MILKIT

SWISS ENGINEERED

Pitch Deck – Action Plan

milKit – Sport Components Ltd

February 2021



Our vision is to become the market leader for tubeless systems – the wheel standard of tomorrow

TUBELESS IS BECOMING MAINSTREAM IN CYCLING

PAST

- Niche market
- Market controlled by distributors

TODAY

- Bike manufacturers want tubeless solutions
- Strong movement from distributors to online and direct sales

MILKIT IS READY TO CAPITALIZE ON THE MARKET OPPORTUNITY BY:

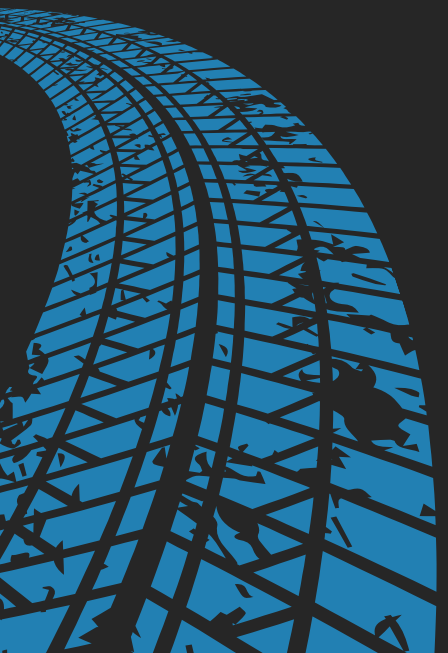
1. Providing bike manufacturers with the best tubeless solution at a competitive price.
2. Building up own distribution channels and selling directly to customers.

TUBELESS TECHNOLOGY

Tubeless is the standard for car tires and it's now coming to bicycle tires as well

- No more flats
- Better traction feeling for ground surface
- Lighter and less rolling resistance





Bicycle tubeless tires are thin and fragile. A latex sealant keeps them airtight.

- Sealant dries up after a while
- Handling sealant is messy
- Installing tubeless tires is time consuming

We take the mess out of tubeless:

our highly innovative products make the use of tubeless products clean and easy



milKit
Valve System
Easy tire inflation



milKit
Tubeless Sealant
Reliable and easy to handle



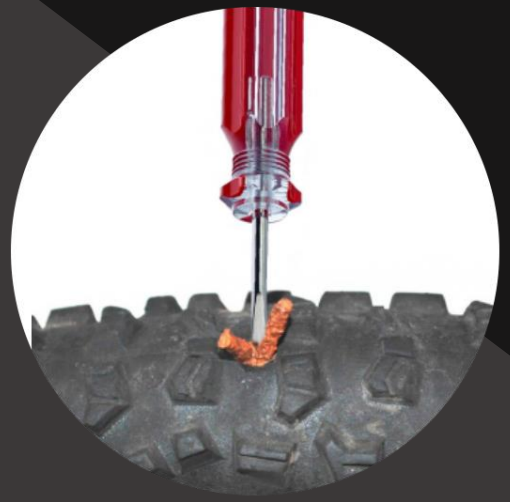
milKit
Tubeless Booster
Easy tubeless handling

SMART TUBELESS SOLUTIONS

And we have a product pipeline full of innovative products to complete the milKit tubeless world:

2 International patents granted

2 Additional patents filed



Tubeless survival kit



Rim protection inserts



Tubeless accessories

SWISS INNOVATION POWERHOUSE

Our core competence and main asset is the ability to bring new and innovative products and solutions to the market

We want to be the component specialist in the strong swiss bicycle ecosystem



OUR ACHIEVEMENTS



INTERNATIONALLY RECOGNIZED BRAND FOR INNOVATIVE BIKE COMPONENTS

Over 280 reviews and articles in international bike magazines



STABLE, EXTERNALIZED PRODUCTION

Sourcing, production, quality and logistics for all products from reliable partner in Germany



DISTRIBUTION NETWORK COVERING THE MOST IMPORTANT MARKETS

Over 100'000 products sold into 25 markets



BUSINESS RELATIONSHIPS WITH TOP OEM CUSTOMERS

One 3-year-old and ongoing OEM partnership,
3 hot leads
10 warm leads

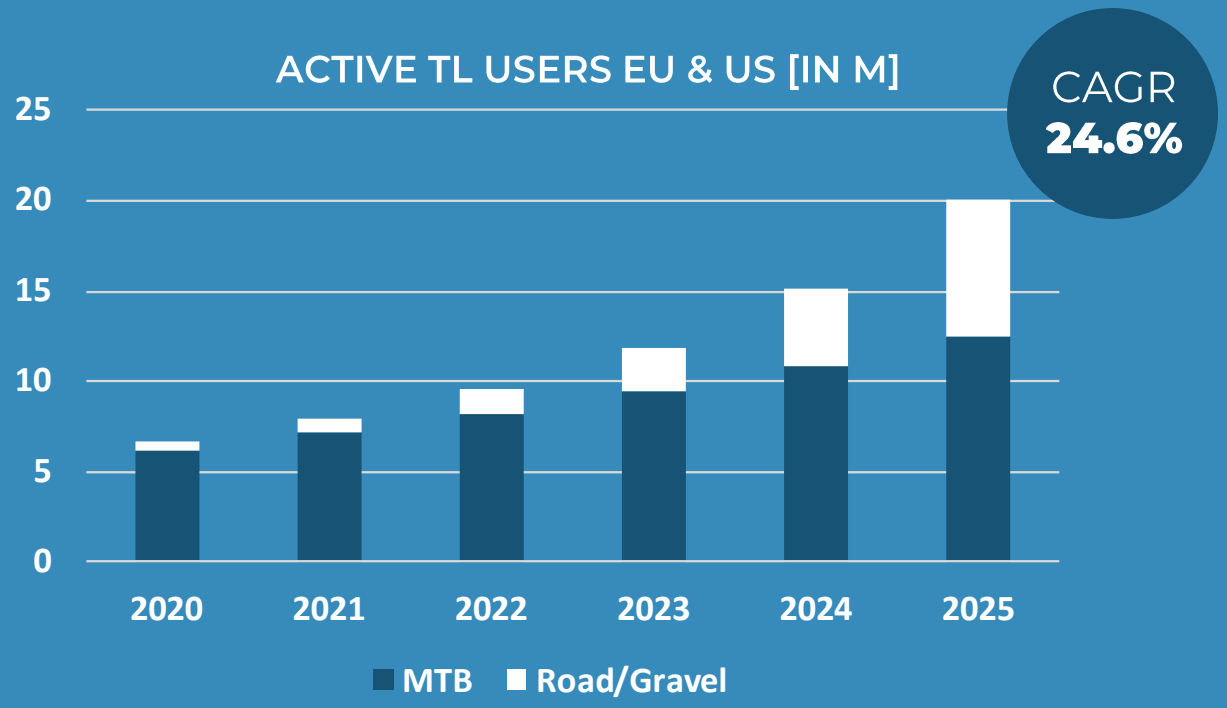
50 KCHF

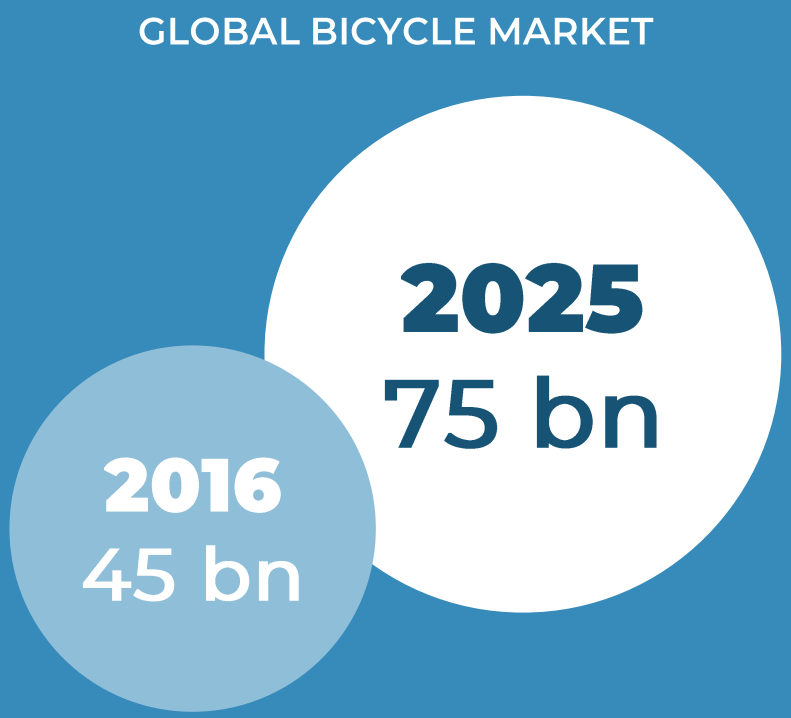
STARTUPS.CH AWARDS

130 KCHF

VENTURE KICK

ATTRACTIVE MARKET DEVELOPMENT





- Strong and steady growth for MTB tubeless market
- Exceptional growth in new road / gravel tubeless market
- Additional dynamics by e-bike sales
- Strong movement towards online sales
- Shipping tubeless ready products – high priority for OEM bike manufacturers

FUTURE-ORIENTED OMNI-CHANNEL SALES

LAUNCH OWN ONLINE SALES CHANNELS

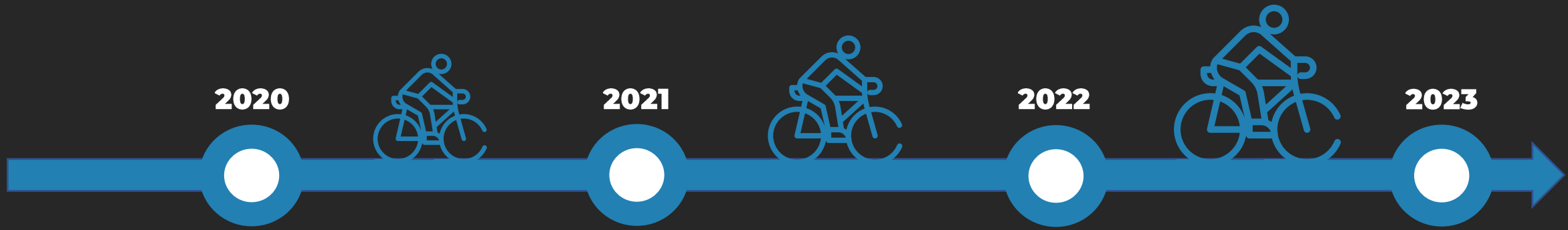
- **Staggered build up own online stores** in US, UK, AUS, DE, FR, ESP, IT
- **Complement own online stores** with affiliate sales through Amazon
- **Acquire network of etailers** in main markets



RESTRUCTURE DISTRIBUTION NETWORK

- **Establish Price stability**: online prices vs. MSRP
- **Leverage existing distribution network** for DE, UK, AT, CH, DK
- **Acquire retail direct channels** for existing distributor markets
- **Acquire new distributors and retailers** in additional markets: FR, BeNeLux, ESP, IT, AUS

OUR ROAD TO BECOMING THE TUBELESS STANDARD FOR OEM



Restructure distribution network to gain price control across channels

Aligned channel structure for multi-channel sales in key markets

Establish own sales channels for direct sales

Coverage of key markets with own sales channels

Increase online sales through online marketing activities

Optimize production to lower production costs

Achieve competitive price level for OEM deals

Close large OEM deals to scale growth

Grow brand awareness and consideration through content marketing in key markets

Sufficient pull in the market to attract OEMs

OPTIMIZE VALVE PRODUCTION

“milKit products are perfect for us but the price is too high for OEM implementation”

OEM Prospects

- **Problem: Manufacturing costs are too high for OEM customers**
- **Solution: Manufacturing cost can be reduced by 24-39%**
- **New manufacturing technology in prototype stadium**
- **Fully automated valve production possible**
- **170k Capital expenditure for testing and molds**



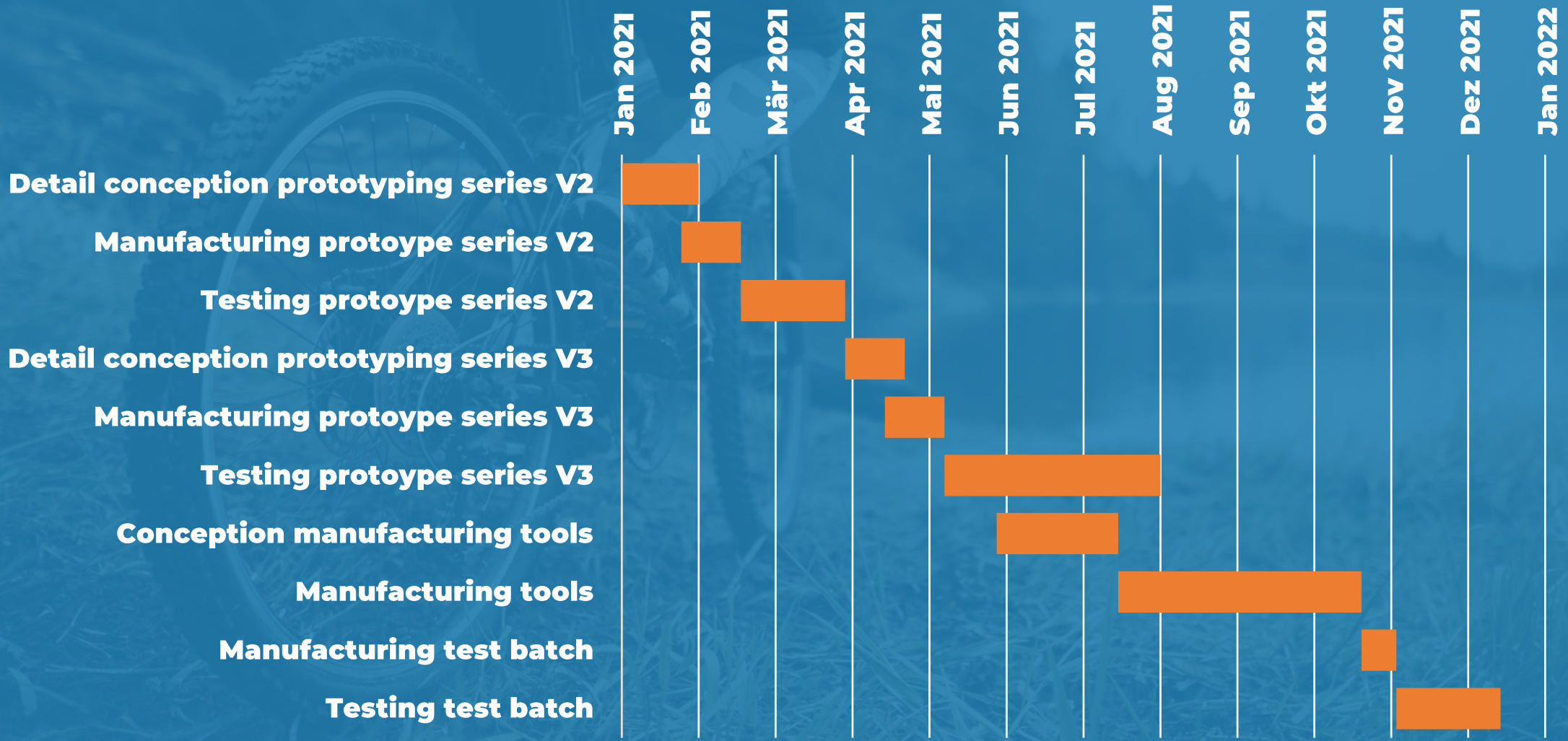
VALVE PRODUCTION TECHNOLOGY

From manual labor to fully automated

- Today rubber parts are manufactured separately and assembled onto the valve stem by hand → No scaling cost saving possible
- Injection molding of TPE (rubber-like polymer) allows for overmolding of the valve stem
- Slitting of rubber parts can be done directly following the injection molding process



TIMELINE NEW VALVE PRODUCTION



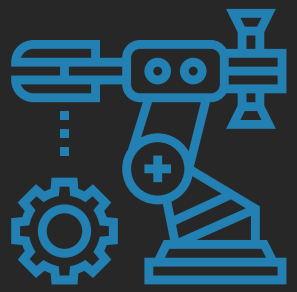
COST BREAKDOWN

Our production in Germany offers reliability and top quality at a good value



Development cost

Conception (int & ext):	53 kCHF
Testing:	13 kCHF
IP new technology:	20 kCHF



Tooling cost

Prototypes (tooling):	8 kCHF
Injection molds:	42 kCHF
Production machines:	35 kCHF
	171 kCHF

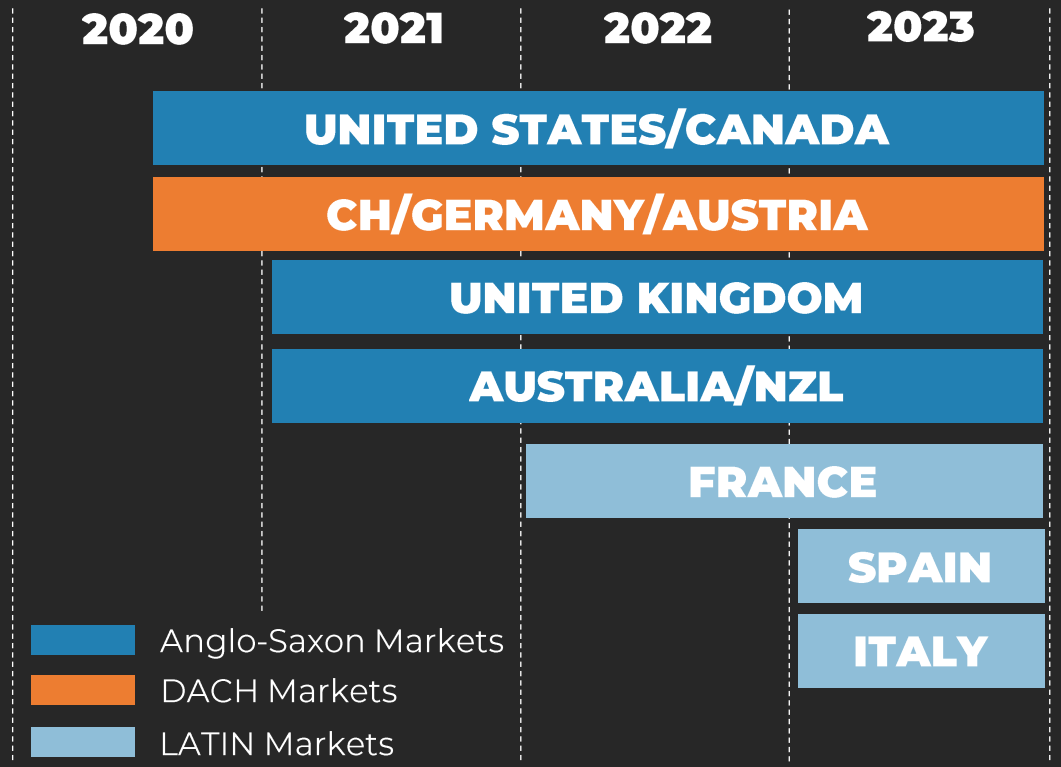
DRIVE SALES THROUGH TARGETED MARKETING

To scale our business through online sales and OEM deals, we need to increase awareness and consideration for our brand and product range and leverage online channels to sell products directly to our customers.

APPROACH

- Focus on bike riders who are already using tubeless
- Focus on digital channels to get the required reach in a cost-efficient way
- Combine inbound and outbound activities to create a mix of push and pull touch points
- Nurture leads and move them through our sales funnel in our direct sales markets

ONLINE SALES MARKETS



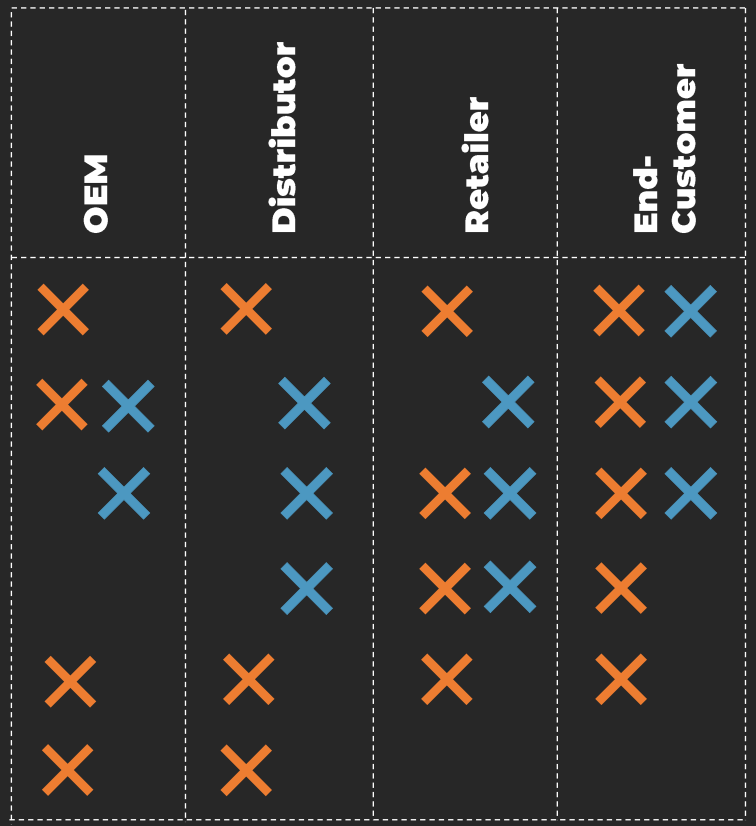
WORK WITH BALANCED PUSH AND PULL

Use a mix of inbound and outbound marketing activities tailored to each sales channel to increase brand awareness and boost sales

INBOUND MARKETING

Pulling our target group to our brand with relevant content at the right time

- **Social Media Posts**
- **Content Marketing (Blog)**
- **SEO / SEA**
- **Affiliate Marketing (Amazon)**
- **Influencer Outreach & PR**
- **Event Marketing**



OUTBOUND MARKETING

Pushing our products to our target group through mass channels

- **Social Media Advertising**
- **Display Advertising (tactical only)**
- **Print Advertising (tactical only)**
- **Direct Marketing (Promotions)**

BUILD UP OF AN EFFICIENT ONLINE MARKETING FUNNEL

Increase systematically client touchpoints fostering brand and product awareness to achieve our online marketing KPIs by 2022

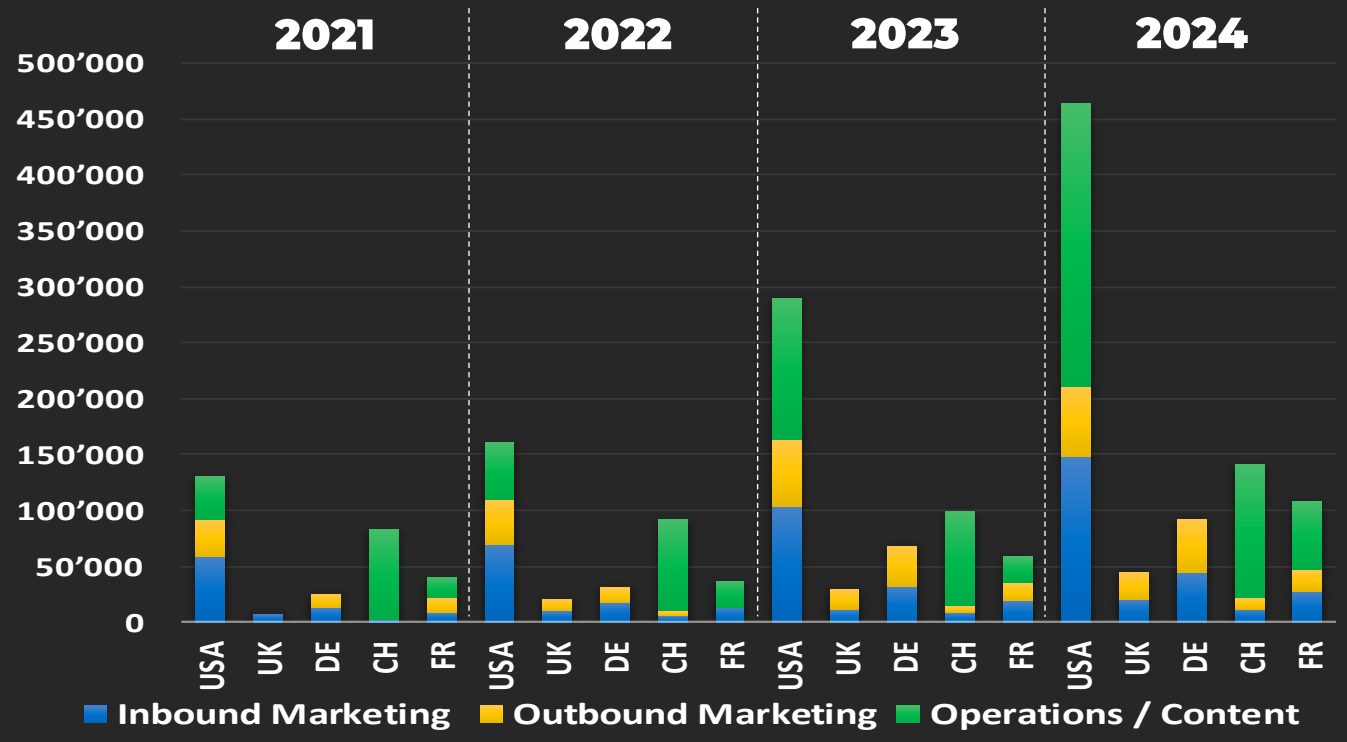
Marketing KPIs:

Client touchpoints:
2x through online channels for 50% of TL users per market/annum

Social Media Advertising Funnel Conversion:
5.0%-6.0%

CPA Affiliate Marketing: $18.75
CPA Google SEA: $18.75
CPA Social Media Advertising: $14.20

Marketing spend:



GROWTH PATH TO #1 NAME IN TUBELESS

		2020	2021	2022	2023	2024	2025
Sales	EU	493	696	990	1’466	2’035	2’260
	USA	50	112	252	515	901	1’260
	Rest	42	111	198	342	596	832
	OEM	88	141	582	1’814	3’972	6’089
	Total	673	1’060	2’022	4’137	7’504	10’441
COGS		356	501	879	1’805	3’272	4’325
Gross Profit		317	559	1’143	2’331	4’232	6’116
Marketing		38	279	383	635	1’008	1’392
R&D		8	206	175	268	355	500
Other operating expenses		122	490	589	910	1’301	1’732
EBITDA		149	-416	-4	518	1’568	2’493
Net profit		98	-462	-62	462	1’508	2’426

2019 x2

Production fully outsourced (higher COGS), marketing outsourced except Head of Marketing

Key knowledge for R&D and marketing stays in the company

INVESTMENT OPPORTUNITY

CHF 0.8m



Additional cash required to realize our growth case



1. Sales Platform and Scaling

Scale up market presence in main markets



2. Technology and Production Advancements

Automate valve production and reduce average production costs per valve

- CHF 1m raised in 2015 round
- milKit covers own operational costs: invested money goes into growth
- Potential to sell to large player in the bicycle market
- Pre-money valuation 4.9 mCHF
- Loan over 450 kCHF by Technologiefonds.ch secured. Detailed due diligence done and only 350 kCHF of 800 kCHF remaining.

EXPERIENCED TEAM

OVER THE COURSE OF THE PAST YEARS WE BUILT A TEAM WITH ACCOMPLISHED SALES, MARKETING AND PRODUCT EXPERTS

OPERATIONAL TEAM

Pius Kobler
Co-Founder, CEO/CTO
Dipl. Masch.-Ing. ETH
14 YEARS



Johan Molenmaker
Head of Sales & Marketing
17 YEARS



Beat Wyss
Marketing, E-Commerce
20 YEARS



CREATIVE TEAM

ETH

MADE SWISS

4 freelance industrial designers and mechanical engineers



BOARD MEMBERS



Peter Ruckstuhl
SME entrepreneur
40 YEARS



Andreas Schubert
Finance expert
20 YEARS

ADVISORS



Christoph Ritzler
VP Sales Fox International
33 YEARS

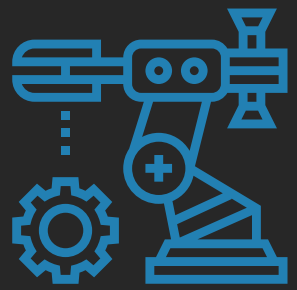


Gianluigi Berini
Innosuisse
32 YEARS

WE WILL BE SUCCESSFUL BECAUSE...

milKit can build on established credentials as tubeless solutions provider.

Based on market insights gained since launching milKit, we have identified the right levers for accelerating growth.



Enhanced manufacturing process Significantly lowering production cost

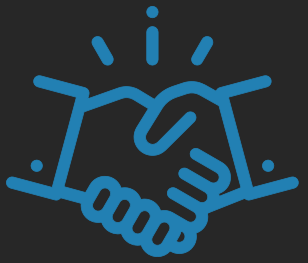


Team of skilled professionals Covering all areas to realize our growth case

Multi-channel sales Reducing dependency on regional distributors



OEM market potential Bike manufacturers are ready to add new tubeless solutions



CORONA – MORE CHANCE THAN THREAT

E-Commerce implementation during Corona lockdown

- Set-up of fully automated e-commerce system: Own shop, fulfillment, CRM and accounting solution - This was planned to be done after the financing round

Product-market fit proven for US

- Proof of product market fit USA
  - Already achieving 2x monthly Amazon sales figures planned for 2020 (organically)
  - Acquisition costs on Amazon at 20-25% instead of 40% as planned (in business plan)

LOI with No1 distributor in US

- QBP is ready to start, if we make a few safety additions (being implemented)

Bicycle industry sales growth due to Corona crisis

- The effects of the strong market uptake in the bicycle industry during 2020 will remain for the coming years

Revenue boost

- 2020 revenue is 109% of 2019 reached organically, with hardly any marketing



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