlen. Eine Dividendenzahlung erfolgt in Übereinstimmung mit den geltenden Gesetzen und hängt unter anderem von unserer Ertrags- und Finanzlage und unseren vertraglichen Beschränkungen sowie Kapitalanforderungen ab.

C.2 – Wo werden die Wertpapiere gehandelt?

Es wird erwartet, dass alle Aktien zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zum Teilbereich des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (Prime Standard) zugelassen werden (die „**Börsennotierung**").

C.3 – Welche sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

- Auch nach der Privatplatzierung werden die derzeitigen Anteilseigner signifikante Anteile an der Gesellschaft halten und ihre Interessen könnten mit denen der Gesellschaft oder denen der anderen Anteilseigner kollidieren.

D. – Basisinformationen über das Angebot der Wertpapiere und die Zulassung zum Handel

D.1 – Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

***Börsennotierung und Vollzug* –** Die Zulassung zur Börsennotierung wird voraussichtlich am 24. Juni 2021 erteilt und der Handel wird voraussichtlich am 25. Juni 2021 aufgenommen.

Privatplatzierung – In Erwartung der Zulassung zum Handel am Regulierten Markt der Frankfurter Wertpapierbörse und der gleichzeitigen Zulassung zum Teilbereich des Regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse, hat die Gesellschaft zusammen mit Berenberg, J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany (Telefon +49 (0) 69 71240; website: https://www.jpmorgan.com), LEI 549300ZK53CNGEEI6A29 am 15. Juni 2021 eine Privatplatzierung von bis zu 25.759.998 auf den Inhaber lautenden Stückaktien mit einem anteiligen Betrag am Grundkapital in Höhe von €1,00 und mit voller Dividendenberechtigung ab 1. Januar 2021 initiiert (die „**Privatplatzierung**"), bestehend aus:

- bis zu 6.666.666 Neuen Aktien;

- bis zu 12.000.000 bestehenden auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien) (die „**Bestehenden Aktien**", zusammen mit den Neuen Aktien, die „**Basisplatzierungsaktien**") aus dem Bestand von REF VI Bike Holding S.à r.l., REF VI Associates II SCSp und REF VI OOPS SCSP (zusammen, die „**Veräußernden Aktionäre**");

- bis zu 3.733.333 bestehenden auf den Inhaber lautende Stammaktien ohne Nennbetrag (Stückaktien) (die „**Zusätzlichen Aktien**") aus dem Bestand der Veräußernden Aktionäre, vorbehaltlich der Ausübung einer Erhöhungsoption durch Entscheidung der Veräußernden Aktionäre am Tag der Preisfestsetzung basierend auf der Nachfrage am Markt; und

- bis zu 3.359.999 bestehenden auf den Inhaber lautenden Stammaktien ohne Nennbetrag (Stückaktien) aus dem Bestand der Veräußernden Aktionäre, Andrés Martin-Birner und Timm Armbrust in Zusammenhang mit einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**" und, zusammen mit den Basisplatzierungsaktien und den Zusätzlichen Aktien, die „**Platzierungsaktien**"), die 15% der gesamten Anzahl der im Rahmen des Angebots tatsächlich platzierten Basisplatzierungsaktien und Zusätzlichen Aktien nicht übertreffen werden.

Die Gesellschaft strebt mit dem Verkauf der Neuen Aktien im Rahmen der Privatplatzierung Bruttoerlöse von rund €100,0 Mio. an. Die Preisspanne für die Privatplatzierung von €15,00 bis €19,00 pro Platzierungsaktie (die „**Preisspanne**") wurde so festgesetzt, dass sichergestellt ist, dass die Gesellschaft am unteren Ende der Preisspanne noch die angestrebten Erlöse erzielt. Sofern die Platzierungsaktien zu einem Platzierungspreis platziert werden, der über dem unteren Ende der Preisspanne ist, verringert sich die Anzahl Neuer Aktien entsprechend. Andrés Martin-Birner und Timm Armbrust werden den Konsortialbanken Aktien aus ihrem Bestand allein in Form von Aktiendarlehen zur Verfügung stellen, um eine mögliche Mehrzuteilung abzudecken, aber keine Aktien im Rahmen der Privatplatzierung verkaufen.

D.2 – Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

***Zulassung zum Handel* –** Die Gesellschaft wird die Zulassung zum Handel beantragen. Für den Zweck der Zulassung zum Handel wird der Antrag zusammen mit Berenberg gestellt werden.

D.3 – Weshalb wird dieser Prospekt erstellt?

***Gründe für die Börsennotierung* –** Die Gesellschaft beabsichtigt die Börsennotierung zu verfolgen, um Zugang zu den Kapitalmärkten zu erhalten.

***Wesentliche Interessenkonflikte* –** In Bezug auf die Börsennotierung bestehen keine Interessenkonflikte.

1. RISK FACTORS

*This prospectus (the "**Prospectus**") relates to the initial listing and certain private placements (the "**Private Placement**") of shares in Bike24 Holding AG (the "**Company**" and, together with its consolidated subsidiaries, "**Bike24**", "**Bike24 Group**", "**we**", "**us**", "**our**" or "**ourselves**", and "**Bike24**" relating to the underlying business of Bike24 Group). An investment in the shares of the Company is subject to risks. According to article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, the risk factors featured in a prospectus must be limited to risks which are specific to the issuer and/or to the securities and which are material for taking an informed investment decision. Therefore, the following risks are only those risks that are specific to Bike24 and to the Company's shares. The market price of the Company's shares could decline if any of these risks were to materialize, in which case investors could lose some or all of their investment.*

The following risk factors are categorized into subcategories based on their nature. In each category the risk factors are ordered according to their materiality, whereas the most material risk factors (i.e., those the Company believes are most likely to have a material adverse impact) are mentioned first based on the Company's current assessment with respect to the probability of their occurrence and the expected magnitude of their negative impact. Irrespective of the order of risk factors, however, any of the risks described below could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospects as well as the price of the Company's shares.

1.1 Risks Related to the Industry in Which We Operate

1.1.1 The cycling-focused e-commerce market is highly fragmented and very competitive and our ability to compete depends on a large variety of factors both within and beyond our control.

We currently operate one of the leading e-commerce platforms in continental Europe with a historical focus on the premium bicycle segment in the German, Austrian and Swiss markets ("**DACH**") and a record of growing sales and market shares in a number of other European and international markets. Our broad product portfolio focuses on the needs of bike enthusiasts, including demanding die-hard cycling hobby or professional athletes, gear heads with an affinity for the technology, urbanists and green mobility enthusiasts as well as adventurous experience seekers, and comprises bike parts, accessories and clothing as well as traditional bikes and e-bikes. We also offer adjacent products, such as sports electronics, outdoor equipment, running and swimming gear and sports nutrition. The cycling-focused e-commerce market is highly fragmented and characterized by intense competition. We face increasing competitive pressure both online and offline and from local and international players, impacting our ability to grow, improve our cost base and profitability and retain and grow market share. The diverse group of retailers with which we compete includes, but is not limited to:

- pure-play online cycling generalists and specialists with business models similar to ours;
- general e-commerce retailers and marketplaces, including "internet giants" such as Amazon or eBay, attempting to increase their presence across a range of product categories including cycling or adjacent products;
- offline-multichannel cycling and sports retailers; and
- offline-focused generalist retailers and brands, as well as department store chains, which are expanding their own online shelf space using their own websites and apps.

New market entrants may appear and some of our current smaller competitors may be acquired by, receive investments from, or enter into strategic relationships with, well-established and well-funded companies or investors who would enhance their competitive positions, potentially leading to reduced sales, lower profitability, and loss of market share for us. Moreover, competitors may significantly discount their prices on comparable goods offered by us. Intense price competition has already impacted our margins in recent years and could further negatively affect our ability to generate revenues as well as our cost base going forward, in particular due to the comparatively high price transparency available online through online comparison portals and other tools customers can use to compare prices from different platforms. Additionally, individual, strong competitors could expand their market presence and thus create a monopoly-like position for themselves, which could make it more difficult for us to expand our own market position.

Certain of our brand partners and suppliers are producers or distributors of cycling products that sell their products directly to end-customers independently of any partnership with us. We could experience additional competitive pressure if such brand partners or suppliers initiate or successfully expand their own online retail operations, as they have access to their goods at lower costs and could therefore sell such goods at lower prices while maintaining higher margins on their revenue than we can. As a result of the challenges presented by the pandemic spread of a strain of the coronavirus and the infectious disease caused by it ("**COVID-19**"), retailers and brands that previously have not used e-commerce channels to market their products may establish their own online presence or sell their goods in cooperation with our existing competitors, which may create new or strengthen existing competition.

Overall, we believe that competition in our industry is intense and may further intensify in the future. We believe that our ability to compete will depend on factors both within and beyond our control, including, but not limited to:

- our ability to offer a convenient, appealing, efficient and reliable shopping experience for our customers and to adapt to evolving or local customer preferences and e-commerce trends;
- the development of our reputation and brand, relative to those of our competitors;
- the size and composition of our customer base and our ability to increase the number of repeat purchases from active customers;
- the relationships with and the composition of our supplier base, and its subsequent impact on the selection, availability and price of products we feature on our sites;
- the perception of our websites as an attractive distribution channel for our brand partners and suppliers;
- our ability to potentially create and expand private-label products that are recognized for their quality and generate attractive margins for us;
- our ability to expand and localize our product offering into new geographies;
- our ability to successfully implement and manage future growth and create efficient and cost-effective advertising and marketing efforts to acquire new customers and tap new geographies;
- our ability to develop and manage new and existing technologies and sales channels in a timely manner;
- the efficiency, reliability and service quality of our warehousing and fulfillment operations, including fulfillment center activities, distribution, payment and customer service;
- the legal framework for e-commerce; and
- our ability to offer convenient and reliable payment methods for every customer.

Any failure to properly address these factors and to successfully compete against current or future competitors could negatively affect our ability to attract and retain customers and to achieve sustainable profitability.

1.1.2 Negative developments in global and local economic conditions in our markets, including the COVID-19 pandemic if it continues, could adversely impact consumer spending.

We sell our products online. Purchases of our customers are discretionary and therefore impacted by factors that influence the willingness of consumers to spend money on our products. As a result, our performance depends on global and regional economic conditions, which have shown significant volatility in recent years. For example, as a result of the COVID-19 pandemic and the measures taken by various governments to combat its spread, most countries in which we sell our products fell into recession in 2020. The ongoing pandemic and related countermeasures will at best continue to dampen economic prospects in Europe in the short term. Further, while the COVID-19 pandemic generally contributed to growth in the e-commerce industry in 2020, there is no guarantee that its positive effect on e-commerce sales in general will be of permanent nature and the recently seen strong shift from offline to online retailing might slow down, stagnate or even reverse after the end of pandemic related restrictions on offline business. Despite its positive effect on e-commerce, the COVID-19 pandemic also strongly disrupted supply and distribution channels, which negatively affected the availability of goods, price developments, shipping times and overall customers' online experience. The availability of several products included in our portfolio, particularly bicycles, certain bike parts and accessories, was negatively affected by strongly increasing customer online demand during COVID-19 related lockdowns on the one hand and supply shortages driven by supply chain disruptions or a lack of raw materials on the other hand. These supply shortages may continue and potentially even intensify in the future. In addition, COVID-19 related disruptions of distribution channels impaired our ability to offer same-day shipping options in certain cases. Any such disruption of our supply and distribution chains may significantly impair product availability and lead to reduced numbers of customer orders and/or customer order withdrawals. Further, following the end of government support programs, a continued economic downturn in one or more of our markets may result in higher levels of unemployment and as a consequence materially negatively affect consumer confidence and discretionary consumer spending, including purchases of cycling products. Several of our suppliers are smaller businesses, which tend to be more adversely affected by poor economic conditions than large businesses. The loss of or decline in suppliers could adversely affect our business as well, *e.g.*, in the form of a reduction of our product offering or an increase of shortage costs due to a loss of demand and/or customer goodwill. Inflation rates in our core markets have recently strongly increased and such increases may further accelerate. Increasing inflation may negatively affect our customers' shopping behavior and our cost base. For example, third parties recently increased the prices for packaging materials and cardboard boxes that we use to ship our products to customers by up to 50%.

Adverse economic developments in the countries in which we generate our revenue could adversely affect the collection of accounts receivable from our customers due to deterioration in credit quality and increase our inventory risk. There is also a risk of increased taxes, for the purpose of addressing the extraordinary levels of public spending and public debt related to the COVID-19 pandemic, in some or all of the countries in which we sell our goods. Tax increases that lead to increases in the sales prices of our products or the prices of services we offer in our flagship store or reduce the income available for consumption could also weaken demand for our products.

If our markets do not develop as anticipated, demand for our products may not increase as currently anticipated. Consequently, we may not be able to recoup the investments made in these markets and may be forced to close, or decide to divest, our operations in selected markets, which could have an adverse material effect on the implementation of our expansion strategy.

1.2 Risks Related to Our Business Activities

1.2.1 General risks related to our business activities and potential future growth

1.2.1.1 We may not be able to maintain or grow our revenue or our business.

Since the inception of our business in 2002, we have experienced continuous growth. Our revenue increased from €118.7 million in the fiscal year ended December 31, 2018 to €199.2 million in the fiscal year ended December 31, 2020, corresponding to a mean growth rate per year (i.e., compound annual growth rate or "**CAGR**") of 29.6%. However, there can be no assurance that we will be able to sustain these historic growth levels, or that we will continue to experience any growth at all. Our historic growth and expansion may not be indicative of future performance for a variety of reasons, including increasing competition, COVID-19 driven effects, the implementation of our growth strategy and the expansion of our business. We anticipate that our growth rate will decline over time as we achieve higher market penetration rates in the markets in which we sell our products. To the extent our growth rate slows, our business performance will become increasingly dependent on our ability to achieve economies of scale by, among other things, using our operating leverage and increasing our fulfillment efficiencies. We have made and are continuing to make investments in optimizing and localizing our offering and customer experience, our fulfillment and technology infrastructure. However, there is no assurance that these efforts will be sufficient to grow our revenue or business in total or in relation to the costs we incur. Increasing pressure may affect our profit margins, particularly due to comparatively high price transparency available online through online comparison portals and other tools customers can use to compare prices from different platforms and the resulting increase of competitive pressure. Price pressure may significantly increase after the COVID-19 related restrictions on offline business will have been removed should offline businesses try to attract customers with material discounts. In addition, there is no guarantee that the recently seen positive effects of COVID-19 related restrictions on offline business on online business and e-commerce sales in general and increasing demand for traditional bikes and e-bikes in particular can be sustained in the future. Any sudden decline in demand for our products increases our margin pressure and could negatively affect our results and profitability. Further, while we believe that our business model incorporates several characteristic features, such as our broad product range, the many relationships with brand partners and suppliers and the availability of our products, there is no guarantee that we will be able to maintain such advantages in the future as such characteristics of our business model are reproducible. For example, we generally do not maintain exclusive relationships with our brand partners and suppliers and any such brand partner or supplier may generally enter into contractual relationships or establish partnerships with any of our competitors thereby potentially impairing the strength of our product portfolio as selling point.

1.2.1.2 *We have grown in the past and plan to grow further in the future and may not be able to manage our past or future growth effectively or at all.*

The rapid growth of our business has placed, and we expect any future growth to continue to place, significant demands on our management and our operational and financial infrastructure. We intend to implement various strategic initiatives to promote further growth and expand our offering and geographic footprint. These initiatives include, among other steps, the launch of our own private-label product offering, the re-design and relaunch of our web shop, the localization of our offering, websites and customer services in our selected expansion markets Spain, France and Italy in a first step, and, in a second step, potentially in additional markets (such as Northern and Eastern Europe or the Benelux countries), the establishment of additional physical locations or logistic hubs, targeted and partially increased marketing activities (particularly in our new geographies) and the potential pursuit of acquisitions of companies and/or assets on an opportunistic basis.

We will need to onboard additional suppliers, expand our warehousing and fulfillment capacities and continue to improve and upgrade our systems, infrastructure and potentially management capacities to be able to deal with the greater scale and complexity of operations to the extent that our growth plans are successful and/or materialize. The success of our growth strategy and business in general depends on our ability to attract, train, motivate and retain highly qualified employees while introducing them to our corporate culture. Competition for qualified employees is intense and a lack of qualified and motivated personnel, particularly for our logistics and customer service departments, could impair our development and growth, increase our costs and harm our reputation. Any geographic expansion of our business also potentially implies cultural and linguistic challenges and may expose us to varying local economic, political, social and legal conditions. Growth and expansion of our business will require us to commit substantial management, operational and other resources in advance of any increase in the size of our business, with no assurance that our revenue and profit will increase accordingly. Our capacities and resources may not be sufficient to manage future growth sufficiently or at all and any of our intended growth strategies may therefore be delayed or fail and not be successful.

Additionally, we may not have sufficient funds available to adequately invest in all relevant systems and processes. Hence, there is a risk that underinvestment in systems may impact our ability to further scale and/or profitably scale our business. In some instances, the cost to increase scale may make growth in some areas unfeasible or undesirable. We may require additional capital to finance any future growth and expansion of our business and such capital may not be available to us at favorable terms or at all. The availability of equity financing depends, among other aspects, on the future share price of the Company’s shares and the then prevailing conditions on capital markets. Debt financing may, for example, expose us to restricting covenants and require us to grant security in favor of the relevant lenders or impose other restrictions on our business and financial position. Capital markets and/or analysts may negatively perceive an increase of external debt.

Continued growth may also strain our ability to maintain reliable service levels for our customers, may impede our efforts to attract, train, motivate and retain employees, or complicate our plans to develop and improve our operational, financial and management controls. Specifically, in certain regions, continued growth could result in our business, including fulfillment services sourced from third parties, being unable to accommodate the number of customers or orders, *e.g.*, if our service providers’ fulfillment centers begin to operate at or near capacity.

Any failure to effectively manage the increasing size and complexity of our business resulting from future growth could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.1.3 *The growth and success of our business depends on the continued growth of e-commerce as a marketplace and the corresponding shift from offline to online sales.*

Our growth depends on the continuing development and growth of e-commerce as a channel for customer transactions. We believe that the cycling online market in Europe and the DACH region as our core market will continue to grow, if the underlying trends materialize, acceptance of e-commerce transactions continues to increase and the importance of convenience and efficiency as motivation to shop online continue to grow. The COVID-19 pandemic and related lockdowns have already strongly boosted e-commerce in general, but there is no guarantee that the online markets in which we sell our products will continue to grow at rates experienced in the past or at all and that customers are willing and/or able to continue to use online channels. Despite its positive effect on e-commerce and online customer demand in general, the COVID-19 pandemic also strongly disrupted supply and distribution channels, which in certain markets negatively affected the availability of products, price developments, shipping times and overall customers' online experience. In particular, COVID-19 related disruptions of distribution channels impaired our ability to offer same-day shipping options in certain cases. The COVID-19 pandemic also weakened the economy and customer spend in many countries in which we sell our products. The overall impact of the COVID-19 pandemic on e-commerce may be difficult to predict and there is no guarantee for a quick recovery of the economy, customer spending and supply and distribution channels. Any positive impact of COVID-19 related restrictions on offline business on online sales may slow down, stagnate or reverse if such restrictions on offline business were to be reduced or removed. Any slowdown, stagnation or contraction in growth, stagnation or contraction in the cycling online markets could significantly adversely affect our business.

1.2.1.4 *Any failure to provide our customers with an appealing and personalized website experience and to adapt to the fast-changing e-commerce landscape could negatively affect our business.*

We believe that the foundation of our business is to provide our customers with a unique and individualized online shopping experience through a combination of an exceptionally broad selection of brands, and technology using algorithms and big data. Our websites, however, are currently characterized by a product-led and technical design and may not incorporate additional functions that are broadly considered state-of-the-art, which may negatively affect the overall shopping experience of our customers and attractiveness of our offering. We plan to redesign and relaunch our web shop and include additional functional elements to improve our customers' online experience. However, the setting up of, and transition to, a new web shop is a complex endeavor and we cannot preclude functional disruptions, technical difficulties and/or inconveniences for our customers during this process. Further, there is no guarantee that our new web shop and other efforts will achieve the desired results and effects among our customers and that we are able to successfully integrate any such functional elements into our existing network landscape.

If we fail to offer the overall positive shopping experience, convenience or efficiency our customers demand, if we are unable to present products on our websites in an attractive way or if customers regard our fulfillment capabilities – mainly delivery, returns and payment services – as not fully convenient, we may be unable to attract new customers, may lose existing customers or may be faced with reduced volumes of purchases on our website, any of which would have a material adverse effect on our business, financial condition, results of operations and prospects.

The internet and e-commerce are characterized by rapid technological development. New advances in technology can increase competitive pressure. Our success therefore depends, for example, on our ability to improve our current technological set-up, algorithms and big data infrastructure and to develop new online features for a variety of platforms in a timely manner in order to remain competitive. Any failure to adopt and apply new technological advances in a timely manner could decrease the attractiveness of our websites to customers and thus adversely affect our growth and our revenue.

1.2.1.5 *Any failure to anticipate and address in a timely manner trends amongst customers and customers' changing preferences could result in a loss of customers and business.*

Our ability to sell a sufficient number of products at satisfactory price levels depends on our ability to predict and respond to certain trends amongst customers and changing customers' preferences in a timely manner. We focus on online retailing of cycling-related customer products. Our market is sensitive to factors beyond our control, such as changes in customers' preferences, fluctuation in product trends and seasonal weather patterns and weather fluctuations. Customers' preferences regarding product design, quality and price may change unforeseeably and new trends, such as sustainability or smart mobility, may continue to gain importance.

Accurately forecasting the required quantities of products or a specific product composition may become increasingly difficult. We typically enter into agreements to purchase our goods in advance of the relevant selling season and any failure to anticipate and respond in a timely manner to certain trends and customers' preferences or changing weather conditions could result in lost sales and a loss of customers. For example, there has been a general increase in demand for bikes and particularly e-bikes due to greater public awareness regarding climate change, sustainability, the reduction of greenhouse gases, smart mobility and environmentally friendly traffic solutions. However, this may not necessarily result in customers' willingness to accept higher prices and maintenance costs for e-bikes and forecast trends may therefore not materialize.

It takes time to adjust our inventory to customer trends or short-term changes in demand, as we incur lead times for the delivery of goods from our brand partners and suppliers. As such, a potential increase in lead times, *e.g.*, due to disruptions in the supply chain as a result of a pandemic such as COVID-19, may result in us not having the appropriate selection or the required quantities of products in order to satisfy customer demand.

1.2.1.6 *We consider to launch our own private-label products, which we might not be able to maintain or enhance and unfavorable customer feedback or negative publicity could adversely affect our own products.*

We are considering to market our own private-label products, particularly in the area of bike parts, accessories and clothing (PAC). In order to properly develop, launch and market private-label products, we may incur significant up-front costs and liabilities or enter into certain long-term agreements with, among others, consultants, product developers, suppliers and marketing service providers.

However, there is no guarantee that our own private-label products will be accepted by our customers and that the revenue from the sale of such products will exceed or at least offset the costs incurred up-front. For example, sales of our own products may be adversely affected if their public image or reputation is tarnished by customer complaints or negative publicity, particularly about product quality or design, delivery times, return processes, customer support or other services, and such negative perception might also translate to other products and services we offer.

1.2.1.7 *Our business is partly subject to local seasonal and weather-related revenue fluctuations which may make it difficult to predict our future performance.*

Our business has historically been, and will in all likelihood continue to be, seasonal and subject to quickly changing weather conditions, particularly in the DACH region. Good weather conditions (such as dry, mild and sunny weather) typically have a positive effect on our sales while bad weather conditions (such as wet, rainy and cold weather) generally have a negative effect. We therefore experience higher sales of most of our products during spring and summer and reduced sales during fall and particularly winter, while changing weather conditions within a season also might have an effect on such general trends. As a result of this dependence on weather conditions, any weather fluctuation or trend that negatively affects our business, particularly during high periods, in any given year can have a disproportionately adverse effect on our revenue and results of operations for such year. Adverse weather effects may include, for example, unusually cold, rainy and/or short springs or summers in our markets and particularly in the DACH region at the relevant time. Our results of operations fluctuated in the past and we expect them to fluctuate in the future due to a variety of factors.

In addition, any negative effects of weak seasons or weak sales of seasonal goods are likely to be exacerbated by industry-wide price reductions designed to clear out excess inventories before or at the end of the relevant season. We might be unable to forecast accurately or synchronize our procurement cycles to coincide properly with seasonal variations in sales volumes. If our business growth slows or ceases, these seasonal fluctuations could become more important to our results of operations. Seasonal variations could also cause our inventories, working capital requirements and cash flows to fluctuate from quarter to quarter. Any failure to adapt to these seasonal changes in a timely manner may have a material adverse effect on our financial condition and results of operations for the relevant period.

1.2.2 Risks related to our marketing efforts and customer relationships

1.2.2.1 *We depend on the reputation of our "Bike24" brand, and any failure to maintain, protect and enhance our brand may harm our ability to retain or expand our customer base.*

Developing and maintaining the reputation of our "Bike24" brand is of central importance to our success. The recognition and reputation of our brand among customers, brand partners and suppliers are critical for the growth and continued success of our business as well as for our competitiveness in our current or future markets.

We are highly reliant on direct website traffic, which is influenced by the strength of our brand and the appeal, accessibility and functionality of our website. Unfavorable publicity concerning us, our brand partners or suppliers or the industry we operate in could damage our reputation, diminish the value of our brand, undermine the trust and credibility we have established for ourselves and have a negative impact on our ability to attract new or retain existing customers and to enter new markets or sectors. The risk of reputational damage due to the misconduct of individuals may even increase if we grow and expand our business. In addition, our marketing strategy going forward incorporates increasing involvement of influencers and our participation in or sponsoring of sports events or organizations and any negative publicity relating to any influencer, sports event or organization may also affect the image of our brand. Further, customers value readily available information concerning online retailers and often act on such information without further investigation or authentication or even regard to its accuracy. Allegations against us, whether true or not, may be posted unfiltered on social media, in internet chat rooms or on blogs or websites by anyone on an anonymous basis and any negative publicity may be accelerated through social media due to its immediacy and accessibility as a means of communication. We might therefore easily become the target of anti-competitive behavior, harassment or other detrimental conduct by third parties and inaccurate adverse information, especially if published and distributed via the internet, may harm our business disproportionately.

We have devoted, and will continue to devote, time and resources to marketing and customer relations. There is, however, no guarantee that our marketing efforts and other promotional activities will achieve the expected results. Increasing competition in our markets may make maintaining or enhancing our brand more difficult and expensive. Any failure to develop or maintain the reputation of our "Bike24" brand or to successfully promote our brand and websites may lead to the loss of existing customers and impair our ability to attract new customers and, as a result, adversely affect the implementation of our business strategy, our financial condition, results of operations and prospects.

1.2.2.2 *We may miss or may not be able to adapt to the latest trends in communication with our customers through social media or other channels.*

We rely on various social media platforms to communicate with our customers, including Facebook, Twitter, Instagram and YouTube. Changes to the terms and conditions of the relevant providers could limit our ability to communicate through social media. These services may also change their algorithms or interfaces even without notifying us, which may reduce our visibility or increase our costs.

We also use newsletters and alerts in the form of emails and other messaging services in order to promote our brand, inform customers of our product offering and/or the status of their transactions. However, changes in how webmail services organize and prioritize emails could reduce the number of customers opening our emails. For example, several service providers organize incoming emails into categories. Such tools and features could result in our emails and other messages being shown as "spam" or as lower-priority messages to our customers, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on, or charge for the delivery of, emails and other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements on our ability to conduct email marketing or send other messages, could impair our ability to communicate with our customers.

If we are unable to communicate through social media, via emails or other messages with our customers, if our messages are delayed, or if customers do not receive or view them, we will no longer be able to use these marketing channels. This could impair our marketing efforts, or make them more expensive if we increase spending on paid marketing channels to compensate for the loss of free marketing, and, as a result, our business could be adversely affected.

Any malfunction of our communication services could result in erroneous messages being sent and customers no longer wanting to receive any messages from us. Furthermore, our process to obtain consent from visitors to our websites to receive newsletters and other messages from us and to allow us to use their data may be seen as insufficient or invalid. As a result, such individuals or third parties may accuse us of sending unsolicited advertisements and other messages, which could result in claims against us.

The way our customers communicate online is constantly evolving. Keeping up with these developments is key for us to effectively present our brand and products to our customers. However, we may not be able to identify new trends in communication or to adapt to these trends. An inability to communicate through social media, emails or other messaging services could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.2.3 *In order to attract new and to retain existing customers, it is important that our brands show up prominently in internet search results. Changes to internet search engines' algorithms or terms of service could cause our websites to appear less prominently in search results.*

A large share of our customers access our websites by clicking on a link included in the algorithmic search results of search engines such as Google. We endeavor to enhance the relevance of our websites to common customer search queries and thereby improve the rankings of our websites in organic search results, a process known as "search engine optimization" ("**SEO**"). There is, however, no guarantee that our efforts will result in improved rankings of our websites in organic search results and thus ultimately generate more website traffic, especially as certain search engine providers such as Google frequently modify the algorithms and evaluation criteria determining the search results of their search engines.

A lower rank of our websites due to a failure to adjust to new search engine modifications or ranking criteria or their exclusion due to a violation of a search engine's terms of services could result in less traffic on our platform and therefore adversely affect our business. Apart from the optimization of the rankings of our websites with respect to organic, *i.e.*, unpaid, search results we also may decide to substantially invest in search engine marketing ("**SEM**"), *i.e.*, the improvement of our websites' rankings based on so-called purchased listings. However, there is no guarantee that such investments will pay off, especially as certain groups of customers may be wary of purchased listings such as sponsored links on Google.

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

1.2.2.4 *Our marketing activities and investments to increase brand awareness, to generate website and mobile traffic and to build or retain a loyal customer base may not be effective.*

Maintaining and enhancing our brand awareness, acquiring new customers, and increasing the number of customer visits to our websites, the number of orders and the basket size per order is critical to our success and profitability.

We focus our marketing activities and investments on increasing brand awareness, website traffic, customer acquisition and loyalty as well as repeat purchases. We expect to significantly increase such activities and further continue to spend significant amounts in line with our growth strategy to attract new and retain existing customers. We intend to increase our marketing activities and expenses relating to offline and online marketing such as SEM, SEO and the use of social media. Our decisions regarding investments in customer acquisition substantially depend upon our analysis of the profit contribution (revenue less attributed variable product and fulfillment costs) generated from customers we acquired in earlier periods. There can be no assurance that our assumptions regarding required customer acquisition investment and resulting net revenue from such customers, including those relating to the effectiveness of our marketing expenditures, will prove to be correct or that any of our marketing efforts and other promotional activities will achieve the desired results and what we consider to be an optimal mix of advertising and marketing at a cost we consider to be economically viable. Furthermore, we cannot guarantee that certain methods of advertising that we currently utilize will not become less effective, be prohibited or otherwise be unavailable to us in the future. Moreover, changes to search engines' algorithms or terms of services could exclude our websites from, or rank them lower in, search results.

If we are unable to attract sufficient brand awareness, website traffic, translate a sufficient number of website visitors into purchasers with sufficiently large basket sizes, build and maintain a loyal customer base, increase repeat purchases from customers, or do any of the foregoing on a cost-effective basis, our future growth could be limited or our revenue could decline.

1.2.2.5 *Dissatisfaction with our customer service could negatively affect our customer retention and the further implementation of our growth strategy.*

A satisfied and loyal customer base is crucial to our continued growth. A strong customer service is required to ensure that customer complaints are dealt with in a timely manner and to the customer's satisfaction. Except for the offering in our flagship store in Germany, we typically do not have the direct face-to-face contact with customers which is afforded through offline retail, and the way we directly interact with customers through our customer service team is crucial to maintaining continuous customer relationships. We respond to customer requests and inquiries through e-mail and our hotline. Any actual or perceived failure or unsatisfactory response by our customer service could negatively affect customer satisfaction and loyalty. Our inability to retain customers due to a lack of satisfactory customer service could have a material adverse effect on our results of operations, reputation and the further implementation of our growth strategy.

In addition, the localization of our customer service is part of our growth strategy and such localization efforts may prove unsuccessful. There is no guarantee that we will be able to hire a sufficient number of individuals who meet our high demands with respect to our customer service staff, possess the required technological expertise, are proficient in the relevant language and able to provide the high-quality customer service our demanding customers expect. Any inability to successfully localize our customer service offering may impair our ability to expand our operations and negatively affect our prospects.

1.2.3 Risks related to product procurement, logistics and deliveries

1.2.3.1 *We rely on numerous third-party suppliers for the procurement of our broad product assortment and any deterioration in the relationships with such suppliers may materially and adversely affect our business.*

Our broad product portfolio is a cornerstone of our business model. We source our entire product portfolio from a significant number of third-party suppliers. We depend on the maintenance of well-functioning relationships with our suppliers in order to realize our product, pricing and growth strategy. There is no guarantee that we will be able to maintain a supplier network that meets our and our customers' demands and is broad enough to meet varying demands in our current or future markets.

Any of our suppliers may, for example,

- cease selling products on acceptable terms to us or at all;
- fail to deliver products that meet customer demands;
- encounter financial difficulties;
- terminate their relationship with us and enter into agreements with our competitors on more favorable terms;
- have economic or business interests or goals that are inconsistent with our interests or goals and take actions contrary to our instructions, requests or objectives;
- decide to initiate or expand their own e-commerce operations, thereby directly competing with us;
- be unable or unwilling to fulfill their obligations, quality standards and product specifications;
- fail to expand their production capacities to meet our growing demands;
- encounter raw material or labor shortages or increases in raw material or labor costs, labor disputes or boycotts which may impact our costs and business;
- encounter trade restrictions or disruptions, currency fluctuations or adverse changes in general economic and political conditions; or
- engage in other activities or employment practices that may harm our reputation.

We generally do not have material long-term or exclusive contracts with our brand partners or suppliers. Substantially all of our brand partners or suppliers sell their products to us based on seasonal agreements with a limited term, under which we place bulk orders with respect to certain products, and which also often include broad termination rights. If important brand partners or suppliers cease doing business with us, terminate their contractual relationship, stop offering popular items to us or significantly change to our disadvantage the terms on which they sell their products, our popularity and, as a result, our revenue, and results of operations could be negatively affected. Such negative effects relating to the termination of brand partner or supplier relationships would become particularly harmful in case of the termination of several such relationships at the same time, due to, for example, concerted actions of brand partners or suppliers based on the deterioration of our business, changing market conditions or the potential impairment of our brand, reputational harm or negative publicity regarding our business. A loss of one or more popular brands from among the products we offer on our websites could result in the loss of existing or potential customers and significant revenue. Any deterioration of our supplier network may limit our ability to benefit from economies of scale and negotiate discounts.

Our brand partners and suppliers are subject to various risks beyond our or their control, such as changes in economic conditions, raw material costs, labor disputes, boycotts, natural disasters, trade restrictions or disruptions, currency fluctuations, reductions in available credit from banks, factors or other financial institutions and adverse changes in general economic and political conditions as well as supply chain interruptions product shortages caused or driven by the ongoing COVID-19 pandemic that could negatively affect their commercial relationship with us or limit their ability to provide us with goods on a timely basis and in accordance with agreed-upon terms or at all. Any such occurrence may lead, among others, to shortages or defaults in supply, reduce our product offering, increase our procurement costs or cause additional administrative effort and may therefore adversely affect our business and limit our growth. Even if brand partners or suppliers were to breach their contractual duties and thereby trigger claims for damages against them, for example by failing to deliver products or unduly terminating their contracts with us, the assertion of any such claims might be expensive, time-consuming and ultimately unsuccessful and may divert our management's attention away from the day-to-day management of our business.

1.2.3.2 *We are subject to standardized contractual terms and conditions typically imposed by our suppliers that often include restrictive clauses, which, for example, prohibit us from selling our products in or into certain regions and markets or from purchasing products from certain other suppliers.*

When we enter into arrangements or contracts with our suppliers, we typically have to agree to their respective standardized contractual terms and conditions, which are generally not further negotiable. Such standardized contracts typically include various restrictive clauses, such as non-compete, territorially restricting or other similar clauses prohibiting us from selling our products in or into certain regions and markets or from purchasing products from certain other suppliers. At the same time, such standardized contracts typically do not impose comparable restrictions on our suppliers that would prevent those suppliers from selling the relevant products to our competitors or any other third party. Any breach of such non-compete or similar restricting clauses, both intentional or inadvertent, might lead to the termination of the respective contract by the supplier concerned, expose us to substantial liability or contractual fines, and could result in material litigation against us. Even if our contractors falsely accuse us of having violated such clauses and assert corresponding claims against us, defending such claims might be expensive and time-consuming and may divert our management's attention away from the day-to-day management of our business. Besides that, there would be no guarantee that the defense against such claims would ultimately be successful.

The agreements concluded with our suppliers typically do not provide for a fixed price for the purchase of products by us. As a result, we may be subject to price fluctuation based on changes in our suppliers' businesses, cost structures, foreign exchange rates or other factors. Most of these standardized contracts do not incorporate any obligations or standards for our suppliers regarding ethical business conduct, corporate responsibility or legal compliance in general. There is no guarantee that our suppliers conduct their business according to our own ethical business principles or ideas of corporate responsibility and any non-compliance by any of our suppliers with such principles or applicable laws and regulations could significantly damage our reputation, business and/or expose us to claims by third parties.

Further, we are already subject to numerous contracts incorporating such non-compete, territorially restricting or other similar clauses and may enter into additional contracts or may be subjected to similar arrangements in the future involving such or similarly restricting clauses, particularly if and to the extent we geographically expand our business operations. For example, based on such restricting clauses, we are already prohibited from selling certain of our products sourced from selected brand partners or suppliers in or into markets outside of Germany or the European Economic Area. In addition, certain of our arrangements with brand partners or suppliers incorporate obligations to implement and maintain restrictive measures with respect to our websites, such as geo-blocking software, making our websites non-accessible in certain regions or to certain users. Certain other brand partners impose restrictions or certain requirements for the presentation of their products on our websites or our marketing activities. Any such contractual restriction may significantly limit our ability and potential to conduct or grow our business operations, particularly if we enter into further contracts containing such non-compete, territorially restricting or similar clauses in the future.

1.2.3.3 *We currently lease and operate a single automated warehouse and any disruption of our warehouse operations could adversely affect our business.*

We currently lease and operate a single automated warehouse in Dresden, Germany. Our warehouse system is largely automated and covers the inbound receipt of most of our products, the storage, packaging and outbound freight as well as the receipt, screening, and handling of returns of goods. Our automated processes are complex and depend on the functionality of our technological infrastructure. Any failure or disruption of our warehouse systems or operations, due to, for example, software malfunctions, fires, natural disasters, acts of terrorism, vandalism or sabotage or the termination of our warehouse lease agreement, could disrupt our operations by adversely affecting our ability to source and store the products for our broad product assortment adequately or at all, deliver our products in a timely manner or at all, cause our logistics costs to increase and harm our reputation.

The compact construction of our automated warehousing infrastructure particularly increases the risk of material damages and the quick spread of fires as had already occurred at other retailers relying on the same or similar automated warehousing systems. As has happened in the past, legal restrictions, relating to, for example, fire prevention and protection, may require us to modify the constructional setup or the organization of our warehouse, thereby reducing warehouse capacity, which may in turn force us to expand our warehouse or otherwise expand our logistics capacities, *e.g.*, through the acquisition or rental of further warehouses. Any such modification or expansion of our logistics capacities might be expensive, time-consuming and may distract our management from our day-to-day business operations, and could therefore disrupt our operations, thus adversely affecting our business and financial condition.

In addition, any accident or incident at our warehouse, but also at our offices or our flagship store, involving our personnel or operations could result in claims for damages against us and could damage our reputation. Although we generally maintain insurance against such losses to a level and at a cost we deem appropriate, our insurance policies are subject to exclusions and limitations, and we cannot guarantee that all material events of damage or loss will be fully or adequately covered by an applicable insurance policy. Further, insurance providers may require us to make significant commitments or investments as a condition for their provision of insurance coverage. For example, our insurance provider regarding coverage of losses in income required us to implement substantial fire protection measures with respect to the increased risk of substantial fires in connection with our automated warehouse infrastructure.

1.2.3.4 *We may be unable to manage our own inventory levels effectively and face various risks relating to overstocking or understocking of products.*

We focus on offering our customers an exceptionally broad product assortment. Our industry is sensitive to, among other factors, the development of fundamental market trends (*e.g.*, the increasing awareness regarding climate change or increasing popularity of e-mobility and e-bikes), changes in customers' preferences, fluctuations in sports trends, sentiments on social media and other product publicity, weather patterns and fluctuations as well as other factors beyond our control. Forecasting the required quantities and specific selection of products for future periods may be difficult. In addition, the lead times we may incur in taking delivery of goods from our suppliers may pose challenges to our operations by impairing our ability to timely respond to changes in product trends, customer demand, market prices, currency exchange rates or weather conditions. We rely on comprehensive customer and product data to determine demand for our products and manage our inventories. Our ability to efficiently manage our inventories would be significantly impaired should we not be able to further process and/or use such data or should such data not be available to us (due to, for example legal reasons, disruptions of our underlying network or the termination of our relationships with relevant third-party service providers). Any unavailability or incorrectness of product data may contribute overstocking or understocking of our products.

The COVID-19 pandemic and related lockdowns led to fundamental and rapid changes in customer behavior and demand, which may again change after the end of the pandemic and make predictions of customer behavior for future periods more difficult. In addition, the COVID-19 pandemic has severed supply and distribution chains and negatively affected production capacities as well as product availability due to, among other factors, limited availability of raw materials, COVID-19 related lockdowns and production stops as well as capacity constraints of third-party carriers. At the same time, e-commerce retailers, brand partners, suppliers or manufacturers of certain products have experienced substantial increases in demand, which, at least partly, exceeded the supply and offer of certain products. We, for example, noticed a significant increase of demand for bicycles and bike parts since the onset of the COVID-19 pandemic, while certain items from our product portfolio, particularly certain bike parts and accessories, where not available on time or at all at our brand partners or suppliers. In addition, increasing inflation rates may significantly affect customer behavior and our ability to source products. Any such aforementioned effect makes the efficient management of our or our business partners' inventories more challenging and may render us or our business partners unable to adequately forecast customer demand and product supply. Further, there is no guarantee that supply chains and the availability of relevant products and/or raw materials will timely and/or fully recover and/or successfully adjust to a change in circumstances due to the COVID-19 pandemic in the foreseeable future. Any of the foregoing may contribute to the risk that our inventory levels, with respect to certain brands, product categories, specific products or in general, are too high or too low.

Any inventory overstocking or understocking may negatively affect our results or even our customer loyalty. Customers may be dissatisfied and our reputation and customer loyalty negatively affected should our inventory levels be too low and should we not have the required quantities or appropriate selection of brands and products allowing us to fully satisfy customer demand, should certain products not be available or should our suppliers' delivery times be too long. Any sudden loss of customers may additionally result in increased excess inventory and the risk of losses on excess inventory. We keep the majority of our products in stock in order to be able to adequately satisfy customer expectations. We have incrementally increased our inventories to address the increasing demand for our products. Any overstocking may lead to significant losses due to potential write-offs or impairment charges relating to excess inventory should we overestimate customer demand, inadequately predict future trends and/or order excess quantities. In addition, larger inventories or overstocking increase the risk of liquidity shortages as well as inventory aging due to the deterioration of the condition of the stock items. We generally do not have the right to return unsold products to our brand partners or suppliers. In order to sell excess inventories, we may choose to sell products at significant discounts, which may negatively affect our profit margins and price levels of our other products. Significant discounting may damage our relationship with brand partners and/or suppliers whose products we sell at discounts. In addition, any miscalculation of customer demand and mismanagement of our inventories also exposes us to foreign currency risks, if, for example, the value of the currency at which we sell our products in a relevant market develops negatively in relation to the currency at which we have bought the relevant products.

If we fail to efficiently manage our inventories, anticipate and respond in a timely manner to changing customer preferences, industry trends or market conditions beyond our control and adjust our purchases and inventory accordingly, this may result in lost sales, sales at lower than anticipated margins and/or write-offs on inventories.

1.2.3.5 *Our inability to maintain and expand our brand partner and supplier network may materially adversely affect our business and future growth opportunities.*

Our efforts to maintain and expand relationships with existing brand partners and suppliers and establish relationships with new brand partners and suppliers are important to our ability to offer a convenient shopping experience to our customers, grow our business and increase our geographic footprint. In order to maintain and expand our relationships with our current brand partners and suppliers and to attract additional quality brand partners and suppliers, we will, among other things, need to:

- demonstrate our ability to help our brand partners and suppliers selling significant volumes of their products at attractive prices;
- attractively present our products, in particular branded products, to ensure that such presentation meets the relevant standards of a particular brand partner or supplier;
- offer brand partners and suppliers a high-quality, cost-effective fulfillment process; and
- hire and retain necessary talent to maintain relationships with existing brand partners and suppliers and source additional brand partners and suppliers.

If we fail to find and select quality brand partners and suppliers of attractive products, if such brand partners or suppliers refuse to work with us, if we are unable to negotiate advantageous terms with them or if we do not manage these relationships efficiently, we may not be able to grow as anticipated or future growth may lead to supply shortages, which could adversely affect our business. Our competitors may seek to enter into exclusivity agreements with our or other brand partners or suppliers and thereby prevent us from entering into relationships with and sourcing products from these brand partners or suppliers. Brand partners or suppliers may cease their operations or face financial distress or other business disruptions. As a result, we may not be able to source all of our products in a timely manner or at acceptable prices. Consequently, we may lose customers to competitors with a broader product offering and our remaining brand partners and suppliers may prefer to sell their products through other retailers with a larger customer base. In addition, we are a member in the Intersport sporting goods and purchasing association, which helps us to generally realize advantageous terms and conditions in many cases when ordering goods. We may forfeit these advantages should we not be able to maintain our membership with Intersport or should our relationship be terminated.

For our own private-label offering, we will depend on our ability to negotiate the manufacturing of the desired products at attractive prices and in sufficient volumes with individual manufacturers and/or other suppliers and such manufacturers or suppliers may not be willing to provide these products on the terms we seek.

1.2.3.6 *Our suppliers could fail to comply with applicable laws or regulations, which could subject us to adverse legal or regulatory actions or otherwise adversely affect our business.*

We could become subject to adverse legal or regulatory actions, if our brand partners or suppliers provide us with products that do not comply with applicable laws or regulations, including laws and regulations relating to product safety, embargoes, environmental protection and standards relating to employment and factory conditions. If our brand partners or suppliers do not observe these laws or regulations, we may be unable to sell or otherwise handle the relevant products. If we fail to detect any deficiencies in the products sold or handled by us before such products are shipped to customers, we may have to recall such products. In the event of any failure by brand partners or suppliers to meet our quality standards or the quality standards of our customers, we could incur additional costs, our brand and reputation may be damaged by negative publicity due to such deficiencies, we or our management may face administrative fines or criminal charges and we may lose current or potential customers, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.3.7 *Many of our suppliers rely on credit insurance to protect their receivables, and any changes to, or too slow adjustments or withdrawals of, such credit insurance might lead suppliers to seek to reduce their credit exposure to us.*

We believe that many of our third-party suppliers have traditionally obtained credit insurance to protect their receivables against the risk of bad debt, insolvency or protracted default of their buyers, including us. Credit levels available to us from our suppliers remain dependent on the general economic environment and our financial position. If there is a significant decrease in the availability of credit insurance to our suppliers, or if requests concerning an increase in credit levels are not met in a timely manner, and if such suppliers are unwilling or unable to take credit risk themselves or find alternative credit sources, they might choose to reduce their credit exposure to us, which might include attempts to change their credit terms or refusing to contract with us. Any such actions could have a material adverse effect on our cash position, lead to an increase in our indebtedness or have a negative impact on our product offering and, thus, on revenue, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

1.2.3.8 *Our sourcing and logistics costs are influenced by currency volatility and movements in the prices for raw materials and fuel as well as other factors beyond our control, and we may not be able to pass on price increases by our third-party service providers to our customers.*

A certain portion of our products is sourced from brand partners and suppliers in currencies other than the euro and subsequently sold into various European and other international markets in euro or other currencies, which exposes us to transactional currency risks and fluctuations between the euro, our reporting currency and other currencies. Such risks arise due to fluctuations or devaluations of currencies, inflation or deflation and foreign exchange controls or governmental measures that impact the sourcing and/or selling prices of our products. Any further regional expansion may increase such currency risks. Currency exchange rates and inflation may also impact our own purchasing power *vis-à-vis* our brand partners and suppliers and the costs at which we may source our products and the profit margins, which we may achieve by sales to customers.

In addition, our sourcing costs are also influenced by the capacity utilization rates at our suppliers, quantities demanded from our suppliers, product specification and the development of prices for certain raw materials, in particular cotton and other textile raw materials, as well as fuel. As a result, our costs of materials can vary materially in the short-term and, in cases of supply shortages, can increase significantly. Although we may attempt to pass on cost increases to our customers by increasing selling prices via regular price reviews, we may not always be able to do so. Moreover, any price increases could adversely affect our sales or reduce our profitability. During periods of declining input or fuel prices, customer demand may also require that we sell our products at lower prices or may restrict our ability to increase prices, in spite of the fact that we may use goods that were purchased at higher prices or that we are forced to incur higher shipping costs, thereby negatively impacting our margins.

The volatility in our sourcing and logistics costs and our limited ability to pass them on to customers may adversely affect our business and financial condition.

1.2.3.9 *We intend to expand our operations and any failure or inability to expand our warehouse and logistics capacities could disrupt our business and adversely affect our growth plans.*

We are currently in the process of rolling out our operations into certain selected expansion markets and consider to expand and localize our offering in additional geographies, particularly in Northern and Eastern Europe and the Benelux countries. In addition, we may also expand our product offering and consider rolling out our own private-label offering. Our current warehousing and logistics capacities may prove insufficient for such future growth. In order to keep our customers satisfied and continue to grow our business, we have to successfully operate, expand and further integrate our automated warehouse system and other logistics infrastructure. We intend to establish further warehouse logistics and physical locations in line with our growth strategy. The addition of greater processing capacity and logistical hubs to our warehousing and logistics infrastructure is complex. It may become particularly difficult and require considerable financial investments and time to set up the logistics infrastructure necessary in order to offer customers in our expansion markets a timely delivery comparable to that, which characterizes our proposition in our core region, or same day shipping for relevant products. In addition, there is no guarantee that we will be able to identify suitable warehouse or other locations in a timely manner or at all.

Any difficulties we encounter in expansion of our operations may also force us to change the current or intended warehouse and logistics set-up and organization of our warehousing and logistics network, including by relocating or outsourcing certain capabilities and engaging additional third-party service providers. There is no guarantee that the associated transition will be smooth. We may be unable to react to such challenges in a cost-effective and timely manner or at all. There is no guarantee that we will be able to open additional warehouses in an efficient and timely manner, lease additional suitable warehouses on acceptable terms, expand other areas of our fulfilment process to the extent necessary and recruit qualified personnel required to operate our warehouses and manage such expansion. If we fail to expand our logistics capacities to meet the demands of our continued growth, this could hamper our growth and ultimately prevent us from growing our business.

1.2.3.10 *We largely depend on third-party service providers for the fulfillment and distribution of our products to end customers.*

We depend on third-party logistics providers for the fulfillment and distribution of the products that our customers order online. Therefore, we have only limited control over the handling of our goods in the course of the fulfillment process, the timing of deliveries and the security of our products while they are being transported. There may be shipping delays due to, among other things, inclement weather, natural disasters, strikes, terrorism or ongoing constraints related to the COVID-19 pandemic. For example, the disruptions in international distribution chains due to the COVID-19 pandemic may render us unable to deliver our products to our customers in time or at all. In 2020, we were partly unable to fulfill our same-day shipping promises due to COVID-19 related disruptions. We also face the risk that our products may be damaged or lost in transit, for example, in the course of shipping from overseas. Additionally, there can be no assurance that customers will not expect or demand faster delivery times than we can ensure in the future. If the products we sell are not delivered in a timely manner or are damaged or lost in transit, if we are not able to provide adequate customer support, or if our competitors are able to deliver the same or equivalent products faster or more conveniently, our customers could become dissatisfied, cease buying on our websites and/or withdraw from purchase orders.

In some of our markets, it may be difficult to replace the logistics providers with whom we cooperate due to a lack of alternative offerings at comparable price and/or service quality and we may not be able to substitute such third-party services with an own last-mile delivery service. Changes in shipping terms and costs, for example due to increasing inflation rates, higher fuel costs, or the inability or refusal of third-party logistics providers to deliver our products in a safe and timely manner could harm our reputation and have an adverse effect on our business. We have recently witnessed price increases of logistics providers and prices for the shipping of our products may increase further, which may materially affect our profitability. Additionally, any deterioration in the financial condition of any third-party service provider could have an adverse impact on the quality of our logistics processes and distribution costs. If third-party logistics providers were to increase their shipping costs and we continue to offer free delivery and returns, the increased shipping costs could have a material adverse effect on our business and financial condition.

1.2.3.11 *Changes in customer return rates might increase our costs and harm our business.*

We have established return policies specific to our various local markets that permit our customers to return products within designated timeframes of typically 14 days following delivery. Granting return rights is an important element for converting website visitors into customers, providing our customers with the certainty that they will only be required to pay for those products that they want to keep.

We might experience a significant increase in returns, for example, due to customer dissatisfaction with our products or customer service, our inability to deliver products on time due to, among other factors, disruptions of distribution channels due to the COVID-19 pandemic, changes in customer behavior or the abuse of our liberal return policy by persons not actually willing to purchase our products. In this case there is no guarantee that we will be able to utilize returned goods in a cost-efficient manner, for example, by reselling them on our websites or returning them to our suppliers. We incur costs associated with returned goods – for example, costs associated with return processing and delivery – but may not receive revenue from returns or the proceeds from sales of returned goods may not cover all costs incurred. Thus, any increase in returns would increase our costs with no corresponding increase in revenue.

Continued growth is likely to increase the absolute number of returns, which may force us to allocate additional resources to the handling of such returns and may further complicate our operations. Furthermore, any modification of our return policies may result in customer dissatisfaction or an increase in the number of returns, which could adversely affect our business.

1.2.3.12 *The broad variety of payment methods we accept and our relationship with a single payment services provider exposes us to operational and/or regulatory risks.*

Payment methods have rapidly changed over recent years and we accept various payment methods tailored to meet our local customers' payment preferences. These payment methods include, among others, credit cards, PayPal, Amazon Pay, direct deposit, online bank transfer, invoice, cash in advance, cash on delivery and gift cards. In addition, we also offer our customers certain financing options together with a partnering bank pursuant to which customers may pay for their purchases from our websites in monthly instalments. Due to the complexity of the broad variety of international and local payment methods we accept, we face the risk of operational failures in our checkout process, which could adversely affect our conversion rate (*i.e*., the percentage of people visiting our websites that actually place an order) and customer satisfaction. In connection with the methods of payment we offer, we may become subject to additional regulations, compliance requirements, and various types of fraud or cyber-attacks. Other, particularly local or less developed, payment methods may be particularly susceptible to malfunctions or fraud.

For certain payment methods, including credit cards, we pay bank interchange and other fees. These fees may increase over time, increasing our operating costs and decreasing our profitability. We are also subject to operating rules and certification requirements of payment scheme associations, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers. Amendments to these rules or the introduction of new laws or requirements regarding any payment method we accept could result in increasing compliance costs, higher transaction fees and the possible loss of or restrictions to our ability to accept credit cards or other types of payment.

Furthermore, we rely on a single third-party service provider for our payment processing services and on licensed third-party encryption and authentication technology to securely transmit customers' personal information. If these companies become unwilling or unable to provide these services, due to, for example, insolvency, or increase their fees, such as bank and intermediary fees for credit card payments, our operations may be disrupted and our operating costs could increase, and there is no guarantee that we will be able to find suitable alternatives in a timely manner or at all. Any disruption of the business operations of our single third-party payment service provider in particular, such as, for example, technical issues, strikes, terrorism, natural disasters, governmental orders, investigations, or fraudulent, breaching or unprofessional conduct, such as, for example, the embezzlement of payments or failure to execute payments in time or at all, may, directly or indirectly, significantly impair our own business operations. Depending on the scope of our planned geographic expansion, we may be unable to provide automated online payment processes in all of our markets due to a lack of sophisticated local payment systems. Moreover, our acceptance of numerous local, less-developed payment methods, such as cash on delivery, exposes us to heightened risks of payment defaults or fraud.

1.2.3.13 *The acceptance of certain credit-related payment methods exposes us to the risk of unauthorized payments and/or fraud.*

We face risks relating to customers' claims that purchases or payments were not properly authorized or were transmitted in error, as well as risks that customers have insufficient funds and the risk of fraud. Historically, we have only experienced very few instances in which customers defaulted on their payment obligations as most of our orders are paid prior to delivery. We rely on our payment services provider or the respective credit card providers to provide us with an assessment of the respective customer's creditworthiness. However, there is no guarantee that these systems will function properly at all times or that there are no gaps or errors in these systems, which may result in unauthorized purchases. We may therefore fail to successfully assess the creditworthiness of our customers. If purchases or payments are not properly authorized or payment confirmations are transmitted in error, the relevant customers may turn out to have insufficient funds or defraud us, which could adversely affect our operations and result in increased legal expenses and fees. High levels of fraud could result in us having to comply with additional requirements or pay higher fees or fines. Any failure to avoid or limit losses from fraudulent transactions could negatively affect our results of operations and damage our reputation.

1.2.4 Risks related to our websites, network and information technology (IT) infrastructure

1.2.4.1 *Any failure to operate, maintain, integrate and scale our network and IT infrastructure could result in customer dissatisfaction, loss of revenue or subject us to claims for damages.*

As an online retailer, we are dependent on the smooth functioning of our information technology systems, especially our internet and mobile infrastructure, which are critical to our business and inherently subject to various operating risks. A key element of our strategy is to generate a high volume of traffic on, and use of, our websites to analyze a broad range of customer data, tracking individual customer journeys and ensuring efficient spending of our marketing resources. Our reputation and ability to acquire, retain and serve our customers are dependent upon the reliable performance of our websites and their underlying network infrastructure. As our customer base and the amount of information shared on our websites may continue to grow, we will require additional network capacity and computing power. In addition, we need to maintain reliable internet and mobile networks with the necessary speed, data capacity and security, as well as ensuring timely development of complementary products.

The operation of our information technology systems is expensive and complex and could result in operational failures. In addition, we are exposed to the risk of our information technology systems being undersized and functionally maladjusted, particularly in the case of the expansion of our operations. In the event that our customer base or the amount of traffic on our websites grows more quickly than anticipated, we may be required to incur significant additional costs to enhance the underlying network infrastructure. Inadequate performance of our information technology systems, whether due to system failures, power outages, lack of firewall protection, denial-of-service and credential stuffing attacks, computer viruses, physical or electronic break-ins, undetected errors, design faults or other unexpected events or causes, could affect the security or availability of our websites, prevent customers from accessing our websites and result in limited capacity, reduced demand, processing delays and loss of customers. Moreover, in the future, certain deficiencies in our information technology systems might be discovered or occur. Any actual or perceived failure to maintain the performance, reliability, security and availability of our products and information technology systems to the satisfaction of our customers and certain regulators could harm our reputation, disrupt our business or decrease our ability to attract and retain customers.

We use cloud services for storing and maintaining customer data as well as for the provision of our IT infrastructure. An interruption or breakdown of our technology systems and IT infrastructure due to power outages, fire, natural disasters, acts of terrorism, vandalism or sabotage, actions of third-party providers or any other unanticipated reason cannot be ruled out completely. The disaster recovery arrangements we have put in place have not been tested during actual disasters or similar events and may not effectively permit us to continue to run our business in the event of any problems with respect to the data that we use. To date, we have not experienced these types of events, but we cannot provide any assurances that they will not occur in the future. If our cloud service partners fail, we may experience downtime on our websites which could reduce the attractiveness of our websites to customers. Failure in our IT infrastructure could also result in unfavorable media coverage, damage our reputation, and/or result in regulatory inquiries or other proceedings.

As of now, our websites may not incorporate all relevant functional elements that are considered state-of-the-art and contribute to an overall pleasing customer experience. Any failure to adopt and apply new technological advances in a timely manner or improve the design of our websites and accessibility of our offering through our websites could negatively affect the attractiveness of our offering to customers and thus adversely affect our growth and our revenue.

1.2.4.2 *We are exposed to the risk of disruptions and security breaches, including cyber-attacks, and unauthorized use of our websites, databases, online security systems or computerized logistics management systems.*

We operate websites, networks and other data systems through which we collect, maintain, transmit and store information about our customers, suppliers and others, including credit card or other financial information and personal information, as well as other confidential and proprietary information, including information related to intellectual property. We also employ third-party service providers that store, process and transmit proprietary, personal and confidential information on our behalf. Furthermore, we rely on encryption and authentication technology licensed from third parties in an effort to securely transmit confidential and sensitive information, including credit card details. While we take extensive steps to protect the security, integrity and confidentiality of sensitive and confidential information (*e.g.*, password policies and firewalls), our security practices may be insufficient and third parties may breach our systems (*e.g.*, through Trojans, spyware, ransomware or other malware attacks, or breaches by our employees or third-party service providers), which may result in unauthorized use or disclosure of information. Such attacks might lead to blackmailing attempts, forcing us to pay substantial amounts to release our captured data or resulting in the unauthorized release of such data. Given that techniques used in these attacks change frequently and often are not recognized until launched against a target, it may be impossible to properly secure our systems. In addition, technical advances or a continued expansion and increased complexity of our IT infrastructure could increase the likelihood of security breaches.

Advances in computer capabilities, new technological discoveries or other developments could increase the frequency or likelihood of security breaches. In addition, security breaches can also occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees, by persons with whom we have commercial relationships or any other third persons. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, adverse publicity or a loss of confidence in our security measures. For example, we recorded a large number of login attempts to our systems with customer accounts based on customer data that has been leaked and sourced from other websites. Such login attempts were successful only in a limited number of cases and we did not detect any hacking into or other invasion of our internal systems. However, any such occurrence may affect our systems, relate to sensitive and protected customer data and may force us to block or reset customer accounts, which may negatively affect our customers' experience and damage our reputation. We have not taken out cybersecurity insurance and cannot be certain that our insurance coverage concerning other risks will be adequate for liabilities that we might actually incur or that such insurance will continue to be available to us on economically reasonable terms, or at all. As an operator of an e-commerce platform, our business would be particularly exposed should we not be able obtain cybersecurity insurance at favorable terms or at all. Additionally, we may need to devote significant resources to protect against security breaches or to address problems caused by breaches, which may require us to divert resources from the growth and expansion of our business. The materialization of any of the foregoing risks could have a material adverse effect on our business, financial condition, results of operations and prospects as well as our reputation.

1.2.5 Other risks related to our business activities

1.2.5.1 *We may from time to time pursue acquisitions or enter into strategic business relationships, any of which could result in significant additional expenses, fail to achieve anticipated benefits, or fail to be properly integrated.*

As part of our growth strategy, we may engage in opportunistic acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks, any of which could harm our business, including but not limited to:

- difficulties in integrating the technologies, operations, existing contracts and personnel of acquired businesses;
- difficulties in supporting and transitioning customers or suppliers of an acquired company;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;

- failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance, accounting practices or employee or customer issues;
- risks of entering new markets in which we have limited or no experience;
- potential loss of key employees, customers and suppliers from either our current business or an acquired company's business;
- inability to generate sufficient net revenue to offset acquisition costs;
- additional costs or equity dilution associated with funding the acquisition; and
- potential write-offs or impairment charges relating to acquired businesses.

If, in the context of any future acquisition, we fail to properly assess the merits of the acquisition target, incur costs that later prove to be unjustified, fail to integrate the acquisition into our business properly and in a cost-efficient manner, or incur liabilities that prove to be larger than anticipated, it could have a material adverse effect on our business, financial condition and results of operations.

We may also pursue and enter into strategic relationships in the future. Such future strategic relationships involve risks, including but not limited to maintaining good working relationships with the other party, inconsistency of economic or business interests, the other party's failure to fund its share of capital for operations or to fulfill its other commitments – including providing accurate and timely accounting and financial information to us – loss of key personnel, actions taken by our strategic partners that may not be compliant with applicable rules, regulations and laws, reputational concerns regarding our partners or our leadership that may be imputed to us, bankruptcy and related bankruptcy proceedings requiring us to assume all risks and capital requirements related to the relationship. Further, these relationships may not deliver the benefits that were originally anticipated, all of which could have a material adverse effect on our business strategy and results of operations.

1.2.5.2 *We are in the process of establishing a works council, which may lead to a formalization of the relationship to our workforce.*

We currently do not have a works council (*Betriebsrat*) and are not subject to the One-Third Participation Act (*Drittelbeteiligungsgesetz*) or the Co-Determination Act (*Mitbestimmungsgesetz*). We are, however, in the process of setting up a works council and respective elections will be conducted in the near future. As a result, the maintenance of our relationship with our employees will become more formalized and potentially more time-consuming once our works council is established. In addition, we may become subject to the One-Third Participation Act or Co-Determination Act in the future should our workforce grow to or beyond the relevant thresholds. The One-Third Participation Act and the Co-Determination Act, if applicable, would require us to assign a certain number of seats in our Supervisory Board to employee representatives elected by our employees in formalized procedures. In addition, the Co-Determination Act in particular imposes additional requirements and restrictions on the internal organization and processes of the supervisory board, which could make the cooperation in or with our Supervisory Board more complex.

1.3 Regulatory, Legal and Tax Risks

1.3.1 We are subject to a variety of regulations, including but not limited to consumer protection laws, regulations governing e-commerce and competition laws, and future regulations might impose additional requirements and other obligations on our business.

We are subject to a number of laws and regulations applicable to e-commerce or the internet in general, as well as laws and regulations of broader application that apply to our business and to public companies generally. These laws and regulations cover, among other things, consumer protection, taxation, tariffs, anti-bribery, anti-trust, pricing, content, copyrights, trademarks, distribution, mobile, social media and other communication, advertising practices, electronic contracts, sales procedures, credit card processing procedures, the provision of online payment services, environmental protection, recycling and re-use of packaging, electric waste and electronic equipment, as well as the provisions of the road traffic laws concerning our products, unencumbered internet access to our services, the design and operation of websites, and the characteristics and quality of goods and services that are offered online.

Furthermore, as the internet and e-commerce in particular continue to revolutionize commercial relationships on a global scale, and as the use of the internet and mobile devices in everyday life becomes ever more prevalent, these laws and regulations continue to evolve at a rapid pace and can differ, or be subject to differing interpretations, from jurisdiction to jurisdiction. Existing and future regulations and laws relating to the internet may impede the growth and availability of the internet and online services, inhibit our ability to grow our business, or adversely affect our business by increasing costs and administrative burdens. E-commerce enterprises exist in a virtual and borderless world and can generally sell their products or services on a global scale with very limited need for physical locations in any particular jurisdiction. Governments therefore lose taxes from sales revenues on a national and/or sub-national level and increasingly assess or implement adverse tax policies targeting e-commerce to curb such losses in tax income. The effects of any such tax policies aiming at burdening e-commerce may adversely affect our existing operations and growth opportunities.

Given the broad variety of applicable rules and their evolving nature, we cannot guarantee that our practices have complied or will comply fully with all applicable laws and regulations. Any failure, actual or perceived, by us to comply with any of these laws or regulations could result in damage to our reputation and a loss of revenue, and any legal or enforcement action brought against us as a result of actual or alleged non-compliance could further damage our reputation and result in substantially increased legal expenses. Adverse changes in laws or regulations applicable to us could cause us to incur substantial costs or require us to change our business practices, and could compromise our ability to pursue our growth strategy effectively. Any compliance failure may also give rise to civil liability, administrative orders (including injunctive relief), fines or even criminal charges. For example, Directive 2012/19/EU of the European Parliament and Council on waste electrical and electronic equipment (the "**WEEE Directive**") imposes the responsibility for the collection and disposal of waste electrical and electronic equipment on the manufacturers and distributors of such equipment and requires us to obtain certain certificates under the WEEE Directive in order to be allowed to ship certain electronic products in other European countries. The process of obtaining such certificates is bureaucratic and time-consuming and while we generally seek to obtain such certificates for all relevant markets in which we sell or may decide to sell our products, we may not have obtained the certificates for all relevant geographies in time or at all. The violation of the WEEE Directive and the export of certain electronic products in absence of such certificates may expose us to fines and administrative sanctions. In addition, the German Packaging Act (*Verpackungsgesetz*) requires, among others, online retailers to register with the central packaging register (*Zentrale Stelle Verpackungsregister*) and participate in a dual packaging disposal and recycling system and any failure to comply with these requirements can lead to fines of up to €200,000.

Various legislative and regulatory bodies, or self-regulatory organizations in the jurisdictions in which we sell our products, may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding privacy, data protection and consumer protection. For example, the European Commission's Digital Single Market (DSM) initiative is expected to result in additional rules on e-commerce or data protection, information security and privacy, which may increase our compliance costs or affect our business model. Furthermore, with regard to the production of economic goods, the German government is currently planning to introduce a Supply Chain Act (*Lieferkettengesetz*), under which companies would have to carefully document their whole value chains, review their suppliers and prove that they are making efforts to comply with the required standards. The Supply Chain Act (*Lieferkettengesetz*) would render companies responsible for counteracting human rights violations in the production of their economic goods. A draft of the Supply Chain Act (*Lieferkettengesetz*) was submitted to the legislator in March 2021. If passed, such law could lead to significantly higher compliance costs or require a change in our business practices. If we were unable to comply with any such new or expanded rules we could be subject to investigations, fines and adverse effects on our reputation.

1.3.2 We sell our products into various countries and intend to increase our geographic footprint, which requires us to comply with various, complex and sometimes conflicting legal and regulatory requirements, which makes compliance more costly and challenging.

We currently sell our products into various European and other countries and are subject to various laws and regulations of these countries. Many of these laws and regulations are complex and difficult to interpret. Moreover, we intend to expand our international operations to target customers in additional countries, which may subject us to additional laws and regulatory regimes. The legal and regulatory frameworks governing our business and operations may become increasingly uncertain due to quickly changing laws, contradictory interpretation of laws and regulations, administrative bypassing of legal frameworks or a lack of market precedents upon which we can rely.

Our business is subject to laws and regulations in many areas, including those governing product safety, local employment, privacy, data security, telecommunications, online content, intellectual property protection, corporate governance, tax, finance, money laundering, online payment, anti-corruption and anti-trust. These various laws and regulations often evolve and sometimes conflict with each other. Furthermore, conducting business in foreign jurisdictions entails an inherent risk of misinterpreting and wrongly implementing applicable foreign laws and regulations. While we are not aware of any material breach by us of any applicable laws and regulations, we cannot rule out that we have not been in full compliance with these laws and regulations in the past.

We may, should we expand our geographic footprint, be subject to very complex tax systems in other countries and there is no guarantee that we are able to successfully adapt to such foreign tax regimes, that the relevant tax authorities agree with the positions we may take or the tax optimization structures and measures we may implement to minimize legal risks, administrative burdens and tax rates may ultimately achieve their purpose. The application of foreign direct investment laws and regulations, license rules and similar rules and regulations is also often unclear. These laws and regulations are subject to multiple interpretations, *e.g.*, by different courts, regulators and other players in the legal community. In other countries, changes in the political or legal climate may impact our ability to rely on the use of local currency or local banking, which may collide with our intention to increase our geographic reach. Similarly, we may be bound by extended waiting periods and complex and costly administrative approval processes and registration. International sanctions may negatively affect our operations.

As these laws continue to evolve and as we expand into new jurisdictions, our compliance efforts will become more complex and expensive and the risk of non-compliance will increase. Violations of applicable laws and regulations may harm our reputation and result in legal action, criminal and civil sanctions, or administrative fines and penalties against us or members of our governing bodies and our employees. Such violations may also result in damage claims by third parties or other adverse legal consequences, including class action lawsuits and enforcement actions by national and international regulators resulting in the limitation or prohibition of business operations. There is no guarantee that we can successfully manage or avoid any of the legal risks to which we currently are or may in the future be exposed, and non-compliance with the legal and regulatory frameworks that govern or may apply to our operations, whether intentional or not, may have material adverse effects on our businesses, including causing us to cease our operations entirely.

1.3.3 Non-compliance with data protection laws could result in liability and reputational harm to our business, and adverse changes in the applicable legal framework could increase our costs of operations.

As part of our business we process sensitive customer data (including banking information, names and addresses) and therefore must comply with strict data protection and privacy laws. For example, we are subject to German and European laws and regulations on privacy, information security and data protection, the main and most relevant of which relate to the collection, protection and use of personal and business data, including Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**General Data Protection Regulation**"). The costs of complying with the General Data Protection Regulation are increasing, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. Any failure to comply with privacy, data protection and information security laws, such as the General Data Protection Regulation, could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation.

Privacy-related regulation could interfere with our strategy to collect and use personal information as part of our data-driven approach. For example, the use of "cookies" and similar (tracking) technologies, especially for behavioral advertising as well as other tracking and analytics purposes, requires any user's explicit consent. Data protection laws and rules also impose certain standards of protection and safeguarding on our ability to collect and use personal information relating to customers and potential customers. The loss or corruption (or other unauthorized access or disclosure) of personal data may constitute a personal data breach under the General Data Protection Regulation. Unauthorized data disclosure could occur through cybersecurity breaches as a result of human error, external hacking, malware infection, malicious or accidental user activity, internal security breaches, and physical security breaches due to unauthorized personnel gaining physical access to personal data. In the event of such a personal data breach, we could be required to notify applicable government authorities and/or potential victims and could face continued governmental investigations, fines and private claims for compensation from individuals whose personal data was involved. Violations of the General Data Protection Regulation may result in monetary penalties in the higher of up to €20.0 million or 4% of our worldwide turnover of the preceding fiscal year.

Furthermore, on July 16, 2020, the European Court of Justice issued its judgment in *Data Protection Commissioner* v. *Facebook Ireland Limited and Maximillian Schrems*, which invalidated the EU-U.S. Privacy Shield framework for data transfers to the United States and greatly increased the legal requirements imposed on data exporters for transfers of personal data to non-EU countries, which are deemed to have an inadequate data protection level compared to the standards imposed in the European Economic Area. Ensuring compliance with stricter standards requires resources to continuously review and, as necessary, replace, amend or supplement the international data transfer mechanisms which we currently rely on, including standard contractual clauses. The resulting mechanisms and procedures may increase the expenses associated with our overall compliance with personal data protection requirements. Any non-compliance could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our reputation.

Changes in the economic or political framework may lead to further changes in these and/or other regulations governing data protection or changed interpretation of existing laws as well as the enactment of stricter laws and regulations governing data protection, which could increase our costs of operations due to increased compliance measures.

1.3.4 The control and prevention mechanisms of our compliance structure might not be sufficient to adequately protect us from all legal or financial risks.

To protect us against legal risks and other potential harm, we have implemented certain compliance programs and guidelines with respect to anti-corruption and anti-bribery, policies on information and data protection and protection of company property and know-how. These programs, guidelines and policies and the oversight of our internal compliance might not be sufficient to prevent all unauthorized practices, legal infringements, corruption and fraud, especially regarding purchasing practices, or other adverse consequences of non-compliance within our organization or by or on behalf of our employees. In addition, we typically enter into standardized contracts that are unilaterally imposed by our suppliers and which generally do not incorporate any standards of conduct, ethical guidelines or similar policies applicable to our suppliers and have to agree to their respective standardized contractual terms and conditions. Any compliance failure, violation of policies or misconduct by our employees, our suppliers or us could harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may expand our operations to countries where corruption and extortion are considered to be widespread. As a result, we may be exposed to the risk that our employees, agents, other authorized persons or local suppliers could make payments or grant hidden benefits in violation of anti-corruption laws and regulations, especially in response to demands or attempts at extortion. Further, our current internal controls, prevention and training programs may prove to be insufficient should our organization grow. Our employees, agents, authorized persons or suppliers could be or may even have been engaged in activities for which we could be held liable.

Some laws and regulations promulgated against corruption and money laundering may require us to implement certain controls, procedures and internal regulations in order to ensure that our operations do not involve corruption, illegal payments, extortion or money laundering. The complexity and diversity of these laws and regulations create a risk that we may be deemed liable for violations of these laws and regulations. Any violation or breach of these laws and regulations could affect our overall reputation and, depending on the case, expose us to administrative or judicial proceedings, which could result in criminal and civil judgments, including a possible prohibition on maintaining business relationships with suppliers or customers in certain countries, which could have material adverse effects on the implementation of our business strategy as well as on our financial condition.

1.3.5 We may not be able to comply with customs and foreign trade regulations applicable to the import and export of our products.

We source our products from numerous suppliers and deliver our products in or into various countries and therefore import and export a large number of products as part of our day-to-day business. As a result, we are subject to numerous regulations, including customs and international trade laws that govern the importation and sale of our products. There is no guarantee that we will be able to comply with those import or export rules and restrictions or to properly classify items under tariff regulations and pay the appropriate duties, and our failure to do so could expose us to fines and penalties. In addition, we rely on third parties, in particular our suppliers, to make certain import, export or customs declarations and we therefore only have limited control over such declarations. If these laws or regulations governing import and export of goods were to change, or if our management, employees or suppliers were to violate any of these laws, we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, any of which could reduce demand for our services and negatively impact our results of operations.

Legal requirements are frequently changing and subject to interpretation, and we are unable to predict the ultimate cost of compliance with these requirements or their effects on our operations. We may be required to make significant expenditures or modify our business practices to comply with existing or future laws and regulations, which may increase our costs and materially limit our ability to operate our business.

Our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports. Labor disputes or other disruptions at ports create significant risks for our business, *e.g.*, if work slowdowns, lockouts, strikes or other disruptions occur. Any of these factors could result in reduced sales or canceled orders, which may limit our growth and damage our reputation and may have a material adverse effect on our business and results of operations.

1.3.6 We might be unable to adequately protect our intellectual property rights against infringements from third parties.

We believe our customer data, copyrights, trade secrets, proprietary technology and similar intellectual property are critical to our success, and we rely on trademark, copyright and trade secret protection, agreements and other methods with our employees and others to protect our proprietary rights. In particular, we rely on the registration of important trademarks for our business, such as the word trademark "Bike24" or the combined word and figurative trademarks (*kombinierte Wort- und Bildmarke*) "Bike24" and "Bluechain", and we may continue to apply for and depend on additional trademark registrations in line with our growth strategy. Further, we have developed, and we anticipate that we will continue to develop, programs, processes and other know-how on a proprietary basis (but partly based on open source codes) that are of key importance to the successful functioning of our business. We might not be able to obtain effective intellectual property protection in every country in which we are active or in which such protection is relevant, or at all, and our efforts to protect our intellectual property could require the expenditure of significant financial, managerial and operational resources. Any of our intellectual property rights could be challenged or invalidated through administrative processes or litigation, and we cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may not be able to discover or determine the extent of any infringement, misappropriation or other violation of our intellectual property rights and other proprietary rights. We may initiate claims or litigation against others for infringement, misappropriation or violation of our intellectual property rights or proprietary rights or to establish the validity of such rights. Despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. For example, successful trademark protection requires the relevant trademark to have a distinctive character (*Unterscheidungskraft*), which may require particular effort and may be difficult to establish with respect to trademarks with descriptive character such as the word or combined word and figurative trademark "Bike24". The establishment of the distinctive nature of such descriptive trademarks typically requires a high degree of popularity of the relevant trademark, which may be challenging to create. In addition, any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which could have a material adverse effect on our business and financial condition.

1.3.7 Third parties might accuse us of infringing upon their intellectual property rights.

The e-commerce industry is characterized by vigorous protection for and pursuit of intellectual property rights. We typically pursue the registration of domain names, trademarks, such as our word trademark "Bike24" and our combined word and figurative trademark (*kombinierte Wort- und Bildmarke*) "Bike24", and service marks in all countries where we operate. However, competitors may have adopted or may adopt in the future names, trademarks or service marks similar to ours, thereby harming our ability to build up and establish brand identity and potentially leading to customer confusion. We might be subject to litigation and disputes related to our intellectual property rights and technology in the future, as well as disputes related to intellectual property and product offerings of third-party suppliers featured by us. The costs of defending against such actions can be high, and there is no guarantee that such defenses will be successful. Any challenge of intellectual property rights may lead to the cancellation of such rights, allowing third parties to make use of our domain names, trademarks and other intellectual property. In addition, as our business expands and the number of competitors in our market increases, infringement claims against us could increase in number and significance and might stop us from using domain names and/or trademarks that we are currently using in our business.

Legal claims regarding intellectual property rights are subject to inherent uncertainties due to the complex issues involved, and we cannot be certain that we will be successful in defending ourselves against such claims. Many potential litigants have the ability to dedicate substantially greater resources than we do to the enforcement of intellectual property rights and defense of claims that may be brought against them. If successful, a claimant could secure a judgment against us for substantial damages or prevent us from conducting our business as we have historically done so or may desire to do so in the future. We could also be required to seek additional licenses or pay royalties for the use of the intellectual property we need to conduct our business, which might not be available on commercially acceptable terms or at all. Alternatively, we may be forced to develop non-infringing technology or intellectual property on a proprietary basis, which could be expensive and/or unsuccessful.

We have received in the past, and we anticipate receiving in the future, communications alleging that certain items posted on, or sold through, our sites violate third-party copyrights, marks and trade names or other intellectual property rights or other proprietary rights. Brand and content owners and other proprietary rights owners have actively asserted their purported rights against online companies, including Bike24. In addition to litigation from rights owners, we may be subject to regulatory, civil or criminal proceedings and penalties if governmental authorities believe we have aided and abetted in the sale of counterfeit or other unlawful products. Such claims, whether or not meritorious, could result in significant additional expenses, redirect management attention and have an adverse effect on our reputation as well as on our financial condition.

1.3.8 The use of open source software imposes certain risks, including the risks of license infringements and cybersecurity incidents.

Some of our software and systems contain open source software, which may pose certain risks. The licenses applicable to open source software typically require that the source code subject to the license be made available to the public and that any modifications or derivative works to open source software continue to be licensed under open source licenses. Although we do not intend to use or modify open source software without holding the necessary licenses, we could, however, face claims from third parties alleging the infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works developed by us using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, require us to purchase a license, publicly release the affected portions of our source code, and limit the licensing of our technologies or cease offering the implicated solutions.

In addition, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide contractual protections with respect to the software. Also, the licensors are not obliged to maintain their software or provide any support. There is a certain risk that the authors of the open source software cease updating and attending to the software. Engineering the software updates by ourselves could be expensive and time-consuming. The use of open source software can also present additional security risks because the source code for open source software is publicly available, which could make it easier for hackers and other third parties to determine how to breach our sites and systems that rely on open source software. Any unauthorized access to our systems as well as third-party challenges to our user rights could divert our management's attention from day-to-day tasks, incur significant legal costs and thus have a material adverse effect on our reputation, business and financial condition.

1.3.9 We may be unable to acquire, utilize and maintain our internet domains and trademarks.

We have registered various word and figurative or combined word and figurative trademarks, such as our "Bike24" or "Bluechain" trademarks, as well as internet domains and expect to register additional similar rights in the future, particularly in connection with the planned expansion of our operations and potentially in connection with our own private-label products. These rights are regulated by the relevant regulatory bodies and subject to trademark laws and other related laws in the jurisdictions in which we have registered or will register them. As we seek to register our trademarks and domains in new jurisdictions, we may encounter opposition which may hinder our ability to continue to register our trademarks as desired. For any particular country, if we do not have, or cannot obtain or maintain on reasonable terms, the ability to use our trademarks or to use or register our domain name, we could be forced either to incur significant additional expenses to market our products within that country, including the development of a new brand and the creation of new promotional materials and packaging, or elect not to sell products in that country.

In addition, one of the requirements for the registration and effective protection of trademarks is that the relevant trademark has distinctive character (*Unterscheidungskraft*) with respect to the goods and services merchandized under the relevant brand. The distinctive character of our word and word and figurative trademarks

"Bike24" may be diminished or challenged by third parties based on their rather descriptive nature with respect to the goods and services offered by us. The distinctive character of trademarks with rather descriptive nature is typically weaker than that of evocative, lexical or invented trademarks, which potentially impairs our trademarks' protection. The distinctive character of descriptive trademarks has to be substantiated by showing that the relevant trademark reached a high level of general popularity, which may be difficult to accomplish with respect to our "Bike24" trademarks at this stage. As a result, our trademarks may not enable us to effectively protect our trademarks and prevent third parties from registering similar or almost identical trademarks and merchandizing goods or service under trademarks close to our own trademarks, which may materially affect and impair the strength of our "Bike24" brand, our customer base, business operations, growth opportunities and/or profitability. Addressing any challenge of our trademarks by third parties based on the alleged missing distinctive character of our trademarks may require substantial resources or lead to substantial costs and any such challenge could, if successful, even result in the cancelation of our trademarks.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domains or our current brands. In addition, we might not be able to prevent third parties from registering, using or retaining domain names that interfere with our customer communications or infringe or otherwise decrease the value of our marks, domain names and other proprietary rights. Regulatory bodies may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, we might not be able to register, use or maintain the domain names that utilize our brand names in all of the countries in which we currently conduct business or intend to conduct business in the future, which, alone or in combination with the above risks, could have a material adverse effect on the further implementation and expansion of our business.

1.3.10 Changes in tax treatment of companies engaged in e-commerce in the jurisdictions in which we sell our products could adversely affect the commercial use of our sites and our financial results.

Changes in tax legislation or case law, especially with regards to transnational e-commerce activities, which might even be applied retroactively, could increase our tax burden. Due to the global and virtual nature of e-commerce, various countries considered the imposition of new tax laws targeting e-commerce companies and potentially imposing new or additional sales, income or other taxes. Since 2017, the G20/OECD Inclusive Framework has been working on addressing the tax challenges arising from the digitalization of the economy and has proposed a two-pillar tax approach with pillar one referring to the re-allocation of taxing rights, addressing issues such as where tax should be paid and on what basis (*i.e.*, where sustained and significant business is conducted, regardless of a physical presence), and pillar two ensuring a minimum tax to be paid by multinational e-commerce enterprises. An agreement on the approach presented could have material adverse effects for us as a digital enterprise with regards to our tax obligations, particularly if we were to expand our geographic footprint.

Changes in tax treatment of companies engaged in e-commerce in the jurisdictions in which we sell our products could adversely affect the commercial use of our websites and our financial results. For example, some jurisdictions in which we sell our products or intend to focus on (*e.g.*, Austria and Italy) have introduced local taxes on transnational internet or e-commerce activities ("**digital services taxes**" or "**DST**"). These DST generally aim at securing taxation rights of the jurisdiction for the revenues / profits generated by transnational e-commerce activities with customers who are resident in this specific jurisdiction. There is a general risk that any such DST may adversely affect our results or that new local DST will be introduced or that the existing DST will be applied differently with the result that this could adversely affect our tax liability. We cannot predict the effect of current attempts to impose sales, income or other taxes on e-commerce. New or revised taxes, *e.g.*, sales taxes, value-added tax ("**VAT**") and similar taxes, would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling products over the internet. New taxes could also lead to significant increases in internal costs necessary to capture data and collect and remit taxes.

Additionally, tax laws may be interpreted differently by the competent tax authorities and courts, and their interpretations may change at any time, which could lead to an increase of our tax burden. Accordingly, we may face unfounded tax claims in the relevant countries. Moreover, legislators and tax authorities may change territoriality rules or their interpretation for the application of VAT on cross-border services, which may lead to significant additional payments for past and future periods. In addition, court decisions are sometimes ignored by competent tax authorities or overruled by higher courts, which could lead to higher legal and tax advisory costs and create significant uncertainty. New taxes could also result in additional costs necessary to collect the data required to assess these taxes and to remit them to the relevant tax authorities. Besides this, the documentation obligations under applicable VAT and VAT-related laws are considerable. Therefore, it cannot be ruled out that we may not fully comply, or, as the case may be, may have not fully complied with applicable VAT regulations throughout all phases of their development.

Taxes actually assessed in future tax audits for periods not yet covered by our last tax audit may exceed the taxes already paid by us. As a result, we may be required to make significant additional tax payments with respect to previous periods. Furthermore, the competent tax authorities could revise their original tax assessments (for example, with respect to the recognition of invoiced VAT). Any tax assessments that deviate from our expectations could lead to an increase in our tax burden. In addition, we may be required to pay interest on these additional taxes as well as late filing penalties.

Any of these events occurring could, alone or in combination, have a material adverse effect on our business, financial condition, results of operations and prospects.

1.4 Risks Related to the Listing, the Private Placement, the Company's Shareholder Structure and the Shares.

1.4.1 Following the Private Placement, our existing shareholders will retain a significant interest in the Company and their interests may conflict with the interests of the Company or those of our other shareholders.

Following the successful completion of the Private Placement, the Company's existing direct or indirect shareholders will continue to own a significant share of the outstanding share capital of the Company. The interests of our existing shareholders may be different from the Company's interests or those of other shareholders. In light of expected attendance at the shareholders meetings, the size of our existing shareholders' stake means that they will likely be in position to pass shareholder resolutions, *e.g.*, to determine the allocation of profit and hence our dividend policy and also adopt certain resolutions on other significant matters, such as amendments to our articles of association or capital measures. The remaining stake of our existing shareholders may have the effect of making certain transactions more difficult or impossible without their support and may have the effect of delaying, postponing or preventing certain major corporate actions, including a change of control in the Company, and could thus prevent mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

The materialization of any of our existing shareholders' interests that are in conflict with those of the other shareholders may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

1.4.2 Our management team has limited experience managing a public company, and publicly traded company reporting and compliance requirements could divert resources from the day-to-day management of our business.

Our management team has limited experience managing a publicly traded company and complying with the increasingly complex laws pertaining to public companies. Following the listing of the Company's shares, the Company will for the first time be subject to the legal requirements for, German companies listed on a public stock exchange, many of which will require substantial attention from our management team and could divert their attention away from the day-to-day management of our business.

As a public company, we will, *e.g.*, be subject to significant regulatory oversight, including requirements relating to corporate governance, listing standards, securities and investor relations issues, and additional reporting and disclosure requirements. Compliance with these rules and regulations will increase our legal and financial compliance costs and may make some activities more time-consuming than they were previously. For example, our accounting, controlling, legal or other corporate administrative functions may not be capable of responding to these additional requirements without difficulties and inefficiencies that may cause us to incur significant additional expenditures and/or expose us to legal, regulatory or civil costs or penalties. We may also experience errors in our accounting system and bookkeeping due to not yet established accounting processes. Our management will have to evaluate the internal control system independently with new thresholds of materiality, and to implement necessary changes to our internal control system. As a result, management's attention may be diverted from other business concerns and we may be required to hire additional employees or engage outside consultants to comply with these requirements, which would increase our costs and expenses.

Any non-compliance could result in significant fines or other penalties. To secure compliance it may become necessary to hire further employees or purchase outside services which may in turn interfere with our lean organizational set-up, increase our costs and expenses, and may therefore have a material adverse effect on the operation of our business as well as on our financial condition.

1.4.3 *Our shares have not previously been publicly traded, and there is no guarantee that an active and liquid market for our shares will develop.*

Prior to this listing, there has been no public trading market for our shares. There is no guarantee that the price per share placed in this Private Placement will correspond to the price at which the Company's shares will be traded on the stock exchange after the Private Placement or that, following the listing, an active trading in our shares will develop or be maintained. The failure to develop or maintain an active trading may affect the liquidity of our shares and we cannot ensure that the market price of our shares will not decline below the relevant placement price. Consequently, investors may not be in a position to sell their shares in the Company quickly or at or above the relevant placement price.

1.4.4 *Our share price could fluctuate significantly, and investors could lose all or part of their investment.*

Following this listing, our share price will be affected primarily by the supply and demand for our shares and could fluctuate significantly in response to numerous factors, many of which are beyond our control, including, but not limited to, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on our Company, changes in trading volumes in our shares, changes in macroeconomic conditions, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception in the Company or our industry, changes in the statutory framework in which we operate and other factors, and can therefore be subject to substantial fluctuations.

In addition, general market conditions and fluctuations of share prices and trading volumes generally could lead to pricing pressures on our shares, even though there may not be a reason for this based on our business performance or earnings outlook. Public perception of the Company as an internet, e-commerce or technology company could result in our share price moving in line with the prices of other shares in companies of this nature, which have traditionally tended to be more volatile than the share prices of companies operating in other industries. If our share price or the trading volume in our shares decline as a result of the materialization of any or all of these events, investors could lose part or all of their investment in our shares.

1.4.5 *The Company is a holding company with no direct cash-generating operations and relies on operating subsidiaries to provide it with funds necessary to meet its financial obligations.*

The Company is a holding company with no material, direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, the Company is dependent on loans, dividends and other payments from these subsidiaries as well as external funding to generate the funds necessary to meet its financial obligations, including the payment of dividends. The ability of the Company's subsidiaries to make such distributions and other payments depends on their earnings and may be subject to contractual or statutory limitations or the legal requirement of having distributable profit or distributable reserves. As an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganization will be effectively subordinated to the claims of their creditors. To the extent that the Company is recognized as a creditor of subsidiaries, the Company's claims may still be subordinated to any security interest in or other lien on their assets and to any of their debt or other (lease) obligations that are senior to the Company's claims.

1.4.6 *The Company may not be able to or may decide not to pay dividends and the size of any dividend payments may fluctuate.*

Under German corporate law, dividends may only be distributed from the net retained profit (*Bilanzgewinn*) of a Company. The net retained profit is calculated based on our unconsolidated financial statements prepared in accordance with German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*). Such accounting principles differ from International Financial Reporting Standards, as adopted by the European Union, in material respects.

Our ability to pay dividends therefore depends upon the availability of sufficient net retained profits. Additionally, the size of any dividend payment may fluctuate due to changes in the net retained profits. Any proposal to pay dividends in the future will be at the discretion of our management board and will depend upon our results of operations, financial condition, contractual restrictions, including restrictions imposed by existing or future financing agreements, restrictions imposed by applicable laws and other factors management deems relevant. Consequently, we may not be able to or may decide not to pay dividends in the foreseeable future, or at all.

1.4.7 Future offerings of debt or equity securities by the Company could adversely affect the market price of our shares, and future capitalization measures could substantially dilute the interests of the Company's then existing shareholders.

We may require additional capital in the future to finance our business operations and growth. We may therefore seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities containing a right to convert into equity, such as convertible debentures and option debentures, could potentially reduce the market price of the Company's shares and would dilute the economic and voting rights of its then existing shareholders if made without granting subscription rights to them. As the timing and nature of any future offering would depend on market conditions at the time of such an offering, we cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued shares of the Company, as well as the exercise of stock options by our employees in the context of any existing or possible future stock option programs or the issuance of the Company's shares to employees in the context of possible future employee stock participation programs, could lead to a dilution of the economic and voting rights of the Company's then existing shareholders. Shareholders thus bear the risk that such future offerings could reduce the market price of the Company's shares and/or dilute their shareholdings.

1.4.8 Future sales by shareholders could depress the price of our shares.

Sales of a substantial number of the Company's shares in the public market following the successful completion of this listing, or the perception that such sales might occur, could depress the market price of the Company's shares and could impair our ability to raise capital through the sale of additional equity securities. If, for example, our existing shareholders or one or more other shareholders of the Company effect a sale or sales of a substantial number of our shares in the stock market, or if the market believes that such sales might take place, the market price of our shares could decline. Our existing shareholders and members of our Management Board have entered into customary lock-up agreements until the end of twelve months with respect to members of the Management Board and 180 days with respect to the existing shareholders after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurt Wertpapierbörse*). Once the lock-up ends, the likelihood that our existing shareholders may sell their shares will increase. Additionally, speculation around such sales could negatively affect the stock price of the Company's shares around the lock-up end date.

1.4.9 The Company may invest or spend the proceeds of this Private Placement in ways with which shareholders may not agree or in ways which may not yield a return or enhance the price of the shares.

The Company may decide to use the net proceeds the Company receives from the Private Placement differently from its intention as of the date of this Prospectus. The Company's management will have considerable discretion in the application of the net proceeds, and shareholders will not have the opportunity, as part of their investment decision, to assess whether the proceeds are being used appropriately.

1.4.10 An investment in the Company's shares by an investor whose principal currency is not the Euro may be affected by exchange rate fluctuations.

The Company's shares are, and any dividends to be paid in respect of them will be, denominated in Euros and an investment in the Company's shares by an investor whose principal currency is not the Euro exposes the investor to foreign currency exchange rate risk.

1.4.11 Claims of holders of shares in the Company are subordinated to claims by all other third parties, including creditors, employees and debt investors, so that shareholders may not be able to recover parts or all of their investments in case of an insolvency of the Company.

In case of an insolvency of the Company, investments in the Company's shares are not secured by collateral and the claims of shareholders are subordinated to claims by all other third parties, including creditors, employees and debt investors. This means that only after the claims of other third parties have been paid, any remaining assets may be distributed to shareholders. Accordingly, in case of an insolvency of the Company it is highly likely that investors would lose a significant part or all of their investment.

2. GENERAL INFORMATION

2.1 Responsibility Statement

The following persons assume responsibility for the contents of this prospectus (the "**Prospectus**") pursuant to Section 8 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) in conjunction with Article 11 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"), and declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts, and that this Prospectus makes no omission likely to affect its import:

- Bike24 Holding AG (the "**Company**" and, together with its consolidated subsidiaries, the "**Bike24 Group**", "**we**", "**us**", "**our**" or "**ourselves**" and "**Bike24**" relating to the underlying business of Bike24 Group), with its registered office at Breitscheidstr. 40, 01237 Dresden, Federal Republic of Germany ("**Germany**"), legal entity identifier ("**LEI**") 894500FCLU2M5GTUUR76, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, under docket number HRB 41483;

- Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667, ("**Berenberg**");

- J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany (telephone: +49 (0) 69 71240; website: https://www.jpmorgan.com), LEI 549300ZK53CNGEEI6A29 ("**J.P. Morgan**" and, together with Berenberg, the "**Joint Global Coordinators**" or the "**Underwriters**").

2.2 General Disclaimers

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The information contained in this Prospectus will not be supplemented subsequent to the date hereof, except for any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Company's shares and which arises or is noted between the time when this Prospectus is approved and the closing of the offer period or the time when trading of the Company's shares on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) commences, whichever occurs later, which will be disclosed in a supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation without undue delay. The obligation to supplement the Prospectus pursuant to Article 23 of the Prospectus Regulation will no longer apply following the expiration of the validity of this Prospectus at the beginning of the first day of trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), currently expected to occur on June 25, 2021.

2.3 Competent Authority Approval

This Prospectus has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**")), Marie-Curie-Straße 24-28, 60439 Frankfurt am Main, Germany, telephone +49 228 4108 0, www.bafin.de, as the competent authority under the Prospectus Regulation. BaFin has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the Company's shares and investors should make their own assessment as to the suitability of investing in the Company's shares.

2.4 Purpose of this Prospectus

This Prospectus relates to the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (*Prime Standard*) of:

- 37,500,000 bearer shares with no par value (*Stückaktien*) (the Company's entire share capital prior to the Placement Capital Increase (as defined below)); and

- up to 6,666,666 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions (the "**Placement Capital Increase**") expected to be resolved by a shareholders' meeting of the Company on or about June 16, 2021 (the "**New Shares**")

of the Company, each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2021.

2.5 Background to the Private Placement

2.5.1 Private Placement

On June 15, 2021, in anticipation of the expected admission to trading of the Company's shares on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Company, together with Berenberg and J.P Morgan initiated a private placement for up to 25,759,998 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00 and with full dividend rights from January 1, 2021 (the "**Private Placement**"), consisting of:

- up to 6,666,666 New Shares;

- up to 12,000,000 existing bearer shares with no par value (*Stückaktien*) (the "**Existing Shares**", together with the New Shares the "**Base Placement Shares**") from the holdings of REF VI Bike Holding S.à r.l. ("**REF VI Bike**"), REF VI Associates II SCSp ("**REF VI Associates**") and REF VI OOPS SCSP ("**REF VI OOPS**", together with REF VI Bike and REF VI Associates, the "**Selling Shareholders**");

- up to 3,733,333 existing bearer shares with no par value (*Stückaktien*) (the "**Additional Shares**") from the holdings of the Selling Shareholders, subject to the exercise of an upsize option upon decision of the Selling Shareholders on the date of pricing based on market demand (the "**Upsize Option**"); and

- up to 3,359,999 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders, Andrés Martin-Birner and Timm Armbrust in connection with a possible over-allotment (the "**Over-Allotment Shares**", and together with the Base Placement Shares and any Additional Shares, the "**Placement Shares**"), with the total number of Over-Allotment Shares not exceeding 15% of the final number of Base Placement Shares and any Additional Shares actually placed in the Private Placement.

The Company targets gross proceeds of approximately €100 million from the Private Placement resulting from the sale of the New Shares. The price range set for the Private Placement of €15.00 to €19.00 per Placement Share (the "**Price Range**") has been set to ensure that at the low-end of the Price Range, the Company would still achieve its target proceeds. If the Placement Shares are placed at a placement price that is higher than the low-end of the Price Range, the number of New Shares will be reduced accordingly. Accordingly, the number of New Shares would amount to 6,666,666 New Shares at the low-end, 5,882,352 New Shares at the mid-point and 5,263,157 New Shares at the high-end of the Price Range. Andrés Martin-Birner and Timm Armbrust will make available shares from their shareholdings to the Underwriters only in the form of a securities loan to cover potential over-allotments, but will not sell any shares in the course of the Private Placement.

The price per Placement Share (the "**Placement Price**") and the final number of shares to be placed in the Private Placement are expected to be determined based on the order book prepared during the bookbuilding process (expected to take place in the period from June 16, 2021 to June 22, 2021) on or about June 22, 2021. The Selling Shareholders, Andrés Martin-Birner and Timm Armbrust will make up to 3,359,999 Over-Allotment Shares available to Berenberg as stabilization manager (the "**Stabilization Manager**"), acting for the account of the Underwriters, in the form of a securities loan to cover potential over-allotments (the "**Over-Allotment**"). The results of the Private Placement, including the final Placement Price, will be published by the Company through an electronic information dissemination system and on the Company's website (www.bike24.com) on or about June 22, 2021.

The total number of Over-Allotment Shares will not exceed 15% of the final number of Base Placement Shares and Additional Shares, if any, actually placed in the Private Placement. The Selling Shareholders will grant the Underwriters an option to acquire all or a portion of the shares borrowed under the securities loan at the Placement Price less agreed fees and commissions (the "**Greenshoe Option**").

2.5.2 Private Placement Structure

The Private Placement is exclusively addressed to qualified investors and fewer than 150 non-qualified investors in any member state of the EEA, including in Germany, or the United Kingdom and to institutional investors in certain other jurisdictions. The Placement Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any other jurisdiction of the United States of America ("**United States**") and may not be offered, sold or otherwise transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. The Placement Shares offered or sold outside the United States will only be offered or sold in offshore transactions as defined in, and in reliance on, Regulation S under the Securities Act.

Book-entry delivery of the Placement Shares sold in the Private Placement against payment of the Placement Price is expected to occur on June 25, 2021.

2.5.3 Placement Capital Increase

The Placement Capital Increase to issue the New Shares, expected to be resolved by the Company's shareholders' meeting on or about June 16, 2021, is expected to be registered with the commercial register of the local court (*Amtsgericht*) of Dresden on or about June 23, 2021, would result in a capital increase of the Company's share capital of up to €44,166,666.00.

2.5.4 Reasons for the Private Placement and Listing and Use of Proceeds

The Company will apply for admission of its shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (*Prime Standard*) on or about June 15, 2021 to achieve better access to the capital markets.

The Company targets gross proceeds of approximately €100 million from the Private Placement resulting from the sale of the New Shares. The Price Range set for the Private Placement of €15.00 to €19.00 per Placement Share has been set to ensure that at the low-end of the Price Range, the Company would still achieve its target proceeds. If the Placement Shares are placed at a placement price that is higher than the low-end of the Price Range, the number of New Shares will be reduced accordingly. Accordingly, the number of New Shares would amount to 6,666,666 New Shares at the low-end, 5,882,352 New Shares at the mid-point and 5,263,157 New Shares at the high-end of the Price Range.

The Company intends to use the proceeds from the Private Placement for the expansion of its fulfillment infrastructure domestically and abroad and the localization of its offering for certain foreign markets. In addition, the Company intends to adopt new technologies to improve the online experience of its customers. Further, the Company plans to optimize its capital structure and refinance liabilities to banks to achieve a reduction of relevant interest rates. The liabilities to banks to be refinanced exist under a €118.0 million secured term and revolving facilities agreement between, among other parties, Bike24 Support GmbH as borrower and Berenberg as lead arranger dated October 30, 2019, which the Company intends to refinance through a partial use of the Company's net proceeds from the Private Placement and the utilization of a €50.0 million syndicated loan agreement between Company and Bike24 GmbH as original borrowers and Berenberg as original lender dated June 11, 2021. Please also refer to sections "*7.10.1 2019 Existing Term and Revolving* Loan" and "*7.10.2 2021 Loan Agreement*".

The Selling Shareholders intend to partially divest their stake in the Company and to ensure sufficient free float and trading liquidity in the Company's shares.

2.5.5 Cost of the Private Placement and Listing

The costs of the Company and the Selling Shareholders related to the Private Placement and the listing of the Placement Shares are expected to total approximately €17.9 million at the mid-point of the Price Range. Of the total costs, the Selling Shareholders will bear approximately €11.7 million and the Company will bear approximately €6.2 million.

Investors will not be charged expenses by the Company, the Selling Shareholders, Andrés Martin-Birner, Timm Armbrust or the Underwriters. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

2.5.6 Stabilization Measures, Over-Allotments and Greenshoe Option

In connection with the admission of the Company's shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**"), Berenberg, acting for the account of the Underwriters, will act as Stabilization Manager and may, as Stabilization Manager, and acting in accordance with legal requirements (Article 5 para. 4 and 5 of the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended ("**MAR**"), in conjunction with Articles 5 through 8 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing MAR), make Over-Allotments and take stabilization measures to support the market price of the Company's shares and thereby counteract any selling pressure.

Stabilization measures may be taken on any trading venue where the Company's shares are traded. Such measures aim at supporting the market price of the Company's shares during the Stabilization Period (as defined below), thereby alleviating selling pressure generated by short-term investors and maintaining an orderly market in the Company's shares. These measures may result in the market price of the Company's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, stabilization may not necessarily occur and it may cease at any time without notice. Such measures may start from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must end no later than 30 calendar days thereafter (the "**Stabilization Period**").

In connection with these stabilization measures, investors may, in addition to the New Shares, be allocated up to 3,359,999 Over-Allotment Shares as part of the allocation of the Placement Shares. For the purpose of this potential Over-Allotment, the Stabilization Manager will be provided with up to 3,359,999 Over-Allotment Shares from the holdings of the Selling Shareholders, Andrés Martin-Birner and Timm Armbrust in the form of a securities loan. The total number of any Over-Allotment Shares will not exceed 15% of the final number of Base Placement Shares and Additional Shares, if any, actually placed in the Private Placement.

The Selling Shareholders have granted the Stabilization Manager, acting for the account of the Underwriters, an option to acquire up to 3,359,999 shares of the Company at the Placement Price, less agreed commissions. The Greenshoe Option may only be exercised during the Stabilization Period and will terminate 30 calendar days after the commencement of trading of the Company's shares.

The Stabilization Manager, acting for the account of the Underwriters, may exercise the Greenshoe Option to the extent Over-Allotment Shares were allocated to investors in the Private Placement. The number of Over-Allotment Shares acquired under the Greenshoe Option is to be reduced by any shares of the Company held by the Stabilization Manager when the Greenshoe Option is exercised, if such shares were acquired by the Stabilization Manager in the context of stabilization measures. However, the Stabilization Manager is entitled to exercise the Greenshoe Option during the Stabilization Period even if such exercise follows any sale of shares by the Stabilization Manager which the Stabilization Manager had previously acquired as part of any stabilization measures (so-called refreshing the shoe).

Public announcements regarding stabilization measures will be made in accordance with Article 6 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing MAR (i) prior to the start of the Private Placement, (ii) by the end of the seventh daily market session following the date any stabilization measures were taken, and (iii) within one week after the end of the Stabilization Period. Any exercise of the

Greenshoe Option will be disclosed to the public promptly in accordance with Article 8 lit. (f) of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 supplementing the MAR.

2.5.7 Lock-up Agreements

2.5.7.1 *Lock-up Agreements of the Company*

In the underwriting agreement relating to the Private Placement, dated June 15, 2021, among the Company, the Selling Shareholders and the Underwriters, the Company agreed with each Underwriter that, during the period commencing on June 15, 2021 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 25, 2021), to the extent legally permissible the Company will not, and will not agree to:

- announce or execute any capital increase from authorized capital;
- propose a capital increase to its shareholders' meeting;
- announce, execute or propose to its shareholders' meeting any issuance of financial instruments that carry conversion or option rights to shares in the Company; or
- enter into other transactions or perform any actions with a similar economic effect.

The Company may, however, (i) issue or sell any shares or other securities, including actual or virtual options, under current and future management participation plans to former and future employees, supporters, former, current and future members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, and (ii) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding or resolution upon, the entering into any joint venture or the acquisition of any companies, provided that in the case of (i), the Company will, with respect to future management participation plans only, use its best efforts that the relevant beneficiary of such future management participation plan or, in the case of (ii), the parties to the joint venture or acquiring entity to which such shares will be issued agree towards the Underwriters to be bound by the same lock-up undertaking as the Company.

2.5.7.2 *Lock-up Agreements of the Existing Shareholders and of the Members of the Management Board*

For the period commencing on June 15, 2021 and ending 180 days after the first day of trading of the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 25, 2021) with respect to the existing shareholders of the Company and ending twelve months after such date with respect to shares held by the members of the Management Board, the existing shareholders of the Company and the members of the Management Board have agreed that they will not:

- sell, distribute, transfer or otherwise dispose of any of their shares or securities in the Company; or
- grant, issue or sell any option or conversion rights on the shares of the Company; or
- vote in favor of a proposed increase of the share capital of the Company or issuance of financial instruments that carry conversion or option rights to shares in the Company (excluding the Placement Capital Increase); or
- enter into other transactions or perform any actions with a similar economic effect to those described above.

The foregoing does not apply to (i) transfers to affiliates or shareholders of such shareholders, (ii) transfers to any other shareholder immediately prior to the Private Placement, (iii) future pledges granted to one or more of the Underwriters or their affiliates, (iv) any transfers of shares to any of the Underwriters or their respective affiliates pursuant to enforcement of any pledge entered into in accordance with (iii), provided in each case that such transferee(s) agree(s) towards the Underwriters to be bound by the same lock-up undertaking and (v) any transfer of shares to Berenberg as Stabilization Manager in connection with a securities loan to cover potential Over-Allotments. The foregoing further does not apply to members of the Management Board who within the lock-up period will incur tax liabilities due to an exercise of their respective call options or due to the Private Placement itself, but only insofar as the sale of the shares is necessary to pay such tax liabilities. In addition, the foregoing does not apply with respect to transfers between shareholders of the Company, provided in each case that such transferee(s) agree(s) towards the Underwriters to be bound by the same lock-up undertaking.

Ralf Kindermann, the chairman of our Supervisory Board, and Bettina Curtze, a member of our Supervisory Board, each intend to invest €100,000.00 by purchasing shares in the Company in connection with the Private Placement and entered into a separate lock-up agreement dated June 15, 2021 based on essentially equivalent terms as the lock-up agreements of the members of the Management Board.

2.5.8 Interests of Parties Participating in the Private Placement

The Underwriters act for the Company and the Selling Shareholders on the Private Placement and coordinate the structuring and execution of the Private Placement. Upon successful implementation of the Private Placement, the Underwriters will receive a commission, and the size of this commission depends on the results of the Private Placement. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Private Placement at the best possible terms.

Furthermore, in connection with the Private Placement, each of the Underwriters and any of their respective affiliates may take up a portion of the Placement Shares in the Private Placement as a principal position and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Private Placement. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps, warrants or contracts for differences) with investors in connection with which Underwriters (or their affiliates) may from time to time acquire, hold or dispose of shares in the Company. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with our Group or may perform services for our Group in the ordinary course of business for which they have received or may receive customary fees and commissions. On June 11, 2021, Company and Bike24 GmbH as original borrowers and Berenberg as original lender entered into a €50.0 million syndicated loan agreement the utilization of which is subject to, among other customary conditions precedent, the Listing (the "**Loan Agreement**"). Please refer to section "*7.10.2 2021 Loan Agreement*" for further details. In addition, Berenberg has provided certain small-volume aval credit guarantees to Bike24 Group to support its relationship to certain brand partners and suppliers. Berenberg therefore has a financial interest in the success of the Private Placement.

The Selling Shareholders will receive the proceeds from the sale of the Existing Shares and any Additional Shares and the proceeds from the exercise of the Greenshoe Option, if any (after deduction of fees and commissions). Assuming (i) full placement of all Existing Shares and Additional Shares, and (ii) full placement of the Over-Allotment Shares and full exercise of the Greenshoe Option at the mid-point of the Price Range, and after deducting fees and expenses to be paid by the Selling Shareholders in connection with the Private Placement, the proceeds of the Selling Shareholders from the Private Placement will amount to approximately €310.9 million, or 76.8% of the total net proceeds from the Private Placement. Accordingly, the Selling Shareholders have an interest in the success of the Private Placement at the best possible terms.

The members of the Company's Management Board hold shares of the Company and therefore have a personal interest in the performance of the Company's share price. In addition, the Company intends to pay a one-time cash bonus to its employees in connection with the Listing and therefore such employees have a financial interest in the implementation of the Listing. Please refer to section "*12.5.4 One-time Bonus related to Listing*" for further details.

None of the aforementioned interests in the Private Placement constitute a conflict of interests or a potential conflict of interests. Consequently, there are no conflicts of interest with respect to the Private Placement.

2.5.9 MiFID II Product Governance Requirements

Solely for the purpose of fulfilling the product governance requirements set forth in (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which a "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Placement Shares have been subject to a product approval process. As a result of such process, it has been determined that the Placement Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Placement Shares may decline and investors could lose all or part of their investment. The Placement Shares offer no guaranteed income and no capital protection, and an investment in the Placement Shares is only suitable for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such an investment.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions with respect to the Private Placement and does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase or take any other action with respect to, the Placement Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placement Shares and determining appropriate distribution channels.

2.6 Information on the Shares

2.6.1 Share Capital of the Company and Governing Law

As of the date of this Prospectus, the share capital of the Company amounts to €37,500,000.00 and is divided into 37,500,000 bearer shares with no par value (*Stückaktien*), each such share representing a notional value of €1.00.

The ISIN of the shares of the Company is DE000A3CQ7F4.

In connection with and for the purpose of the Private Placement, it is expected that the Company will issue up to 6,666,666 New Shares pursuant to the Placement Capital Increase.

Upon registration of the consummation of the Placement Capital Increase, the Company's outstanding share capital will amount to up to €44,166,666.00 and be divided into up to 44,166,666 ordinary bearer shares with no par value (*Stückaktien*).

The consummation of the Placement Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on or about June 23, 2021.

2.6.2 Form and Certification of the Shares

All of the Company's shares are bearer shares with no par value (*Stückaktien*). The Company's existing shares are represented by a global share certificate, deposited with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**"). The global share certificate for the New Shares is expected to be deposited with Clearstream on or about June 23, 2021.

Pursuant to Section 4 para. 3 sentence 4 of the Company's articles of association (the "**Articles of Association**"), the Company's management board (*Vorstand* (the "**Management Board**")) determines the form of the share certificates. Section 4 para. 3 sentence 3 of the Articles of Association excludes the shareholders' right to receive individual share certificates.

All shares of the Company provide holders thereof with the same rights and no shares provide any additional rights or advantages.

2.6.3 Voting Rights

Each share in the Company carries one vote at the Company's shareholders' meeting. All of the Company's shares confer the same voting rights. There are no restrictions on voting rights.

2.6.4 Dividend Rights, Paying Agent and Liquidation Rights

Each share in the Company carries and the New Shares will carry full and equal dividend rights from January 1, 2021.

The paying agent of the Company is Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany.

In the event of the Company's liquidation, any proceeds will be distributed to the holders of the Company's shares in proportion to their interest in the Company's share capital.

2.6.5 Currency of the Securities Issue

The Company's shares are denominated in Euros.

2.6.6 Delivery and Settlement

Delivery of the Placement Shares against payment of the Placement Price is expected to take place on June 25, 2021. The Placement Shares will be made available to investors as co-ownership interests in the global share certificates.

The Placement Shares purchased in the Private Placement will be credited to a securities deposit account maintained by a German bank with Clearstream.

2.6.7 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN).....................................	DE000A3CQ7F4
German Securities Code (*Wertpapierkennnummer* (*WKN*))............................	A3CQ7F
Ticker Symbol..	BIKE

2.6.8 Transferability of Shares and Limitations on Disposal

The Company's shares are freely transferable in accordance with the legal requirements for bearer shares.

The Company, Bike24 Support GmbH, the Selling Shareholders, Andrés Martin-Birner, Lars Witt, Falk Herrmann and Timm Armbrust entered into an agreement in contemplation of the Listing and Private Placement dated May 7, 2021 (the "**Pre-Listing Agreement**") governing, among other items, certain responsibilities and obligations of the parties with respect to various processes in connection with the Private Placement and Listing, including the change of legal form of the Company into a German stock corporation (*Aktiengesellschaft*) and the conversion of certain preferred shares in the Company held by certain of the Company's shareholders into ordinary shares, each in advance of the Listing. The former holders of such preferred shares in the Company were compensated for their economic loss by the receipt of ordinary shares in the Company in the course of the change of its legal form from other then existing shareholders based on an anticipated placement price of the Placement Shares. The shareholders of the Company are expected to reallocate and transfer their shares among themselves in the course of a so-called true-up process following pricing of the Private Placement based on the relation of the anticipated placement price to the actual Placement Price (the "**True-up**"). The potential transfer of shares in the course of the final settlement of the conversion of preferred shares under the True-up process is expected to affect less than 1.0% of the total number of shares of the Company outstanding as of the date of this Prospectus. Please also refer to "*9. Shareholder Information*" and "*11.1.2 Development of the Share Capital*". Against the background of such reallocation and share transfers, the shareholders of the Company agreed under the Pre-Listing Agreement not to transfer any of their shares during the period from the date of the registration of the change in legal form of the Company with the commercial register until the pricing date of the Private Placement.

Except for the aforementioned restrictions under the Pre-Listing Agreement and the restrictions set forth in section "*2.5.7 Lock-up Agreements*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Company's shares.

2.7 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company, together with Berenberg, expects to apply for the admission of its shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on or about June 15, 2021. The listing approval (admission decision) for the Company's shares is expected to be granted on June 24, 2021; however, there can be no guarantee for such approval. Trading in the Company's shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on June 25, 2021.

The underwriters for an issuance often make purchase offers at the time of first trading in order to support the development of the initial share price. Such purchase offers, when made by the Underwriters or their respective affiliates, may lead to the development of a higher initial share price than would have been the case in the absence of such measures.

2.8 Designated Sponsor

Berenberg has been mandated as designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement entered into between Berenberg and the Company, Berenberg will, among others, place limited buy and sell orders for the Company's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Company's shares.

2.9 Forward-Looking Statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on Bike24 Group's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which Bike24 Group is exposed. Statements made using words such as "predicts", "forecasts", "projects", "plans", "intends", "expects" or "targets" generally indicate forward-looking statements.

The forward-looking statements contained in this Prospectus are subject to opportunities, risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause Bike24 Group's actual results, including its financial condition and profitability, to differ materially from those expressed or implied in the forward-looking statements. These expressions can be found, in particular, in the sections "*1. Risk Factors*", "*5.3 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows*", "*6. Markets and Competition*", "*5.7.5.1 Future and Planned Capital Expenditure*", "*7. Business Description*", "*17. Recent Developments and Trend Information*" and wherever information is contained in this Prospectus regarding the Company's plans, intentions, beliefs or current expectations relating to Bike24 Group's future financial condition and results of operations, plans, liquidity, business prospects, growth, strategy and profitability, investments and capital expenditure requirements, future growth in demand as well as the economic and regulatory environment which Bike24 Group is subject to.

In light of these uncertainties and assumptions, future events mentioned in this Prospectus may not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party sources could prove to be inaccurate (for further information on the third-party sources used in this Prospectus, see "*2.10 Sources of Market Data*"). Actual results, performance or events may turn out to be better or worse compared to the results, performance and events described in the forward-looking statements, in particular due to:

- adverse developments of the European economy and consumer behavior, including due to an increase of inflation rates and/or (other) effects of the pandemic spread of a strain of the coronavirus and the infectious disease caused by it ("**COVID-19**");
- significantly increasing customer online demand, disruptions of supply or distribution chains, and/or supply shortages, particular due to COVID-19 related restrictions or effects;
- an increase of competitive pressure, resulting from for example, from the launch of new e-commerce platforms by competitors or market consolidation;
- changes in laws, regulations, governmental policies or tax regimes, in particular relating to data protection or e-commerce;
- dependence on third parties, such as brand partners, suppliers, fulfillment or payment service providers;
- interruptions of Bike24 Group's information technology systems or infrastructure;
- interruptions of our operations or warehouse processes due to, for example, software malfunctions, fires, natural disasters, acts of terrorism, vandalism or sabotage;
- an inability to retain key employees of Bike24 Group;
- increased regulatory controls;
- litigation and product liability claims; and
- reputational risks in connection with the public perception of Bike24 Group.

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that neither the Company nor the Underwriters assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

The section "*1. Risk Factors*" contains a detailed description of the risks that are specific to Bike24 Group and the Company's shares and which are material for taking an informed investment decision. If these risks were to materialize, this could adversely affect the actual outcome of the matters described in the forward-looking statements contained in this Prospectus, in particular where such statements relate to the development of Bike24 Group's business, financial condition, cash flows, results of operations and prospects.

2.10 Sources of Market Data

Unless otherwise specified, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which Bike24 Group operates are based on the Company's assessments. These assessments, in turn, are based in part on internal market observations and on various market studies.

The Company commissioned an independent market study from OC&C Strategy & Analytics GmbH ("**OC&C**"), an independent and global strategy consulting firm, on the German, Austrian and Swiss ("**DACH**") as well as the European cycling markets titled "Market and Competitive Analyses" and dated April 9, 2021 (the "**OC&C Analysis**"). The OC&C Analysis is not an expert report within the meaning of Item 1.3 of Annex I of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019. Neither the Company nor the Underwriters have verified any of the market data or other information included in the OC&C Analysis, nor have they asked OC&C to modify or otherwise adjust the OC&C Analysis. They did, however, discuss some of the underlying assumptions and findings with OC&C.

The following sources were used in the preparation of this Prospectus:

- Eltis, The Urban Mobility Observatory – COVID-19 Impacts on Cycling, 2019-2020, April 16, 2021 (https://www.tandfonline.com/doi/full/10.1080/01441647.2021.1914900) ("**Eltis COVID-19 Impact**");

- Eltis, The Urban Mobility Observatory – Coronavirus changes cities: Cycle paths boom in Italy, January 2021 (https://www.eltis.org/in-brief/news/coronavirus-changes-cities-cycle-paths-boom-italy) ("**Eltis Italy**");

- Eltis, The Urban Mobility Observatory – A renewed cycling plan for Madrid, February 2018 (https://www.eltis.org/discover/news/renewed-cycling-plan-madrid) ("**Eltis Spain**");

- European Commission, Sustainable and Smart Mobility Strategy – putting European transport on track for the future (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0789) ("**EU Mobility Strategy**");

- Federal Ministry for the Environment, Nature Conversation, Building and Nuclear Safety (*Bundesministerium für Umwelt, Naturschutz und nukleare Sicherheit*), Climate Action Plan, November 2016 (https://www.bmu.de/fileadmin/Daten_BMU/Pools/Broschueren/klimaschutzplan_2050_en_bf.pdf) ("**Federal Ministry for the Environment**")

- Federal Ministry of Transport and Digital Infrastructure (*Bundesministerium für Verkehr und digitale Infrastruktur*), National Cycling Plan 3.0 – Germany 2030 – a cycling nation, April 2021 (https://www.nationaler-radverkehrskongress.de/wp-content/uploads/NRVP_3.0_EN_RZ.pdf) ("**Federal Ministry of Transport and Digital Infrastructure**");

- Freewheeling France, French government invests in cycling, October 2018 (https://www.freewheelingfrance.com/blog/france-invests-in-cycling.html) ("**Freewheeling France**")

- OC&C Analysis, www.occstrategy.com/de;

- Statista GmbH – E-bike sales in Germany from 2010 to 2020, March 2021 (https://de.statista.com/statistik/daten/studie/152721/umfrage/absatz-von-e-bikes-in-deutschland/#:~:text=Erneuter%20Rekordwert%20beim%20Absatz%20von,95%20Millionen%20E%2DBikes%20verkauft) ("**Statista E-Bikes**");

- The NPD Group (NPD Sports Tracking Europe), Global Sports Estimate (incl. European cycling market breakdown into bikes, equipment, apparel and footwear) released in 2020 and estimated sales covering the year 2019, April 2021 ("**NPD Cycling Market**"); and

- Zweirad-Industrie-Verband (ZIV), market data presented during economic press conference (Wirtschaftspressekonferenz am 10. März 2021 in Berlin, Zahlen – Daten – Fakten zum Fahrradmarkt in Deutschland 2020; (https://www.ziv-zweirad.de/fileadmin/redakteure/Downloads/Marktdaten/PM_2021_10.03._ZIV-Praesentation_10.03.2021_mit_Text.pdf) („**ZIV**“).

It should be noted, in particular, that reference has been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the aforementioned sources. The Company has accurately reproduced such information and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Prospective investors are, nevertheless, advised to consider these data with caution. For example, market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The fact that information from the aforementioned third-party sources has been included in this Prospectus should not be considered as a recommendation by the relevant third parties to invest in, purchase or take any other action with respect to, shares in the Company.

In addition, certain sources of market data included in this Prospectus or market data used in these sources were prepared before the pandemic spread of COVID-19 and have not been updated for the potential effects of this pandemic. The Company is not able to determine whether the third parties who have prepared such sources or market data will revise their estimates and projections due to the potential impact of COVID-19 on future market developments.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Company and the Underwriters (see "*2.1 Responsibility Statement*"), neither the Company nor the Underwriters have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Underwriters make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. In addition, prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.11 Documents Available for Inspection

For the period during which this Prospectus remains valid, the following documents will be available on the Company's website www.bike24.com under the "Investor Relations" section:

- the Articles of Association;
- the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021 of the Company prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, on interim financial reporting (IAS 34);
- the audited consolidated financial statements of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation and change of legal name to "Bike24 Holding AG") as of and for the fiscal years ended December 31, 2019 and December 31, 2020, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and the additional requirements pursuant to Section 315e para. 1 of the German Commercial Code (*Handelsgesetzbuch* ("**HGB**"));
- the audited consolidated financial statements of Peloton MidCo 2 GmbH (renamed into "Bike24 Service GmbH") as of and for the fiscal years ended December 31, 2019 and 2018 prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"); and
- the audited unconsolidated financial statements of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation and change of legal name to "Bike24 Holding AG") as of and for the fiscal year ended December 31, 2020 prepared in accordance with generally accepted accounting principles of the HGB.

The aforementioned financial statements, which are included in this Prospectus should be read in conjunction with the information on the acquisition of Bike24 by an affiliate of private equity investor The Riverside Company ("**Riverside**") in the fall of 2019 from an affiliate of private equity investor Bridgepoint Capital ("**Bridgepoint**"). Please refer to section "*10.6.1 Riverside Acquisition*" for further details as well as to the following information:

- The Company (at that time: Weilchensee 956. V V GmbH and later renamed to "REF Bike Holding GmbH") was initially formed on August 22, 2019 as a German limited liability company (*Gesellschaft mit beschränkter Haftung*) and shelf company with no business operations. On the same day, the Company acquired Bike24 Support GmbH (at that time: Weilchensee 956. V V GmbH and later renamed to "REF Bike Holding GmbH").
- On September 10, 2019, an affiliate of Riverside directly acquired the Company and indirectly its subsidiary Bike24 Support GmbH as special-purpose vehicles for the acquisition of Bike24.
- On November 8, 2019, Bike24 Support GmbH acquired all shares in Peloton MidCo 2 GmbH (renamed into "Bike24 Service GmbH") from Peloton MidCo1 GmbH, a subsidiary of an affiliate of Bridgepoint.
- Since then, the Company indirectly held all shares in Peloton MidCo 2 GmbH (renamed into "Bike24 Service GmbH"), which, in turn, holds all shares in Bike24 GmbH, the operating entity of Bike24 Group.
- In addition, since November 1, 2019, Peloton MidCo 2 GmbH has been consolidated in the consolidated financial statements of the Company.

- The Company did not have any business activities until it acquired Bike24 Group from an affiliate of Bridgepoint. Its first fiscal year was a short fiscal year from August 22, 2019 to December 31, 2019.

The Company's future consolidated financial statements, unconsolidated financial statements and condensed interim consolidated financial statements will be available from the Company on its website and the paying agent designated in this Prospectus (see "*2.6.4 Dividend Rights, Paying Agent and Liquidation Rights*"). The Company's consolidated and unconsolidated financial statements will also be published in the German Federal Gazette (*Bundesanzeiger*).

Information on the Company's website www.bike24.com and information accessible via this website is neither part of, nor incorporated by reference into, this Prospectus.

2.12 Currency Presentation

In this Prospectus, "**Euro**" and "**€**" refer to the single European currency adopted by certain participating member states of the European Union, including Germany.

2.13 Presentation of Financial Information

Where financial information in the tables included this Prospectus is labeled "audited", this means that it has been taken from the audited financial statements of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation and change of legal name to "Bike24 Holding AG") prepared in accordance with IFRS and the additional requirements pursuant to Section 315e para. 1 of the HGB or Peloton MidCo 2 GmbH (renamed into "Bike24 Service GmbH") prepared in accordance with IFRS mentioned in section "*2.11 Documents Available for Inspection*". The label "unaudited" indicates financial information that has not been taken from the audited financial statements mentioned above, but was taken from the accounting records or internal reporting system of Bike24 Group, or is based on calculations of figures from the aforementioned sources.

Unless indicated otherwise, all financial information with respect to the short fiscal year of the Company from August 22, 2019 to December 31, 2019 and the full fiscal year ended December 31, 2020 presented in the text, tables and discussion in this Prospectus is taken from the financial information included in the audited consolidated financial statements of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation) as of and for the fiscal years ended December 31, 2019 and December 31, 2020, while all financial information with respect to the full fiscal years ended December 31, 2019 and 2018 presented in the text, tables and discussion in this Prospectus is taken from the financial information included in the audited consolidated financial statements of Peloton MidCo 2 GmbH as of and for the fiscal years ended December 31, 2019 and 2018.

The aforementioned financial statements, which are included in this Prospectus should be read in conjunction with the information on the acquisition of Bike24 by an affiliate of private equity investor Riverside in the fall of 2019 from an affiliate of private equity investor Bridgepoint. Please refer to sections "*2.11 Documents Available for Inspection*" and "*10.6.1 Riverside Acquisition*" for further details.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables included in this Prospectus may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

2.14 Alternative Performance Measures

Throughout this Prospectus, we present financial information and operating data that is not prepared in accordance with IFRS, or any other internationally accepted accounting principles, including adjusted EBITDA, free cash flow to firm and trade working capital. We present non-IFRS financial information because it is used by our management in monitoring our business and because management believes that such measures will be used by securities analysts, investors and other interested parties to assess our performance.

We define adjusted EBITDA as earnings before interest and taxes ("**EBIT**") adjusted for depreciation and amortization ("**EBITDA**"), adjusted for (i) transaction costs, (ii) cash-based bonuses, (iii) development expenses for product information management (PIM) modules and (iv) certain one-off operating expenses ("**Adjusted EBITDA**"). We use Adjusted EBITDA to assess the operating performance of our business as Adjusted EBITDA shows our EBIT as adjusted for depreciation and amortization, which are non-cash effective charges, cash-based bonuses and other one-off effects for the relevant period. Please also refer to "*5.2.2 Adjusted EBITDA*".

We define free cash flow to firm as Adjusted EBITDA less changes in trade working capital and capital expenditures for property plant and equipment and intangible assets. We use free cash flow to firm to assess our operating cash generation.

We define trade working capital as inventories plus trade and other receivables less trade payables. We use trade working capital to assess the capital requirements of our operating business.

Alternative performance measures should not be considered as alternatives or substitutes for result for the period, EBIT, operating cash flow or other data from our consolidated statements of profit or loss and other comprehensive income, consolidated statements of financial position or consolidated statements of cash flows prepared in accordance with IFRS, or as measures of profitability or liquidity.

Alternative performance measures do not necessarily indicate whether cash flows will be sufficient for our cash requirements and may not be indicative of its future results. Furthermore, the alternative performance measures are not recognized under IFRS, should not be considered as substitutes for an analysis of our operating results prepared in accordance with IFRS, and may not be comparable to similarly titled information published by other companies.

For further information on alternative performance measures, including a reconciliation to IFRS measures, see "*5.2 Key Financial Information and Operating Data*".

3. DIVIDEND POLICY; RESULTS AND DIVIDENDS PER SHARE

3.1 General Provisions Relating to Profit Allocation and Dividend Payments

The shareholders' share of the Company's profits is determined based on their respective interests in the Company's share capital. For a German stock corporation (*Aktiengesellschaft*) under German law, such as the Company, the distribution of dividends for any given fiscal year and the amount and payment date thereof, are resolved by the Company's shareholders' meeting (*Hauptversammlung*) in the subsequent fiscal year, based upon either a joint proposal by the Management Board and the supervisory board of the Company (the "**Supervisory Board**") or upon the Management Board's or the Supervisory Board's proposal. Notwithstanding currently applicable exemptions under Article 2 Section 1 para. 5 of the German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020 as extended by the Act on the Further Reduction of the Procedure for the Relief of Reaming Debt (*Gesetz zur weiteren Verkürzung des Restschuldbefreiungsverfahrens*) dated December 22, 2020 (the "**COVID-19 Act**"), the shareholders' meeting must be held within the first eight months of each fiscal year.

Dividends may only be distributed from the net retained profits (*Bilanzgewinn*) of the Company. The net retained profits are calculated based on the Company's unconsolidated financial statements prepared in accordance with generally accepted accounting principles of the HGB. Accounting principles set forth in the HGB differ from IFRS in material respects.

When determining the net retained profits, the net income or loss for the fiscal year (*Jahresüberschuss/-fehlbetrag*) must be adjusted for retained profit/loss carryforwards (*Gewinn-/Verlustvorträge*) from the previous fiscal year and withdrawals from, or appropriations, to reserves (retained earnings). Certain reserves must be set aside by law and deducted when calculating the net retained profits available for distribution.

The Management Board must prepare unconsolidated financial statements (balance sheet, income statement and notes to the unconsolidated financial statements) and a management report for the previous fiscal year by the statutory deadline and present these to the Supervisory Board and the auditors immediately after preparation. At the same time, the Management Board must present a proposal for the allocation of the Company's net retained profits to the Supervisory Board pursuant to Section 170 para. 2 of the German Stock Corporation Act ("**AktG**"). According to Section 171 AktG, the Supervisory Board must review the unconsolidated financial statements, the Management Board's management report and the proposal for the allocation of the net retained profits and report to the shareholders' meeting in writing on the results of such review.

The shareholders' meeting resolves on the allocation of the net retained profits by a simple majority of votes cast. Pursuant to Section 17 para. 2 of the Articles of Association, the shareholders' meeting may also adopt a resolution that dividends be distributed partially or entirely in kind (*e.g.*, as a distribution of treasury shares if such shares are held by the Company at that time). Notifications of any distribution of dividends resolved upon are published in the German Federal Gazette (*Bundesanzeiger*) without undue delay after the shareholders' meeting.

The COVID-19 Act provides in deviation from general rules that the Management Board may, with the consent of the Supervisory Board, decide to pay an interim dividend from the retained profits to shareholders. The relevant provisions under the COVID-19 Act currently apply only to shareholders' meetings held in and interim dividends paid out in 2020 and 2021.

Dividends resolved by the shareholders' meeting are due and payable in compliance with the rules of the respective clearing system on the third business day following the relevant shareholders' meeting, unless a later date is specified in the dividend resolution or the Articles of Association. Since all of the Company's dividend entitlements are evidenced by the global share certificates deposited with Clearstream, Clearstream will transfer the dividends to the shareholders' custodian banks for crediting to their accounts. German custodian banks are under an obligation to distribute these funds to their customers. Shareholders using a custodian bank located outside of Germany must inquire at their respective bank about the terms and conditions applicable in their case. To the extent dividends can be distributed by the Company in accordance with the HGB and corresponding decisions are taken, there are no restrictions on shareholders' rights to receive such dividends.

Generally, withholding tax (*Kapitalertragsteuer*) is withheld from dividends paid. For further information on the taxation of dividends, see "*14.1 General Taxation of Dividends*".

Any dividends not claimed become time-barred within three years pursuant to the general statute of limitations. Once the statute of limitations applies, the right to receive the relevant dividend payments passes to the Company.

3.2 Dividend Policy and Dividends per Share

No dividends or distributions of profits were paid to the Company's shareholders in the fiscal years ended December 31, 2018, 2019 or 2020 or between January 1, 2021 and the date of this Prospectus.

The Company currently intends to retain all available funds and any future earnings to support its operations and to finance the growth and development of its business. The Company currently does not intend to pay dividends for the foreseeable future.

Any determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, its results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

4. CAPITALIZATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth the actual capitalization and indebtedness of Bike24 Group (i) as of March 31, 2021 derived from the Company's internal accounting records or reporting systems prior to the implementation of the Private Placement, (ii) the adjustments for a capital increase from the Company's own resources, (iii) the adjustments for the Private Placement and intended use of proceeds, and (iv) total numbers of (i) as adjusted for (ii) and (iii). The adjustments in (ii) are based on the assumption that the Private Placement had taken place on March 31, 2021 at the mid-point of the Price Range, that 5,882,352 New Shares (reflecting the number of New Shares the Company would have to place in the course of the Private Placement at the mid-point of the Price Range in order to realize the targeted gross proceeds of approximately €100 million) and all other Placement Shares had been fully placed and did not reflect any tax effects.

Investors should read the following tables in conjunction with the section "5. Management's Discussion and Analysis of Net Assets, Financial Condition and Results of Operations" and the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021 included in this Prospectus, including the related notes thereto, and additional financial information contained elsewhere in this Prospectus.

4.1 Capitalization

	As of March 31, 2021 (i)	Adjustments for the capital increase from own resources (ii)(1)	Adjustments for the Private Placement and intended use of proceeds (iii)(2)	Total (iv)(3)
	(unaudited) (in € million)			
Total current debt (including current portion of non-current debt)(4)	**31.9**	–	–	**31.9**
Thereof guaranteed	–	–	–	–
Thereof secured	–	–	–	–
Thereof unguaranteed/unsecured	31.9	–	–	31.9
Total non-current debt (excluding current portion of non-current debt)(5)	**141.3**	–	**(48.9)**	**92.4**
Thereof guaranteed	–	–	–	–
Thereof secured(6)	88.9	–	(88.9)	–
Thereof unguaranteed/unsecured(7)	52.4	–	40	92.4
Shareholder equity(8)	**121.6**	**0.0**	**93.8**	**215.4**
Share capital(9)	0	37.5	5.9	43.4
Legal reserve(s)(10)	122.9	(37.5)	87.9	173.3
Other reserves(11)	(1.3)	–	–	(1.3)
Total	**294.8**	**0.0**	**44.9**	**339.7**

(1) Reflects an increase of the Company's share capital from own resources from €25,000.00 by €37,475,000.00 to €37,500,000.00 resolved by the Company's shareholders' meeting on May 10, 2021. The capital increase led to an increase of the nominal value of the outstanding shares at that time and affected only the capital reserve and share capital. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on May 18, 2021.

(2) Reflects (a) the Placement Capital Increase against cash contributions and the increase of the Company's share capital from €37,500,000.00 by €5,882,352.00 to €43,382,352.00 and issue of 5,882,352 New Shares assuming the Placement Price is set at the mid-point of the Price Range, (b) the inflow of net proceeds from the Private Placement of €93.8 million attributable to the Company based on the placement of the 5,882,352 New Shares at the mid-point of the Price Range and (c) assumes the refinancing of liabilities of €88.9 million under a €118.0 million secured term and revolving facilities agreement between, among other parties, Bike24 Support GmbH as borrower and Berenberg as lead arranger and an original lender dated October 30, 2019, through a partial use of the Company's net proceeds from the Private Placement in the amount of €48.9 million and the utilization of €40.0 million under the €50.0 million syndicated Loan Agreement between Company and Bike24 GmbH as original borrowers and Berenberg as original lender. Please refer to section "*7.10.2 2021 Loan Agreement*" for further details. The adjustments in this column are based on the assumption that the Private Placement has taken place on March 31, 2021 and do not reflect any tax effects.

(3) Shows our capitalization as adjusted to reflect the effects of the adjustments for the capital increase from the Company's own resources, the Private Placement and the intended use of the proceeds therefrom.
(4) Includes current portion of non-current debt. Referred to as "Current liabilities" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021. It reflects "Liabilities to banks (current)", "Other financial liabilities (current)", "Provisions (current)", "Other liabilities (current)", "Income tax liabilities" and "Trade payables".
(5) Excludes current portion of non-current debt. Referred to as "Non-current liabilities" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021. It reflects "Liabilities to banks (non-current)", "Other financial liabilities (non-current)", "Provisions (non-current)" and "Deferred tax liabilities".
(6) Secured debt relates to a loan secured by receivables, bank accounts, intellectual property rights, fixed and current assets located in Germany and shares in Bike24 Service GmbH and Bike24 GmbH.
(7) Reflects the utilization of €40.0 million under the €50.0 million syndicated Loan Agreement. No security interests are required to be granted under the Loan Agreement, as long as the gross debt to (adjusted) EBITDA ratio of Bike24 Group, which is tested quarterly, remains under a certain threshold. If the gross debt ratio exceeds such threshold, the lender can request collateral consisting of pledges over bank accounts, assignments of customer receivables and security transfers of the inventory. Please refer to section "*7.10.2 2021 Loan Agreement*" for further details.
(8) Referred to as "Total equity" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021.
(8) Referred to as "Subscribed capital" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021
(9) Referred to as "Capital reserves" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021.
(10) Comprises "Retained earnings" as referred to in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021.

4.2 Indebtedness

		As of March 31, 2021 (i)	Adjustments for the capital increase from own resources (ii)(1)	Adjustments for the Private Placement and intended use of proceeds (iii)(2)	Total (iv)(3)
			(unaudited) (in € million)		
A	Cash	24.5	–	44.9	69.4
B	Cash equivalents	–	–	–	–
C	Other current financial assets	–	–	–	–
D	**Liquidity (A + B + C)(4)**	**24.5**	–	**44.9**	**69.4**
E	Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)(5)	–	–	–	–
F	Current portion of non-current financial debt	3.2	–	–	3.2
G	**Current financial indebtedness (E + F)(6)**	**3.2**	–	–	**3.2**
H	**Net current financial indebtedness (G - D)**	**(21.3)**	–	**(44.9)**	**(66.2)**
I	Non-current financial debt (excluding current portion and debt instruments)(7)	96.7	–	(48.9)	47.8
J	Debt instruments	–	–	–	–
K	Non-current trade and other payables	–	–	–	–
L	**Non-current financial indebtedness (I + J + K)(8)**	**96.7**	–	**(48.9)**	**47.8**
M	**Total financial indebtedness (H + L)**	**75.4**	–	**(93.8)**	**(18.4)**

(1) Reflects an increase of the Company's share capital from own resources from €25,000.00 by €37,475,000.00 to €37,500,000.00 resolved by the Company's shareholders' meeting on May 10, 2021. The capital increase led to an increase of the nominal value of the outstanding shares at that time and affected only the capital reserve and share capital. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on May 18, 2021.

(2) Reflects (a) the Placement Capital Increase against cash contributions and the increase of the Company's share capital from €37,500,000.00 by €5,882,352.00 to €43,382,352.00 and issue of 5,882,352 New Shares assuming the Placement Price is set at the mid-point of the Price Range, (b) the inflow of net proceeds from the Private Placement of €93.8 million attributable to the Company based on the placement of the 5,882,352 New Shares at the mid-point of the Price Range and (c) assumes the refinancing of liabilities of €88.9 million under a €118.0 million secured term and revolving facilities agreement between, among other parties, Bike24 Support GmbH as borrower and Berenberg as lead arranger and an original lender dated October 30, 2019, through a partial use of the Company's net proceeds from the Private Placement in the amount of €48.9 million and the utilization of €40.0 million under the €50.0 million syndicated Loan Agreement between Company and Bike24 GmbH as original borrowers and Berenberg as original lender. Please refer to section "*7.10.2 2021 Loan Agreement*" for further details. The adjustments in this column are based on the assumption that the Private Placement has taken place on March 31, 2021 and do not reflect any tax effects.

(3) Shows our indebtedness as adjusted to reflect the effects of the adjustments for the Private Placement and the intended use of the proceeds therefrom.

(4) Referred to as "Cash and cash equivalents" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021.

(5) Includes debt instruments, but excludes current portion of non-current financial debt.

(6) Referred to as "Liabilities to banks (current)" and "Other financial liabilities (current)" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021 and includes current lease liabilities of €1.5 million.

(7) Excludes current portion and debt instruments. Referred to as "Liabilities to banks (non-current)" of €88.9 million under a €118.0 million secured term and revolving facilities agreement between, among other parties, Bike24 Support GmbH as borrower and Berenberg as lead arranger and an original lender dated October 30, 2019 and as "Other financial liabilities (non-current)" in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021, which includes non-current lease liabilities of €7.8 million.

(8) Referred to as “Liabilities to banks (non-current)” and “Other financial liabilities (non-current)” in the unaudited condensed consolidated interim financial statements of the Company as of and for the three months ended March 31, 2021.

4.3 Contingent and Indirect Liabilities

As of March 31, 2021, there were no contingent or indirect liabilities of Bike24 Group.

4.4 Statement on Working Capital

In the Company’s opinion, its working capital is sufficient to meet its present requirements over at least the next twelve months.

The proceeds from the Private Placement have not been included in the Company’s calculation of its working capital.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Investors should read the following management's discussion and analysis of net assets, financial condition and results of operations in conjunction with the sections "7. Business" and "15. Financial Information".

The financial information contained in the following text and tables is taken or derived from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH, the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation), the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021, and the audited unconsolidated financial statements as of and for the fiscal year ended December 31, 2020 of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation), as well as the Company's accounting records or internal reporting systems.

All financial information with respect to the full fiscal years ended December 31, 2018 and 2019 presented in the text, tables and discussion is taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH. All financial information with respect to the short fiscal year of the Company from August 22, 2019 to December 31, 2019 and the full fiscal year ended December 31, 2020 presented in the text, tables and discussion is taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation), each as indicated where relevant.

The audited consolidated financial statements of the Company have been prepared in accordance with IFRS and the additional requirements pursuant to Section 315e para. 1 HGB and the audited consolidated financial statements of Peloton MidCo 2 GmbH have been prepared in accordance with IFRS. The audited unconsolidated financial statements of the Company have been prepared in accordance with German generally accepted accounting principles of the HGB. The unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with IFRS on interim financial reporting (IAS 34).

*KPMG AG Wirtschaftsprüfungsgesellschaft, Dresden branch, Galeriestraße 2, 01067 Dresden, Germany ("**KPMG**"), has audited and issued unqualified independent auditor's reports (uneingeschränkte Bestätigungsvermerke des unabhängigen Abschlussprüfers) with respect to REF Bike Holding GmbH's German-language consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020, audited in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits, the English-language consolidated financial statements of Peloton MidCo 2 GmbH as of and for the fiscal years ended December 31, 2019 and December 31, 2018, audited in accordance with International Standards on Auditing ("**ISA**"), and REF Bike Holding GmbH's (the Company's predecessor before its conversion into a German stock corporation) German-language unconsolidated financial statements as of and for the fiscal year ended December 31, 2020, audited in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits. The aforementioned audited consolidated financial statements and audited unconsolidated financial statements and the respective independent auditor's reports thereon are included elsewhere in this Prospectus. The auditor's reports, prepared in accordance with Section 322 HGB refer to the complete financial statements and the respective management report for the fiscal year from January 1, 2020 to December 31, 2020. The management report is not included in this Prospectus.*

Where financial information in the following tables is labeled "audited", this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the following tables to indicate financial information that has not been taken from the audited financial statements mentioned above, but has been taken from the unaudited condensed consolidated interim financial statements mentioned above, the Company's internal accounting records or reporting systems, or has been calculated based on figures from the aforementioned sources.

Unless indicated otherwise, all financial information presented in the text and tables included in this Prospectus is shown in millions of Euro (in € million). Certain financial information, including percentages, has been rounded according to established commercial standards. As a result, rounded figures in the tables included in this Prospectus may not add up to the aggregate amounts in such tables (sum totals or subtotals), which are calculated based on unrounded figures. Furthermore, differences and ratios are calculated based on rounded figures and may therefore deviate from differences or ratios calculated based on unrounded figures appearing elsewhere in this Prospectus.

Financial information presented in parentheses denotes the negative of such number presented. A dash ("–") signifies that the relevant figure is not available or zero, while a zero ("0.0") signifies that the relevant figure has been rounded to zero.

5.1 Overview

We operate our business under our established "Bike24" brand and are, by our own estimate, one of the leading e-commerce platforms in continental Europe with a clear focus on the premium bicycle segment. We offer our customers a one-stop cycling shop with a broad product portfolio that focuses on the needs of bike enthusiasts and includes bike parts, accessories and clothing ("**PAC**") as well as traditional bikes and e-bikes. We also offer adjacent products, such as sports electronics, outdoor equipment, running and swimming gear and sports nutrition. The combination of our broad product assortment, the content and functionality of our websites, the seasoned partnerships with our brand partners and suppliers, our fulfillment structure that requires only limited investments in fixed asset ownership and our focus on customer service allowed us to create an ecosystem that attracts a loyal and high-spending customer base. Our automated and low-cost distribution platform and automated order-flow allow us to offer same-day shipping options in Germany and most of our other markets for the vast majority of our products. We historically focused on the German, Austrian and Swiss ("**DACH**") growth markets and have a record of growing sales and market shares in a number of other European and international markets. Our revenue increased from €10.5 million in 2008 at a mean growth rate per year (*i.e.*, compound annual growth rate or "**CAGR**") of 28% to €199.2 million in 2020.

5.2 Key Financial Information and Operating Data

We use revenue and EBITDA of Bike24 Group as key performance indicators. We rely on additional performance indicators in order to manage our operations and assess the success of our business. Such performance indicators include revenue by countries, other income, total expenses, Adjusted EBITDA and net cash from operating activities. We believe that these indicators, together with other relevant financial and operating data, including the other alternative performance measures (see "*2.14 Alternative Performance Measures*"), will be helpful for investors when assessing our performance. Such financial information and operating data, however, do not necessarily indicate whether cash flows will be sufficient for our cash requirements and may not be indicative of our future results.

The following table provides an overview of certain key financial data relating to our performance for the periods indicated:

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited, unless indicated otherwise) (in € million)		(audited, unless indicated otherwise) (in € million)		(unaudited) (in € million)	
Revenue and other income						
Revenue	118.7	137.1	21.5	199.2	33.0	57.6
Other income	0.2	0.2	0	0.1	0	0
Total income	**118.8**	**137.3**	**21.5**	**199.3**	**33.0**	**57.6**
Total expenses	(115.7)	(131.0)	(23.7)	(189.0)	(34.6)	(55.5)
Gross profit[3]	35.6	40.0	6.2	61.3	9.3	17.7
Gross profit margin[3]	30.0%	29.2%	28.8%	30.8%	28.2%	30.7%
Earnings before interest and taxes (EBIT)	3.2	6.3	(2.2)	10.3	(1.6)	2.1

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited, unless indicated otherwise) (in € million)		(audited, unless indicated otherwise) (in € million)		(unaudited) (in € million)	
EBITDA[3]	11.8	15.2	0	24.0	1.8	5.5
Adjusted EBITDA[3]	13.9	15.6	2.0	26.7	2.9	7.3
Net cash from operating activities	(1.0)	3.5	(0)	21.1	(1.2)	0.3
Free cash flow to firm[3]	3.6	12.9	0.8	24.4	0.2	3.5
Customers (in thousand)[3]	417	453	453	691	465	760
Existing customers[3], [4]	203	227	227	294	232	315
New customers[3], [5]	214	226	226	397	233	445
Orders (in thousand)[3], [6]	873	977	238	1,471	242.0	401.7
Average order value (in €)[3], [7]	132	137	148	136	145	144

(1) The audited financial information was taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) The audited financial information was taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.
(3) Unaudited.
(4) Number of customers who have purchased at least one item in our web shop after cancellations in the twelve months immediately preceding the relevant period end date and who have ordered at least once before that in the past.
(5) Number of customers who have purchased at least one item in our web shop after cancellations in the twelve months immediately preceding the relevant period end date and who have not ordered before that in the past.
(6) Number of orders placed by customer via our web shop in the relevant period after cancellations.
(7) Value of goods sold through our web shop in the relevant period excluding VAT and after actual or provisioned rejections and returns divided by the number of orders for the relevant period.

5.2.1 Gross Profit

The following table presents our gross profit and gross profit margin for the periods indicated:

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited, unless indicated otherwise) (in € million)		(audited, unless indicated otherwise) (in € million)		(unaudited) (in € million)	
Revenue	118.7	137.1	21.5	199.2	33.0	57.6
Expenses for merchandise, consumables and supplies	(83.1)	(97.1)	(15.3)	(137.9)	(23.7)	(39.9)
Gross profit[3]	**35.6**	**40.0**	**6.2**	**61.3**	**9.3**	**17.7**
Gross profit margin (in %)[3], [4]	30.0%	29.2%	28.8%	30.8%	28.2%	30.7%

(1) The audited financial information was taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) The audited financial information was taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.
(3) Unaudited.
(4) Gross profit margin corresponds to gross profit divided by revenue.

5.2.2 Adjusted EBITDA

The following table shows the calculation of our Adjusted EBITDA for the periods indicated:

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(unaudited, unless indicated otherwise) (in € million)		(unaudited, unless indicated otherwise) (in € million)		(unaudited) (in € million)	
Earnings before interest and taxes (EBIT)	**3.2**[3]	**6.3**[3]	**(2.2)**[3]	**10.3**[3]	**(1.6)**	**2.1**
Depreciation and amortization	8.6[3]	8.9[3]	2.2[3]	13.6[3]	3.4	3.4
EBITDA	**11.8**	**15.2**	**0**	**24.0**	**1.8**	**5.5**
Adjustments						
Transaction costs[4]	2.1[5]	–	2.0[6]	0.5[6]	0.4[6]	0.9[7]
Cash-based bonuses[8]	–	–	–	1.4	0.2	0.9
PIM modules[9]	–	–	–	0.7	0.6	–
Other one-off operating expenses[10]	0.1[11]	0.3[12]	0	0.1[11]	–	–
Adjusted EBITDA	**13.9**	**15.6**	**2.0**	**26.7**	**2.9**	**7.3**

(1) Earnings before interest and taxes (EBIT) and depreciation and amortization are taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Earnings before interest and taxes (EBIT) and depreciation and amortization are taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.
(3) Audited.
(4) Comprises costs and expenses related to certain corporate transactions or reorganizations as indicated.
(5) Comprises transaction costs (mainly consulting and lawyer fees) related to the acquisition of the majority stake in Bike24 in 2017 by an affiliate of Bridgepoint.
(6) Comprises transaction costs (mainly consulting and lawyer fees) related to the acquisition of the majority stake in Bike24 in 2019 by an affiliate of Riverside.
(7) Comprises transaction costs (mainly consulting and audit fees) related to the Private Placement and Listing.
(8) Comprises expenses related to the non-equity-settled growth bonus program introduced in 2020 and the non-equity-settled long-term incentive program introduced in 2021 (VSOP 2021) of Bike24 Group. Please refer to "*12.5.3 Growth Bonus*" and "*12.5.1 Bike24 GmbH Virtual Shares Program 2021*".
(9) Comprises development expenses for certain modules of our internal product information management (PIM) system in relation to the localization of our product offering and websites in our expansion markets.
(10) Comprises various one-off operating expenses as indicated.
(11) Includes M&A insurance.
(12) Includes consulting fees paid to an affiliate of Bridgepoint as our former majority shareholder, M&A insurance and certain one-off expenses.

5.2.3 Free Cash Flow to Firm

The following table shows the calculation of our free cash flow to firm for the periods indicated:

	For the year ended December 31,		For the short fiscal year from August 22, 2019 to December 31,	For the year ended December 31,	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(unaudited, unless indicated otherwise) (in € million)		(unaudited, unless indicated otherwise) (in € million)		(unaudited) (in € million)	
Adjusted EBITDA	13.9	15.6	2.0	26.7	2.9	7.3
Changes in trade working capital	(8.4)	(1.7)	(0.9)	(0.7)	(2.2)	(3.1)

	For the year ended December 31,		For the short fiscal year from August 22, 2019 to December 31,	For the year ended December 31,	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(unaudited, unless indicated otherwise) (in € million)		(unaudited, unless indicated otherwise) (in € million)		(unaudited) (in € million)	
Capital expenditures for property plant and equipment, intangible assets	(1.8)	(1.0)	(0.3)	(1.6)	(0.5)	(0.6)
Free cash flow to firm	**3.6**	**12.9**	**0.8**	**24.4**	**0.2**	**3.5**
Free cash flow as a percentage of Adjusted EBITDA (in %)	25.9	82.7	40.0	91.4	6.9	47.9

5.2.4 Trade Working Capital

The following table shows the calculation of our trade working capital as of the dates indicated:

	As of December 31,(1)		As of December 31,(2)		As of March 31,
	2018	2019	2019	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)
Inventories	32.8	36.1	36.2	38.2	50.8
Trade and other receivables	0.9	1.3	1.4	2.0	1.5
Trade payables	(3.9)	(6.0)	(6.3)	(8.2)	(17.2)
Trade working capital(3)	**29.8**	**31.4**	**31.3**	**32.0**	**35.1**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.

(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

(3) Unaudited.

5.3 Key Factors Affecting our Results of Operations, Financial Condition and Cash Flows

The key factors discussed below have significantly affected our results of operations, financial condition and cash flows during the periods for which financial information is included in the Prospectus, and we believe that these factors will continue to affect us in the future:

5.3.1 Demand for Online Cycling Products

The growth of online demand for cycling products and the resulting increase of our customer base are key drivers affecting our revenue and profitability, which depend on a number of factors. These factors include the outlook for the continental European cycling market, the economic conditions in our markets and their impact on consumer spending for cycling products, competition from both offline retail generalists or cycling retailers and online retail generalists and cycling retailers, weather patterns, the migration from offline to online business and the adoption rate of e-commerce among consumers. The continental European cycling market is large and attractive and expected to grow in upcoming years. The market for e-bikes is particularly promising and expected to also strongly support the PAC market as our key revenue component and attract new customers due to the appeal of the technological innovation and convenience that e-bikes represent (*source: OC&C Analysis; ZIV; NPD Cycling Market*). At the same time, customers have increasingly shown a higher propensity to buying bicycles and bike parts online. In 2020, the effects of the COVID-19 pandemic led to an accelerated shift from offline to online due to various COVID-19-related restrictions on offline businesses. As a result, we recorded a particularly strong increase in sales of bicycles and PAC products during that period. A decrease in general consumer demand as a result of COVID-19 related economic uncertainties had a partially offsetting effect. In addition, our ability to provide a broad and inspiring product offering, fast shipping delivery times, competitive prices, effectively utilize our marketing channels and offer excellent customer service are crucial to drive demand for our goods.

Our customer base (including existing and new customers) has grown from 62,000 customers in 2008 at a CAGR of 22.2% to 691,000 customers in 2020. We believe that our established "Bike24" brand and the convenient shopping experience that we aim to provide to our customers continue to attract a growing base of existing customers (*i.e.*, customers who have purchased at least one item in our web shop after cancellations in the twelve months immediately preceding the relevant period end date and who have ordered at least once before that in the past) as a main revenue driver, which also contributes to strong customer cohorts enabling many cross-selling opportunities. In addition, the high and increasing share of existing customers, a growing number of orders per customer and average order values drive strong customer economics. As of December 31, 2020, our customer base consisted of 294,000 existing customers who placed an average of 3.1 orders with an average order value of €141.00 in the preceding twelve months. In addition, the cohort profile of our existing customers constantly improves over time as cohort revenue from existing customers typically increases every year (*source: OC&C Analysis; Company information*).

5.3.2 Our Product Offering

We offer 77,000 cycling or cycling-related products in the product categories bike parts, accessories and clothing (PAC), traditional bikes and e-bikes as well as adjacent products, such as sports electronics, outdoor equipment, running and swimming gear and sports nutrition. We generate the majority of our revenue in the product categories PAC (accounting for 66.5% of our revenue in 2020) and bicycles (accounting for 9.3% of our revenue in 2020). The remaining part of our revenue is attributable to sales in our adjacent products category while revenue from services provided in our flagship store is marginal.

We seek to offer our customers a particularly broad product portfolio compared to our direct competitors, which is a key element of our revenue growth and provides us with an advantageous position in our current and future markets, particularly with respect to the online PAC product category. We believe that our aspiration to offer our customers a convenient one-stop shop with a broad product portfolio that covers the whole demand around bicycles and along the entire price range is a key element of our success. We review the composition of our product offering and utilize data driven analytics and software to provide our customers with a broad choice of cycling or cycling-related products while also aiming to improve our margins. Due to long-standing partnerships with many of our brand partners and suppliers and our comparatively large average orders for goods, we are regularly able to achieve price advantages, which we often seek to pass on to our customers or use to generate higher margins.

5.3.3 Sourcing

Our business model focuses on a particularly broad product portfolio, which is a cornerstone of our value proposition to customers and suppliers. We hold the vast majority of our in-demand products in our own inventory, which enables us to shorten delivery times and to negotiate favorable purchase prices with our brand partners and suppliers based on bulk orders. Our sourcing management has been designed with a view to reducing inventory risks. Data-driven monitoring of our inventory level assists us in forecasting the volume of products we have to source in order to meet customers' demand, enabling us to match product demand in advance and have comparatively low write-offs. Overall, growing demand allows us to increase order frequency and reduce the reach of individual orders. Sourcing expenses are accounted for under expenses for merchandise, consumables and supplies and represent a high share of our operating expenses, which in turn represent the largest share of our cost base. In the fiscal year ended December 31, 2020, expenses for merchandise, consumables and supplies amounted to €137.9 million or 69.2% of our revenue. Accordingly, limiting our sourcing costs is a key factor in improving our results and/or offering our customers even more attractive prices.

In order to limit our sourcing costs, we primarily leverage our scale and seasoned relationships with our brand partners and suppliers. Our membership in the Intersport sporting goods and purchasing association helps us to obtain favorable terms and conditions in many cases. Our scale positions us to source products from brand partners and suppliers at comparatively large quantities and benefit from volume discounts. We intend to lever our know-how and data analytics platform to offer our suppliers analytical insights on their performance, which we expect will allow us to achieve favorable conditions with our suppliers and brand partners. Our sourcing costs also depend on a variety of factors beyond our control, such as raw material and/or fuel prices, labor costs, rent levels, shipping costs, including capacities of third-party carriers, as well as import tariffs.

5.3.4 Fulfillment

Our fulfillment costs mainly include warehousing expenses, distribution, handling and packaging expenses, delivery costs, payment expenses, service and return costs. Our fulfillment costs are influenced by a number of factors, such as the effectiveness of our warehouse operations and shipping and last-mile delivery costs for third-party carriers who handle the delivery of our goods. Selling expenses as a key driver of fulfillment costs amounted to 7.6%, 7.9% and 8.1% of our revenue in 2018, 2019 and 2020, respectively. In 2020, our fulfillment costs increased slightly as a result of increasing costs of third-party carriers as well as a change of the mix of countries in which we ship our products.

We operate one centralized warehouse located in Dresden, Germany. Our fulfilment set-up is asset-light as our automated warehouse management system only requires very little capital expenditures going forward and as our warehouse is rented from a third party. The automation of our warehousing operations based on the implementation of an automated warehouse management system (AutoStore) with limited manual involvement led to significant cost savings due to a reduction in warehouse space and increased product picking speed and efficiency. Process optimization based on advanced data analytics and software further contributed to a reduction of our cost base. The costs of our logistics personnel decreased from 3.0% of our revenue in 2018 to 2.8% of our revenue in 2020. Over the same period, the number of shipments handled by our fulfillment operations increased from 0.9 million in 2018 to 1.5 million in 2020 while the throughput per head increased from 6,800 products in 2018 to 10,900 products in 2020.

5.3.5 Marketing

Our marketing efforts are aimed at driving the maximum relevant traffic to our websites and enhancing the recognition of our already well-established brand. Our marketing expenses for performance marketing (*i.e.*, expenses related to Google AdWord or PayPerClick on price comparison portals) were historically very low and amounted to only €0.1 million in 2018 and €0.2 million in 2019 or 0.1% of our revenue in these periods, respectively. Our broad product assortment, our organically grown and established "Bike24" brand and our customer-centered marketing approach enable us to create and maintain the vast majority of our website traffic from unpaid organic (based on search engine results) or direct (based on direct website visits) customer channels. In 2020, our marketing expenses for performance marketing increased to €0.5 million or 0.2% of our revenue due to the implementation of our growth strategy. Going forward, paid marketing will likely play a larger role in our marketing activities against the background of our growth strategy and our intention to expand our operations into additional geographies, including the localization of our websites and product offering.

5.3.6 Geographic Expansion

We have identified significant growth opportunities in the selected expansion markets Spain, France and Italy, where we are in the process of rolling out our operations based on the localization of our offering and customer proposition. Our roll-out strategy includes the translation of our website content to the relevant local languages, the adaptation of our product mix and the offering of localized payment systems, delivery and customer service. We are in the final phase of localizing our offering in Spain and believe that our localization efforts in this market have already contributed to the strong increase in revenue from Spanish customers, which we have recorded since the translation of our website and the localization of our customer service in the second half of 2020. We made and will continue to make investments for the geographic expansion of our operations but, at the same time, believe that our scalable IT-platform and proven playbook for the local roll-out of our operations enable us to implement such expansion comparatively efficiently. However, the largest part of our capital expenditures in the periods under review relate to expansion measures in line with our growth strategy.

5.3.7 Weather Conditions

Demand for cycling products is seasonal and subject to weather fluctuations. Good weather conditions (such as dry, mild and sunny weather) typically have a positive effect on our sales, while bad weather conditions (such as wet, rainy and cold weather) generally have a negative effect. We therefore tend to see higher customer engagement during the spring and summer months, during periods of good weather and also in weeks that include holidays, and lower customer engagement during the fall and winter months and other cold and/or rainy periods, while changing weather conditions within a season also might have an effect on such general trends.

As a consequence, we typically generate a large share of our revenue during the second and third quarter and our results of operations are strongly influenced by weather conditions. In addition, our inventory levels are typically higher in anticipation of higher sales volumes in the second and third quarters. Our intended geographic expansion may mitigate seasonality and weather effects.

5.4 Comparability of Financial Statements

Our financial results for the fiscal year ended December 31, 2020 are not fully comparable to the financial results for the fiscal year ended December 31, 2019 as well as previous fiscal years due to the acquisition of

Bike24 by an affiliate of Riverside in the fall of 2019 from an affiliate of private equity investor Bridgepoint. Please refer to section "*10.6.1 Riverside Acquisition*" for further details.

The Company was initially formed on August 22, 2019 as a German limited liability company (*Gesellschaft mit beschränkter Haftung*) and shelf company with no business operations. On the same day, the Company acquired Bike24 Support GmbH (at that time: Weilchensee 957. V V GmbH and later renamed to REF Bike Acquisition GmbH). On September 10, 2019, an affiliate of Riverside directly acquired the Company (at that time: Weilchensee 956. V V GmbH and to be renamed REF Bike Holding GmbH) and indirectly its subsidiary Bike24 Support GmbH as special-purpose vehicles for the acquisition of Bike24. On November 8, 2019, Bike24 Support GmbH acquired all shares in Peloton MidCo 2 GmbH from Peloton MidCo1 Ltd., an affiliate of, among others, Bridgepoint. Since then, the Company indirectly held all shares in Peloton MidCo 2 GmbH, which, in turn, holds all shares in Bike24 GmbH. Since November 1, 2019, Peloton MidCo 2 GmbH has been consolidated in the consolidated financial statements of the Company. As of the date of this Prospectus, Riverside, through its affiliates, holds more than 50% of the shares in the Company.

The Company did not have any business activities until it acquired Bike24. Its first fiscal year was a short fiscal year from August 22, 2019 to December 31, 2019. Against this background, the following discussion is based on the following comparisons and financial statements:

- Comparison of the three months ended March 31, 2021 and March 31, 2020: The relevant information is taken or derived from the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021 of the Company.

- Comparison of the fiscal year ended December 31, 2020 and the short fiscal year ended December 31, 2019: The relevant information is taken or derived from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation) (the "**Company Financial Statements**").

- Illustrative comparison of the fiscal years ended December 31, 2020 and December 31, 2019: The relevant information is taken or derived from the Company Financial Statements with respect to the fiscal year ended December 31, 2020 and from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH (the "**Peloton Financial Statements**").

- Comparison of fiscal years ended December 31, 2019 and December 2018: The relevant information is taken or derived from the Peloton Financial Statements and the comparison of financial information relating to the historical composition of Bike24 Group before the acquisition by an affiliate of Riverside.

5.5 Results of Operations

The following table provides our results of operations for the periods presented:

	For the year ended December 31,(1)		For the short fiscal year from August 22, 2019 to December 31,(2)	For the year ended December 31,(2)	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Revenue and other income						
Revenue	118.7	137.1	21.5	199.2	33.0	57.6
Other income	0.2	0.2	0	0.1	0	0
Total income	**118.8**	**137.3**	**21.5**	**199.3**	**33.0**	**57.6**
Operating expenses						
Personnel expenses	(10.3)	(11.0)	(1.8)	(15.3)	(3.2)	(5.0)
Expenses for merchandise, consumables and supplies	(83.1)	(97.1)	(15.3)	(137.9)	(23.7)	(39.9)
Impairment loss on trade receivables	(0)	(0.1)	(0)	(0.1)	(0)	(0)

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Other expenses	(13.6)	(13.8)	(4.4)	(22.0)	(4.3)	(7.1)
Depreciation and amortization	(8.6)	(8.9)	(2.2)	(13.6)	(3.4)	(3.4)
Total expenses	(115.7)	(131.0)	(23.7)	(189.0)	(34.6)	(55.5)
Earnings before interest and taxes (EBIT)	**3.2**	**6.3**	**(2.2)**	**10.3**	**(1.6)**	**2.1**
Finance income and expense						
Finance income	0	0	1.0	0	0.4	0
Finance expense	(12.7)	(9.5)	(1.4)	(9.1)	(1.2)	(1.1)
Finance expense, net	(12.7)	(9.5)	(0.4)	(9.1)	(0.8)	(1.1)
Earnings before tax	**(9.5)**	**(3.1)**	**(2.7)**	**1.2**	**(2.4)**	**1.0**
Income tax expense (income)	0.5	(0.9)	0.1	(0.6)	0.6	(0.3)
Result for the period	**(9.1)**	**(4.1)**	**(2.6)**	**0.6**	**(1.8)**	**0.7**
Other comprehensive loss	–	–	–	–	–	–
Comprehensive result	**(9.1)**	**(4.1)**	**(2.6)**	**0.6**	**(1.8)**	**0.7**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

5.5.1 Revenue

We generate the majority of our revenue from the sale of goods through our websites (online sales), while a marginal share of our revenue is generated by sales of goods and services in our flagship store. All revenue generated by Bike24 Group is included in the line item revenue in the consolidated statements of profit or loss and other comprehensive income. We recognize revenue to reflect the transfer of goods or services to customers at an amount that represents the consideration which we expect to receive based on fixed amounts. Revenue is recognized when the relevant customer obtains physical control over the shipped product, which is upon delivery of the product if ordered from our websites, or at the time of purchase when the customer has received the goods in our local flagship store.

The below table shows a breakdown of our revenue by geographic area based on the geographic location of our customers for the periods presented.

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited, unless otherwise indicated) (in € million)		(audited, unless otherwise indicated) (in € million)		(unaudited) (in € million)	
Revenue by geographic area						
Germany	65.3	74.7	11.8	115.1	17.8	32.5
Austria and Switzerland	12.5	13.6	1.9	21.7	3.5	6.0
DACH[3]	77.8	88.3	13.7	136.8	21.3	38.5
Rest of Europe	28.1	33.7	5.0	47.0	8.5	14.3
Rest of World	12.8	15.1	2.8	15.4	3.3	4.7
Total	**118.7**	**137.1**	**21.5**	**199.2**	**33.0**	**57.6**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.
(3) Unaudited.

5.5.1.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Revenue increased by 74.5% from €33.0 million in the three months ended March 31, 2020 to €57.6 million in the three months ended March 31, 2021 in line with our growth strategy and due to COVID-19 effects and the related shift from offline to online business from April 2020 onwards.

5.5.1.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Revenue increased from €21.5 million in the short fiscal year 2019 to €199.2 million in the fiscal year 2020. In addition to the different length of the periods under review affecting the comparison and resulting in higher revenue in the full fiscal year 2020 than in the short fiscal year 2019, the increase in revenue in 2020 was also driven by the strong growth of our customer base and an increase of sales volume through our websites, particularly in the PAC and bicycles product categories.

On a regional basis, revenue in our German market increased from €11.8 million in the short fiscal year 2019 to €115.1 million in 2020 and revenue in Austria and Switzerland increased from €1.9 million in the short fiscal year 2019 to €21.7 million in 2020. In the same period, our revenue from other European countries and international markets in the rest of the world increased from €5.0 million to €47.0 million and from €2.8 million to €15.4 million, respectively.

5.5.1.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Revenue increased by 45.3% from €137.1 million in 2019 to €199.2 million in 2020 primarily due to strong growth of our customer base and an increase of sales volume through our websites, particularly in the PAC and bicycles product categories. Our customer base increased from 453,000 customers in 2019 to 691,000 customers in 2020, in part due to an accelerated shift in offline to online business in 2020.

Revenue grew across all of our regions. Revenue in our German market increased by 54.1% from €74.7 million in 2019 to €115.1 million in 2020 and revenue in Austria and Switzerland increased by 59.6% from €13.6 million in 2019 to €21.7 million in 2020. In the same period, our revenue from other European countries and international markets in the rest of the world increased by 39.5% from €33.7 million to €47.0 million and by 2.0% from €15.1 million to €15.4 million, respectively.

5.5.1.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Revenue increased by 15.5% from €118.7 million in 2018 to €137.1 million in 2019, primarily as a result of the continued growth of our customer base and an increase in sales volume through our websites. Our customer base increased from 417,000 customers in 2018 to 453,000 customers in 2019.

On a regional basis, revenue in our German market increased by 14.4% from €65.3 million in 2018 to €74.7 million in 2019 and revenue in Austria and Switzerland increased by 8.8% from €12.5 million in 2018 to €13.6 million in 2019. In the same period, our revenue from other European countries and international markets in the rest of the world increased by 19.9% from €28.1 million to €33.7 million and by 18.0% from €12.8 million to €15.1 million, respectively.

5.5.2 Personnel Expenses

Personnel expenses relate to expenses associated with our workforce and consist of wages and salaries, social security costs and other personnel expenses.

5.5.2.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Personnel expenses increased by 56.3% from €3.2 million in the three months ended March 31, 2020 to €5.0 million in the three months ended March 31, 2021, driven by headcount growth and increased costs of temporary workers, who we engaged to expand operational capacities against the background of strong sales growth as well as an increase of other personnel expenses related to the non-equity-settled growth bonus program for certain key employees of Bike24 Group.

5.5.2.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Personnel expenses increased from €1.8 million in the short fiscal year 2019 to €15.3 million in the fiscal year 2020 due to the different length of the periods under review. In addition, the increase was driven by growing wages and salaries and social security costs based on headcount growth and increased costs of temporary workers who we engaged to expand operational capacities against the background of strong sales growth. Further, other personnel expenses increased due to expenses related to the non-equity-settled growth bonus program for certain key employees of Bike24 Group.

5.5.2.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Personnel expenses increased by 39.1% from €11.0 million in 2019 to €15.3 million in 2020 due to an increase in wages and salaries and social security costs based on the growth of our full-time employee headcount by 10%. In addition, our costs related to temporary workers increased strongly in order to expand operational capacities, particularly in the logistics department, against the background of strong sales growth. In addition, we recognized a provision related to the non-equity-settled growth bonus program for certain key employees of Bike24 Group.

5.5.2.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Personnel expenses increased by 6.8% from €10.3 million in 2018 to €11.0 million in 2019, reflecting an increase of wages and salaries based on investments in our workforce and an increase of our headcount as well as an increase of other personnel expenses.

5.5.3 Expenses for Merchandise, Consumables and Supplies

Expenses for merchandise, consumables and supplies relate to the procurement of goods to generate revenue from contracts with customers. Expenses for merchandise, consumables and supplies consist of goods to generate revenue from contracts with customers, inventory write-downs and reversal of write-downs.

5.5.3.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Expenses for merchandise, consumables and supplies increased by 68.4% from €23.7 million in the three months ended March 31, 2020 to €39.9 million in the three months ended March 31, 2021, reflecting significantly strong revenue increase and growing demand for our products also driven by COVID-19 effects.

As a percentage of our revenue, expenses for merchandise, consumables and supplies decreased from 71.8% in the three months ended March 31, 2020 to 69.3% in the three months ended March 31, 2021.

5.5.3.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Expenses for merchandise, consumables and supplies increased from €15.3 million in the short fiscal year 2019 to €137.9 million in the fiscal year 2020 due to the different length of the periods under review. In addition, the increase of expenses for merchandise, consumables and supplies in 2020 reflects the growing demand for our products.

5.5.3.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Expenses for merchandise, consumables and supplies increased by 42.0% from €97.1 million in 2019 to €137.9 million primarily reflecting the strong growth of our customer base and strongly growing demand for our products and increasing sourcing expenses relating thereto.

As a percentage of our revenue, expenses for merchandise, consumables and supplies decreased from 70.8% in 2019 to 69.2% in 2020.

5.5.3.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Expenses for merchandise, consumables and supplies increased by 16.8% from €83.1 million in 2018 to €97.1 million in 2019 primarily due to the growth of our customer base and growing demand for our products. Inventory write-downs increased marginally from €0 million in 2018 to €0.3 million in 2019 due to certain inventories held in stock for more than one year.

As a percentage of our revenue, expenses for merchandise, consumables and supplies increased from 70.0% in 2018 to 70.8% in 2019.

5.5.4 Other Expenses

Other expenses consist of selling expenses (mainly packaging and freight), marketing expenses, transaction costs (mainly consulting and notary costs) and other operating expenses.

5.5.4.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Other expenses increased by 65.1% from €4.3 million in the three months ended March 31, 2020 to €7.1 million in the three months ended March 31, 2021. This development was primarily driven by an increase of selling expenses relating to increasing costs of third-party carriers as well as a change of the mix of countries in which we ship our products. In addition, transaction costs increased from €0.4 million in the three months ended March 31, 2020 to €0.9 million in the three months ended March 31, 2021 driven by consultancy and audit fees relating to the Private Placement and Listing. Further, other operating expenses increased from €1.1 million to €1.6 million in the same period mainly due to expenses related to the non-equity-settled growth bonus program for members of the former advisory board of Bike24 Support GmbH, which was established on February 4, 2020 and terminated with immediate effect by shareholders' resolution on May 5, 2021.

5.5.4.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Other expenses increased from €4.4 million in the short fiscal year 2019 to €22.0 million in the fiscal year 2020 due to the different length of the periods under review and an increase of selling expenses relating to the growing demand for our products driven by the implementation of our growth strategy and COVID-19 effects. In addition, other operating expenses increased from €0.9 million in the short fiscal year 2019 to €4.9 million in the fiscal year 2020 due to expenses related to the non-equity-settled growth bonus program for members of the former advisory board of Bike24 Support GmbH. This development was partially offset by a decrease of transaction costs at the level of the Company from €2.0 million in the short fiscal 2019 to €0.5 million in 2020 against the background of the acquisition of Bike24 by an affiliate of Riverside in fall 2019.

5.5.4.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Other expenses increased by 59.4% from €13.8 million in 2019 to €22.0 million in 2020. The increase primarily reflects an increase of selling expenses related to the shipping of our goods from €10.8 million in 2019 to €16.1 million in 2020 driven by growing demand for our products due to the implementation of our growth strategy and COVID-19 effects. In addition, marketing expenses increased from €0.2 million in 2019 to €0.5 million in 2020 also due to the growth strategy of Bike24 Group. Further, other operating expenses increased from €2.9 million in 2019 to €4.9 million in 2020 due to expenses related to the non-equity-settled growth bonus program for members of the former advisory board of Bike24 Support GmbH.

5.5.4.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Other expenses slightly increased by 1.5% from €13.6 million in 2018 to €13.8 million in 2019, primarily due to growing demand for our products that resulted in an increase of selling expenses by 20.0% from €9.0 million in 2018 to €10.8 million in 2019 relating to the growing demand for our products. This was partially offset by a decrease of transaction costs at the level of Peloton MidCo 2 relating to the acquisition of the majority stake in Bike24 in 2017 by Bridgepoint from €2.1 million in 2018 to €0 million in 2019.

5.5.5 Earnings before Interest and Taxes (EBIT), Adjusted EBITDA

5.5.5.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

EBIT increased from a loss of €1.6 million in the three months ended March 31, 2020 to a profit of €2.1 million in the three months ended March 31, 2021 due to an increase of our revenue and strongly growing demand for our products, which outpaced the increase of operating expenses and contributed to an improvement of our gross profit margin.

Adjusted for depreciation and amortization, transactions costs, cash-based bonuses, development expenses for product information management (PIM) modules and certain other one-off operating expenses, Adjusted EBITDA increased by 151.7% from €2.9 million in the three months ended March 31, 2020 to €7.3 million in the three months ended March 31, 2021.

5.5.5.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

EBIT increased from a loss of €2.2 million in the short fiscal year 2019 to €10.3 million in the fiscal year 2020 due to the different length of the periods under review while also reflecting seasonal effects in the short fiscal year 2019.

5.5.5.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

EBIT increased by 63.5% from €6.3 million in 2019 to €10.3 million in 2020. This development was primarily a result of the strong increase in revenue by 45.3% from 2019 to 2020, which outpaced the increase of operating expenses.

Adjusted for depreciation and amortization, transactions costs, cash-based bonuses, development expenses for product information management (PIM) modules and certain other one-off operating expenses, Adjusted EBITDA increased by 71.2% from €15.6 million in 2019 to €26.7 million in 2020 primarily due to an increase of depreciation and amortization.

5.5.5.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

EBIT increased by 96.9% from €3.2 million in 2018 to €6.3 million in 2019 primarily due to an increase of our revenue, which outpaced increasing operating expenses.

Adjusted for depreciation and amortization, transactions costs and certain other one-off operating expenses, Adjusted EBITDA increased by 12.2% from €13.9 million in 2018 to €15.6 million in 2019.

5.5.6 Finance Expense, Net

Finance expense, net reflects the net result of (i) finance income, consisting of the valuation impact regarding an embedded derivative in form of a termination right and interest floor in a credit facility with Berenberg as lead arranger and original lender and other finance income, and (ii) finance expense, consisting of interest on leases, interest expenses on liabilities to banks, the valuation impact regarding an embedded derivative in form of a termination right and interest floor in a credit facility with Berenberg as lead arranger and original lender, prepayment, and other interest expenses.

5.5.6.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Finance expense, net increased by 37.5% from €0.8 million in the three months ended March 31, 2020 to €1.1 million in the three months ended March 31, 2021 due to a decrease of finance income from €0.4 million in the three months ended March 31, 2020 to €0 million in the three months ended March 31, 2021, which was partially offset by a slight decrease of finance expenses from €1.2 million to €1.1 million in the same period.

5.5.6.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Finance expense, net increased from €0.4 million in the short fiscal year 2019 to €9.1 million in the fiscal year 2020 due to the different length of the periods under review and an opposing valuation effect regarding an embedded derivative in form of a termination right and interest floor in a credit facility with Berenberg as lead arranger and original lender.

5.5.6.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Finance expense, net decreased from €9.5 million in 2019 to €9.1 million in 2020 due to the decrease of interest expenses on shareholder loans from €3.9 million in 2019 to €0.0 million 2020 driven by the transfer and repayment of a shareholder loan at the level of Peloton MidCo 2 GmbH. This was partially offset by an increase of expenses relating to the valuation impact of an embedded derivative in form of a termination right and interest floor in a credit facility with Berenberg as lead arranger and original lender from €0.0 million in 2019 to €3.8 million in 2020.

5.5.6.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Finance expense, net decreased by 25.2% from €12.7 million in 2018 to €9.5 million in 2019 as a result of a decrease of interest expenses on other loans from €5.3 million in 2018 to €4.5 million in 2019. In addition, expenses relating to the valuation impact of an embedded derivative in form of a termination right and interest floor in a credit facility with Berenberg as lead arranger and original lender in the amount of €1.8 million in 2018 decreased to €0 million in 2019.

5.5.7 Income Tax Expense (Income)

In the periods under review, our tax rate was 31.58%, consisting of German corporate tax, solidarity surcharge on the corporate tax rate, and a trade tax.

5.5.7.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Income tax expense (income) decreased from income of €0.6 million in the three months ended March 31, 2020 to an expense of €0.3 million in the three months ended March 31, 2021 due to a strong increase of our taxable income in the relevant period.

5.5.7.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Income tax expense (income) decreased from income of €81 thousand in the short fiscal year 2019 to an expense of €0.6 million in the fiscal year 2020 due to the different length of the periods under review.

5.5.7.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Income tax expense (income) decreased from an expense of €0.9 million in 2019 to an expense of €0.6 million in the fiscal year 2020. A strong increase of income tax expenses from €2.7 million in 2019 to €4.7 million in 2020 as a result of a strong increase of our taxable income was offset by an increase of net deferred tax assets relating to temporary differences recognized in our results of operations from €1.8 million in 2019 to €4.1 million in 2020.

5.5.7.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Income tax expense (income) decreased by 280.0% from income of €0.5 million in 2018 to an expense of €0.9 million in 2019, due to an increase of income tax expenses from €1.1 million in 2018 to €2.7 million in 2019 as a result of an increase of our taxable income. This increase of income tax expenses was partially offset by an increase of net deferred tax assets relating to temporary differences recognized in our results of operations from €1.6 million in 2018 to €1.8 million in 2019.

5.5.8 Result for the Period

5.5.8.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

The result for the period changed from a loss of €1.8 million in the three months ended March 31, 2020 to a profit of €0.7 million in the three months ended March 31, 2021 driven by a strong increase in earnings before interest and taxes from a loss of €1.6 million in the three months ended March 31, 2020 to a profit of €2.1 million in the three months ended March 31, 2021, which was partially offset by an increase of finance expense, net and income tax expenses.

5.5.8.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

The result for the period changed from a loss of €2.6 million in the short fiscal year 2019 to a profit of €0.6 million in 2020 reflecting seasonal effects in the short fiscal year 2019.

5.5.8.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

The result for the period changed from a loss of €4.1 million in 2019 to a profit of €0.6 million in 2020, primarily driven by a strong increase in earnings before interest and taxes from a profit of €6.3 million in 2019 to a profit of €10.3 million in 2020.

5.5.8.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

The result for the period decreased by 54.9% from a loss of €9.1 million in 2018 to a loss of €4.1 million in 2019 primarily as a result of an increase in earnings before interest and taxes from €3.2 million in 2018 to €6.3 million in 2019 and a decrease of finance expenses, net from €12.7 million in 2018 to €9.5 million in 2019.

5.6 Assets, Equities and Liabilities

5.6.1 Assets

The following table provides an overview of our assets as of the dates indicated:

	As of December 31,[1]		**As of December 31,[2]**		**As of March 31,**
	2018	**2019**	**2019**	**2020**	**2021**
	(audited) (in € million)		**(audited) (in € million)**		**(unaudited) (in € million)**
Intangible assets	81.2	75.4	149.8	139.5	137.2
Goodwill	77.4	77.4	56.8	56.8	56.8
Property, plant and equipment	21.0	19.0	22.3	19.5	19.0
Financial assets	0	0	3.8	–	–
Non-current assets	**179.7**	**171.9**	**232.7**	**215.8**	**213.0**
Inventories	32.8	36.1	36.2	38.2	50.8
Other assets	2.9	2.5	2.3	4.7	5.0
Trade and other receivables	0.9	1.3	1.4	2.0	1.5
Cash and cash equivalents	4.2	5.1	8.6	25.2	24.5
Current assets	**40.7**	**45.1**	**48.5**	**70.1**	**81.8**
Total assets	**220.5**	**216.9**	**281.2**	**285.8**	**294.8**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

5.6.1.1 *Non-Current Assets*

5.6.1.1.1 *March 31, 2021 Compared to December 31, 2020*

Total non-current assets decreased slightly by 1.3% from €215.8 million as of December 31, 2020 to €213.0 million as of March 31, 2021 due to a decrease of intangible assets as a result of amortization, which was partially offset by the capitalization of intangible assets relating to investments in our new web shop and internally developed intangible assets.

5.6.1.1.2 *December 31, 2020 Compared to December 31, 2019 (Company Financial Statements)*

Total non-current assets decreased from €232.7 million as of December 31, 2019 to €215.8 million as of December 31, 2020, which was primarily driven by a decrease of intangible assets as a result of amortization and a decrease of financial assets relating to the valuation impact of an embedded derivative in form of a termination right and interest floor in a credit facility with Berenberg as lead arranger and original lender.

5.6.1.1.3 *December 31, 2019 Compared to December 31, 2018 (Peloton Financial Statements)*

Total non-current assets decreased from €179.7 million as of December 31, 2018 to €171.9 million as of December 31, 2019, which was primarily driven by a decrease of intangible assets as a result of regular amortization and decreases of property, plant and equipment as a result of regular depreciation.

5.6.1.2 *Current Assets*

5.6.1.2.1 *March 31, 2021 Compared to December 31, 2020*

Total current assets increased by 16.7% from €70.1 million as of December 31, 2020 to €81.8 million as of March 31, 2021 driven by an increase of inventories due to the growth in demand for our products and larger pre-orders of products for the spring and summer business. This development was partially offset by a decrease of cash and cash equivalents from €25.2 million as of December 31, 2020 to €24.5 million as of March 31, 2021.

5.6.1.2.2 December 31, 2020 Compared to December 31, 2019 (Company Financial Statements)

Total current assets increased from €48.5 million as of December 31, 2019 to €70.1 million as of December 31, 2020, primarily due to a significant increase of cash and cash equivalents from €8.6 million to €25.2 million driven by cash inflows from operating activities and drawings under loan facilities.

5.6.1.2.3 December 31, 2019 Compared to December 31, 2018 (Peloton Financial Statements)

Total current assets increased from €40.7 million as of December 31, 2018 to €45.1 million as of December 31, 2019, which was primarily driven by an increase of inventories due to growth in demand for our products as well as an increase of cash and cash equivalents driven by cash inflows from operating activities.

5.6.2 Equity

The following table provides an overview of our equity as of the dates indicated:

	As of December 31,[1]		As of December 31,[2]		As of March 31,
	2018	2019	2019	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)
Subscribed capital	0	0	0	0	0
Capital reserves	51.5	134.9	122.9	122.9	122.9
Retained earnings	(15.5)	(19.6)	(2.6)	(2.0)	(1.3)
Total equity	**36.0**	**115.4**	**120.3**	**120.9**	**121.6**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

5.6.2.1 *March 31, 2021 Compared to December 31, 2020*

Total equity increased slightly by 0.6% from €120.9 million as of December 31, 2020 to €121.6 million as of March 31, 2021 due to a decrease of retained earnings from negative €2.0 million as of December 31, 2020 to negative €1.3 million as of March 31, 2021.

5.6.2.2 *December 31, 2020 Compared to December 31, 2019 (Company Financial Statements)*

Total equity increased slightly from €120.3 million as of December 31, 2019 to €120.9 million as of December 31, 2020. This increase was driven by our result for the period of €0.6 million in 2020.

5.6.2.3 *December 31, 2019 Compared to December 31, 2018 (Peloton Financial Statements)*

Total equity increased significantly from €36.0 million in 2018 to €115.4 million in 2019. This increase was primarily due to a strong increase in capital reserves, which reflected contributions of the parent company of Peloton MidCo 2 GmbH of €83.4 million in 2019. This was partially offset by a loss for the period in 2019.

5.6.3 Liabilities

The following table provides an overview of our liabilities as of the dates indicated:

	As of December 31,(1)		As of December 31,(2)		As of March 31,
	2018	2019	2019	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)
Liabilities to banks	73.4	–	89.5	88.9	88.9
Shareholder loan	49.0	–	–	–	–
Other financial liabilities	10.4	9.3	10.8	8.2	7.8
Provisions	0.6	0.7	0.5	2.3	2.5
Deferred tax liabilities	25.1	23.3	47.3	43.2	42.1
Non-current liabilities	**158.5**	**33.3**	**148.1**	**142.6**	**141.3**
Liabilities to banks	3.8	–	0.7	0.7	1.8
Shareholder loan	4.2	56.9	–	–	–
Other financial liabilities	8.5	1.2	1.5	1.5	1.5
Provisions	0.4	0.4	0.4	0.7	0.7
Other liabilities	4.0	3.5	3.5	6.3	9.1
Income tax liabilities	1.1	0.3	0.3	4.9	1.7
Trade payables	3.9	6.0	6.3	8.2	17.2
Current liabilities	**25.9**	**68.2**	**12.7**	**22.3**	**31.9**
Total liabilities	**184.4**	**101.5**	**160.9**	**164.9**	**173.2**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

5.6.3.1 *Non-Current Liabilities*

5.6.3.1.1 March 31, 2021 Compared to December 31, 2020

Non-current liabilities decreased by 0.9% from €142.6 million as of December 31, 2020 to €141.3 million as of March 31, 2021 primarily due to a decrease of deferred tax liabilities from €43.2 million as of December 31, 2020 to €42.1 million as of March 31, 2021.

5.6.3.1.2 December 31, 2020 Compared to December 31, 2019 (Company Financial Statements)

Non-current liabilities decreased from €148.1 million as of December 31, 2019 to €142.6 million as of December 31, 2020. This decrease was primarily due to a decrease of non-current liabilities to banks in relation to a revolving credit facility originally granted by Berenberg and other financial liabilities relating to existing lease agreements. In addition, deferred tax liabilities decreased from €47.3 million as of December 31, 2019 to €43.2 million as of December 31, 2020.

5.6.3.1.3 December 31, 2019 Compared to December 31, 2018 (Peloton Financial Statements)

Non-current liabilities decreased from €158.5 million as of December 31, 2018 to €33.3 million as of December 31, 2019. This decrease was primarily driven by the reclassification of non-current liabilities under a shareholder loan originally granted by Peloton MidCo 1 Ltd. to Peloton MidCo 2 GmbH to current liabilities in connection with the transfer of the loan from Peloton MidCo1 Ltd. to Bike24 Support GmbH in connection with the acquisition of Bike24 by an affiliate of Riverside. In addition, non-current liabilities to banks in relation to a revolving credit facility originally granted by Berenberg decreased due to the assignment and refinancing of these liabilities in connection with the acquisition of Bike24 by an affiliate of Riverside.

5.6.3.2 *Current Liabilities*

5.6.3.2.1 March 31, 2021 Compared to December 31, 2020

Current liabilities increased by 43.0% from €22.3 million as of December 31, 2020 to €31.9 million as of March 31, 2021 primarily due an increase of trade payables from €8.2 million as of December 31, 2020 to €17.2 million as of March 31, 2021 relating to payment obligations for the increase of inventories in the first quarter of 2021. In addition, other liabilities increased from €6.3 million as of December 31, 2020 to €9.1 million as of March 31, 2021 primarily driven by consultancy and audit fees relating to the Private Placement and Listing.

5.6.3.2.2 December 31, 2020 Compared to December 31, 2019 (Company Financial Statements)

Current liabilities increased from €12.7 million as of December 31, 2019 to €22.3 million as of December 31, 2020. This was primarily driven by an increase of other liabilities due to an increase of personnel-related liabilities. In addition, income tax liabilities and trade payables increased significantly due to the strong growth of our business and increasing demand for our products. Income tax liabilities increased from €0.3 million as of December 31, 2019 to €4.9 million as of December 31, 2020.

5.6.3.2.3 December 31, 2019 Compared to December 31, 2018 (Peloton Financial Statements)

Current liabilities increased from €25.9 million as of December 31, 2018 to €68.2 million as of December 31, 2019. This increase was primarily driven by the reclassification of non-current liabilities under the aforementioned shareholder loan to current liabilities.

5.7 Liquidity and Capital Resources

Our primary source of liquidity is net cash from operating activities as well as loans and borrowings from financial institutions. Our short-term liquidity needs are financed through existing cash balances or by drawings under our 2019 Existing Term and Revolving Loan and will be financed going forward through our new 2021 Loan Agreement. Please refer to "*7.10.1 2019 Existing Term and Revolving Loan*" and "*7.10.2 2021 Loan Agreement*" for more details. Our approach to managing liquidity is to ensure, to the extent possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking to damage our reputation.

5.7.1 Consolidated Statement of Cash Flows

	For the year ended December 31,(1)		For the short fiscal year from August 22, 2019 to December 31,(2)	For the year ended December 31,(2)	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Cash flows from operating activities						
Result for the period	(9.1)	(4.1)	(2.6)	0.6	(1.8)	0.7
Adjustments for:						
- Depreciation and amortization ...	8.6	8.9	2.2	13.6	3.4	3.4
- Write-off of intangible assets	–	–	–	–	0.2	–
- Finance income	(0)	(0)	(1.0)	(0)	(0.4)	(0)
- Finance expense	12.7	9.5	1.4	9.1	1.2	1.1
- Income tax expense (income).....	(0.5)	0.9	(0.1)	0.6	(0.6)	0.3
	11.8	**15.2**	**0**	**24.0**	**2.0**	**5.5**
Changes in:						
- Inventories.................................	(3.7)	(3.3)	2.5	(2.0)	(5.9)	(12.6)
- Trade and other receivables........	(0.1)	(0.5)	0.2	(0.6)	0.6	0.5
- Other assets	(0.5)	0.4	1.2	(2.4)	(2.0)	(0.3)
- Trade and other payables	(4.7)	2.1	(3.6)	1.9	3.1	8.9
- Other liabilities..........................	1.5	(0.5)	0.4	2.9	0.8	2.8
- Provisions..................................	(0)	0.1	0	1.9	1.0	0.2
Cash generated from operating activities	4.4	13.5	0.7	25.7	(0.5)	5.0
Interest paid	(4.7)	(6.4)	(0)	(4.6)	(0)	(0.1)
Income tax paid	(0.7)	(3.6)	(0.7)	(0)	(0.6)	(4.6)
Net cash from operating activities......................................	**(1.0)**	**3.5**	**(0)**	**21.1**	**(1.2)**	**0.3**
Cash flows from investing activities						
Acquisition through business combination.................................	–	–	(104.6)	–	–	–
Acquisition of property, plant and equipment....................................	(1.8)	(0.7)	(0.1)	(1.4)	(0.4)	(0.4)
Acquisition of intangible assets....	(0.1)	(0.3)	(0.2)	(0.2)	(0.1)	(0.3)
Net cash used in investing activities......................................	**(1.8)**	**(1.0)**	**(104.9)**	**(1.6)**	**(0.5)**	**(0.6)**
Cash flows from financing activities						
Proceeds from contribution to subscribed capital	**–**	**–**	0	–	–	–
Proceeds from contribution to capital reserve..............................	**–**	**–**	101.9	–	–	–
Proceeds from liabilities to banks.	**–**	**–**	86.7	–	4.3	–
Repayment of liabilities to banks .	(1.0)	(0.5)	(74.8)	(1.3)	–	–
Payment of lease liabilities...........	(1.1)	(1.1)	(0.2)	(1.5)	(0.4)	(0.4)
Net cash from financing activities......................................	**(2.1)**	**(1.6)**	**113.5**	**(2.9)**	**3.9**	**(0.4)**
Net increase (decrease) in cash and cash equivalents..................	**(5.0)**	**0.9**	**8.6**	**16.6**	**2.2**	**(0.7)**
Cash and cash equivalents as of January 1	9.1	4.2	0	8.6	8.6	25.2
Cash and cash equivalents as of December 31/March 31	**4.2**	**5.1**	**8.6**	**25.2**	**10.8**	**24.5**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

5.7.2 Cash Flows from Operating Activities

5.7.2.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Cash flows from operating activities changed from an outflow of €1.2 million in the three months ended March 31, 2020 to an inflow of €0.3 million in the three months ended March 31, 2021. This was primarily driven by an increase of cash inflows from result for the period adjusted for non-cash expenses from €2.0 million in the three months ended March 31, 2020 to €5.5 million in the three months ended March 31, 2021 and an increase of cash inflows relating to trade and other payables from €3.1 million to €8.9 million in the same period. This was partially offset by an increase of cash outflows relating to inventories from €5.9 million in the three months ended March 31, 2020 to €12.6 million in the three months ended March 31, 2021.

5.7.2.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Cash flows from operating activities changed from an outflow of €17 thousand in the short fiscal year 2019 to an inflow of €21.1 million in the fiscal year 2020. This was primarily due to the different length of the periods under review affecting the comparison and resulting in significantly higher cash inflows from result for the period in the fiscal year 2020 adjusted for non-cash expenses, which was partially offset by cash outflows relating to an increase of working capital (inventories and other assets).

5.7.2.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Cash flows from operating activities increased from an inflow of €3.5 million in 2019 to an inflow of €21.1 million in 2020, primarily due to a significant increase of cash inflows from result for the period adjusted for non-cash expenses from €15.2 million in 2019 to €24.0 million in 2020, which was partially offset by cash outflows relating to other assets.

5.7.2.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Cash flows from operating activities changed from an outflow of €1.0 million in 2018 to an inflow of €3.5 million in 2019, primarily due to an increase of cash inflows from result for the period adjusted for non-cash expenses from €11.8 million in 2018 to €15.2 million in 2019 and a cash outflow relating to trade and other payables of €4.7 million in 2018 compared to a cash inflow relating to trade and other payables of €2.1 million in 2019. This was partially offset by increases of cash outflows relating to interest paid from €4.7 million in 2018 to €6.4 million in 2019 and cash outflows relating to income tax paid from €0.7 million in 2018 to €3.6 million in 2019.

5.7.3 Cash Flows from Investing Activities

5.7.3.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Cash flows from investing activities increased from an outflow of €0.5 million in the three months ended March 31, 2020 to an outflow of €0.6 million in the three months ended March 31, 2021 primarily driven by an increase of cash outflows relating to the acquisition of intangible assets, which was partially offset by a slight decrease of cash outflows relating to the acquisition of property, plant and equipment.

5.7.3.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Cash flows from investing activities decreased from an outflow of 104.9 million in the short fiscal year 2019 to an outflow of €1.6 million in the fiscal year 2020. This was driven by cash outflows relating to acquisitions through business combinations due to the financing of the acquisition of Bike24 by an affiliate of Riverside in fall 2019 in which the Company served as indirect acquisition vehicle.

5.7.3.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Cash flows from investing activities increased from an outflow of €1.0 million in 2019 to an outflow of €1.6 million in 2020 due to an increase of cash outflows relating to the acquisition of property, plant and equipment.

5.7.3.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Cash flows from investing activities decreased from an outflow of €1.8 million in 2018 to an outflow of €1.0 million in 2019, due to a decrease of cash outflows relating to the acquisition of property, plant and equipment.

5.7.4 Cash Flows from Financing Activities

5.7.4.1 *Comparison of the Three Months Ended March 31, 2021 and March 31, 2020*

Cash flows from financing activities changed from an inflow of €3.9 million in the three months ended March 31, 2020 to an outflow of €0.4 million in the three months ended March 31, 2021 primarily driven by a decrease of cash inflows relating to proceeds from liabilities to banks from €4.3 million in the three months ended March 31, 2020 compared to €0 million in the three months ended March 31, 2021.

5.7.4.2 *Comparison of the Fiscal Year Ended December 31, 2020 and the Short Fiscal Year Ended December 31, 2019 (Company Financial Statements)*

Cash flows from financing activities changed from a cash inflow of €113.5 million in the short fiscal year 2019 to a cash outflow of €2.9 million in the fiscal year 2020. This development was driven by cash inflows from contributions of the Company's parent company at that time into its capital reserves in the amount of €101.9 million for the financing of the acquisition of Bike24 by an affiliate of Riverside in 2019 in which the Company served as indirect acquisition vehicle. In addition, cash inflows relating to proceeds from liabilities to banks amounted to €86.7 million in the fiscal year 2019 compared to €0 million in the fiscal year 2020. These developments were partially offset by cash outflows relating to repayment of liabilities to banks in 2019 in the amount of €74.8 million.

5.7.4.3 *Illustrative Comparison of the Fiscal Year Ended December 31, 2020 (Company Financial Statements) and December 31, 2019 (Peloton Financial Statements)*

Cash flows from financing activities increased from a cash outflow of €1.6 million in 2019 to a cash outflow of €2.9 million in 2020 due to a slight increase of cash outflows relating to the repayment of liabilities to banks and payment of lease liabilities.

5.7.4.4 *Comparison of the Fiscal Year Ended December 31, 2019 and December 31, 2018 (Peloton Financial Statements)*

Cash flows from financing activities decreased from an outflow of €2.1 million in 2018 to an outflow of €1.6 million in 2019, due to a slight decrease of cash outflows relating to the repayment of liabilities to banks.

5.7.5 Capital Expenditure

Our capital expenditures are defined as additions to property and equipment as well as intangible assets.

The following table provides a breakdown of our capital expenditures for the periods presented:

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Additions to property, plant and equipment	1.8	0.7	0.1	1.4	0.4	0.4
Additions to intangible assets	0.1	0.3	0.2	0.2	0.1	0.3
Capital expenditures[3]	**1.9**	**1.0**	**0.3**	**1.6**	**0.5**	**0.6**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.
(3) Unaudited.

The largest part of our capital expenditures in the periods under review relate to expansion measures in line with our growth strategy.

Capital expenditures are not recognized as a measure under IFRS and should not be considered as a substitute for an analysis of our consolidated statement of financial position and consolidated statement of cash flow prepared in accordance with IFRS. In addition, our definition of capital expenditures may not be comparable to similarly titled information published by other companies.

5.7.5.1 *Future and Planned Capital Expenditures*

As of the date of this Prospectus, our Management Board has not made material commitments on future capital expenditures. However, capital expenditures may increase based on the expansion of our logistics infrastructure and the establishment of additional fulfillment centers in our expansion markets against the background of our growth strategy.

5.7.5.2 *Capital Expenditures in the Three Months Ended March 31, 2020 and Ongoing Capital Expenditures*

In the three months ended March 31, 2021, our capital expenditures amounted to €0.6 million, with the majority relating to expansion measures in line with our growth strategy. The capital expenditures were financed from available cash and cash equivalents.

Between March 31, 2021 and the date of this Prospectus, we have not made significant capital expenditures.

5.7.5.3 *Capital Expenditures in the Years Ended December 31, 2020, 2019 and 2018*

Capital expenditures in 2020 amounted to €1.6 million and primarily comprised capital expenditures for additions to property, plant and equipment, which amounted to €1.4 million and related primarily to investments into our warehouse. Additions to intangible assets amounted to €0.2 million.

Based on the audited consolidated financial statements of Peloton MidCo 2 GmbH, capital expenditures in 2019 amounted to €1.0 million and primarily comprised capital expenditures for additions to property, plant and equipment, which amounted to €0.7 million. Additions to intangible assets amounted to €0.3 million.

Capital expenditures in 2018 amounted to €1.9 million and primarily comprised capital expenditures for additions to property, plant and equipment, which amounted to €1.8 million. Additions to intangible assets amounted to €0.1 million.

All capital expenditures were financed from available cash and cash equivalents.

5.7.6 Financial Liabilities

Bike24 Group is party to a term and revolving loan agreement with Berenberg as lead arranger and original lender, which includes a revolving credit facility with no defined expiration date. The maximum borrowing capacity of the revolving credit facility is €88,000 thousand and which was taken up on November 8, 2019 and a term of seven years. Interest payments on the liabilities to banks are due semi-annually and are reported as current liabilities to banks. Please refer to section "*7.10.1 2019 Term and Revolving Loan*" for further details on the revolving credit facility. Liabilities to banks include an embedded derivative in form of termination right as well as an interest floor, which are together accounted as an embedded derivative separately from the liabilities to banks as fair value through other comprehensive income (FVTPL) for the initial measurement.

Liabilities to banks are secured by the existing and future bank balances of all members of Bike24 Group, by assignment of receivables from affiliated companies, and by the shares in Bike24 GmbH reported in the separate financial statements of Bike24 Service GmbH. The probability of utilization of this security is considered to be low due to the good growth rates in the past and the planned increases in the coming years.

5.8 Contingent Liabilities and Other Financial Obligations

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the Group. Moreover, contingent liabilities can be present obligations that arise from past events but which are not recognized on the statement of financial position as it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. According to IAS 37, such contingent liabilities are not recorded in the statement of financial position but are disclosed in the notes to the financial statements.

There were no contingent or indirect liabilities of Bike24 Group in the periods under review.

5.9 Financial Risk Management

Bike24 Group is exposed to the following risks from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk and interest rate risk; and
- Currency risk.

The Company's Management Board has overall responsibility for the establishment and oversight of Bike24 Group's risk management framework. Bike24 Group's risk management policies are established to identify and analyze the risks faced by Bike24 Group and to minimize negative impact on the financial position of Bike24 Group related to those risks.

5.9.1 Credit Risk

5.9.1.1 <u>*Trade and other receivables and other assets*</u>

Credit risk is the risk of financial loss to Bike24 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Bike24 Group's trade receivables.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognized in profit or loss were as follows:

	As of December 31,	
	2019	2020
	(audited) (in € thousand)	
Impairment loss on trade receivables	(26)	(147)
Total	**(26)**	**(147)**

Bike24 Group's exposure to credit risk is influenced mainly by the individual customer payment behavior.

As of December 31, 2020, 2019 and 2018, the exposure to credit risk for trade receivables was mainly related to trade receivables within the DACH region.

Bike24 Group uses an allowance matrix to measure the expected credit losses of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different areas based on the following common credit risk characteristics: geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and expected credit losses for trade receivables and contract assets from individual customers as of December 31, 2020.

	Loss rate	**Gross carrying amount**	**Loss allowance**
		(audited)	
		(in € thousand)	
Current (not past due)	0.68%	779	5
1–30 days past due	2.54%	482	12
31–60 days past due	11.06%	1	–
61–90 days past due	21.78%	48	10
91-120 days past due	43.74%	8	3
121-150 days past due	52.55%	3	2
More than 150 days past due	65.07%	1	1
From "more than 150 days but less than 180 days past due" to "more than 180 days past due"	96.00%	35	34
		1,357	**67**

Loss rates are calculated on the basis of actual credit losses within the past 6 months.

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	As of December 31, 2019	**As of December 31, 2020**
	(audited)	
	(in € thousand)	
Balance as of January 1, 2020 respective August 22, 2019	–	26
Valuation change, net	46	41
Impairment losses recognized	26	147
Amounts written off	(46)	(67)
Balance as of December 31	**26**	**147**

The receivable balances are reviewed monthly.

Default risks from other receivables and other assets are immaterial. Therefore, no loss allowance was recognized for other receivables and other assets.

5.9.1.2 *Cash and cash equivalents*

Bike24 Group held cash and cash equivalents of €25,235 thousand as of December 31, 2020 (December 31, 2019: €8,616 thousand based on the Company Financial Statements and based on the Peloton Financial Statements: December 31, 2019: €5,059 thousand, and December 31, 2018: 4,158 thousand). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aaa, based on Moody's Investor Services, Inc. ratings.

Impairment on cash and cash equivalents has been measured on a 1-day expected loss basis and reflects the short maturities of the exposures. Bike24 Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Default risks from cash and cash equivalents are immaterial. Therefore, no loss allowance was recognized for cash and cash equivalents.

5.9.2 Liquidity Risk

Liquidity risk is the risk that Bike24 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Bike24 Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Bike24 Group's reputation.

Bike24 Group aims to utilize all discounts. Higher liquidity demand arises especially in February and March, when goods for the upcoming summer season are delivered. If the available cash supply is insufficient, the 2019 Existing Term and Revolving Loan or, going forward, the 2021 Loan Agreement can be utilized.

The following are the remaining contractual maturities of financial liabilities including estimated interest payments at the balance sheet date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	Balance as of December 31, 2020						
		Contractual cash flows					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
	(in € thousands)						
Non-derivative financial liabilities							
Liabilities to banks	88,880	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	–	–	–	–
	106,803	**131,363**	**8,613**	**5,487**	**5,583**	**16,719**	**94,960**

	Balance as of December 31, 2019						
		Contractual cash flows					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
	(in € thousands)						
Non-derivative financial liabilities							
Liabilities to banks	89,475	121,660	–	5,940	4,620	13,860	97,240
Other financial liabilities	12,365	11,535	266	1,330	1,578	4,192	4,170
Trade payables........................	6,343	6,343	6,343	–	–	–	–
	108,183	**139,538**	**6,609**	**7,270**	**6,198**	**18,052**	**101,410**

5.9.3 Market Risk and Interest Rate Risk

Market risk is the risk that changes in market prices – *e.g.*, foreign exchange rates, interest rates and equity prices – will affect Bike24 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Most goods are purchased in the Euro area and paid in Euro, resulting in no currency risk. Only for a few selected suppliers' purchases are made directly in the United States of America or Taiwan; the currency risk related to those supplies is expected to be immaterial for Bike24 Group, due to the amounts of the budgeted supplies in foreign currency.

Bike24 Group is party to a long-term credit facility with a nominal amount of €88,000 thousand which contains embedded derivatives in the form of a prepayment feature and a floor.

Bike24 Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Derivatives (interest cap, interest rate floor and termination rights) are not designated as fair value hedging instruments. A change in interest rates of 100 basis points (bp) at the reporting date that was considered possible would have increased or decreased the profit or loss by €880 thousand. In the analysis, it was assumed that all other external factors remain constant.

For information on the sensitivities of the embedded derivative, please refer to Note F.12.1. on page F-48 of the Company Financial Statements included elsewhere in this Prospectus.

5.9.4 Currency Risk

Bike24 Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which revenue, purchases, trade and other receivables, trade payable and other liabilities are denominated and the respective functional currencies of Group companies. The risk is low, as the main suppliers are located in the Euro area and the core market is also Europe. Trade and other receivables are only in Euro, as payment via invoice is only possible for German customers. In-voices are always in Euro.

The summary quantitative data about Bike24 Group's exposure to currency risk as reported to the management of Bike24 Group is as follows:

	As of December 31, 2020		
	EUR	**TWD**	**USD**
		(audited)	
		(in € thousand)	
Trade and other receivables	1,991	–	–
Net statement of financial position exposure	1,991	–	–
Revenue forecast for the next six months	107,841	–	–
Purchase forecast for the next six months	79,232	140	1,938
Net forecast transaction exposure	**187,072**	**140**	**1,938**
Net exposure	**189,063**	**140**	**1,938**

	As of December 31, 2019		
	EUR	**TWD**	**USD**
		(audited)	
		(in € thousand)	
Trade and other receivables	1,417	–	–
Net statement of financial position exposure	1,417	–	–
Revenue forecast for the next six months	79,224	–	–
Purchase forecast for the next six months	(57,228)	759	110
Net forecast transaction exposure	**187,072**	**759**	**110**
Net exposure	**189,063**	**759**	**110**

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
	2019	**2020**	**2019**	**2020**
TWD	34.30	34.50	33.57	35.00
USD	1.13	1.23	1.12	1.22

Most goods are purchased in the Euro area and payed in Euro, so there is only limited currency risk. Only for a few selected suppliers' purchases are made directly in the United States of America or Taiwan.

5.10 Significant Accounting Estimates, Assumptions and Estimation Uncertainties

The preparation of Bike24 Group's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of as-sets, liabilities, income and expenses and the accompanying notes disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are subject to continuous review. Changes in estimates, if any, are recognized prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

5.10.1 Significant accounting estimates

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

5.10.1.1 *Intangible assets: Goodwill impairment tests*

Bike24 Group performs an annual review to determine whether goodwill is subject to impairment in accordance with its accounting policies regarding intangible assets and goodwill. The recoverable amount of the cash-generating unit has been determined using fair value less cost to sell calculations and are subjected to a sensitivity analysis. These calculations require the use of estimates.

5.10.1.2 *Inventory: Valuation of inventory*

Inventory is carried at the lower of cost or net realizable value, which requires an estimation of the products future net selling prices. When assessing the net realizable value of the inventory Bike24 Group considers the quantity and aging of inventory on hand, anticipated sales volume, expected selling prices, and selling cost, taking into account long term averages.

5.10.1.3 *Leases: Incremental borrowing rates*

The incremental borrowing rate for lease accounting is determined based on interest rates from various external financial data adjusted to reflect the terms of the lease and the nature of the leased asset. For additional information with respect to extension options refer to Note C.1.5 on page F-28 of the Company Financial Statements included elsewhere in this Prospectus.

5.10.1.4 *Business combinations*

Information about judgements, assumptions and estimation uncertainties in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note B.3 on page F-25 of the Company Financial Statements included elsewhere in this Prospectus.

5.10.2 Estimates and judgments due to the COVID-19 pandemic

In 2020, our business and economic environment was adversely affected by the COVID-19 pandemic, with certain mitigating effects resulting from the various measures taken by the company or by the government and state, including in the form of financial support. Our order intake, sales and earnings figures were not affected by the COVID-19 pandemic in the past fiscal year. Due to the ongoing spread of the virus and the resulting restrictions on public life it is difficult to predict the duration and extent of the resulting impact on our assets, liabilities, earnings and cash flows. The estimates and assumptions made in the preparation of the consolidated financial statements as of and for the fiscal year ended December 31, 2020 that are relevant to the financial statements were based on the knowledge available at the time and the best information available. We applied a scenario which assumed that the COVID-19 situation at that time would not be of long-term duration. Accordingly, we assume that the resulting impact on the consolidated financial statements will not be of a material, serious nature. The review of the fair values of assets and liabilities did not reveal any impairment requirements, even taking into account the effects of COVID-19. There was also no significant deterioration in the payment behavior of customers, so that the recoverability of trade receivables was also not affected by COVID-19. Furthermore, an update of the estimate of the valuation of inventories was made taking into account the expected impact of the COVID-19 pandemic, which did not lead to any material impact.

5.11 Changes in Accounting Standards

Bike24 Group has applied the following amendments to IFRS adopted by the European Union for the first time in the fiscal year 2020:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);

- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7); and
- COVID-19 Related Rent Concessions (Amendment to IFRS 16).

None of these amendments to IFRS had an impact on the consolidated financial statements of Bike24 Group.

5.12 Additional Information from the Audited Unconsolidated Financial Statements prepared in accordance with the German Generally Accepted Accounting Principles of HGB

Certain information from the audited unconsolidated financial statements of the Company prepared in accordance with German generally accepted accounting principles of the HGB as of and for the fiscal year ended December 31, 2020 is presented below. Accounting principles set forth in the HGB differ from IFRS in material respects.

The Company's net loss for the year amounted to €59.6 thousand in the fiscal year ended December 31, 2020, compared to €8.4 thousand in the fiscal year ended December 31, 2019.

The Company's equity amounted to €122.8 million as of December 31, 2020, compared to €122.9 million as of December 31, 2019.

For further information on the Company's audited unconsolidated financial statements, see pages F-108 et seq. of this Prospectus.

6. MARKETS AND COMPETITION

6.1 Markets

We consider ourselves to be a leader and go-to destination in the European online cycling market with a focus on the needs of bike enthusiasts. We have historically focused on the DACH growth markets as our core region and particularly on Germany. We also have a record of growing sales and market shares in a number of other European and international markets. In 2020, we generated 68.7% of our revenue in the DACH markets and 31.3% of our revenue in our other geographies. We have identified significant growth opportunities in our selected expansion markets Spain, France and Italy, where we intend to further internationalize our footprint by, among other measures, localizing our website content and product portfolio and, at a later stage, by potentially establishing additional warehouses or physical locations. We have already localized our website content and product offering in Spain and expect to conclude the already advanced implementation of our expansion into the Spanish market in the second half of this year. We plan to implement our expansion into the French and Italian markets in the first quarter of 2022. We are also considering the localization of our offering and operations in other geographies, including Northern and Eastern Europe as well as the Benelux countries.

6.2 The European Cycling Market

The continental European cycling market, comprising the product categories bike parts, accessories and clothing (PAC), traditional bikes and e-bikes, is large and attractive. The PAC and bicycle product segments each experienced strong growth and contributed to the positive development of the European cycling market over recent years. The online and offline cycling market in Europe had a size of €18 billion in 2017 and increased at a CAGR of 9% to €22 billion in 2019. The German cycling market has shown higher growth, increasing from €4.6 billion at a CAGR of 16% to €6.2 billion in the same period (*source: OC&C Analysis; ZIV; NPD Cycling Market*). The market for e-bikes is increasing in relevance in Europe as well as in our German market, where the e-bike market experienced significant growth in the recent past and we expect it to grow further (*Company estimate*). We believe several fundamental trends and factors will to drive demand for e-bikes, including an increasing environmental awareness resulting in a general cycling uptake, the governmental promotion of environmentally friendly traffic solutions and enhancement of urban cycling infrastructure under the European green deal, including various tax incentives aiming at the promotion of certain uses of traditional bikes and e-bikes, as well as consumers' affinity for technological innovation (*Company estimate; source: EU Mobility Strategy; Federal Ministry for the Environment; Federal Ministry of Transport and Digital Infrastructure; Freewheeling France; Eltis COVID-19 Impact; Eltis Italy; Eltis Spain; ZIV*). The German market for e-bikes amounted to €2.7 billion in 2019 and is expected to have increased at a CAGR of 69% to €4.6 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). The surge of e-bikes is also expected to strongly support the PAC market as our key revenue component due to higher technological complexity and maintenance needs of e-bikes, a higher need for replacement parts and an increasing willingness of many customers to acquire related bike equipment and accessories. In addition, the appeal of technological innovation and convenience provided by e-bikes is expected to attract new customers. The German PAC market is expected to have increased from €1.7 billion in 2017 at a CAGR of 9.9% (based on the unrounded relevant figures included in the OC&C Analysis) to €2.3 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). At the same time, customers have increasingly shown a higher propensity to buying bicycles and bike parts online. The German online bicycle market (including traditional bikes and e-bikes) amounted to €0.5 billion in 2017 and is expected to have increased at a CAGR of 51% (based on the unrounded relevant figures included in the OC&C Analysis) to €1.9 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). The German online PAC market is expected to have also shown strong growth and increased at a CAGR of 23.0% (based on the unrounded relevant figures included in the OC&C Analysis) from €0.4 billion in 2017 to €0.8 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*) and we expect it to continue to grow until 2023 (*Company estimate*).

The adjacent cycling markets in Spain, France and Italy also have grown in recent years and have further upside potential (*Company information*). The Spanish cycling market grew from €0.9 billion in 2017 at a CAGR of 7% to €1.0 billion in 2019, the French cycling market grew from €2.0 billion in 2017 at a CAGR of 6.0% to €2.3 billion in 2019 and the Italian cycling market grew from €1.1 billion in 2017 at a CAGR of 9.0% to €1.3 billion in 2019 (*Company information*). The size of the cycling markets in all three expansion markets together leads to an additional market opportunity of up to €4.6 billion. In addition, the combined PAC markets in our expansion markets leads to a market value of €1.4 billion in PAC alone (*Company information*). We believe that the upside potential in these markets is driven by their attractive communities of bike enthusiasts and the popularity of cycling in general, which is also driven by some of the biggest cycling events in the world.

We expect various fundamental macroeconomic and market trends to contribute to this growth and the attractiveness of the European and German cycling market and the increasing acceptance and adoption of cycling as alternative means of transport and recreational activity, including:

- Sustainability and CO_2 reduction: The increasing environmental consciousness across the globe and in Europe in particular and the politically driven goal of reducing and ultimately eliminating the emission of greenhouse gases under the European green deal strongly promote the adoption of alternative means of transportation, including cycling and particularly in metropolitan areas;

- Smart mobility and e-mobility: The popularity and promotion of sustainability and the ongoing urbanization result in an accelerated shift to smart mobility concepts in cities and the increasing implementation of environmentally friendly traffic solutions, particularly the enhancement of urban cycling infrastructure, which strongly contributes to an increase in cycling commuters. In addition, the general recent surge of electric mobility also strongly promotes sales in e-bikes and adjacent product categories (such as bike parts and related accessories) due to the complexity of e-bikes and increased maintenance needs;

- Health and fitness trends: An overall increasing living standard in our markets and interest of individuals in a healthy and sustainable lifestyle makes wellness and fitness activities ever more popular and relevant across all age groups and demographics, which also contributes to the growing popularity of cycling as recreational and outdoor activity in general. We expect the general focus on health to be further driven by a number of factors, including demographic developments (including the growing number of single households and increasing life expectancy), an increase in leisure time and growth of disposable income, which will also particularly contribute to the sale of premium products; and

- Online penetration: The online penetration in our markets in particular provides significant upside potential. We expect the online sales volume to continue to grow in line with the general strong shift of customers towards internet retailing, which is driven in all our markets by underlying structural and demographic developments, an increasing on-demand mentality and a constantly evolving and superior online shopping experience that is generally accelerated by COVID-19-related restrictions on offline business.

We believe we are well-positioned to tap that market opportunity, also supported by naturally high barriers for new players to enter our markets due to limited access to brand partners and suppliers. However, the cycling market is still predominantly offline and highly fragmented.

6.3 Competition

The cycling market in Europe including the DACH region in general and the online cycling market in particular is highly competitive, fragmented and rapidly changing. In comparison, the competitive landscape in our expansion markets Spain, France and Italy is less crowded and limited to a smaller number of market players.

The position of market players in the cycling market is significantly influenced by sustainable relationships and access to brand partners and suppliers, the breadth of the product assortment, a well-established and efficient logistics network and strong customer economics, which we believe also creates a material barrier to enter the market.

We face competition from a diversified group of competitors in the DACH region, including:

- Online cycling specialists (such as Bike-Discount or bike-components);

- Online cycling generalists (such as fahrrad.de or Rose);

- Online generalists (such as Amazon or eBay);

- Multichannel cycling retailers (such as Stadler or B.O.C);

- Offline sports stores (such as Decathlon or Intersport); and

- Offline generalists (such as Karstadt, GaleriaKaufhof or Hornbach).

In the Spanish market, relevant market players include BikeInn and Deporvillage (online specialists) and Mammoth (online generalist), in the French market Alltrick, Bikester and Probikeshop (online generalists) and Gambacicli (online generalist) in the Italian market.

We seek to position ourselves as online specialist in the premium online cycling market segment that offers a convenient online one-stop shop for our customers and an attractive distribution platform to bike and bike component manufacturers who typically face difficulties finding high-volume sellers in the premium market segment and to suppliers who often lack ways to efficiently market and position their brands. We believe that our "Bike24" brand, our broad product portfolio including items from more than 800 brand partners and suppliers and many niche products, our seasoned relationships with leading brand partners and suppliers, our loyal and growing customers and fulfillment set-up are key strengths of our business model. We were able to grow our customer base including a large group of loyal customers and bike enthusiasts, many of whom return regularly to our website. This culminated in a leading market position in the online PAC market in Germany, where we held an estimated market share of 14.8% in 2020 (*source: OC&C Analysis*).

7. BUSINESS DESCRIPTION

7.1 Our Mission

We want to offer an online ecosystem for the growing community of bike enthusiasts, including demanding die-hard cycling hobby or professional athletes, gear heads with an affinity for the technology, urbanists and green mobility enthusiasts as well as adventurous experience seekers, and are an enabler of green mobility.

7.2 Overview

Operating under our established "Bike24" brand, we are, by our own estimate, one of the leading e-commerce platforms in continental Europe with a clear focus on the premium bicycle segment. We offer our customers a one-stop cycling shop with a broad product portfolio that focuses on the needs of bike enthusiasts and includes bike parts, accessories and clothing (PAC) as well as traditional bikes and e-bikes. We also offer adjacent products, such as sports electronics, outdoor equipment, running and swimming gear and sports nutrition. The combination of our broad product assortment, the content and functionality of our websites, the seasoned partnerships with our brand partners and suppliers, our fulfillment structure that requires only limited investments in fixed asset ownership and our focus on customer service allowed us to create an ecosystem that attracts a loyal and high-spending customer base. We are able to realize price advantages through, and benefit from, high product availability through direct access to, and long-standing partnerships with, many leading international manufacturers and suppliers as well as large average order volumes. Our automated and low-cost distribution platform and automated order-flow allow us to offer same-day shipping options in Germany and most of our other markets for the vast majority of our products. We historically focused on the DACH growth markets and have a record of growing sales and market shares in a number of other European and international markets. Our revenue increased from €10.5 million in 2008 at a CAGR of 28% to €199.2 million in 2020. Scaling effects in our overhead costs support our profit margins.

The continental European cycling market (including the product segments bicycles and PAC) is large and attractive. The online and offline cycling market in Europe, comprising the product categories PAC, traditional bikes and e-bikes, had a size of €18 billion in 2017 and increased at a CAGR of 9% to €22 billion in 2019. The German cycling market in particular has shown higher growth increasing from €4.6 billion at a CAGR of 16% to €6.2 billion in the same period (*source: OC&C Analysis; ZIV; NPD Cycling Market*). We expect the European and German cycling markets to grow further (*Company estimate*). We believe this market increase will be driven by several fundamental trends, including an increasing environmental awareness resulting in a general cycling uptake, the governmental promotion and subsidization of environmentally friendly traffic solutions and enhancement of urban cycling infrastructure under the European green deal, including various tax incentives aiming at the promotion of certain uses of traditional bikes and e-bikes, as well as consumers' affinity for technological innovation and the increasing willingness to purchase high-value products (*Company estimate; source: EU Mobility Strategy; Federal Ministry for the Environment; Federal Ministry of Transport and Digital Infrastructure; Freewheeling France; Eltis COVID-19 Impact; Eltis Italy; Eltis Spain; ZIV*). The market for e-bikes is particularly promising. The German market for e-bikes amounted to €2.7 billion in 2019 and is expected to have increased at a CAGR of 69% to €4.6 billion in 2020 (*source: OC&C Analysis*). The surge of e-bikes is also expected to strongly support the PAC market as our key revenue component due to higher technological complexity and maintenance needs of e-bikes, a higher need for replacement parts and a generally increasing willingness of customers to acquire related bike equipment and accessories. The German PAC market is expected to have increased from €1.7 billion in 2017 at a CAGR of 9.9% (based on the unrounded relevant figures included in the OC&C Analysis) to €2.3 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). At the same time, customers have increasingly shown a higher propensity to buying bicycles and bike parts online. The German online bicycle market (including traditional bikes and e-bikes) amounted to €0.5 billion in 2017 and is expected to have increased at a CAGR of 51% (based on the unrounded relevant figures included in the OC&C Analysis) to €1.9 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*). The German online PAC market is expected to have also shown strong growth and increased at a CAGR of 23.0% (based on the unrounded relevant figures included in the OC&C Analysis) from €0.4 billion in 2017 to €0.8 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*) and we expect it to continue to grow until 2023 (*Company estimate*). We have positioned ourselves as a specialist in the fragmented online cycling market and intend to tap that growth opportunity by serving the highest-spending customers.

Our business model incorporates several characteristic features. We believe we offer a market leading product range and depth with a larger number of product options by category than our closest competitor (*Company estimate*). The vast majority of our products is available for same-day shipping in Germany and most of our other markets. Our established brand that is known for a broad product range and high product availability allows us to pursue an organic and low-cost customer acquisition strategy, driven by strong word-of-mouth effects and search engine optimization resulting in almost exclusively unpaid website traffic. A high and increasing share of existing customers, a growing number of orders per customer and average order values above the market-average in the PAC product category drive strong customer economics. Our automated warehouse operations in Dresden, Germany, which are fully integrated into our logistics and fulfillment infrastructure, ensure rapid shipping (including overnight shipping) and continued scalability. Our long-standing partnerships with many leading brand partners and suppliers allow us to get preferred access to various products. Our business model benefits from comparably low overhead costs due to limited marketing investments and strong fulfillment and shipping economics driven by our automated logistics infrastructure.

Our business processes are data- and technology-driven. Our IT infrastructure allows for advanced and complete data analytics and data-driven decision-making. This positions us to tailor our product offering and marketing efforts to reach a high number of new customers and lead our existing customers to return to us for their next purchase. We offer our customers a convenient experience through our desktop and mobile websites enabled by high loading speeds, persistent baskets, which retain our customers' shopping cart or product selections after they leave our websites, and dynamic searches. Our IT set-up has been developed with a focus on scalability and ease of internationalization. Our customer support system allows us to accompany our customers throughout the entire shopping process and contributes to a superior customer experience.

In 2020, our revenue and EBITDA were €199.2 million and €24.0 million (EBITDA margin of 12.0%), respectively. For the three months ended March 31, 2021, our revenue and EBITDA were €57.6 million and €5.5 million (EBITDA margin of 9.5%). Our Adjusted EBITDA increased from €13.9 million in 2018 by 92.1% to €26.7 million in 2020. Our gross profit margin expressed as gross profit as a percentage of revenue increased from 30.0% in 2018 to 30.8% in 2020. The majority of our revenue is generated from PAC and bicycle sales. In 2020 and the three months ended March 31, 2021, revenue from PAC and bicycle sales contributed 75.9% and 76.4% to our total revenue in the relevant period.

7.3 Our Market Opportunity

The (online and offline) cycling market in Europe and particularly our core region DACH (comprising the product categories PAC, traditional bikes and e-bikes) is highly fragmented and characterized by a broad array of generally smaller market players (including, online generalists, cycling generalists and cycling specialists as well as offline generalists, sports store and multichannel cycling stores) who typically only offer a limited product assortment. Further, the cycling market is still predominantly offline. Potential customers have to go to traditional brick-and-mortar stores, which are often inconveniently located and only open during regular business hours. In addition, the access to traditional brick-and-mortar offline retailers has recently been significantly constrained due to COVID-19 related restrictions on offline businesses. These market structures contribute to a lack of sufficient product and price transparency for customers. The overall offline shopping experience is in many cases further negatively affected by a lack of qualified customer support and difficulties in transporting oversized items such as bicycles or larger bike parts. Not many offline players offer delivery of their products and such delivery, if offered, can take a significant amount of time. Consequently, the number of market players enabling a satisfying shopping experience for customers and addressing the expected increasing demand for a convenient and superior online shopping experience is limited.

Manufacturers and suppliers typically lack options to efficiently market their products and broadly position their brands *vis-à-vis* entire target groups. The traditional offline marketplaces and also many online platforms often do not provide the geographical and/or customer reach that is required for successful product placement and marketing, resulting in difficulties for manufacturers and suppliers to find high-volume sellers. The opportunity of manufacturers and suppliers to market their products has recently been further restricted due to COVID-19 related restrictions on offline businesses. The number of marketplaces or platforms with a focus on the premium market segment is particularly limited. Manufacturers and suppliers typically choose their distributors very carefully, taking into account the effect of any such partnership on their own reputation or branding and not many market players satisfy the relevant requirements of a larger group of manufacturers or suppliers. Consequently, the number of market players enabling manufacturers and suppliers to participate in the expected market growth and particularly the expected strong shift of customers towards internet retailing is scarce.

7.4 Our Value Proposition

7.4.1 Our Value Proposition to Customers

We offer the following key propositions to our customers:

- Broad product assortment: We believe we offer our customers an unparalleled selection of 77,000 products across all cycling-related or adjacent product categories with a particular focus on the needs of bike enthusiasts and the PAC product category. We have built a particularly large network of brand partners and suppliers, including various long-standing brand partnerships, allowing us to source products at discounts and to directly access the vast majority of products our customers seek. We continually update our curated product selection to reflect changing trends based on the analysis of the user and customer data we collect. Our customers regularly positively comment on the quality of our brands and products, the breadth of our product assortment, our customer-friendly service approach and the technical know-how of our service personnel leading to high levels of customer satisfaction. Since our inception, we have operated as an e-commerce cycling business and believe that our experience allows us to enable our brand partners and suppliers to successfully position their products in the online marketplace.

- Compelling and convenient online shopping experience: We remove the burden and inconvenience of the traditional offline cycling market as our customers can access our websites wherever they are and whenever they want. Our custom-built technology platform provides customers with a convenient shopping experience as they browse, discover and purchase our cycling products. We provide our customers with an engaging online experience and a high degree of transparency by offering detailed product descriptions and information. Our broad product assortment and large average order volumes for goods in combination with our seasoned supplier network allow us to realize price advantages, which we often pass on to our customers in the form of product discounts or use to generate higher profit margins. Our multilingual customer advisers have substantial technical know-how, assist our customers throughout the entire shopping process and contribute to award-winning customer satisfaction levels.

- Warehouse and fulfilling excellence: Our products are repacked at and shipped from our automated warehouse in Dresden, Germany. Our automated warehouse system and order-flow accelerate our shipping times and make the vast majority of our products available for same-day shipping in Germany and most of our other markets and more than 75% of our orders are delivered to our customers the next day in our German market. Our logistics set-up also allows us to work seamlessly with third-party providers who handle customer deliveries and returns. This enables us to keep the vast majority of our delivery promises, which significantly contributes to a satisfying customer experience. Based on our warehousing and fulfilling experience, we are able to develop strategies to significantly reduce the number of products that are damaged during shipment, sparing customers the hassle of having to report damaged items and waiting for replacement.

7.4.2 Our Value Proposition to Suppliers

We offer the following key propositions to our suppliers:

- Online market growth: The European cycling market is large and we expect it to grow further. We believe online penetration in our markets is still relatively low and expect it to increase significantly in the future, providing a growth opportunity in the cycling market for online players (*Company estimate*). We believe we are one of the leading e-commerce platforms in the premium bicycle segment in continental Europe and allow our brand partners and suppliers to be part of our success story. We allow our brand partners and suppliers to benefit from the expected market growth and increase in online penetration and give them access to our current and future target markets and growing and loyal customer base.

- Access to valuable customer base: Our successful business model and track record have drawn a large group of loyal customers to our platform, many of whom return regularly to our website. Our customer base enables our suppliers and brand partners to obtain brand-enhancing exposure to a large audience of bike enthusiasts. We consider the relationships between us and our brand partners and suppliers as partnerships and support their brand positioning by our broad product range, expert advice to customers and our fast fulfillment proposition. By leveraging our technical know-how and data analytics platform, we intend to also offer our brand partners and suppliers analytical insights on their performance.

- Enhanced brand visibility: The supplier market in our industry is highly fragmented and only a few supplier brands are broadly known. We currently sell products from more than 800 suppliers or brand partners, many of which are small, family-run operations without easy access to a large retail customer base. We offer our brand partners and suppliers a platform on which they can attractively position and efficiently market their products via our websites. This value proposition will further gain momentum in line with our growth strategy and geographic expansion, which also includes the localization of our websites and offering.

7.5 Strengths

7.5.1 A leading online cycling platform, well positioned in the strongly growing online cycling market

We consider ourselves to be one of the leading e-commerce platforms in continental Europe with a clear focus on the premium bicycle segment, a market-leading product portfolio and a focus on bike enthusiasts. The combination of our broad product assortment, the content and functionality of our websites, the seasoned partnerships with our brand partners and suppliers enabling favorable purchase prices and product availability, our asset-light fulfillment structure and automated warehousing set-up as well as our focus on customer service allowed us to grow rapidly. Our established "Bike24" brand attracts a loyal and steadily growing customer base, which is the cornerstone of our revenue development. As of December 31, 2020, our customer base consisted of 294,000 existing customers (*i.e.*, customers who have purchased at least one item in our web shop after cancellations in the twelve months immediately preceding the relevant period end date and who have ordered at least once before that in the past) who placed an average of 3.1 orders with an average order value of €141.00 in the preceding twelve months, which we believe to be the highest average order value among our direct competitors in the PAC product category (*Company information; source: OC&C Analysis*).

We believe that we are well positioned to address the fragmented and growing European cycling market (including the product categories bicycles and PAC), which had a size of €18 billion in 2017 and increased to €22 billion in 2019 (*source: OC&C Analysis; ZIV; NPD Cycling Market*) and we expect it to further grow driven by several fundamental trends (*Company estimate*). Such trends include the increasing awareness for sustainability and smart mobility concepts particularly driven by the European green deal, tax incentives in certain markets promoting the use of bicycles, the persistent fitness trend and increasing health awareness, the surge of e-bikes supported by the appeal of technological innovation, a growing preference among customers for premium products, and, with respect to the online market in particular, the continuously increasing offline to online migration that has been recently accelerated by COVID-19 and related restrictions on offline businesses (*source: EU Mobility Strategy; Federal Ministry of Transport and Digital Infrastructure; Eltis COVID-19 Impact*). The increasing demand for e-bikes is also expected to be the key driver for increasing sales in our core product segment PAC due to higher technological complexity and maintenance needs of e-bikes, a higher need for replacement parts and a generally increasing willingness of customers to acquire related bike equipment and accessories. We are well positioned to further lever our growing and already strong market position in the highly fragmented German online PAC market with an estimated market share of 14.8% in 2020 (*source: OC&C Analysis*) in all our target markets with our broad product portfolio and customer proposition. We believe that e-commerce is on the way to become the universal solution for customers to access products, anytime and anywhere and that the online shopping experience of customers during periods of COVID-19 related restrictions on offline business will also drive online demand for cycling products in the future, as consumers became more accustomed to online shopping channels. We consider ourselves to be well positioned to take advantage of the expected future growth of the online cycling market, which still remains underpenetrated. The German online PAC market amounted to €0.4 billion in 2017 and is expected to have increased to €0.8 billion in 2020 (*source: OC&C Analysis; ZIV; NPD Cycling Market*) and we expect it to increase further at a CAGR of 18% to €1.1 billion in 2023 (*Company estimate*). We consider our particularly broad product portfolio, the access to leading brand partners and suppliers, our integrated logistics and warehousing set-up, strong customer economics and our established brand as factors that prevent competitors from easily replicating our business model.

7.5.2 Convenient one-stop cycling e-commerce solution for a growing, highly loyal and high-spending customer base

Our entire platform and value proposition are geared towards bike enthusiasts. We believe that we have the capabilities to identify the needs of our customer base as evidenced, as we believe, by strong revenue retention rates and only moderate revenue churn rates. Our target customers are demanding die-hard cycling hobby or professional athletes, gear heads with an affinity for the technology, urbanists and green mobility enthusiasts as well as adventurous experience seekers who are less price-sensitive than the average customer and who see our websites as a source to best discover the latest product trends and developments. We offer our customers a convenient one-stop shop with a broad product portfolio that covers the whole demand around bicycles and along the entire price range. Our brand stands for a particularly broad selection of products, enriched by engaging website content including detailed product descriptions and advanced transparency. We believe we have the best access to leading brands and offer our customers an unrivaled broad product assortment consisting of 77,000 products from more than 800 brand partners and suppliers. Our large product assortment and large average order volumes for goods in combination with our seasoned supplier network allow us to realize price advantages, which we often pass on to our customers in the form of product discounts that we believe to be market leading or use to generate higher profit margins.

The combination of a broad product assortment, the content and functionality of our websites, an attractive pricing strategy and our focus on fulfilling and execution excellence has strongly contributed to the development of our “Bike24” brand, strong customer satisfaction and high customer lifetime values as well as the consecutive winning of several awards of a prominent German media outlet by our customer service and high customer ratings on rating platforms such as Trustpilot or Shopauskunft. We believe that we offer a superior shopping experience, which continues to attract a growing base of loyal customers with strong customer cohorts, also enabling many cross-selling opportunities. Since 2008, when our number of existing customers amounted to 13,000, our customer base of existing customers has grown at a CAGR of 29.6% and included 294,000 customers in 2020. 64.7% of our revenue was generated from existing customers in 2020. The average order value per existing customer increased from €138.00 in 2018 to €141.00 in 2020. We believe that the average order value of our customers in the PAC product category is the highest average order value per customer in the PAC product category among our direct competitors. Consequently, the annual average revenue generated per existing customer based on the average order frequency per year multiplied by the average order value per existing customer in the relevant period increased from €400.00 in 2018 to €437.00 in 2020.

Our strong brand and loyal customer base also enable us to generate nearly all of our website traffic from unpaid channels (*i.e.*, without payments to third parties).We therefore believe to have the lowest marketing costs among all our direct competitors, which have been continuously lower than one percent of our revenue within the last three fiscal years, which also provides sufficient headroom for an increase of marketing expenses in connection with our growth strategy. Our relatively low marketing expenses also lead to relatively low customer acquisition costs and allows us to achieve attractive returns from our customer base. A high share of unpaid website traffic also promotes our customer conversion rates, as new customers who visit our websites directly or as a result of search engine results are, in our experience, more likely to be converted to repeat or existing customers. Despite our low marketing expenses, we were also able to continuously grow our base of new customers (*i.e.*, customers who have purchased at least one item in our web shop after cancellations in the twelve months immediately preceding the relevant period end date and who have not ordered before that in the past). Since 2008, the number of new customers per year has grown from 49,000 at a CAGR of 19.0% and included 397,000 customers in 2020. In addition, the average order value per new customer increased from €121.00 in 2018 to €128.00 in 2020.

7.5.3 Execution excellence based on scalable state-of-the-art logistics and fulfillment infrastructure

We have heavily invested in our IT platform and automated logistics and fulfillment systems in order to optimize our end-to-end fulfillment processes, allowing us to efficiently handle the complexity of the online cycling market. Our growing team of in-house IT experts collaborates with external leading IT suppliers to continuously advance our IT set-up. Our warehouse and logistics operations are centrally managed by our licensed logistics management system (LogBase), which is specifically tailored to our needs, connected to our automated warehouse storage systems (AutoStore) and fully integrated in our whole IT platform. The implementation of our automated warehouse management system led to significant cost savings due to a reduction of warehouse space and increased picking speed and efficiency. Our warehouse infrastructure enables us to process the vast majority of our orders fully automatically. The in-house operation of our warehouse provides us with significant control over our inventory and fulfillment processes. We have implemented different workflow channels in our warehouse to be able to efficiently manage the complex logistics of our multi-category product offering.

We have integrated our IT platform along all key steps of our e-commerce value chain. Our set-up enables us to identify customer behavior patterns and adapt our product portfolio and platform accordingly. We have developed additional proprietary software, algorithms and tools that help to monitor our inventories on a brand and product level and automatically forecast demand for existing and new products. Our IT platform helps us to limit inventory risk, while ensuring that we have sufficient quantities of our products in stock to achieve short delivery times. The vast majority of our products are available for same-day shipping in Germany and most of our other markets if ordered before 3 p.m. In addition, more than 75% of our orders are delivered to our customers the next day in our German market. Our infrastructure allows us to keep the vast majority of our delivery promises, which significantly contributes to a satisfying customer experience. In addition, our IT platform assists us in maintaining competitive prices by analyzing price changes of our brand partners, suppliers or competitors. It automatically steers our fulfillment process, in particular warehousing and deliveries. We believe that our integrated IT platform, which spans the entire e-commerce value chain, represents the next generation e-commerce setup and provides us with significant room to further scale our operations.

Our fulfillment set-up is supported by our first-call customer service. Several in-house multi-lingual customer advisers assist our customers along the entire shopping cycle. We believe that our strong focus on our customer service helps us to improve customer satisfaction, reduce return rates and clearly sets us apart from other pure play online retailers. The ability to service our customers with our in-house customer support team has provided us with valuable insights in our customers' demands and allowed us to better tailor our offering accordingly. Our overall outstanding performance is evidenced by our net promotor score of 77% in 2019, which is the highest net promoter score among our direct competitors (*Company information*).

7.5.4 Customer and revenue growth track record supported by management expertise and business model incorporating several characteristic features

We believe that the expertise of our management team and founders, particularly our co-founder Andrés Martin-Birner as chief executive officer of the Company, our co-founder Lars Witt who currently serves, or our co-founder Falk Herrmann who served in the past, as managing director of subsidiaries of the Company and who are also shareholders in the Company, has significantly contributed to our growth and the strong development of our brand. We believe that our business model combines several characteristic features, which contribute to customer satisfaction, including our broad product range, the availability of same-day shipping for the vast majority of our products, an organic and low-cost customer acquisition strategy, our automated and fully integrated warehouse system and state-of-the-art logistics and fulfillment infrastructure, which ensure rapid shipping and continued scalability and our long-standing partnerships with many brand partners and leading suppliers, which allow us to get preferred access to various products.

As a consequence, we experienced rapid growth in our core region DACH since the beginning of our operations. We have experienced constant and significant revenue growth, with revenue increasing from €10.5 million in 2008 to €199.2 million in 2020, corresponding to a CAGR of 28%, which we believe is above the average market growth for that period (*Company estimate*). In the same period, our customer base grew from 62 thousand to 691 thousand combined existing and new customers at a CAGR of 22%. From 2018 to 2020, our revenue from existing customers and new customers grew from €80.8 million to €129.3 million and from €34.1 million to €70.7 million, respectively.

7.5.5 Clear growth strategy

We believe that our strong brand and value proposition to customers, brand partners and suppliers will enable us to realize our growth ambitions. We continuously seek for opportunities to advance our current set-up and reach additional customers or geographies. We have developed a clear strategy to increase our penetration in existing markets and expand our operations to new markets.

Our organically grown and established "Bike24" brand and a loyal customer base enable us to generate our website traffic almost exclusively from unpaid organic or direct channels resulting in lower marketing expenses and customer acquisition costs compared to our direct competitors and, at the same time, leaving more than sufficient headroom for an increase of our future marketing efforts. In particular, we intend to increase our paid marketing activities with respect to our expansion markets Spain, France and Italy to accelerate our market entry and the establishment of our brand. We also plan to further improve and scale our custom-built IT platform and redesign and relaunch our web shop to make our offering and customer journey even more appealing and efficient. We have also identified significant growth opportunities in the sale of bicycles and plan to play a leading role in the surge of e-bikes. Our revenue generated by sales of bikes and e-bikes has already grown at a CAGR of 54% and 134% from 2018 to 2020. Going forward, we intend to complement our current product portfolio of third-party brands and products by rolling out our own private-label products.

We have also identified significant growth opportunities in our selected expansion markets Spain, France and Italy, where we consider the online cycling market to be generally highly fragmented and underpenetrated. We are in the final phase of completing the localization of our offering in Spain, where we have already localized our website language and content, including our product portfolio. We believe that these localization efforts have already contributed to the strong revenue growth and increase of customers, which we have recently recorded in Spain since the translation of our website and the localization of our customer service in the second half of 2020. Our revenue in the Spanish market increased by 90% from the third quarter 2019 to the third quarter 2020 and by 152% from the fourth quarter 2019 to the fourth quarter 2020.

We also screen growth opportunities in additional geographies with a particular focus on Northern and Eastern Europe as well as the Benelux countries and consider localizing our offering and establishing additional physical infrastructure locations.

7.5.6 *Experienced management team combined with founder expertise*

We can rely on an experienced management team, which is led by our co-founder Andrés Martin-Birner as chief executive officer. Our co-founder Lars Witt serves as managing director of subsidiaries of the Company. All founders of Bike24, *i.e.*, Andrés Martin-Birner, Lars Witt and Falk Herrmann, are shareholders in the Company, contributing to our corporate governance model focused on long-term success and increased shareholder value. We believe that the combination of our experienced management team together with the expertise of our founders gives Bike24 both an outstanding stability and strong entrepreneurial corporate culture, strongly contributing to our historic growth. Our corporate culture is central to our success and is based on core values shared by everyone at Bike24.

In addition, we benefit from the expertise and knowledge of highly qualified and motivated individuals in all fields of our operations. We believe that all our employees are leaders and crucial for our success, that every challenge has a solution based on innovation, and that diversity, meritocracy and teamwork are paramount to success. Our experienced chief marketing officer and chief technical officer and head of operations complement a high-impact senior management team with significant expertise in e-commerce and digital industries.

7.6 Strategy

7.6.1 *Capitalize on our strong position in core regions with an accelerating offline to online migration*

We believe that our strong position in our core regions driven by our curated and broad product selection, high product availability and state-of-the-art logistics infrastructure will allow us to further expand our offering and customer base at comparatively low costs. The recent acceleration of e-commerce and the cycling market due to COVID-19 effects and related restrictions on offline businesses will further support our growth (*source: Eltis COVID-19 Impact*).

We intend to leverage the knowledge about our customers to increase our reach. We particularly intend to tap the market opportunity in the bicycle market and increase our bicycle and particularly e-bike offering to benefit from strong unit economics and the e-mobility trend to expand our market share. We believe that the market for traditional bikes and e-bikes shows and is expected to continue to show growth momentum, which we intend to lever with our broad product assortment. For example, the German bicycle market (including traditional bikes and e-bikes) amounted to €4.2 billion in 2019 (*source: OC&C Analysis; ZIV; NPD Cycling Market*) and we expect it to increase to €10.3 billion in 2023 (*Company estimate*). We also continuously identify new brand partners and suppliers entering our markets, some of which we may add to our portfolio. In addition, we also plan to roll out our own private-label products. We believe that our attractive proposition will generate additional positive dynamics enabling us to onboard even more brand partners and suppliers and enlarge our base of loyal customers. We also want to improve customer retention and monetize our customer database with various retention initiatives. Further investments in our operational excellence and logistics infrastructure are another key element of our growth strategy.

At the same time, increased online penetration is driven in all our markets by underlying structural and demographic developments and accelerated by COVID-19-related restrictions on offline businesses suggesting significant upside potential for the online cycling market. The German online PAC market amounted to €0.4 billion in 2017 (*source: OC&C Analysis; ZIV; NPD Cycling Market*) and we expect it to grow at a CAGR of 18% to €1.1 billion in 2023 (*Company estimate*).

7.6.2 *Further improve the customer experience*

We seek to provide our customers with an excellent online shopping experience in order to further increase customer conversion rates. To this end, we collect significant additional data about our existing and potential new customers on a regular basis. We intend to leverage this data to further advance our platform, offering and/or websites and adapt it also to the needs and demands of local customers and increase conversion rates. We are in the process of redesigning our currently functionally designed websites and relaunch our online shop to be more appealing to the mass market and add or improve various functions, such as advanced filtering, searching or navigation options. We also intend to implement product configurators that match product characteristics with products already owned by the relevant customer.

Our comparatively low historic marketing expenses give us more than sufficient headroom for an increase of our marketing activities, with a particular focus on customer relationship management and performance marketing. We also intend to increase our focus on event-driven sales and targeted campaigns. An increase of customer research shall help us to even better understand our customers' demands. We also plan to increasingly utilize trust-based marketing and monitor customer reviews to leverage customer feedback and win customer confidence in all markets. In this context, we also intend to further enhance customer experience and satisfaction by expanding our social media activities, where we interact with our customer base via various channels.

7.6.3 Realize further growth in selected promising expansion markets

We have identified significant growth opportunities in our selected expansion markets Spain, France and Italy. Our clear roll-out and growth strategy for these markets includes the localization of our offering and customer proposition by translating our website content to the relevant local languages, by adapting our product portfolio to the needs and demands of the local customers (with a focus on high-margin product categories such as bike apparel) and by offering localized payment systems, delivery, promotions and customer service. In line with our focus on a best-possible customer experience and fast delivery times, we particularly concentrate on establishing partnerships with local carriers in order to facilitate deliveries and returns. We may also establish additional local warehouses to ensure fast shipping times.

We have already localized our website content and product offering in Spain and expect to conclude the already advanced implementation of our expansion into the Spanish market in the second half of this year. We believe that these localization efforts have already contributed to the strong revenue growth and increase of customers, which we have recorded in Spain since the translation of our website and the localization of our customer service in the second half of 2020. We plan to implement our expansion into the French and Italian markets in the first quarter of 2022.

7.6.4 Further expansion based on proven playbook

We believe that the fundamental trends underlying our markets are of international character and will enable sustainable long-term growth. In the mid- to long-term, we therefore consider to enter and localize our offering in additional European target markets on an opportunistic basis with a particular focus on Northern and Eastern Europe as well as the Benelux countries. Our expansion and localization efforts will be focused on selected markets that we consider particularly attractive based on several selection criteria, including the attractiveness of market size and growth perspective, the presence of an existing or potential community of bike enthusiasts in the relevant market and lateral competitive advantages due to, for example, high fragmentation or low online penetration. We will also only take those markets into consideration, which we can relatively easily integrate into our ecosystem and value chain in a cost-efficient manner. Following the identification of such additional expansion markets, we have a clear path for the roll-out of our offering, consisting of, among other measures, the localization of our website content, product offering and marketing efforts as well as the establishment of local warehouses.

7.6.5 Selectively pursue M&A opportunities

We believe that the European cycling market is still fragmented and that inorganic growth will allow us to realize further growth opportunities and synergies. We intend to realize M&A opportunities on an opportunistic basis and consider the acquisition of complementary companies, technologies or other assets. We particularly screen relevant European markets for independent players to drive consolidation of local markets and to create a truly European player. Although we believe that M&A may present compelling growth options for us, we do not regard it as necessary and intend to maintain a disciplined approach.

7.7 Our Operations

Our business model incorporates several characteristic features. We believe we offer a market-leading product range (*source: OC&C Analysis*). Our established brand, which is known for a broad product range and high product availability, allows us to pursue an organic and low-cost customer acquisition strategy, driven by strong word-of-mouth effects and unpaid search engine optimization. A high and increasing share of existing customers, a growing number of orders per customer and high average order values drive strong customer economics. Our automated and fully integrated warehouse system and state-of-the-art logistics and fulfillment infrastructure ensure rapid shipping and continued scalability. Our long-standing partnerships with many brand partners and leading suppliers allow us to get preferred access to various products. Our business model benefits from low overhead costs due to limited marketing investments and strong fulfillment and shipping economics driven by our automated logistics system. We consider ourselves as an enabler of green mobility striving to continuously improve our CO_2 footprint and include the potential environmental impact of our operations in our decision-making process.

7.7.1 Geographic Footprint

We historically focused on the cycling markets in the DACH region where we still generate the majority of our revenue but currently ship our products to customers in various other countries in Europe and around the globe. Our physical presence is concentrated in Germany with our physical flagship store and headquarters both being located in Dresden. In the fiscal year ended December 31, 2020, our revenue generated by sales in the DACH region grew faster than sales in our other markets and amounted to €136.8 million (reflecting 68.7% of our total revenue of €199.2 million), which was realized almost exclusively through online sales. In the fiscal year ended December 31, 2020, our revenue generated by sales in the markets outside our core DACH region amounted to €62.3 million (reflecting 31.3% of our total revenue). Sales in Northern European countries were the strongest revenue contributor outside our DACH core market, followed by sales in the Benelux countries and Southern and Eastern Europe. The average value of customer orders in the DACH region in 2020 grew by 3% compared to the previous year while the average order value in our other European markets grew by 1.4% between 2019 and 2020.

We have conducted substantial market research and identified the markets in Spain, France and Italy as key expansion markets for the future short- to mid-term growth of our operations due to their favorable market or competitive environment and significant upside potential. In all three geographies, each of the underlying bicycle markets, and the PAC market in France, for which data is available to us, have recently shown strong growth. In addition, online penetration for sports equipment in these markets has consciously grown in recent years (*source: OC&C Analysis*). We believe that our business model will translate well into these regions and intend to adapt our offering into these markets by localizing our websites and product offerings, payment systems, promotions, logistics infrastructure and customer service. We have already localized our website content and product offering in Spain and expect to conclude the already advanced implementation of our expansion into the Spanish market in the second half of this year. We believe that these localization efforts have already contributed to the strong revenue growth and increase in the number of customers, which we have recorded in Spain. We plan to implement our expansion into the French and Italian markets in the first quarter of 2022.

We also consider to enter and localize our offering in additional European target markets on an opportunistic basis, with a particular focus on Northern and Eastern Europe as well as the Benelux countries. We continue to screen opportunities for other market entries and may also establish additional physical locations in markets of our choice in the future.

7.7.2 Our Product Offering

We believe we offer our customers the broadest product assortment compared to our direct competitors. Our product portfolio comprises 77,000 products from more than 800 brand partners and suppliers, including bike parts, accessories and clothing (PAC), traditional bicycles and e-bikes, as well as adjacent product categories, while PAC products make up the largest share of our portfolio. We believe that this product portfolio puts us in a good position to be the dominant online player in our markets.

Due to long-standing partnerships with many of our brand partners and suppliers and our comparatively large average orders for goods, we are regularly able to achieve price advantages, which we often seek to pass on to our customers or use to generate higher margins. Our pricing strategy enables us to offer our products at discounts compared to direct competitors.

The following graphic shows an overview of our product portfolio by product categories:

We generate the majority of our revenue from sales in the PAC product category. Going forward, we intend to expand our current product portfolio of third-party brands and products by rolling out our own private-label products. We are currently reviewing options for such rollout, particularly in the product areas of bike parts, accessories and particularly apparel.

7.7.2.1 *Product Categories*

7.7.2.1.1 Bike Parts, Accessories and Clothing (PAC)

We generate the majority of our total revenue with sales of bike parts, accessories and clothing (PAC). We believe that we offer the best product selection in this category, which significantly helped us to establish our "Bike24" brand among bike enthusiasts and the overall cycling community. Bike parts include various components for bicycles, such as bike frames, forks, wheels, brakes, saddles, handlebars, expanders and pedals. Bike accessories include complementary items such as air, floor or cartridge pumps, bottle cages, rear racks or bike tools, while clothing includes various items such as bike shoes, helmets, gloves and jerseys.

Our PAC product category consists of more than 68,000 products from more than 677 brands. In 2020, sales of products from the PAC product category accounted for €132,472 thousand or 66.5% of our total revenue in that period. In the three months ended March 31, 2021, sales of products from the PAC product category accounted for €36,877 thousand or 64.1% of our total revenue in that period compared to €21,961 thousand in the three months ended March 31, 2020.

Going forward, we expect revenue generated by sales of items from PAC product categories to increase further, in line with the expected accelerated growth of the online PAC market in the DACH region as a sub-segment of the general DACH cycling market. In addition, we believe that the expected surge of e-bike sales will further spur the sales of PAC products due to the complexity of e-bikes and a higher maintenance need. At the same time, the share of our revenue generated by sales of PAC products is expected to decrease in relation to the shares of revenue from sales from our other product categories, which we expect to increase.

7.7.2.1.2 Bicycles

Our product category bicycles includes various models of bicycles, such as family and recreational bikes, urban bikes, e-bikes, mountain bikes and road bikes.

Our diversified product range of bicycles includes more than 800 products from more than 30 brands, including most brand partners and major suppliers. In 2020, sales of bicycles accounted for €18,619 thousand or 9.3% of our total revenue in that period of which €5.5 million or 3% were generated by sales of e-bikes. Revenue generated by sales of bikes and e-bikes has grown at a CAGR of 54% and 134% from 2018 to 2020, respectively. In the three months ended March 31, 2021, sales of bicycles accounted for €7,143 thousand or 12.4% of our total revenue in that period compared to €3,087 thousand in the three months ended March 31, 2020.

Going forward, we expect the share of our revenue generated by sales of bicycles to increase further, particularly due to fundamental industry trends (such as increasing environmental awareness and the politically sponsored goal of reducing and ultimately eliminating the emission of greenhouse gases under the European green deal) and a surge of e-bikes in particular (*Company estimate; source: Federal Ministry of Transport and Digital Infrastructure; Statista E-Bikes*). In line with these trends and increasing demand, our product assortment of bicycles has strongly increased in recent years from 1,539 stock keeping units in 2017 to 5,552 stock keeping units in 2020, of which were 116 e-bike stock keeping units in 2017 and 1,282 e-bike stock keeping units in 2020.

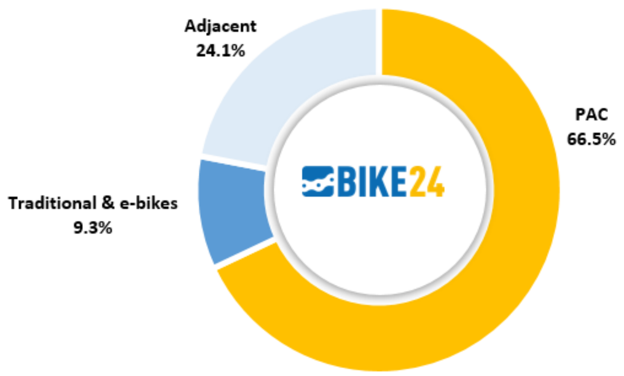
7.7.2.1.3 Adjacent Products

We also offer various items which round off our product offering. Adjacent products include various electronics such as bike computers or watches, outdoor equipment such as boots, sleeping bags or backpacks, running and swimming gear as well as sports nutrition and related items.

Our adjacent product category includes more than 482 products from more than 28,000 brands. In 2020, sales of adjacent products accounted for €48,060 thousand or 24.1% of our total revenue in that period. In the three months ended March 31, 2021, sales of adjacent products accounted for €13,544 thousand or 23.5% of our revenue in that period compared to €7,967 thousand in the three months ended March 31, 2020.

7.7.2.2 *Revenue Split by Product Categories*

The following graphic shows a split of our revenue in 2020 by our product categories:



7.7.2.3 *Suppliers*

The breadth of our product portfolio is the result of longstanding partnerships with most of our brand partners and suppliers and of a structured, quality and data-driven approach to product introduction and sourcing backed by our capabilities for data gathering and analysis. Our network of brand partners and suppliers includes many leading brands and premium players. Our sourcing strategy has been designed with a view to obtaining the best prices as well as delivery times. Our membership in the Intersport sporting goods and purchasing association helps us to generally realize advantageous terms and conditions in many cases when ordering goods. By ordering large volumes of products and capitalizing on our well-established relationships with our brand partners and suppliers, we are able to negotiate particularly attractive prizes for our products allowing us to generate higher profit margins or passing on such price advantages to our customers.

Sourcing is a key part of our operations. We have therefore invested in an automated warehouse management system (LogBase) that is fully integrated in our IT platform and also allows us to integrate our sourcing with the orders we receive in real time and keep track of which products are already in stock, or assist us in generating continually updated forecasts of future sourcing needs. We also employ several qualified experts to oversee our sourcing and warehouse management in order to reduce the risk of failures or errors of our algorithms and IT systems. To ensure fast delivery times and being able to negotiate favorable purchase prices with our brand partners and suppliers, we hold the vast majority of our in-demand products in our own inventory. We are generally not able to return goods, which we are not able to sell, to our brand partners and suppliers and write-down inventory to the extent it remains in stock for more than one year.

We stay in constant direct contact with our brand partners and suppliers in various countries. These brand partners and suppliers often provide us with new and innovative products we can add to our already broad product offering. We continuously seek to optimize our supplier base by adding new suppliers with a relevant product offering, if we are convinced that these suppliers will be capable of meeting our quality standards and performance expectations, in particular with respect to delivery reliability. By maintaining direct contact with our broad brand partner and supplier base, we also ensure that we do not become overly dependent on any single supplier and maintain our bargaining power when negotiating our sourcing prices.

Our network of brand partners and suppliers is diversified without being concentrated on individual or larger numbers of brand partners and suppliers. None of our brand partners and suppliers individually accounts for more than 10% of our revenue and our three largest brand partners and suppliers together account for less than 15% of our revenue. In line with the prevailing market practice, we generally do not have material long-term or exclusive contracts with our brand partners or suppliers. Most of our brand partners or suppliers sell their products to us based on seasonal agreements with a limited term, under which we place bulk orders with respect to certain products, and which also often include broad termination rights for our contractual counterparts. We have recently witnessed a trend among brand partners to seek more control over distribution channels, for example, by imposing certain standards on the presentation of their products on our websites or our marketing activities. Certain brands deliberately limit the distribution channels and number of distribution partnerships in certain markets, for example, by entering into exclusive distribution contracts or demanding geo-blocking features on websites enabling the presentation of websites only in certain markets.

7.7.3 Our Customer Experience

7.7.3.1 Customer Base & Customer Loyalty

We serve a wide customer base across our markets with a focus on knowledgeable bike enthusiasts consisting of demanding die-hard cycling hobby or professional athletes, gear heads with an affinity for the technology, urbanists and green mobility enthusiasts as well as adventurous experience seekers who are less price-sensitive than the average customer. We intend to further diversify our customer base through geographic expansion and the localization of our offering. At the same time, we strengthened our market position in our core region DACH by retaining existing customers and gaining new customers. Our platform continues to attract a growing base of loyal customers with strong customer cohorts, also enabling many cross-selling opportunities. Our customer base (including existing and new customers) has grown from 62,000 customers in 2008 at a CAGR of 22.2% to 691,000 customers in 2020. Our focus on the premium product segment allowed us to achieve revenue per existing customer in the amount of €437.00 in 2020. An increase of the annual order frequency per existing customer from 2.9 orders in 2018 to 3.1 orders in 2020 and an increase of the average order value per existing customer from €138.00 in 2018 to €141.00 in 2020 contribute to a growth of customer cohorts (*Company information*). We believe that the average order values of our customers to be higher compared to average order values of our direct competitors in the PAC product category.

Our ambitious endeavor to provide our customers with a superior online shopping experience, the broadest and deepest product portfolio intended to meet all demands of our customers through high-quality desktop and mobile websites contributes to high customer loyalty. In 2020, 64.7% of our revenue was generated by existing customers who made up 42.5% of our total customer base in 2020 (*Company information*). Our rate of repurchases and revenue from existing customers is to a large part generated by items from our PAC product category. By often passing on purchasing advantages to our customers, we strive to offer our customers a highly attractive price for most of our products. Customer loyalty is further driven by our purpose-built proprietary IT platform, data collection and analyzation capabilities, automated processes that increase our efficiency and our focus on customer service assisting our customers along the entire shopping cycle. Our customer data analytics allow us to recognize customer behaviors and adapt our product assortment accordingly resulting in a more relevant product assortment for our customers. This, in turn, culminates in largely unpaid website traffic based on search engine results and direct website visits. In the period from April 2020 to March 2021, unpaid traffic on our websites accounted for 97% of our total website traffic.

7.7.3.2 Sales Channels

7.7.3.2.1 Websites

We believe that our desktop and mobile websites are an important contributor to customer satisfaction. We have invested in the design and functionality of our websites in order to improve our customers' journey resulting in well-performing websites based on loading speed. We are in the process of redesigning our currently functionally designed websites and relaunch our online shop to be more appealing to the mass market and add or improve various functions, such as advanced filtering, searching or navigation options. We also plan to implement product configurators that match product characteristics with products already owned by the relevant customer.

The presentation of our products on our websites focuses on technical product features and a functional look and navigation. We continually seek to optimize our use of search terms in order to ensure that our products are properly placed on search engines. We also offer targeted search capabilities such as filters and search algorithms and detailed product descriptions that enable easy website navigation and product discovery. We have categorized the presentation of our product portfolio on our websites by themes or product categories to allow our customers to efficiently browse through our offering. We created separate brand sections on our websites that contain additional information and multimedia content covering our most popular brands and aim at inspiring our customers. Our website content is complemented by our social media presence, where we maintain the direct contact to our customer base and provide additional information on new products, trends and more.

7.7.3.2.2 Flagship Store

In addition to our websites, we also operate a flagship store in Dresden, Germany, where we also offer our product portfolio as well as bike customization, bike fitting and certified workshop services. We consider our flagship store as an additional marketing channel, which is important for our brand recognition and customer experience as it allows our customers to directly interact with us and our products. We also contemplate establishing a limited number of physical showrooms where we can offer our customers direct customer support, test rides, and measuring and fitting services.

7.7.3.3 *Our Customer Service*

In line with our endeavor of providing a convenient one-stop shop online shopping solution, we consider customer service to be a key element of our value proposition. Our goal of providing a first-class customer experience and active service support throughout the entire shopping cycle set us apart from our competitors and is regularly recognized in customer reviews on public platforms, such as Trustpilot or Shopauskunft. The quality of our customer service and overall customer experience provided by our platform is evidenced by several awards of a prominent German media outlet that we have consecutively won in recent years. We generally pursue a multichannel support approach, responding by email or through our hotlines and via social media. To provide such a high-quality customer service, we maintain a qualified staff of multi-lingual bike experts.

We place a significant emphasis on pre-sales services. Our customer service team answers customer questions relating to specific products or product details, delivery modalities and other matters of importance for potential customers when making their purchase decisions. We believe that offering our customers the opportunity to approach us via email or telephone prior to placing an order helps significantly improve the acceptance of our online offering and clearly sets us apart from other pure play online retailers.

By focusing on the quality of our customer service, we seek to ensure that only a comparably small number of customer complaints result in returns. The success of our customer service operations is evidenced by generally high satisfaction among our customers and high customer loyalty, resulting in a net promoter score of 77% in 2019 (*Company information*). We assess such satisfaction by submitting customer surveys as part of our post-sale customer service, providing us with crucial feedback on the success of our customer service. We intend to increase the headcount of our customer service staff in order to further promote customer satisfaction.

7.7.3.4 *Payment Services*

In order to provide our customers with a convenient online shopping experience, we offer a broad range of payment options, including credit card payments (*e.g.*, VISA and MasterCard), PayPal, Amazon Pay, direct deposit, online bank transfer, invoice, cash in advance, cash on delivery and gift cards. Most payment options are free of charge, in line with our efforts to provide our customers with the maximum choice and convenience. In addition, we also offer our customers certain financing options together with a partnering bank pursuant to which customers may pay for their purchases from our websites in monthly instalments. In general, we believe that offering customers their preferred payment methods helps us increase customer satisfaction and significantly improves conversion rates (*i.e.*, the share of customers visiting our websites and apps who actually order our products).

7.7.4 Logistics and Delivery

Our fulfillment processes follow a lean and cost-efficient approach geared towards customer satisfaction through reliability and fast delivery times across our different product categories. Over time, we have increased our control over logistics and deliveries and successfully introduced standardized technology and processes to allow for smooth deliveries. Our current logistics set-up is the result of significant investments we made to scale our platform across the value chain, in particular by investing in end-to-end process optimization and back-end fulfillment systems. Our warehouse and logistics operations are centrally managed by our licensed logistics management system (LogBase), which is specifically tailored to our needs and fully integrated in our IT platform and automated warehouse systems (AutoStore). The introduction of our automated warehouse system in 2017 streamlined our logistics processes and boosted our fulfillment capacities while, at the same time, improving our warehouse efficiency as a result of economies of scale. Our warehouse infrastructure enables us to process the vast majority of our orders fully automatically.

We believe that our state-of-the-art fulfillment infrastructure complemented by our extensive supplier ecosystem offers significant advantages to our customers and is a significant barrier to entry in our markets. Based on our asset-light and efficient fulfillment infrastructure we were able to manage an increasing number of shipments more efficiently (measured in throughput per head) and faster (measured in same-day shipments) (*Company information*). This culminates in more than 80% of our products being available for same day shipping while more than 75% of our orders are delivered to our customers the next day in our German market.

7.7.4.1 *Inventory Management*

We believe that we successfully address the challenges of offering a particularly broad product assortment to our customers in our markets based on our extensive market experience, software, data and IT driven approach and mainly long-lasting relationships to more than 800 brand partners and suppliers.

To ensure fast delivery times and being able to negotiate favorable purchase prices with our brand partners and suppliers, we hold the vast majority of our in-demand products in our own inventory. We follow a quality and price-driven procurement strategy that is backed by our IT platform and analytics engines. We rely on a licensed logistics management system (LogBase) for our inventory management that is organically connected to our automated warehouse system and seamlessly integrated into our IT network. A detailed monitoring tool on a brand and product level assists us in forecasting the exact volume of products we have to source in order to meet customers' demand. Such forecasts are continually updated and compiled by using algorithms to analyze our extensive customer database. This set-up enables us to match the demand for our brands and products well in advance and historically resulted in comparatively low write-offs. Overall, growing demand allows us to increase order frequency, hence reduce the reach of individual orders, which also reduces general inventory risk. Further, the majority of our products in stock are sold within six months. We are generally not able to return goods to our brand partners and suppliers and write-down inventory to the extent it remains in stock for more than one year.

7.7.4.2 *Warehousing*

We operate one centralized warehouse located in Dresden, Germany. The facility has a capacity of 22,600 sqm and we employ a warehouse staff of 161 individuals. We operate our warehouse with an automated best-in-class warehouse management system (AutoStore) with limited manual involvement, resulting in a lower error rate, less personnel expenses and faster delivery times leading, in turn, to higher customer satisfaction and retention. The implementation of our automated warehouse management system led to significant cost savings due to a reduction of the needed warehouse space and increased product picking speed and efficiency. It enables us to offer same-day shipping for the vast majority of our products. The in-house operation of our warehouse provides us with significant control over our inventory and fulfillment processes. We have implemented different workflow channels in our warehouse to be able to master the complex logistics of our multi-category product offering. Our current fulfillment set-up generally is asset-light as our automated warehouse management system only requires very little capital expenditures going forward and as our warehouse is rented from a third party.

We consider adding additional warehouse space or incorporate additional fulfillment centers in our set-up in the future. In particular, we plan to establish additional warehouses in our expansion markets Spain, France or Italy in order to be able to provide customers in these markets with the same shipping experience as customers in our core region DACH. We believe that our current fulfillment infrastructure is well-positioned for scaling, in particular due to our centralized model and automated technology. Our automated warehouse management system can be expanded by the addition of warehouse robots and workstations. We would be able to expand our current warehouse set-up as there is sufficient headroom in our existing warehouse (*e.g.,* by adding floors). In line with our growth strategy, we believe we are able to efficiently establish additional warehouse facilities as our business operations do not have special requirements that would be difficult to fulfill.

7.7.4.3 *Last-Mile Delivery*

Our delivery process is focused on a positive customer experience and cost-efficiency. Since the vast majority of our products is initially stored in our warehouse or, in a few cases, pass through this warehouse, we have established specific delivery processes for the last mile of the fulfillment process (*i.e.*, the transportation from warehouses to customers). For our last-mile deliveries we rely on a strong network of local and international fulfillment partners, such as DHL, UPS or Hermes. We have recently added fulfillment partners to our network in order to reduce our exposure to particular partners. We benefit from favorable shipping rates due to the scale of our operations. In order to offer our customers a superior shopping experience, our carriers deliver our products right to the doorstep of our customers. As sustainability forms an integral part of our business model, we constantly seek to improve our CO_2 footprint and compensate for relevant CO_2 emissions.

With respect to our planned growth in selected markets, we intend to form local distribution partnerships to ensure quick delivery in the relevant target countries and facilitate return policy.

7.7.4.4 *Returns*

We offer our customers free returns within a period of up to 14 days from delivery. Our customer service also assists with the returning of goods. The ability to conveniently return undesired or defective products free of charge is a fundamental pillar of our value proposition to customers and we believe that it significantly helps us to increase customer trust and loyalty.

We seek to minimize the costs associated with this return policy, in particular by improving the presentation of our products and the information available on our products, offering comprehensive customer service through hotline and other messaging services, as well as maintaining and improving our quality control processes. In case returned products cannot be resold at the full price, we launch, from time to time, clearance sales with discounts. Defective items might also be returned to the respective supplier.

7.7.5 Marketing

Our broad product assortment, our organically grown and established "Bike24" brand and our customer-centered marketing approach enable us to create and maintain the vast majority of our website traffic from unpaid organic (based on search engine results) or direct (based on direct website visits) customer channels resulting in very low marketing expenses and customer acquisition costs (*Company information*). In 2020, our marketing expenses amounted only to 0.2% of our total revenue for that fiscal year. At the same time, 64.5% of our website visits were created by organic traffic and 25% of our website visits were created by direct visits in this period. Paid marketing activities have historically been of only minor importance. However, we intend to increase our paid marketing activities with respect to our expansion markets Spain, France and Italy to initially accelerate our market entry and the establishment of our brand.

The high generation of unpaid, primarily organic and direct, website traffic correlates with the overall engaging experience of our customers. Our unpaid marketing channels include unpaid search engine optimization, word-of-mouth referrals, social networks activity and sports events. We continuously endeavor to improve the ranking of our websites in organic searches, a process known as search engine optimization, primarily by analyzing the relevance of key search terms and adapting our website content accordingly. Our websites achieve high rankings on search engines due to our broad product offering, our own proprietary and detailed product descriptions on our websites as well as the specific use of certain buzzwords relating to technical product specifications. In building our websites, we focus on strategic, efficient link building and content generation to further contribute to high rankings of our websites. In addition, we have built a brand that benefits from strong word-of-mouth effects from our existing customers and a highly loyal customer base. Through easy to navigate website content combined with detailed product descriptions, we continuously aim at turning our strong brand into higher website traffic and engaging our customers. We consider customer relationship management a cornerstone of our marketing efforts. In order to enhance our brand recognition and perception, we use various social media platforms, which help us to engage our customers, improve the recognition of our brand, generate additional word-of-mouth referrals and thereby new customers. We distribute newsletters and other messaged on a weekly basis to our continuously growing subscriber base.

We believe that increasing investments in our marketing activities with a particular focus on customer relationship management will help us to enhance our leading brand, address the cycling mass market and additional geographies, which will promote an increase of the number of our existing and new customers and customer loyalty and thereby the maintenance of comparatively low customer acquisition costs. Going forward, our marketing strategy focuses on the following:

- Search engine marketing: Analyzing a large number of search terms in languages relevant to our websites and markets helps us to find the most relevant terms for any given season and ensure a high ranking of our websites. In line with our growth strategy, we are also further improving our search term strategy for English and Spanish terms with respect to our local domains. We intend to also leverage our historically low marketing expenses by increasing our investments in paid search engine marketing.

- Social media: We seek to increase reviews and ratings on social media platforms and promotions of special offers to our followers. We believe that any such activity leads to higher traffic on our websites, which also increases the attractiveness of our platforms to our brand partners and suppliers.

- Newsletter: We regularly distribute newsletters and other messages to our customers and plan to increase the number of subscribers and the degree of customization of our newsletters in order to derive the maximum value from this low-cost marketing tool.

- Influencer: We intend to partner with social media influencers to launch campaigns and post content related to our offering through their social media channels in order to increase our overall reach and enhance brand perception.

- Sports sponsoring and events: We intend to build up a network of and sponsor “Bike24 athletes” in both professional and amateur sports leagues and have, in this context, recently entered into a sponsoring agreement with a local cycling club. We also consider the sponsoring of entire sports events.

- Showrooms: We consider establishing a limited number of physical “Bike24” showrooms in larger metropolitan areas where we can offer our customers direct customer support, test rides and measuring and fitting services.

- Online shop: We are in the process of redesigning our websites and relaunching our web shop to improve our customers’ experience. We also intend to continue to further develop our editorial content and advance our product descriptions to maintain and further improve our visibility on search engines and search engine results.

- Data analytics: We intend to further improve our data analytics to drive customer satisfaction and better steer our marketing efforts. Analyzing the data on website visits and conversions helps us to understand customer patterns and needs and to consequently improve our offering as well as to efficiently utilize our resources.

7.7.6 Information Technology and Data

We have custom-built and operate a sophisticated IT platform. Our platform is operated by a growing team of qualified IT experts, providing us with significant innovative and technological potential as we continually seek to expand and optimize our IT infrastructure. We utilize a broad range of proprietary software along our value chain in order to be able to adapt and deliver quickly. Our in-house IT expert team is complemented by a long-standing network of IT suppliers who work together to continuously advance our IT set-up.

7.7.6.1 *IT Infrastructure*

We have created a proprietary IT platform that is both highly scalable and integrated across our value chain. To this end, we have developed our desktop and mobile websites, which are programed and updated in-house, as a highly resilient storefront for our broad product offering, focusing on a reduction of downtimes while at the same time providing a state-of-the-art customer experience. Our desktop and mobile websites are well-performing websites based on loading speed and other technical features based on Google Lighthouse Scoring of websites and show highly reliable website availability. Our IT platform provides strong upside potential for data capacity and analytics and can be efficiently internationalized through the easy addition of languages due to the implementation of a UTF-8 character set in our website code as well as the integration of new country domains and end markets in financial reporting. Various website features (such as persistent baskets, which retain our customers' shopping cart or product selections after they left our websites) help us to optimize our customer conversion rates.

Our warehouse and logistics operations are managed by our licensed logistics management system (LogBase), which is specifically tailored to our needs. Our logistics management system covers all warehousing, logistics and inventory management processes and is fully integrated with all our other systems, including full real-time overview of all inventories. The system allows us to efficiently forecast product demand, warehouse planning and analyze costs of occupancy scenarios due to constant order forecasts, capacity profiles and decision-making proposals. The full scope of current functions for our warehouse process management and flexibly adjustable patterns for the picking, conveyance, floor optimization and control panel assure the optimal processing of our warehouse operations.

Going forward, we plan to continue to make significant investments in our IT infrastructure to further enhance the competitiveness of our online offering in order to improve our customers' experience. We intend to internationalize our frontend and backend infrastructure and increase our focus on customer satisfaction with automated and targeted marketing activities. We also plan to further invest in data analytics and insights based on improved artificial intelligence. We also plan to further upgrade our website features, in particular by improving graphics of and adding innovative features to our websites and optimizing payment processes. We seek to continuously modernize our IT solutions, including our network infrastructure, IT security and compliance functions. We also consider to invest in further expansions of and additions to our warehouse management system.

Our IT platform enables us to collect data and to link such data across various systems, which allows us to run flexible and complete data analyses for quick and reliable strategic decisions. The collection and analysis of data also provides us with valuable insights on, *inter alia*, customer behavior and the efficiency of our fulfillment services. Advanced cohort analytics provide us with valuable insights on customer behavior and allow us to tailor targeted marketing initiatives. In general, we collect and analyze the following data:

- Customer data: We collect data on our customers' order and browsing history, demographics, session data and reviews. Such information helps us to further improve our product assortment and optimize product availability. Based on such data we are also in a better position to predict and stock bestselling items which may also be relevant for the roll-out of our private-label offering.

- Product assortment data: Information on our brand partners and suppliers, availability and pricing of products as well as product features are particularly relevant for our inventory management, curation and risk-scoring activities.

- Fulfillment data: To optimize our sourcing and fulfillment operations, we collect data through our warehousing software and update on a daily basis data on stock levels, available carriers, item location and delivery mode. This helps us to improve re-stocking, to optimize our warehouse utilization and to minimize delivery times.

- Third-party data: In addition to the business related data that we collect, we also monitor our competitors and gather market and competition relevant information such as competitor pricing and delivery times and marketing costs.

We believe that our ability to collect and analyze data provides us with a competitive advantage and utilize our knowledge in various ways. We can tailor our marketing efforts and the allocation of marketing spending across different marketing channels based on the data we obtain with respect to the net contribution of such marketing channels. By constantly analyzing our data with respect to competitors' product offerings and past customer behavior, we can optimize the pricing of our products in order to achieve higher sales volumes. Our knowledge of expected customer behavior as well as current and future inventory levels enables us to base our sourcing decisions on generally accurate forecasts. Our integrated IT functions across our value chain provide us with high visibility on the journey of our products and the effectiveness of our fulfillment operations. Our ability to analyze various relevant operational performance indicators in real time helps us steer our business more efficiently and enables us to analyze potential adverse developments earlier.

7.7.6.2 *IT Security*

When expanding and operating our IT platform, we constantly focus on security and reliability. To this end, we have implemented various state-of-the-art security measures, in particular:

- cloud storage;
- firewalls and automated backups;
- detection of anomalies for security compliance and business continuity;
- encryption of sensitive data;
- incident response and disaster recovery systems;
- data vault and data filter technologies;
- information-sharing based on a strict need-to-know principle;
- multi-factor authentication;
- regular internal and external penetration and security testing; and
- quarterly access reviews.

7.8 Intellectual Property, Trademarks, Domains and Software

As of the date of this Prospectus, we have registered, or filed for registration of, a number of word and/or figurative trademarks in various jurisdictions, including our brand "Bike24". We constantly monitor our trademarks in order to maintain and protect these assets, including by pursuing any infringements by third parties.

We are the legal owner of various domain names for websites that we use in our business, including "bike24.de", "bike24.at", "bike24.ch", "bike24.eu" or "bike24.com".

We utilize a broad range of proprietary software solutions, which we constantly update and improve by adding functionality and data. Our websites have been specifically designed by our dedicated in-house IT experts to ensure an immersive, convenient and stable shopping experience.

7.9 Employees

All of our employees are located in Germany, except for one individual located in Spain.

The following table sets forth the rounded average number of full-time employees for the periods indicated. There has been no material change in the number of our employees between March 31, 2021 and the date of this Prospectus.

	For the year ended December 31,			For the three months ended March 31,
	2018	2019	2020	2021
Logistics	132	122	138	146
Product procurement and content	56	57	58	65
Customer service	42	38	44	51
IT	16	18	22	27
Other functions(1)	60	70	70	62
Total	**306**	**305**	**332**	**351**

(1) Includes full-time employees in marketing, finance, human resources, stores and management functions.

In the fiscal year ended December 31, 2020, the Company employed an average of 56.17 temporary employees (2019: 19.06).

7.10 Material Contracts

7.10.1 2019 Existing Term and Revolving Loan

On October 30, 2019, Bike24 Support GmbH (at that time: REF Bike Acquisition GmbH) as borrower and the Company and Bike24 Support GmbH each as guarantor and Berenberg as lead arranger, agent, security agent and an original lender as well as Bluebay Asset Management LLP acting as agent for and on behalf of several other original lenders entered into a €118.0 million secured term and revolving facilities agreement (the "**Existing Term and Revolving Loan**") in connection with the acquisition of Bike24 by an affiliate of Riverside. Berenberg has subsequently fully assigned its position as original lender and its loan receivables under the Existing Term and Revolving Loan to other lenders. The Existing Term and Revolving Loan provides for (i) a €88.0 million term loan facility made available for the financing of the purchase price for the shares in Peloton MidCo 2 GmbH, the relevant target entity within Bike24 Group under the relevant share purchase agreement, and the payment of costs and expenses incurred in connection therewith, (ii) a €20.0 million term loan facility made available for the financing of certain acquisitions and expenditures and associated costs and expenses, each as further described in the Existing Term and Revolving Loan agreement, and (iii) a €10.0 million working capital facility made available for general financing needs of certain members of the Bike24 Group. The interest rate on each loan is the aggregate of the applicable Euro Interbank Offered Rate ("**EURIBOR**") (floored at 0% per annum) and a margin between 2.50% and 5.25% per annum, depending on the facility and the group net debt to EBITDA ratio. As of the date of this Prospectus, the facilities have been utilized in the total amount of €88,000,000.00. At the time of the Listing, all outstanding amounts under the facilities become immediately due and payable. The loans shall be partly repaid from the proceeds of the Private Placement and the utilization of the Term Loan under the Loan Agreement described below.

7.10.2 2021 Loan Agreement

On June 11, 2021, the Company and Bike24 GmbH as original borrowers, Berenberg as original lender and Wilmington Trust SP Services (Frankfurt) GmbH as agent entered into a €50.0 million syndicated Loan Agreement. Bike24 GmbH and Bike Service GmbH act as guarantors. The Loan Agreement consists of a €40.0 million term loan facility for the repayment of the Existing Term and Revolving Loan, the payment of transaction cost in connection with the Listing and, if the Existing Term and Revolving is fully repaid at the time of the utilization, for expansion expenditures (the "**Term Loan**") and a €10.0 million working capital facility for general financing needs of Bike24 Group (the "**Working Capital Facility**"). The upfront fee is 2.00% of the total facility amount. The Term Loan can be utilized within one month from the Listing for the repayment of the Existing Term and Revolving Loan and within six months from the Listing for other purposes and the Working Capital Facility may be utilized from the first utilization of the Term Loan, each utilization being subject to the Listing and certain customary conditions precedent. A commitment fee of 0.875% per annum is payable on any undrawn and uncanceled commitments.

The Loan Agreement has an initial term ending on the third anniversary of the first utilization under the Loan Agreement. The loans under the Loan Agreement have to be prepaid if the Bike24 Group sells material assets or issues debt instruments at the capital markets unless the proceeds from the debt instruments are used for qualified acquisitions.

The interest rate per annum of each loan utilized under the Loan Agreement is the aggregate of the applicable margin and the applicable EURIBOR (one, three or six months and floored at 0%). The initial margin for both the Term Loan and Working Capital Facility is 2.50% per annum. The margin in relation to the Term Loan and the Working Capital Facility is subject to a margin ratchet and may decrease to 2.00% or 1.50% per annum depending on the gross debt to (adjusted) EBITDA ratio of Bike24 Group which is tested quarterly, provided that the margin may be adjusted for the first time based on the ratio on a testing date falling at least nine months after the Listing.

No security interests are required to be granted under the Loan Agreement, as long as the gross debt to (adjusted) EBITDA ratio of Bike24 Group which is tested quarterly remains under a certain threshold. If the gross debt ratio exceeds such threshold, the lender can request collateral consisting of pledges over bank accounts, assignments of customer receivables and security transfers of the inventory. The Loan Agreement contains customary covenants and termination rights, including a covenant pursuant to which the gross debt to (adjusted) EBITDA ratio shall not exceed 3.25:1 and common change-of-control provisions.

7.10.3 Lease Agreement for our Headquarters and Warehouse

On July 3, 2013, Bike24 GmbH entered into a lease agreement with BIM Dresden GmbH regarding our currently used headquarter and warehouse location at Breitscheidstraße 40, 01237 Dresden, Germany. The lease agreement has since been amended several times with respect to, among others, the leased space, lease fee and the lease term, and is currently set to expire on December 31, 2027. Under the lease agreement, Bike24 GmbH has the option to extend this lease once for an additional period of five years. The leased warehouse space currently amounts to approx. 22,600.00 square meters and the office space to approx. 2,600 square meters. As of the date of this Prospectus, the aggregate monthly lease rate amounts to €177.5 thousand.

In the context of the implementation of our automated warehouse storage system (AutoStore) in 2017, Bike24 GmbH entered into an agreement with AM Lagertechnik GmbH for the assembly, installation and launch of our warehouse management system for an initial aggregate price of €3.5 million. We later entered into an additional arrangement on the expansion of our automated warehouse management system for an aggregate price of €4.0 million.

Also in the context of the installation of the AutoStore warehouse management system in our warehouse in 2017, we had to upgrade the existing sprinkler systems for an amount of €588 thousand of which BIM Dresden GmbH assumed €253 thousand.

7.10.4 Payment Services Agreement

On February 18, 2016, Bike24 GmbH entered into a payment service agreement with Unzer E-Com GmbH (at that time: Heidelberger Payment GmbH), for the provision of certain services with respect to the processing of payment transactions and enabling us to transfer payments via the internet. Under the payment service agreement, Bike24 GmbH has to pay a monthly fixed service charge as well as a transaction charge as a percentage of the relevant transaction value plus a certain fixed amount. For damages caused by non-execution or incorrect execution of a payment order, Heidelberger Payment GmbH’s liability under the payment service agreement is limited to an amount of €12.5 thousand. The payment service agreement had an initial minimum term of three years and automatically renews each year for a further twelve months. It may be terminated by either party with a notice of three months before the end of its respective term.

7.11 Insurance Coverage

We have taken out a number of group insurance policies that are customary in our industry, such as property and loss of earnings insurance, business liability insurance, including insurance for product liability, transport insurance and environmental liability insurance. We believe that our insurance policies contain market-standard exclusions and deductibles. We regularly review the adequacy of our insurance coverage and consider the scope of our insurance coverage to be customary in our industry.

We have also taken out a directors and officers (“**D&O**”) insurance policy that covers the current and future members of the Management Board and Supervisory Board. The D&O insurance provides for a deductible for all members of the Management Board in line with the AktG.

7.12 Real Property / Facilities

Our headquarters and our warehouse are located at Breitscheidstraße 40, 01237 Dresden, Germany. We have leased this property until December 31, 2027 and have the option to once extend this lease for additional five years. The leased warehouse space currently amounts to approx. 22,600.00 square meters and the office space to approx. 2,600 square meters. As of the date of this Prospectus, the aggregate monthly lease rate amounts to €177.5 thousand. In the context of the installation of the automated warehouse management system (AutoStore) in our warehouse in 2017, we had to upgrade the existing fire sprinkler systems and implement other fire protection measures.

We also maintain a physical flagship store located at Kesseldorfer Straße 11, 01159 Dresden, Germany. We have leased this property until December 31, 2021 and have the option to once extend this lease for additional three years.

As of the date of this Prospectus, we do not own any real estate property and do not lease any real estate property, except for our headquarters and our physical store.

7.13 Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are currently not a party to any material legal proceedings (including any such proceedings that are pending or threatened, of which we are aware).

8. REGULATORY AND LEGAL ENVIRONMENT

We primarily sell our products in Germany, Austria and Switzerland and several other countries in the European Union. Therefore, our business is subject to various regulatory requirements under European Union law, the applicable national laws of the European Union countries in which we operate as well as the laws of Switzerland.

While the relevant laws and regulations are typically of a national scope, within the European Union, a considerable degree of regulatory harmonization exists in a number of legal areas relevant to our business. The European Union has created a common regulatory framework that applies not only in our most important market Germany but in all member states of the European Union and comprises directives and regulations. Directives only become effective once they are transposed into national law in the respective member state of the European Union and the implementation of directives may vary between member states. Regulations, however, do not require implementation into national law and apply directly and uniformly in all member states of the European Union. In addition, Switzerland has enacted a national regulatory framework that is somewhat similar to the framework applicable in the European Union.

The following description provides an overview of selected regulations applicable to our business.

8.1 Data Protection and Data Privacy

The collection, processing and other use of personal data is extensively regulated by the European Union (particularly through Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**General Data Protection Regulation**")) and national legislation (*e.g.*, the German Federal Data Protection Act (*Bundesdatenschutzgesetz* (the "**Data Protection Act**")) in Germany).

In general, European data protection and data privacy laws regulate when and how personal data may be collected, for which purposes it may be processed, for how long such data may be stored and to whom and how it may be transferred. The General Data Protection Regulation contains strict requirements for obtaining the consent of data subjects (*i.e.*, the persons to whom personal data relates) to the use and processing of their personal data. Such consent may be withdrawn at any time and without cause, preventing the continued use of the affected data. In addition, a transfer of personal data to entities outside of the European Union is subject to specific requirements.

The General Data Protection Regulation also requires organizational measures, such as the appointment of a data protection officer (*Datenschutzbeauftragter*) who, among others, must monitor compliance with the General Data Protection Regulation. In addition, it may require so-called privacy impact assessments, at least in cases where the data processing is likely to result in a high risk to the rights and freedoms of individuals.

In addition to the General Data Protection Regulation and the Data Protection Act, various sector-specific statutes set forth rules which apply to certain industries or businesses and prevail over the general provisions of the Data Protection Act. In Germany, operators of online platforms have to comply with the specific requirements of the German Tele Media Act (*Telemediengesetz* (the "**Tele Media Act**")), which takes into consideration particular aspects of online communication. For example, the Tele Media Act provides for additional information obligations which are stricter than the general requirements of the Data Protection Act (*e.g.*, a requirement to include an imprint on websites and apps).

The following selected areas of data protection and data privacy are of particular relevance to our business:

8.1.1 Individual Rights of Data Subjects

Under the General Data Protection Regulation, data subjects have a right to require information about what data have been recorded with respect to them and how their data is being processed, and the right to data portability as well as the right to restrict certain processing of their data. Furthermore, the General Data Protection Regulation establishes a so-called "right to be forgotten". Therefore, data subjects may require that data relating to such data subjects are deleted when there is a problem with the underlying legality of the processing or where the data subjects have withdrawn their consent to the use and storage of such data.

8.1.2 Web Analysis

Web analysis technology, such as cookies or tracking tools (*e.g.*, Google Analytics), enables us to utilize traffic to our websites to personalize our offering and marketing efforts to better match the interests of our users. Even though most web analysis tools allow for the anonymization of data (*i.e.*, by collecting only a part of the users' IP addresses) and do not allow for a subsequent allocation of such data to individual users, the use of such tools may still be subject to data privacy laws.

On May 28, 2020, the Federal Court of Germany (*Bundesgerichtshof*), based on a decision by the European Court of Justice of October 1, 2019, ruled that, under German law, the use of certain cookies requires a clear affirmative act of the user and that a pre-activated checkbox does not fulfil this requirement. The use of cookies may be restricted further by a new regulation of the European Parliament and of the Council, which is currently undergoing the European legislative process. This legislation provides for an opt-in regime, pursuant to which the use of certain cookies requires a clear affirmative act establishing a freely given, specific, informed and unambiguous indication of users of websites and apps.

8.1.3 Profiling

The General Data Protection Regulation imposes various restrictions on profiling. Profiling can be defined as any form of automated processing of personal data intended to evaluate certain personal aspects relating to a natural person or to analyze or predict such person's performance at work, economic situation, location, health, personal preferences, reliability or behavior.

8.1.4 Email Advertisements

Subject to certain exceptions, email advertisements (*e.g.*, newsletters) may only be sent to recipients who have given their explicit prior consent to receiving such communication. In Germany, case law demands that in certain cases consent must be obtained through a so-called double-opt-in procedure. This procedure requires that recipients give their consent twice (*i.e.*, firstly by filling out an online registration form and secondly by confirming their email address after they have registered).

When obtaining consent, the respective sender has to clearly inform the recipients of the scope and consequences of their consent. For example, a declaration of consent may not be hidden in general terms and conditions but must be clearly highlighted. Consent may be withdrawn at any time without cause.

As an exception from the consent requirement, personalized product recommendations may be sent to customers by email without their explicit prior consent, provided that such recommendations only relate to products identical or similar to those previously purchased by these customers and that these customers have been duly informed about their right to object to receiving such recommendations.

8.1.5 Social Plugins

Operators of online platforms typically use social plugins (*e.g.*, Facebook's "Like" or "Share" buttons) to promote their websites and apps through social media and to communicate with their customers and followers. The use of such social plugins may, however, infringe data privacy laws, depending on the technical design of the relevant plugin. Therefore, some German data protection authorities recommend the use of a two-click solution, pursuant to which users must first activate the relevant social plugins before being able to actually click on the relevant buttons.

8.1.6 Payment Processes

Directive (EU) 2015/2366 of the European Parliament and of the Council of November 25, 2015 on payment services in the internal market, among others, covers online-based payment services, provides for a uniform regulation of payments via Internet and mobile phones and increased customer protection and requirements for user authentication.

8.1.7 Consequences of Non-Compliance

Non-compliance with the General Data Protection Regulation may result in severe fines. Depending on the individual infringement, fines of up to the higher of 4% of the annual worldwide turnover for the last year and €20.0 million may be imposed per instance. In addition, the General Data Protection Regulation grants individual data subjects the right to claim damages for violations of their rights under the General Data Protection Regulation.

8.1.8 New Proposal for a Data Privacy Regulation

On January 10, 2017, the European Commission released a proposal for a regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications. While the proposal is still subject to legislative procedure and debate, it contains several provisions aimed at ensuring the confidentiality of electronic communications and also sets forth strict requirements for unsolicited communication as part of direct marketing efforts.

8.2 Cybersecurity

We have to comply with various cybersecurity requirements. In particular, the General Data Protection Regulation and the Data Protection Act stipulate that entities that collect and process personal data, including operators of online platforms, must implement certain technical and organizational measures to ensure that such data is processed and stored safely, remains confidential and can be restored and accessed again after interruptions. These measures may include physical security against unauthorized access and manipulation (*e.g.*, secure storage and transportation of physical data carriers), password security, authorization concepts, logging of subsequent changes of data, separation of data that has been collected for different purposes, reasonable encryption and protection against accidental loss, destruction or damage of data. Furthermore, the effectiveness of such measures must be tested regularly.

In addition, operators of online platforms must ensure that appropriate compliance measures cover the detection and control of technology related risks. In Germany, the German Act to Increase the Security of Information Technology Systems (*Gesetz zur Erhöhung der Sicherheit informationstechnischer Systeme*) amended the Tele Media Act in 2015. German law requires operators of websites and apps to protect their technology, in particular any data they collect and store, against outside attacks in accordance with the current standards of technology.

Directive (EU) 2016/1148 of the European Parliament and of the Council of July 6, 2016 concerning measures for a high common level of security of network and information systems, among others, requires digital service providers, including online platforms, to:

- carefully review their existing network security mechanisms;
- implement state-of-the-art security measures aimed at ensuring a level of security appropriate to the risk of the respective provider; and
- establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union.

Furthermore, the General Data Protection Regulation generally requires us to inform the competent supervisory authorities of any breach of personal data stored or processed by us within 72 hours of becoming aware of such breach. Where the relevant breach is likely to result in a high risk to the rights and freedoms of the affected data subjects, we are also required to inform these data subjects of the breach without undue delay.

8.3 Consumer Protection

As an online retailer of consumer products, our products must comply with various consumer protection laws. Throughout the European Union, consumer protection is extensively regulated on the basis of various directives, in particular:

- Council Directive 93/13/EEC of April 5, 1993 on unfair terms in consumer contracts, as amended;
- Directive 1999/44/EC of the European Parliament and of the Council of May 25, 1999 on certain aspects of the sale of consumer goods and associated guarantees, as amended, which will be substituted by Directive (EU) 2019/771 of the European Parliament and of the Council of 20 May 2019 on certain aspects concerning contracts for the sale of goods as of January 1, 2022;
- Directive (EC) 2000/31 of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market, as amended;

- Directive (EC) 2005/29 of the European Parliament and of the Council of May 11, 2005 concerning unfair business-to-consumer commercial practices in the internal market, as amended; and

- Directive (EU) 2011/83 of the European Parliament and of the Council of October 25, 2011 on consumer rights, as amended (the "**Consumer Rights Directive**").

The aforementioned European directives on consumer protection and the national laws implementing or complementing these directives impose extensive duties and responsibilities on us, in particular:

8.3.1 Information Requirements

Operators of online platforms are subject to extensive and formalized information requirements. For example, they have to provide potential customers with detailed and accurate information on the main characteristics of their products, price and payment details and on statutory withdrawal rights (see "*8.3.3 Withdrawal Rights*"). Operators of online platforms have to observe these requirements when designing and structuring their websites and apps as well as their ordering, payment and logistics processes.

As a result of changing legislation, operators of online platforms are regularly required to adapt their offerings and processes. For example, the Consumer Rights Directive requires online operators to ensure that during the order process, consumers explicitly acknowledge that their order implies an obligation to pay. If placing an order requires activating a button or a similar function, such button must be labeled "order with obligation to pay" or be similarly labeled, and the operator must ensure that consumers are made aware of certain key information relating to the purchase directly before placing orders by activating such button.

8.3.2 Warranty Rights

Online retailers, including Bike24 Group are responsible for the conformity of their products with the agreed condition and liable to consumers for any lack thereof at the time of delivery. In case of product defects, consumers may require the relevant retailer to repair or replace the relevant products free of charge.

8.3.3 Withdrawal Rights

Consumers have the right to withdraw from online purchases without cause within 14 days from the day on which such consumers come into possession of the relevant products. Operators of online platforms are required to inform consumers of their statutory withdrawal rights and failure to do so results in an extension of the withdrawal period by twelve months. Consumers must exercise their withdrawal rights by explicitly declaring their withdrawal (*e.g*., in writing, per email or telephone). A return of the relevant products without comment does not constitute a valid declaration of withdrawal.

Following a valid exercise of the statutory withdrawal right, consumers are required to return the relevant products within 14 days. During the same period, sellers are required to reimburse the purchase price, including shipping costs, if any. Such sellers are, however, not required to reimburse consumers for any additional costs, if consumers have expressly opted for a more expensive type of delivery (*e.g.*, express delivery). Consumers generally have to bear the expenses for the return, unless the seller has agreed to bear them or failed to properly inform consumers that they will have to bear such expenses in case of a withdrawal. In addition, consumers are required to compensate online operators for any losses in the value of the returned products, unless (i) such losses were caused by the customary handling of the products in order to examine their condition, features and functionalities or (ii) the sellers failed to properly inform the consumers of their statutory withdrawal rights.

8.3.4 Advertising

Advertising efforts (*e.g.*, promotional games, newsletters and personalized product recommendations) are heavily regulated, in particular if distributed via email or telephone. Advertisements may not be misleading, harassing, coercing or unreasonably or otherwise unduly influence consumers. These criteria leave wide room for interpretation, resulting in significant uncertainty as to how regulators, governmental agencies and other competent bodies will apply them.

8.3.5 Consequences of Non-Compliance

Failure to comply with the provisions on consumer protection may give rise to civil liability, administrative orders or fines, and may even result in the invalidity of the relevant purchase agreements. Competitors and consumer protection associations could issue formal warnings, and the latter may also assert claims for injunctive relief.

8.4 Product Safety

8.4.1 Requirement to Ensure Product Safety

Online retailers who market their products in the European Union have to act with due care to help ensure that their products are safe. To this end, Directive 2001/95/EC of the European Parliament and of the Council of December 3, 2001 on general product safety, as amended (the "**Product Safety Directive**"), which has been implemented in Germany by the German Act on Product Safety (*Produktsicherheitsgesetz*) as well as various governmental regulations (*Rechtsverordnungen*) on the safety of specific products and product groups, imposes various obligations on manufacturers and retailers.

Under the Product Safety Directive, retailers are required to act with due care to ensure compliance of their products with the applicable safety requirements, in particular by not marketing products, if they know, or should have presumed, that such products do not comply with such safety requirements. The Product Safety Directive applies to all products which are intended for consumers, or likely to be used by consumers even if not intended for them, whether new, used or reconditioned. However, the Product Safety Directive does not apply to secondhand products supplied as antiques or as products that need to be repaired or reconditioned prior to being used, if the retailer clearly informs the consumer of this condition.

In addition, retailers are generally required to participate in the monitoring of the safety of their products, especially by passing on information with respect to product risks, by keeping and providing the documentation necessary for tracing the origins of their products, and by cooperating with manufacturers and competent governmental authorities to mitigate risks from defective products. Retailers may also become subject to the even more extensive regulations relating to producers under the Product Safety Directive, for example if they modify their products in a way that affects the safety of such products.

Moreover, the Act on Food, Feed and Consumer Products (*Lebensmittel-, Bedarfsgegenstande- und Futtermittelgesetzbuch*) as well as the Governmental Regulation on Consumer Products (*Bedarfsgegenstandeverordnung*) have to be observed by any retailer when performing its business in Germany. Both acts are primarily aimed at protecting the health of consumers that get into contact with certain products and grant extensive powers to the competent authorities in order to supervise the compliance of the manufacturers and the distributors of products with their legal duties.

8.4.2 Consequences of Non-Compliance

A violation of European or national product safety laws and related regulations may be sanctioned with fines and in severe cases even with criminal sanctions.

The German Product Liability Act (*Produkthaftungsgesetz* (the "**Product Liability Act**")) provides for an additional liability regime with respect to products that cause injury or death of a natural person or damage to property and such liability generally applies irrespective of fault (*verschuldensunabhängig*). Under the Product Liability Act, retailers are, under certain conditions, considered as manufacturers and they may be held liable for the damage caused by certain products. The Product Liability Act provides for a liability limit (*Haftungshöchstbetrag*) in an amount of €85.0 million. In addition, in case of damage to property, the owner of such property is required to bear damages in an amount of €500.00 himself.

8.5 Textile Labeling

Retailers who distribute textile products available in the European Union have to comply with various requirements with respect to the use of textile fiber names as well as labeling and marking of the composition of textile products.

At the EU level, these aspects are governed by the Regulation (EU) No 1007/2011 of the European Parliament and of the Council of September 27, 2011 on textile fiber names and related labeling and marking of the fiber composition of textile products, as amended (the "**Regulation on Textile Labeling**"). It contains rules concerning the use of textile fiber names, the composition of multi-fibers and the content and form of labeling textiles as well as non-textile parts of animal origin (*e.g.*, fur or leather) in textile products. Additionally, it contains rules regarding the monitoring of the implementation of the respective requirements including market surveillance checks by the competent authorities.

In Germany, the Act on Textile Labeling (*Textilkennzeichnungsgesetz*) creates the necessary conditions for the effective enforcement of the Regulation on Textile Labeling and in particular provides for the competence and powers of the authorities involved in market surveillance and regulatory offences. The law also imposes certain storage obligations on manufacturers and distributors with regard to documents relating to facts on which the labelling or marking of the fiber composition is based.

The Regulation on Textile Labeling does not apply to the labeling of textile parts of footwear. Directive 94/11/EC of European Parliament and Council on the approximation of the laws, regulations and administrative provisions of the Member States relating to labeling of the materials used in the main components of footwear for sale to the consumer, as amended, regulates the information on the composition of footwear shall be conveyed by means of labeling. Additionally, the German Consumer Goods Ordinance (*Bedarfsgegenständeverordnung*) has to be observed. Footwear products have to be labeled by the manufacturer or the retailer making the products available on the European Union market. The ordinance contains rules about the content and form of labeling and also provides for penalties for the violation of these duties.

Certain consumer products, apparel and shoes also fall under the German Act on Product Safety (*Produktsicherheitsgesetz*), which contains a regulation that requires the manufacturer, his authorized representative and the importer to provide the consumer with the necessary information to assess the risks of certain products as well as the names and contact address of the manufacturer or, if he is not domiciled in the European Economic Area, the name and contact address of his authorized representative or the importer.

8.6 Packaging

The German Packaging Act (*Verpackungsgesetz*) aims at promoting recycling and re-use of packaging and imposes certain obligations and requirements on manufacturers and distributors of goods, including online retailers operating in Germany, regarding the bringing into circulation and disposal of various packaging types. Under the German Packaging Act, manufacturers and distributors of goods are obligated to register with the central packaging register (*Zentrale Stelle Verpackungsregister*) and participate in a dual packaging disposal and recycling system. Authorities may impose fines of up to €200,000 on manufacturers and distributors who offer or ship goods in relevant packaging without proper registration.

8.7 Batteries and Electric Waste

Directive 2006/66/EC of the European Parliament and Council on batteries and accumulators and waste batteries and accumulators (the "**Batteries Directive**") governs the recovery of batteries within the EU and intends to contribute to the protection, preservation and improvement of the quality of the environment by minimizing the negative impact of batteries and accumulators. The Batteries Directive prohibits the distribution of batteries containing certain hazardous substances, sets out cornerstones to establish schemes aiming at high level of collection and recycling of batteries and accumulators and stipulates certain targets for such collection and recycling. The Batteries Directive requires manufacturers and distributors of batteries, including online retailers selling relevant electronic products, to bear a significant amount of the costs associated with proper collection and disposal of end-of-life batteries. As batteries are included in several of the products we sell, we may have to (potentially) incur additional costs and administrative burdens to comply with laws governing the recovery of batteries and other similar laws.

Directive 2012/19/EU of the European Parliament and Council on waste electrical and electronic equipment (the "**WEEE Directive**") governs the recovery of electric and electronic equipment within the EU and aims at preventing the creation of waste electrical and electronic equipment, contributing to the efficient use of resources and the re-use, recycling and other forms of recovery of waste electrical and electronic equipment. The WEEE Directive imposes the responsibility for the collection and disposal of waste electrical and electronic equipment on the manufacturers and distributors of such equipment and requires that manufacturers and distributors set up a collection infrastructure and cover all, or a significant part of, the costs associated with recovery, reuse and recycling measures.

8.8 Trademarks

The registration and protection of trademarks is regulated by international, European and national legislation:

- At an international level, trademark registration and protection are, among others, governed by the Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as amended (the "**MMA**"), the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as amended (the "**PMMA**"), and the Paris Convention for the Protection of Industrial Property of March 20, 1883, as amended.

- At a European Union level, trademarks are governed by Directive (EU) 2015/2436 of the European Parliament and of the Council of December 16, 2015 to approximate the laws of the member states relating to trademarks and, with respect to the creation of a union-wide trademark registration and protection regime, by Regulation (EU) 2017/1001 of the European Parliament and of the Council of June 14, 2017 on the European Union trade mark, as amended.

- In Germany, trademarks are governed by the German Federal Trademark Act (*Markengesetz*).

Trademarks may be registered with a national trademark authority (*e.g.*, the German Patent and Trade Mark Office (*Deutsches Patent- und Markenamt*)), the European Union Intellectual Property Office for union-wide registration, and, following either national or union-wide registration, via the World Intellectual Property Organization in countries which are parties to the MMA or PMMA for ten-year periods. Such registrations may be renewed repeatedly.

Upon receiving an application, the competent trademark authority will examine whether there are grounds for refusal of granting the trademark registration (*e.g.*, due to a lack of distinctive character of the relevant trademark). Furthermore, proprietors of earlier trademarks may oppose the application for registration within three months of the publication of the application (*e.g.*, if the new trademark and the products or services sold thereunder are identical or similar to their trademark and the products or services sold thereunder). Upon registration of a European Union trademark, the proprietor may prohibit any third party from using such trademark commercially without his prior consent. In addition, national trademark laws of the member states of the European Union stipulate that the proprietor of a European trademark is entitled to, among others, receive compensation for damages arising from the illegal use of his trademark.

8.9 Internet Domains

The reservation, transfer and renewal of generic top level Internet domains (*e.g*., ".com") and national top-level Internet domains (*e.g*., ".de") are administered by the Internet Corporation for Assigned Names and Numbers ("**ICANN**"), which is a U.S.-based non-profit organization. The reservation, transfer and renewal of second-level Internet domains are administered by certain registrars which are accredited by ICANN. In Germany, Internet domains ending with ".de" are administered by DENIC e. G. ("**DENIC**"), a German non-profit organization. Reservations of second-level Internet domains are made by DENIC depending on who is the first applicant for the relevant domain.

If a domain infringes on trademarks or name rights, the proprietor of the relevant trademarks or name rights can under certain conditions file an injunction to prevent the registration or use of such domain. Such proprietor may also be entitled to compensation for damages arising from infringements on such rights. Furthermore, specific dispute resolution proceedings are available for disputes over domains, including with respect to infringements of trademark or name rights. For example, the Uniform Domain Name Dispute Resolution Policy of the ICANN applies to disputes over the abusive reservation and use of domains for generic and certain national top-level domains.

In Germany, DENIC refers to the German courts for any disputes arising from the reservation and use of national domains. German courts may, *inter alia*, approve requests for the cancellation of domains, but not for the transfer of the disputed domains. However, if an entry on the disputed domain has been made with DENIC, such domain is transferred automatically to the claimant upon cancellation of the relevant domain by the courts. In addition, holders of domains who are also proprietors of trademarks corresponding to such domains can under certain conditions defend their domains *vis-à-vis* third parties against abusive reservation or use on the grounds of trademark protection.

8.10 Digital Services Taxes

Certain European jurisdictions (*e.g.*, Austria, France and Italy) have introduced, consider or plan to introduce, local taxes on transnational internet or e-commerce activities (so-called digital services taxes). These taxes generally are targeted at securing (a certain degree of) fiscal sovereignty of the relevant jurisdiction over certain activities of or revenue generated by transnational e-commerce platforms with customers who are resident in this specific jurisdiction. Across Europe, the implemented or planned local digital service taxes differ significantly in their scope, structure and tax rate. For example, while Austria and Hungary only tax revenues from online advertising, France's tax base is much broader and also includes revenue from the provision of a digital interface, targeted advertising, and the transmission of data collected from users for advertising purposes.

Although digital service taxes are generally considered to be only an interim measure until a conclusive agreement is reached at the supranational level, it is unclear whether all of such taxes will be fully or partly repealed in the future. In addition, the European Union considers imposing taxes on e-commerce activities from 2023 onwards.

9. SHAREHOLDER INFORMATION

9.1 Current Shareholders

The following table sets forth the direct and indirect shareholders of the Company immediately prior to the Private Placement, and their expected shareholding, together with the expected shareholding after the public float upon completion of the Private Placement at the mid-point of the Price Range based on the Company's best knowledge.

In connection with the change of legal form of the Company into a German stock corporation (*Aktiengesellschaft*), then existing preferred shares in the Company, which, in addition, to the same rights as the ordinary shares in the Company, carried a claim for fixed interest on a certain amount, were converted into ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*). To compensate the relevant previous holders of preferred shares for the conversion of their shares in ordinary shares and the related loss of economic value attributed to such preferred shares, the then existing shareholders of the Company (*i. e.*, REF VI Bike Holding S.à r.l, REF VI Associates II SCSp, REF VI OOPS SCSP, Andrés Martin-Birner, Lars Witt, Falk Herrmann and Timm Armbrust) allocated the shares in the Company disproportionally among themselves in the course of the change in legal form (*nicht verhältniswahrender Formwechsel*) and each previous holder of preferred shares received a certain amount of ordinary shares from the holdings of a certain holder of only ordinary shares in the Company. This allocation of shares to the previous holders of preferred shares was implemented preliminarily based on the anticipated placement price of the Company's shares in the course of the Private Placement and the shareholders of the Company will settle and retransfer their shares following pricing of the Private Placement in the course of a True-up process if and to the extent the anticipated placement price will deviate from the actual Placement Price. The potential transfer of shares in the course of the final settlement of the conversion of preferred shares under the True-up is expected to affect less than 1.0% of the total number of shares of the Company outstanding as of the date of this Prospectus.

In addition, REF VI Bike is considering to transfer a certain number of its shares held in the Company to several shareholders of REF VI Bike (*i.e.*, GFC Global Founders Capital GmbH, Rocket Internet Capital Partners II SCS and Rocket Internet Capital Partners (Euro) II SCS) after the closing of the Private Placement. The potential transfer of shares from REF VI Bike to such shareholders is expected to affect less than 5.5% of the total number of shares of the Company outstanding after implementation of the Private Placement Capital Increase.

The presentation of the ownership percentages in the following table is based on the assumption that no further share transfers among shareholders occurs before or after the Private Placement, particularly that the aforementioned True-up process and share transfer by REF VI Bike will not be implemented.

		Controlling shareholder of the Company, in %		
			Upon completion of the Private Placement assuming the placement of all Base Placement Shares (including 5,882,352 New Shares at the mid-point of the Price Range)	
Indirect Shareholders	**Direct Shareholders**	**immediately prior to the Private Placement**	**without exercise of the Upsize Option and Greenshoe Option**	**with full exercise of the Upsize Option and Greenshoe Option**
Stewart A. Kohl, Béla Szigethy(1)	REF VI Bike Holding S.à r.l.	79.49	41.40	25.53
Stewart A. Kohl, Béla Szigethy(2)	REF VI Associates II SCSp	0.64	0.31	0.17
Stewart A. Kohl, Béla Szigethy(3)	REF VI OOPS SCSP	0.29	0.14	0.08
–	Andrés Martin-Birner	5.54	4.79	4.79
–	Lars Witt	5.54	4.79	4.79
–	Falk Herrmann	5.54	4.79	4.79
–	Timm Armbrust	2.98	2.57	2.57
–	Free float	–	41.22	57.30
–	**Total**	**100.00**	**100.00**	**100.00**

(1) The voting rights directly held by REF VI Bike Holding S.à r.l. are, pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), ultimately attributable to Stewart A. Kohl and Béla Szigethy. Stewart A. Kohl and Béla Szigethy each hold 50% of the voting rights in and are Co-CEOs of REF VI GP LLC, a limited liability company under Delaware law. REF VI GP LLC in turn holds all voting rights in REF VI GP S.à r.l., which is the general (unlimited)

partner of Riverside Europe Fund VI CIV, SCSp and of Riverside Europe Fund VI, SCSp respectively. Riverside Europe Fund VI CIV, SCSp holds 100% of the voting rights in REF VI CIV, S.à.r.l. SICAV-RAIF. Riverside Europe Fund VI, SCSp holds 100% of the voting rights in REF VI, S.à r.l. SICAV-RAIF. REF VI CIV, S.à r.l. SICAV-RAIF and REF VI, S.à r.l. SICAV-RAIF each hold 33.5% and 46.9% of the voting rights in REF VI Bike Holding S.à r.l. Together, REF VI CIV, S.à r.l. SICAV-RAIF and REF VI, S.à r.l. SICAV-RAIF hold an aggregate of 80.4% of voting rights in REF VI Bike Holding S.à r.l., which are attributable to REF VI GP LLC and ultimately attributable to Stewart A. Kohl and Béla Szigethy.

(2) The voting rights held by REF VI Associates II SCSp are, pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), ultimately attributable to Stewart A. Kohl and Béla Szigethy. Stewart A. Kohl and Béla Szigethy each hold 50% of the voting rights in and are Co-CEOs of REF VI GP LLC, a limited liability company under Delaware law. REF VI GP LLC in turn holds all shares in REF VI GP S.à r.l., which is the general (unlimited) partner of REF VI Associates II SCSp.

(3) The voting rights held by REF VI OOPS SCSP are, pursuant to Section 34 para. 1 of the German Securities Trading Act (*Wertpapierhandelsgesetz*), ultimately attributable to Stewart A. Kohl and Béla Szigethy. Stewart A. Kohl and Béla Szigethy each hold 50% of the voting rights in and are Co-CEOs of REF VI GP LLC, a limited liability company under Delaware law. REF VI GP LLC in turn holds all shares in REF VI GP S.à r.l., which is the general (unlimited) partner of REF VI OOPS SCSP.

9.2 Controlling Interest and other Information

The Selling Shareholders currently together control 80.42% of the voting rights in the Company. Therefore, the Selling Shareholders, and ultimately REF VI GP, LLC, are considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Based on the structure of the Private Placement contemplated in this Prospectus and depending on the number of Placement Shares actually placed in the Private Placement, the Selling Shareholders, immediately upon completion of the Private Placement, could also hold more than 30% of the voting rights in the Company. In this case, upon completion of the Private Placement, the Selling Shareholders, and ultimately REF VI GP, LLC, would be considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*). For example, if a total of 21,615,685 Placement Shares would be placed in the Private Placement at the mid-point of the Price Range, including 17,882,352 Base Placement Shares and 3,733,333 Additional Shares and assuming no exercise of the Greenshoe Option, no implementation of the True-up and no transfer of shares in the Company by REF VI Bike to several of its shareholders, the Selling Shareholders would hold 33.25% of the voting rights in the Company and accordingly would be considered to hold a controlling interest in the Company pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

9.3 DT III Agreement

On June 15, 2021, the Selling Shareholders and the Company entered into a so-called "**DT III Agreement**" pursuant to which the Selling Shareholders and the Company will share and reimburse each other, as the case may be, for certain costs and expenses incurred in connection with the preparation of the Private Placement and Listing on a *pro rata* basis. The *pro rata* share of such costs and expenses to be borne by the Selling Shareholders or the Company is based on the ratio of (i) the combined proceeds from the secondary placement of Existing Shares and Additional Shares, if any, by the Selling Shareholders to (ii) the combined primary proceeds from the placement of New Shares by the Company and secondary proceeds from the placement of Existing Shares and Additional Shares, if any, by the Selling Shareholders in the Private Placement. The costs and expenses to be borne by the Selling Shareholders under the DT III Agreement will be split among the Selling Shareholders based on a separate agreement *pro rata* according to their individual proceeds from the secondary placement of shares in the Private Placement. The costs and expenses to be shared and reimbursed under the DT III Agreement on such basis include, in particular, certain fees of external advisers, costs and expenses of the Underwriters (excluding fees, costs and expenses charged by the Underwriters in connection with the Selling Shareholders' selling of Existing Shares and Additional Shares, if any, which will be borne by the Selling Shareholders, or the Company's issuing and selling of New Shares, which will be borne by the Company) and costs and expenses in relation to the implementation and marketing of the Private Placement and Listing. The cost reimbursement obligations under the DT III Agreement remain unaffected if the Private Placement and/or Listing is postponed or cancelled. The Selling Shareholders further agreed to indemnify the Company for any liabilities, losses, and damages in connection with the Private Placement and Listing on a *pro rata* basis calculated according to the same aforementioned ratio, including the *pro rata* share of all reasonable legal costs. Any such expenses relating to the indemnification and to be borne by the Selling Shareholders under the DT III Agreement will be split among the Selling Shareholders based on a separate agreement *pro rata* according to their individual responsibility.

10. GENERAL INFORMATION ON THE COMPANY AND BIKE24 GROUP

10.1 Formation, Incorporation, Commercial Name and Registered Office

The Company's legal predecessor was incorporated as a limited liability company (*Gesellschaft mit beschränkter Haftung*) under German law by articles of association (*Gesellschaftsvertrag*) dated August 22, 2019 as a shelf company with no business operations. Its legal name was "Weilchensee 956. V V GmbH" with its registered office in Munich, Germany, registered under the docket number HRB 251103 B with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich, Germany.

An affiliate of Riverside acquired the Company to serve as an indirect purchase vehicle for Riverside in the context of the acquisition of Bike24 by an affiliate of Riverside from an affiliate of Bridgepoint. Please refer to section "*10.6.1 Riverside Acquisition*" for more details on the acquisition. By resolution of its shareholders on September 10, 2019 and in connection with the acquisition of the Company by an affiliate of Riverside, the Company's articles of association were revised and the Company's legal name changed to "REF Bike Holding GmbH".

By resolution of its shareholders on December 3, 2020, the articles of association were revised and the Company's registered office was transferred to Dresden, Germany, registered under the docket number HRB 41023 B with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany.

By resolution of the shareholders' meeting of May 10, 2021, the Company changed its legal form to a stock corporation (*Aktiengesellschaft*) under German law and its legal name to "Bike24 Holding AG". The change in legal form and legal name was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, under the Company's new docket number HRB 41483 on June 1, 2021.

The Company is Bike24 Group's holding company. Bike24 Group's operative business is conducted by its wholly owned subsidiary Bike24 GmbH. The Company and Bike24 Group generally operate under the commercial name "Bike24".

The Company's registered office and business address is Breitscheidstr. 40, 01237 Dresden, Germany (telephone: +49 (0) 351 417497-0), LEI 894500FCLU2M5GTUUR76. It is registered with in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, under docket number HRB 41483.

10.2 Governing Law

The Company is a German stock corporation (*Aktiengesellschaft*), incorporated in Germany. Therefore, the Company is generally governed by German law. Thus, besides the AktG as well as other laws applicable to a German stock corporation (*Aktiengesellschaft*), in particular the German Transformation Act (*Umwandlungsgesetz* ("**UmwG**")), the HGB, the WpHG and the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* ("**WpÜG**")) apply or will apply to the Company.

10.3 Fiscal Year and Duration

The Company's fiscal year is the calendar year. The Company has been established for an unlimited duration.

10.4 Corporate Purpose

Section 2 of the Articles of Association defines the Company's corporate purpose as follows:

- The corporate purpose of the Company's enterprise is
  - (a) the mail order and retail trade in bicycles, sports and recreational items and clothing;
  - (b) workshop services, including repairs, for bicycles of all kind;
  - (c) mail order and retail trade in nutritional supplements, sports drinks, protein bars, diet food and energy wafers;
  - (d) the development, production and sale of IT-based applications and products, as well as the provision of digital services, each in connection with the items described under (a) to (c) above; and

(e) the provision, against payment, of management and administrative services not subject to regulatory authorizations or permissions, in particular with respect to affiliated companies.

- The Company may also limit its relevant activities, particularly, to a part of the activities mentioned in the first paragraph. It may pursue its corporate purpose pursuant to the first paragraph, in whole or in part, directly by itself or through affiliated companies. The Company may also limit its activities to those of a managing holding company and/or otherwise managing its own assets.

- The Company may establish and incorporate subsidiaries domestically or abroad, respectively, set up branches, acquire participations in other companies or acquire other companies and/or transfer the operations of such companies, in whole or in part, to the Company or to affiliated companies. The corporate purpose of subsidiaries and/or companies in which the Company participates may also comprise items beyond the scope of the corporate purpose of the Company. It may enter into corporate agreements (*Unternehmensverträge*) and engage in any business activities and undertake any actions or measures that are related to and/or directly or indirectly serve the corporate purpose of the Company.

10.5 History

Our business was launched under the "Bike24" brand in Dresden, Germany, in 2002 and became a leading e-commerce platform on the bike market in our core regions. Since our inception we focused on the composition of a broad and deep product assortment and rapidly expanded our business. During these expansion efforts, our revenue from our operations reached €199.2 million in 2020.

In 2015, an affiliate of private equity investor Riverside acquired a majority stake in Bike24, which it subsequently sold to an affiliate of private equity investor Bridgepoint in 2017.

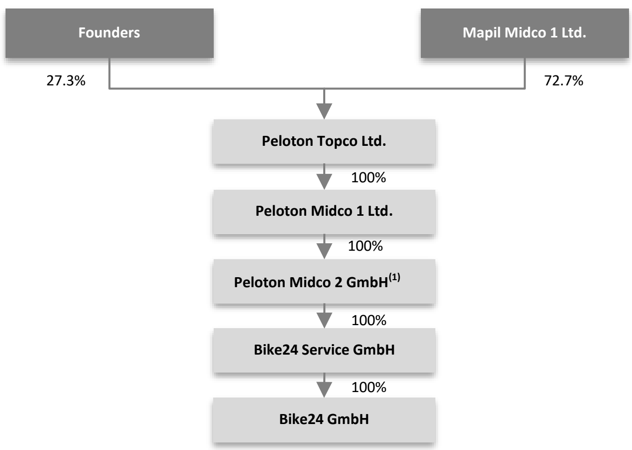
In 2019, an affiliate of Riverside again acquired a majority stake in Bike24 from an affiliate of Bridgepoint. This transaction is further described in the following section.

10.6 Group Structure and Riverside Acquisition

10.6.1 Riverside Acquisition

The current structure of Bike24 Group is a result of the acquisition of a majority stake in Bike24 by an affiliate of Riverside from an affiliate of Bridgepoint on November 8, 2019 based on the acquisition of all shares in Peloton MidCo 2 GmbH (in the meantime renamed into "Bike24 Service GmbH") by an affiliate of Riverside and certain other transactions or measures relating thereto (the "**Riverside Acquisition**").

The group structure of Bike24 Group immediately prior to the Riverside Acquisition is shown (simplified) in the following graphic:



(1) Renamed into "Bike24 Service GmbH" after a merger of Bike24 Service GmbH into Peloton MidCo 2 GmbH with Peloton MidCo 2 being the surviving entity. The merger and change of legal name was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on April 27, 2021.

Peloton MidCo 2 GmbH (in the meantime renamed into "Bike24 Service GmbH") is a limited liability company under the laws of Germany (*Gesellschaft mit beschränkter Haftung*) with registered seat in Dresden, Germany. Peloton MidCo 1 Ltd. and Peloton TopCo Ltd. are each a limited liability company under the laws of England and Wales with registered seat in Portsmouth, Hampshire, United Kingdom. The founders of Bike24 Group, Andrés Martin-Birner, Lars Witt and Falk Herrmann (together the "**Founders**"), each held 9.1% of the shares in Peloton TopCo Ltd., amounting to a total of 27.3% of its shares. The remaining 72.7% of the shares in Peloton TopCo Ltd. were held by Mapil MidCo 1 Ltd., an affiliate of Bridgepoint.

In September 2019, Bike24 Support GmbH (formerly: REF Bike Acquisition GmbH and before that: Weilchensee 957. V V GmbH) as buyer and Peloton MidCo 1 Ltd. as seller as well as Mapil MidCo 1 Ltd. entered into a share purchase agreement for the sale and transfer of all shares in Peloton MidCo 2 GmbH against cash consideration (the "**Riverside SPA**"). An affiliate of Riverside had acquired each of the Company and Bike24 Support GmbH, a wholly owned subsidiary of the Company, as shelf companies to serve as an indirect or direct purchase vehicles for the affiliate of Riverside in the context of the Riverside Acquisition. As a result of the closing of the Riverside SPA, the affiliate of Riverside would acquire all shares in Peloton MidCo 2 GmbH through Bike24 Support GmbH as buyer and, therefore, indirectly acquire Bike24 Service GmbH (formerly: Peloton BidCo GmbH) and Bike24 GmbH as the operating entity of Bike24 Group.

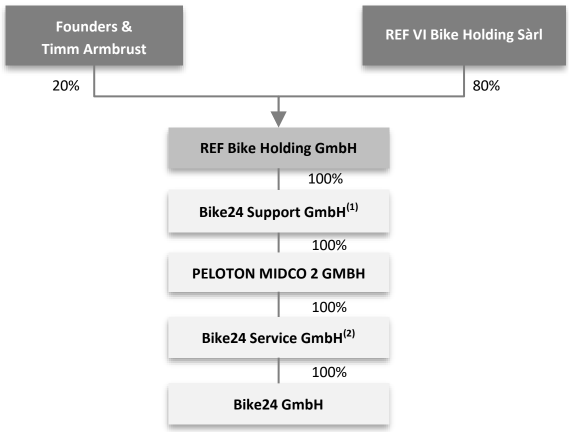
The Founders were entitled to receive a portion of the purchase price under the Riverside SPA reflecting the economic value of their investment in Bike24 Group at the level of Peloton TopCo Ltd. The Founders divested and transferred their shares in Peloton TopCo Ltd. to Mapil MidCo 1 Ltd. and reinvested a part of their proceeds from the Riverside Transaction into the Company to receive, together with Timm Armbrust, a portion of the shares in the Company (the "**Bike24 (Re-)Investment**").

On November 5, 2019, the Founders, Timm Armbrust and REF VI Bike as the shareholders of the Company as well as the Company entered into an investment and shareholders' agreement, as amended from time to time, which, among others, set out certain obligations and steps required for the implementation of the Bike24 (Re-)Investment as well as certain aspects of the corporate governance of the Company after the completion of the Riverside Transaction.

On November 8, 2019, the Founders as sellers and Mapil MidCo 1 Ltd. as buyer as well as Peloton TopCo Ltd. entered into a separate share purchase agreement for the sale and transfer of the Founders' shares in Peloton TopCo Ltd. to Mapil MidCo 1 Ltd. In return for the sale and transfer of the Founders' shares in Peloton TopCo Ltd., Mapil MidCo 1 Ltd., among others, assigned to the Founders the proportional purchase price claims (the "**Purchase Price Claims**"), which reflected the pro-rated value of the Founders' investment in Bike24 Group in relation to the total purchase price under the Riverside SPA and which Peloton MidCo 1 Ltd. as seller under the Riverside SPA had assigned to Mapil MidCo 1 Ltd.

On November 11, 2019, the Founders, Timm Armbrust and REF VI Bike as the shareholders of the Company as well as the Company entered into a share sale and transfer agreement pursuant to which (i) REF VI Bike sold and transferred certain shares held by it in the Company to Bike24 Support GmbH, which then sold and transferred these shares to the Founders in return for the assignment of the Purchase Price Claims to Bike24 Support GmbH, which were then eliminated by means of confusion as Bike24 Support GmbH was both the debtor and creditor under the Purchase Price Claims, and (ii) REF VI Bike sold and transferred certain shares held by it in the Company to Timm Armbrust in return for cash consideration.

The group structure of Bike24 Group immediately after consummation of the Riverside Acquisition is shown (simplified) in the following graphic:



(1) Formerly REF Bike Acquisition GmbH and before that: Weilchensee 957. V V GmbH.
(2) Formerly Peloton BidCo GmbH.

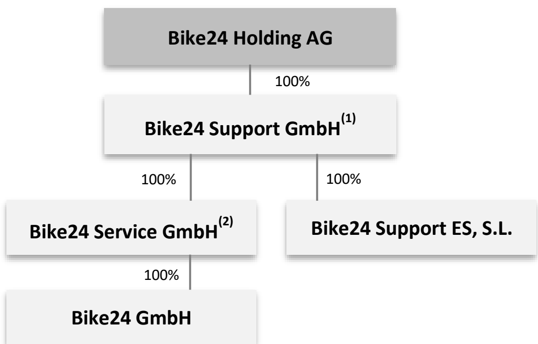
10.6.2 Current Group Structure

The Company is the holding company of Bike24 Group. Bike24 Group's business is conducted by Bike24 GmbH. Bike24 Group comprises all companies whose financial and business policy can be controlled by the Company, either directly or indirectly, and the equity interests of Bike24 Group whose financial and business policy can be influenced by the Company to a significant extent.

Bike24 Service GmbH was merged into Peloton MidCo 2 GmbH, with Peloton MidCo 2 GmbH being the surviving entity. In the course of the merger, the legal name of Peloton MidCo 2 GmbH was changed to "Bike24 Service GmbH". The merger and change of legal name was registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on April 27, 2021.

Bike24 Support GmbH will be merged into the Company with the Company being the surviving entity and retaining its legal name. The Company's shareholders are expected to resolve on the merger and the merger will subsequently be registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, sometime after the date of this Prospectus.

The following chart provides an overview of the Group as of the date of this Prospectus:



(1) To be merged into Bike24 Holding AG with Bike24 Holding AG being the surviving entity whereas the merger will become effective only after the Listing and Private Placement.
(2) Previously "Peloton MidCo 2" GmbH before a merger of Bike24 Service GmbH into Peloton MidCo 2 GmbH and the change of legal name of Peloton MidCo 2 GmbH into "Bike24 Service GmbH".

10.7 Subsidiaries

The following table presents an overview of the Company's significant subsidiaries:

Subsidiary	Registered Office	Aggregate Interest
Bike24 GmbH..	Dresden, Germany	100%

10.8 Auditor

The Company appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Dresden branch, Galeriestraße 2, 01067 Dresden, Germany, as the auditor of (i) the German-language unconsolidated financial statements prepared in accordance with the German generally accepted accounting principles of the German Commercial Code (*Handelsgesetzbuch*) as of and for the fiscal year ended December 31, 2020 of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation and change of legal name to "Bike24 Holding AG"), audited in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits, (ii) the German-language consolidated financial statements prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (*Handelsgesetzbuch*) as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation and change of legal name to "Bike24 Holding AG"), audited in accordance with Section 317 HGB and the German Generally Accepted Standards of Financial Statement Audits, and (iii) the English-language consolidated financial statements prepared in accordance with IFRS as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH (renamed into "Bike24 Service GmbH"), audited in accordance with ISA.

KPMG AG Wirtschaftsprüfungsgesellschaft, Dresden, has audited in accordance with Section 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted standards for financial statement audits or in accordance with ISA and issued unqualified independent auditor's reports (*uneingeschränkte Bestätigungsvermerke des unanbhängigen Abschlussprüfers*) on the aforementioned unconsolidated financial statements as of and for the year ended December 31, 2020 and consolidated financial statements as of and for the years ended December 31, 2020, December 31, 2019 and December 31, 2018.

KPMG AG Wirtschaftsprüfungsgesellschaft, Dresden, is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Rauchstraße 26, 10787 Berlin, Germany.

11. SHARE CAPITAL OF THE COMPANY AND APPLICABLE REGULATIONS

11.1 Share Capital of the Company and Applicable Regulations

11.1.1 Current Share Capital; Shares

As of the date of this Prospectus, the share capital of the Company amounts to €37,500,000.00 and is divided into 37,500,000 bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*), each such share representing a notional value of €1.00. The share capital has been fully paid up. The Company's shares were created pursuant to the laws of Germany, including applicable European Union law.

The shares of the Company are denominated in Euros.

Each share of the Company carries one vote at the shareholders' meeting of the Company. There are no restrictions on voting rights and the shares carry full dividend rights.

For information on the Company's existing shareholders, see "*9. Shareholder Information*".

11.1.2 Development of the Share Capital

The Company was initially formed as a German limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) on August 22, 2019 with a share capital of €25,000.00.

On May 10, 2021, the Company's shareholders' meeting resolved to increase the Company's share capital from the Company's own resources from €25,000.00 by €37,475,000.00 to €37,500,000.00. The capital increase led to an increase of the nominal value of the outstanding shares at that time and affected only the capital reserve and share capital of the Company. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on May 18, 2021.

With the change in legal form of the Company into a German stock corporation (*Aktiengesellschaft*) and as resolved by the Company's shareholders' meeting on May 10, 2021, the share capital of the Company as increased by way of the aforementioned capital increase from own resources became the share capital of the Company and upon effectiveness of the change in legal form amounts to €37,500,000.00, divided into 37,500,000 bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*).

As part of the Placement Capital Increase, which is expected to be resolved by the Company's shareholders' meeting on or about June 16, 2021, up to 6,666,666 New Shares will be issued from a capital increase against cash contributions. Upon entry of the Placement Capital Increase in the commercial register, the Company's share capital will be increased from €37,500,000.00 by up to €6,666,666 to up to €44,166,666.00. The consummation of the Placement Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on or about June 23, 2021.

In connection with the change of legal form of the Company into a German stock corporation (*Aktiengesellschaft*), then existing preferred shares in the Company, which, in addition, to the same rights as the ordinary shares in the Company, carried a claim for fixed interest on a certain amount, were converted into ordinary bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*). To compensate the relevant previous holders of preferred shares for the conversion of their shares in ordinary shares and the related loss of economic value attributed to such preferred shares, the then existing shareholders of the Company (*i. e.*, REF VI Bike Holding S.à r.l, REF VI Associates II SCSp, REF VI OOPS SCSP, Andrés Martin-Birner, Lars Witt, Falk Herrmann and Timm Armbrust) allocated the shares in the Company disproportionally among themselves in the course of the change in legal form (*nicht verhältniswahrender Formwechsel*) and each previous holder of preferred shares received a certain amount of ordinary shares from the holdings of a certain holder of only ordinary shares in the Company. This allocation of shares to the previous holders of preferred shares was implemented preliminarily based on the anticipated placement price of the Company's shares in the course of the Private Placement and the shareholders of the Company will settle and retransfer their shares following pricing of the Private Placement in the course of a True-up process if and to the extent the anticipated placement price will deviate from the actual Placement Price. The potential transfer of shares in the course of the final settlement of the conversion of preferred shares under the True-up is expected to affect less than 1.0% of the total number of shares of the Company outstanding as of the date of this Prospectus.

In addition, REF VI Bike is considering to transfer a certain number of its shares held in the Company to several shareholders of REF VI Bike (*i.e.*, GFC Global Founders Capital GmbH, Rocket Internet Capital Partners II SCS and Rocket Internet Capital Partners (Euro) II SCS) after the closing of the Private Placement. The potential transfer of shares from REF VI Bike to such shareholders is expected to affect less than 5.5% of the total number of shares of the Company outstanding after implementation of the Private Placement Capital Increase.

11.1.3 Authorized Capital

Pursuant to Section 4 para. 4 of the Articles of Association, the Management Board is authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital within five years as of the date of registration of the conversion of the Company into a German stock corporation (*Aktiengesellschaft*) with the commercial register (*Handelsregister*) by up to in total €18,750,000.00, against contributions in cash and/or in kind, by issuing new no par value bearer shares (Authorized Capital 2021).

The Management Board is authorized, with the consent of the Supervisory Board, to define the further content of shareholders' rights and the terms and conditions for the new stock issuance. Profit participation rights of new shares may be determined in deviation from Section 60 para. 2 AktG; in particular, the new shares may participate in the profits from the beginning of the fiscal year preceding their issuance provided that the Company's shareholders' meeting has not already resolved on the appropriation of profits for such fiscal year when the new shares are issued.

As a rule, shareholders must be granted subscription rights to the new shares. The subscription rights may also be granted by way of indirect subscription rights within the meaning of Section 186 para. 5 sentence 1 AktG. The Management Board is, however, authorized, subject to the consent of the Supervisory Board and the following provisions, to fully or partially exclude shareholders' subscription rights:

- to exclude fractional amounts;

- in case of capital increases against cash contributions, if the issue price of the new shares is not substantially below the stock exchange price of the Company's already listed shares; this authorization is limited to the issue of shares the pro rata amount of which does not exceed a total of 10% of the registered share capital of the Company. For this purpose, the relevant share capital amount is determined based on the registered share capital of the Company at the time this authorization becomes effective or – if lower – at the time it is exercised. The authorization volume decreases by the pro rata amount of the Company's registered share capital, which is represented by shares or option or conversion rights or obligations attached to bonds, which have been issued or sold since this authorization has been registered with the commercial register with exclusion of subscription rights pursuant to Section 186 para. 3 sentence 4 AktG or by applying it accordingly, have to be imputed;

- when increasing the share capital in exchange for contributions in kind, in particular, but without limitation, as consideration in the context of mergers with other companies or to acquire companies, parts of companies or shareholdings, and/or in order to fulfill conversion or option rights and conversion obligations arising from or in connection with bonds, profit participation rights and participating bonds or to satisfy creditors of bonds carrying conversion obligations or a combination of these instruments, which are issued against contributions in kind;

- to the extent this is required in order to grant to holders of conversion or option rights arising from or in connection with bonds, profit participation rights and participating bonds or creditors of bonds carrying conversion obligations (or a combination of these instruments), that have been or will be issued by the Company or by companies dependent from the Company, or by companies in which the Company holds a majority interest, subscription rights to new no par value bearer shares in the Company to the extent they would be entitled to such after exercising the conversion or option rights or after fulfilling the conversion obligations, respectively, or, to the extent that the Company exercises election rights with respect to such bonds, profit participation rights or participating bonds, to grant, in whole or in part, shares in the Company instead of paying the cash amount due;

- to issue the new shares against contributions in cash and/or in kind as part of participation programs and/or share-based remuneration to persons who have entered into an employment or service relationship with the Company or with a company dependent from the Company or with a company in which the Company (indirectly) holds a majority interest, or to members of the Company's Management Board, or to members of the management of a company dependent from the Company or of a company in which the Company (indirectly) holds a major interest (or to third parties who grant to these persons the economic ownership of the shares and/or the economic fruits from the shares). In particular, the new shares may also be issued on preferential terms (including an issue at the lowest issue price within the meaning of Section 9 para. 1 AktG) and/or against contribution of remuneration claims. In total, the shares that are issued when this authorization for the exclusion of subscription rights is used, must not exceed 4% of the registered share capital, neither at the time this authorization becomes effective nor at the time it is used. To the extent it is intended to grant shares to members of the Company's Management Board in the scope of this authorization, the Company's Supervisory Board will decide on the respective grant in accordance with the allocation of responsibilities under the AktG;

- in order to pay a stock dividend, in the context of which shares in the Company are issued (also partially and/or optionally) against contribution of dividend claims of the shareholders;

- in case of capital increases against cash contributions for the purpose of placing new shares (directly or indirectly) with investors in connection with the admission of the Company's shares to trading on the regulated market of the Frankfurt Stock Exchange; and

- in order to fulfill an option agreed with the relevant banks in connection with the placement or an offer of shares to acquire additional new shares (greenshoe option) if shares are provided to the banks by existing shareholders in connection with any over-allotment of shares, but the banks do not acquire sufficient shares in the market in connection with stabilization measures to be able to repay these securities loans (in which case the issue price must equal the placement price of the shares in connection with the placement or offer (less bank commissions)).

11.1.4 Conditional Capital

11.1.4.1 <u>*Conditional Capital 2021/I*</u>

The Company's shareholders' meeting of June 7, 2021 authorized the Management Board, with the consent of the Supervisory Board, to issue bearer and/or registered convertible bonds and/or option bonds (together, "**Bonds**") with a total nominal amount of up to €500 million on one or more occasions on or prior to June 6, 2026 with a limited or unlimited term, and to grant the holders or creditors of such Bonds conversion or option rights for a total of up to 17,191,908 new bearer shares with no par value corresponding to a *pro rata* amount of the share capital of up to €17,191,908.00 in accordance with the terms and conditions of the Bonds and/or to provide for corresponding conversion rights for the Company.

The Bonds may be issued against contributions in cash and/or in kind. The authorization of the Company's shareholders' meeting includes additional provisions on the issuance and terms of the Bonds. When such Bonds are issued, the shareholders are generally entitled to statutory subscription rights. The Management Board is, however, authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part if certain conditions are met (*e.g.*, to exclude fractional amounts, for limited issuances against cash payments or for issuances against contributions in kind).

To serve conversion rights or obligations or option rights, the Company's shareholders' meeting created a conditional capital. Pursuant to Section 4 para. 5 of the Articles of Association, the share capital of the Company is conditionally increased by up to €17,191,908.00 through the issuance of up to 17,191,908 new bearer shares with no par value (*Stückaktien*) ("**Conditional Capital 2021/I**").

The Conditional Capital 2021/I serves to grant shares to holders or creditors of convertible bonds as well as to holders of option rights from option bonds issued on or prior to June 6, 2026 by the Company or a national or foreign subsidiary in which the Company directly or indirectly holds a majority of the voting rights and capital on the basis of the authorization in accordance with the resolution of the Company's shareholders' meeting. It will only be carried out to the extent that the conversion or option rights from the Bonds are actually exercised or conversion obligations from such Bonds are fulfilled and to the extent that no other forms of fulfillment are used. The new shares are issued at the option or conversion price to be determined in each case in accordance with the aforementioned authorization resolution of the Company's shareholders' meeting.

The new shares participate in the Company's profits from the beginning of the fiscal year in which they are created through the exercise of conversion or option rights or through the fulfillment of conversion obligations. They participate, to the extent legally feasible, in the profits of the Company from the beginning of the fiscal year preceding their issuance instead if, at the time of the issuance, a shareholders' resolution on the appropriation of the profits for the relevant fiscal year has not been passed at the relevant point in time. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the implementation of the capital increase.

11.1.4.2 *Conditional Capital 2021/II*

In contemplation of the Listing, the Company's shareholders' meeting of June 7, 2021 resolved on the implementation of an equity-settled long-term incentive stock option program (the "**Stock Options Program 2021**") and created a second conditional capital to serve stock options to be granted under the Company's Stock Options Program 2021. Please refer to "*12.5.2 Equity-Settled Stock Options Program 2021*". Pursuant to Section 4 para. 6 of the Articles of Association, the share capital of the Company is conditionally increased by up to €1,558,092.00 through the issuance of up to 1,558,092 new bearer shares with no par value (*Stückaktien*) ("**Conditional Capital 2021/II**"). The Conditional Capital 2021/II will only be utilized to the extent that the relevant beneficiaries under the Stock Options Program 2021 exercise their stock options and rights to subscribe for shares in the Company and to the extent no other forms of fulfillment are used for servicing such stock options.

The new shares participate in the Company's profits from the beginning of the fiscal year in which they are created. They participate in the profits of the Company from the beginning of the fiscal year preceding their issuance instead if, at the time of the issuance, a shareholders' resolution on the appropriation of the profits for the relevant fiscal year has not been passed at the relevant point in time. The Management Board is authorized, with the consent of the Supervisory Board, to determine the further details of the implementation of the capital increase.

11.1.5 Authorization to Purchase and Use Treasury Shares

As of the date of this Prospectus, the Company holds no treasury shares.

The Management Board is authorized, with the consent of the Supervisory Board, to acquire treasury shares of the Company on or prior to June 6, 2026 in an amount of up to 10% of the Company's share capital existing at the time of the granting of the authorization or – if this value is lower – at the time of its exercise. The shares acquired on the basis of this authorization, together with any other treasury shares held by the Company or attributable to it in accordance with Sections 71a et seq. AktG, may at no time exceed 10% of the existing share capital of the Company.

Treasury shares may be acquired via a stock exchange, by means of a public purchase offer addressed to all shareholders, by means of a public invitation to submit tenders and/or from participants in share-based incentive or remuneration programs in connection with the settlement of such programs, in each case in accordance with the additional provisions of the authorizing resolution.

The Management Board, with the consent of the Supervisory Board, may utilize acquired treasury shares in a number of ways, including:

- for sale in a manner other than on the stock exchange, provided that the sales price per share is not significantly lower than the stock exchange price of the Company's shares (Section 71 para. 1 no. 8 AktG in conjunction with Section 186 para. 3 sentence 4 AktG);

- for sale or otherwise transfer in return for consideration in kind, in particular for the acquisition of companies, parts of companies or equity interests in companies or for mergers, or for the acquisition of other assets, including rights and receivables;

- to fulfill option and/or conversion rights or conversion obligations attached to convertible and/or option bonds, which are granted by the Company or by entities dependent from the Company or entities in which the Company holds a majority interest;

- to grant to holders or creditors of option and/or conversion rights attached to convertible and/or option bonds subscription rights to shares to the extent such holders or creditors would be entitled to shares following the exercise of the conversion or option rights or following the fulfillment of conversion obligations; and/or

- within the framework of employee participation programs and/or as share based remuneration;

in each case in compliance with the provisions of the authorizing resolution.

Subject to the provisions of the authorizing resolution, the Company may also utilize derivatives in connection with the acquisition of treasury shares.

11.2 General Provisions Governing a Liquidation of the Company

Apart from a liquidation as a result of insolvency proceedings, the Company may only be liquidated with a vote of 75% or more of the share capital represented at the vote. Furthermore, the commencement of insolvency proceedings regarding the assets of the Company, the rejection of insolvency proceedings for insufficient assets to cover the costs of the proceedings, a cancellation of the Company for lack of funds or the imposition of a final decision of the registry court about a material defect in the Articles of Association could lead to a cancellation of the Company. In the event of the Company's liquidation, the AktG provides that any assets remaining once all of the Company's liabilities have been settled are distributed among the Company's shareholders in proportion to their shareholdings. The AktG stipulates certain protections for creditors in the event of a liquidation of the Company.

11.3 General Provisions Governing a Change in the Share Capital

Under the AktG, a German stock corporation generally requires a resolution of the shareholders' meeting passed by a majority of at least 75% of the share capital represented at the vote to increase the share capital and change the articles of association accordingly. Capital increases may be resolved by the Company's shareholders' meeting with a simple majority of the share capital represented at the vote, unless a higher majority is required by mandatory law (*e.g.*, in case of capital increases with a dilutive effect without shareholders' subscription rights) or the Articles of Association, which particularly but not exclusively includes all resolutions of the shareholders' meeting regarding (i) capital increases with subscription rights of the shareholders against contributions (Section 182 para. 1 AktG); (ii) capital increases from reserves (Section 207 para. 2 AktG in connection with Section 182 para. 1 AktG); and (iii) the issuance of convertible bonds, participating bonds and other instruments, to which the shareholders are entitled to subscription rights (Section 221 AktG).

The shareholders' meeting may also create authorized capital. This requires a resolution passed by a majority of at least 75% of the share capital represented at the vote, authorizing the Management Board to issue a specific number of shares within a period of no more than five years. The aggregate nominal amount of the new shares may not exceed 50% of the share capital existing at the time the authorization is granted (*i.e.*, at the time the authorized capital is registered in the commercial register (*Handelsregister*)).

In addition, the shareholders' meeting can create conditional capital through a resolution passed with a majority of at least 75% of the share capital represented at the vote, for the purposes of (i) granting exchange or subscription rights to holders of convertible bonds or other securities granting a right to subscribe for shares; (ii) preparing for a merger with other companies; or (iii) granting subscription rights to managers and employees of the Company or an affiliated company by way of an approval resolution or authorization resolution. The nominal amount of conditional capital may not exceed 10% of the share capital at the time the resolution is passed in cases where it is created to grant subscription rights to managers and employees, and may not exceed 50% in all other cases.

Resolutions to reduce the Company's share capital require a majority of at least 75% of the share capital represented at the vote.

11.4 General Provisions Governing Subscription Rights

In principle, Section 186 AktG grants to all shareholders the right to subscribe for new shares of the Company issued in a capital increase. The same applies to convertible bonds, bonds with warrants, profit participation rights and participating bonds. Subscription rights are freely transferable and may be traded on German stock exchanges for a prescribed period before the deadline for subscription expires. However, shareholders do not have the right to demand admission to trading for subscription rights.

The Company's shareholders' meeting may resolve to exclude shareholders' subscription rights with a vote of 75% or more of the share capital represented at the vote. The exclusion of shareholders' subscription rights, in full or in part, also requires a report from the Management Board to the shareholders' meeting that justifies the exclusion and demonstrates that the Company's interest in excluding subscription rights outweighs the interests of the shareholders to be granted subscription rights. An exclusion of shareholders' subscription rights is, in particular, permissible if:

- the Company increases its share capital against cash contributions;

- the amount of the capital increase of the issued shares under exclusion of subscription rights does not exceed 10% of the outstanding share capital, both at the time when the authorization takes effect and at the time when it is exercised; and
- the price at which the new shares are issued is not materially lower than the stock exchange price of the Company's shares.

11.5 Exclusion of Minority Shareholders

11.5.1 Squeeze-Out under Stock Corporation Law

Under Section 327a *et seq.* AktG, which governs the so-called "squeeze-out under stock corporation law", upon request of a shareholder holding 95% or more of the Company's share capital, the Company's shareholders' meeting may resolve to transfer the shares of minority shareholders to such majority shareholder against payment of an adequate compensation in cash. The amount of the cash payment offered to minority shareholders must reflect "the circumstances of the Company" at the time the shareholders' meeting passes the resolution. The amount of the cash payment is based on the full value of the Company, which is generally determined using the capitalized earnings method. Minority shareholders are entitled to file for a valuation proceeding (*Spruchverfahren*), wherein the court will review the fairness (*Angemessenheit*) of the cash payment.

11.5.2 Squeeze-Out and Tender Rights under Takeover Law

Under Sections 39a and 39b WpÜG, in case of a so-called "squeeze-out under takeover law", an offeror holding at least 95% of the voting share capital of a target company (as defined in the WpÜG) following a takeover bid or mandatory offer, may, within three months of the expiration of the deadline for acceptance of the offer, petition the regional court (*Landgericht*) of Frankfurt am Main, Germany, to order the transfer of the remaining voting shares to such offeror against payment of an adequate compensation. Such transfer does not require a resolution of the shareholders' meeting. The consideration paid in connection with the takeover or mandatory offer is considered adequate if the offeror has obtained at least 90% of the share capital that was subject to the offer. The nature of the compensation must be the same as the consideration paid under the takeover offer or mandatory offer, while at all times compensation in cash must also be offered.

In addition, following a takeover offer or mandatory offer, the shareholders in a target company who have not accepted the offer may do so up to three months after the acceptance period has expired (Section 39c WpÜG), provided the offeror is entitled to petition for the transfer of the outstanding voting shares in accordance with Section 39a WpÜG.

The provisions for a squeeze-out under stock corporation law cease to apply once an offeror has petitioned for a squeeze-out under takeover law, and only apply again when these proceedings have been definitively completed.

11.5.3 Squeeze-Out under Reorganization Law

Pursuant to Section 62 para. 5 sentence 1 UmwG, a majority shareholder holding at least 90% of the Company's share capital may require the Company's shareholders' meeting to resolve to transfer the shares of the minority shareholders to such majority shareholder against payment of an adequate compensation in cash, provided that (i) the majority shareholder is a stock corporation (*Aktiengesellschaft*), a partnership limited by shares (*Kommanditgesellschaft auf Aktien*), or a European company (*Societas Europaea* (*SE*)) having its seat in Germany; and (ii) the squeeze-out is performed to facilitate a merger under the UmwG between the majority shareholder and the Company. The shareholders' meeting held to approve the squeeze-out must take place within three months of the conclusion of the merger agreement.

The procedure for a squeeze-out under the UmwG is essentially identical to the "squeeze-out under stock corporation law" described above, including the minority shareholders' right to judicial review of the appropriateness of the cash compensation.

11.5.4 Integration

Under Section 319 *et seq.* AktG, the Company's shareholders' meeting may vote for an integration (*Eingliederung*) into another stock corporation that has its registered office in Germany, provided the prospective parent company holds at least 95% of the shares of the Company. The former shareholders of the Company are entitled to adequate compensation, which generally must be provided in the form of shares in the parent company.

In such case, Section 305 para. 3 sentence 1 AktG stipulates that shares must be issued based on the appropriate valuation in case a merger had taken place between the two companies. Fractional amounts may be paid out in cash.

11.6 Shareholder Notification Requirements; Mandatory Offers; Managers' Transactions

Once the Company's shares are admitted to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company will be subject to WpHG provisions governing, among others, disclosure requirements for significant shareholdings, the WpÜG provisions governing takeover bids and mandatory offers, as well as the MAR provisions governing, among others, directors' obligations to disclose transactions in the Company's shares, debt instruments, related derivatives or other related financial instruments.

11.6.1 Notification Requirements of Shareholders

11.6.1.1 *Notification Thresholds and Attribution Rules*

Pursuant to Section 33 para. 1 WpHG, anyone who acquires or whose shareholding in any other way reaches or exceeds 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the total number of voting rights in the Company, is required to notify BaFin and the Company of such occurrence. Subsequent notifications are required if such person (i) acquires additional shares or in any other way reaches or exceeds a higher threshold, or (ii) sells or in any other way falls below the aforementioned thresholds.

All such notifications must be submitted without undue delay, and no later than within four trading days. The four-day notification period starts at the time the person or entity subject to the notification requirement has knowledge of or, in consideration of the circumstances should have had knowledge of, his proportion of voting rights reaching, exceeding or falling below the aforementioned thresholds. The WpHG contains a conclusive presumption that the person or entity subject to the notification requirement has knowledge at the latest two trading days after such an event occurs. Moreover, a person or entity is deemed to already hold shares as of the point in time such person or entity has an unconditional and due claim of transfer related to such shares. If a threshold has been reached or crossed due to a change in the total number of voting rights, the notification period starts at the time the person or entity subject to the notification requirement has knowledge about such change, or upon the publication of the revised total number of voting rights by the Company, at the latest.

In connection with these requirements, Section 34 WpHG contains various attribution rules. For example, voting rights attached to shares held by a subsidiary are attributed to its parent company. Similarly, voting rights attached to shares held by a third party for the account of a person or entity are attributed to such person or entity. Voting rights which a person or entity is able to exercise as a proxy according to such person's or entity's discretion are also attributed to such person or entity. Furthermore, any coordination by a person or entity with a third party on the basis of an agreement or in any other way generally results in an attribution of the full amount of voting rights held by, or attributed to, the third party as well as to such person or entity. Such acting-in-concert generally requires a consultation on the exercise of voting rights or other efforts designed to effect a permanent and material change in the business strategy of the Company (*e.g.*, fundamental changes to Bike24 Group's business model or a sale of a substantial part of Bike24 Group's assets). Accordingly, the exercise of voting rights does not necessarily have to be the subject of acting-in-concert. Coordination in individual cases, however, is not considered as acting in concert.

Except for the 3% threshold, Section 38 para. 1 WpHG sets forth similar notification requirements towards BaFin and the Company, if the aforementioned thresholds are reached, exceeded or undercut, because the shareholder holds financial instruments that (i) confer to him (a) the unconditional right to acquire already issued shares of the Company to which voting rights are attached when due or (b) discretion to exercise his right to acquire such shares, or (ii) relate to such shares and have a similar economic effect as the aforementioned instruments, whether or not conferring a right to a physical settlement. Thus, the latter-mentioned notification requirements also apply, for example, to share swaps against cash consideration and contracts for difference. In general, the number of voting rights from financial instruments is calculated by reference to the full nominal amount of shares underlying the financial instrument, except where such financial instrument is only settled in cash. Details for such calculations are set forth in Commission Delegated Regulation (EU) 2015/761 of December 17, 2014 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to certain regulatory technical standards on major holdings.

In addition, a person or entity is subject to a notification requirement towards the Company and BaFin if the sum of the voting rights from shares and (financial) instruments held or attributed to such person or entity reaches, exceeds or falls below the aforementioned thresholds, again except for the 3% threshold.

11.6.1.2 *Exceptions to Notification Requirements*

There are certain exceptions to these notification requirements. For example, a company is exempt from notification obligations if its parent company has filed a group notification pursuant to Section 37 para. 1 WpHG. If the Company's parent company itself is a subsidiary, then the relevant company is exempt from notification obligations if its parent's parent company has filed such group notification. Moreover, shares or instruments held by a credit institution or a credit securities services company with a registered seat in the European Union or in a member state of the EEA are not taken into account for determining the notification obligation or proportion of voting rights held, provided (i) the shares or instruments are held in such credit institution's or credit securities services company's trading book, (ii) they amount to no more than 5% of the Company's voting rights, do not grant the right to acquire more than 5% of the voting rights, or do not have a similar economic effect and (iii) it is ensured that the voting rights pertaining to such shares or instruments are not exercised or otherwise utilized.

11.6.1.3 *Fulfillment of Notification Requirements*

If any notification obligation is triggered, the notifying person or entity is required to fully complete the notification form set forth as an annex to the German Securities Trading Notification Regulation (*Wertpapierhandelsanzeigeverordnung*). The notice must be submitted to BaFin electronically via BaFin's MVP portal (which requires prior registration) either in the German or the English language. The MVP portal will then create documents which must be sent to the Company via electronic means of communications. Irrespective of the event triggering the notification, the notice must include (i) the number and proportion of voting rights, (ii) the number and proportion of instruments and (iii) the aggregate number and proportion of voting rights and instruments held by, or attributed to, the notifying person or entity. In addition, the notice must include certain attribution details (*e.g.*, the first name, surname and date of birth of the notifying individual or the legal name, seat and country of a notifying entity, the event triggering the notification, the date on which the threshold was reached or crossed and whether voting rights or instruments are attributed).

As a domestic issuer in Germany, the Company is required to publish such notices without undue delay, but no later than three trading days after receipt, via media outlets or outlets where it can be assumed that the notice will be disseminated in the entire European Union and in all member states of the EEA. Such publications may only be made in the German and/or the English language. The Company is also required to inform BaFin about this publication, specifying the time of publication and the media used, and to submit the information received in the notice to the German Company Register (*Unternehmensregister*) for storage.

11.6.1.4 *Consequences of Violations of Notification Requirements*

Rights of shares held by shareholders, or from which voting rights are attributed to shareholders, do not exist for as long as the notification requirements are not fulfilled or not fulfilled appropriately. This temporary nullification of rights applies, in particular, to dividend, voting and subscription rights. Yet it does not apply to entitlements to dividend and liquidation gains if the notifications were not omitted willfully and have since been submitted. If the shareholder willfully or grossly negligently fails to disclose the correct proportion of voting rights held, the rights attached to shares held by or attributed to such shareholder cease to exist for a period of six months after such shareholder has correctly filed the necessary notification, except if the variation was less than 10% of the actual voting right proportion and no notification with respect to reaching, exceeding or falling below the aforementioned thresholds, including the 3% threshold, was omitted. In addition, a fine may be imposed for failure to comply with notification obligations. Pursuant to Sections 38 para. 1 and 39 para. 1 WpHG, the same rules apply if a shareholder fails to file a notice or provides false information with regard to holdings in instruments or aggregate holdings in shares and instruments.

11.6.1.5 *Special Notification Requirements for More than 10% of the Voting Rights*

Pursuant to Section 43 WpHG, a shareholder who reaches or exceeds the threshold of 10% of the voting rights of the Company, or a higher threshold, is required to notify the Company within 20 trading days regarding the objective being pursued through the acquisition of such voting rights, as well as regarding the source of funds used for the purchase. Changes in those objectives must also be reported within 20 trading days. The Articles of Association have not made use of the option to release shareholders from this disclosure obligation. In calculating whether the 10%-threshold has been reached, the aforementioned attribution rules apply. The Company is required to publish any notification pursuant to Section 43 WpHG without undue delay following the receipt of such notification, and in any event no later than within three trading days therefrom. Furthermore, the Company is required to publish any acts of non-compliance with notification obligations by a shareholder in the same manner.

11.6.2 Mandatory Offers

Pursuant to the WpÜG, every person whose share of voting rights reaches or exceeds 30% of the voting rights of the Company is required to publish this fact, including the percentage of its voting rights, within seven calendar days of crossing this threshold. Such publication must be furnished on the Internet and by means of an electronic system for disseminating financial information. The WpÜG contains a series of provisions intended to ensure the attribution of shareholdings to the person who actually controls the voting rights attached to such shares.

Once the share of voting rights reaches or exceeds 30% of the voting rights of the Company, such shareholder is required to make a mandatory tender offer to all shareholders of the Company. Under certain conditions, BaFin may grant an exemption from this rule. If the relevant shareholder fails to give notice of reaching or exceeding the 30%-threshold or fails to submit the mandatory tender offer, such shareholder is barred from exercising the rights associated with these shares (including voting rights and, in case of willful failure to send the notice and failure to subsequently send the notice in a timely manner, the right to dividends) for the duration of the delinquency. A fine may also be imposed in such cases.

11.6.3 Managers' Transactions

A person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 25 MAR (*i.e.*, the members of the Management Board and the Supervisory Board), must notify the Company and BaFin of transactions undertaken for their own account relating to the Company's shares or to financial instruments based on the Company's shares (subject to a €20,000.00 *de minimis* exception per calendar year for all such transactions). This also applies to persons closely associated with a person discharging managerial responsibilities within the meaning of Article 3 para. 1 no. 26 MAR. Such notifications must be made promptly and no later than three business days after the date of the relevant transaction. The Company must ensure that such notifications are made public promptly and no later than two business days after it received the notification.

During a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Company is required to make public according to (i) the rules of the trading venue where the Company's shares are admitted to trading or (ii) national law, persons discharging managerial responsibilities are prohibited from conducting for their own account or for the account of a third party any transactions directly or indirectly relating to shares or debt instruments of the Company, or to derivatives or other financial instruments linked to such securities. According to BaFin's interpretative guidance, quarterly reports and quarterly statements for the first and third quarter of a fiscal year in accordance with Section 53 of the Frankfurt Stock Exchange rules, do not trigger a closed period.

11.7 Short Selling Regulation (Ban on Naked Short-Selling)

Pursuant to Regulation (EU) No 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended (the "**Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short selling of the Company's shares is only permitted under certain conditions. In addition, under the provisions of the Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the Short Selling Regulation and the other regulations the European Commission enacted on short selling. In certain situations described in the Short Selling Regulation, BaFin may restrict short selling and comparable transactions.

12. GOVERNING BODIES OF THE COMPANY

12.1 Overview on the Governing Bodies of the Company

The Company's governing bodies are the Management Board, the Supervisory Board and the shareholders' meeting. The Company has a two-tier management and control system, consisting of the Management Board and Supervisory Board. The responsibilities and powers of these governing bodies are determined by the AktG, the Articles of Association and the internal rules of procedure of both the Supervisory Board and the Management Board.

The shareholders' meeting elects the members of the Supervisory Board, which in turn appoints the members of the Management Board. The Supervisory Board represents the Company in and out of court *vis-à-vis* the members of the Management Board. The Supervisory Board is responsible for the appointment of members of the Management Board, the revocation of appointments, and the conclusion of service agreements of members of the Management Board as well as for the change and termination of these service agreements.

Simultaneous membership in the Supervisory Board and the Management Board is not permitted under the AktG, as the Supervisory Board is tasked with supervising the management of the Company by the Management Board. In exceptional cases and for an interim period of not more than one year, a member of the Supervisory Board may, however, assume a vacant seat on the Management Board. During this period, such individual may not perform any duties pertaining to his position on the Supervisory Board.

The Management Board is responsible for managing the Company in accordance with applicable laws, the Articles of Association and the rules of procedure of the Management Board, including the schedule of responsibilities. The Management Board represents the Company in dealings with third parties. As set out in the AktG, the Supervisory Board advises and oversees the Management Board's administration of the Company, but is itself generally not authorized to manage or represent the Company.

The Articles of Association may designate types of transactions that may only be conducted with the prior consent of the Supervisory Board. In addition, the Supervisory Board may itself determine that certain types of transactions are subject to its prior approval. In the current rules of procedures of the Management Board, the Supervisory Board has set forth that, among others, the following matters are subject to prior consent by the Supervisory Board:

- the annual planning and multi-year planning for the Company and Bike24 Group;
- the acquisition and sale of companies, parts of companies and participations in companies, including the participation in capital increases or reductions, as well as corporate conversion measures, in particular mergers and spin-offs, to the extent that the market value of the company, part of the company, participation in the company, the transferred entity or assets reaches or exceeds €5 million;
- the addition of new business areas or the limitation of or withdrawal from existing business fields, to the extent not provided for in the annual planning or multi-year planning of the Company and Bike24 Group and the measure affects at least 2% of Bike24 Group's revenue for the previous fiscal year;
- the acquisition or sale of movable fixed assets, to the extent not provided for in the annual planning or multi-year planning of the Company and Bike24 Group and if the investment or divestment reaches or exceeds €5 million;
- the acquisition, construction, sale or encumbrance of real property, rights equivalent to real property and other rights in real property, to the extent that the value in the individual case reaches or exceeds €5 million;
- the increase of external financing, particularly credit liabilities, entering into suretyships, guarantees or similar liabilities, the provision of security and the undertaking of other financial transactions, to the extent that the resulting liabilities or the value of the security reaches or exceeds of €10 million;
- the conclusion of litigation or arbitration proceedings with a subject matter value of more than €5 million by way of waiver or settlement, as well as out-of-court settlement agreements with a settlement value of more than €5 million;

- transactions with related parties to the extent that the transaction exceeds 1.5% of the sum of the Company's fixed and current assets pursuant to section 266 para. 2 letters A and B HGB as shown in the latest approved annual financial statements of the Company;

- the conclusion, amendment or termination of employment agreements with a basic annual salary of at least €250 thousand; and

- the conclusion, amendment or termination of corporate agreements pursuant to sections §§ 291, 292 AktG.

The Management Board is also required to obtain the prior consent of the Supervisory Board to certain transactions concluded by subsidiaries of the Company, if such transactions require consent of the Supervisory Board had they been undertaken by the Company. Pursuant to Section 111b para. 1 AktG, the Management Board is also required to obtain the prior consent of the Supervisory Board or an appointed committee thereof on transactions with related parties, if the value of the transaction exceeds 1.5% of the company's total (consolidated) fixed and current assets book value as recorded in its latest approved annual financial statements or if the aggregate value of several transactions with the same related party during the current fiscal year, which individually have not exceeded the 1.5% threshold, exceeds the threshold. Exempt from the requirement of prior consent of the Supervisory Board or an appointed committee are transactions (i) that are made in the ordinary course of business and on an arm's-length basis, (ii) with wholly owned subsidiaries, either directly or indirectly, or with subsidiaries in which no other related party holds a stake or (iii) that require the approval of, or authorization by, the general shareholders' meeting. The Company must publish any related-party transactions requiring Supervisory Board approval without undue delay in accordance with Section 111c AktG. In addition, the Supervisory Board may make other types of transactions and measures subject to its prior consent by amending the rules of procedure of the Management Board or the Supervisory Board or through a resolution of the Supervisory Board. By comparison, measures or transactions specifically addressed in the annual budget or multi-year planning as approved by the Supervisory Board do not require separate consent by the Supervisory Board, unless the relevant measure or transaction exceeds the amount or limit provided for such measure or transaction in the approved annual budget or multi-year planning.

Each member of the Management Board and Supervisory Board owes a duty of loyalty, duty of legality and duty of care to the Company. In discharging these duties, each member of these bodies must consider a broad spectrum of interests, particularly those of the Company and its shareholders, employees and creditors. In addition, the Management Board must also take into consideration the shareholders' rights to equal treatment and equal access to information. If members of the Management Board or Supervisory Board breach their duties, they may be jointly and severally liable with the other members of the Management Board or the Supervisory Board to the Company for any damages the Company has incurred.

Under German law, shareholders generally have no right to directly assert claims against members of the Management Board or Supervisory Board if they believe that such members have violated their duties to the Company (*i.e.*, only the Company has the right to enforce such claims against the members of the Management Board or Supervisory Board). With respect to claims against members of the Management Board, the Company is represented by the Supervisory Board, and with respect to claims against members of the Supervisory Board, the Company is represented by the Management Board. The Federal Court of Germany (*Bundesgerichtshof*) has ruled that the Supervisory Board is generally required to assert claims against members of the Management Board, if it is likely that such claims can be pursued and enforced successfully, unless significant interests of the Company conflict with the pursuit of such claims and outweigh the interests of the Company asserting such claims against members of the Management Board.

If either the Supervisory Board or the Management Board decides not to pursue claims of the Company against members of the respective other governing body for violations of their duties, such claims must nevertheless be asserted if the shareholders' meeting adopts a resolution to this effect with a simple majority of the votes validly cast. The shareholders' meeting may also appoint a special representative (*besonderer Vertreter*) to assert such claims. Shareholders whose aggregate shareholdings amount to 10% of the Company's share capital or a *pro rata* share of €1 million in the Company's share capital may also motion for the competent court to appoint such a special representative. If there are facts that justify the suspicion that the Company was harmed by dishonesty or a gross violation of laws or the Articles of Association, shareholders whose aggregate shareholdings amount to 1.0% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital may under certain conditions assert claims of the Company against members of the Management Board or Supervisory Board in their own names. Yet such claims become inadmissible once the Company itself files a suit to assert such claims.

In addition, the Company's shareholders' meeting may appoint special auditors (*Sonderprüfer*) to audit transactions, particularly management transactions, with a simple majority of the votes validly cast. If the shareholders' meeting rejects a motion to appoint special auditors, the competent court appoints such special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1.0% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if there are facts that justify the suspicion that the relevant occurrence involved acts of dishonesty or gross violations of the law or the Articles of Association. If the shareholders' meeting has resolved to appoint special auditors, the competent court appoints different special auditors upon a motion by shareholders whose aggregate shareholdings amount to 1.0% of the Company's share capital or a *pro rata* share of €100,000.00 of the Company's share capital, if such appointment appears necessary due to reasons concerning the original special auditors.

Via the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*), shareholders and shareholder associations may solicit other shareholders to file a motion, jointly or by proxy, for the appointment of special auditors, for the appointment of a special representative, the convention of a shareholders' meeting, or the exercise of voting rights in a shareholders' meeting.

The Company may only waive or settle claims for damages against members of the Management Board or the Supervisory Board, if at least three years have elapsed since such claims arose and if the shareholders' meeting has consented to such waiver or settlement by a simple majority vote, provided that a minority of the shareholders whose aggregate shareholdings amount to at least 10% of the Company's share capital does not object to such resolution in the minutes of the shareholders' meeting.

Under German law, neither individual shareholders nor other persons may use their influence on the Company to cause a member of the Management Board or the Supervisory Board to act in a manner that would be detrimental to the Company. Any person who uses its influence over the Company to cause a member of the Management Board or the Supervisory Board, an authorized representative (*Prokurist*) or an authorized agent (*Handlungsbevollmächtigter*) to act to the detriment of the Company or its shareholders may be liable to compensate the Company and the affected shareholders for the resulting losses. In particular, a controlling shareholder may not use its influence to cause the Company to act contrary to its own interests, unless (i) the Company and the controlling shareholder enter into a domination agreement (*Beherrschungsvertrag*) or (ii) the controlling shareholder compensates the Company for any disadvantages resulting from its influence. Moreover, the members of the Management Board and the Supervisory Board are jointly and severally liable in addition to the person using its influence if such members acted in breach of their duty of care towards the Company.

12.2 Management Board

Under the Articles of Association, the Management Board comprises two or more members. The Supervisory Board determines the exact number of the members of the Management Board. The Supervisory Board has set the current size of the Management Board to two members.

The Supervisory Board may appoint members of the Management Board for a maximum term of up to five years. Reappointments or extensions, each for a maximum term of up to five years, are permissible.

The Supervisory Board may revoke the appointment of a member of the Management Board prior to the expiration of the relevant member's term for good cause (*wichtiger Grund*) (*e.g.*, a gross breach of fiduciary duties, inability to properly manage the Company or if the Company's shareholders' meeting has passed a vote of no-confidence with respect to such member, unless the vote of no-confidence was clearly passed for arbitrary reasons).

The Management Board has a quorum if, in case the Management Board consists of two members, all members participate in the vote, or, in case the Management Board consists of more than two members, if at least half of its members are present or participate in the vote. If the Management Board comprises three or more members, the chairman of the Management Board has a casting vote in case of a tie. The Management Board generally passes resolutions in meetings. Resolutions may also be passed outside meetings (*i.e.*, orally, by telephone or in writing (*Textform*) and transmitted by letter, email, or facsimile or other customary means of communication).

The Company is represented *vis-à-vis* third parties and in court proceedings by two members of the Management Board or a member of the Management Board jointly with any authorized representative (*Prokurist*), if the Management Board comprises several members. If only a single member of the Management Board is appointed or if the Supervisory Board has authorized a single member of the Management Board to represent the Company alone, such member may solely represent the Company *vis-à-vis* third parties.

The rules of procedure for the Management Board provide for an allocation of responsibilities among the members of the Management Board. The Supervisory Board may amend or repeal this allocation of responsibilities at any time.

Additional provisions regarding, among others, the composition of the Management Board, the duties of its members, the overall responsibility of the Management Board, the plan regarding the allocation of responsibilities for particular functions and the Management Board's internal organization are set forth in the rules of procedure of the Management Board, which were adopted by the Supervisory Board on May 11, 2021.

12.2.1 Members of the Management Board

The following table sets forth the current members of the Management Board, their respective age and position, and the duration of their remaining term:

Name	Age	First Appointed	Appointed until	Responsibilities
Andrés Martin-Birner.................	46	May 2021	May 2024	Chief executive officer
Timm Armbrust..........................	41	May 2021	May 2024	Chief financial officer

Andrés Martin-Birner was born in Havana, Cuba, on November 16, 1974. Mr. Martin-Birner completed his vocational training as a bank clerk at Deutsche Bank AG in 1996. From 1996 to 1999, he studied law and business administration at the Dresden Technical University. Following his studies, Mr. Martin-Birner founded newtron AG, a leading provider of electronic solutions for optimizing business relationships between suppliers and purchasing companies, where he served as managing director and member of the supervisory board until 2002. In 2002, Mr. Martin-Birner co-founded Bike24 Group and has served as its managing director or chief executive officer since then.

Alongside his office as a member of the Management Board and chief executive officer, Mr. Martin-Birner is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Bike24 Group:

Currently:

- VAPA-1 GmbH (managing director); and
- CHE-74 GmbH (managing director).

Previously:

- Peloton Topco Limited (director); and
- Peloton Midco 1 Limited (director).

Other than listed above, Mr. Martin-Birner has not been a member of any administrative, management or supervisory body of any other company or partnership outside Bike24 Group within the last five years.

Timm Armbrust was born in Duisburg, Germany, on December 29, 1979. Mr. Armbrust completed his vocational training for commercial IT at Bechtle GmbH in 2003. From 2003 to 2007, he studied at the University of Bochum and graduated with a diploma in economics. Upon graduation, Mr. Armbrust began his career at GEERS Höraktustik AG & Co. KG in 2007, where he held various positions until 2016, lastly as head of controlling & store audit. Mr. Armbrust has served as Bike24 Group's chief financial officer since 2016.

Alongside his office as a member of the Management Board and chief financial officer, Mr. Armbrust is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Bike24 Group.

Currently:

- none

Previously:

- Peloton Topco Limited (director); and
- Peloton Midco 1 Limited (director).

Other than listed above, Mr. Armbrust has not been a member of any administrative, management or supervisory body of any other company or partnership outside Bike24 Group within the last five years.

The members of the Management Board can be reached at the Company's offices at Breitscheidstr. 40, 01237 Dresden, Germany (telephone: +49 (0) 351 417497-0).

12.2.2 Remuneration and Other Benefits of the Members of the Management Board

The Supervisory Board is currently in the process of implementing a formalized remuneration system for the members of the Management Board regarding the requirements under Sections 87a and 120a AktG (the "**Remuneration System**"), which is expected to be adopted by the Supervisory Board shortly after the approval of this Prospectus. The Remuneration System will be designed based on the currently existing service agreements and remuneration elements of the members of the Management Board (each as described below). In addition, the Remuneration System will incorporate the Stock Options Program 2021 in the remuneration structure of the members of the Management Board on the occasion of the Listing. In that context, the Supervisory Board is expected to decide on certain limited amendments of the service agreements of the members of the Management Board shortly after the approval of the Prospectus, particularly relating to the maximum remuneration amount of the members of the Management Board, the repayment or rejection of short-term or long-term incentives of the members of the Management Board under certain circumstances and the treatment of short-term or long-term incentives in case of the premature termination of the service agreements of the members of the Management Board, in order to achieve full compliance with the Remuneration System. Such amendments will have no effect on the essential terms and conditions of the service agreements and basic remuneration structure as set out below.

12.2.2.1 Management Service Agreements

Each member of the Management Board entered into a service agreement with the Company governed by German law and based on substantially similar terms. The service agreements of the members of the Management Board are set to expire after three years of becoming effective.

The parties to each service agreement will agree not later than nine months before the expiration of the relevant service agreement whether the respective agreement will be extended.

The service agreements of the members of the Management Board do not provide for benefits upon termination of employment or office.

Under the service agreements, the total value of the remuneration of the members of the Management Board is, for each member, currently limited to €1,400,000.00 in gross. In connection with the implementation of the Remuneration System, the service agreements of the members of the Management Board are expected to be each amended to provide for a general total remuneration limit of €4,000,000.00 in gross for 2021 (particularly due to the intended first-time allocation of stock options under the Stock Options Program 2021) and €2,000,000.00 in gross thereafter.

12.2.2.2 *Fixed Remuneration*

Under the service agreements, the members of the Management Board each receive total fixed base remuneration of €252,000.00 in gross per annum, which is paid in twelve equal instalments as a monthly salary.

12.2.2.3 *Variable Remuneration*

In addition to their fixed base remuneration, the members of the Management Board are entitled to variable cash remuneration.

12.2.2.3.1 Short-term Incentives

The Company pays a variable annual cash bonus to the members of the Management Board with an aggregate target value of €100,000.00 in gross of such bonus, depending on the achievement of certain quantitative and qualitative performance targets agreed on for the respective fiscal year between the Supervisory Board and the members of the Management Board. The performance targets shall be determined no later than March 31 for the relevant current fiscal year and may be determined later only in case of legitimate reasons. The Supervisory Board unilaterally defines the relevant performance targets, if no agreement can be reached with the members of the Management Board. The quantitative performance targets are based on consolidated EBITDA and revenue target values, which are weighted with at least 70%, while the qualitative targets are weighted with up to 30%. The Supervisory Board determines the achievement of performance targets in the context of the calculation of the variable annual cash bonus based on the approved financial statements of the Company for the relevant fiscal year. The aggregated bonus target value of €100,000.00 in gross for both members of the Management Board will be paid in case the performance targets are achieved by 100% while the cash bonus amount actually paid for a fiscal year may be higher or lower depending on whether the achievement of performance targets exceeds or falls below 100%. The maximum amount of the annual cash bonus is in any case limited to 150% of the target value. A Management Board member is entitled to a pro-rated share of such cash bonus, if his or her board memberships ends during the relevant calendar year other than for reasons of a material breach of relevant obligations. The Supervisory Board may request full or partial repayment or reject the payout of the cash bonus under certain circumstances.

12.2.2.3.2 Long-term Incentives

As of the Listing, each member of the Management Board will be entitled to participate in the Stock Options Program 2021 of the Company. The Remuneration System will incorporate the Stock Options Program 2021 into the remuneration system of the members of the Management Board and is expected to provide for a maximum allocation of up to 258,068 stock options in shares of the Company to each of Andrés Martin-Birner and Timm Armbrust. Please refer to section "*12.5.2 Equity-settled Stock Options Program 2021*" for more details.

12.2.2.4 *Other Benefits*

In addition to fixed and variable remuneration, the service agreements of the members of the Management Board require the Company to reimburse the members of the Management Board for all out-of-pocket expenses, including travel expenses (but no such travel expenses incurred as a result of working in a home office setting), necessarily incurred in the interests of the Company in accordance with applicable policies of the Company. The Company also provides each member of the Management Board with a certain monthly euro amount for private retirement provisions (*private Altersvorsorge*), bears costs for a direct insurance scheme (*Direktversicherung*) and reimburses half of the costs of a private health insurance scheme of the Management Board members.

12.2.2.5 *Ancillary Activities and Non-Competition*

Each member of the Management Board shall dedicate his entire knowledge and capacity to the Company. The assumption of any other paid or typically paid ancillary activity and of any positions on supervisory or advisory boards of other companies or other institutions which are related to the Company's corporate purpose or which otherwise evidently affect the interests of the Company by any member of the Management Board requires prior written approval by the Supervisory Board. When assuming any such ancillary activity, a member of the Management Board is subject to a strict duty of loyalty towards the Company and its affiliated companies and shall not impair their business or other interests in the course of such ancillary activities.

The service agreements provide for a non-competition undertaking pursuant to which the relevant member of the Management Board is prohibited from directly or indirectly competing with the Company or an affiliate of the Company through any self-employed, employed, entrepreneurial or other activity or by acting for any company, or by setting up, acquiring or holding directly or indirectly, a stake in a company which is a competitor of the Company or any of its affiliates. The non-competition obligation also applies to each member of the Management Board for a term of 24 months after the expiration or termination of the relevant service agreement. In particular, the members of the Management Board are also prohibited from setting-up a competing businesses, but may (i) establish a competing company or (ii) acquire shareholdings in a competing company, as long as the shareholding of the relevant Management Board member in such company does not exceed 5%. The con-compete obligations cover regions, in which the Company operates or plans to operate its business at the time of the termination of the management service contact. If a member of the Management Board fails to comply with the non-competition undertaking, the relevant member of the Management Board shall pay the Company a contractual penalty equivalent to 6/12 of the annual gross fixed base remuneration for each and every act of violation (whereby the maximum contractual penalty per month is 6/12 of the annual gross fixed base remuneration). The Company reserves the right to assert damages or any other claims and legal consequences. Mr. Martin-Birner's engagement for Black East GmbH, with which Bike24 Group maintains a supplier relationship of immaterial scope and in which he indirectly holds 50% of voting rights through VAPA-1 GmbH, is generally excluded from the non-compete obligation under his service agreement.

The members of the Management Board are subject to customary confidentiality obligations, including with respect to business and trade secrets, particularly strategic plans and intended transactions, which also apply beyond the termination of the relevant service agreement.

12.2.2.6 *D&O Insurance*

All members of the Management Board are covered by directors and officers (D&O) insurance policies with coverage in line with best market practice and a deductible in line with the respective provisions of the German Stock Corporation Act (*Aktiengesetz*).

12.3 Supervisory Board

In accordance with Sections 95 and 96 AktG and Section 7 para. 1 of the Articles of Association, the Supervisory Board comprises four members. All of the members are appointed by the Company's shareholders' meeting and represent the shareholders. Pursuant to Section 100 para. 5 AktG, the members of the Supervisory Board as a whole must be familiar with the industry in which the Company conducts its business.

According to the Articles of Association, members of the Supervisory Board may be elected for a maximum term lasting until the end of the shareholders' meeting which resolves on the discharge (*Entlastung*) of the relevant members of the Supervisory Board for the fourth fiscal year after the commencement of the term of office. The fiscal year in which the term of office commenced is not counted towards the aforementioned number of four years. For members of the Supervisory Board who leave office before the end of their term, a successor must be elected for the remaining term of the leaving member, unless the Company's shareholders' meeting specifies a different term for such successor. Reelections of members of the Supervisory Board are permissible.

When electing members of the Supervisory Board, the shareholders' meeting may also appoint substitute members who replace any members of the Supervisory Board leaving their office before the end of their term. Unless stipulated otherwise in the election, the substitute members, in the order of their election, replace members of the Supervisory Board ending their term prematurely which were elected by the same shareholders' meeting. In such case, the office of the substitute member would end, once a successor for the former member of the Supervisory Board is elected through a by-election. Otherwise, the term of office corresponds to the remaining term of office of the former member. If the term of office of the substitute member ends due to a by-election, the substitute member regains its previous position as a substitute member for other members of the Supervisory Board.

The Supervisory Board elects a chairman and a deputy chairman from among its members to serve for the duration of those members' terms, unless a shorter period is determined at the time of their respective election. If the chairman or his deputy leaves office before the end of his term, the Supervisory Board must hold a new election without undue delay.

Each member of the Supervisory Board and each substitute member may resign from office with or without cause by giving written notice one month in advance to the chairman of the Supervisory Board, or, in case of a resignation by the chairman, to the deputy chairman, and the chairman of the Management Board. In case of a resignation for cause, the one-month notice period does not apply.

The Supervisory Board must hold at least two meetings in each calendar half-year. Meetings of the Supervisory Board are generally called at least 14 calendar days in advance by the chairman of the Supervisory Board, not taking into account the day on which the invitation is sent and the day of the meeting itself. Notice of meetings may be given in writing, by telefax, by email or other customary means of communications. In urgent cases, the chairman may shorten this period and may convene the meeting orally or by telephone.

The rules of procedure of the Supervisory Board provide that resolutions of the Supervisory Board are generally passed in meetings. At the order of the chairman, resolutions of the Supervisory Board may also be passed by voting orally or by telephone, voting in text form (Section 126b of the German Civil Code (BGB)), electronically or by using other customary means of communication. Absent members of the Supervisory Board may also participate in the voting by submitting their votes in writing through another member of the Supervisory Board.

The Articles of Association provide that the Supervisory Board has a quorum, if at least three of its members participate in the vote. Any members who abstain from voting are considered present for purposes of calculating the quorum. Unless otherwise provided for by mandatory law, resolutions of the Supervisory Board are passed with a simple majority of the votes cast. If a vote by the Supervisory Board on the same topic or agenda item results in a tie twice, the chairman has a deciding vote. Such resolutions are documented by the chairman and circulated to all members of the Supervisory Board.

The Supervisory Board may adopt rules of procedure and form committees in accordance with applicable laws and the Articles of Association. The Supervisory Board determines the composition, competences and procedures of such committees, if any. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to the chairman, to any of the Supervisory Board member(s) or to any committee(s) established from among its members. The rules of procedure of the Supervisory Board were adopted on May 11, 2021.

12.3.1 Members of the Supervisory Board

12.3.1.1 *Current Members of the Supervisory Board*

The following table sets forth the current members of the Supervisory Board, their respective age and position, and the duration of their remaining term:

Name	**Age**	**First Appointed**	**Appointed until**	**Principal Occupation**
Ralf Kindermann (chairman)[(1)] ...	53	May 2021	2026	Chief executive officer at KINDERMANN Value Creation GmbH
Dr. Michael Weber (deputy chairman) [(2)]................................	49	May 2021	2026	Member of the senior management of Riverside and senior partner at Riverside Munich office
Bettina Curtze	44	May 2021	2026	Chief financial officer at AVIV Group GmbH
Sylvio Eichhorst.........................	48	May 2021	2026	Head of global finance and procurement at KWS SAAT SE

(1) Ralf Kindermann was previously a member of the former advisory board of Bike24 Support GmbH.
(2) Dr. Michael Weber was previously a member of the former advisory boards of the Company and Bike24 Support GmbH.

Ralf Kindermann was born in Tübingen, Germany, on November 25, 1967. Mr. Kindermann holds a bachelor's degree in marketing and export from the Economic School of Reutlingen, Germany. Mr. Kindermann has close to twenty years of management experience in the bicycle market. He began his career in 1991 as director of sales and marketing at Staiger Zweirad GmbH, a position he held until 1993. He then served as project leader at Benneton Sportsystem from 1993 to 1995, managing director at Giant Deutschland GmbH from 1993 to 1997, chief marketing officer and member of the executive board at Eurobike AG from 1997 to 2000, chief operating officer and member of the executive board at Sporthouse.DE AG from 2000 to 2001, chief executive officer at Traffic GmbH from 2001 to 2003, chief operating officer at Bike & Outdoor Company GmbH & Co. KG from 2003 to 2007, director garden furniture and kids products at Heinz Kettler GmbH & Co. KG from 2007 to 2009, chief operating officer at Internetstores GmbH from 2009 to 2016 and chief executive officer at Recardo Child

Saftey GmbH & Co. KG from 2017 to 2018. In 2019, Mr. Kindermann founded KINDERMANN Value Creation GmbH, a strategy consulting boutique with a focus on e-commerce, bike-, sports, outdoor brands and retailers, and served as its chief executive officer since its foundation.

Alongside his office as member of the Supervisory Board, Ralf Kindermann is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Bike24 Group:

Currently:

- Horze International GmbH (member of the advisory board);
- KINDERMANN Value Creation GmbH (managing director);
- Mediashop Holding GmbH (member of the advisory board); and
- Simplon Fahrrad GmbH (chairman of the advisory board).

Previously:

- Grofa GmbH (member of the advisory board);
- Internetstores GmbH (managing director); and
- Recaro Child Saftey GmbH & Co. KG (managing director of general partner).

Dr. Michael Weber was born in Munich, Germany, on October 18, 1971. Dr. Weber joined Riverside in 2010 and today is a Senior Partner in the Munich office. Prior to joining the firm, he worked with Auctus Capital from 2006-2008, a leading German small-cap fund with a focus on buy-and-build investments and for Dynamics Venture from 2002-2006, a VC fund that carried out growth investments into disruptive energy and water technology businesses. Dr. Weber started his career at The Boston Consulting Group (BCG) in 2001 as a strategy consultant working on the banking and private equity teams, focusing on international M&A and due diligence projects. Before starting his career at BCG, he spent three years in academics as an associate professor for Strategic Management at the Ludwig Maximilian University of Munich.

Dr. Weber holds a Ph.D. in strategic management and a degree in business administration from the Ludwig Maximilian University of Munich, graduating summa cum laude. He remains an active selection committee member for the annual business plan competition for graduating students in the Cultural Entrepreneurship program at his alma mater.

Alongside his office as member of the Supervisory Board, Dr. Weber is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Bike24 Group:

Currently:

- Oberon Capital GmbH (managing director);
- REF InsurTech Holding GmbH (member of the advisory board);
- REF InsurTech Acquisition GmbH (member of the advisory board); and
- Recruiting Technologies Holding GmbH (member of the advisory board).

Previously:

- REF InsurTech Holding GmbH (managing director);
- REF InsurTech Acquisition GmbH (managing director);
- ACTINEO MEP Management GmbH (managing director);

- Recruiting Technologies Holding GmbH (managing director);
- RE Skolor AB (managing director);
- Swedish Education Group AB (managing director);
- RE Lighting Holding GmbH (managing director);
- Transporeon GmbH (member of the advisory board);
- Re Flow Holding GmbH (member of the advisory board);
- RE Swimwear S.à r.l. (managing director);
- RE Logistics S.à r.l. (managing director);
- GermanPersonnel e-search GmbH (member of the advisory board);
- RE Medical Analyzers Luxembourg S.à r.l. (managing director); and
- RE Medical Analyzers Luxembourg 2 S.à r.l. (managing director).

Bettina Curtze was born in Korbach, Germany, on July 30, 1976. Ms. Curtze holds a master's degree in accounting from the State University of New York at Albany, New York, USA (2000), and a master of business administration (MBA) with a concentration in finance from Columbia Business School, New York, USA (2006). She has been a Certified Public Accountant in New York State since 2002 (currently inactive). Following her master's degree, Ms. Curtze began her career in 2000 as an analyst for the technology risk consulting division at Arthur Andersen LLP. From 2002 to 2004, she was a senior consultant and manager in risk consulting at Protiviti Inc. In 2006, after receiving her MBA, Ms. Curtze joined Goldman Sachs International as an associate in the investment banking division in London. In 2009, she became a vice president in the investment banking division at Barclays Bank PLC, where she served until 2014. From 2014 to May 2021, Ms. Curtze was senior vice president for finance and investments at Rocket Internet SE. In July 2021, Ms. Curtze will join AVIV Group GmbH as chief financial officer.

Alongside her office as a member of the Supervisory Board, Ms. Curtze is, or was within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in the following companies and partnerships outside Bike24 Group:

Currently:

- AVIV Group GmbH (chief financial officer, starting July 15, 2021).

Previously:

- None.

Sylvio Eichhorst was born in Grimma, Germany, on December 18, 1972. Mr. Eichhorst holds a master's degree in business administration from the University of Leipzig. He is a certified tax advisor with the Chamber of Tax Consultants, Germany (2002), a certified public accountant with the National Association of State Boards Accountancy, USA, (2006) and has been a certified public accountant with the Chamber of Public Accountants, Germany, during the time he worked as an auditor (2008 – 2014). Mr. Eichhorst has more than 25 years of experience with finance organizations, particularly with respect to listed companies. He began his career in 1996 as an associate with KPMG AG Wirtschaftsprüfungsgesellschaft, where he held various positions until 2014, lastly as senior manager and manager for audit commercial clients. During this time he was seconded to KPMG in New York for three years. In 2014, he joined JENOPTIK AG, as head of group accounting and in 2018 was promoted to vice president and head of group accounting and tax, a position he held until 2020. During his time at JENOPTIK AG, he was also interim head of group treasury from July 2015 to November 2015. In 2020, Mr. Eichhorst joined KWS SAAT SE & Co. KGaA as head of global finance and procurement.

Alongside his office as a member of the Supervisory Board, Mr. Eichhorst is not, and was not within the last five years, a member of the administrative, management or supervisory bodies of and/or a partner in other companies or partnerships outside Bike24 Group.

The members of the Supervisory Board can be reached at the Company's offices at Breitscheidstr. 40, 01237 Dresden, Germany (telephone: +49 (0) 351 417497-0).

12.3.2 Supervisory Board Committees

Under the Articles of Association, the Supervisory Board may establish committees from among its members. Each committee must comprise at least three members of the Supervisory Board. To the extent permitted by law and by the Articles of Association, the Supervisory Board may delegate any of its duties, decision-making powers and rights to these committees.

As of the date of this Prospectus, the Supervisory Board has established the following committees:

12.3.2.1 Audit Committee

The audit committee has the following responsibilities:

- Reviewing the financial reporting of the Company, monitoring the accounting process, the effectiveness of internal control systems, the risk management system and the internal audit system and auditing of the financial statements, in particular the selection and independency of the auditor as well as the quality of additional services rendered by the auditor, and compliance;

- discussing half-year or quarterly interim financial statements or reports with the Management Board before their publication and dealing with non-financial statements or declarations and the separate non-financial report and any appointment of external auditors pursuant to section 111 para, 2 sentence 4 AktG;

- preparing resolutions of the Supervisory Board regarding (i) the annual financial statements and the consolidated financial statements of the Company and (ii) the Supervisory Board's proposal to the shareholders' meeting regarding the election of the Company's auditors.

The audit committee comprises three members. The following table sets forth the current members of the audit committee:

Name	Responsibilities
Sylvio Eichhorst	Chairman of the audit committee
Dr. Michael Weber	Deputy chairman of the audit committee
Ralf Kindermann	Member of the audit committee

The chairman of the Supervisory Board may not simultaneously hold the position of chairman of the audit committee.

The audit committee performs its duties in compliance with applicable laws, in particular Regulation (EU) No 537/2014 of the European Parliament and the Council of April 16, 2014 on specific requirements regarding the statutory audit of public interest entities, as amended, the Articles of Association and the rules of procedure of the Supervisory Board.

The chairman of the audit committee regularly conducts discussions with the auditors. As a rule, the chief financial officer of the Company also attends these discussions. In certain cases, discussions may also take place without the chief financial officer. In connection with the fulfillment of its responsibilities, the audit committee may request information from the auditor, the Management Board, the audit department and the senior executives of the Company directly reporting to the Management Board.

12.3.2.2 General Committee

The general committee assumes, among other tasks, the tasks of a nomination committee and has the following responsibilities:

- preparing Supervisory Board meetings and the Supervisory Board's self-assessment with respect to the effectiveness of its work, managing routine matters and advising the Management Board on fundamental questions of strategic business development;

- preparing the Supervisory Board's personnel decisions, including the appointment and dismissal of members of the Management Board, preparing the conclusion, amendment and termination of service contracts with the members of the Management Board, including compensation commitments, as well as preparing Supervisory Board resolutions pursuant to sections 87a and 162 AktG;

- representing the Company vis-à-vis active or former members of the Management Board in respect of legal transactions pursuant to section 112 AktG, as well as in respect of transactions with persons or companies who are related parties of members of the Management Board within the meaning of the German Fiscal Code (*Abgabenordnung*), and approving activities within the meaning of sections 88 para. 1, 89, 114, 115 AktG as well as activities of members of the Management Board as members of the supervisory boards of other commercial companies;

- approving transactions requiring consent of the Supervisory Board pursuant to the rules of procedure for the Management Board, where the consent of the general committee instead of the full Supervisory Board is explicitly sufficient;

- proposing to the Supervisory Board suitable candidates for its election proposals to the Company's shareholders' meeting regarding new members of the Supervisory Board.

The general committee comprises three members. One of the members is the chairman and the second member the deputy chairman of the Supervisory Board. The following table sets forth the current members of the general committee:

Name	Responsibilities
Ralf Kindermann	Chairman of the general committee
Dr. Michael Weber	Deputy chairman of the general committee
Bettina Curtze	Member of the general committee

12.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board

The chairman of the Supervisory Board receives a fixed annual remuneration of €35,000.00, while the deputy chairman receives €25,000.00 and all other members of the Supervisory Board receive €20,000.00. A Supervisory Board member receives pro rata remuneration in case that it does not serve on the Supervisory Board for an entire year.

For the membership in a committee of the Supervisory Board, the relevant members of the Supervisory Board receive an additional fixed annual remuneration of €5,000.00. In addition to this remuneration for committee membership, the chairman of a committee receives an additional fixed annual remuneration of €2,500.00 (*i.e.*, a total additional remuneration of €7,500.00), provided that in case of the chairman of the audit committee, such additional fixed remuneration amounts to €5,000.00 (*i.e.*, a total additional remuneration of €10,000.00).

In addition to the remuneration set forth above, the Company reimburses the members of the Supervisory Board for all out-of-pocket expenses incurred when fulfilling their duties as members of the Supervisory Board, and for any value-added taxes payable on such remuneration.

Furthermore, the members of the Supervisory Board are covered by the D&O insurance policy of Bike24 Group. The Company believes that the terms of this insurance policy are in line with market standards.

12.4 Shareholdings of the Members of the Management Board and the Supervisory Board

As of the date of this Prospectus, Andrés Martin-Birner directly holds 2,075,901 shares in the Company, representing approx. 5.54% of the Company's share capital. The Remuneration System is expected to provide for a maximum allocation of up to 258,068 stock options for the acquisition of additional shares in the Company to Mr. Martin-Birner in connection with the Stock Options Program 2021.

As of the date of this Prospectus, Timm Armbrust directly holds 1,116,479 shares in the Company, representing approx. 2.98% of the Company's share capital. The Remuneration System is expected to provide for a maximum allocation of up to 258,068 stock options for the acquisition of additional shares in the Company to Mr. Armbrust in connection with the Stock Options Program 2021.

The shareholdings of the members of the Management Board may be affected by the reallocation of shares under the True-up. The effect of the True-up on the shareholdings of Andrés Martin-Birner and Timm Armbrust as of the date of this Prospectus will be less than 1.0% and 12.5%, respectively. Please refer to "*2.6.8 Transferability of Shares and Limitations on Disposal*" and "*9.1 Current Shareholders*".

For further details on the Stock Options Program 2021 see "*12.5.2 Equity-settled Stock Options Program 2021*".

Ralf Kindermann and Bettina Curtze each intend to acquire shares in the Company in connection with the Private Placement for a total amount of €100,000.00 subject to a lock-up agreement.

12.5 Long-Term and other Incentive Programs

12.5.1 Bike24 GmbH Virtual Shares Program 2021

In 2021, Bike24 GmbH, an indirect subsidiary of the Company, implemented a non-equity-settled long-term incentive program for certain selected key employees of Bike24 GmbH, Bike24 Service GmbH and Bike24 Support GmbH (together, the "**Bike24 Subsidiaries**") as beneficiaries (the "**VSOP 2021**"), under which the relevant beneficiaries were granted a virtual share relating to the Bike24 Subsidiaries based on generally standardized terms. Under the VSOP 2021, each of the ten relevant beneficiary received one such virtual share together with a pre-determined initial value of such virtual share determined by the management of Bike24 GmbH and derived from a fictional aggregated enterprise value of all Bike24 Subsidiaries based on an EBITDA multiple.

Each virtual share proportionally vests in three equal instalments within 48 months and the first third of a virtual share vesting 24 months after its grant and the last third vesting after 48 months after its grant.

The fictional value of the Bike24 Subsidiaries will be recalculated on a quarterly basis under consideration of the development of certain EBITDA measures and according to a formula further set out in the terms and conditions of the VSOP 2021. An increase of the fictional value of the Bike24 Subsidiaries will lead to an increase in value of the virtual shares and vice versa in case of a decrease of the fictional value.

The virtual shares entitle the relevant beneficiaries to cash payments from Bike24 GmbH. Each beneficiary may exercise its rights under the VSOP 2021 on a quarterly basis and request settlement in cash of the value of his virtual share in full or in part and subject to vesting. Bike24 GmbH may request the exercise of the virtual shares under the VSOP in case of certain exit events, including a change of control at the level of Bike24 GmbH or a sale or a comparable disposition of more than 50% of the assets of Bike24 GmbH.

Assuming the full exercise of all virtual shares at the earliest point in time and that the relevant EBITDA measures under the business plan of Bike24 Group are achieved, Bike24 GmbH would have to pay a total amount of approx. €420,000.00 at the end of 2022, approx. €500,000.00 at the end of 2023 and €664,000.00 at the end of 2024 to the ten beneficiaries under the VSOP 2021.

12.5.2 Equity-Settled Stock Options Program 2021

The Company is in the process of implementing the Stock Options Program 2021, an equity-settled long-term incentive stock option program, which was resolved on by the Company's shareholders' meeting of June 7, 2021. The Stock Options Program 2021 provides for the issue of a total of up to 1,558,092 stock options for the acquisition of shares in the Company (the "**Stock Options**") to the members of the Management Board, management personnel and selected key employees of Bike24 Group as beneficiaries based on generally standardized terms. A total of up to 780,000 Stock Options may be granted to current or future members of the Management Board and up to 778,092 Stock Options may be granted to the other beneficiaries under the Stock Options Program 2021 based on essentially equivalent terms and conditions. Each Stock Option entitles the relevant beneficiary to the acquisition of one share in the Company's share capital.

The Stock Options Program 2021 will be in effect until December 31, 2024. The first tranche of Stock Options will be granted to certain beneficiaries on or about the time of the Listing. Later tranches of Stock Options will be granted in no less than twelve-month intervals beginning with 2022. The Stock Options are each subject to a four-year waiting period after their grant. The number of the Stock Options actually granted to beneficiaries under the second tranche and later tranches, with the exception of Stock Options granted to beneficiaries at the beginning of employment, will be subject to the achievement of certain performance targets. Unexercised Stock Options will lapse ten years after their relevant grant date.

The exercise price for first tranche of Stock Options granted to certain beneficiaries in connection with the Listing will equal the Placement Price of the Placement Shares. The exercise price of the Stock Options from later tranches will be based on the volume weighted average stock market price of the Company's shares within the three months preceding December 31 in the calendar year before the grant of the relevant tranche of Stock Options, except for Stock Options granted to beneficiaries at the beginning of their employment relationship, which will be based on the volume weighted average stock market price of the Company's shares within the three months preceding the beginning of the respective beneficiary's employment.

The exercise of all 1,558,092 Stock Options and the issue of such number of new shares to the beneficiaries under the Stock Options Program 2021 will amount to approximately 4.0% of the Company's share capital as of the date of this Prospectus.

12.5.3 Growth Bonus

In February 2020, the Company implemented a non-equity-settled growth bonus program (the "**Growth Bonus**"), under which two members of the former advisory board of Bike24 Support GmbH, which was established on February 4, 2020 and terminated with immediate effect by shareholders' resolution on May 5, 2021, and four key employees of Bike24 Group as beneficiaries have been granted a conditional cash payment claim *vis-à-vis* the Company or certain members of Bike24 Group in consideration of their contribution to the successful development of Bike24 Group, which becomes due and payable in case of certain events. The maximum possible amount of all payment claims under the Growth Bonus program *vis-à-vis* the Company originally amounted to up to €3,500,000.00. The two former advisory board members, including Mr. Ralf Kindermann (who is the current chairman of our Supervisory Board), contractually settled their potential payment claims under the Growth Bonus program in the aggregate amount of up to €2,000,000.00 and will each receive an initial payment of €500,000.00 upon completion of the Listing and Private Placement and a second payment of €500,000.00 upon the first anniversary of the Listing and Private Placement. In addition, the Company intends to settle the remaining potential payment claims of the other four beneficiaries under the Growth Bonus program in the aggregate amount of up to €1,500,000.00 by paying an aggregate of €750,000.00 to such beneficiaries after the completion of the Listing and Private Placement and the remaining €750,000.00 at a later point in time subject to certain conditions.

12.5.4 One-time Bonus related to Listing

The Company intends to pay a one-time cash bonus to its employees in connection with the Listing sometime after the settlement of the Private Placement. The total value of such payments will amount to approximately €400 thousand. The employees will be entitled to demand a payout of the bonus in the form of shares in the Company instead of cash payments.

12.6 Certain Information Regarding the Members of the Management Board and the Supervisory Board

In the last five years, no member of the Management Board or the Supervisory Board has been:

- convicted of fraudulent offenses; or
- associated with any bankruptcy, receivership or liquidation in its capacity as a member of any administrative, management or supervisory body; or
- disqualified from acting as a member of the administrative, management, or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer; or
- the subject of any official public incriminations and/or sanctions have been pending, made or imposed by statutory or legal authorities, including designated professional bodies.

Bike24 Group maintains an arm's-length commercial relationship of immaterial scope with Black East GmbH, in which Mr. Andrés Martin-Birner indirectly holds 50% of voting rights via VAPA-1 GmbH, and from which Bike24 Group purchases from time to time goods for immaterial amounts. In the fiscal years ended December 31, 2020, 2019 and 2018, the Company purchased goods in the amount of €121 thousand, €88 thousand and €29 thousand from Black East GmbH.

Dr. Michael Weber is a member of the senior management of Riverside and a Senior Partner in the Munich office of Riverside. Dr. Weber was a member of the advisory board of the Company that existed from February 18, 2021 until the change of the Company's corporate form into a German stock corporation (*Aktiengesellschaft*). Dr. Weber was also a member of the advisory board of Bike24 Support GmbH, which was established on

February 4, 2020 and terminated with immediate effect by shareholders' resolution on May 5, 2021. Dr. Weber did not receive any compensation for its memberships in these advisory boards.

Ralf Kindermann was a member of the advisory board of Bike24 Support GmbH which was established on February 4, 2020 and terminated with immediate effect by shareholders' resolution on May 5, 2021. Please also refer to "*10.6.2 Current Group Structure*". On February 4, 2020, Mr. Kindermann entered into an advisory board member service agreement and a separate consulting agreement with Bike24 Support GmbH regarding the provision of certain strategic consulting services to Bike24 Group, which both were terminated on May 5, 2021. Mr. Kindermann received a total remuneration of €28,131.00 under both agreements since February 4, 2020 until the date of this Prospectus. In addition, Mr. Kindermann is a beneficiary under the Growth Bonus program of the Company and will receive a compensation from the Company in the total amount of €1,000,000.00 associated with the termination of his entitlement under the Growth Bonus program in connection with the termination of his advisory board membership and advisory board member service agreement with Bike24 Support GmbH.

Apart from the above, there are no potential or actual conflicts of interest between the members of the Management Board and Supervisory Board as regards the Company on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side.

There are no family relationships between the members of the Management Board and the Supervisory Board, either among themselves or in relation to the members of the respective other body.

No member of the Management Board or the Supervisory Board has entered into a service agreement with a Bike24 Group company that provides for benefits upon termination of employment or office.

12.7 Shareholders' Meetings

12.7.1 Convening of Shareholders' Meetings

Pursuant to Section 175 para. 1 sent. 2 AktG, the annual shareholders' meeting of the Company must be held within the first eight months of each fiscal year, notwithstanding the current exemption under Article 2 Section 1 para. 5 of the Covid-19 Act. At the option of the body convening the shareholders' meeting, the meeting is held either at the registered seat of the Company, in Dresden or in a German city having more than 250,000 inhabitants at the seat of a German stock exchange. The Company's shareholders' meeting is generally convened by the Management Board or the Supervisory Board. Notice must be issued in the German Federal Gazette (*Bundesanzeiger*) at least 30 days before the day of the shareholders' meeting. The day of the meeting and the day of the publication of the convocation in the German Federal Gazette (*Bundesanzeiger*) are not taken into account when calculating this 30-day period. This period is extended for the period for registration by the shareholders (see "*12.7.2 Shareholders' Rights to Participate in Shareholders' Meetings*").

In addition, shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital may request that a shareholders' meeting be held. Shareholders or shareholder associations may solicit other shareholders to submit such request, jointly or by proxy, in the shareholders' forum of the German Federal Gazette (*Bundesanzeiger*), which is also accessible via the website of the German Company Register (*Unternehmensregister*). If, following a request submitted by shareholders whose aggregate shareholdings amount to at least 5% of the Company's share capital, a shareholders' meeting of the Company is not held in a timely manner, the competent local court (*Amtsgericht*) may authorize the shareholders who have requested such meeting or their representatives to convene a shareholders' meeting of the Company.

12.7.2 Shareholders' Rights to Participate in Shareholders' Meetings

Pursuant to the Articles of Association, all shareholders of the Company who have duly submitted notification of attendance and evidence of their shareholdings are entitled to attend the shareholders' meeting and to exercise their voting rights. The registration for the shareholders' meeting must be received by the Company at the address specified in the convening notice at least six days prior to the day of the shareholders' meeting. The convening notice may provide for a shorter period to be measured in days. When calculating this period, the day of the meeting and the day of the receipt of the notice are not taken into account.

The shareholder's registration must be submitted in the German language or the English language in writing (*Textform*), unless the convening notice allows for a deviating form. The evidence of shareholdings may be provided in the form of proof set forth in Section 67c para. 3 AktG. Such evidence must refer to the beginning of the 21st day prior to the shareholders' meeting (so-called record date).

Voting rights may be exercised by proxy. The granting of the proxy, its revocation and the evidence of authorization to be provided to the Company must be, in any cases not covered by section 135 AktG, submitted in writing (*Textform*), unless the convening notice provides for a less strict form. Details on the granting of proxy, its revocation and the evidence to be provided to the Company are provided together with the convening notice for the shareholders' meeting. The Management Board may allow shareholders to cast their votes in writing or by electronic communication without attending the shareholders' meeting (absentee vote) and may determine the scope and the procedure of the exercising of rights in such way. The Management Board may also provide that shareholders may participate in the shareholders' meeting without being present in person at the place of the shareholders' meeting or being represented, and may exercise all or specific shareholders' rights, in full or in part, by electronic communication (online participation).

12.7.3 Conduct of Shareholders' Meetings

The shareholders' meeting is chaired by the chairman of the Supervisory Board or, in case of his or her absence or incapacity, the deputy chairman of the Supervisory Board or, in case of his or her absence or incapacity, any other person determined by the members of the Supervisory Board.

The chairman of the shareholders' meeting chairs the proceedings of the meeting and directs the course of the proceedings. Based on recognized and customary principles, the chairman may exercise rules of order and make use of assistants. The chairman determines the sequence of speakers and the consideration of the items on the agenda as well as the form and procedure of voting. The chairman may also, to the extent permitted by law, decide on the bundling of factually related items for resolution into a single vote. At the beginning of, or at any time during, the shareholders' meeting, the chairman may set a reasonable limit on the time allowed to speak or to ask questions, or on the combined time to speak and ask questions. The chairman may also determine an appropriate time frame for the course of the entire shareholders' meeting, for individual agenda items or individual speakers. If necessary, the chairman may close the list of requests to speak and order the end of the debate in the shareholders' meeting.

12.7.4 Resolutions of the Shareholders' Meeting

Pursuant to Section 16 para. 3 of the Articles of Association, resolutions of the shareholders' meeting are generally passed with a simple majority of the votes validly cast, subject to statutory requirements on votes such as resolutions on the removal of members of the Supervisory Board that require a majority of at least three quarters of the votes validly cast. If a majority of the share capital is required by law, a simple majority of the registered share capital represented at the vote is sufficient, unless a higher majority is required by mandatory law or the Articles of Association.

Pursuant to the AktG, resolutions of fundamental importance (*grundlegende Bedeutung*) require a majority of at least 75% of the share capital represented at the vote. Resolutions of fundamental importance include:

- the approval to conclude or amend corporate agreements (*Unternehmensverträge*);
- amendments to the corporate purpose of the Company;
- the creation of conditional or authorized capital;
- an exclusion of subscription rights as part of a capital increase by the shareholders' meeting or in the context of an issuance of, or authorization to issue, convertible and profit-sharing certificates and other profit-sharing rights;
- an authorization on the use of treasury shares;
- capital reductions;
- a liquidation of the Company or a subsequent continuation of the liquidated Company;
- the approval of contracts within the meaning of Section 179a AktG (transfer of the entire assets of the Company) and management actions of special significance that require the approval of the shareholders' meeting in compliance with legal precedents;
- an integration of the Company into another corporation; and

- any actions within the meaning of the UmwG.

Neither German law nor the Articles of Association limit the rights of foreign shareholders or shareholders not domiciled in Germany to hold shares or exercise voting rights associated therewith.

12.7.5 Virtual Shareholders' Meetings

Pursuant to the COVID-19 Act, the Management Board may decide, with the approval of the Supervisory Board, to hold shareholders' meetings on or before December 31, 2021 as virtual shareholders' meetings without the physical presence of shareholders or their representatives, provided that the following requirements are fulfilled:

- the entire shareholders' meeting is broadcast via audio and video transmission;
- shareholders may exercise their voting rights via electronic communication (absentee voting or electronic participation) and by authorizing proxy representatives;
- shareholders are granted the opportunity to ask questions via electronic communication; and
- shareholders who have exercised their voting rights are offered the opportunity to object to resolutions of the shareholders' meeting without the requirement to attend in person at the shareholders' meeting.

Under the COVID-19 Act, the Management Board, with the consent of the Supervisory Board, may shorten certain periods in connection with the convocation of, registration and providing evidence of shareholding for, shareholders' meetings held on or before December 31, 2021. In particular, the shareholders' meeting may be convened as late as on the 21st day prior to the day of the meeting.

12.8 German Corporate Governance Code

The German Corporate Governance Code, as amended on December 16, 2019 (the "**Code**"), contains recommendations and suggestions for the management and supervision of German companies listed on a stock exchange. The Code incorporates nationally and internationally recognized standards of good and responsible corporate governance. The purpose of the Code is to increase the transparency of the German system of corporate governance and supervision for investors. The Code includes recommendations and suggestions for management and supervision with regards to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and auditing.

There is no obligation to comply with the recommendations or suggestions of the Code. Pursuant to Section 161 para. 1 AktG, the Management Board and the Supervisory Board are, however, required to declare that the Company has either complied or will comply with the recommendations of the Code, or which recommendations have not or will not be complied with, and explain why the Management Board and the Supervisory Board do not or will not comply with certain recommendations. This declaration must be submitted annually and must be made permanently accessible to the shareholders. There is no requirement to disclose any deviations from the suggestions of the Code.

As of the date of this Prospectus, the Company complies with all recommendations of the Code, apart from the following:

- **Section B.1 of the Code**: According to Section B.1 of the Code, when appointing Management Board members, the Supervisory Board shall take diversity into account.

  Bike24 values diversity across its entire organization. However, with respect to the current composition of the Management Board, the Supervisory Board of the Company took into account the specific character of Bike24's business that is historically strongly influenced by its founders as well as the continuity of office. The Supervisory Board prioritized the experience and expertise of Andrés Martin-Birner as one of our co-founders and Timm Armbrust who both also previously served as managing directors of the Company before its change in legal form into a German stock corporation (*Aktiengesellschaft*) also with a view on maintaining a lean and efficient management structure.

- **Sections G.7, G.8 and G.9 sentence 1 of the Code**: According to Section G.7 of the Code, referring to the forthcoming financial year, the Supervisory Board shall establish performance criteria for each Management Board member covering all variable remuneration components; besides operating targets, such performance criteria shall be geared mainly to strategic goals. The Supervisory Board shall determine to what extent individual targets for each Management Board member – or targets for the Management Board as a whole – are decisive for the variable remuneration components. According to Section G.8 of the Code, subsequent changes to the target values or comparison parameters shall be excluded. According to Section G.9 sentence 1 of the Code, after the end of every financial year, the Supervisory Board shall establish the amount of individual variable remuneration to be granted, depending on target achievement.

  When initially deciding on the remuneration of the Management Board, the Supervisory Board took into account the character of Bike24 as a grown and historically founder-led business, which currently is in an evolutionary process due to the implementation of its growth strategy. Against this background, the Supervisory Board essentially adopted the historic structure of variable remuneration components that was previously existing with respect to the managing directors of the Company before its conversion into a German stock corporation. The Supervisory did therefore technically not establish such remuneration structure based on the requirements of Section G.7 of the Code. In addition, under the current compensation structure the Supervisory Board shall generally agree with the Management Board members on the relevant performance targets of the variable cash remuneration of the Management Board members until March 31 or, under certain circumstances, in the later course of the relevant fiscal year for which the variable cash remuneration may be paid. The exiting remuneration practice also generally allows for subsequent adjustments of performance targets. Further, the members of the Management Board shall receive stock options as a new remuneration component to be implemented in connection with the Listing. Such stock options shall be generally granted based on the achievement of certain performance targets. In certain cases, particularly in connection with the Listing, such stock options shall be granted to the members of the Management Board independently from the achievement of any performance targets.

  The Remuneration System expected to be adopted shortly after the approval of this Prospectus will prospectively not comply with the recommendations under sections G.7, G.8 and G.9 sentence 1 of the Code. However, the Supervisory Board intends to comply with these recommendations in the future.

13. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies that are members of the same group as the Company or that are in control of or controlled by the Company must be disclosed unless they are already included as consolidated companies in the Company's consolidated financial statements. Control exists if a shareholder owns more than half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies, including joint ventures, as well as transactions with persons who have significant influence over the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and the Supervisory Board and close members of their families, as well as those entities over which the members of the Management Board and the Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below in is a detailed description of such transactions with related parties for the fiscal years ended December 31, 2020, December 31, 2019 and December 31, 2018, the three months ended March 31, 2021 and up to and including the date of this Prospectus. Business relationships between companies of Bike24 Group are not included. Further information with respect to related-party transactions, including quantitative amounts, are contained in the notes to the unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021 of the Company, the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH (the Company's predecessor before its conversion into a German stock corporation) and the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH, which are all included in this Prospectus in the section "15. Financial Information" on pages F-1 et seq.

13.1 Transactions with Related Parties

The related party of Bike24 Group is REF VI Bike Holding S.à r.l., which is the majority shareholder and parent company of the Company, including its subsidiaries. Since August 22, 2019, REF VI GP, LLC, Delaware, is the ultimate controlling shareholder of Bike24 Group. Related parties are the members of the Management Board and the members of the former advisory board of the Company, which existed from February 18, 2021 until the change in legal form of the Company into a German stock corporation (*Aktiengesellschaft*), and the members of the advisory board of Bike24 Support GmbH, which was established on February 4, 2020 and terminated with immediate effect by shareholders' resolution on May 5, 2021, as well as their close relatives and family members. Please also refer to Note G.2 on page F-54 in the notes to the Company Financial Statements included in this Prospectus.

With respect to Peloton MidCo 2 GmbH and the information taken from the Peloton Financial Statements for the full fiscal years ended December 31, 2018 and 2019, Peloton MidCo1 Ltd. (parent) and Peloton Topco Ltd. (ultimate parent) were the related parties of Peloton MidCo 2 GmbH and its subsidiaries ("**Peloton Group**") that have control over Peloton Group until November 8, 2019. Further, the ultimate controlling party of Peloton Group until November 8, 2019 was an affiliate of Bridgepoint. Since November 8, 2019, Bike 24 Support GmbH, a wholly owned subsidiary of the Company, is the parent company of Peloton Group, REF VI Bike Holding S.à r.l. is the ultimate parent and REF VI GP, LLC is the ultimate controlling entity. Also considered as related parties are the management of Bike24 Group as well as their close relatives and family members. Please also refer to Note G.2 on page F-100 in the notes of the Peloton Financial Statements included in this Prospectus.

The following table shows transactions with key management personnel of Bike24 Group or Peloton Group in the relevant periods.

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Short-term employee benefits	(0.9)	(0.7)	(0.1)	(1.0)	(0.2)	(0.3)
Other employee benefits[3]	–	–	–	(0.2)	–	(0.2)

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Total	**(0.9)**	**(0.7)**	**(0.1)**	**(1.2)**	**(0.2)**	**(0.5)**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.
(3) Other employee benefits include liabilities for bonuses.

From time to time members of management or related parties may purchase goods from Bike24 Group.

The following table shows the transactions with other related parties of Bike24 Group or Peloton Group in the relevant periods:

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Interest expenses on shareholder loan	(3.9)	(3.9)	–	–	–	–
Services by related parties	(0.7)	(2.1)	(1.9)	(1.3)	(0.1)	(0.1)
Total	**(4.6)**	**(6.0)**	**(1.9)**	**(1.3)**	**(0.1)**	**(0.1)**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.

Related party services mainly comprise service fees for management services. For details regarding the shareholder loan, please refer to Note F.9 on page F-91 in the notes of the Peloton Financial Statements included in this Prospectus.

The following table shows the compensation of the members of the advisory board of Bike24 Support GmbH, which was established on February 4, 2020 and terminated with immediate effect by shareholders' resolution on May 5, 2021. The members of the advisory board of the Company did not receive any compensation.

	For the year ended December 31,[1]		For the short fiscal year from August 22, 2019 to December 31,[2]	For the year ended December 31,[2]	For the three months ended March 31,	
	2018	2019	2019	2020	2020	2021
	(audited) (in € million)		(audited) (in € million)		(unaudited) (in € million)	
Short-term benefits	–	–	–	(0.1)	(0.0)	(0.0)
Other benefits[3]	–	–	–	(1.0)	(0.2)	(0.5)
Total	–	–	–	**(1.1)**	**(0.2)**	**(0.5)**

(1) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and 2018 of Peloton MidCo 2 GmbH.
(2) Taken from the audited consolidated financial statements as of and for the fiscal years ended December 31, 2019 and December 31, 2020 of REF Bike Holding GmbH.
(3) Other benefits includes liabilities for bonuses under the Company's Growth Bonus program.

13.2 Relationships with Members of the Management Board and the Supervisory Board

Compensation paid to members of the Management Board for their services consists of contractual salary (short-term employee benefits) and cash bonuses (other benefits). Compensation of the members of the Management Board for the year ended December 31, 2020 amounted to €528,640.05.

Until the change of the Company's corporate form into a German stock corporation (*Aktiengesellschaft*), the Company did not have a supervisory board. For the time since the change in legal form into a German stock corporation (*Aktiengesellschaft*) took effect until the end of the year ending on December 31, 2021, the members of the first supervisory board will receive compensation in the aggregate amount of approximately €137,500.00. From February 18, 2021 until the change of the Company's corporate form into a German stock corporation (*Aktiengesellschaft*), the Company had an advisory board consisting of two members who did not receive any compensation.

For a description of the current remuneration of the members of the Management Board and Supervisory Board, please refer to sections "*12.2.2 Remuneration and Other Benefits of the Members of the Management Board*" and "*12.3.3 Remuneration and Other Benefits of the Members of the Supervisory Board*".

14. TAXATION IN THE FEDERAL REPUBLIC OF GERMANY

The tax legislation of the investor's country of residence and of Germany as the Company's country of incorporation may have an impact on the income received from the securities. Tax consequences may differ according to the provisions of different tax treaties and the investor's particular circumstances. Therefore, investors are urged to consult their own tax advisors as to tax consequences of the acquisition, ownership and disposition of shares in the Company.

Income received from shares in the Company is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's state of incorporation, statutory seat and place of effective management (i.e., Germany) may have an impact on the income received from shares in the Company.

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all tax considerations that may be relevant to shareholders of the Company. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double-taxation treaties currently in force between Germany and other countries. We cannot rule out that the German tax authorities or courts will interpret these laws and provisions differently than what is described in this section.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. Therefore, prospective shareholders are advised to consult their own tax advisors regarding the tax implications of acquiring, holding or transferring shares of the Company and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders of the Company.

14.1 General Taxation of Dividends

Shareholders are taxed in particular in connection with the holding of shares (taxation of dividend income), upon the sale or disposal of shares (taxation of capital gains) and the gratuitous transfer of shares (inheritance and gift tax).

14.1.1 No Taxation in Case of Payments from a Tax-Recognized Contribution Account

In the future, the Company may pay dividends out of a tax-recognized contribution account (*steuerliches Einlagekonto*). To the extent the Company pays dividends from such tax-recognized contribution account in accordance with the statutory requirements, such dividends are not subject to withholding tax, personal income tax or corporate income tax, as the case may be (including the solidarity surcharge and church tax, if applicable). Any dividends paid out of a tax-recognized contribution account in accordance with the statutory requirements would, however, lower the acquisition costs of the shares, which may result in a higher amount of taxable capital gains upon the shareholder's sale of the shares. Special rules apply to the extent that dividends from the tax-recognized contribution account exceed the then lowered acquisition costs of the shares (the details are outlined below).

14.1.2 Withholding Tax

Dividends distributed by the Company that are not paid out of the tax-recognized contribution account (*steuerliches Einlagekonto*) in accordance with the statutory requirements are subject to a deduction at source (withholding tax) at a 25% rate plus a solidarity surcharge of 5.5% on the amount of withholding tax (amounting in total to a rate of 26.375%) and church tax (*Kirchensteuer*), if applicable. The basis for determining the dividend withholding tax is the dividend approved for distribution by the Company's shareholders' meeting.

In general, dividend withholding tax is withheld regardless of whether and, if so, to what extent the shareholder must report the dividend for tax purposes and regardless of whether the shareholder is a resident of Germany or of a foreign country.

As the Company's shares are admitted to be held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 of the German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, the following entities are responsible and authorized to collect withholding tax in Germany and to remit it to the relevant tax authority for the account of the relevant shareholder: (i) a domestic bank or financial service institute (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), including the domestic branches of foreign banks or financial service institutes, which holds the shares in custody or that manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or (ii) the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if it pays the investment income to a foreign entity, or (iii) the Company itself if and to the extent shares that are held in collective safe custody (*girosammelverwahrt*) by the central securities depository (*Wertpapiersammelbank*) are treated as shares being held separately (*abgesetzte Bestände*) (each person within the meaning of (i) through (iii) a "**Dividend Paying Agent**"). Aside from shares being held separately (*abgesetzte Bestände*), the Company generally does not assume any responsibility for the withholding of withholding tax. That means that the Company is released from liability for violation of its legal obligation to withhold and pay the taxes at source, if it provides evidence that it has not breached its duties intentionally or gross negligently.

Where dividends are distributed to a company resident in another member state of the European Union within the meaning of Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended (the "**Parent-Subsidiary Directive**"), withholding of the dividend withholding tax may not be required (withholding tax exemption) or may be refunded, in each case only upon application and provided that certain additional requirements are met. This also applies to dividends distributed to a permanent establishment located in another member state of the European Union of such parent company or of a parent company that is tax resident in Germany, if the interest in the dividend-paying subsidiary is part of the respective permanent establishment's business assets. Further prerequisites for the exemption from withholding at the source or a refund of withholding tax under the Parent-Subsidiary Directive are that the shareholder has directly held at least 10% of the Company's registered share capital continuously for twelve months at the time at which the withholding tax arises in accordance with the statutory provisions and that the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*), with its registered office in An der Küppe 1, 53225 Bonn, Germany, has certified to the creditor of the dividends, based upon an application filed by such creditor on the officially prescribed form, that the prerequisites for exemption have been met. The exemption from, or the refund of, withholding taxes on dividends is subject to the German anti-treaty shopping rules. These rules, *inter alia*, generally require that a shareholder maintains its own administrative substance in the country of its tax residence and conducts its own business activities. If there is a holding of at least 10% of the Company's registered share capital and the shares held in collective safe custody by Clearstream are treated as so-called stock being held separately (*abgesetzte Bestände*), the German tax authorities will, based on a decree issued in 2013, not object when the main paying agent (*Hauptzahlstelle*) of the Company disburses dividends without deducting withholding tax, assuming a valid exemption certificate (*Freistellungsbescheinigung*) and proof that the relevant shares have been held separately are presented. An exemption certificate is granted upon application with the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) at the aforementioned offices, subject to the aforementioned requirements.

The dividend withholding tax rate for dividends paid to shareholders without a tax residence in Germany will be reduced in accordance with any applicable double-taxation treaty between Germany and the relevant shareholder's country of residence, provided that the shares are neither held as part of the business assets of a permanent establishment or a fixed base in Germany nor as part of the business assets for which a permanent representative in Germany has been appointed. The reduction in the dividend withholding tax is generally obtained by applying to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) at the aforementioned offices for a refund of the difference between the dividend withholding tax withheld, including the solidarity surcharge, and the amount of withholding tax actually owed under the applicable double-taxation treaty, which usually amounts to between 5% and 15%. Depending on the applicable double-taxation treaty, a reduced withholding tax rate may be applicable in the tax withholding process, if the shareholder has applied for an exemption certificate (*Freistellungsbescheinigung*) from the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). The applicable double-taxation treaty may also provide for a full exemption from the German dividend withholding tax, if the relevant shareholder has directly held at least 10% of the Company's registered share capital and if further prerequisites are met. Forms for the refund and exemption procedure are available at the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*). Any such reduction of withholding taxes is subject to the German anti-treaty shopping rules.

Corporations that are not tax residents in Germany will upon application receive a refund of two fifths of the dividend withholding tax that was withheld and remitted to the tax authorities subject to certain requirements. This applies regardless of any further reduction or exemption provided for under the Parent-Subsidiary Directive or a double-taxation treaty.

Foreign corporations will generally have to meet certain stringent substance criteria defined by statute in order to receive an exemption from, or (partial) refund of, German dividend withholding tax.

Pursuant to special rules on the restriction of withholding tax credit, the aforementioned relief in accordance with applicable double-taxation treaties as well as the credit of withholding tax described for shares held as private and as business assets (see "*14.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany*") is subject to the following three cumulative prerequisites: (i) the relevant shareholder must qualify as beneficial owner of the shares in the Company for a continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends ("**Minimum Holding Period**"), (ii) the shareholder has to bear at least 70% of the change in value risk related to the shares in the Company during the Minimum Holding Period without having, in particular, entered into hedging transactions (acting by itself or through a related party), which directly or indirectly lower the change in value risk by more than 30%, and (iii) the shareholder is not required to fully or largely, directly or indirectly, transfer the dividends to third parties (the tests under (i) through (iii) together the "**Minimum Risk Test**").

Should any of the three prerequisites of the Minimum Risk Test not be met, the following applies:

- As regards the taxation of dividends of shareholders with a tax residence in Germany, three fifths of the withholding tax imposed on the dividends may not be credited against the shareholder's (corporate) income tax liability, but may, upon application, be deducted from the shareholder's tax base in an assessment procedure for the relevant assessment period. A shareholder that has received gross dividends without any deduction of withholding tax (*i.e.*, due to a tax exemption without qualifying for a full tax credit) or that has already obtained a refund of taxes withheld, has to notify the competent local tax office accordingly, file a withholding tax return for an amount of 15% of the relevant dividends in accordance with the statutory formal requirements and pay withholding tax in the amount stated on the aforementioned withholding tax return. The special rule on the restriction of withholding tax credit does not apply to a shareholder whose overall dividend earnings within an assessment period do not exceed €20,000.00 or who has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends.

- As regards the taxation of dividends of shareholders without a tax residence in Germany who have applied for a full or partial refund of the withholding tax pursuant to a double-taxation treaty, no refund is available. This restriction does not apply to a shareholder (i) that directly holds at least 10% of the shares in the Company and that is subject to taxes on income or profits in the country of its tax residence without being exempted therefrom, or (ii) that has been the beneficial owner of the shares in the Company for at least one uninterrupted year upon receipt of the dividends, or (iii) if the applicable tax rate pursuant to the applicable double-taxation treaty is at least 15%.

- In addition to the aforementioned statutory provisions, the German Federal Ministry of Finance (*Bundesministerium der Finanzen*) has published a decree outlining the treatment of transactions where the credit of withholding tax will be denied even when the statutory minimum tests described above are met, in order to prevent abuse.

Prospective shareholders should seek their own professional advice as to whether they can obtain a tax credit or tax refund with respect to withholding taxes on dividends.

In case of individual shareholders holding shares in the Company as private assets, the Dividend Paying Agent which keeps or administrates the shares and pays or credits the capital income is required to create so-called pots for offsetting losses (*Verlustverrechnungstöpfe*) to allow for negative capital income to be set off against current and future positive capital income. A set-off of negative capital income at one Dividend Paying Agent against positive capital income at another Dividend Paying Agent is only possible in the course of the income tax assessment at the level of the respective shareholder. In such case, the relevant shareholder has to apply for a certificate confirming the amount of losses not offset with the Dividend Paying Agent where the pot for offsetting losses exists. The application is irrevocable and must reach the Dividend Paying Agent until December 15 of the respective year, as otherwise the losses will be carried forward by the respective Dividend Paying Agent to the following year.

Withholding tax will not be withheld by a Dividend Paying Agent if the shareholder provides such Dividend Paying Agent with an application for exemption (*Freistellungsauftrag*) to the extent such shareholder's capital income does not exceed the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) as outlined on the application for exemption. Furthermore, no withholding tax will be levied if the shareholder provides the Dividend Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

14.2 Taxation of Dividends of Shareholders with a Tax Residence in Germany

14.2.1 Individuals who hold the Shares as Private Assets

For individuals who are tax resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) will generally serve as a final tax (*i.e.,* once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his annual tax return (*Abgeltungsteuer* (the "**Flat Tax**"))).

The purpose of the Flat Tax is to provide for separate and final taxation of capital investment income earned (*i.e.,* taxation that is irrespective of the individual's personal income tax rate). Shareholders may apply to have their entire capital investment income, including dividends paid by the Company, assessed in accordance with the general rules and with an individual's personal income tax rate if this results in a lower tax burden. In this case, the base for taxation is the gross dividend income less the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). Subject to the Minimum Risk Test and the related rules as described above, any tax and solidarity surcharge withheld is credited against the income tax and solidarity surcharge so determined, and any overpayment refunded. Income-related expenses cannot be deducted from capital gains in either case. The only possible deduction is the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) on the entire private capital income. Furthermore, dividend income can only be offset by losses from capital income, except for losses generated by the disposal of shares.

If the individual owns (i) at least 1% of the shares in the Company and – by virtue of his professional activity (*berufliche Tätigkeit*) for the Company – is able to exercise a significant entrepreneurial influence on the business activity of the Company, or (ii) at least 25% of the shares in the Company, the tax authorities may upon application allow for the dividends to be taxed under the partial-income method applying the individual income tax rate instead of the Flat Tax (see "*14.2.2.2 Sole Proprietors (Individuals)*").

Entities required to collect withholding taxes on capital investment income are required to likewise withhold the church tax on payments to shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a religious denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, the church tax on the dividends is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). 26.375% of the church tax withheld on the dividends is, however, deducted from the withholding tax (including the solidarity surcharge) withheld. If no church tax is withheld along with the withholding of the withholding tax, the shareholder who owes church tax is required to declare his dividends in his income tax return. The church tax on the dividends will then be imposed by way of a tax assessment.

Contrary to the above, dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) in accordance with the statutory requirements and are paid to shareholders who are tax resident in Germany whose shares are held as private assets, do not form part of the shareholder's taxable income, but reduce the acquisition costs for such shares. If the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) in accordance with the statutory requirements exceeds the shareholder's acquisition costs, the German tax authorities take the view that negative acquisition costs can arise. Such negative acquisition costs may result in a higher capital gain in case of a disposal of the shares. This will not apply if (i) the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the disposal (or the deemed disposal) directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Participation**") and (ii) the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In case of a Qualified Participation, a dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) is considered a disposal of the shares and is taxable as a capital gain if and to the extent the dividend payment funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceeds the acquisition costs of the shares. In this case the taxation corresponds to the taxation of capital gains of shareholders maintaining a Qualified Participation (see "*14.4 Taxation of Capital Gains*").

14.2.2 Shares Held as Business Assets

The Flat Tax does not apply to dividends from shares of the Company held as business assets of shareholders who are tax resident in Germany. In this case, the taxation depends on whether the shareholder is a corporation, an individual or a partnership. Subject to the Minimum Risk Test, the withholding tax withheld and paid to the tax authorities, including the solidarity surcharge (and church tax, if applicable), is credited against the income or corporate income tax and the solidarity surcharge (and church tax, if applicable) of the shareholder, and any overpayment will be refunded.

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) and paid to shareholders who are tax resident in Germany and whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholders. At the same time such dividend payments lead to a corresponding reduction of the acquisition costs/book value for the relevant shares. To the extent the dividend payments funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) exceed the acquisition costs/book value of the shares, a taxable capital gain should occur. The taxation of such gain corresponds to the taxation of shareholders whose shares are held as business assets (see "*14.4 Taxation of Capital Gains*").

14.2.2.1 Corporations

In general, dividends received by corporations that are tax-resident in Germany are effectively 95% exempt from corporate income tax and solidarity surcharge. 5% of the dividends are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge) with a total tax rate of 15.825%.

Portfolio dividends (*i.e.,* dividends earned on direct shareholdings in a distributing corporation of less than 10% of its share capital at the beginning of the respective calendar year ("**Portfolio Participation**")) are fully taxed at the corporate income tax rate plus solidarity surcharge thereon of 15.825%. The acquisition of a shareholding of at least 10% during a calendar year is deemed to have occurred at the beginning of the respective calendar year. Participations which a shareholder holds through a commercial partnership are only attributable to such shareholder on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of the relevant partnership.

Any dividends (after deducting business expenses related to the dividends) are fully subject to trade tax, unless the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, entitling it to an intercorporate privilege for trade tax purposes. In such case, the aforementioned exemption of 95% of the dividend income applies also for trade tax purposes. The trade tax rate applicable on the amount of 5% of the respective dividends (being treated as non-deductible business expenses and therefore subject to trade tax) depends on the tax rate imposed by the local municipalities in which the shareholder maintains its operations or permanent establishment.

14.2.2.2 Sole Proprietors (Individuals)

If the shares in the Company are held as part of the business assets of a sole proprietor (individual) with his tax residence in Germany, only 60% of any dividend are subject to progressive income tax (plus solidarity surcharge (*Solidaritätszuschlag*)) at a total tax rate of up to approximately 47.5% (plus church tax (*Kirchensteuer*), if applicable), the so-called partial income method (*Teileinkünfteverfahren*). Correspondingly, only 60% of the expenses economically related to the dividends are tax deductible. The partial income method does, however, not apply with respect to church tax (if applicable). If the shares are held as business assets of a domestic commercial permanent establishment, the full amount of the dividend income (after deducting business expenses that are economically related to the dividends) is also subject to trade tax, unless the respective shareholder held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In the latter case, the net dividends (after deducting directly related expenses) are exempt from trade tax. Trade tax is, however, generally credited, in full or in part, as a lump sum against the relevant shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

14.2.2.3 *Partnerships*

If a shareholder is a partnership, the personal income tax or corporate income tax, as the case may be, and the solidarity surcharge (and church tax, if applicable) are levied at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual. If the partner is a corporation, dividends are generally effectively 95% tax-exempt. Dividends from a Portfolio Participation of the relevant partner are, however, fully subject to taxation (see "*14.2.2.1 Corporations*"). If the partner is an individual and the shares are held as business assets of the partnership, only 60% of the dividend income is subject to income tax. In this case, the partial income method does not apply with respect to church tax, if applicable (see "*14.2.2.2 Sole Proprietors (Individuals)*"). Upon application and subject to further conditions, an individual who is a partner can have his personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, if the shares are held as business assets of a domestic permanent establishment of an actual or presumed commercial partnership, the full amount of dividend income is generally also subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax that the partnership pays on the relevant partner's portion of the partnership's income is generally credited as a lump sum, in full or in part, against the individual's personal income tax liability depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder. If the partnership held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period, the dividends (after deduction of business expenses economically related thereto) should generally not be subject to trade tax. In this case, trade tax should, however, be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since this portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to partners other than such specific corporate partners (which includes individual partners and should, according to a literal reading of the law, also include corporate partners to whom, on a look-through basis, only portfolio participations are attributable) should not be subject to trade tax. Due to a lack of case law and administrative guidance, the application of the rules for the taxation of Portfolio Participations is, however, unclear. Consequently, shareholders are strongly recommended to consult their own tax advisors.

14.2.2.4 *Financial and Insurance Sector*

Special rules apply to companies operating in the financial and insurance sectors, as well as pension funds (see "*14.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

14.3 Taxation of Dividends of Shareholders Without a Tax Residence in Germany

Dividends paid to shareholders of the Company (individuals and corporations) without a tax residence in Germany are taxed in Germany, provided that the shares are held as part of the business assets of a permanent establishment or a fixed base in Germany or as part of the business assets for which a permanent representative in Germany has been appointed. Subject to the Minimum Risk Test and the related rules, the withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax or corporate income tax liability, and any overpayment will be refunded. The same applies to the solidarity surcharge. These shareholders are essentially subject to the same rules applicable to tax resident shareholders, as discussed above.

In all other cases, the withholding of the dividend withholding tax discharges any tax liability of the shareholder in Germany. A refund or exemption is granted only as discussed with respect to dividend withholding tax (see "*14.1.2 Withholding Tax*").

Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) are generally not taxable in Germany.

14.4 Taxation of Capital Gains

14.4.1 Taxation of Capital Gains of Shareholders with a Tax Residence in Germany

14.4.1.1 Shares Held as Private Assets

Gains on the sale or disposal of shares of the Company that are held as private assets by shareholders with a tax residence in Germany and which were acquired after December 31, 2008, are generally taxable regardless of the length of time held. The tax rate is generally a uniform 25% plus the current 5.5% solidarity surcharge thereon (resulting in an aggregate tax rate of 26.375%) as well as any church tax, if applicable.

The taxable capital gains are the difference between (i) the proceeds from the disposal of the shares after deducting the direct sales costs and (ii) the acquisition costs of the shares. Under certain conditions, payments from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the acquisition costs of the shares and may lead to negative acquisition costs, which can increase capital gains. Losses on the sale or disposal of shares can only be used to offset gains made on the sale or disposal of shares (in the Company or in other stock corporations) during the same assessment period or in subsequent assessment periods. In case of a derecognition or transfer of worthless shares (or other capital assets), the utilization of such losses is further restricted and can only be offset in an amount of up to €20,000.00 per calendar year.

If the shares are held in custody or administered by a domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank including the domestic branches of foreign banks and financial service institutes, or if such entity or branch sells the shares and pays out or credits the capital gains (each a "**Domestic Paying Agent**"), such Domestic Paying Agent withholds a withholding tax of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, and remits such taxes to the tax authority. In such a case, the tax on the capital gain will generally be discharged. If the shares were only held in custody or administered by the respective Domestic Paying Agent continuously after acquisition, the amount of taxes withheld is generally based on the difference between the proceeds from the sale, after deducting expenses directly related to the sale, and the amount paid to acquire such shares. The withholding tax rate of 25% plus the current 5.5% solidarity surcharge thereon and any church tax, if applicable, will, however, be applied to 30% of the gross sales proceeds, if (i) the shares were not administered by the same custodian bank since acquisition, and (ii) the original cost of the shares cannot be verified or such verification is not admissible. In this case, the shareholder is entitled to, and in case the actual gain is higher than 30% of the gross proceeds required to, verify the original costs of the shares in his annual tax return.

Entities required to collect withholding taxes on capital investment income are also required to withhold the church tax for shareholders who are subject to church tax, unless the shareholder objects in writing to the German Federal Central Office of Taxation (*Bundeszentralamt für Steuern*) against the sharing of his private information regarding his affiliation with a denomination (*Sperrvermerk*). If church tax is withheld and remitted to the tax authority as part of the withholding tax deduction, then the church tax on the capital gain is also deemed to be discharged when it is deducted. The withheld church tax cannot be deducted in the tax assessment as a special expense (*Sonderausgabe*). 26.375% of the church tax withheld on the capital gain is, however, deducted from the withholding tax (including the solidarity surcharge) withheld.

If withholding tax or, if applicable, church tax on capital gains is not withheld by a Domestic Paying Agent, the respective shareholder is required to declare the capital gains in his income tax return. The income tax, the solidarity surcharge and any applicable church tax on the capital gains will then be collected by way of assessment.

In general, it is not possible to deduct income-related expenses in connection with capital gains, except for expenses directly related in substance to the disposal, which can be deducted when calculating the capital gains. Only the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals) may be deducted from the entire capital investment income.

A shareholder may request that his entire capital investment income, along with his other taxable income, are subject to the progressive income tax rate instead of the uniform tax rate for private capital investment income if this lowers his tax burden. In such case, the base for taxation would be the gross income less the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). The prohibition on deducting income-related costs and the restrictions on offsetting losses also apply to tax assessments based on the progressive income tax rate. Any tax withheld is credited against the income tax so determined, and any overpayment refunded subject to the general requirements such as the Minimum Risk Test (if applicable) and the related rules.

Regardless of the holding period and the time of acquisition, gains from the disposal of shares are not subject to a uniform withholding tax but to progressive income tax in case of a qualified holding of at least, directly or indirectly, 1% of the Company's share capital at any time during the previous five years. In this case, 60% of the proceeds from the sale or disposal of shares are subject to the individual income tax rate. Correspondingly, only 60% of the expenses economically related to the proceeds from the sale or disposal of shares are tax-deductible.

In case of a Qualified Participation, withholding tax (including the solidarity surcharge and church tax, if applicable) is also withheld by the Domestic Paying Agent. The tax withheld, however, is not treated as a final tax. Hence, the shareholder is required to declare the gains from the sale in his income tax return. The withholding tax (including solidarity surcharge) withheld and remitted to the German tax authorities is credited against the respective shareholder's personal income tax liability, and any overpayment will be refunded.

Withholding tax will not be withheld by a Domestic Paying Agent if the shareholder provides such Domestic Paying Agent with an application for exemption (*Freistellungsauftrag*), to the extent such shareholder's capital income does not exceed the annual savers' allowance (*Sparerpauschbetrag*) of €801.00 (€1,602.00 for jointly filing individuals). Furthermore, no withholding tax will be levied if the shareholder provides the Domestic Paying Agent with a non-assessment certificate (*Nichtveranlagungsbescheinigung*) to be applied for with the competent tax office.

14.4.1.2 *Shares Held as Business Assets*

The Flat Tax does not apply to proceeds from the sale or disposal of shares held as business assets by shareholders tax resident in Germany. If the shares form part of a shareholder's business assets, taxation of the capital gains realized will then depend upon whether the shareholder is a corporation, sole proprietor or partnership. Dividend payments that are funded from the Company's tax-recognized contribution account (*steuerliches Einlagekonto*) reduce the original acquisition costs. This may give rise to a higher taxable capital gain in case of a sale or disposal of shares. If the dividend payments funded from the Company's tax-recognized contribution account exceed the original acquisition costs for tax purposes, a taxable capital gain may arise.

1. **Corporations**: In general, capital gains earned from the sale or disposal of shares by corporations domiciled in Germany are effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, irrespective of the stake represented by the shares and the holding period of the shares. 5% of the capital gains are treated as a non-deductible business expenses and, as such, are subject to corporate income tax (plus the solidarity surcharge thereon) and to trade tax. Losses from the sale of shares and any reductions in profits connected therewith generally do not qualify as tax-deductible business expenses.

2. **Sole proprietors (Individuals)**: If the shares of the Company form part of the business assets of a sole proprietor (individual) who is tax-resident in Germany, only 60% of the capital gains on their sale are subject to the individual's personal tax rate plus the solidarity surcharge thereon (partial income method). Correspondingly, only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. For church tax, if applicable, the partial income method does not apply. If the shares are held as business assets of a commercial permanent establishment located in Germany, 60% of the capital gains are also subject to trade tax. As a general rule trade tax can be fully or partially credited as a lump sum against the shareholder's personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of such shareholder.

3. **Commercial Partnerships**: If the shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual. If the partner is a corporation, the tax principles applying to capital gains realized by corporations apply as outlined in subsection 1 above. If the partner is an individual, the tax principles applying to capital gains realized by sole proprietors (individuals) apply as outlined in subsection 2 above. Upon application and provided that additional prerequisites are met, an individual who is a partner may obtain a reduction of his personal income tax rate for profits not withdrawn from the partnership. In addition, capital gains from the sale or disposal of shares attributable to a permanent establishment maintained in Germany by an actual or presumed commercial partnership are subject to trade tax at the level of the partnership. In such case, generally only 60% of the gains are subject to trade tax to the extent the partners in the partnership are individuals, while effectively 5% are subject to trade tax to the extent the partners are corporations and shares in corporations are sold. Under the principles discussed above, losses on sales and other reductions in profits related to the shares sold are generally not deductible if the

partner is a corporation, and 60% thereof are taken into account if they are attributable to the share in the profits of an individual. If the partner is an individual, the trade tax the partnership pays on his share of the partnership's income is generally credited as a lump sum, in full or in part, against his personal income tax liability, depending on the tax rate imposed by the local municipality and certain individual tax-relevant circumstances of the respective taxpayer.

Special rules apply to capital gains realized by companies operating in the financial and insurance sectors, as well as pension funds (see "*14.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*").

If a Domestic Paying Agent is involved, the proceeds from the sale or disposal of shares of the Company held as business assets are generally subject to the same withholding tax rate as those of shareholders whose shares are held as private assets (see "*14.4.1.1 Shares Held as Private Assets*"). The Domestic Paying Agent may, however, refrain from withholding the withholding tax if (i) the shareholder is a corporation, association or estate with its tax residence in Germany, or (ii) the shares form part of the shareholder's domestic business assets, and the shareholder informs the Domestic Paying Agent of this on the officially prescribed form and meets certain additional prerequisites. If the Domestic Paying Agent nevertheless withholds taxes, the withholding tax withheld and remitted (including the solidarity surcharge and church tax, if applicable) will be credited against the relevant shareholder's income tax or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) and any excess amount will be refunded, subject to the Minimum Risk Test and related rules.

14.4.2 Taxation of Capital Gains of Shareholders Without a Tax Residence in Germany

Capital gains realized by a shareholder without a tax residence in Germany are only subject to German income tax if the selling shareholders hold a Qualified Participation or if the shares form part of the business assets of a permanent establishment in Germany or of business assets for which a permanent representative is appointed.

The German Federal Fiscal Court (*Bundesfinanzhof*) has stated that if the shareholder is a corporation that is neither tax resident in Germany nor maintains a permanent establishment or has appointed a permanent representative in Germany, the capital gains on the disposal of a Qualified Participation are not subject to German taxation. The German tax authorities have adopted this view.

If the shareholder is an individual and holds a Qualified Participation as a private asset, only 60% of the gains on the disposal of the shares are subject to progressive income tax, plus solidarity surcharge thereon. Where a Domestic Paying Agent is involved, withholding tax on capital gains is generally levied at a rate of 25%, plus 5.5% solidarity surcharge thereon. If, however, (i) the shares are not held through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany and (ii) a Domestic Paying Agent is involved, then the German tax authorities have taken the view that the Domestic Paying Agent is, in general, not required to withhold tax on capital investment income, plus solidarity surcharge thereon. In case of a Qualified Participation, the capital gains must be declared in a tax return and are taxed by way of a tax assessment, subject to an exemption under a double-taxation treaty or under domestic law.

For gains or losses on the disposal of shares that can be allocated to a domestic permanent establishment or fixed place of business, or which are part of business assets for which a permanent representative in Germany has been appointed, the aforementioned principles for shareholders with a tax residence in Germany whose shares are business assets apply accordingly (see "*14.4.1.2 Shares Held as Business Assets*"). The Domestic Paying Agent may refrain from deducting withholding tax, if the shareholder declares to the Domestic Paying Agent on the official form that the shares form part of domestic business assets and certain other requirements are met.

Most double-taxation treaties provide for an exemption from German taxes, assigning the right of taxation to the shareholder's country of tax residence in the former case.

14.5 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are generally fully taxable. This applies to dividends received on, as well as gains from the disposal of, shares that are allocated to the trading portfolio of credit institutions and financial services institutions (*Handelsbestand*) within the meaning of Section 340e para. 3 HGB, as well as to shares that, upon acquisition of such shares, are allocated to the current assets (*Umlaufvermögen*) of a financial enterprise (*Finanzunternehmen*) within the meaning of the German Banking Act (*Kreditwesengesetz*), 50% or more of which are directly or indirectly held by a credit institution or financial services institution. The same applies to shares of the Company held as investments by life insurance providers, health insurance providers and pension funds as well as for shares held by a financial institution, financial service institution and financial institution which is tax resident in another member state of the European Union or in a member state of the EEA, and which has a permanent establishment in Germany. If the shareholding at the beginning of the relevant assessment period is 15% or higher, dividends may, subject to certain conditions, be fully exempted from trade tax. An exemption to the foregoing (*i.e.*, and thus a 95% effective tax exemption) does, however, apply to dividends obtained by the aforementioned companies to which the Parent-Subsidiary Directive applies. Further relief from German taxation might be obtained pursuant to an applicable double-taxation treaty, subject to further prerequisites.

14.6 Amendments to the Solidarity Surcharge

The solidarity surcharge (*Solidaritätszuschlag*) has been abolished or reduced for certain German taxpayers, depending on their amount of payable income tax. The new rules apply from the beginning of the assessment period for the fiscal year ending December 31, 2021. Pursuant to the new law, the solidarity surcharge remains in place for purposes of withholding tax, the Flat Tax regime and corporate income tax. Shareholders are advised to monitor additional future developments.

14.7 Inheritance and Gift Tax

The transfer of shares to another person by inheritance or gift is generally only subject to German inheritance or gift tax if:

1. the decedent, donor, heir, beneficiary or other transferee maintained his domicile or habitual abode in Germany, or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years (this term is extended to ten years for German expatriates with residence in the United States) prior to the transfer outside Germany without maintaining a residence in Germany (special rules apply to certain former German citizens who neither maintain their domicile nor have their habitual abode in Germany); or

2. the shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed; or

3. the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German double-taxation treaties relating to inheritance tax and gift tax currently in force usually provide that the German inheritance tax or gift tax can only be levied in the cases of No. 1 above, and also with certain restrictions in case of No. 2 above. Special provisions apply to certain German nationals living outside Germany and former German nationals.

The fair value of the shares represents the tax assessment base, which generally corresponds to the stock exchange price of the Company's shares. Depending on the degree of relationship between decedent or donor and recipient, different tax-free allowances and tax rates apply.

14.8 Other Taxes

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of shares of the Company. Provided that certain requirements are met, an entrepreneur may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. Net wealth tax is currently not imposed in Germany.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common financial transaction tax in certain participating member states of the European Union, including Germany. Such directive could under, depending on the actual circumstances, apply to certain transactions in the Company's shares, including with respect to secondary market transactions. The issuance and subscription of shares should, however, be exempt. The Commission's Proposal remains subject to negotiations between the participating member states of the European Union and it is currently unclear in what form and when the Commission's Proposal will be implemented, if at all. Recently, the German Federal Minister of Finance submitted a proposal to introduce a financial transaction tax, which has also not been adopted or implemented in Germany yet. In addition, the German Federal Finance Ministry further prepared the implementation of a financial transaction tax by the creation of a new department (*Referat*) within the German Federal Finance Ministry. Such new department is referred to as "*Finanztransaktionssteuer (FTT)*" (Financial Transaction Tax (FTT)). Prospective shareholders are advised to monitor future developments closely and should consult their own tax advisors in relation to the consequences of a financial transaction tax.

15. FINANCIAL INFORMATION

Bike24 Holding AG emerged as a result of the change of legal form of Bike24 Holding GmbH into a German stock corporation (*Aktiengesellschaft*), which was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on June 1, 2021. Bike24 Holding GmbH was previously named "REF Bike Holding GmbH" before its change of legal name into "Bike24 Holding GmbH", which was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on May 18, 2021.

Bike24 Holding AG (at that time: "Weilchensee 956. V V GmbH" and later renamed to "REF Bike Holding GmbH") was originally acquired by the private equity investor The Riverside Company (Riverside) on September 10, 2019 as a shelf company and special purpose vehicle for the acquisition of Bike24. On November 8, 2019, Bike24 Holding AG (at that time: "REF Bike Holding GmbH") indirectly acquired all shares in Peloton MidCo 2 GmbH from Peloton MidCo1 Ltd., an affiliate of another private equity investor. Since November 1, 2019, Peloton MidCo 2 GmbH has been consolidated in the consolidated financial statements of Bike24 Holding AG.

Unaudited condensed consolidated interim financial statements as of and for the three months ended March 31, 2021 prepared in accordance with IFRS on interim financial reporting (IAS 34) of Bike24 Holding AG (formerly REF Bike Holding GmbH and renamed on May 18, 2021 to Bike 24 Holding GmbH) F-2

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Unaudited Condensed Consolidated Interim Financial Statements as of and for the three months ended March 31, 2021 prepared in accordance with International Financial Reporting Standards (IFRS) on interim financial reporting (IAS 34) for Bike 24 Holding AG (formerly REF Bike Holding GmbH and renamed on May 18, 2021 to Bike24 Holding GmbH)

Bike24 Holding AG

Consolidated financial statements

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I. Unaudited condensed consolidated interim statements of profit or loss and other comprehensive income or loss

in € thousands, except share and per share data	Note	Three months ended March 31, 2021	2020
Revenue and other income			
Revenue	D.1	57,564	33,015
Other income		46	19
Total income		57,610	33,034
Operating expenses			
Personnel expenses	D.2	-5,008	-3,244
Expenses for merchandise, consumables and supplies	D.3	-39,929	-23,723
Impairment loss on trade receivables		-35	-7
Other expenses	D.4	-7,124	-4,262
Depreciation and amortization	D.5	-3,420	-3,385
Total expenses		-55.516	-34,622
Earnings before interest and taxes (EBIT)		**2,095**	**-1,587**
Finance income and expense			
Finance income		1	438
Finance expense		-1,103	-1,220
Finance expense, net		-1,102	-782
Earnings before tax		**993**	**-2,370**
Income tax expense (income)		-322	558
Result for the period		**670**	**-1,812**
Other comprehensive loss		—	—
Comprehensive income (loss)		**670**	**-1,812**
Earnings per share			
Basic and diluted earnings per preferred share		€ 2,730	2,544
Basic and diluted earnings per ordinary share		€ -86	-181
Weighted average preferred shares outstanding (basic and diluted)		1,000	1,000
Weighted average ordinary shares outstanding (basic and diluted)		24,000	24,000

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

II. Unaudited condensed consolidated interim statements of financial position

in € thousands	Note	March 31, 2021	December 31, 2020
Assets			
Intangible assets	E.1	137,166	139,531
Goodwill		56,753	56,753
Property, plant and equipment		19,045	19,468
Non-current assets		**212,965**	**215,752**
Inventories	E.2	50,773	38,152
Other assets	E.3	5,023	4,700
Trade and other receivables		1,496	1,991
Cash and cash equivalents		24,533	25,235
Current assets		**81,824**	**70,078**
Total assets		**294,789**	**285,831**
Equity			
Subscribed capital		25	25
Capital reserves		122,879	122,879
Retained Earnings		-1,345	-2,016
Total Equity		**121,558**	**120,888**
Liabilities			
Liabilities to banks		88,880	88,880
Other financial liabilities		7,829	8,167
Provisions	E.4	2,470	2,312
Deferred tax liabilities		42,149	43,236
Non-current liabilities		**141,328**	**142,596**
Liabilities to banks		1,765	720
Other financial liabilities		1,471	1,526
Provisions	E.4	672	650
Other liabilities	E.5	9,116	6,345
Income tax liabilities		1,713	4,875
Trade payables	E.6	17,166	8,230
Current liabilities		**31,903**	**22,347**
Total liabilities		**173,231**	**164,943**
Total equity and liabilities		**294,789**	**285,831**

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

III. Unaudited condensed consolidated interim statements of cash flows

in € thousands	Note	Three months ended March 31, 2021	Three months ended March 31, 2020
Cash flows from operating activities			
Result for the period		670	-1,812
Adjustments for:			
- Depreciation and amortization		3,420	3,385
-Write-off of intangible assets		—	190
- Finance income		-1	-438
- Finance expense		1,103	1,220
- Income tax expense (income)		322	-558
		5,515	1,987
Changes in:			
- Inventories		-12,621	-5,879
- Trade and other receivables		495	552
- Other assets		-323	-1,983
- Trade and other payables		8,935	3,094
- Other liabilities		2,770	760
- Provisions		180	978
Cash generated from operating activities		4,951	-491
Interest paid		-57	-26
Income tax paid		-4,572	-636
Net cash from (used in) operating activities		**322**	**-1,153**
Cash flows from investing activities			
Acquisition of property, plant and equipment		-353	-419
Acquisition of intangible assets		-280	-74
Net cash used in investing activities		**-633**	**-493**
Cash flows from financing activities			
Proceeds from liabilities to banks		—	4,250
Payment of lease liabilities		-392	-382
Net cash (used in)/ from financing activities		**-392**	**3,868**
Net increase (decrease) in cash and cash equivalents		**-702**	**2,223**
Cash and cash equivalents as of January 1,		25,235	8,616
Cash and cash equivalents as of March 31,		**24,533**	**10,839**

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

IV. Unaudited condensed consolidated interim statements of changes in equity

in € thousands	Note	Subscribed capital	Capital reserve	Retained Earnings	Total equity
Balance as of January 1, 2020		**25**	**122,879**	**-2,575**	**120,328**
Result for the period		—	—	-1,812	-1,812
Other comprehensive loss		—	—	—	—
Comprehensive loss		**—**	**—**	**-1,812**	**-1,812**
Balance as of March 31, 2020		**25**	**122,879**	**-4,387**	**118,513**
Balance as of January 1, 2021		**25**	**122,879**	**-2,016**	**120,888**
Result for the period		—	—	670	670
Other comprehensive loss		—	—	—	—
Comprehensive income		**—**	**—**	**670**	**670**
Balance as of March 31, 2021		**25**	**122,879**	**-1,346**	**121,558**

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

V. Selected explanatory notes to the unaudited condensed consolidated interim financial statements

A. Basis of consolidated financial statements

A.1 Corporate information

Bike24 Holding AG (formerly REF Bike Holding GmbH, which was renamed on May 18, 2021 to Bike24 Holding GmbH, hereafter referred to as the "Company" or, together with its subsidiaries, "Bike 24 Group") is a stock corporation incorporated in Germany, founded as a limited liability company on August 22, 2019. The Company is registered at the Amtsgericht Dresden commercial register under section B, with the official number 41023. The Company is headquartered at Breitscheidstraße 40, 01237 Dresden, Germany.

Bike24 Group runs an e-commerce store and one local store (first three months of 2020: two local stores) and is primarily involved in the trade of high-quality bicycles, bicycle parts, bicycle accessories, bicycle clothing as well as running, swimming and outdoor articles.

The unaudited condensed consolidated interim financial statements of Bike24 Group were authorized for issue by the Management Board on June 9, 2021.

A.2 Basis of accounting

The accompanying condensed consolidated interim financial statements as of March 31, 2021 and the three months ended March 31, 2020 and 2021 have been prepared in accordance with International Financial Reporting Standard 34 "Interim Financial Reporting" as adopted by the European Union ("EU") ("IFRS"). The condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the financial year ended December 31, 2019 and December 31, 2020, which have been prepared in accordance with IFRS as adopted by the EU, taking into account the interpretations of the International Financial Reporting Standards Interpretations Committee ("IFRIC").

Bike24 Group's financial year ends December 31. All intercompany transactions are eliminated during the preparation of the consolidated financial statements.

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except stated otherwise. The condensed consolidated interim financial statements are presented in Euro ("EUR"), which is the functional currency of the subsidiaries of Bike24 Group. All amounts are rounded to the nearest thousands, except when otherwise indicated. Due to rounding, differences may arise when individual amounts or percentages are added together. A Hyphen ("-") indicates that a position is not applicable, a zero ("0") indicates that a position has been rounded to zero. The condensed consolidated interim statements of profit or loss is presented based on the nature of expense method.

The condensed consolidated interim financial statements are prepared under the assumption that the business will continue as a going concern. Management believes that Bike24 Group has adequate resources to continue operations for the foreseeable future.

Bike24 Group's main season is spring and summer and, thus, quarterly results are fluctuating.

The COVID-19 pandemic positively impacted the revenues throughout financial year 2020 due to the increase in online retailing demand, the same applies to the first three months of 2021.

B. Summary of significant accounting policies

The accounting policies applied by Bike24 Group in these condensed consolidated interim financial statements are the same as those applied by Bike24 Group in its consolidated financial statements for the fiscal year 2020, except for:

Other long-term employee benefits

The Company launched another long-term employee benefits programme (Long Term Incentive Plan 2021, "LTIP 2021") for key employees in the first quarter of 2021. The programme is structured over a holding period of 4 years and is serviced in cash. In accordance with IAS 19, the personnel expenses resulting from the programme in the amount of € 1,792 thousand are distributed over the holding period. Provisions for other long-term employee benefits comprise the present value of the obligation to be made to employees.

Current taxes

The quarterly current taxes have been determined by calculating the earnings before tax according to local generally accepted accounting principles (“GAAP”), eliminating amortization of goodwill according to local GAAP, to obtain the tax income. On this tax income, Bike24 Groups tax rate of 31.58% has been applied to calculate the current tax expense. The rate is applicable for the whole year 2021.

Research and development

Expenditure on research activities is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses as incurred. Development costs are capitalized only if the cost can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Bike24 Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, development cost is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses as incurred. Subsequent to initial recognition, capitalized development cost is measured at cost less accumulated amortization and any accumulated impairment losses. For capitalized development costs in these condensed consolidated interim financial statements refer to Note E.1.

Deferred Offering Costs

Bike24 Group capitalizes certain legal, accounting and other third party fees that are directly associated with in-process equity financings as other assets until such financings are consummated. After consummation of the equity financing, these costs are recorded in shareholders’ equity as a reduction of additional paid-in capital generated as a result of the offering. Should the equity financing no longer be considered probable of being consummated, the deferred offering costs would be expensed immediately as a charge to operating expenses in the statement of profit or loss and other comprehensive income. Bike24 Group has not recorded any deferred offering costs prior to January 1, 2021. Deferred offering costs recorded in the first three months of 2021 are included in other assets, please refer to Note E.3.

Significant accounting estimates, assumptions and estimation uncertainties

The preparation of Bike24 Group’s condensed consolidated interim financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying notes disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In preparing the condensed consolidated interim financial statements, the significant judgments made by management in applying Bike24 Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the financial year ended December 31, 2019 and December 31, 2020, except for business combinations.

C. Segment reporting

Bike24 Group consists of a single operating and reporting segment, which is based on how the Chief Operating Decision Maker assesses the performance of Bike24 Group. Net sales are used to measure performance because management believes that this information is the most relevant in evaluating Bike24 Group relative to other entities that operate in the same industries.

The geographic information analyses Bike24 Group's revenue by the Company's country of domicile and other countries. In presenting the geographic information, revenue has been based on the geographic location of customers.

in € thousands	Three months ended March 31, 2021	2020
Germany	32,545	17,765
Austria and Switzerland	6,009	3,461
Rest of Europe	14,288	8,475
Rest of World	4,722	3,314
Total	**57,564**	**33,015**

No individual country accounted for more than 10% of the Bike 24 Group's revenues, except for Germany.

Substantially all amounts classified within revenues are derived from the sale of goods, mainly in the field of parts, accessories and clothing. No single customer accounted for more than 10% of Bike24 Group's revenues in any of the periods presented. All long-lived assets are located in Germany.

D. Notes to the condensed consolidated interim statements of profit or loss and other comprehensive income

D.1 Revenue

Revenue per product category:

in € thousands	Three months ended March 31, 2021	2020
Revenue by product category		
Parts, accessories and clothing	36,877	21,961
Traditional and e-bikes	7,143	3,087
Adjacent	13,544	7,967
Total	**57,564**	**33,015**

The effects of the COVID-19 pandemic and the associated shift from offline to online business led to a strong revenue growth from April 2020 onwards. This growth also continued in the first three months of 2021.

D.2 Personnel expenses

Personnel expenses consist of the following:

in € thousands	Three months ended March 31, 2021	2020
Wages and salaries	-2,783	-2,355
Social security costs	-559	-467
Other personnel expenses	-1,212	-423
Expenses for LTIP 2021	-50	—
Expenses for growth bonus	-404	—
Total	**-5,008**	**-3,244**

The other personnel expenses increased due to the increased use of temporary workers.

An amount of € 296 thousand of own IT development expenses as well as € 70 thousand of temporary workers expenses were incurred in 2020 for the development of an ERP-software-module named "Product Information Management".

D.3 Expenses for merchandise, consumables and supplies

During the three months ended March 31, 2021, net reversals of inventory write-downs classified as expenses for merchandise, consumables and supplies amounted to € 78 thousand. The reversals of write-downs result from the sale of old stock. During the three months ended March 31, 2020, inventory write-downs classified as expenses for merchandise, consumables and supplies amounted to € 65 thousand.

The increase in expenses for merchandise, consumables and supplies in the first three months of 2021 compared to the first three months of 2020 is linked to the revenue growth. However, due to the high demand from customers, the material deployment ratio and margin could be improved, as the price pressure was less strong in the first three months of 2021 compared to the first three months of 2020. In addition, there was a sell-out of items in the first three months of 2020, which was significantly smaller in the first three months of 2021. For information on revenue growth, please refer to Note D.1.

D.4 Other expenses

Other expenses consist of the following:

in € thousands	Three months ended March 31, 2021	2020
Selling expenses	-4,478	-2,681
Marketing expenses	-142	-69
Transaction cost	-882	-418
Other operating expenses	-1,622	-1,094
Total	**-7,124**	**-4,262**

In 2021 the transaction cost is mainly comprised of consultancy fees and audit fees for the planned initial public offering. In 2020 the transaction cost related to the acquisition in 2019.

The selling expenses increased due to the revenue growth. The other operating expenses include the expenses for growth bonus of the advisory board.

In 2020 € 190 thousand relating to a write-off of intangible assets relate to the ERP-software-module named “Product Information Management” and have been recognized in other operating expenses.

D.5 Depreciation and amortization

Depreciation and amortization consist of the following:

in € thousands	Three months ended March 31, 2021	2020
Amortization	-2,644	-2,616
Depreciation	-776	-768
Total	**-3,420**	**-3,385**

E. Notes to the condensed consolidated interim statements of financial position

E.1 Intangible assets and goodwill

For the new web shop, additions of € 65 thousand in down payments and € 178 thousand in development in progress were capitalized as of March 31, 2021.

E.2 Inventories

The revenue growth in the first three months of 2021 compared to the first three months of 2020 indicates that inventory levels also had to be increased to meet and service the increase in customer demand. During the first three months of 2021, large pre-ordered quantities for the spring and summer business were delivered on a regular basis. For information on revenue growth, please refer to Note D.1.

E.3 Other assets

As of March 31, 2021, Bike24 Group has recorded deferred offering costs in an amount of € 200 thousand relating to legal fees.

E.4 Provisions

In accordance with IAS 19, non-current other provisions include provisions for other long-term employee benefits (LTIP 2021) in an amount of € 50 thousand as of March 31, 2021.

E.5 Other liabilities

For the planned initial public offering, consultancy fees of € 844 thousand and audit fees of € 195 thousand were included in the other liabilities as of March 31, 2021. Also sales tax liabilities increased by € 366 thousand and already received prepayment increased by € 208 thousand.

As of March 31, 2021, the current other liabilities included € 842 thousand for the employee and the advisory board growth bonus. Other personnel accruals increased by € 357 thousand for holidays and overtime as well as bonuses.

E.6 Trade payables

In connection with the increase of inventories since December 31, 2020, trade payables increased respectively as of March 31, 2021. For information on inventories, please refer to Note E.2.

E.7 Financial instruments and financial risk management

E.7.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Due to their nature, the carrying amounts of cash and cash equivalents, trade and other receivables, other assets, other financial liabilities and trade payables approximate their fair value.

	Carrying amount					
Balance as of March 31, 2021 in € thousands	**Total**	**IFRS 9 category**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets						
Non-current financial assets						
Derivatives	—	FVTPL	—	—	—	—
Investments	—	FVTPL	—	—	—	—
Non-current financial assets						
Trade and other receivables	1,496	AC	—	—	—	—
Other assets	24,533		—	—	—	—
Thereof deposits	325	AC	—	—	—	—
Thereof interest cap	—	FVTPL	—	—	—	—
Cash and cash equivalents	24,533	AC	—	—	—	—
Total	**50,562**		**—**	**—**	**—**	**—**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	88,880	AC	—	—	88,880	88,880
Other financial liabilities	7,829	N/A	—	—	—	—
Current financial liabilities						
Liabilities to banks	1,765	AC	—	—	1,765	1,765
Other financial liabilities	1,471	N/A	—	—	—	—
Trade payables	17,166	AC	—	—	—	—
Total	**117,111**		**—**	**—**	**90,645**	**90,645**

Balance as of December 31, 2020 in € thousands	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Derivatives	—	FVTPL	—	—	—	—
Investments	—	FVTPL	—	—	—	—
Non-current financial assets			—	—	—	—
Trade 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	—	—	88,880	88,880
Other financial liabilities	8,167	N/A	—	—	—	—
Current financial liabilities						
Liabilities to banks	720	AC	—	—	720	720
Other financial liabilities	1,526	N/A	—	—	—	—
Trade payables	8,230	AC	—	—	—	—
Total	**107,523**		**—**	**—**	**89,600**	**89,600**

Other financial liabilities consist entirely of lease liabilities that do not fall within the scope of IFRS 9.

As Bike24 Group does not meet the criteria for offsetting, no financial instruments are netted.

Where quoted prices in an active market do not exist, Bike24 Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique used incorporates all factors that market participants would consider in pricing such a transaction. The valuation model for investments is based on expected future cash flows. The fair value of the liabilities to banks approximates the carrying amount due to the variable interest rate, taking into account the credit risk.

There were no transfers between the different levels of the fair value hierarchy as of March 31, 2021 and December 31, 2020. Bike24 Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

E.7.2 Capital risk management

Bike24 Group's financing is secured through the business operation. At short notice it is possible, to draw further revolving credit facilities, based on the revolving credit facility agreement in place.

Management monitors capital usage by overseeing and confirming the weekly bank transfers and as such manages capital by monitoring the decrease and increase of cash and cash equivalents as presented in the consolidated statement of financial position. Additionally, management conducts a funding plan which is regularly updated. In the periods presented, Bike24 Group always had sufficient liquid funds to maintain the operating business, thus the objectives of capital management were met.

Targets used to monitor capital risk management are revenue growth, change in inventory stock, payment conditions as well as interest and tax payments.

F. Other information

F.1 Related parties

F.1.1 Transactions with key management personnel

a) Key management personnel compensation and transactions

Key management personnel compensation comprised the following:

in € thousands	Three months ended March 31, 2021	2020
Short-term employee benefits	294	191
Other employee benefits	213	—
Total	**507**	**191**

Other employee benefits include expenses for bonuses.

b) Other related party transactions

in € thousands	Amount of transactions in the three months ended March 31, 2021	Amount of transactions in the three months ended March 31, 2020	Outstanding balances as of March 31 2021	Outstanding balances as of December 31 2020
Services by related parties	69	142	11	9
Total	**69**	**142**	**11**	**9**

Related party services mainly comprise service fees for management services. The balances are not collateralized and were not impaired in the periods presented.

c) Compensation of members of the advisory board

The compensation of the members of the advisory board is as follows:

in € thousands	Three months ended March 31, 2021	2020
Short-term benefits	8	19
Other benefits	465	164
Total	**473**	**183**

The other benefits relate to the growth bonus, which starts in February 2020. Therefor and because of an adjusted payment day, the expenses increased in 2021.

F.2 Contingencies and Commitments

The purchase commitments related to the purchase of goods as of March 31, 2021 and December 31, 2020 were € 106,000 thousand and € 62,680 thousand, respectively.

In the consolidated financial statements as of December 31, 2020, Bike24 Group reported purchase commitments of € 44,924 thousand. This amount was corrected in accordance with IAS 8.41 et seq. to € 62,680 thousand as a result of incorrect data collection.

F.3 Subsequent events

On April 27, 2021 a transaction regarding two fully owned subsidiaries of REF Bike Holding AG was registered at Amtsgericht Dresden commercial register. With merger agreement dated December 3, 2020 and the resolutions of the shareholders' meetings of the legal entities involved on the same day, Bike24 Service GmbH was merged with Peloton MidCo2 GmbH by way of absorption. On the same day, Peloton MidCo2 GmbH was renamed to Bike24 Service GmbH.

On May 10, 2021, a general meeting was held, which authorized the Management Board, with the consent of the Supervisory Board, to increase the subscribed capital of the Company within 5 years from the entry as a stock corporation with the commercial register once or several times by up to € 18,750,000 by issuing up to 18,750,000 new no-par value bearer shares against a contribution in cash or in kind (authorized capital 2021).

On May 18, 2021, the Company effectuated an increase of the Company's subscribed capital from own resources from € 25 thousand by € 37,475 thousand to € 37,500 thousand, resulting in a corresponding increase and decrease in subscribed capital and capital reserve, respectively. As part of this capital in-crease, the preference rights of the preferred shares were eliminated, and the preferred shares became ordinary shares.

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

On June 7, 2021 an extraordinary general meeting was held, which authorized the Management Board, with the consent of the Supervisory Board, to issue up to 1,558,092 stock options with subscription rights to members of the management bodies. Similarly, the Supervisory Board was authorized to issue up to 780,000 stock options with subscription rights to up to 780,000 ordinary bearer shares with no par value of Bike24 Holding AG to the members of the Management Board. The stock options can be exercised after a waiting period of four years from the date of issue. The extraordinary general meeting approved to increase the registered share capital of Bike24 Holding AG by up to € 1,558,092 through the issue of up to 1,558,092 new ordinary bearer shares with no par value (conditional capital 2021/II). Furthermore, the extraordinary general meeting authorized the Management Board, with the consent of the Supervisory Board, to issue convertible and/or option bonds with a total nominal amount of up to € 500 million under exclusion of subscription rights and to grant the holders or creditors of such bonds conversion or option rights for a total of up to 17,191,908 new ordinary bearer shares from a conditional capital (conditional capital 2021/I) created by the extraordinary general meeting for such purpose and authorized the Supervisory Board to amend the Articles of Association accordingly.

There have been no other significant events after March 31, 2021 that have a material impact on the condensed consolidated interim financial statements of the Bike24 Group.

Dresden, June 9, 2021

The Management Board

Andrés Martin-Birner	Timm Armbrust

Audited Consolidated Financial Statements

for the financial year ended December 31, 2019
and December 31, 2020

in accordance with the International Financial Reporting Standards (IFRS),

as adopted by the European Union

for

REF Bike Holding GmbH

REF Bike Holding GmbH

Consolidated financial statements

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I. Consolidated statements of profit or loss and other comprehensive income

in € thousands, except share and per share data	Note	2020	August 22, to December 31, 2019
Revenue and other income			
Revenue	E.1	199,151	21,494
Other income		139	21
Total income		**199,290**	**21,515**
Operating expenses			
Personnel expenses	E.2	-15,345	-1,754
Expenses for merchandise, consumables and supplies	E.3	-137,874	-15,267
Impairment loss on trade receivables	E.4	-147	-26
Other expenses	E.5	-21,954	-4,447
Depreciation and amortization	F.1/F.2/F.12.1	-13,640	-2,247
Total expenses		**-188,961**	**-23,740**
Earnings before interest and taxes (EBIT)		**10,330**	**-2,225**
Finance income and expense			
Finance income	E.6	1	1,009
Finance expense	E.6	-9,138	-1,440
Finance expense, net	E.6	-9,137	-431
Earnings before tax		**1,193**	**-2,656**
Income tax expense (income)	E.7	-633	81
Result for the period		**560**	**-2,575**
Other comprehensive loss		—	—
Comprehensive result		**560**	**-2,575**
Earnings per share			
Basic and diluted earnings per preferred share	E.8	€ 10,202	120,030
Basic and diluted earnings per ordinary share	E.8	€ -402	-5,107
Weighted average preferred shares outstanding (basic and diluted)	E.8	1,000	1,000
Weighted average ordinary shares outstanding (basic and diluted)	E.8	24,000	24,000

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

II. Consolidated statements of financial position

in € thousands	Note	December 31, 2020	December 31, 2019	August 22, 2019
Assets				
Intangible assets	F.1	139,531	149,817	—
Goodwill	F.1	56,753	56,753	—
Property, plant and equipment	F.2	19,468	22,308	—
Financial assets	F.12.1	—	3,838	—
Non-current assets		**215,752**	**232,716**	**—**
Inventories	F.3	38,152	36,168	—
Other assets	F.5	4,700	2,279	—
Trade and other receivables	F.4	1,991	1,417	—
Cash and cash equivalents		25,235	8,616	13
Current assets		**70,078**	**48,481**	**13**
Total assets		**285,831**	**281,197**	**13**
Equity				
Subscribed capital	F.6	25	25	13
Capital reserves	F.6	122,879	122,879	—
Retained earnings		-2,016	-2,575	—
Total Equity		**120,888**	**120,328**	**13**
Liabilities				
Liabilities to banks	F.7	88,880	89,475	—
Other financial liabilities	F.8	8,167	10,835	—
Provisions	F.9	2,312	538	—
Deferred tax liabilities	F.10	43,236	47,296	—
Non-current Liabilities		**142,596**	**148,144**	**—**
Liabilities to banks	F.7	720	684	—
Other financial liabilities	F.8	1,526	1,530	—
Provisions	F.9	650	435	—
Other liabilities	F.11	6,345	3,480	—
Income tax liabilities		4,875	252	—
Trade payables	F.12.1	8,230	6,343	—
Current liabilities		**22,347**	**12,724**	**—**
Total liabilities		**164,942**	**160,868**	**—**
Total equity and liabilities		**285,831**	**281,197**	**13**

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

III. Consolidated statements of cash flows

in € thousands	Note	2020	August 22, to December 31, 2019
Cash flows from operating activities			
Proft for the period		560	-2,575
Adjustments for:			
- Depreciation and amortization	F.1/F.2	13,640	2,247
- Finance income	E.6	-1	-1,009
- Finance expense	E.6	9,138	1,440
- Income tax expense (income)	E.7	633	-81
		23,970	21
Changes in:			
- Inventories	F.3	-1,984	2,487
- Trade and other reveivables	F.4	-574	194
- Other assets	F.5	-2,370	1,223
- Trade and other payables	F.12.1	1,887	-3,560
- Other liabilities	F.11	2,872	354
- Provisions	F.9	1,905	9
Cash generated from operating activities		25,707	729
Interest paid		-4,566	-18
Income tax paid		-43	-729
Net cash from operating activities	G.3	**21,097**	**-17**
Cash flows from investing activities			
Acquisition through business combinations		—	-104,582
Acquisition of property, plant and equipment		-1,398	-103
Acquisition of intangible assets		-229	-204
Net cash used in investing activities	G.3	**-1,627**	**-104,889**
Cash flows from financing activities			
Proceeds from contribution to subscribed capital		—	12
Proceeds from contribution to capital reserve		—	101,883
Proceeds from liabilities to banks		—	86,680
Repayment of liabilities to banks		-1,320	-74,817
Payment of lease liabilities		-1,531	-249
Net cash from financing activities	G.3	**-2,851**	**113,510**
Net increase (decrease) in cash and cash equivalents		**16,619**	**8,603**
Cash and cash equivalents as of January 1,		8,616	13
Cash and cash equivalents as of December 31,		**25,235**	**8,616**

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

IV. Consolidated statements of changes in equity

in € thousands	Note	Subscribed capital	Capital reserve	Retained Earnings	Total equity
Balance as of August 22, 2019		**13**	**—**	**—**	**13**
Result for the period		—	—	-2,575	-2,575
Proceeds from contribution to subscribed capital	F.6	12	—	—	12
Proceeds from deposits to capital reserve	F.6	—	101,883	—	101,883
Proceeds from contribution to capital reserve	F.6	—	20,996	—	20,996
Other comprehensive loss		—	—	—	—
Comprehensive loss		**12**	**122,879**	**-2,575**	**120,316**
Balance as of December 31, 2019		**25**	**122,879**	**-2,575**	**120,328**
Balance as of January 1, 2020		**25**	**122,879**	**-2,575**	**120,328**
Result for the period		—	—	560	560
Other comprehensive loss		—	—	—	—
Comprehensive loss		**—**	**—**	**560**	**560**
Balance as of December 31, 2020		**25**	**122,879**	**-2,016**	**120,888**

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

V. Notes to the consolidated financial statements

A. Basis of consolidated financial statements

A.1 Corporate information

REF Bike Holding GmbH (hereafter referred to as the "Company" or, together with its subsidiaries, "Bike 24 Group"') is a limited liability company incorporated in Germany, founded on August 22, 2019. The Company is registered at the Amtsgericht Dresden commercial register under section B, with the official number 41023. The Company is headquartered at Breitscheidstraße 40, 01237 Dresden, Germany.

Bike24 Group runs an e-commerce store and one local store (as of December 31, 2019: two stores) and is primarily involved in the trade of high-quality bicycles, bicycle parts, bicycle accessories, bicycle clothing as well as running, swimming and outdoor articles.

The consolidated financial statements of Bike24 Group were authorized for issue by the Management Board on April 18, 2021.

A.2 Acquisition of Bike24 Group

REF Bike Holding GmbH was founded on August 22, 2019 and acquired Bike24 Support GmbH, founded that day, on the same day. In November 2019, Bike24 Support GmbH acquired 100% of the shares in Peloton MidCo2 GmbH from Peloton MidCo1 Ltd. (see Note B.3). Since that day, REF Bike Holding GmbH holds 100% of the shares in Bike24 Support GmbH, which in turn holds 100% of shares in Peloton MidCo2 GmbH, which in turn holds 100% of shares in Bike24 Service GmbH. Bike24 Service GmbH holds 100% of the shares in Bike24 GmbH. For simplification purposes, Peloton MidCo2 GmbH has been included in the consolidated financial statements of Bike 24 Group since November 1, 2019. More than 50% of the shares in REF Bike Holding GmbH are held by REF VI Bike Holding S.à r.l., Luxembourg.

A.3 Basis of accounting

The accompanying consolidated financial statements have been prepared in accordance with International-al Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU") ("IFRS"), also taking into account the recommendations of the International Financial Reporting Standards Interpretations Committee ("IFRIC"). As this is Bike24 Group's first set of IFRS financial statements, IFRS 1 First Time Adoption of IFRS is applicable. Refer to Note G.4 for details regarding Bike24 Group's application of IFRS 1 First-time Adoption of International Financial Reporting Standards, including the use of allowed exemptions and exceptions under the standard.

The accounting principles set out below, unless stated otherwise, have been applied consistently for all periods presented in the consolidated financial statements.

Bike24 Group's financial year ends December 31. All intercompany transactions are eliminated during the preparation of the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except stated otherwise. The consolidated financial statements are presented in Euro ("EUR"), which is the functional currency of the subsidiaries of Bike24 Group. All amounts are rounded to the nearest thousands, except when otherwise indicated. Due to rounding, differences may arise when individual amounts or percentages are added together. A Hyphen ("-") indicates that a position is not applicable, a zero ("0") indicates that a position has been rounded to zero. The consolidated statements of profit or loss is presented based on the nature of expense method.

The consolidated financial statements are prepared under the assumption that the business will continue as a going concern. Management believes that Bike24 Group has adequate resources to continue opera-tions for the foreseeable future.

A.4 Changes in significant accounting policies and disclosures

a) New and revised standards and interpretations applied for the first time

Bike 24 Group has applied the following amendments to IFRS adopted by the European Union, consistently for all periods presented, to the extent these have an impact on the consolidated financial statements.

Effective date	New standards or amendments	Adoption	Impact
January 1, 2020	Amendments to References to Conceptual Framework in IFRS Standards	Yes	None
	Definition of a Business (Amendments to IFRS 3)	Yes	None
	Definition of Material (Amendments to IAS 1 and IAS 8)	Yes	None
	Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	Yes	None
June 1, 2020	COVID-19-Related Rent Concessions (Amendment to IFRS 16)	Yes	None

b) New and revised standards issues, but not yet effective

At the date of authorization of these consolidated financial statements, Bike24 Group has not applied the following new and revised IFRS that have been issued but are not yet effective.

Effective date	New standards or amendments	Adoption	Impact
January 1, 2021	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Yes	None
January 1, 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	Yes	None
	Annual Improvements to 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	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	Yes	None
	IFRS 17 Insurance Contractsa and amendments to IFRS 17 Insurance Contracts	Yes	None

B. Group composition

B.1 Consolidation principles

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated when preparing the consolidated financial statements pursuant to IFRS 10.B86. Accounting policies have been applied consistently for all subsidiaries.

B.2 Scope of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The acquisition costs for shares in subsidiaries in the context of company acquisitions are offset against the pro rata fair value of the acquired assets and liabilities at the time of acquisition. Any positive difference arising from the offsetting is recognized as goodwill and capitalized in the amount of the acquired share in the respective subsidiary.

The name, registered office, and share of capital of the subsidiaries, i.e. the companies included in the consolidated financial statements in accordance with Section 313 (2) No. 1 German Commercial Code ([HGB), are listed below.

Besides REF Bike Holding GmbH, the following subsidiaries of Bike24 Group are included in the scope of consolidation:

	Location	Percentage of ownership
Bike24 Support GmbH*	Dresden, Germany	100%
Peloton MidCo2 GmbH**	Dresden, Germany	100%
Bike24 Service GmbH	Dresden, Germany	100%
Bike24 GmbH	Dresden, Germany	100%

* Acquired by REF Bike Holding GmbH on August 22, 2019, the day of foundation.

** Acquired by Bike24 Support GmbH on November 8, 2019, holding 100% of the shares of both Bike24 GmbH and Bike24 Service GmbH

The change in the scope of consolidation in the 2019 financial year is described in Note B.3. There were no changes in the scope of consolidation in the 2020 financial year.

B.3 Acquisition of Peloton MidCo2 GmbH

On November 8, 2019, Bike24 Support GmbH acquired 100% of the shares in Peloton MidCo2 GmbH.

The reason for the business combination was the growing potential of the market - cycling is becoming increasingly popular as a healthy sport and is also seen as an environmentally friendly way of mobility. In this context, Bike24 Support GmbH 2019 was founded/acquired, which in turn acquired Peloton MidCo2 GmbH.

The goodwill mainly reflects the employee workforce and the competence of the management/founders of the company.

The valuation techniques used to determine the fair value of the acquired material assets were as follows:

Acquired assets	Valuation technique
Property, plant and equipment	Market comparison method and cost method: the valuation model takes into account market prices for similar items, if available, and amortized replacement costs, if applicable. Amortized replacement cost reflects adjustments for physical deterioration as well as functional obsolescence and economic obsolescence. Right-of-use assets under IFRS 16 were measured at the value of the remaining payments discounted at the incremental borrowing rate in accordance with the relief provisions of IFRS 3.28B.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method takes into account the discounted estimated payments of royalties that are expected to be saved by having the patents owned. The multi-period excess earnings method considers the present value of the expected net cash flows generated by the customer relationships, excluding any cash flows associated with supporting assets. For the valuation of the internally generated ERP system, the replacement value method was applied and the cost of reproducing the ERP system was determined on the basis of man-days required and hourly rate.
Inventory	Market comparison method: The fair value is determined on the basis of the estimated selling price in the ordinary course of business, less estimated costs of completion and sale, and reasonable profit margins based on the efforts required to complete and sell the inventories.

Trade receivables comprise gross amounts due under contractual receivables of € 1,642 thousand, of which € 32 thousand was estimated to be uncollectible at the acquisition date.

The fair values of the consideration at the acquisition date are as follows.

in € thousands	
Cash and cash equivalents	43,966
- Thereof acquired	3,644
Reinvestment	20,996
- Thereof cash	—
Takeover loan and interests	56,357
- Thereof cash	—
Fulfillment of existing obligations to former owners	7,899
- Thereof cash	7,899
Reinvestment	4
- Thereof cash	—
Total consideration transferred	**129,222**

The amounts recognized for the assets acquired and liabilities assumed at the acquisition date are summarized below:

in € thousands	Fair value at acquisition
Property, plant and equipment	22,703
Intangible assets	151,351
Financial assets	30
Inventories	38,655
Trade receivables	1,611
Cash and cash equivalents	3,644
Other assets	4,239
Deferred tax liabilities	-47,730
Provisions	-959
Trade payables	-8,662
Other financial liabilities	-12,613
Other liabilities	-4,983
Liabilities to banks	-74,817
Sum identifiable net assets	**72,469**

The intangible assets consist of the brand „Bike24“, a customer base and ERP software.

The goodwill resulting from the acquisition is as follows:

in € thousands	
Consideration transferred	129,222
Fair value of identifiable net assets	72,469
Goodwill	**56,753**

Acquisition-related costs of € 1,990 thousand were recognized under other operating expenses in fiscal year 2019.

Revenue and earnings of the consolidated financial statements mainly consist of revenue and earnings of the acquired Bike24 Group.

If Bike24 Group had been acquired on August 22, 2019, until December 31, 2019 the company would have contributed € 48,183 thousand to consolidated revenue and a loss of € 5,120 thousand to consolidated earnings.

C. Summary of significant accounting policies

C.1.1 Current versus non-current classification

Bike24 Group classifies assets and liabilities by maturity. They are regarded as current if they are expected to be realized within one year or within the normal operating business cycle of Bike24 Group. The normal operating business cycle, which is less than one year, begins with the procurement of inventory and ends with the receipt of cash or cash equivalents as consideration for the sale of inventory. Inventories, trade and other receivables, and trade payables are always presented as current items.

C.1.2 Foreign currency translation

Bike24 Group’s consolidated financial statements are presented in Euro, which is the functional and presentation currency of the subsidiaries of Bike24 Group. For each entity, Bike24 Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is defined as the currency of the primary economic environment in which each entity operates. Any transactions denominated in foreign currencies are translated at the exchange rates prevailing on the date of transaction. Balance sheet items denominated in foreign currencies are translated at the closing rate for each reporting period, with resulting translation differences recognized within the consolidated statements of profit or loss and other comprehensive income.

C.1.3 Intangible assets and goodwill

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The useful life of intangible assets is assessed as either finite or indefinite.

Bike24 Group recognized goodwill, trademark, customer relationships and ERP software as a result of the acquisition of Peloton MidCo2 GmbH in 2019, which was accounted for as a business combination in accordance with IFRS 3. The residual value method used to value the customer relationships takes into account the present value of the expected cash flows generated by the customer relationships. The relief-from-royalty-method was used to value the trademark. The ERP software was valued at depreciated replacement cost.

Expenditure on research activities is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses as incurred. Development costs are capitalized only if the cost can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Bike24 Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, development cost is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses and personnel expenses as incurred. Subsequent to initial recognition, capitalized development cost is measured at cost less accumulated amortization and any accumulated impairment losses. No development costs have been capitalized in these consolidated financial statements.

Subsequent cost is capitalized only when substantiating an increase in the future economic benefits embodied in the specific asset to which it relates. All other cost is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses as incurred.

Intangible assets with a finite useful life are amortized on a straight-line basis over their estimated useful life from the date on which they become available for use. The amounts amortized are recognized in the consolidated statements of profit or loss and other comprehensive income within depreciation and amortization. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization methods, estimated useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

The following useful lives for intangible assets were estimated by Bike24 Group:

Intangible Asset type	Estimated useful life
Trademark	15 years
Customer relationships	15 years
Software	3 – 5 years
Other intangible assets	3 – 5 years

The Company tests goodwill for impairment annually in the fourth quarter of the year, or when an event becomes known that may trigger impairment, refer also to Note C.1.11.

C.1.4 Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are recognized at cost and subsequently measured less accumulated depreciation and any accumulated impairment losses.

Cost comprises the purchase price and all directly attributable costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of property, plant and equipment is recognized as an asset if it is probable that the related future economic benefits that will flow to the entity exceed the benefits that would have been received had the asset not been acquired.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the consolidated statements of profit or loss and other comprehensive income within other operating or other expenses, respectively.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to Bike24 Group.

All repair and maintenance costs are expensed when incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statements of profit or loss and other comprehensive income within depreciation and amortization. Land is not depreciated.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment and depreciated separately.

The following useful lives for property, plant and equipment were estimated by Bike24 Group:

Asset type	Estimated useful life
Buildings	10 – 15 years
Technical equipment	5 – 14 years
Office equipment	3 – 23 years

Leasehold improvements are amortized over the shorter of the underlying lease or the expected useful life of the asset.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

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.1.5 Leases

At contract inception, Bike24 Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Bike24 Group uses the definition of a lease in IFRS 16.

Bike24 Group’s leases consist of real estate and company cars. Lease terms are negotiated on an individual basis and may contain a range of different terms and conditions. Lease contracts may be negotiated for fixed period or include extension options.

To determine the lease terms, all facts and circumstances which offer economic incentives to exercise extension options are included. The lease terms include fixed payments the exercise price under a purchase option that Bike24 Group is reasonably certain to exercise, lease payments in an optional renewal period if Bike24 Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Bike24 Group is reasonably certain not to terminate early.

Extension options are included in the determination of the lease liability to the extent that it is reasonably certain that those options will be exercised by Bike24 Group. Management of Bike24 Group reviews forecasts planned growth and facility capacity when determining whether an extension option is reasonably certain to be exercised.

Bike24 Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the expected lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Bike24 Group’s incremental borrowing rate. Generally, Bike24 Group uses its incremental borrowing rate as the discount rate. To determine its incremental borrowing rate Bike24 Group obtains interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Bike24 Group applied incremental borrowing rates between 0.26% and 0,69% for the periods presented. Subsequently, a lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Bike24 Group’s estimate of the amount expected to be payable under a residual value guarantee, if Bike24 Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss and other comprehensive income within depreciation and amortization if the carrying amount of the right-of-use asset has been reduced to zero.

The finance expenses associated with the lease term are recognized in the consolidated statements of profit or loss and other comprehensive income over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received by the lessee.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Bike24 Group by the end of the lease term or the cost of the right-of-use asset reflects that Bike24 Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Bike24 Group presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in other financial liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

Bike24 Group did not enter any lease contracts that would fall under the low-value assets and short-term leases exemption under IFRS 16.

C.1.6 Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is the purchase price less purchase price reductions plus the costs incurred to bring the inventories to their present location. The cost of inventories is based on the first-in, first-out principle. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

In the event of a decline in the value of inventories, a write-down to net realizable value is made and the lower net realizable value is recognized in the consolidated statements of financial position. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed. Inventories are regularly reviewed to determine the length of time they have been held in stock. Inventory is written down if it remains in stock for more than one year. The amount of the write-down is based on experience considering expected price decreases due to a low inventory turnover rate.

The carrying amount of inventories is expensed as inventories are sold and recognized in expenses for merchandise, consumables and supplies. Write-downs to net realizable value and losses are expensed in the period they occur. Any reversal of write-downs is recognized in the period the reversal occurs.

C.1.7 Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. These include both non-derivative financial instruments, such as trade and other receivables and payables, and derivative financial instruments, such as foreign exchange contracts.

Recognition and initial measurement

Trade and other receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Bike24 Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade and other receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured as follows:

- at amortized cost
- FVOCI debt instruments (investments in debt instruments measured at fair value with changes in other comprehensive income)
- FVOCI equity investments (equity investments measured at fair value with changes in other comprehensive income)
- FVTPL (at fair value with changes in value recognized in profit or loss, including derivatives)

Financial assets are not reclassified subsequent to their initial recognition unless Bike24 Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents comprise the cash and cash equivalents reported in the consolidated statements of financial position. Cash and cash equivalents comprise cash on hand and bank balances with respect to payment providers with a bank license. During all periods presented, there are no restrictions on disposal.

Bike24 Groups derivatives are subsequently measured at fair value. Interest income is calculated using the effective interest method and impairment are recognized in profit or loss. Other net gains and losses are recognized in profit and loss.

Financial assets – Business model assessment

Bike24 Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to Bike24 Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Bike24 Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, Bike24 Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit Bike24 Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual nominal amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL

Financial assets in the FVTPL category are subsequently measured at fair value, with changes in value recognized in the consolidated statements of profit or loss and other comprehensive income.

Impairment of non-derivative financial assets

Bike24 Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost.

Bike24 Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- trade and other receivables; and
- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Bike24 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Bike24 Group's historical experience and informed credit assessment, that includes forward-looking information.

Bike24 Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Bike24 Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to Bike24 Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 150 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which Bike24 Group is exposed to credit risk.

Write-off

The gross carrying amount of a financial asset is written off when Bike24 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, Bike24 Group has a policy of writing off the gross carrying amount when the financial asset is 150 days past due based on historical experience of recoveries of similar assets.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are generally classified as measured at AC, including Bike24 Group´s trade payable, liabilities to banks and shareholder loans. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Fees paid on establishing credit facilities are recognized as transaction costs of the loan if it is considered probable that part or all the credit facility will be drawn down. In this case, the fee is deferred until the credit line is drawn down. If there is no indication that it is probable that all or part of the credit line will be drawn down, the fee is capitalized as an advance payment for the provision of liquidity and amortized over the term of the related credit line. Under certain conditions, embedded derivatives are being separated from its host contract and accounted for separately.

Derecognition

Financial assets

Bike24 Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
    - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
    - Bike24 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Bike24 Group enters into transactions whereby it transfers assets recognized in its consolidated statements of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. No such transactions were entered into in the periods presented.

Financial liabilities

Bike24 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Bike24 Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, Bike24 Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which Bike24 Group has access at that date. The fair value of a liability reflects its non-performance risk.

Several of Bike24 Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

When one is available, Bike24 Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then Bike24 Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then Bike24 Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If Bike24 Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Bike24 Group has an established control framework with respect to the measurement of fair values. Bike24 Group´s finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to Bike24 Group's management.

When measuring the fair value of an asset or a liability, Bike24 Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

C.1.8 Employee benefits

Short-term employee benefits

Employee benefits of Bike24 Group comprise solely short-term employee benefits. They are recognized as an expense in the period in which the service is rendered. A liability is recognized for the amount expected to be paid when Bike24 Group has a present legal or constructive obligation to pay that amount as a result of past service rendered by the employee and the amount of the obligation can be estimated reliably.

Other employee benefits

Bike24 Group recognizes other employee benefits for bonuses. Provisions from long-term employee benefits are recognized in the consolidated statement of financial position under non-current provisions and measured at their present value.

C.1.9 Provisions

Bike24 Group recognizes provisions when it has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management´s best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are estimated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognized as finance expenses.

Bike24 Group´s products are sold with legal warranty of 24 months. A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

C.1.10 Revenue from contracts with customers

All revenue generated by Bike24 Group is included within the line item revenue on the consolidated statements of profit or loss and other comprehensive income. IFRS 15 establishes principles for reporting information to users of financial statements, about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Under IFRS 15, Bike24 Group recognizes revenue when it transfers control of merchandise to a customer, which occurs upon delivery. Management applies the following five step model when determining the timing and amount of revenue recognition:

1. Identifying the contracts with customers;
2. Identifying the separate performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to separate performance obligations; and
5. Recognizing revenue when each performance obligation is satisfied.

Bike24 Group generates most of its revenues from the sale of goods via its website (online sales).

Bike24 Group recognizes revenues to reflect the transfer of goods or services to customers at an amount that represents the consideration the entity expects to receive based on fixed amounts. Revenue is recognized when the customer obtains control over the good, which is upon delivery if ordered via website, or at the time of purchase when the customer has received the goods in its local store.

Delivery occurs when the products have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or Bike24 Group has objective evidence that all criteria for acceptance have been satisfied.

Bike24 Group assesses all promised goods and services and identified performance obligations at contract inception. Contracts with customers include a single performance obligation, for example, the sale of a distinct bundle of sale of goods and related activities to provide these goods and services (packaging, shipping, credit card processing, settlement of duties and other transaction processing activities). As these related activities are not distinct performance obligations, revenue for these services is recognized at the time the performance obligation to facilitate the transaction between the seller and end consumer is satisfied.

No significant financing component is deemed present. Invoices are issued upon shipment of the goods. Invoices are usually payable within 30 days. Payment is usually made directly in the store.

A contract liability is recognized for products for which control has not been transferred to the customer. The related revenue is recognized when the customer obtains control of the product. For customers, in addition to the possibility of credit card or invoice, there is also the possibility of SOFORT transfer or prepayment. These payments received are reported as contract liabilities under other liabilities within the consolidated statements of financial position until the shipment of the package. Since the delivery of the items is mostly made within up to 5 days, the amount of these incoming payments is not discounted.

Goods sold to the customers can be returned or exchanged within 14 days of receipt of the goods. Revenue is recognized to the extent that it is highly probable that a material adjustment to the cumulative recognized revenue will not occur. For expected returns, Bike24 Group recognizes a refund liability as reduction of revenue and a right of return asset as reduction of expense for merchandise, consumables and supplies based on historical data for specific product groups. The right of return asset is measured at the previous carrying amount of the product less expected costs to return. The refund liability is presented in other liabilities and the right of return asset is presented in other assets. Bike24 Group reviews its estimates of expected returns at each balance sheet date and updates the asset and liability amounts accordingly.

As the contracts include only a single performance obligation, the transaction price is allocated to that performance obligation.

C.1.11 Impairment of non-financial assets

At each balance sheet date, Bike24 Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the consolidated statements of profit or loss and other comprehensive income within depreciation and amortization. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

C.1.12 Income taxes

Income tax expense comprises current and deferred tax. It is recognized in the consolidated statements of profit or loss and other comprehensive income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (OCI).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the balance sheet date. Bike24 Group operates exclusively in Germany and generates its taxable income there.

Current taxes relating to items recognized directly in equity are recognized in equity and not in the income statement. Management regularly assesses individual tax matters to determine whether there is any scope for interpretation in the light of applicable tax regulations. If necessary, tax provisions are recognized.

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that, it is probable that they will not reverse in the foreseeable future and, in the case of deductible temporary differences, taxable profit is not available, in the case of taxable temporary differences, Bike24 Group is able to control the timing of the reversal of the temporary differences; and
- taxable temporary differences arising on 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 relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in Bike24 Group. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and when tax loss carry forwards are utilized, using tax rates enacted or substantively enacted at the balance sheet date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Bike24 Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if Bike24 Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, intending either to settle current tax liabilities and assets on a net basis, or to settle the liabilities simultaneously with the realization of the assets, in any future period in which the settlement or realization of significant amounts of deferred tax liabilities or assets is expected.

Bike24 Group applies IFRIC 23. IFRIC 23 clarifies the application of recognition and measurement requirements of IAS 12 when there is uncertainty about the income tax treatment. Estimates and assumptions must be made for recognition and measurement, 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 changes have occurred compared to the previous period. Detection risk is irrelevant to the accounting for uncertain balance sheet items. The accounting is based on the assumption that the tax authorities will investigate the matter in question and that they have all the relevant information.

C.1.13 Segment reporting

An operating segment is a component of Bike24 Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available and used by the Chief Operating Decision Maker (“CODM”) to make decisions around resource allocation and review operating results of Bike24 Group. Bike24 Group identified its Chief Executive Officer and Chief Financial Officer as the CODM, collectively.

C.1.14 Earnings per Share

Earnings per share are calculated by dividing the net result for the period attributable to the shareholders of Bike24 Group by the weighted average number of shares issued in the reporting period. Bike24 Group only issued ordinary shares, all of which are outstanding. There are no dilutive effects on earnings per share during the periods presented.

C.1.15 Significant accounting estimates, assumptions and estimation uncertainties

The preparation of Bike24 Group´s consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying notes disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are subject to continuous review. Changes in estimates, if any, are recognized prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Significant accounting estimates:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

- Intangible assets: Goodwill impairment tests

Bike24 Group performs an annual review to determine whether goodwill is subject to impairment in accordance with the accounting policies discussed in Note C.1.3. The recoverable amount of the CGU has been determined using fair value less cost to sell calculations and are subjected to a sensitivity analysis. These calculations require the use of estimates (see Note F.1).

- Inventory: Valuation of inventory

Inventory is carried at the lower of cost or net realizable value, which requires an estimation of the products future net selling prices. When assessing the net realizable value of the inventory Bike24 Group considers the quantity and aging of inventory on hand, anticipated sales volume, expected selling prices, and selling cost, taking into account long term averages.

- Leases: Incremental borrowing rates

The incremental borrowing rate for lease accounting is determined based on interest rates from various external financial data adjusted to reflect the terms of the lease and the nature of the leased asset. For additional information with respect to extension options refer to Note C.1.5.

- Business combinations

Information about judgements, assumptions and estimation uncertainties in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note B.3.

C.1.16 Estimates and judgments due to the COVID-19 pandemic

In the fiscal year 2020, Bike24 Group's business and economic environment was adversely affected by the COVID-19 pandemic, with certain mitigating effects resulting from the various measures taken by the company or by the government and state, including in the form of financial support.

Bike24 Group's order intake, sales and earnings figures were not affected by the COVID-19 pandemic in the past fiscal year. Due to the ongoing spread of the virus and the resulting restrictions on public life, it is difficult to predict the duration and extent of the resulting impact on Bike24 Group's assets, liabilities, earnings and cash flows. The estimates and assumptions made or assumed in the preparation of the consolidated financial statements as of December 31, 2020 that are relevant to the financial statements were based on the knowledge available at the time and the best information available. Bike24 Group applied a scenario which assumed that the COVID-19 situation at that time would not be of long-term duration. Accordingly, Bike24 Group assumes that the resulting impact on the consolidated financial statements will not be of a material, serious nature. The review of the fair values of assets and liabilities did not reveal any impairment requirements, even considering the effects of COVID-19. There was also no significant deterioration in the payment behavior of customers, so that the recoverability of trade receivables was also not affected by COVID-19. Furthermore, an update of the estimate of the valuation of inventories was made taking into account the expected impact of the COVID-19 pandemic, which did not lead to any material impact.

D. Segment reporting

Bike24 Group consists of a single operating and reporting segment, which is based on how the CODM assesses the performance of Bike24 Group. Net sales are used to measure performance because management believes that this information is the most relevant in evaluating Bike24 Group relative to other entities that operate in the same industries.

The geographic information analyses Bike24 Group's revenue by the Company's country of domicile and other countries. In presenting the geographic information, revenue has been based on the geographic location of customers.

in € thousands	2020	2019
Germany	115,117	11,783
Austria and Switzerland	21,691	1,920
Rest of Europe	46,968	4,962
Rest of World	15,376	2,828
Sum	**199,152**	**21,494**

No individual country accounted for more than 10% of the Bike 24 Group's revenues, except for Germany.

Substantially all amounts classified within revenues are derived from the sale of goods, mainly in the field of bicycle. No single customer accounted for more than 10% of Bike24 Group's revenues in any of the periods presented. All long-lived assets are located in Germany.

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

E.1 Revenue

Revenue per product category:

in € thousand	2020	2019
Revenue per product category		
Parts, accecories and clothing	132,472	14,383
Bikes and E-Bikes	18,619	1,469
Other	48,060	5,642
	199,151	**21,494**

Revenue recognized in the financial year 2020 and 2019 from contract liabilities was € 1,057 thousand and € 627 thousand, respectively. The contract liabilities primarily relate to the advance consideration received from customers. For further details on contract liabilities refer to Note F.12.

E.2 Personnel expenses

Personnel expenses consist of the following:

in € thousands	2020	2019
Wages and salaries	-11,073	-1,438
Social security costs	-2,020	-304
Other personnel expenses	-2,251	-12
Sum	**-15,345**	**-1,754**

Personnel expenses in an amount of € 1,049 thousand and € 142 thousand during the financial year 2020 and 2019, respectively, are in respect of the development department.

During fiscal year 2020, Bike24 Group employed an average of 354 employees, including 83 industrial employees, 203 salaried employees, 7 temporary employees and 61 part-time employees. During fiscal 2019, the Company employed an average of 320 employees, including 77 industrial employees, 196 salaried employees, 7 temporary employees and 40 part-time employees. Other personnel expenses include obligations from performance-based commitments.

E.3 Expenses for merchandise, consumables and supplies

Expenses merchandise, consumables and supplies relate to the procurement of goods to generate revenue from contracts with customers.

in € thousands	2020	2019
Goods to generate revenue from contracts with customers	-138,090	-15,254
Inventory write-downs	—	-13
Reversal of write-downs	216	—
Sum	**-137,874**	**-15,267**

The reversals of write-downs result from the sale of old stock.

E.4 Impairment losses on trade receivables

As part of receivables management, trade receivables of € 147 thousand and € 26 thousand were derecognized in the financial year 2020 and 2019, respectively. In the financial year 2020 and 2019, respectively, € 67 thousand and € 46 thousand in expected credit losses on trade receivables were recorded. Information on the method of determination of expected credit losses can be found in Note F.12.2 and C.1.7.

E.5 Other expenses

Other expenses consist of the following:

in € thousands	2020	2019
Selling expenses	-16,077	-1,524
Marketing expenses	-470	-44
Transaction cost	-529	-1,990
Other operating expenses	-4,879	-889
Sum	**-21,954**	**-4,447**

Selling expenses mainly consist of packaging and freight. The increase in selling and marketing expenses in fiscal year 2020 compared to 2019 is due to the growth strategy of Bike24 Group, as well as the fact that a full fiscal year is presented for the first time for 2020. The transaction costs are related to the acquisition of Peloton MidCo2 GmbH, further information on this is included in Note B.3.

E.6 Finance expense, net

The finance result consists of the following:

in € thousands	2020	2019
Finance income		
Valuation impact derivative	—	1,009
Other finance income	1	0
	1	1,009
Finance expense		
Interest on leases	-73	-14
Interest expenses on liabilities to banks	-4,213	-1,406
Valuation impact derivative	-3,808	—
Prepayment	-880	—
Other interest expenses	-164	-20
	-9,138	-1,440
Finance expense, net	**-9,137**	**-431**

E.7 Income tax expense (income)

in € thousands	2020	2019
Current income tax		
Current year	-4,693	-353
	-4,693	**-353**
Deferred taxes	4,060	434
	4,060	**434**
Income tax expense (income)	**-633**	**81**

During the financial year 2019 and financial year 2020, Bike24 Group's tax rate was 31.58%, consisting of the German corporate tax rate of 15%, a 5.5% solidarity surcharge on the corporate tax rate, and a trade tax rate of 15,75%. A tax loss carry forward of € 1,032 thousand has been used during the financial year 2020.

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

in € thousands	2020	2019
Earnings before tax	**1,193**	**-2,656**
Expected group tax rate (%)	**31.58%**	**31.58%**
Tax at the expected group tax rate	-377	839
Trade tax additions / deductions	-219	-33
Non-tax-deductible expenses	-1	-292
Permanent differences	—	-532
Others	-36	99
Income tax expense (income)	**-633**	**81**
Total effective income tax rate (%)	**-53.03%**	**-3.05%**

E.8 Earnings per share

Bike24 Group has two classes of shares, 24,000 ordinary shares and 1,000 preferred shares. For details, please refer to Note F.6.

Basic earnings per share are calculated by dividing the share of earnings attributable to ordinary shareholders of the Bike24 Group by the weighted average number of ordinary shares outstanding during the financial year. As there were no circumstances in 2020 and 2019 that had a dilutive effect on the number of shares, the diluted earnings per share correspond to the undiluted earnings per share.

The preferred shares have a preferential right to distributions of € 120,030.25 per unit plus compounding interest of 8.5% p.a. (in total the "preference amount").

The profit attributable to ordinary shareholders is as follows:

in € thousand	2020	2019
Result for the period	560	-2,575
Result attributable to preferred shares	10,202	120,030
Result attributable to ordinary shares	-9,642	-122,575
Number of ordinary shares	24,000	24,000
Result per ordinary share in €	-402	-5,107

The preference amount is determined as follows:

in € thousand	2020	2019
Preferential right to distributions	—	120,300
8.5% compounding interest on preferential right to distributions	10,202	—
Preference amount	130,232	120,030

F. Notes to the consolidated statements of financial position

F.1 Intangible assets and goodwill

Bike24 Group´s intangible assets and goodwill consist of goodwill, trademark, customer relationships, software and other intangible assets.

The following table presents the changes in Bike24 Group´s intangible assets and goodwill during the financial year 2020 and 2019. Amortization expense of the intangible assets is entirely classified within depreciation and amortization in the consolidated statements of profit or loss and other comprehensive income.

in € thousands	Goodwill	Trademark	Customer relationship	Software	Others	Down payments	Total
Cost							
Balance as of August 22, 2019	—	—	—	—	—	—	—
Acquisitions through business combinations	**56,753**	**97,330**	**51,740**	**1,781**	**352**	**149**	**208,104**
Additions	—	—	—	**82**	**39**	**83**	**204**
Disposals	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—
Balance as of December 31, 2019	**56,753**	**97,330**	**51,740**	**1,862**	**391**	**232**	**208,308**
Balance 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**	—
Balance as of December 31, 2020	**56,753**	**97,330**	**51,740**	**1,862**	**585**	**267**	**208,537**
Accumulated amortization and impairment losses							
Balance as of August 22, 2019	—	—	—	—	—	—	—
Amortization	—	**1,081**	**575**	**59**	**23**	—	**1,739**
Balance as of December 31, 2019	—	**1,081**	**575**	**59**	**23**	—	**1,739**
Balance as of January 1, 2020	—	**1,081**	**575**	**59**	**23**	—	**1,739**
Amortization	—	**6,489**	**3,449**	**373**	**203**	—	**10,514**
Balance as of December 31, 2020	—	**7,570**	**4,024**	**432**	**226**	—	**12,253**
Carrying amounts							
As of December 31, 2019	**56,753**	**96,249**	**51,165**	**1,803**	**368**	**232**	**206,569**
As of December 31, 2020	**56,753**	**89,760**	**47,716**	**1,430**	**359**	**267**	**196,284**

Goodwill

On November 8, 2019 Bike24 Support GmbH acquired Peloton MidCo2 GmbH. The goodwill resulting from this acquisition is attributable to Bike24 as a group of CGUs (including the webshop and the one store) of Bike24 Group and is not deductible for tax purposes.

The recoverable amount of the group of CGUs is determined based on the fair value less cost to sell. The fair value is based on a discounted cash-flow calculation and is classified as Level 3. The key assumptions for determining the fair value less cost to sell are those regarding the discount rates and growth rates. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. Management estimates discount rates as a post-tax measure estimated based on the historical industry average weighted-average cost of capital. The additional basis was a market risk premium and the risk-free interest rate for Germany. The growth rates are based on industry growth forecasts.

Bike24 Group prepares cash flow forecasts derived from the most recent financial budgets approved by management. It contains the following growth assumptions: Sales growth in the next five years of approx. 26% p.a. due to the growth strategy in the European market. In the following five years 5% p.a. and then 5% p.a. for the next five years. The terminal growth rate is set at 2%.

The assumed terminal growth rates and discount rates applied in Bike24 Group's goodwill impairment assessments were as follows:

in %	December 31, 2020	December 31, 2019
Discount rate	6.87%	6.51%
Terminal value growth rate	2.00%	2.00%
Estimated sales growth rate (average of next five years)	25.50%	19.20%
Estimated sales growth rate (average of next ten years)	5.00%	15.10%

During the periods presented, no impairment was recognized for goodwill. The annual impairment test was conducted on December 31.

No change in a key assumption considered possible by management would cause the carrying amount to exceed the recoverable amount.

Impairment of other intangible assets

The other intangible assets have a finite useful life, an impairment test is only performed if triggering events for an impairment occur. As no such triggering events were identified during the periods presented, no impairment has been recorded in the financial year 2018 and 2019, respectively.

For further information see also accounting policies in Note C.1.3.

F.2 Property, plant and equipment

Changes in property, plant and equipment during the years presented were as follows:

in € thousand	Land and buildings	Technical equipment	Office equipment	Assets under construction	Offices, warehouses, stores	Cars	Total
Cost							
Balance as of August 22, 2019	—	—	—	—	—	—	**—**
Acquisitions through business combinations	92	7,727	1,796	475	12,565	49	**22,704**
Additions	—	24	33	108	—	—	**165**
Disposals	—	—	-193	—	—	—	**-193**
Transfers	—	—	—	—	—	—	**—**
Balance as of December 31, 2019	**92**	**7,751**	**1,636**	**583**	**12,565**	**49**	**22,676**
Balance 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**
Balance as of December 31, 2020	**92**	**8,271**	**2,099**	**981**	**11,423**	**49**	**22,915**
Accumulated depreciation and impairment losses							
Balance as of August 22, 2019	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Depreciation	2	169	61	—	263	2	**497**
Disposals	—	—	-129	—	—	—	**-129**
Balance as of December 31, 2019	**2**	**169**	**-68**	**—**	**263**	**2**	**367**
Balance as of January 1, 2020	**2**	**169**	**-68**	**—**	**263**	**2**	**367**
Depreciation	15	1,074	427	—	1,568	13	**3,096**
Disposals	—	—	-17	—			**-17**
Balance as of December 31, 2020	**17**	**1,243**	**342**	**—**	**1,831**	**15**	**3,447**
Carrying amounts							
As of December 31, 2019	**90**	**7,582**	**1,704**	**583**	**12,302**	**47**	**22,308**
As of December 31, 2020	**75**	**7,029**	**1,757**	**981**	**9,592**	**34**	**19,468**

The office buildings, warehouse, store and cars are right-of-use assets within the scope of IFRS 16.

For details on future minimum payments under non-cancellable leases as of December 31, 2020 and 2019, refer to Note F.12.2.

Some property leases contain extension options exercisable by Bike24 Group up to one year before the end of the non-cancellable contract period. The extension options held are exercisable only by Bike24 Group and not by the lessors. Bike24 Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. Bike24 Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. In the reporting year, the probability of exercising the extension option was reassessed for one lease. As a result, the corresponding lease liabilities were reduced by € 1,142 thousand and the right-of-use assets by € 1,142 thousand.

The impact of each extension option has been evaluated depending on the rental property. Bike24 Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of € 6,950 thousand.

For further information see also accounting policies in Note C.1.5.

F.3 Inventories

in € thousands	December 31, 2020	December 31, 2019
Raw materials and consumables	64	86
Merchandise	38,088	36,082
Sum	**38,152**	**36,168**

Bike24 Group recognizes inventories at the lower of cost or net realizable value. For more information on inventory write-downs classified as expenses for merchandise, consumables and supplies as well as on inventory expenses during the financial year 2020 and the financial year 2019, refer to Note E.3.

Inventories are pledged under Bike24 Groups credit facility.

F.4 Trade and other receivables

The trade receivables consist mainly of receivables from invoices to customers. Other receivables are those due from credit card companies.

The carrying amount of trade and other receivables approximates their fair value due to their short-term nature. The trade and other receivables are non-interest bearing. The maximum credit risk at the balance sheet date, equivalent to the carrying value of trade and other receivables, was reflected within the expected credit loss provisions in accordance with IFRS 9. Information about the impairment of trade and other receivables and Bike24 Group's exposure to credit risk, currency risk and interest rate risk can be found in Note F.12.2.

For further information see also accounting policies in Note C.1.7.

F.5 Other assets

Other assets and other financial assets of Bike24 Group consist of:

in € thousands	31. Dezember 2020	31. Dezember 2019
Sales tax receivables	548	329
Prepaid expenses	513	638
Prepayments	585	64
Right of return assets	1,322	845
Other assets	1,731	402
Sum	**4,700**	**2,278**

Other assets include warranty receivables in the amount of € 863 thousand in financial year 2020 and € 403 thousand in financial year 2019. In addition, other assets include financial assets in the form of deposits in the amount of € 325 thousand in financial year 2020 and € 282 thousand in financial year. For more information, see also the accounting policies in Note C.1.7 and Note F.12.1 on the classification of financial instruments and fair values.

F.6 Equity

Subscribed capital remained unchanged during each of the reporting periods presented. Subscribed capital is € 25 thousand, representing 25.000 shares outstanding with a nominal value per share of € 1. The subscribed capital is fully paid, and repayment of subscribed capital is restricted. The shares are divided into 24,000 ordinary shares and 1,000 preferred shares. The preferred shares have a preferential right to distributions of € 120,030.25 per share plus compound interest of 8.5% p.a. (in total the "preference amount"). See Note E.8 for information on earnings per share and preferred shares.

Capital reserve reflects deposits of € 101,883 thousand and contributions of € 22,996 thousand, related to the acquisition of Peloton MidCo2 GmbH. The capital reserve as of August 22, 2019 was € nil thousand. Contributions in cash amounted to € 101,883 thousand.

For the financial years 2020 and 2019, results of the period of € 560 thousand and € -2,575 thousand, respectively, were transferred to reserves.

Bike24 Group did not pay any dividends during the periods presented.

F.7 Liabilities to banks

Bike24 Group is party to a revolving credit facility with Berenberg Bank, which has no defined expiration date. The maximum borrowing capacity of the revolving credit facility is € 88,000 thousand, which was taken up on November 8, 2019 and which has a term of 7 years. Interest payments on the liabilities to banks are due semi-annually and are reported as current liabilities to banks. Liabilities to banks include an embedded derivative in form of termination right as well as an interest floor, which are together accounted as an embedded derivative separately from the liabilities to banks as FVTPL for the initial measurement.

Liabilities to banks are secured by the existing and future bank balances of all Bike 24 Group companies, by assignment of receivables from affiliated companies, and by the shares in Bike24 GmbH reported in the separate financial statements of Bike24 Service GmbH. The probability of utilization is low due to the good growth rates in the past and the planned increases in the coming years.

F.8 Other financial liabilities

The other financial liabilities result exclusively from lease agreements.

F.9 Provisions

Provisions consist of obligations resulting in an expected outflow of economic benefits for each of the periods presented. Provisions consist of the following as of December 31, 2019 and 2020:

Non-current provisions

	Warranties		Others		Total	
in € thousands	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Balance as of August 22	—	—	—	—	—	—
Balance as of January 1	476	—	62	—	538	—
Acquisitions through business combinations	—	411	—	62	—	473
Utilization	—	—	—	—	—	—
Releases		—	—	—	—	—
Additions	355	65	1,419	—	355	65
Balance as of December 31	**831**	**476**	**1,481**	**62**	**2,312**	**538**

Current provisions

in € thousands	Warranties 2020	Warranties 2019	Others 2020	Others 2019	Total 2020	Total 2019
Balance as of August 22	—	—	—	—	—	—
Balance as of January 1	404	—	32	—	435	—
Acquisitions through business combinations	—	347	—	19	—	366
Utilization	—	—	5	9	5	9
Releases	—	—	6	1	6	1
Additions	201	57	25	22	226	79
Balance as of December 31	**605**	**404**	**45**	**31**	**650**	**435**

In accordance with IAS 19, non-current other provisions include provisions for employee and advisory board bonuses in the amount of € 1,419 thousand in the 2020 financial year.

The warranty provision was calculated on the basis of past data on customer complaints. Future customer claims are likely to be uncertain in terms of timing and amount.

F.10 Deferred tax liabilities

Deferred tax assets and liabilities are recognized for the following types of temporary differences and loss carryforwards as well as the interest carryforward:

2020 in TEUR	Balance as of December 31 Net	Balance as of December 31 Deferred tax assets	Balance as of December 31 Deferred tax liabilities	Recognized in profit or loss	Acquisitions through business combinations
Property, plant and equipment	**-3,330**	—	-3,330	893	—
Intangible assets	**-43,834**	26	-43,859	3,253	—
Trade and other receivables	**15**	15	—	133	—
Inventories	**-93**	—	-93	-93	—
Provisions	**666**	666	—	393	—
Trade payables	**—**	—	—	-76	—
Other liabilities	**3,060**	3,060	—	-844	—
Liabilities to banks	**278**	278	—	1,432	—
Tax loss carryforwards	**—**	—	—	-1,032	—
Tax assets (liabilities)	**-43,237**	**4,046**	**-47,282**	**4,060**	**—**
Thereof non-current	**-43,237**				**—**
Net deferred tax assets (liabilities)	**-43,237**	**4,046**	**-47,282**	**4,060**	**—**

2019 in € thousands	Balance as of December 31 Net	Balance as of December 31 Deferred tax assets	Balance as of December 31 Deferred tax liabilities	Recognized in profit or loss	Acquisitions through business combinations
Property, plant and equipment	**-4,223**	—	-4,223	90	-4,313
Intangible assets	**-47,087**	28	-47,115	505	-47,593
Trade and other receivables	**-118**	10	-127	-3	-114
Provisions	**273**	273	—	15	258
Trade payables	**76**	76	—	26	50
Other liabilities	**3,904**	3,904	—	-78	3,983
Liabilities to banks	**-1,153**	—	-1,153	-1,153	—
Tax loss carryforwards	**1,032**	1,032	—	1,032	—
Tax assets (liabilities)	**-47,296**	**5,323**	**-52,619**	**433**	**-47,729**
Thereof non-current	**-47,296**				
Net deferred tax assets (liabilities)	**-47,296**	**5,323**	**-52,619**	**433**	**-47,729**

The change in net deferred tax liabilities were recognized entirely as income tax expense during the financial year 2019 and 2020, respectively.

F.11 Other liabilities

Other liabilities consist of the following:

in € thousands	December 31, 2020	December 31, 2019
Current		
Personnel-related liabilities	-1,423	-1,403
Accrued expenses	-2	-1
Refund liability	-1,930	-846
Sales tax payables	-78	0
Contract liabilities	-2,377	-1,057
Other liabilities	-535	-173
Sum	**-6,345**	**-3,480**

The obligations for personnel-related liabilities consist mainly of current payroll liabilities as well as bonus and vacation accruals.

F.12 Financial instruments and financial risk management

F.12.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Due to their nature, the carrying amounts of cash and cash equivalents, trade and other receivables, other assets, other financial liabilities and trade payables approximate their fair value.

Balance as of December 31, 2020 in € thousands	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Derivatives	—	FVTPL	—	—	—	—
Investments	—	FVTPL	—	—	—	—
Current financial assets						
Trade and other receivables	1,991	AC	—	—	—	—
Other assets	4,700		—	—	—	—
Therof deposits	325	AC	—	—	—	—
Thereof interest cap	11	FVTPL	—	—	11	11
Cash and cash equivalents	25,235	AC	—	—	—	—
Sum	**31,926**		**—**	**—**	**11**	**11**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	88,880	AC	—	—	88,880	88,880
Other financial liabilities	8,167	N/A	—	—	—	—
Current financial liabilities						
Liabilities to banks	720	AC	—	—	720	720
Other financial liabilities	1,526	N/A	—	—	—	—
Trade payables	8,230	AC	—	—	—	—
Sum	**107,523**		**—**	**—**	**89,600**	**89,600**

Balance as of December 31, 2019 in € thousands	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Derivatives	3,808	FVTPL	—	—	3,808	3,808
Investments	30	FVTPL	—	—	30	30
Non-current financial assets						
Trade and other receivables	1,417	AC	—	—	—	—
Other assets	2,279		—	—	—	—
Therof deposits	282	AC	—	—	—	—
Cash and cash equivalents	8,616	AC	—	—	—	—
Sum	**16,150**		**—**	**—**	**3,838**	**3,838**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	89,475	AC	—	—	88,955	88,955
Other financial liabilities	10,835	N/A	—	—	—	—
Current financial liabilities						
Liabilities to banks	684	AC	—	—	684	684
Other financial liabilities	1,530	N/A	—	—	—	—
Trade payables	6,343	AC	—	—	—	—
Sum	**108,866**		**—**	**—**	**89,639**	**89,639**

Other financial liabilities consist entirely of lease liabilities that do not fall within the scope of IFRS 9.

The carrying amounts of the financial assets and liabilities measured at amortized cost listed above and defined by IFRS 9 as of December 31, 2020 and 2019, were as follows:

in € thousands	December 31, 2020	December 31, 2019
Carrying amounts		
Financial assets measured at amortized cost	27,551	10,315
Financial liabilities measured at amortized cost	107,523	108,866
Sum	**135,075**	**119,182**

As Bike24 Group does not meet the criteria for offsetting, no financial instruments are netted.

Where quoted prices in an active market do not exist, Bike24 Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique used incorporates all factors that market participants would consider in pricing such a transaction. The valuation model for investments is based on expected future cash flows. The fair value of the liabilities to banks approximates the carrying amount due to the variable interest rate, taking into account the credit risk.

There were no transfers between the different levels of the fair value hierarchy during the financial year 2020 and the financial year 2019. Bike24 Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

Other financial assets consist of an embedded derivative, which resulted from the contract with Berenberg agreed on in 2019. The derivative includes a termination option, which gives Bike24 Group an option to repay the resulting liability to bank before the maturity date as well as a written interest option, which set the variable interest floor at 0%. The valuation/measurement of the derivative is based on an option price model. Material input factors are volatility, credit spread as well as risk-free interest rate. In this context, the credit spread of Bike24 Group and the historically derived volatility are considered as material input factors, which are not observable on the market. As a result, the embedded derivative is classified as Level 3 for fair value measurement according to IFRS 13.

A change in the credit spread by +/- 100 basis point would lead to a decrease by € 1,272 thousand or an increase by € 1,939 in the fair value of the embedded derivative in the financial year 2019.

A change in the historical volatility by +/- 500 basis point would lead to an increase by € 460 thousand or a decrease by € 496 thousand in the fair value of the embedded derivative in the financial year 2019.

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

in € thousands	2020	2019
Balance as of January 1	**3,808**	**—**
Addition	—	2,799
Change in fair value / Valuation effect (finance expense, net)	-3,808	1,009
Balance as of December 31	**—**	**3,808**

Interest income and expense

Interest expense is calculated by applying the effective interest rate to the gross carrying amount of liabilities measured at amortized cost. Interest expense was € 4,977 thousand and € 759 thousand for the financial year 2020 and financial year 2019, respectively. Bike24 Group did not generate any material interest income during any of the periods presented.

Depreciation

In the 2020 financial year, financial assets were written down in the amount of € 30 thousand, and in the 2019 financial year there was a write-down on the interest cap in the amount of € 11 thousand. This is reported in depreciation and amortisation in the income statement and statement of comprehensive income.

F.12.2 Financial risk management

Bike24 Group is exposed to the following risks from the use of financial instruments:

a) Credit risk

b) Liquidity risk

c) Market risk and interest rate risk

d) Currency risk

The Company´s management board has overall responsibility for the establishment and oversight of Bike24 Group’s risk management framework. Bike24 Group’s risk management policies are established to identify and analyze the risks faced by Bike24 Group and to minimize negative impact on the financial position of Bike24 Group related to those risks.

a) Credit risk

Trade and other receivables and other assets

Credit risk is the risk of financial loss to Bike24 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Bike24 Group’s trade receivables.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognized in profit or loss were as follows:

in € thousands	December 31, 2020	December 31, 2019
Impairment loss on trade receivables	-147	-26
Sum	**-147**	**-26**

Bike24 Group's exposure to credit risk is influenced mainly by the individual customer payment behavior.

As of December 31, 2020 and 2019, respectively, the exposure to credit risk for trade receivables was mainly related to trade receivables within the region DACH.

Bike24 Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different areas based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as of December 31, 2020.

in € thousands	Loss rate	Gross carrying amount	Loss allowance
Current (not past due)	0,68%	779	5
1–30 days past due	2,54%	482	12
31–60 days past due	11,06%	1	0
61–90 days past due	21,78%	48	10
91–120 days past due	43,74%	8	3
121–150 days past due	52,55%	3	2
More than 150 days past due	65,07%	1	1
From "more than 150 days but less than 180 days past due" to "more than 180 days past due"	96,00%	35	34
		1,357	**67**

Loss rates are calculated on the basis of actual credit losses within the past 6 months.

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

in € thousands	2020	2019
Balance as of January 1, 2020 resp. August 22, 2019	26	—
Valuation change, net	41	46
Impairment losses recognized	147	26
Amounts written off	-67	-46
Balance as of December 31	**147**	**26**

The receivable balances are reviewed monthly.

Default risks from other receivables and other assets are immaterial. Therefore, no loss allowance was recognized for other receivables and other assets.

Cash and cash equivalents

Bike24 Group held cash and cash equivalents of € 25,235 thousand as of December 31, 2020 (December 31, 2019: € 8,616 thousand). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aaa, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 1-day expected loss basis and reflects the short maturities of the exposures. Bike24 Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Default risks from cash and cash equivalents are immaterial. Therefore, no loss allowance was recognized for cash and cash equivalents.

b) Liquidity risk

Liquidity risk is the risk that Bike24 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Bike24 Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Bike24 Group's reputation.

Bike24 Group aims to utilize all discounts. Higher liquidity demand arises especially in February and March, when goods for the upcoming summer season are delivered. If the available cash supply is insufficient, the revolving credit facility with Berenberg Bank can be utilized.

The following are the remaining contractual maturities of financial liabilities including estimated interest payments at the balance sheet date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows					
Balance as of December 31, 2020 in € thousands	**Carrying amount**	**Total**	**2 month or less**	**2-12 month**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Liabilities to banks	88,880	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	—	—	—	—
	106,803	**131,363**	**8,613**	**5,487**	**5,583**	**16,719**	**94,960**

		Contractual cash flows					
Balance as of December 31, 2019 in € thousands	**Carrying amount**	**Total**	**2 month or less**	**2-12 month**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Liabilities to banks	89,475	121,660	—	5,940	4,620	13,860	97,240
Other financial liabilities	12,365	11,535	266	1,330	1,578	4,192	4,170
Trade payables	6,343	6,343	6,343	—	—	—	—
	108,183	**139,538**	**6,609**	**7,270**	**6,198**	**18,052**	**101,410**

c) Market risk and interest rate risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect Bike24 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Most goods are purchased in the Euro region and paid in Euro, resulting in no currency risk. Only for a few selected suppliers' purchases are made directly in the United States of America or Taiwan; the currency risk related to those supplies is expected to be immaterial for Bike24 Group, due to the amounts of the budgeted supplies in foreign currency.

Bike24 Group is party to a long-term credit facility with a nominal amount of € 88,000 thousand which contains embedded derivatives in the form of a prepayment feature and a floor.

Bike24 Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Derivatives (interest cap, interest rate floor and termination rights) are not designated as fair value hedging instruments. A change in interest rates of 100 basis points (bp) at the reporting date that was considered possible would have increased or decreased the profit or loss by € 880 thousand. In the analysis, it was assumed that all other external factors remain constant.

For information on the sensitivities of the embedded derivative, please refer to Note F.12.1.

d) Currency risk

Bike24 Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which revenues, purchases, trade and other receivables, trade payable and other liabilities are denominated and the respective functional currencies of Group companies. The risk is low, as the main suppliers are located in the Euro region and the core market is also Europe. Trade and other receivables are only in Euro, as payment via invoice is only possible for German customers. Invoices are always in Euro.

The summary quantitative data about Bike24 Group's exposure to currency risk as reported to the management of Bike24 Group is as follows:

	December 31, 2020		
in € thousands	**EUR**	**TWD**	**USD**
Trade and other receivables	**1,991**	**—**	**—**
Net statement of financial position exposure	**1,991**	**—**	**—**
Revenue forecast for the next six months	107,841	—	—
Purchase forecast for the next six months	79,232	140	1,938
Net forecast transaction exposure	**187,072**	**140**	**1,938**
Net exposure	**189,063**	**140**	**1,938**

	December 31, 2019		
in € thousands	**EUR**	**TWD**	**USD**
Trade and other receivables	**1,417**	**—**	**—**
Net statement of financial position exposure	**1,417**	**—**	**—**
Revenue forecast for the next six months	79,224	—	—
Purchase forecast for the next six months	-57,228	759	110
Net forecast transaction exposure	**21,996**	**759**	**110**
Net exposure	**23,413**	**759**	**110**

The following significant exchange rates have been applied:

	Average rate		Year-end spot rate	
Euro	**2020**	**2019**	**2020**	**2019**
TWD	34,50	34,30	35,00	33,57
USD	1,23	1,13	1,22	1,12

The most goods are purchased in the Euro region and payed in Euro, so there is no currency risk. Only for a few selected suppliers' purchases are made directly in the United States of America or Taiwan.

F.12.3 Capital risk management

Bike24 Group's financing is secured through the business operation. At short notice it is possible, to draw further revolving credit facilities, based on the revolving credit facility agreement in place.

Management monitors capital usage by overseeing and confirming the weekly bank transfers and as such manages capital by monitoring the decrease and increase of cash and cash equivalents as pre-sented in the consolidated statement of financial position. Additionally, management conducts a funding plan which is regularly updated. In the periods presented, Bike24 Group always had sufficient liquid funds to maintain the operating business, thus the objectives of capital management were met.

Targets used to monitor capital risk management are revenue growth, change in inventory stock, payment conditions as well as interest and tax payments.

G. Other information

G.1 Contingencies and Commitments

The purchase commitment related to the purchase of goods as of December 31, 2020 and 2019, respectively, was € 44,924 thousand and € 17,066 thousand.

G.2 Related parties

G.2.1 Parent and ultimate controlling party

The related party of the Bike24 Group in the periods presented is REF VI Bike Holding S.à.r.l., Luxembourg, which is the parent company of REF Bike Holding GmbH, Germany, including its subsidiaries. Since 22 August 2019, REF VI, GP, LLC, Delaware, USA is the ultimate parent and controlling party of the Bike24 Group, which also prepares and publishes the consolidated financial statements of the ultimate parent.

Related parties are the members of the Management and Advisory Board of the Bike24 Group and their close relatives and family members.

The Advisory Board advises the Management Board on all matters of management, in particular on financial matters and on strategic decisions of the Bike24 Group.

G.2.2 Transactions with key management personnel

a) Key management personnel compensation and transactions

Key management personnel compensation comprised the following:

in € thousands	2020	2019
Short-term employee benefits	966	110
Other employee benefits	214	—
Sum	**1,180**	**110**

Other employee benefits include liabilities for bonuses.

From time to time members of management or related parties may purchase goods from Bike24 Group.

b) Other related party transactions

in € thousands	Amount of transactions in 2020	Amount of transactions in 2019	Outstanding balances as of December 31 2020	Outstanding balances as of December 31 2019
Services by related parties	1,300	1,891	9	13
Sum	**1,300**	**1,891**	**9**	**13**

Related party services mainly comprise service fees for management services. The balances are not collateralized and were not impaired in the periods presented. Information on capital contributions by the parent company is presented in note F.6.

c) Compensation of members of the advisory board

The compensation of the members of the advisory board is as follows:

in € thousands	2020	2019
Short-term benefits	58	—
Other benefits	954	—
Sum	**1,012**	**—**

Other benefits include liabilities for bonuses.

G.3 Notes to the consolidated statements of cash flows

The consolidated statements of cash flows are prepared in accordance with IAS 7 *Cash Flow Statements* and shows the cash in- and outflows during the financial year classified by cash flows from operating, investing and financing activities.

Cash flows from operating activities are presented using the indirect method by adjusting the net result for the period for non-cash transactions.

	2020			2019		
	Financial liabilities	Lease liabilities	Total	Financial liabilities	Lease liabilities	Total
Deposits	—	—	—	86,680	—	**86,680**
Acquisition from business combination	—	—	—	74,817	—	**74,817**
Payment	—	—	—	-74,817	—	**-74,817**
Interest payments on financial liabilities	-4,331	-73	**-4,404**	—	-14	**-14**
Payments on financial liabilities	-1,320	—	**-1,320**	—	—	**—**
Lease payments	— -	-1,531	**-1,531**	—	-249	**-249**
Change in cash flow	-5,651	-1,604	**-7,255**	86,680	-263	**86,417**
Balance as of January 1,	**90,159**	**12,365**	**102,523**	**—**	**—**	**—**
Acquisitions through business combinations	—	—	**—**	—	12,614	**12,614**
Additions	880	—	**880**	2,799	—	**2,799**
Disposals	—	-1,142	**-1,142**	-727	—	**-727**
Interest expenses	4,213	73	**4,286**	1,406	14	**1,420**
Total change in liabilities	95,251	11,296	**106,547**	3,478	12,628	**16,106**
Balance as of December 31,	**89,600**	**9,692**	**99,292**	**90,159**	**12,365**	**102,523**

Information on cash flows related to leasing activities is provided under Note F.2.

G.4 Explanation of transition to IFRS

Bike24 Group is applying IFRS for the first time as of August 22, 2019, resulting in the following adjustment effects compared to the previous accounting under German GAAP (German Commercial Code (HGB)).

Leases – The application of IFRS 16 resulted in the separate recognition of a right-of-use asset for identified leases and a corresponding lease liability for the expected future lease payments. The right-of-use asset is recognized at the present value of the lease payments over the lease term, discounted at the lessee’s incremental borrowing rate. Expenses for the rental of the office building and expenses in connection with other leases were reported under other operating expenses in accordance with German GAAP. Under IFRS 16, the amortization of the right-of-use asset is recognized in the income statement under depreciation and amortization, while the interest on the lease liability is recognized in the financial result. The change resulted in an increase in property, plant and equipment of € 12,614 thousand and an increase in other financial liabilities of € 12,614 thousand.

Refund liability and right of return asset – IFRS 15 requires an entity to recognize a refund liability measured as the amount of consideration received to which the entity does not expect to be entitled.

Cash and cash equivalents – The adoption of IFRS resulted in a reclassification of trade and other receivables to cash and cash equivalents for receivables from certain payment service providers. The reclassification amounts were € – thousand as of August 22, 2019, € 582 thousand as of December 31, 2019 and € – thousand as of December 31, 2020.

Financial instruments – Impairment of financial instruments is accounted for as an expected credit loss provision under IFRS 9, whereas under German GAAP potential impairments were expensed based on an estimated total credit loss premium. Under IFRS, financial liabilities are recognized at amortized cost using the effective interest method. Under German GAAP, on the other hand, they were recognized at nominal value.

Provisions – Provisions are recognized for obligations that are uncertain as to their timing or amount, whereas liabilities, such as trade payables and accruals, are of lower uncertainty. On this basis, the first-time application of IFRS resulted in a reclassification of provisions.

The estimated useful life for goodwill under German GAAP was set at 15 years; goodwill was amortized on a straight-line basis over this period. Furthermore, under German GAAP, the Company recognized a trademark in the amount of € 96,249 thousand, which was accordingly amortized on a straight-line basis over an estimated useful life of 15 years. Customer relationships do not have to be recognized under German GAAP. Under IFRS, goodwill is not amortized on a straight-line basis, but is tested for impairment annually or when a triggering event occurs.

in € thousands	German GAAP	Transition to IFRS	IFRS	German GAAP	Transition to IFRS	IFRS
	August 22, 2019			December 31, 2019		
Assets						
Intangible assets	—	—	—	96,840	52,977	149,817
Goodwill	—	—	—	94,550	-37,797	56,753
Property, plant and equipment	—	—	—	8,943	13,366	22,309
Financial assets	—	—	—	30	3,808	3,838
Non-current assets	**—**	**—**	**—**	**200,363**	**32,353**	**232,716**
Inventories	—	—	—	35,977	191	36,168
Other assets	—	—	—	1,620	659	2,279
Trade and other receivables	—	—	—	1,626	- 209	1,417
Cash and cash equivalents	13	—	13	8,035	581	8,616
Current assets	**13**	**—**	**13**	**47,258**	**1,223**	**48,481**
Total assets	**13**	**—**	**13**	**247,621**	**33,576**	**281,197**
Equity						
Subscribed Capital	13	—	13	25	—	25
Capital reserves	—	—	—	122,879	- 0	122,879
Accumulated deficit	—	—	—	- 4,049	1,474	- 2,575
Total equity	**13**	**—**	**13**	**118,855**	**1,473**	**120,328**
Liabilities						
Liabilities to banks	—	—	—	90,004	-529	89,475
Other financial liabilities	—	—	—	—	10,835	10,835
Provisions	—	—	—	909	-371	538
Deferred tax liabilites	—	—	—	29,183	18,113	47,296
Non-current liabilities	**—**	**—**	**—**	**120,096**	**28,048**	**148,144**
Liabilities to banks	—	—	—	—	684	684
Other financial liabilities	—	—	—	—	1,530	1,530
Provisions	—	—	—	—	435	435
Other liabilities	—	—	—	3,229	251	3,480
Income tax liabilities	—	—	—	252	0	252
Trade payables	—	—	—	5,189	1,154	6,343
Current liabilities	**—**	**—**	**—**	**8,670**	**4,054**	**12,724**
Total liabilities	**—**	**—**	**—**	**128,766**	**32,102**	**160,868**
Total equity and liabilities	**13**	**—**	**13**	**247,621**	**33,576**	**281,197**

The following table provides and overview of the transition effects on net income:

in € thousands, except share and per share data	German GAAP	Transition to IFRS	IFRS
		2019	
Revenue and other income			
Revenue	20,945	549	21,494
Other income	50	-29	21
Total income	**20,995**	**520**	**21,515**
Operating expenses			
Personnel expenses	-1,759	5	-1,754
Expenses for merchandise, consumables and supplies	-14,903	-364	-15,267
Impairment loss on trade receivables	0	-26	-26
Other expenses	-5,678	1,231	-4,447
Depreciation and amortization	-2,379	132	-2,247
Total expenses	**-24,719**	**979**	**-23,740**
Earnings before interest and taxes (EBIT)	**-3,724**	**1,499**	**-2,225**
Finance income and expense			
Finance income	0	1,009	1,009
Finance expense	-1,430	-10	-1,440
Finance expense, net	-1,430	999	-431
Earnings before tax	**-5,154**	**2,498**	**-2,656**
Income tax expense (income)	1,105	-1,024	81
Result for the period	**-4,049**	**1,474**	**-2,575**
Other comprehensive loss	0	0	0
Comprehensive result	**-4,049**	**1,474**	**-2,575**

The changes in the presentation of the consolidated statements of cash flows compared to German GAAP are as follows:

Operating activities – The differences mainly result from the reclassification of balances with payment service providers from trade receivables under German GAAP to cash and cash equivalents under IFRS and from the reclassification of lease payments from operating activities under German GAAP to financing activities under IFRS.

Investing activities – The differences result from the allocation of cash flows relating to capitalized assets under IAS 16 and IAS 38, which are reported as investing activities under IFRS and as operating activities under German GAAP. A large part of the transaction costs was capitalized as incidental acquisition costs under German GAAP. They were not capitalized under IFRS.

Financing activities – The differences mainly result from the reclassification of lease payments from operating activities under German GAAP to financing activities under IFRS. The increase in cash used in financing activities results from lease payments.

Cash and cash equivalents – The difference results from the treatment of certain balances with payment service providers, which are treated as cash and cash equivalents under IFRS and as trade receivables under German GAAP.

G.5 Fee for the auditor

The audit fees comprise the audit of the consolidated financial statements and the annual financial statements of the consolidated companies.

in € thousands	2020	2019
Audit fees	199	58
Tax advisory services	99	52
Other advisory services	129	10
Total	**427**	**120**

G.6 Subsequent events

The company launched a long-term incentive programme for key employees in the first quarter of 2021. This is intended to contribute to the long-term loyalty of the beneficiaries to the Bike24 Group and to continuously increase the corporate value of the Bike24 Group. The programme is structured over a holding period of 4 years and is serviced in cash. In accordance with IAS 19, the personnel expenses resulting from the programme in the amount of € 1,792 thousand are distributed over the holding period.

There have been no other significant events after December 31, 2020 that have a material impact on the consolidated financial statements of the Bike24 Group.

Dresden, April 18, 2021

The management board

Andrés Martin-Birner Timm Armbrust

The English language text below is a translation provided for information 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.

Independent Auditor's Report

To REF Bike Holding GmbH, Dresden

Opinions

We have audited the consolidated financial statements of REF Bike Holding GmbH, Dresden (until December 3, 2020: München), and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020 and December 31, 2019, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial year from January 1, 2020 to December 31, 2020 and for the stub period from August 22, 2019 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of REF Bike Holding GmbH for the financial year from January 1 to December 31, 2020.

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 IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the German Commercial Code (HGB), and in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2020 and as at December 31, 2019 and of its financial performance for the financial year from January 1, 2020 to December 31, 2020 and the stub period from August 22, 2019 to December 31, 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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 the group management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the German Generally Accepted Standards of 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 Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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 group management report.

Responsibilities of Management for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS, 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, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the group 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 group 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 group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group 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 group 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 group 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 in compliance with the German Generally Accepted Standards of 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 group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group 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 group 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 group 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 IFRS 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 group 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 group 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 group 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.

Dresden, April 18, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

Lucas	Prof. Dr. Penter
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Consolidated Financial Statements
for the financial year ended December 31, 2019 and 2018
in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union
for
Peloton MidCo2 GmbH

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I. Consolidated statements of profit or loss and other comprehensive income

in € thousands, except share and per share data	Note	2019	2018
Revenue and other income			
Revenue	E.1	137,096	118,657
Other income		210	169
Total income		137,305	118,827
Operating expenses			
Personnel expenses	E.2	-11,017	-10,280
Expenses for merchandise, consumables and supplies	E.3	-97,149	-83,101
Impairment loss on trade receivables	E.4	-72	-48
Other expenses	E.5	-13,827	-13,612
Depreciation and amortization	F.1/F.2/F.13.1	-8,909	-8,631
Total expenses		-130,975	-115,673
Earnings before interest and taxes (EBIT)		**6,330**	**3,154**
Finance income and expense			
Finance income	E.6	1	1
Finance expense	E.6	-9,469	-12,681
Finance expense, net		-9,468	-12,680
Loss before tax		**-3,138**	**-9,526**
Income tax expense (income)	E.7	-944	454
Result for the period		**-4,082**	**-9,072**
Other comprehensive loss		—	—
Comprehensive loss		**-4,082**	**-9,072**
Earnings per share			
Basic and diluted earnings per share		€ -163	€ -363
Weighted average ordinary shares outstanding (basic and diluted)		25,000	25,000

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

II. Consolidated statements of financial position

in € thousands	Note	December 31, 2019	December 31, 2018	January 1, 2018
Assets				
Intangible assets	F.1	75,400	81,231	87,294
Goodwill	F.1	77,442	77,442	77,442
Property, plant and equipment	F.2	18,988	21,043	20,640
Financial assets	F.13	30	30	1,878
Non-current assets		**171,860**	**179,746**	**187,254**
Inventories	F.4	36,120	32,781	29,121
Other assets	F.5/F.13	2,548	2,895	2,430
Trade and other receivables	F.4/F.13	1,342	871	722
Cash and cash equivalents	F.13	5,059	4,158	9,109
Current assets		**45,069**	**40,705**	**41,382**
Total assets		**216,929**	**220,451**	**228,636**
Equity				
Subscribed capital	F.6	25	25	25
Capital reserves	F.6	134,918	51,475	51,475
Accumulated deficit	F.6	-19,553	-15,471	-6,399
Total Equity		**115,390**	**36,029**	**45,101**
Liabilities				
Liabilities to banks	F.7/F.13	—	73,410	72,587
Shareholder loan	F.8/F.13	—	49,000	49,000
Other financial liabilities	F.9/F.13	9,320	10,448	15,565
Provisions	F.10/F.15	656	566	492
Deferred tax liabilities	F.11	23,326	25,095	26,675
Non-current Liabilities		**33,302**	**158,519**	**164,319**
Liabilities to banks	F.7/F.13	—	3,811	3,846
Shareholder loan	F.8/F.13	56,927	4,221	318
Other financial liabilities	F.9/F.13	1,175	8,461	1,086
Provisions	F.10/F.13	426	395	506
Other liabilities	F.12/F.13	3,467	3,975	4,449
Income tax liabilities		252	1,122	700
Trade payables	F.13	5,990	3,918	8,311
Current Liabilities		**68,237**	**25,903**	**19,216**
Total Liabilities		**101,539**	**184,422**	**183,535**
Total Equity and Liabilities		**216,929**	**220,451**	**228,636**

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

III. Consolidated statements of cash flows

in € thousands	Note	2019	2018
Cash flows from operating activities			
Result for the period		-4,082	-9,072
Adjustments for:			
- Depreciation and amortization		8,909	8,631
- Finance income		-1	-1
- Finance expense		9,469	12,681
- Income tax expense (income)		944	-454
		15,239	11,786
Changes in:			
- Inventories		-3,340	-3,660
- Trade and other receivables		-471	-104
- Other assets		375	-465
- Trade payables		2,072	-4,662
- Other liabilities		-508	1,547
- Provisions		122	-37
Cash generated from operating activities	G.3	13,488	4,405
Interest paid		-6,417	-4,729
Income tax paid		-3,610	-705
Net cash from operating activities	G.3	**3,461**	**-1,029**
Cash flows from investing activities			
Acquisition of intangible assets		-316	-70
Acquisition of property, plant and equipment		-651	-1,771
Net cash used in investing activities	G.3	**-967**	**-1,841**
Cash flows from financing activities			
Repayment of liabilities to banks		-500	-1,000
Payment of lease liabilities		-1,093	-1,081
Net cash from financing activities		**-1,593**	**-2,081**
Net increase (decrease) in cash and cash equivalents		**901**	**-4,951**
Cash and cash equivalents as of January 1,		4,158	9,109
Cash and cash equivalents as of December 31,	G.3	**5,059**	**4,158**

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

IV. Consolidated statements of changes in equity

in € thousands	Note	Subscribed capital	Capital reserve	Accumulated deficit	Total equity
Balance as of January 1, 2018	F.6	**25**	**51,475**	**-6,399**	**45,101**
Result for the period		—	—	-9,072	-9,072
Other comprehensive loss		—	—	—	—
Comprehensive loss		**—**	**—**	**-9,072**	**-9,072**
Balance as of December 31, 2018	**F.6**	**25**	**51,475**	**-15,471**	**36,029**
Balance as of January 1, 2019	**F.6**	**25**	**51,475**	**-15,471**	**36,029**
Result for the period		—	—	-4,082	-4,082
Other comprehensive loss		—	—	—	—
Comprehensive loss		**—**	**—**	**-4,082**	**-4,082**
Contribution to capital reserve		—	83,443	—	83,443
Balance as of December 31, 2019	**F.6**	**25**	**134,918**	**-19,553**	**115,390**

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

V. Notes to the consolidated financial statements

A. Basis of consolidated financial statements

A.1 Corporate information

Peloton MidCo 2 GmbH (hereafter referred to as the “Company” or, together with its subsidiaries, “Bike 24 Group”) is a limited liability company incorporated in Germany. The Company is registered at the Amtsgericht Dresden commercial register under section B, with the official number 37448. The Company is headquartered at Breitscheidstraße 40, 01237 Dresden, Germany.

Bike24 Group runs an e-commerce store as well as two local stores and is primarily involved in the trade of high-quality bicycles, bicycle parts, bicycle accessories, bicycle clothing as well as running, swimming and outdoor articles.

The consolidated financial statements of Bike24 Group were authorized for issue by the Management Board on April 18, 2021.

A.2 Basis of accounting

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and as adopted by the European Union (“EU”) (“IFRS”), also taking into account the recommendations of the International Financial Reporting Standards Interpretations Committee (“IFRIC”). As this is Bike24 Group’s first set of IFRS financial statements, IFRS 1 *First Time Adoption of IFRS* is applicable. Refer to Note G.4 for details regarding Bike24 Group’s application of IFRS 1 *First-time Adoption of International Financial Reporting Standards*, including the use of allowed exemptions and exceptions under the standard.

The accounting principles set out below, unless stated otherwise, have been applied consistently for all periods presented in the consolidated financial statements including modified retrospective applications of IFRS 15 *Revenue from Contracts with Customers*, IFRS 9 *Financial Instruments* and IFRS 16 *Leases*.

Bike24 Group’s financial year ends December 31. All intercompany transactions are eliminated during the preparation of the consolidated financial statements. Consolidated entities with a different financial year end, report interim financial statements as of December 31.

The consolidated financial statements have been prepared on a historical cost basis, except stated otherwise. The consolidated financial statements are presented in Euro (“EUR”), which is the functional currency of the subsidiaries of Bike24 Group. All amounts are rounded to the nearest thousands, except when otherwise indicated. Due to rounding, differences may arise when individual amounts or percentages are added together. A Hyphen (“-”) indicates that a position is not applicable, a zero (“0”) indicates that a position has been rounded to zero. The consolidated statements of profit or loss is presented based on the nature of expense method.

The consolidated financial statements are prepared under the assumption that the business will continue as a going concern. Management believes that Bike24 Group has adequate resources to continue operations for the foreseeable future.

A.3 Changes in significant accounting policies and disclosures

a) New and revised standards and interpretations applied for the first time

Bike 24 Group has applied the following amendments to IFRS adopted by the European Union, consistently for all periods presented, to the extent these have an impact on the consolidated financial statements. Refer to Notes C.1.7, C.1.10 and C.1.5 for further information.

Effective Date of the new standards or amendments	New standards or amendments	Adoption by the EU	Impact
January 1, 2019	IFRS 16 Leases	Yes	Yes
	IFRIC 23 Uncertainty over Income Tax Treatments	Yes	None
	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	Yes	None
	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Yes	None
	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Yes	None
	Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	Yes	None
January 1, 2018	IFRS 15, IFRS 15 (A) and IFRS 15 (C) Revenue from Contracts with Customers	Yes	Yes
	IFRS 9 Financial Instruments	Yes	Yes
	IFRS 2 (A) Classification and Measurement of Share-based Payment Transactions	Yes	None
	IFRS 4 (A) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Yes	None
	IAS 40 (A) Transfers of Investment Property	Yes	None
	Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IFRS 1 and IAS 28)	Yes	None
	IFRIC 22 Foreign Currency Transactions and Advance Consideration	Yes	None

(A) Amendments (C) Clarifications

b) New and revised standards issues, but not yet effective

At the date of authorization of these consolidated financial statements, Bike24 Group has not applied the following new and revised IFRS that have been issued but are not yet effective.

Effective Date of the new standards or amendments	New standards or amendments	Adoption by the EU	Impact
January 1, 2020	Amendments to References to Conceptual Framework in IFRS Standards	Yes	None
	Definition of a Business (Amendments to IFRS 3)	Yes	None
	Definition of Material (Amendments to IAS 1 and IAS 8)	Yes	None
	Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	Yes	None
	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Yes	None
	Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	Yes	None
June 1, 2020	COVID-19-Related Rent Concessions (Amendment to IFRS 16)	Yes	None
January 1, 2021	IFRS 17 Insurance Contracts	No	None
	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Yes	None

B. Group composition

B.1 Consolidation principles

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated when preparing the consolidated financial statements pursuant to IFRS 10.B86. Accounting policies have been applied consistently for all subsidiaries.

B.2 Scope of consolidation

The consolidated financial statements include the financial statements of the Company, and its wholly owned subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases.

Besides Peloton MidCo2 GmbH the following subsidiaries of Bike24Group are included in the scope of consolidation:

	Location	Percentage of Ownership
Bike24 GmbH	Dresden, Germany	100%
Bike24 Service GmbH*	Dresden, Germany	100%

* Until February 28, 2018 operating under the name Peloton BidCo GmbH and with its registered seat in Munich until February 15, 2018

The scope of consolidation remained consistent as of January 1, 2018 and the entirety of the financial years 2018 and 2019.

C. Summary of Significant Accounting policies

C.1.1 Current versus non-current classification

Bike24 Group classifies assets and liabilities by maturity. They are regarded as current if they are expected to be realized within one year or within the normal operating business cycle of Bike24 Group. The normal operating business cycle, which is less than one year, begins with the procurement of inventory and ends with the receipt of cash or cash equivalents as consideration for the sale of inventory. Inventories, trade and other receivables, and trade payables are always presented as current items.

C.1.2 Foreign currency translation

Bike24 Group's consolidated financial statements are presented in Euro, which is the functional and presentation currency of the subsidiaries of Bike24 Group. For each entity, Bike24 Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Functional currency is defined as the currency of the primary economic environment in which each entity operates. Any transactions denominated in foreign currencies are translated at the exchange rates prevailing on the date of transaction. Balance sheet items denominated in foreign currencies are translated at the closing rate for each reporting period, with resulting translation differences recognized within the consolidated statements of profit or loss and other comprehensive income.

C.1.3 Intangible assets and goodwill

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. The useful life of intangible assets is assessed as either finite or indefinite.

Bike24 Group recognized goodwill, trademark, customer relationships and ERP software as a result of the acquisition of the Bike24 business in 2017, which was accounted for as a business combination in accordance with IFRS 3. The residual value method used to value the customer relationships takes into account the present value of the expected cash flows generated by the customer relationships. The relief-from-royalty-method was used to value the trademark. The ERP software was valued at depreciated replacement cost.

Expenditure on research activities is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses as incurred. Development costs are capitalized only if the cost can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and Bike24 Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, development cost is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses as incurred. Subsequent to initial recognition, capitalized development cost is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent cost is capitalized only when substantiating an increase in the future economic benefits embodied in the specific asset to which it relates. All other cost is recognized in the consolidated statements of profit or loss and other comprehensive income within other expenses as incurred.

Intangible assets with a finite useful life are amortized on a straight-line basis over their estimated useful life from the date on which they become available for use. The amounts amortized are recognized in the consolidated statements of profit or loss and other comprehensive income within depreciation and amortization. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization methods, estimated useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

The following useful lives for intangible assets were estimated by Bike24 Group:

Intangible Asset type	Estimated useful life
Trademark	15 years
Customer relationships	15 years
Software	3 - 5 years
Other intangible assets	3 - 5 years

The Company tests goodwill for impairment annually in the fourth quarter of the year, or when an event becomes known that may trigger impairment, refer also to Note C.1.11.

C.1.4 Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are recognized at cost and subsequently measured less accumulated depreciation and any accumulated impairment losses.

Cost comprises the purchase price and all directly attributable costs incurred in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of property, plant and equipment is recognized as an asset if it is probable that the related future economic benefits that will flow to the entity exceed the benefits that would have been received had the asset not been acquired.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the consolidated statements of profit or loss and other comprehensive income within other operating or other expenses, respectively.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to Bike24 Group.

All repair and maintenance costs are expensed when incurred.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in the consolidated statements of profit or loss and other comprehensive income within depreciation and amortization. Land is not depreciated.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment and depreciated separately.

The following useful lives for property, plant and equipment were estimated by Bike24 Group:

Asset type	Estimated useful life
Buildings	10 - 15 years
Technical equipment	5 - 14 years
Office equipment	3 - 23 years

Leasehold improvements are amortized over the shorter of the underlying lease or the expected useful life of the asset.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date and adjusted if appropriate.

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.1.5 Leases

Bike24 Group adopted IFRS 16 effective January 1, 2018, using the modified retrospective method. For the leases in scope of IFRS 16 on January 1, 2018, Bike24 Group recognized right-of-use assets in the amount of the lease liabilities in accordance with IFRS 1 D9B b) ii).

At contract inception, Bike24 Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, Bike24 Group uses the definition of a lease in IFRS 16.

Bike24 Group's leases consist of real estate and company cars. Lease terms are negotiated on an individual basis and may contain a range of different terms and conditions. Lease contracts may be negotiated for fixed period or include extension options.

To determine the lease terms, all facts and circumstances which offer economic incentives to exercise extension options are included. The lease terms include fixed payments the exercise price under a purchase option that Bike24 Group is reasonably certain to exercise, lease payments in an optional renewal period if Bike24 Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Bike24 Group is reasonably certain not to terminate early.

Extension options are included in the determination of the lease liability to the extent that it is reasonably certain that those options will be exercised by Bike24 Group. Management of Bike24 Group reviews forecasts planned growth and facility capacity when determining whether an extension option is reasonably certain to be exercised.

Bike24 Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the expected lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Bike24 Group's incremental borrowing rate. Generally, Bike24 Group uses its incremental borrowing rate as the discount rate. To determine its incremental borrowing rate Bike24 Group obtains interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Bike24 Group applied incremental borrowing rates between 0.9000% and 5.3605% for the periods presented. Subsequently, a lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Bike24 Group's estimate of the amount expected to be payable under a residual value guarantee, if Bike24 Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss and other comprehensive income within depreciation and amortization if the carrying amount of the right-of-use asset has been reduced to zero.

The finance expenses associated with the lease term are recognized in the consolidated statements of profit or loss and other comprehensive income over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received by the lessee.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Bike24 Group by the end of the lease term or the cost of the right-of-use asset reflects that Bike24 Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

Bike24 Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in other financial liabilities in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

Bike24 Group did not enter any lease contracts that would fall under the low-value assets and short-term leases exemption under IFRS 16.

C.1.6 Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is the purchase price less purchase price reductions plus the costs incurred to bring the inventories to their present location. The cost of inventories is based on the first-in, first-out principle. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. In the event of a decline in the value of inventories, a write-down to net realizable value is made and the lower net realizable value is recognized in the consolidated statements of financial position. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling prices, the amount of the write-down previously recorded is reversed. Inventories are regularly reviewed to determine the length of time they have been held in stock. Inventory is written down if it remains in stock for more than one year. The amount of the write-down is based on experience considering expected price decreases due to a low inventory turnover rate.

The carrying amount of inventories is expensed as inventories are sold and recognized in expenses for merchandise, consumables and supplies. Write-downs to net realizable value and losses are expensed in the period they occur. Any reversal of write-downs is recognized in the period the reversal occurs.

C.1.7 Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. These include both non-derivative financial instruments, such as trade and other receivables and payables, and derivative financial instruments, such as foreign exchange contracts.

Recognition and initial measurement

Trade and other receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when Bike24 Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade and other receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured as follows:

- at amortized cost
- FVOCI debt instruments (investments in debt instruments measured at fair value with changesin other comprehensive income
- FVOCI equity investments (equity investments measured at fair value with changes in other comprehensive income)
- FVTPL (at fair value with changes in value recognized in profit or loss, including derivatives.

Financial assets are not reclassified subsequent to their initial recognition unless Bike24 Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents comprise the cash and cash equivalents reported in the consolidated statements of financial position. Cash and cash equivalents comprise cash on hand and bank balances with respect to payment providers with a bank license. During all periods presented, there are no restrictions on disposal.

Bike24 Groups derivatives are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss.

Financial assets – Business model assessment

Bike24 Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to Bike24 Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Bike24 Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit Bike24 Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual nominal amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial assets at FVTPL

Financial assets in the FVTPL category are subsequently measured at fair value, with changes in value recognized in the consolidated statements of profit or loss and other comprehensive income.

Impairment of non-derivative financial assets

Bike24 Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost.

Bike24 Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- trade and other receivables; and
- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Bike24 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Bike24 Group's historical experience and informed credit assessment, that includes forward-looking information.

Bike24 Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Bike24 Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to Bike24 Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 150 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which Bike24 Group is exposed to credit risk.

Write-off

The gross carrying amount of a financial asset is written off when Bike24 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, Bike24 Group has a policy of writing off the gross carrying amount when the financial asset is 150 days past due based on historical experience of recoveries of similar assets.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are generally classified as measured at AC, including Bike24 Group´s trade payable, liabilities to banks and shareholder loans. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Fees paid on establishing credit facilities are recognized as transaction costs of the loan if it is considered probable that part or all the credit facility will be drawn down. In this case, the fee is deferred until the credit line is drawn down. If there is no indication that it is probable that all or part of the credit line will be drawn down, the fee is capitalized as an advance payment for the provision of liquidity and amortized over the term of the related credit line. Under certain conditions, embedded derivatives are being separated from its host contract and accounted for separately.

Bike24 Group has an obligation contingent on the achievement of certain parameters following the acquisition of the Bike24 business in 2017. The obligation is within the scope of IFRS 9 and, thus, subsequently measured at FVTPL in accordance with IFRS 3.58.

The fair value is determined based on a present value technique using the Bike24 Group's expectation of the amount required to settle the obligation discounted at a market rate.

Derecognition

Financial assets

Bike24 Group derecognizes a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
    - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
    - Bike24 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Bike24 Group enters into transactions whereby it transfers assets recognized in its consolidated statements of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized. No such transactions were entered into in the periods presented.)

Financial liabilities

Bike24 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Bike24 Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, Bike24 Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which Bike24 Group has access at that date. The fair value of a liability reflects its non-performance risk.

Several of Bike24 Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

When one is available, Bike24 Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then Bike24 Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then Bike24 Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If Bike24 Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Bike24 Group has an established control framework with respect to the measurement of fair values. Bike24 Group's finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to Bike24 Group's management.

When measuring the fair value of an asset or a liability, Bike24 Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

C.1.8 Employee benefits

Short-term employee benefits

Employee benefits of Bike24 Group comprise solely short-term employee benefits. They are recognized as an expense in the period in which the service is rendered. A liability is recognized for the amount expected to be paid when the Bike24 companies have a present legal or constructive obligation to pay that amount as a result of past service rendered by the employee and the amount of the obligation can be estimated reliably.

C.1.9 Provisions

Bike24 Group recognizes provisions when it has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provisions are estimated by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognized as finance expenses.

Bike24 Group's products are sold with legal warranty of 24 months. A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

C.1.10 Revenue from contracts with customers

All revenue generated by Bike24 Group is included within the line item revenue on the consolidated statements of profit or loss and other comprehensive income. IFRS 15 establishes principles for reporting information to users of financial statements, about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Under IFRS 15, Bike24 Group recognizes revenue when it transfers control of merchandise to a customer, which occurs upon delivery. Management applies the following five step model when determining the timing and amount of revenue recognition:

1. Identifying the contracts with customers;
2. Identifying the separate performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to separate performance obligations; and
5. Recognizing revenue when each performance obligation is satisfied.

Bike24 Group generates the most of its revenues from the sale of goods via its website (online sales).

Bike24 Group recognizes revenues to reflect the transfer of goods or services to customers at an amount that represents the consideration the entity expects to receive. Revenue is recognized when the customer obtains control over the good, which is upon delivery if ordered via website, or at the time of purchase when the customer has received the goods in its local store.

Delivery occurs when the products have been shipped to the specific location, the risks of loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or Bike24 Group has objective evidence that all criteria for acceptance have been satisfied.

Bike24 Group assesses all promised goods and services and identified performance obligations at contract inception. Contracts with customers include a single performance obligation, for example, the sale of a distinct bundle of sale of goods and related activities to provide these goods and services (packaging, shipping, credit card processing, settlement of duties and other transaction processing activities). As these related activities are not distinct performance obligations, revenue for these services is recognized at the time the performance obligation to facilitate the transaction between the seller and end consumer is satisfied.

No significant financing component is deemed present. Invoices are issued upon shipment of the goods. Invoices are usually payable within 30 days. Payment is usually made directly in the store.

A contract liability is recognized for products for which control has not been transferred to the customer. The related revenue is recognized when the customer obtains control of the product. For customers, in addition to the possibility of credit card or invoice, there is also the possibility of SOFORT transfer or prepayment. These payments received are reported as contract liabilities under other liabilities within the consolidated statements of financial position until the shipment of the package. Since the delivery of the items is mostly made within up to 5 days, the amount of these incoming payments is not discounted.

Goods sold to the customers can be returned or exchanged within 14 days of receipt of the goods. Revenue is recognized to the extent that it is highly probable that a material adjustment to the cumulative recognized revenue will not occur. For expected returns, Bike24 Group recognizes a refund liability as reduction of revenue and a right of return asset as reduction of expense for merchandise, consumables and supplies based on historical data for specific product groups. The right of return asset is measured at the previous carrying amount of the product less expected costs to return. The refund liability is presented in other liabilities and the right of return asset is presented in other assets. Bike24 Group reviews its estimates of expected returns at each balance sheet date and updates the asset and liability amounts accordingly.

As the contracts include only a single performance obligation, the transaction price is allocated to that performance obligation.

C.1.11 Impairment of non-financial assets

At each balance sheet date, Bike24 Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in the consolidated statements of profit or loss and other comprehensive income within depreciation and amortization. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

C.1.12 Income taxes

Income tax expense comprises current and deferred tax. It is recognized in the consolidated statements of profit or loss and other comprehensive income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (OCI).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the balance sheet date. Bike24 Group operates exclusively in Germany and generates its taxable income there.

Current taxes relating to items recognized directly in equity are recognized in equity and not in the income statement. Management regularly assesses individual tax matters to determine whether there is any scope for interpretation in the light of applicable tax regulations. If necessary, tax provisions are recognized.

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that, it is probable that they will not reverse in the foreseeable future and, in the case of deductible temporary differences, taxable profit is not available, in the case of taxable temporary differences, Bike24 Group is able to control the timing of the reversal of the temporary differences; and
- taxable temporary differences arising on 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 relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in Bike24 Group. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and when tax loss carry forwards are utilized, using tax rates enacted or substantively enacted at the balance sheet date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Bike24 Group expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset if Bike24 Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, intending either to settle current tax liabilities and assets on a net basis, or to settle the liabilities simultaneously with the realization of the assets, in any future period in which the settlement or realization of significant amounts of deferred tax liabilities or assets is expected.

Bike24 Group applies IFRIC 23. IFRIC 23 clarifies the application of recognition and measurement requirements of IAS 12 when there is uncertainty about the income tax treatment. Estimates and assumptions must be made for recognition and measurement, 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 changes have occurred compared to the previous period. Detection risk is irrelevant to the accounting for uncertain balance sheet items. The accounting is based on the assumption that the tax authorities will investigate the matter in question and that they have all the relevant information.

C.1.13 Segment reporting

An operating segment is a component of Bike24 Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available and used by the Chief Operating Decision Maker (‘‘CODM’’) to make decisions around resource allocation and review operating results of Bike24 Group. Bike24 Group identified its Chief Executive Officer and Chief Financial Officer as the CODM, collectively.

C.1.14 Earnings per Share

Earnings per share are calculated by dividing the net result for the period attributable to the shareholders of Bike24 Group by the weighted average number of shares issued in the reporting period. Bike24 Group only issued ordinary shares, all of which are outstanding. There are no dilutive effects on earnings per share during the periods presented.

C.1.15 Significant accounting estimates

The preparation of Bike24 Group's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the accompanying notes disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and underlying assumptions are subject to continuous review. Changes in estimates, if any, are recognized prospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Significant accounting estimates:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

- Intangible assets: Goodwill impairment tests

Bike24 Group performs an annual review to determine whether goodwill is subject to impairment in accordance with the accounting policies discussed in Note C.1.3. The recoverable amount of the group of CGU's has been determined using fair value less cost to sell calculations and are subjected to a sensitivity analysis. These calculations require the use of estimates (see Note F.1).

- Inventory: Valuation of inventory

Inventory is carried at the lower of cost or net realizable value, which requires an estimation of the products future net selling prices. When assessing the net realizable value of the inventory Bike24 Group considers the quantity and aging of inventory on hand, anticipated sales volume, expected selling prices, and selling cost, taking into account long term averages.

- Leases: Incremental borrowing rates

The incremental borrowing rate for lease accounting is determined based on interest rates from various external financial data adjusted to reflect the terms of the lease and the nature of the leased asset. For additional information with respect to extension options refer to Note C.1.5.

D. Segment reporting

Bike24 Group consists of a single operating and reporting segment, which is based on how the CODM assesses the performance of Bike24 Group. Net sales are used to measure performance because management believes that this information is the most relevant in evaluating the company relative to other entities that operate in the same industries.

The geographic information analyses Bike24 Group's revenue by the Company's country of domicile and other countries. In presenting the geographic information, revenue has been based on the geographic location of customers.

in € thousands	2019	2018
Revenue by geographic area		
Germany	74,729	65,273
Austria and Switzerland	13,552	12,479
Rest of Europe	33,717	28,143
Rest of World	15,098	12,762
	137,096	**118,657**

No individual country accounted for more than 10% of the group's revenues, except for Germany.

Substantially all amounts classified within revenues are derived from the sale of goods, mainly in the field of bicycle. No single customer accounted for more than 10% of Bike24 Group's revenues in any of the periods presented. All long-lived 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 € thousands	2019	2018
Revenue by product category		
Parts, accessories and clothing	91,734	80,209
Traditional and e-bikes	9,373	6,507
Adjacent	35,989	31,941
	137,096	**118,657**

Revenue recognized in the financial year 2019 and 2018 from contract liabilities was € 915 thousand and € 469 thousand, respectively. The contract liabilities primarily relate to the advance consideration received from customers. For further details on contract liabilities refer to Note F.12.

E.2 Personnel expenses

Personnel expenses consist of the following:

in € thousands	2019	2018
Wages and salaries	-8,687	-8,231
Social security costs and definded benefit obligations	-1,761	-1,607
Other personnel expenses	-569	-441
	-11,017	**-10,280**

Personnel expenses in an amount of € 782 thousand and € 675 thousand during the financial year 2019 and 2018, respectively, are in respect of the development department.

E.3 Expenses for merchandise, consumables and supplies

Expenses merchandise, consumables and supplies relate to the procurement of goods to generate revenue from contracts with customers.

in € thousands	2019	2018
Goods to generate revenue from contracts with customers	-96,874	-83,101
Inventory write-downs	-276	—
	-97,149	**-83,101**

E.4 Impairment loss on trade receivables

As part of receivables management, trade receivables of € 46 thousand and € 26 thousand were derecognized in the financial year 2019 and 2018, respectively. In the financial year 2019 and 2018, respectively, € 72 thousand and € 48 thousand in expected credit losses on trade receivables were recorded. Information on the method of determination of expected credit losses can be found in Note F.13.2 as well as in accounting policies in Note C.1.7.

E.5 Other expenses

Other expenses consist of the following:

in € thousands	2019	2018
Selling expenses	-10,774	-9,012
Marketing expenses	-184	-118
Transaction cost	—	-2,051
Other operating expenses	-2,869	-2,431
	-13,827	**-13,612**

Selling expenses mainly consist of packaging and freight.

Transaction cost mainly consist of consulting costs and notary fees.

E.6 Finance expense, net

The finance expense, net consists of the following:

in € thousands	2019	2018
Finance income		
Other finance income	1	1
	1	**1**
Finance expense		
Interest on leases	-482	-479
Interest expenses on shareholder loans	-3,942	-3,920
Interest expenses on other loans	-4,523	-5,294
Valuation impact on derivatives	—	-1,848
Earn out	-522	-413
Prepayment	—	-727
	-9,469	**-12,681**
Finance expense, net	**-9,468**	**-12,680**

E.7 Income taxes

in € thousands	2019	2018
Current income tax		
Current year	-2,713	-1,127
	-2,713	**-1,127**
Deferred taxes	1,769	1,580
	1,769	**1,580**
Income tax expense (income)	**-944**	**454**

During the financial year 2019 and financial year 2018, Bike24 Group's tax rate was 31.58%, consisting of the German corporate tax rate of 15%, a 5.5% solidarity surcharge on the corporate tax rate, and a trade tax rate of 15.75%.

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

in € thousands	2019	2018
Earnings before tax	-3,138	-9,526
Expected group tax rate (%)	31.58	31.58
Tax at the expected group tax rate	991	3,008
Change of permanent differences	—	-568
Trade tax additions / deductions	-199	-163
Non-tax-deductible expenses	-1,755	-1,754
Other	19	-70
Income tax expense (income)	**-944**	**454**
Total effective income tax rate (%)	**30.10**	**-4.76**

F. Notes to the consolidated statements of financial position

F.1 Intangible assets and goodwill

Bike24 Group's intangible assets and goodwill consist of goodwill, trademark, customer relationships, software and other intangible assets.

The following table presents the changes in Bike24 Group's intangible assets and goodwill during the financial year 2019 and 2018. Amortization expense of the intangible assets is entirely classified within depreciation and amortization in the consolidated statements of profit or loss and other comprehensive income.

in € thousands	Goodwill	Trademark	Customer relation-ships	Software	Others	Down payments	Total
Cost							
Balance as of January 1, 2018	**77,442**	**53,780**	**32,090**	**1,481**	**456**	**—**	**165,249**
Additions	—	—	—	—	18	54	72
Disposals	—	—	—	—	—	—	—
Transfers	—	—	—	—	13	-13	—
Balance as of December 31, 2018	**77,442**	**53,780**	**32,090**	**1,481**	**487**	**41**	**165,321**
Balance as of January 1, 2019	**77,442**	**53,780**	**32,090**	**1,481**	**487**	**41**	**165,321**
Additions	—	—	—	—	61	254	315
Disposals	—	—	—	—	—	—	—
Transfers	—	—	—	—	63	-63	—
Balance as of December 31, 2019	**77,442**	**53,780**	**32,090**	**1,481**	**611**	**231**	**165,635**
Accumulated amortization and impairment losses							
Balance as of January 1, 2018	**—**	**-299**	**-178**	**-25**	**-11**	**—**	**-513**
Amortization	—	-3,585	-2,139	-296	-114	—	-6,135
Balance as of December 31, 2018	**—**	**-3,884**	**-2,318**	**-321**	**-125**	**—**	**-6,648**
Balance as of January 1, 2019	**—**	**-3,884**	**-2,318**	**-321**	**-125**	**—**	**-6,648**
Amortization	—	-3,585	-2,139	-296	-125	—	-6,146
Balance as of December 31, 2019	**—**	**-7,469**	**-4,457**	**-617**	**-251**	**—**	**-12,794**
Carrying amounts							
As of January 1, 2018	**77,442**	**53,481**	**31,912**	**1,457**	**444**	**—**	**164,736**
As of December 31, 2018	**77,442**	**49,896**	**29,772**	**1,160**	**361**	**41**	**158,672**
As of December 31, 2019	**77,442**	**46,311**	**27,633**	**864**	**360**	**231**	**152,841**

Goodwill

On December 7, 2017, the Company acquired the Bike24 business. The goodwill resulting from this acquisition is attributable to Bike24 as a group of CGU´s (including the webshop and the two stores) of Bike24 Group and is not deductible for tax purposes. The goodwill is attributable to the workforce and the high profitability of the acquired business. There were no acquisitions in the periods presented.

The recoverable amount of the group of CGU´s is determined based on the fair value less cost to sell. The fair value is based on a discounted cash-flow calculation and is classified as Level 3. The key assumptions for determining the fair value less cost to sell are those regarding the discount rates and growth rates. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. Management estimates discount rates as a post-tax measure estimated based on the historical industry average weighted-average cost of capital. The additional basis was a market risk premium and the risk-free interest rate for Germany. The growth rates are based on industry growth forecasts.

Bike24 Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 5 years. It contains the following growth assumptions: Average sales growth in the next 5 years of approx. 17% p.a. due to the growth strategy in the European market. In the following four years 10% p.a. and then 5% p.a. for the next 6 years. The terminal growth rate is set at 2%.

The assumed terminal growth rates and discount rates applied in Bike24 Group's goodwill impairment assessments were as follows:

in %	December 31, 2019	December 31, 2018	January 1, 2018
Discount rate	6.50	6.58	6.70
Terminal value growth rate	2	2	2
Estimated sales growth rate (average of next five years)	17	15	11
Estimated sales growth rate (average of the further ten years)	7.3	7.5	5.5

During the periods presented, no impairment was recognized for goodwill. The annual impairment test was conducted on December 31.

No change in a key assumption considered possible by management would cause the carrying amount to exceed the recoverable amount.

Impairment of other intangible assets

The other intangible assets have a finite useful life, an impairment test is only performed if triggering events for an impairment occur. As no such triggering events were identified during the periods presented, no impairment has been recorded in the financial year 2019 and 2018, respectively.

For further information see also accounting policies in Note C.1.3.

F.2 Property, plant and equipment

in € thousands	Land and buildings	Technical equipment	Office equipment	Assets under construction	Office buildings, warehouse, stores	Cars	Total
Cost							
Balance as of January 1, 2018	**116**	**3,590**	**1,144**	**4,377**	**11,480**	**5**	**20,712**
Additions	—	—	275	1,458	1,128	—	2,861
Disposals	—	—	-19	—	—	—	-19
Transfers	—	5,456	200	-5,656	—	—	0
Balance as of December 31, 2018	**116**	**9,046**	**1,600**	**179**	**12,609**	**5**	**23,554**
Balance as of January 1, 2019	**116**	**9,046**	**1,600**	**179**	**12,609**	**5**	**23,554**
Additions	—	3	278	421	—	55	757
Disposals	—	—	-193	—	—		-193
Transfers	—	—	17	-17	—		—
Balance as of December 31, 2019	**116**	**9,049**	**1,702**	**583**	**12,609**	**59**	**24,118**
Accumulated depreciation and impairment losses							
Balance as of January 1, 2018	**-1**	**-34**	**-36**	**—**	**—**	**—**	**-72**
Depreciation	-14	-858	-278	—	-1,305	-4	-2,458
Disposals	—	—	19	—	—	—	19
Balance as of December 31, 2018	**-15**	**-892**	**-295**	**—**	**-1,305**	**-4**	**-2,511**
Balance as of January 1, 2019	**-15**	**-892**	**-295**	**—**	**-1,305**	**-4**	**-2,511**
Depreciation	-14	-887	-405	—	-1,431	-10	-2,748
Disposals	—	0	129	—	—	—	129
Balance as of December 31, 2019	**-29**	**-1,779**	**-571**	**—**	**-2,736**	**-14**	**-5,129**
Carrying amounts							
As of January 1, 2018	**115**	**3,556**	**1,107**	**4,377**	**11,480**	**5**	**20,640**
As of December 31, 2018	**101**	**8,153**	**1,305**	**179**	**11,304**	**1**	**21,043**
As of December 31, 2019	**87**	**7,269**	**1,131**	**583**	**9,873**	**46**	**18,989**

Office buildings, warehouse, stores and cars are right-of-use assets in accordance with IFRS 16.

For details on future minimum payments under non-cancellable leases as of December 31, 2019 and 2018, refer to Note F.13.2.

Some property leases contain extension options exercisable by Bike24 Group up to one year before the end of the non-cancellable contract period. The extension options held are exercisable only by Bike24 Group and not by the lessors. Bike24 Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. Bike24 Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control. Following a re-evaluation of two extension options, right-of-use assets and related other financial liabilities were increased by € 1,128 thousand.

The impact of each extension option has been evaluated depending on the rental property. Bike24 Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of € 6,982 thousand.

For further information see also accounting policies in Note C.1.5.

F.3 Inventories

in € thousands	December 31, 2019	December 31, 2018	January 1, 2018
Raw materials and consumables	86	56	78
Merchandise	36,034	32,724	29,043
	36,120	**32,781**	**29,121**

Bike24 Group recognizes inventories at the lower of cost or net realizable value. For more information on inventory write-downs classified as expenses for merchandise, consumables and supplies as well as on inventory expenses during the financial year 2019 and the financial year 2018, refer to Note E.3.

Inventories are pledged under Bike24 Groups credit facility.

F.4 Trade and other receivables

The trade receivables consist mainly of receivables from invoices to customers. Other receivables are those due from credit card companies.

The carrying amount of trade and other receivables approximates their fair value due to their short-term nature. The trade and other receivables are non-interest bearing. The maximum credit risk at the balance sheet date, equivalent to the carrying value of trade and other receivables, was reflected within the expected credit loss provisions in accordance with IFRS 9. Information about the impairment of trade and other receivables and Bike24 Group's exposure to credit risk, currency risk and interest rate risk can be found in Note F.13.2.

For further information see also accounting policies in Note C.1.7.

F.5 Other assets

Other assets of Bike24 Group consist of:

in € thousands	December 31, 2019	December 31, 2018	January 1, 2018
Right of return asset	1,194	1,095	349
Value added taxes	338	905	591
Prepaid expenses	338	386	480
Deposits	282	141	141
Other assets	396	368	869
	2,549	**2,895**	**2,430**

For further information see also accounting policies in Note C.1.7.

Other assets include financial assets, which contain deposits in an amount of € 282 thousand as of December 31, 2019, and € 141 thousand as of December 31, 2018 and January 1, 2018, respectively as well as an interest cap in an amount of € 0 thousand as of December 31, 2019 and € 11 thousand as of December 31, 2018. As of January 1, 2018, Bike24 Group did not enter into any interest cap agreements. For further information on financial instruments and financial risk management, refer to Note F.13.

F.6 Equity

Subscribed capital remained unchanged during each of the reporting periods presented. Subscribed capital is € 25 thousand, representing 25.000 shares outstanding with a nominal value per share of €1. The subscribed capital is fully paid, and repayment of subscribed capital is restricted.

Capital reserve reflects contributions of the parent company of € 83,443 thousand. The contributions resulted from the assumption of three facilities as well as interest by the parent company of € 74,817 thousand, an earn out of € 7,899 thousand and prepayments of € 727 thousand in November 2019. The contributions in an amount of € 83,443 thousand were non-cash transactions and resulted in a decrease of liabilities to banks (see Note F.7 Liabilities to banks).

Bike24 Group did not pay any dividends during the periods presented.

F.7 Liabilities to banks

Bike24 Group is party to a term and currency revolving facility, which has a term of six years and bears variable interest, with Berenberg Bank, which has no defined expiration date. The maximum borrowing capacity of the revolving credit facility is € 80,000 thousand. As of December 31, 2019, Bike24 Group had total borrowings on this line of credit of € nil thousand (December 31, 2018: € 74,592 thousand; January 1, 2018: € 74,306 thousand). In 2019, these liabilities to banks were assumed by the Company's parent company. Liabilities to banks include an embedded derivative in form of termination right as well as an interest floor, which are together accounted as an embedded derivative separately from the liabilities to banks as FVTPL for the initial measurement.

Liabilities to banks are secured by the existing and future bank balances of all Group companies, by assignment of receivables from affiliated companies, and by the shares in Bike24 GmbH reported in the separate financial statements of Bike24 Service GmbH. The probability of utilization is low due to the good growth rates in the past and the planned increases in the coming years.

F.8 Shareholder Loan

On October 19, 2017 Peloton MidCo 1 Ltd., the parent company of Bike24 Group at that date, granted a loan with a nominal amount of € 49,000 thousand, due September 30, 2024 at an interest rate of 8% per annum. The loan agreement provides for interest capitalization. On September 11, 2019 Peloton MidCo 1 GmbH entered into a Share Purchase Agreement to sell its share in Peloton MidCo 2 Ltd. and the shareholder loan to Bike24 Support GmbH.

F.9 Other financial liabilities

The other financial liabilities result from lease agreements (current and non-current, as presented within the consolidated statement of financial position) and a non-current earn out liability of € 5,166 thousand as of January 1, 2018. The earn out liability of € 7,377 thousand has been presented as a current financial liability as of December 31, 2018 and was settled at an amount of € 7,899 thousand in 2019. Information regarding right-of-use assets is presented in Note F.2. A maturity analysis and information on financial instruments and financial risk management is included in Note F.13.

F.10 Provisions

Provisions consist of obligations resulting in an expected outflow of economic benefits for each of the periods presented. Provisions consist of the following as of January 1, 2018, December 31, 2018 and 2019:

Non-current provisions:

	Warranties		Others		Total	
in € thousands	2019	2018	2019	2018	2019	2018
Balance as of January 1	**504**	**430**	**62**	**62**	**566**	**492**
Additions	90	74	—	—	90	74
Releases	—	—	—	—	—	—
Utilization	—	—	—	—	—	—
Balance as of December 31	**594**	**504**	**62**	**62**	**656**	**566**

Current provisions:

in € thousands	Warranties 2019	Warranties 2018	Others 2019	Others 2018	Total 2019	Total 2018
Balance as of January 1	**376**	**376**	**19**	**130**	**395**	**506**
Additions	29	—	11	19	40	19
Releases	—	—	—	15	—	15
Utilization	—	—	9	115	9	115
Balance as of December 31	**405**	**376**	**21**	**19**	**426**	**395**

The warranty provision was calculated based on historical data on customer complaints. Future customer claims are likely to be uncertain in terms of timing and amount.

F.11 Deferred tax liabilities

Deferred tax assets and liabilities are recognized for the following types of temporary differences and loss carryforwards as well as the interest carryforward:

in € thousands	Balance as of December 31, 2019 Net	Deferred tax assets	Deferred tax liabilities	Recognized in profit or loss
Property, plant and equipment	-3,171	—	-3,171	445
Intangible assets	-23,593	28	-23,621	1,897
Trade and other receivables	-195	—	-195	-32
Inventories	-77	—	-77	-58
Liabilities to banks	—	—	—	-229
Provisions	396	396	—	53
Other liabilities	3,314	3,314	—	-307
Tax assets (liabilities)	**-23,326**	**3,738**	**-27,064**	**1,769**
Thereof non-current	**-23,326**			
Net deferred tax assets (liabilities)	**-23,326**			

in € thousands	Balance as of December 31, 2018 Net	Deferred tax assets	Deferred tax liabilities	Recognized in profit or loss
Property, plant and equipment	-3,616	—	-3,616	64
Intangible assets	-25,490	31	-25,521	1,898
Trade and other receivables	-163	5	-168	-10
Inventories	-19	—	-19	-19
Liabilities to banks	229	229	—	843
Provisions	343	343	0	24
Other liabilities	3,621	3,641	-20	112
Tax loss carryforwards	—	—	—	-1,332
Tax assets (liabilities)	**-25,095**	**4,249**	**-29,344**	**1,580**
Thereof non-current	-25,095			
Net deferred tax assets (liabilities)	**-25,095**			

Deferred taxes, net, as of January 1, 2018:

in € thousands	Net
Property, plant and equipment	-3,680
Intangible assets	-27,388
Trade and other receivables	-153
Inventories	-
Liabilities to banks	-614
Provisions	319
Other liabilities	3,509
Tax loss carryforwards	1,332
Tax assets (liabilities)	**-26,675**
Thereof non-current	-26,675
Net deferred tax assets (liabilities)	**-26,675**

The change in net deferred tax liabilities were recognized entirely as income tax expense during the financial year 2019 and 2018, respectively.

F.12 Other liabilities

Other liabilities consist of the following:

in € thousands	December 31, 2019	December 31, 2018	January 1, 2018
Current			
Personnel-related liabilities	-1,225	-983	-1,616
Accrued expenses	-148	-181	-191
Refund liability	-846	-804	-509
Sales tax	—	-1,092	-1,462
Contract liabilities	-1,057	-915	-469
Other liabilities	-191	—	-201
Total	**-3,467**	**-3,975**	**-4,449**

The obligations for personnel-related liabilities consist mainly of current payroll liabilities as well as bonus, vacation, and overtime accruals.

F.13 Financial instruments and financial risk management

F.13.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Due to their nature, the carrying amounts of cash and cash equivalents, trade and other receivables, other assets, other financial liabilities and trade payables approximate their fair value.

Balance as of December 31, 2019 in € thousands	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Derivatives	—	FVTPL	—	—	—	—
Investments	30	FVTPL	—	—	30	30
Current financial assets						
Trade and other receivables	1,342	AC	—	—	—	—
Other assets	2,548		—	—	—	—
thereof deposits	282	AC	—	—	—	—
thereof interest cap	—	FVTPL	—	—	—	—
Cash and cash equivalents	5,059	AC	—	—	—	—
	8,980		**—**	**—**	**30**	**30**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	—	AC	—	—	—	—
Shareholder loan	—	AC	—	—	—	—
Other financial liabilities	9,320	N/A	—	—	—	—
Current financial liabilities						
Liabilities to banks	—	AC	—	—	—	—
Shareholder loan	56,927	AC	—	—	51,836	51,836
Other financial liabilities	1,175	N/A	—	—	—	—
Trade payables	5,990	AC	—	—	—	—
	73,412		**—**	**—**	51,836	**51,836**

Balance as of December 31, 2018 in € thousands	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Derivatives	—	FVTPL	—	—	—	—
Investments	30	FVTPL	—	—	30	30
Current financial assets						
Trade and other receivables	871	AC	—	—	—	—
Other assets	2,895		—	—	—	—
thereof deposits	141	AC	—	—	—	—
thereof interest cap	11	FVTPL	11	—	—	11
Cash and cash equivalents	4,158	AC	—	—	—	—
	7,954		**11**	**—**	**30**	**41**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	73,410	AC	—	—	73,410	73,410
Shareholder loan	49,000	AC	—	—	47,436	47,436
Other financial liabilities	10,448	N/A	—	—	—	—
Current financial liabilities						
Liabilities to banks	3,811	AC	—	—	—	—
Shareholder loan	4,221	AC	—	—	—	—
Other financial liabilities	8,461	N/A	—	—	—	—
thereof earn out liabilities	7,377	FVTPL	—	—	7,377	7,377
Trade payables	3,918	AC	—	—	—	—
	153,269		**—**		**128,223**	**128,223**

Balance as of January 1, 2018 in € thousands	Carrying amount Total	IFRS 9 category	Level 1	Level 2	Level 3	Total
Financial assets						
Non-current financial assets						
Derivatives	30	FVTPL	—	—	30	30
Investments	1,848	FVTPL	—	—	1,848	1,848
Current financial assets						
Trade and other receivables	722	AC	—	—	—	—
Other assets	2,430		—	—	—	—
thereof deposits	141	AC	—	—	—	—
Cash and cash equivalents	9,109	AC	—	—	—	—
	14,140		**—**	**—**	**1,878**	**1,878**
Financial liabilities						
Non-current financial liabilities						
Liabilities to banks	72,587	AC	—	—	72,887	72,887
Shareholder loan	49,000	AC	—	—	48,728	48,728
Other financial liabilities	15,565	N/A	—	—	—	—
thereof earn out liabilities	5,166	FVTPL	—	—	5,166	5,166
Current financial liabilities						
Liabilities to banks	3,846	AC	—	—	—	—
Shareholder loan	318	AC	—	—	—	—
Other financial liabilities	1,086	N/A	—	—	—	—
Trade payables	8,311	AC	—	—	—	—
	150,714		**—**	**—**	**126,781**	**126,781**

The carrying amounts of the financial assets and liabilities measured at amortized cost listed above and defined by IFRS 9 as of December 31, 2019 and 2018 and January 1, 2018, were as follows:

in € thousands	December 31, 2019	December 31, 2018	January 1, 2018
Carrying amount			
Financial assets measured at amortized cost	6,684	5,171	9,973
Financial liabilities measured at amortized cost	62,917	134,360	134,063
	69,601	**139,530**	**144,036**

As Bike24 Group does not meet the criteria for offsetting, no financial instruments are netted.

Where quoted prices in an active market do not exist, Bike24 Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The valuation technique used incorporates all factors that market participants would consider in pricing such a transaction. The valuation model for investments is based on expected future cash flows. No net change in fair value has been recognized during the periods presented. The valuation of the loan liability is based on future cashflows and variable interest rate and approximates it carrying value.

The fair value of Bike24 Group's shareholder loan and earn out liability was calculated based on cash flows discounted by using market interest rates and credit risk derived from a peer group.

There were no transfers between the different levels of the fair value hierarchy during the financial year 2019 and the financial year 2018. Bike24 Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the end of the reporting period.

Other financial assets consist of an embedded derivative, which resulted from the contract with Berenberg agreed on in 2017. The derivative includes a termination option, which gives Bike24 Group an option to repay the resulting liability to bank before the maturity date as well as a written interest option, which set the variable interest floor at 0%. The valuation/measurement of the derivative is based on an option price model. Material input factors are volatility, credit spread as well as risk-free interest rate. In this context, the credit spread of Bike24 Group and the historically derived volatility are considered as material input factors, which are not observable on the market. As a result, the embedded derivative is classified as Level 3 for fair value measurement according to IFRS 13.

A change in the credit spread by +/- 100 basis points will lead to a decrease by € 658 thousand or an increase by € 1,120 thousand in the fair value of the embedded derivative (January 1, 2019).

A change in the historical volatility by +/- 500 basis points will lead to an increase by € 525 thousand or a decrease by € 537 thousand in the fair value of the embedded derivative (January 1, 2018).

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

in € thousands	2019	2018
Balance as of January 1	—	1,848
Addition	—	—
Change in fair value / Valuation effect (finance expense)	—	-1,848
Balance as of December 31	**—**	**—**

Interest income and expense

Interest expense is calculated by applying the effective interest rate to the gross carrying amount of liabilities measured at amortized cost. Interest expense was € 3,942 thousand and € 3,920 thousand for the financial year 2019 and financial year 2018, respectively. Bike24 Group did not generate any interest income during any of the periods presented.

Depreciation

The interest cap in an amount of € 15 thousand in the financial year 2019 and € 38 thousand in the financial year 2018, which is presented within depreciation and amortization.

F.13.2 Financial risk management

Bike24 Group is exposed to the following risks from the use of financial instruments:

a) Credit risk

b) Liquidity risk

c) Market risk and interest rate risk

d) Currency risk

The Company´s management board has overall responsibility for the establishment and oversight of Bike24 Group’s risk management framework. Bike24 Group’s risk management policies are established to identify and analyze the risks faced by Bike24 Group and to minimize negative impact on the financial position of Bike24 Group related to those risks.

a) Credit risk

Trade and other receivables and other assets

Credit risk is the risk of financial loss to Bike24 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from Bike24 Group’s trade receivables.

The carrying amounts of financial assets represent the maximum credit exposure.

Impairment losses on financial assets recognized in profit or loss were as follows:

in thousands of euro	December 31, 2019	December 31, 2018
Impairment loss on trade receivables	-72	-48
	-72	**-48**

Bike24 Group's exposure to credit risk is influenced mainly by the individual customer payment behavior.

As of December 31, 2019, and 2018, respectively, the exposure to credit risk for trade receivables was mainly related to trade receivables within the region DACH.

Bike24 Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different areas based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other receivables from individual customers as of December 31, 2019.

in € thousands	Loss rate	Gross carrying amount	Loss allowance
Current (not past due)	-0.13%	1,630	2
1–30 days past due	-2.04%	157	3
31–60 days past due	-7.81%	28	2
61–90 days past due	-21.15%	17	4
91-120 days past due	-29.48%	11	3
121-150 days past due	-47.47%	5	2
More than 150 days past due	-100.00%	30	30
		1,877	**46**

Loss rates are calculated on the basis of actual credit losses within the past 6 months.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

in € thousands	2019	2018
Balance as of January 1	26	33
Valuation change (net)	-7	-28
Impairment losses recognized	72	48
Amounts written off	-46	-26
Balance as of December 31	**46**	**26**

The receivable balances are reviewed monthly. If a receivable is uncollectable, it is impaired.

Default risks from other receivables and other assets are immaterial. Therefore, no loss allowance was recognized for other receivables and other assets.

Cash and cash equivalents

Bike24 Group held cash and cash equivalents of € 5,059 thousand as of December 31, 2019 (December 31, 2018: € 4,158 thousand, January 1, 2018: € 9,109 thousand). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated Aaa, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on a 1-day expected loss basis and reflects the short maturities of the exposures. Bike24 Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Default risks from cash and cash equivalents are immaterial. Therefore, no loss allowance was recognized for cash and cash equivalents.

b) Liquidity risk

Liquidity risk is the risk that Bike24 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Bike24 Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Bike24 Group's reputation.

Bike24 Group aims to utilize all discounts. Higher liquidity demand arises especially in February and March, when goods for the upcoming summer season are delivered. If the available cash supply is insufficient, the revolving credit facility with Berenberg Bank can be utilized.

The following are the remaining contractual maturities of financial liabilities including estimated interest payments at the balance sheet date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows					
Balance as of December 31, 2019 in € thousands	**Carrying amount**	**Total**	**2 month or less**	**2-12 month**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Shareholder loans	**56,927**	**56,927**	56,927	—	—	—	—
IC liabilities	**190**	**190**	190	—	—	—	—
Other financial liabilities	**10,495**	**12,436**	261	1,304	1,590	4,629	4,653
Trade payables	**5,990**	**5,990**	5,990	—	—	—	—
	73,602	**75,543**	**63,368**	**1,304**	**1,590**	**4,629**	**4,653**

		Contractual cash flows					
Balance as of December 31, 2018 in € thousands	**Carrying amount**	**Total**	**2 month or less**	**2-12 month**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Liabilities to banks	**77,221**	**101,622**	3,500	5,088	5,088	15,263	72,683
Shareholder loans	**49,000**	**80,497**	703	11,193	3,920	11,760	52,920
Other financial liabilities	**18,909**	**21,388**	262	8,690	1,564	4,769	6,103
Trade payables	**3,918**	**3,918**	3,918	—	—	—	—
	149,048	**207,425**	**8,383**	**24,971**	**10,572**	**31,792**	**131,706**

Balance as of January 1, 2018 in € thousands	**Carrying amount**	**Total**	**2 month or less**	**2-12 month**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities							
Liabilities to banks	**76,433**	**111,798**	3,500	5,088	5,088	15,263	82,859
Shareholder loans	**49,000**	**76,490**	703	3,267	3,920	11,760	56,840
Other financial liabilities	**16,651**	**20,737**	260	1,300	6,741	4,744	7,693
Trade payables	**8,311**	**8,311**	8,311	—	—	—	—
	150,395	**217,336**	**12,775**	**9,654**	**15,749**	**31,767**	**147,391**

c) Market risk and interest rate risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect Bike24 Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Most goods are purchased in the Euro region and paid in Euro, resulting no currency risk. Only for a few selected suppliers' purchases are made directly in the United States of America or Taiwan; the currency risk related to those supplies is expected to be immaterial for Bike24 Group, due to the amounts of the budgeted supplies in foreign currency.

Bike24 Group is party to a long-term credit facility with a nominal amount of € 67,500 thousand and € 5,183 thousand, which contain embedded derivatives in the form of a prepayment feature and a floor.

Bike24 Group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Derivatives (interest cap, interest rate floor and termination rights) are not designated as fair value hedging instruments. A change in interest rates of 100 basis points (bp) at the reporting date that was considered possible would have increased or decreased the profit or loss by € 675 thousand and € 52 thousand, respectively. In the analysis, it was assumed that all other external factors remain constant.

For information on the sensitivities of the embedded derivative, please refer to Note F.13.1.

d) Currency risk

Bike24 Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which revenues, purchases, trade and other receivables, trade payable and other liabilities are denominated and the respective functional currencies of Group companies. The risk is low, as the main suppliers are located in the Euro region and the core market is also Europe. Trade and other receivables are only in Euro, as payment via invoice is only possible for German customers. Invoices are always in Euro.

The summary quantitative data about Bike24 Group's exposure to currency risk as reported to the management of Bike24 Group is as follows:

	December 31, 2019		
in € thousands	EUR	TWD	USD
Trade and other receivables	**1,342**	—	—
Net statement of financial position exposure	**1,342**	**—**	**—**
Revenue forecast for the next six months	79,224	—	—
Purchase forecast for the next six months	-57,228	-759	-110
Net forecast transaction exposure	**21,996**	**-759**	**-110**
Net exposure	**23,338**	**-759**	**-110**

	December 31, 2018		
in € thousands	EUR	TWD	USD
Trade and other receivables	**871**	—	—
Net statement of financial position exposure	**871**	**—**	**—**
Revenue forecast for the next six months	65,239	—	—
Purchase forecast for the next six months	-47,387	-1,342	-98
Net forecast transaction exposure	**17,852**	**-1,342**	**-98**
Net exposure	**18,723**	**-1,342**	**-98**

The following exchange rates have been applied:

	Average rate	**Year-end spot rate**
Euro	2019	2019
TWD	34.30	33.57
USD	1.13	1.12

Euro	Average rate 2018	Year-end spot rate 2018
TWD	34.90	35.10
USD	1.14	1.14

The most goods are purchased in the Euro region and paid in Euro, so there is no currency risk. Only for a few selected suppliers' purchases are made directly in the United States of America or Taiwan.

F.13.3 Capital risk management

Bike24 Group's financing is secured through the business operation. At short notice it is possible, to draw further revolving credit facilities, based on the revolving credit facility agreement in place.

Management monitors capital usage by overseeing and confirming the weekly bank transfers and as such manages capital by monitoring the decrease and increase of cash and cash equivalents as presented in the consolidated statement of financial position and the leverage of total net debt to consolidated earnings before interest, taxes, depreciation and amortization. Additionally, management conducts a funding plan which is regularly updated. In the periods presented, Bike24 Group had sufficient liquid funds at all times to maintain the operating business, thus the objectives of capital management were met.

Targets used to monitor capital risk management are revenue growth, change in inventory stock, payment conditions as well as interest and tax payments.

G. Other information

G.1 Contingencies and Commitments

Other financial obligations consist of the following:

The purchase commitment related to the purchase of goods as of December 31, 2019 and 2018, respectively, was €17,066 thousand and € 12,732 thousand.

G.2 Related parties

G.2.1 Parent and ultimate controlling party

Until November 8, 2019, Peloton MidCo1 Ltd. (parent) and the Peloton Topco Ltd. (ultimate parent) were the related parties of the Bike24 Group that have control over the Bike24 Group. The ultimate controlling party until November 8, 2019 was Bridgepoint.

Since November 8, 2019, Bike 24 Support GmbH, a wholly owned subsidiary of REF Bike Holding GmbH, is the parent company of Bike24 Group, REF VI Bike Holding S.a r.l. is the ultimate parent and REF VI GP LLC is the ultimate controlling entity.

Also accounted for as related parties are the Bike24 Group's management as well as their close relatives and family members.

G.2.2 Transactions with key management personnel

a) Key management personnel compensation and transactions

Key management personnel compensation comprised the following:

in € thousands	2019	2018
Short-term employee benefits	666	885
	666	**885**

The key management compensation consists of key management employed in a subsidiary and includes salaries.

From time to time members of management or related parties may purchase goods from Bike24 Group.

b) Other related party transactions

in € thousands	Amount of transactions in 2019	Amount of transactions in 2018	Outstanding balances as of December 31, 2019	Outstanding balances as of December 31, 2018
Interest expenses on shareholder loan	-3,942	-3,920	56,927	53,221
Services by related parties	-2,064	-686	-393	-594
	-6,006	**-4,606**	**56,534**	**52,627**

No balance is secured. During the periods presented, no balance from a transaction with related parties has been impaired. For details regarding shareholder loan and capital contributions by the parent company refer to Note F.8 and F.6 respectively.

G.3 Notes to the consolidated statements of cash flows

The consolidated statements of cash flows are prepared in accordance with IAS 7 *Cash Flow Statements* and shows the cash in- and outflows during the financial year classified by cash flows from operating, investing and financing activities.

Cash flows from operating activities are presented using the indirect method by adjusting the net result for the period for non-cash transactions.

The following table reconciles the movements in liabilities to the cash flows from financing activities:

	2019			
	Financial liabilities	Lease liabilities	Shareholder Loan	Total
Interest payments on financial liabilities	-5,700	-482	-236	-6,418
Payments on financial liabilities	-500	—	—	-500
Lease payments	—	-1,093	—	-1,093
Change in Cash Flow	-6,200	-1,575	-236	-8,011
Balance Sheet as of January 1,	**77,221**	**11,532**	**53,221**	**141,974**
Additions/disposals	-726	56	—	-670
Interest expenses	4,522	482	3,942	8,946
Transfer to capital reserve	-74,817	—	—	-74,817
Total Change in liabilities	6,200	12,070	57,163	75,433
Balance Sheet as of December 31,	**—**	**10,495**	**56,927**	**67,422**

	2018			
	Financial liabilities	Lease liabilities	Shareholder Loan	Total
Interest payments on financial liabilities	-4,232	-479	-17	-4,728
Payments on financial liabilities	-1,000	—	—	-1,000
Lease payments		-1,081	—	-1,081
Change in Cash Flow	-5,232	-1,560	-17	-6,809
Balance Sheet as of January 1,	**74,306**	**11,485**	**49,318**	**135,109**
Additions/additions	2,853	1,128	—	3,981
Interest expenses	5,294	479	3,920	9,693
Total Change in liabilities	82,453	13,092	53,238	148,783
Balance Sheet as of December 31,	**77,221**	**11,532**	**53,221**	**141,974**

Information on cash flows related to leasing activities is provided under Note F.2.

G.4 Explanation of transition to IFRS

Bike24 Group adopted IFRS effective January 1, 2018. These consolidated financial statements are the first that Bike24 Group has prepared in accordance with IFRS. For periods up to and including the year ended as of December 31, 2017, Bike24 Group prepared financial statements in accordance with German GAAP (German Commercial Code (HGB)). The transition from German GAAP to IFRS resulted in changes in accounting policies that affected the financial position, financial performance and cash flow as follows:

Leases – The application of IFRS 16, resulted in separate recognition of a right-of-use assets for identified leases and corresponding lease liability for the expected future lease payments. The right-of-use asset is recognized at the present value of the lease payments over the term of the lease, discounted using the lessee´s incremental borrowing rate. Expenses for rent on office building as well as expenses related to other lease contracts were presented in selling, general and administrative expense under German GAAP. Under IFRS 16 the depreciation on right-of-use asset is presented within the profit or loss in depreciation and amortization, while the interest of lease liability is presented within finance income (expense). The transition did result in an increase in Property, plant and equipment in an amount of € 11,654 thousand and an increase of other financial liabilities of € 11,654 thousand.

Refund liability and right of return asset – Under IFRS 15, an entity shall recognize a refund liability, measured as the amount of consideration received for which the entity does not expect to be entitled. At the date of transition, Bike24 Group recognized a provision for refund liabilities in the amount of € 509 thousand within other liabilities (current) and a right of return asset within other assets in the amount of € 349 thousand recorded to other assets (current).

Cash and cash equivalents – The application of IFRS resulted in a reclassification from trade and other receivables to cash and cash equivalents for amounts due from certain payment service providers. The reclassification amounts were € 183 thousand as of January 1, 2018, € 2 thousand as of December 31, 2018, and € 254 thousand as of December 31, 2019.

Financial instruments – Financial instruments are impaired in accordance with IFRS 9 and reflected as an expected credit loss provision, while under German GAAP potential write offs were recognized as expenses based on an overall estimated credit risk rate. A separate financial asset is recognized for a prepayment option included in Bike24 Group’s loan agreement (see Note 13).

Provisions – Provisions are recognized for liabilities that are uncertain about timing or amount, whereas liabilities, such as trade payables and accruals, are of less uncertainty. Based on this the initial adoption of IFRS resulted in a reclassification of provisions. The other liabilities increased by € 1,433 thousand as of January 1, 2018. The reclassification did not result in any deferred tax effects.

Intangible assets and goodwill – As a result of the acquisition of the Bike24 business, Bike24 Group historically carried a goodwill balance of € 112,185 thousand under German GAAP. The estimated useful life for the goodwill under Germany GAAP was determined to be 15 years; thus, the goodwill balance was amortized on a straight-line basis. Further, the Company accounted for a trademark in an amount of € 42,900 thousand under German GAAP, which was amortized on a straight-line basis over an estimated useful life of 15 years, accordingly. Customer relationships are not to be recognized under German GAAP. Under IFRS goodwill is not amortized on a straight-line basis but tested for impairment on an annual basis or in case of a triggering event, if any. Based on an adjusted purchase price allocation as of the date of the acquisition, and in accordance with IFRS, the Company recognized the trademark in an amount of € 53,780 thousand and customer relationships of € 32,090 thousand, accordingly, which resulted in an increase in intangible assets and deferred tax liabilities in an amount of €13,359 thousand.

in thousands of euro	German GAAP	Effect of transition to IFRS	IFRS	German GAAP	Effect of transition to IFRS	IFRS	German GAAP	Effect of transition to IFRS	IFRS
	as of January 1, 2018			as of December 31, 2018			as of December 31, 2019		
Assets									
Intangible assets	43,105	44,189	87,294	41,203	40,028	81,231	38,010	37,390	75,400
Goodwill	112,185	-34,744	77,442	105,552	-28,110	77,442	100,172	-22,730	77,442
Property, plant and equipment	8,986	11,654	20,640	9,591	11,452	21,043	8,943	10,046	18,988
Financial assets	30	1,848	1,878	30	- 0	30	30	—	30
Non-current assets	**164,307**	**22,947**	**187,254**	**156,376**	**23,369**	**179,746**	**147,154**	**24,705**	**171,860**
Inventories	29,124	- 3	29,121	32,775	5	32,781	35,977	143	36,120
Other assets	2,196	234	2,430	1,826	1,069	2,895	1,202	1,347	2,548
Trade and other receivables	930	- 207	722	934	- 64	871	1,626	- 284	1,342
Other financial assets									
Cash and cash equivalents	8,407	702	9,109	4,157	2	4,158	4,806	254	5,059
Current assets	**40,656**	**726**	**41,383**	**39,692**	**1,013**	**40,705**	**43,611**	**1,459**	**45,070**
Total assets	**204,963**	**23,673**	**228,636**	**196,068**	**24,382**	**220,450**	**190,765**	**26,165**	**216,929**
Equity									
Subscribed Capital	25	—	25	25	—	25	25	—	25
Capital reserves	51,475	—	51,475	51,475	—	51,475	134,918	—	134,918
Other comprehensive loss									
Accumulated deficit	- 4,733	- 1,666	- 6,399	-13,762	-1,709	-15,471	-22,003	2,450	-19,553
Total equity	**46,767**	**- 1,666**	**45,101**	**37,738**	**-1,709**	**36,029**	**112,940**	**2,450**	**115,390**
Liabilities									
Liabilities to banks	76,183	- 3,596	72,587	75,183	- 1,773	73,410	—	—	—
Shareholder loan	49,000	—	49,000	49,000	—	49,000	—	—	—
Other financial liabilities		15,565	15,565	—	10,448	10,448	—	9,320	9,320
Provisions	6,602	- 6,110	492	8,308	- 7,742	566	740	- 83	656
Deferred tax liabilities	13,404	13,271	26,675	12,501	12,594	25,095	11,748	11,578	23,326
Non-current Liabilities	**145,189**	**19,130**	**164,319**	**144,992**	**13,527**	**158,519**	**12,488**	**20,814**	**33,302**
Liabilities to banks	346	3,500	3,846	1,311	2,500	3,811	—	—	—
Shareholder loan	318	—	318	4,766	-545	4,221	57,017	-90	56,927
Other financial liabilities	—	1,086	1,086	—	8,461	8,461	—	1,175	1,175
Provisions	—	506	506	—	395	395	—	426	426
Other liabilities	3,016	1,433	4,449	2,641	1,334	3,975	2,030	1,437	3,467
Income tax liabilities	696	4	700	1,122	—	1,122	252	—	252
Trade payables	8,631	-320	8,311	3,499	419	3,918	6,038	-48	5,990
Current liabilities	**13,008**	**6,209**	**19,217**	**13,339**	**12,564**	**25,903**	**65,337**	**2,901**	**68,238**
Total liabilities	**158,196**	**25,339**	**183,535**	**158,330**	**26,092**	**184,422**	**77,825**	**23,715**	**101,539**
Total equity and liabilites	**204,963**	**23,673**	**228,636**	**196,068**	**24,382**	**220,450**	**190,765**	**26,165**	**216,929**

The following table provides and overview of the transition effects on net income:

in € thousands	German GAAP	Effect of transition to IFRS	IFRS	German GAAP	Effect of transition to IFRS	IFRS
	Year ended December 31, 2018		IFRS	Year ended December 31, 2019		IFRS
Revenue and other income						
Revenue	118,899	-242	118,657	137,142	-47	137,096
Other income	406	-237	169	365	-156	210
Total income	119,305	-478	118,827	137,507	-202	137,305
Operating expenses						
Personnel expenses	-9,858	-422	-10,280	-10,469	-548	-11,017
Expenses for merchandise, consumables and supplies	-83,417	316	-83,101	-97,397	248	-97,149
Impairment loss on trade receivables	0	-48	-48	0	-72	-72
Other expenses	-13,956	343	-13,612	-16,099	2,272	-13,827
Depreciation and amortization	-11,625	2,994	-8,631	-10,179	1,270	-8,909
Total expenses	-118,856	3,183	-115,673	-134,144	3,169	-130,975
Earnings before interest and taxes (EBIT)	**449**	**2,705**	**3,154**	**3,363**	**2,967**	**6,330**
Finance income and expense						
Finance income	1	—	1	1	—	1
Finance expense	-9,256	-3,425	-12,681	-9,649	180	-9,469
Finance expense, net	-9,255	-3,425	-12,680	-9,648	180	-9,468
Loss before tax	**-8,806**	**719**	**-9,526**	**-6,285**	**3,147**	**-3,138**
Income tax expense (income)	-223	677	454	-1,957	1,013	944
Result for the period	**-9,030**	**-42**	**-9,072**	**-8,242**	**4,160**	**-4,082**

Changes in the presentation of the consolidated statements of cash flows are as follows compared to German GAAP:

Operating activities – The differences mainly result from reclassification of balances held by payment providers from trade receivables under German GAAP to cash and cash equivalents under IFRS, in addition to the reclassification of lease payments from operating activities under German GAAP to financing activities under IFRS.

Investing activities – The differences result from the classification of cash flows associated with capitalized assets under IAS 16 and IAS 38, which are reported as investing activities under IFRS and operating activities under German GAAP.

Financing activities – The differences mainly result from the reclassification of lease payments from operating activities under German GAAP to financing activities under IFRS. The increase in cash used for financing activities from lease payments.

Cash and cash equivalents – The difference resulted from the treatment of certain balances held by payment providers, which are treated as cash and cash equivalents under IFRS and trade receivables under German GAAP.

G.5 Subsequent events

In December 2019, COVID-19 was first identified, and in March 2020, the World Health Organization categorized COVID-19 as a pandemic. To date, the global business and economic environment was adversely affected by the COVID-19 pandemic, with certain mitigating effects resulting from the various measures taken by governments and states all over the world.

However, Bike24 Group's order intake, sales and earnings figures were not adversely affected by the COVID-19 pandemic in the past financial year. Accordingly, Bike24 Group assumes that the resulting impact on the consolidated financial statements and the results of operations are not expected to be material.

No other significant events have taken place subsequent of December 31, 2019 that would have a material impact on Bike24 Group.

Dresden, April 18, 2021

The management board

Andrés Martin-Birner	Timm Armbrust
Lars Witt	Carsten Wich

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Independent Auditor's Report

To Peloton MidCo2 GmbH, Dresden

Opinion

We have audited the consolidated financial statements of Peloton MidCo2 GmbH, Dresden, and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019 and December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the group entities in accordance with the International Ethics Standards Board for Accountants´ "Code of Ethics for Professional Accountants (IESBA Code)" together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Germany, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, as adopted by the EU and for such internal control as management determines is 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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 to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 opinion. 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 control.
- Obtain an understanding of internal control relevant to the audit 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 the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Dresden, April 18, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Lucas	Prof. Dr. Penter
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Audited Unconsolidated Financial Statements of
REF Bike Holding GmbH
as of and for the fiscal year ended December 31, 2020
(prepared in accordance with generally accepted accounting principles of the HGB)

REF Bike Holding GmbH, Dresden

Balance sheet as of December 31, 2020

Assets

	Dec. 31, 2020 EUR	Dec. 31,2019 EUR
A. Fixed assets		
Financial assets		
Shares in affiliated companies	**122,582,849.75**	**122,582,849.75**
B. Current assets		
I. Receivables and other assets		
Other assets	2,677.50	0.00
II. Cash and cash equivalents	290,994.17	468,851.57
	293,671.67	**468,851.57**
	122,876,521.42	**123,051,701.32**

Equity and liabilities

	Dec. 31,2020	Dec. 31, 2019
	EUR	EUR
A. Equity		
I. Subscribed capital	25,000.00	25,000.00
II. Capital reserve	122,878,808.14	122,878,808.14
III. Accumulated deficit	-8,433.43	0.00
IV. Net loss for the year	-59,591.09	-8,433.43
	122,835,783.62	**122,895,374.71**
B. Provisions		
Other provisions	**40,737.80**	**7,135.00**
C. Liabilities		
Trade receivables	**0.00**	**149,191.61**
	122,876,521.42	**123,051,701.32**

REF Bike Holding GmbH, Dresden

Income statement for the period
from January 1 to December 31, 2020

	2020	Aug. 22-Dec. 31, 2019
	EUR	EUR
Other operating expenses	59,591.09	8,433.43
Net loss for the year	**59,591.09**	**8,433.43**

REF Bike Holding GmbH, Dresden (until December 3, 2020 Munich)

Registered at Dresden District Court under

file no. HRB 41023

Notes to the financial statements as of December 31, 2020

A. General information

1. Application of legal requirements

The financial statements for financial year 2020 were prepared in accordance with the provisions of the German Commercial Code (HGB) taking into account the supplementary provisions of the German Limited Liability Companies Act (GmbHG).

2. Accounting policies

The accounting policies applied to items of the balance sheet and income statement are in accordance with the profit determination and classification requirements of commercial law. The financial statements are presented on a going concern basis.

The individual balance sheet items are valued as follows:

- Financial assets are stated at cost as of the balance sheet date.
- Receivables and other assets are stated at their nominal value.
- Subscribed capital is stated at nominal value.
- Provisions take account of all identifiable risks and contingent liabilities and are recognized at the settlement amount deemed necessary based on sound business judgment. Provisions with a remaining term of more than one year are discounted using the average market interest rate for the previous seven financial years applicable to their remaining term to maturity.
- Liabilities are stated at their settlement amount.

B. Notes to the balance sheet

1. Fixed assets

Financial assets include shares in affiliated companies in the amount of EUR 122,582,849.75 (PY: EUR 122,582,849.75).

2. Receivables and other assets

	Total amount	thereof with a remaining term of less than one year	thereof with a remaining term of more than one year
	EUR	EUR	EUR
Receivables and other assets			
Other assets	2,677.50	2,677.50	0.00
(prior year)	(0.00)	(0.00)	(0.00)
	2,677.50	**2,677.50**	**0.00**
(prior year)	**(0.00)**	**(0.00)**	**(0.00)**

3. Liabilities

There were no liabilities as of the reporting date. In the prior year, trade payables amounted to EUR 149,191.61 with a remaining term of less than one year.

C. Other disclosures

The Company employed an average 0 employees in financial year 2020 (PY: 0).

REF Bike Holding GmbH, Dresden, prepares consolidated financial statements. The consolidated financial statements are published in the online German Federal Gazette (Bundesanzeiger).

Management

The Company is represented by the managing directors:

- Matthias Fink, Investment Manager (until February 19, 2021)
- Tillmann Immisch, Investment Manager (until February 19, 2021)
- Andrés Martin-Birner, Managing Director of Bike 24 GmbH (from February 19, 2021)
- Timm Armbrust, CFO of Bike 24 GmbH (from February 19, 2021)

Dresden, March 22, 2021

Management

Andrés Martin-Birner
Managing Director

Timm Armbrust
Managing Director

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Independent Auditor's Report

To REF Bike Holding GmbH, Dresden (until December 3, 2020 Munich)

Opinion

We have audited the annual financial statements of REF Bike Holding GmbH, Dresden (until December 31, 2020 Munich), which comprise the balance sheet as of December 31, 2020, the income statement for the financial year from January 1 to December 31, 2020, and notes to the financial statements, including the recognition and measurement policies presented therein.

In our opinion, on the basis of the knowledge obtained in the audit, the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, in accordance with German legally required accounting principles.

Pursuant to Section 322 (3) sentence 1 HGB (Handelsgesetzbuch: German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the Opinion

We conducted our audit of the annual financial statements in accordance with Section 317 HGB and the 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 Annual Financial Statements" section of our auditor's report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the annual financial statements.

Responsibilities of Management for the Annual Financial Statements

Management is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, as well as to issue an auditor's report that includes our opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and in compliance with the 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 annual financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, 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 opinion. 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 annual financial statements 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 Company'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 annual financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

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.

Dresden, 18 April 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
(Original German version signed by:)

Möller	Sonntag
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

16. GLOSSARY

Additional Shares	Up to 3,733,333 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders, subject to the exercise of an upsize option upon decision of the Selling Shareholders on the date of pricing based upon market demand.
Adjusted EBITDA	Earnings before interest, taxes, depreciation and amortization adjusted for non-operating effects, which comprise (i) transaction costs, (ii) cash-based bonuses, (iii) product information management (PIM) modules and (iv) other operating expenses.
AktG	The German Stock Corporation Act (*Aktiengesetz*).
Articles of Association	The articles of association of the Company.
BaFin	The German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
Base Placement Shares	The New Shares together with the Existing Shares.
Benelux	Belgium, the Netherlands and Luxembourg
Berenberg	Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany (telephone: +49 (0)40 350 600; website: www.berenberg.de), LEI 529900UC2OD7II24Z667.
Bike24 Group	The Company, together with its consolidated subsidiaries.
Bike24 Subsidiaries	Bike24 GmbH, Bike24 Service GmbH and Bike24 Support GmbH.
Bridgepoint	Private equity investor Bridgepoint Capital L. P.
CAGR	Compound annual growth rate, *i.e.*, the mean growth rate per year of a relevant value.
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany.
Code	The German Corporate Governance Code, as amended on December 16, 2019.
Commission's Proposal	The proposal published by the European Commission on February 14, 2013.
Company	Bike24 Holding AG, with its registered office at Breitscheidstr. 40, 01237 Dresden, Federal Republic of Germany, LEI 894500FCLU2M5GTUUR76, and registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, under docket number HRB 41483.
Consumer Rights Directive	Directive (EU) 2011/83 of the European Parliament and of the Council of October 25, 2011 on consumer rights, as amended.
COVID-19	A strain of the coronavirus and the infectious disease caused by it.
COVID-19 Act	German Act on Reducing the Effects of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law (*Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht*) dated March 27, 2020.
D&O	Directors and officers.

DACH	Germany, Austria and Switzerland.
Data Protection Act	The German Federal Data Protection Act (*Bundesdatenschutzgesetz*).
Dividend Paying Agent	A domestic bank or financial service institute (*inländisches Kredit oder Finanzdienstleistungsinstitut*), a domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a domestic securities trading bank (*inländische Wertpapierhandelsbank*), including the domestic branches of foreign banks or financial service institutions, which holds the shares in custody or manages such shares and that pays out or credits the shareholder's investment income or that pays the investment income to a foreign entity, or the central securities depository (*Wertpapiersammelbank*) to which the shares were entrusted for collective custody if it pays the investment income to a foreign entity, or the Company itself if and to the extent shares that are held in collective safe custody (*girosammelverwahrt*) by the central securities depository.
Domestic Paying Agent	A domestic bank or financial service institute, a domestic securities trading company or a domestic securities trading bank (including the domestic branches of foreign banks and financial service institutions).
DST	Digital services taxes.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EEA	European Economic Area.
Euro and €	The single European currency adopted by certain participating member states of the European Union, including Germany.
EURIBOR	The Euro Interbank Offered Rate is a daily reference rate, published by the European Money Markets Institute, based on the averaged interest rates at which Eurozone banks offer to lend unsecured funds to other banks in the euro wholesale money market.
Existing Shares	Up to 12,000,000 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders.
Existing Term and Revolving Loan	A €118.0 million secured term and revolving facilities agreement between Bike24 Support GmbH (at that time: REF Bike Acquisition GmbH) as borrower and the Company and Bike24 Support GmbH each as guarantor and Berenberg as lead arranger, agent, security agent and an original lender as well as Bluebay Asset Management LLP acting as agent for and on behalf of several other original lenders dated October 30, 2019.
Flat Tax	For individuals who are tax-resident in Germany (generally, individuals whose domicile or usual residence is located in Germany) and who hold their shares in the Company as private assets, the withholding tax of 25% plus solidarity surcharge of currently 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if applicable) will generally serve as a final tax (*i.e.*, once such tax has been deducted, the shareholder's income tax liability on the dividends will be settled, and he or she will no longer have to declare them on his annual tax return (*Abgeltungsteuer*)).

General Data Protection Regulation	Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.
Germany	The Federal Republic of Germany.
Greenshoe Option	The option to acquire up to 3,359,999 shares of the Company at the Placement Price, less agreed commissions, which REF VI Bike has granted the Stabilization Manager, acting for the account of the Underwriters.
HGB	The German Commercial Code (*Handelsgesetzbuch*).
ICANN	The Internet Corporation for Assigned Names and Numbers
IFRS	International Financial Reporting Standards, as adopted by the European Union.
Joint Global Coordinators	Berenberg and J.P. Morgan.
J.P. Morgan	J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany (telephone: +49 (0) 69 71240; website: https://www.jpmorgan.com), LEI 549300ZK53CNGEEI6A 29.
LEI	Legal entity identifier.
Loan Agreement	A €50.0 million syndicated loan agreement between the Company and Bike24 GmbH as original borrowers, Berenberg as original lender and Wilmington Trust SP Services (Frankfurt) GmbH as agent dated June 11, 2021.
Management Board	The management board (*Vorstand*) of the Company.
MAR	Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, as amended.
MMA	The Madrid Agreement Concerning the International Registration of Marks of April 14, 1891, as last amended on September 28, 1979.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.
MiFID II Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and local implementing measures.
Minimum Holding Period	A continuous period of at least 45 days occurring within a period of 45 days prior and 45 days after the due date of the dividends.
New Shares	Up to 6,666,666 newly issued bearer shares with no par value (*Stückaktien*) from a capital increase against cash contributions expected to be resolved by a shareholders' meeting of the Company on or about June 16, 2021.
Over-Allotment	The allocation of up to 3,733,333 Over-Allotment Shares as part of the allocation of the Placement Shares.
Over-Allotment Shares	Up to 3,733,333 existing bearer shares with no par value (*Stückaktien*) from the holdings of the Selling Shareholders, Andrés Martin-Birner and Timm Armbrust in connection with a possible over-allotment.

PAC	The product categories bike parts, accessories and clothing.
Parent-Subsidiary Directive	Article 2 of Council Directive 2011/96/EU of November 30, 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different member states, as amended.
Placement Price	The price of the Placement Shares in the Private Placement.
Placement Shares	The Base Placement Shares and any Additional Shares together with the Over-Allotment Shares.
Placement Capital Increase	A capital increase against cash contributions of up to 6,666,666 newly issued bearer shares with no par value (*Stückaktien*) expected to be resolved by the Company's shareholders' meeting on or about June 16, 2021.
PMMA	The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks of June 27, 1989, as last amended on October 3, 2007.
Portfolio Participation	Portfolio dividends, *i.e.*, dividends earned on direct shareholdings in a distributing corporation of less than 10% of its share capital at the beginning of the respective calendar year.
Price Range	The price range for the Placement within which purchase orders may be placed of €15.00 to €19.00 per Placement Share.
Private Placement	The placement of up to 25,759,998 bearer shares of the Company with no par value (*Stückaktien*), each such share representing a notional value of €1.00.
Product Liability Act	The German Product Liability Act (*Produkthaftungsgesetz*).
Prospectus	This prospectus.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC, as amended.
Qualified Participation	At least 1.0% of the share capital of the Company.
REF VI Bike	REF VI Bike Holding S.à. r.l., LEI 22210091G5LNT5IV6197.
REF VI Associates	REF VI Associates II SCSp, LEI 222100AV9HYSEOUMCC48.
REF VI OOPS	REF VI OOPS SCSP, LEI 222100BYFCDEHB6JU548.
Regulation S	Regulation S under the Securities Act.
Regulation on Textile Labeling	Regulation (EU) No 1007/2011 of the European Parliament and of the Council of September 27, 2011 on textile fiber names and related labeling and marking of the fiber composition of textile products, as amended.
Riverside	The Riverside Company, together with its relevant direct and indirect subsidiaries, as the case may be.

Riverside Acquisition	The acquisition of a majority stake in Bike24 by an affiliate of Riverside from an affiliate of Bridgepoint on November 8, 2019 based on the acquisition of all shares in Peloton MidCo 2 GmbH (in the meantime renamed into "Bike24 Service GmbH") by an affiliate of Riverside and certain other transactions or measures relating thereto.
Securities Act	The United States Securities Act of 1933, as amended.
Selling Shareholders	REF VI Bike Holding S.à. r.l., LEI 22210091G5LNT5IV6197, REF VI Associates II SCSp, LEI 222100AV9HYSEOUMCC48 and REF VI OOPS SCSP, LEI 222100BYFCDEHB6JU548.
Short Selling Regulation	Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps, as amended.
Stabilization Manager	Berenberg.
Stabilization Period	The period starting from the date the Company's shares commence trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and ending no later than 30 calendar days thereafter.
Supervisory Board	The supervisory board (*Aufsichtsrat*) of the Company.
Tele Media Act	The German Tele Media Act (*Telemediengesetz*).
UmwG	The German Transformation Act (*Umwandlungsgesetz*).
Underwriters	The Joint Global Coordinators.
United States	The United States of America.
Upside Option	A decision of the Selling Shareholders on the date of pricing regarding the placement of the Additional Shares based on market demand.
VAT	Value-added tax.
WEEE Directive	Directive 2012/19/EU of the European Parliament and Council on waste electrical and electronic equipment.
WpHG	The German Securities Trading Act (*Wertpapierhandelsgesetz*).
WpÜG	The German Securities and Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

17. RECENT DEVELOPMENTS AND TREND INFORMATION

17.1 Recent Developments

On May 10, 2021, the Company's shareholders' meeting resolved to increase the Company's share capital from the Company's own resources from €25,000.00 by €37,475,000.00 to €37,500,000.00. The capital increase led to an increase of the nominal value of the outstanding shares at that time and affected only the capital reserve and share capital of the Company. The capital increase was registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on May 18, 2021.

With the change in legal form of the Company into a German stock corporation (*Aktiengesellschaft*) and as resolved by the Company's shareholders' meeting on May 10, 2021, the share capital of the Company as increased by way of the aforementioned capital increase from own resources became the share capital of the Company and upon effectiveness of the change in legal form amounts to €37,500,000.00, divided into 37,500,000 bearer shares (*Inhaberaktien*) with no par value (*Stückaktien*).

As part of the Placement Capital Increase, which is expected to be resolved by the Company's shareholders' meeting on or about June 16, 2021, up to 6,666,666 New Shares will be issued from a capital increase against cash contributions. Upon entry of the Placement Capital Increase in the commercial register, the Company's share capital will be increased from €37,500,000.00 by up to €6,666,666.00 to up to €44,166,666.00. The consummation of the Placement Capital Increase is expected to be registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Dresden, Germany, on or about June 23, 2021.

We intend to refinance existing liabilities in the amount of €88.9 million under a €118.0 million secured term and revolving facilities agreement between, among other parties, Bike24 Support GmbH as borrower and Berenberg as lead arranger dated October 30, 2019 through a partial use of the Company's net proceeds from the Private Placement and the utilization of the €50.0 million syndicated Loan Agreement between Company and Bike24 GmbH as original borrowers and Berenberg as original lender dated June 11, 2021.

Except as described above, there have been no significant changes to our financial position, financial performance, cash flows or trading position between March 31, 2021 and the date of this Prospectus.

17.2 Trend Information

This section includes forward-looking statements. These forward-looking statements are not guarantees of future financial performance and Bike24 Group's actual results could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including, but not limited to, those described under "*1. Risk Factors*", "*2.6.Information on the Shares*" and "*7. Business Description*". In particular, the financial and operational developments discussed in this section are only expectations or targets, as the case may be, and are not, and should not be, viewed as forecasts, projections or estimates of Bike24 Group's future performance. Investors are urged not to place undue reliance on any of the statements set forth below.

Since early 2020, the economic conditions in our markets and in particular Germany have been strongly influenced by effects related to the COVID-19 pandemic. Offline retail businesses have been negatively affected by lock-downs and other restrictions, while online retail businesses benefited from such COVID-19-related restrictions and the resulting acceleration of the offline-to-online shift. More specifically, the online cycling market benefited from COVID-19 related effects. For example, consumers increasingly use bicycles to commute to workplaces instead of using public means of transport or use cycling to exercise physically (*source: ZIV; Eltis COVID-19 Impact*). In addition, many consumers rely on bicycles during vacations in home regions. However, COVID-19 related effects also led to the disruption of supply and distributions channels and the materialization of accelerating inflationary effects.

In the medium-term, we expect that our established brand "Bike24", the seasoned partnerships with our brand partners and suppliers, our broad product portfolio, the expected growth in our expansion markets, the implementation of our growth strategy and several fundamental market trends, particularly the general strong shift of customers towards internet retailing, will allow us to realize further growth.

Our revenue increased at an annual average of 29.5% in the period from 2018 to 2020. Our revenue in the three months ended March 31, 2021 increased significantly compared to the same period in the previous year, but we do not expect our revenue to increase at similar growth rates in the remaining period in 2021. While there may be some revenue fluctuation in the short term, including due to COVID-19 related effects such as particularly strong customer online demand, resulting supply shortages and/or an inflationary impact, we expect that a further increase of our customer base and the implementation of our growth strategy will contribute to additional revenue growth in the medium term. We have recorded continuously growing revenue in our European markets other than the DACH region and the localization of our offering and website in Spain have already contributed to strong revenue increases in this market. We expect that further localization efforts on our other expansion markets France and Italy will also positively influence revenue development, subject to the aforementioned COVID-19 effects in the short-term.

Our expenses for merchandise, consumables and supplies expressed as a percentage of revenue amounted to an annual average of 70.0% in the period from 2018 to 2020 and are expected to remain at that level in the medium term.

Selling expenses mainly relating to costs for packaging and freight for merchandise, consumables and supplies expressed as a percentage of revenue amounted to an annual average of 7.8% in the period from 2018 to 2020 and are expected to remain on that level in the medium term.

Our performance marketing expenses expressed as a percentage of revenue amounted to an annual average of 0.2% in the period from 2018 to 2020 and are expected to slightly increase in the medium term. The slight increase is driven by the implementation of our growth strategy and the larger role of paid marketing in the context of the localization of our offering in our expansion markets.

Our Adjusted EBITDA expressed as a percentage of revenue amounted to an annual average of 12.2% in the period from 2018 to 2020 and is expected to remain at this level in the medium term.

Our capital expenditures expressed as a percentage of revenue amounted to an annual average of 1.0% in the period from 2018 to 2020 and are expected to slightly increase in the medium term due to expansion measures in line with our growth strategy.

Trade working capital expressed as a percentage of revenue amounted to an annual average of 21.3% in the period from 2018 to 2020 and is expected to increase marginally in the medium term.