

Internal Rate of Return (IRR) Calculation - Multiple and Time

Annual IRRs in percentage (1)

KCG/INOPTEC has ambitions to secure an exit within 7 years, however, if it takes an additional 3 years, we will still beat the average exit timeframe. A longer exit timeframe precipitates a higher ROI multiple, given the absence of competition and market saturation (see Multiples betw 10 - 20).

Shareholders are free to sell their shares before an exit (e.g. 3 - 7 years) in accordance with §16.5 KCG company articles (see green fill color)

NB: Selling shares before 3 years might only earn a multiple of 1.5 - 2 (see grey fill)

Multiple (2)	Year (3)											
	1	2	3	4	5	6	7	8	9	10	12	20
20.0	1,900	347	171	111	82	65	53	45	39	35	28	16
15.0	1,400	287	147	97	72	57	47	40	35	31	25	14
10.0	900	216	115	78	58	47	39	33	29	26	21	12
8.0	700	183	100	68	52	41	35	30	26	23	19	11
6.0	500	145	82	57	43	35	29	25	22	20	16	9
5.0	400	124	71	50	38	31	26	22	20	17	14	8
4.0	300	100	59	41	32	26	22	19	17	15	12	7
3.5	250	87	52	37	28	23	20	17	15	13	11	6
3.0	200	73	44	32	25	20	17	15	13	12	10	6
2.5	150	58	36	26	20	16	14	12	11	10	8	5
2.0	100	41	26	19	15	12	10	9	8	7	6	4
1.8	80	34	22	16	12	10	9	8	7	6	5	3
1.6	60	26	17	12	10	8	7	6	5	5	4	2
1.4	40	18	12	9	7	6	5	4	4	3	3	2
1.2	20	10	6	5	4	3	3	2	2	2	2	1
1.1	10	5	3	2	2	2	1	1	1	1	1	0
1.0	0	0	0	0	0	0	0	0	0	0	0	0
0.8	-20	-11	-7	-5	-4	-4	-3	-3	-2	-2	-2	-1
0.6	-40	-23	-16	-12	-10	-8	-7	-6	-6	-5	-4	-3
0.4	-60	-37	-26	-20	-17	-14	-12	-11	-10	-9	-7	-4
0.2	-80	-55	-42	-33	-28	-24	-21	-18	-16	-15	-13	-8
0.1	-90	-68	-54	-44	-37	-32	-28	-25	-23	-21	-17	-11
0.0	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100	-100

Notes:

(1) IRRs presented above relate to mathematic formulae and not to a theoretical pattern observed for a private equity and venture capital fund

(2) Multiples refer to the indicator TVPI (Total Value to Paid-In - See EVCA Glossary for more information)

(3) Year #1 denotes the year after officially receiving a 'serious seed investment to enter the market' (e.g. €2m). | Our first BAs might get slightly higher ROI-multiples since they came on board much earlier, benefitting from a share price increase due to more granted patents (an increase of asset value), improved prototypes, infrastructure, teams, contracts, etc.

Source: EVCA, based on a Collier Capital's publication