Appendix 4E
BikeExchange Ltd
ABN 24 625305 240

Results for Announcement to the Market

Full-year ended 30 June 2021
(Previous corresponding period: Full-year ended 30 June 2020)

				30 June 2021 A$	30 June 2020 A$
Revenue from contracts with customers from continuing operations	Up	23%	to	**4,605,767**	3,756,012
Loss for the full-year after tax	Up	328%	to	**(10,967,024)**	(2,559,940)
Net loss for the full-year attributable to members	Up	328%	to	**(10,967,024)**	(2,559,940)

The Director's have not proposed the payment of a interim or final dividend in respect of the full year (2020: $Nil).

	30 June 2021	30 June 2020
Net tangible assets backing per ordinary share (cents per share)	**5.95**	1.62

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 30 June 2021 Financial Report.

This Appendix 4E should be read in conjunction with the Director's Report and the audited Financial Report for the year ended 30 June 2021 and public announcements made by BikeExchange Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

Annual General Meeting

BikeExchange Limited advises that its Annual General meeting will be held on 24 November 2021.

This page is left intentionally blank

BIKE EXCHANGE

WHERE THE WORLD RIDES®

Annual Report 2021

Contents

Welcome to BikeExchange's inaugural annual report

BikeExchange Limited (ASX: BEX) is a leading operator of global online cycling focused marketplaces that enable a dedicated and growing global audience of consumers to connect and transact with thousands of retailers and brands. The Company was founded in Melbourne in 2007, with the simple purpose to fuel the passion for riding by making it easy to buy and sell everything bike related. Today, it hosts over 1,500 brands, 1,600+ retailers and 900,000+ products globally, enabling the cycling industry to trade and scale reaching an annual audience of 28 million consumers.

FY21 Highlights

Lookthrough TTV*

$25.3m

↑93%

Lookthrough Revenue*

$4.9m

↑26%

Traffic Sessions*

28.2m

↑29%

* All metrics for the 12 month period to 30 June 2021 vs the comparable period in FY20 and for non-financial metrics (excluding e-Commerce Transactions) include BikeExchange Colombia S.A.S (50% owned by the Group). Metrics defined as lookthrough include the Group's underlying 50% share of BikeExchange Colombia S.A.S TTV and revenue. Active Retail Accounts at 30 June 2021 is an increase of 10% vs 31 December 2021. Explanation of TTV is included with the Directors' Report on page 10.

e-Commerce Transactions

33,473

↑60%

Active Retail Accounts*

1,600

↑10%

Enquiry Value*

Over $1.6b

↑53%

Chair’s Letter

Dear Shareholder,

On behalf of the directors, it is my honour to welcome you to the inaugural Annual Report for BikeExchange Limited (ASX Code BEX).

The 2021 Financial Year was transformational for BEX as it successfully completed a listing on the Australian Stock Exchange (ASX) in February 2021 and initiated the early stages of a significant growth strategy. $20 million of growth capital was raised through the ASX listing which positions BEX well to capitalise on the growth opportunity in the global cycling industry. I would like to thank the people who contributed to the ASX listing and importantly our shareholders for the faith you have placed in the BEX team.

Founded in 2007, BikeExchange is one of the world’s largest global cycling marketplaces operating across eight countries within four geographic hubs in Australia and New Zealand (ANZ), North America, Europe and Latin America (LATAM). The BikeExchange Group has a network of brands, retailers and distributors that come together in single destination marketplaces and between FY18–FY21 originated more than $50.7 million in Total Transaction Value (“TTV”). During FY21, the BikeExchange network of sites was visited by approximately 28.2 million consumers. This traffic drove e-Commerce transactions and delivered approximately $1.6 billion of inventory and sales leads to retailers and brands globally. BikeExchange currently has over 1,600 retailers and over 1,500 brands globally available on the platform providing ease, convenience and choice for consumers.

Globally, the cycling market (including accessories) continues to experience strong growth due to a number of factors, as governments accelerate and plan for changing consumer behaviour. Further, there is a proactive shift by consumers for increased awareness of environmental, health and convenience factors that attribute to the positive impacts of cycling whether it be for leisure, commuting or for health and fitness.

The shift and increase in the online e-Commerce landscape has transformed the way consumers purchase products and brought about awareness of online being a destination rather than a source of viewing. BikeExchange is powered by a global leading, purpose-built technology platform without the need for significant ongoing investment as a result of the licensing agreement with Marketplacer.

BikeExchange’s online model attracts and provides a range of consumers with choices providing a more convenient, transparent and efficient platform solution relative to traditional marketplaces. The growth strategy for BikeExchange which will be covered in the CEO’s report is very much an e-Commerce led strategy.

BikeExchange generates revenue via a subscription based recurring revenue model, through business member subscriptions with retailers and brands. e-Commerce transactions occur through the platform generating further scalable revenue through commissions. The June quarter for FY21 was the first time e-Commerce revenue was the largest contributor to total revenues, highlighting the transition of the business.

BikeExchange has focused on investing in and expanding the Global Executive Team who has never been better positioned to deliver on the significant growth opportunity ahead. The Board and Executive team are increasingly confident that BikeExchange’s growth trajectory is favourable as it further penetrates the online bicycle and accessories market, broadens its reach into new geographic areas and capitalises on new revenue opportunities.

Mark Watkin will now provide the CEO’s report. I would like to thank Mark and all the valued staff of BikeExchange globally for their valued efforts over the last 12 months, particularly for embracing and leading the transformational growth strategy we are embarking on. From the Board’s perspective the business has never been better positioned with an expanded Global Executive Team, a clear and focused growth strategy and $16 million of growth capital to deploy at 30 June 2021 in the high growth global cycling industry.

The Board of Directors once again thanks the Shareholders for their support and will provide updates as BEX looks to deliver on the significant global growth opportunity ahead.

Yours sincerely,

Gregg Taylor
Chairman

CEO's Letter

Dear Shareholder,

On behalf of BikeExchange Limited it's a pleasure to write this CEO overview for our first Annual Report as a listed business.

2020 and 2021 will always be seen as memorable for BikeExchange for two reasons. Firstly, like everyone and every business around the world, we navigated the uncertain times impressed upon us with the COVID-19 pandemic. I would like to acknowledge and thank our team around the world, across ANZ, Europe. North America and Latin America for their commitment to the BikeExchange business while requiring significant adaptation and change from the impacts brought about from the global pandemic.

Secondly, BikeExchange successfully listed on the Australian Stock Exchange (ASX) on the 9th February 2021. A significant milestone in the fourteen year history of the business, allowing it to raise $20 million in growth capital to assist in realising the full potential of the business and opportunity with the growing global cycling category. I'd like to thank everyone involved for their time and effort within BikeExchange, the partner businesses and advisors for the successful listing. I would also like to thank the Board of Directors for their support both before the listing and since. Importantly too, it is also a pleasure to welcome and thank BEX Shareholders for the support and interest in the business.

FY21 Performance

Since 2007, BikeExchange's simple purpose is to fuel the passion for riding by making it easy to buy and sell everything bike related. This continues today across four regions and eight countries, all enabling a network of retailers, brands and distributors to connect with millions of customers through single destination marketplaces. The growth capital raised in the listing process allows us to accelerate growth across key areas to further build on this purpose and assist BikeExchange in becoming the destination for purchasing everything bike. The business started deploying the growth capital in Q4 FY21, which will ramp up over FY22 as we invest to accelerate the growth in the business.

In FY21 the BikeExchange business has grown across all key metrics. Our audience has grown 29% to 28.2 million traffic sessions globally which has driven 93% growth in Lookthrough Total Transaction Value (TTV) to $25.3 million and Lookthrough Revenue has increased 26% to $4.9 million. e-Commerce Transaction volumes have in turn grown by 60% to 33,473.

E-Commerce order value has been a significant contributor to the TTV growth with a 276% increase vs pcp, with the average commission rate rising 3.2% to 8.2% and Average Order Value increasing 46% to $636. BikeExchange continued to grow the number and value of enquiry leads through to retailers by 53% to over $1.6 billion. A focus for the business has been in converting these enquiries to on site transactions through various trials and initiatives to enhance conversion. These initiatives have created a strong foundation for further growth and focus of increasing onsite transactions in FY22.

The number of Active Retail Accounts has increased 10% between December 2020 and June 2021 to 1,600 accounts and the Average Revenue Per Account (ARPA) has increased by 5% in FY21. The introduction of brandstores and brand multistores on the BikeExchange platforms has proven successful with significant growth over the year, while also contributing to the higher ARPA. The brand multistore feature allows parent brands to connect in and enable their retail dealer networks. It also provides customers an enhanced experience, allowing them to search and purchase a product online across all retailers easily.

Developments in FY21

Aside from the Group's IPO, we rolled out a number of initiatives and structure changes throughout the year. Some of the highlights were:

1. The conversion of sales lead enquiries to e-Commerce transactions with the introduction of a concierge service to assist consumers better, with good success rates achieving strong conversion to onsite transactions. In addition the introduction of deposit payments and click and collect features particularly for higher priced items improved e-Commerce conversion rates.
2. Increasing the number of retailer seller accounts on the platform. The global sales team has grown over the course of the second half of FY21 to 13 to help drive the sales acquisition and sign up of the sellers. In particular, in the North American market where the sales team has grown 5x to provide better coverage of the country across the industry.

3. Increasing Point of Sale (POS) integrations with sellers through our connections management panel to create live inventory feeds onto the BikeExchange sites, fully managed by the individual seller.

4. Strategic partnerships with industry brands and businesses to assist scaling across seller accounts and e-Commerce growth, including Cycle Software in Europe, Trek in North America and Auteco in Latin America.

5. Additional SEM and SEO marketing spend on trials to assist with converting more onsite transactions from customers and generating increased traffic visitation through well optimised products, categories and content.

These focus areas have continued with increased momentum as we start FY22. In addition, considerable effort and time has been placed on recruiting team members and key Executive hires in Q4 FY21 as BikeExchange structures the business around increasing sellers on the platform, increasing the number of onsite e-Commerce transactions and improving the technology operations that enables sellers and onsite e-Commerce further. Key Executive hires made or planned include:

- Chief Sales & Partnerships Officer – Sam Salter appointed in July 2021: co-founder and previously Sales Lead at Marketplacer.
- Global Head of Technology Operations – Ryan McMillan, 8 plus years with BikeExchange, Currently BikeExchange Europe Lead.
- Chief Customer/e-Commerce Office – Global role in market.. Expected start Q2 FY21.
- Regional Head of North America – Derek Colfer appointed in August 2021.: Ex Head of Digital Product & Innovation for Visa North America.

Outlook

FY22 has commenced well with positive activity on both e-Commerce transactions and seller account sign ups. The key Executive hires will all be in place by Q2 and this focus and structure will enable more sellers, more on site product availability and more e-Commerce transactions. In particular the growth in Europe and North America will be a key focus for the business due to their market sizes and potential. LATAM will also see increased activity as BikeExchange continues to invest in BikeExchange Colombia and explores wider LATAM activity with the partnership established with Auteco, a leading mobility business in Colombia, in February 2021.

BikeExchange has been active in discussions around relevant M&A opportunities in the second half of FY21. These opportunities are focussed on areas that could either enhance the offering for sellers and accounts on the platform or the customer side of the business – improving customer journey and on site transactions. These will continue in the first half of FY22 and are seen as a contributor to our scaling strategy.

The cycling category is continuing to be buoyed by both uptake and popularity but also support from country governments, making it easier and more practical for people to choose a bicycle as a mode of transport. This more mass usage of bicycles is seen to be a big contributor to the growth potential for BikeExchange.

With the work carried out in FY21, in particular since the successful BikeExchange listing on the ASX in February and deployment of the capital raised, BikeExchange is expecting growth rates to be significantly above FY21.

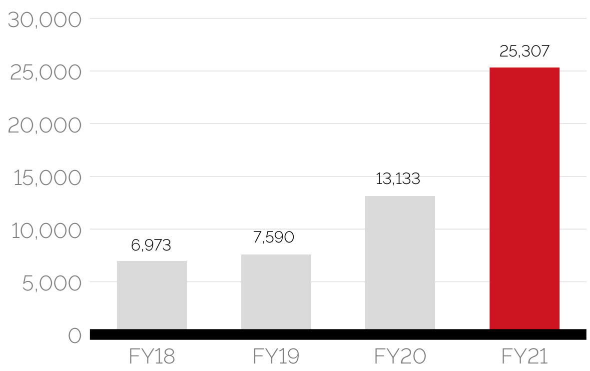
I'd like to thank Shareholders once again for their support and interest in BikeExchange. We look forward to sharing further updates on BikeExchange activity and success in the coming months ahead, as we grow and build off the foundation created to date.

Yours sincerely,

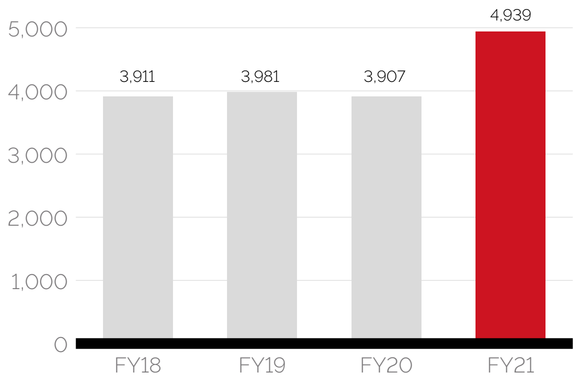
Mark Watkin
Global CEO

Performance Highlights

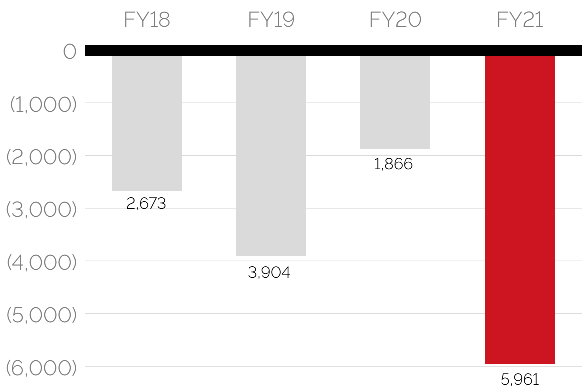
Lookthrough* TTV ('000)



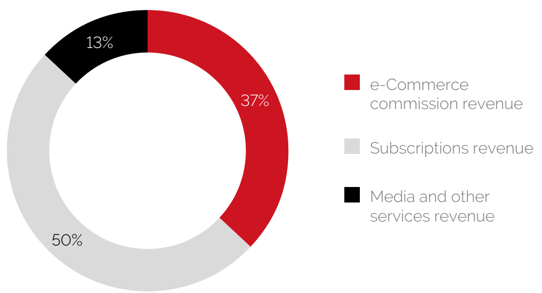
Lookthrough* Revenue ('000)



EBITDA* (excluding IPO transaction costs)

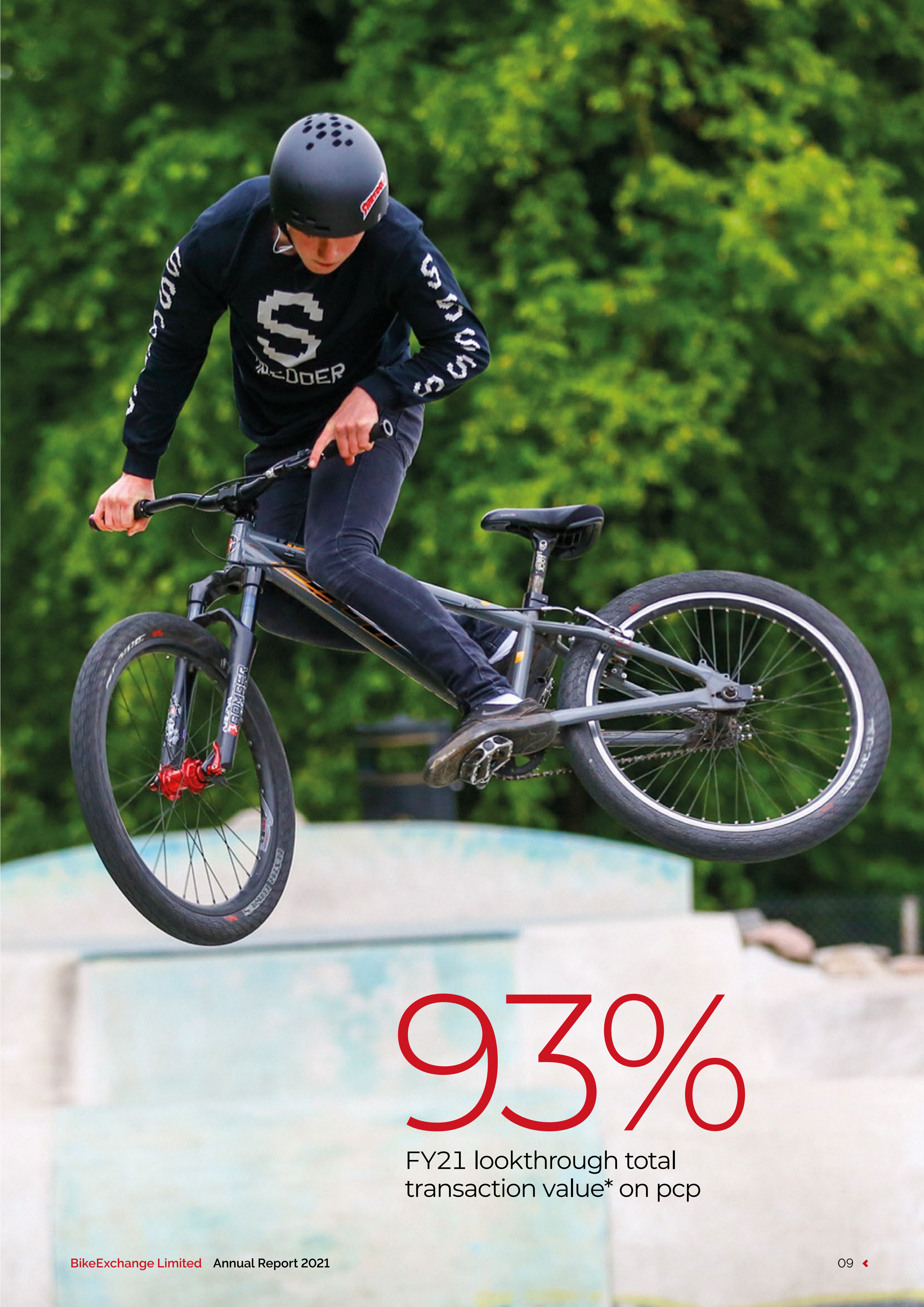


FY21 Full Year Lookthrough* Revenue by Category



FY21 ('000)	Australia & NZ	Europe	North America	Colombia*	Total
Lookthrough* TTV	**5,120**	**15,376**	**3,646**	**1,165**	**25,307**
Growth on pcp	33%	165%	37%	41%	93%
Lookthrough* Revenue	**1,538**	**2,312**	**755**	**333**	**4,939**
Growth on pcp	2%	104%	(24%)	19%	26%

* Lookthrough Total Transaction Value includes 50% of the underlying TTV from the Group's investment in BikeExchange Colombia S.A.S (50% owned). Explanation of TTV is included in the Directors' Report on page 10. EBITDA excludes BikeExchange Colombia S.A.S. which is equity accounted and one-off costs incurred in FY21 in respect of IPO transaction costs. All measures presented exclude the results and impacts of the closure of the Group's operations in the UK and Ireland in FY20.



93%

FY21 lookthrough total transaction value* on pcp

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'BikeExchange') consisting of BikeExchange Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of BikeExchange Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Gregg Taylor
- Bryan Zekulich
- Sam Salter (appointed 3 February 2021)
- Andrew Ryan (appointed 3 February 2021)
- Jade Wyatt (appointed 3 February 2021)
- Joshua May (resigned 3 February 2021)
- Michael Hill (resigned 3 February 2021)

Principal activities

The principal continuing activities of the Group are providing online cycling marketplaces that operate globally in eight countries across four geographical areas. The marketplace provides an efficient, technology driven platform to connect consumers with retailers of bicycle products and accessories through a convenient, transparent and efficient platform.

Prior to the acquisition of the BikeExchange Group and IPO of the Company in February 2021 the principal activity of the Company was the provision of investment management services.

Further information about the detailed activities of the Group is set out in the Group's IPO Prospectus dated 16 December 2020 which is available from https://bikeexchangegroup.com.au/investors/prospectus/.

Operating and financial review

The Group operates across four geographical areas as follows:

- Australia and New Zealand (ANZ): Operations are headquartered in Melbourne, Australia and also includes any costs of the Group's holding companies in Australia and Singapore.
- Europe: Operations are headquartered in Wurzburg, Germany. This office supports the Group's websites that offer services to customers in Germany, Belgium and the Netherlands.
- North America: Operations are headquartered in California, USA. This office supports the Group's websites that offer services to customers in the USA and Canada.
- Colombia: Operations are headquartered in Medellin, Colombia through the Group's 50% share of the BikeExchange Colombia S.A.S Joint Venture, and principally services the Colombian market.

As set out in Note 26 to the financial statements the Group has applied reverse acquisition accounting to the acquisition of the BikeExchange Holdings Pty Ltd Group by BikeExchange Limited immediately prior to the combined Group's IPO on the ASX. The analysis in this report covers the results of the BikeExchange Holdings Pty Ltd Group for the whole of FY20 and FY21, and that of BikeExchange Limited from the period post acquisition from 3 February 2021.

The Directors believe the additional unaudited non-Australian Accounting Standards (AAS) measures included in this report are relevant and useful in measuring the financial performance of the Group. In particular, the presentation of Total Transaction Value, lookthrough revenue and EBITDA excluding IPO related costs, which are all non-AAS measures, provides the best measure to assess the performance of the Group.

Total Transaction Value (TTV) is the aggregate of revenues, net of sales taxes, generated from e-Commerce sales, retail subscriptions and other online sales and the gross merchandise value for e-Commerce transactions that are executed on the BikeExchange network of websites. Lookthrough TTV or revenue measures include the Group's 50% share of the underlying TTV/revenue for BikeExchange Colombia S.A.S and exclude TTV/revenue from operations in UK and Ireland that were closed during FY20. EBITDA before IPO costs excludes non-recurring IPO related transaction costs from EBITDA.

Total Transaction Value

Group lookthrough TTV increased by 93% on the prior comparative period (pcp) to $25,307,349, principally reflecting strong growth in e-Commerce transactions on pcp. This was achieved by 60% growth in transaction volumes to 33,473 and Average Order Value increased by 46% to $636. By geography Europe was the most significant contributor to the Group results with TTV growing 165% on pcp, reflecting strong demand for bikes and the Group's focus on onsite e-commerce transactions. Excluding Colombia, TTV was $24,142,096 up 93% on pcp.

Revenue and Other Income

Overall Group lookthrough revenues increased by 26% on pcp to $4,938,807. Lookthrough e-Commerce revenues grew 276% on pcp and in Q4 FY21 were the largest revenue contributor for the first time. E-Commerce revenues were driven by the significantly increased transaction value and also increased average commission rates of 8.2%, up from 5.0% in FY20. Lookthrough subscription revenues declined 12% on pcp reflecting the rationalisation of the retailer subscriber base during FY20 reducing subscriber numbers. Lookthrough subscription revenues returned to growth in Q4 FY21 with revenues up 9% on pcp. Lookthrough media and other services revenue grew 7% on pcp.

On a geographic basis, Europe was the standout performer with revenues up 104% on pcp, ANZ up 2% on pcp and North America declined by 24% on pcp.

Excluding Colombia, revenues were $4,605,767, up 23% on pcp.

Other income was $251,000 in the year representing Australian Government grants from COVID-19 support programmes received in the year, including JobKeeper, Cashflow Boost scheme and various state support schemes.

The reconciliation of lookthrough metrics to the AAS metrics are set out below:

	TTV		Revenue	
Metric	**FY21 $**	**FY20 $**	**FY21 $**	**FY20 $**
Reported measure	24,142,096	12,487,938	4,605,767	3,756,012
Add 50% BikeExchange Colombia S.A.S	1,165,253	826,258	333,040	279,139
Less BikeExchange UK & Ireland operations closed	–	(181,265)	–	(127,564)
Lookthrough measure	**25,307,349**	**13,132,931**	**4,938,807**	**3,907,587**

Costs and EBITDA

Employment costs grew 71% on pcp to $5,807,653 reflecting the investment in increased headcount across all geographies to support business growth, as well as higher Board and Executive Management costs post listing and non-cash share-based payments of $534,547 incurred only in FY21.

Marketing costs increased by 312% to $1,635,377 reflecting significantly increased marketing activities in each region across business customers and consumers. In particular, SEM and SEO trials and initiatives were rolled out throughout the year to further increase the volume and quality of the Group's website traffic and increase e-Commerce conversion rates.

Other costs increased by 313% to $8,039,406 which was principally driven by $4,666,102 of non-recurring IPO related transaction costs. Excluding this, costs increased 73% principally reflecting higher listed company costs and increased IT licence related costs in line with TTV growth for the use of the Marketplacer platform.

Overall, the Group incurred an EBITDA loss of $10,627,339 for FY21, or $5,961,237 excluding the non-recurring IPO related transaction costs of $4,666,102 (see Note 6 of the financial statements).

Other items

Depreciation and amortisation declined by 77% on pcp to $89,188, reflecting the write off of software intangible assets in FY20. Net finance costs reduced 66% on pcp to $86,542 reflecting the conversion of pre-IPO borrowings to equity and the Group being in a net cash position post IPO capital raise.

Share of equity accounted joint venture losses was $163,955 up from $45,583 reflecting continued investment in BikeExchange Colombia S.A.S joint venture which is 50% owned by the Group.

Overall net loss for the year was $10,967,024 compared to $2,559,942 for FY20.

Outlook

Q1 FY22 trading has commenced well with e-Commerce transactions and retail account numbers showing robust growth on pcp in the first 7 weeks of FY22, with Australia in particular on track to have an all time record e-Commerce transaction value month in August. A number of new appointments to the Executive team and refreshed organisation structure is starting to deliver benefits and accelerate the revenue trends seen in FY21, with an e-Commerce first focus.

There are a number of M&A opportunities the Group is pursuing which would complement the Group's existing business and enable scaling. Investment in the business will continue reflecting the new executive team structure. The Group will deploy growth capital to support the e-Commerce first strategy through product/technology development and customer acquisition initiatives in FY22.

As a result of these factors, TTV and revenue growth rates for FY22 are expected to be significantly above FY21.

Significant changes in the state of affairs

On 3 February 2021 the Company acquired 100% of the share capital of BikeExchange Holdings Pty Ltd in a reverse acquisition for the issuance of 193,692,297 shares as set out further in Note 26 to the financial statements. Also, on the 3 February 2021 the Company issued 76,923,076 shares for cash consideration of $20,000,000 under the completion of the Initial Public Offering set out in the Prospectus lodged with the ASX on 16 December 2020.

The Company changed its name to BikeExchange Limited from RPro Holdings Limited and was admitted to the Official List of the ASX on 5 February 2021 and trading of the Company's quoted shares commenced on 9 February 2021.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Matters subsequent to the end of the financial year

The Group will continue to assess and monitor the COVID-19 situation closely as well as the measures imposed by the Governments of the respective countries where the Group operates.

Although the duration and ultimate impact COVID-19 will have on world economies remains unknown, the Group and its operating businesses are well capitalised and are in strong position to navigate the uncertainty COVID-19 has presented to businesses worldwide.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Business growth strategy and likely developments

The Group has changed the operating structure focus to functional cross-geography teams and will deliver growth with an e-Commerce first strategy that includes:

- increasing the number of brands/retailers connected to the platform;
- increasing the volume of inventory advertised on the platform; and
- increasing e-Commerce transactions on the site.

This is supported by scalable technology operations enabling the rapid and efficient scaling of the business with best practices and technologies implemented consistently across the Group.

Material business risks

The Group is subject to risks of both a general nature and ones that are specific to its business activities including, but not limited to:

Growth and profitability dependent on an active community and engaged customers

As BikeExchange operates a two sided marketplace, BikeExchange's future growth and profitability is dependent on that marketplace being vibrant and active. The Business relies on both consumers utilising the BikeExchange Platform to purchase bicycles and related products and on retailers to subscribe to the BikeExchange Platform and deliver the relevant products. BikeExchange's revenue and the success of its growth initiatives depend upon attracting and retaining customers (both businesses and consumers) to the BikeExchange Platform and converting those customers into both new and repeat customers. A decline in traffic coming to the BikeExchange Platform or the rate of conversion, or restrictions placed on the Company to use other digital advertising channels (such as search engines or social media), or retailers/brands not renewing their engagement with the platform could adversely impact BikeExchange's financial performance and/or operations.

Platform, Technology and Cyber Security Risks

The satisfactory performance, reliability and availability of the BikeExchange Platform and other information technology systems are integral to BikeExchange's operations. The BikeExchange Platform and other information technology systems are all hosted on servers owned by third party providers. There is a risk that the BikeExchange Platform and other information technology systems may experience downtime or interruption from system failures, service outages, corruption of information technology networks or information systems as a result of computer viruses, bugs or cyberattacks, as well as natural disasters, fire, power outages or other events outside of the control of the Company or its third party providers.

BikeExchange's service offering may also become outdated or obsolete through the introduction of superior technology and/or product offerings. BikeExchange may be required to invest substantial capital to update or improve its current information technology systems to remain competitive in the market. This could have a material adverse impact on BikeExchange's financial performance and/or growth.

Reputational risk

Maintaining the strength of BikeExchange's reputation is an important part of retaining and growing the retailer and consumer base and maintaining BikeExchange's relationships with partners that will assist in successfully implementing BikeExchange's strategy. There is a risk that events may occur that may adversely impact on BikeExchange's reputation, which may adversely impact BikeExchange's retailer and consumer base as well as the willingness of third parties to work with BikeExchange on additional product offerings. This may have a negative impact on BikeExchange's future operations, financial performance and/or growth.

Competition

BikeExchange considers that it has a competitive advantage in being the leading bicycle marketplace in the industry. However, there is a risk that existing competitors or new entrants in the market (Australian based or international) may increase the competitive landscape and in turn, erode BikeExchange's revenue and market share.

Existing competitors and new entrants in the market may engage in strategic partnerships or acquisitions, develop superior products and/or technology, increase marketing activity and/or offer competitive pricing. There is a risk that BikeExchange may be unable to respond to such competitive pressures and this may materially and adversely impact BikeExchange's operational and financial performance.

Cross border operations and acquisitions and partnerships

BikeExchange plans to continue expanding its cross border operations and pursuing acquisitions/partnerships in existing and new markets. There is a risk that BikeExchange may face challenges, including difficulties in attracting a sufficient number of retailers and consumers in those new markets or not successfully integrating acquisitions, or partnerships that do not deliver the benefits anticipated. The expansion of BikeExchange's cross border business will also expose it to risks relating to managing cross border operations, including, staffing, potentially adverse tax consequences, increased and conflicting regulatory compliance requirements, challenges caused due to distance, language and cultural differences, exchange rate risk and political instability. Accordingly, any efforts BikeExchange makes to expand its cross border operations and acquisitions/partnerships entered into may not be successful, and in turn, this may materially affect BikeExchange's operations and financial performance.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth, State law or laws in any of the countries in which it operates.

Information on Directors and Company Secretaries

Director	Experience and background
 **Gregg Taylor** *Independent Non-Executive Chairman*	Gregg has been a director of the Company since October 2018. Gregg has a Bachelor of Commerce degree from the University of Wollongong and was a CFA Charter holder. Gregg has 20 years of international business experience in financial markets, technology, sports administration, media and retail. He has founded and managed multiple global operating businesses in sports, retail and media sectors. Gregg was most recently the Co-Chief Investment Officer and an executive director of Bombora Investment Management, a boutique investment house. In the last eight years, Gregg played a key role in introducing seven new companies to the ASX and raising significant equity growth capital for various ASX and NZX listed companies. Gregg has also served on boards across numerous industries including technology, marketplaces, construction, compliance, financial services. He is currently a non-executive director of Acrow Formwork and Construction Services Limited (ASX: ACF) and Marketplacer Pty Limited.

Director	Experience and background
 **Sam Salter** *Executive Director*	Sam is the co-founder of BikeExchange and a director of BikeExchange Pte Ltd. Sam is also the co-founder of Marketplacer Pty Limited, which operates a global technology SAAS platform that creates online marketplaces to connect consumers, retailers, wholesalers and private sellers. Sam has over 14 years' experience developing marketplaces for businesses. Sam holds a Bachelor of Psychology and Sociology from the Victorian University of Technology. Sam was appointed to the executive role of "Chief Sales and Partnerships Officer" on 29 June 2021 and commenced in the role from 12 July 2021.
 **Andrew Ryan** *Non-Executive Director*	Andrew's career over the past 20 years has spanned across a wide variety of industries including manufacturing, distribution, agriculture, hospitality, sport and tourism. Andrew is an active director in a number of companies such as Mitchelton Wines, Jayco, Mitchelton-SCOTT professional cycling team, My Local Broker, Marketplacer Pty Limited and the Prince Hotel and has been on the board of BikeExchange Pte Ltd since May 2020. Andrew holds a degree in Business Advertising from RMIT and an Executive MBA from Bond University. He is a committee member of 'The Million Dollar Lunch' which fundraises and networks in support of the Children's Cancer Foundation.
 **Jade Wyatt** *Non-Executive Director*	Jade has over 23 years' experience in the specialty retail sector. Jade is a long-term employee of the Just Group. Her most recent roles have been Group General Manager of Portmans and she is currently Group Apparel Executive working across multiple brands. Jade's customer focused product led strategic approach to retail has resulted in driving strong results and increased shareholder value.
 **Bryan Zekulich** *Independent Non-Executive Director*	Bryan has been a director of the Company since August 2019. Bryan was the managing partner of Ernst & Young's Private Equity Sector for over 15 years. Bryan is also a board member, the treasurer and the company secretary of the Australian Investment Council (formerly the Australian Private Equity and Venture Capital Association). Bryan is currently the portfolio manager and a partner of Bombora Investment Management. Bryan has significant experience in the Australian M&A market including in respect of mergers and acquisitions, divestments, strategic finance, capital raisings and advising on ASX listing requirements. Bryan has a Bachelor of Commerce from the University of Western Australia. He is also a fellow of the Institute of Chartered Accountants of Australia and a fellow of the Financial Services Institute of Australia.

Director	Experience and background
 **David Hwang** *Joint Company Secretary*	David is a Principal of Automic Legal and Chief Compliance Officer of Automic Group. He is an experienced executive, corporate lawyer and company secretary specialising in listings on ASX (IPOs and reverse listings), equity capital markets and providing advice on corporate governance and compliance issues. David currently serves as outsourced company secretary and non-executive director to a number of ASX listed entities. David holds a Bachelor of Laws from University of New South Wales.
 **Ashlee Zileski** *Joint Company Secretary*	Ashlee is a corporate lawyer with over 6 years' experience advising both listed and unlisted companies on an array of corporate transactions, corporate governance compliance and general commercial matters. She is a Senior Associate at Automic Group and holds a Bachelor of Law and Commerce (majoring in International Business) degree from the University of New South Wales and in 2015 admitted to the Supreme Court of NSW and the High Court of Australia. Prior to her admission, Ashlee was a management consultant and tax analyst at a major global accounting firm.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board'), the number of meetings attended by each director and each Board committee held during the year ended 30 June 2021 were:

Name	Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
	Held	Attended	**Held**	**Attended**	Held	Attended
Gregg Taylor	5	5	*	*	–	–
Bryan Zekulich	5	5	**1**	**1**	*	*
Sam Salter	5	5	*	*	–	–
Andrew Ryan	5	5	**1**	**1**	*	*
Jade Wyatt	5	5	*	*	–	–
Joshua May	–	–	*	*	*	*
Michael Hill	–	–	*	*	*	*

* Indicates not a member of the relevant committee.

Shares under option

There were 16,833,333 unissued ordinary shares of BikeExchange Limited under option outstanding at the date of this report. All options have an expiry date of 8 February 2027.

These options are exercisable at a weighted average exercise price of $0.35. No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

There were no shares issued on the exercise of options in the year.

The Director's interests in equity and other holdings are outlined in the remuneration report and the amounts shown and numbers held are the same at 30 June 2021 and the date of the Director's Report.

Indemnity and insurance of officers

The Group has during the financial year, in respect of each person who is or has been an officer of the Group or a related body Corporate, made a relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

Since the end of the financial year, the Group has paid premiums to insure all directors and officers of the Group, against costs incurred in defending any legal proceedings arising out of their conduct as a Director or officer of the Group, other than for conduct involving a wilful breach of duty or a contravention of sections 232(5) or (6) of the *Corporations Act 2001*, as permitted by section 241A (3) of the *Corporations Act 2001*. Disclosure of the premium amount is prohibited by the insurance contract.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 33 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Directors' Report (continued)

The Directors are of the opinion that the services as disclosed in Note 33 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Corporate Governance Statement

The directors and management are committed to conducting the business of BikeExchange Limited in an ethical manner and in accordance with the highest standards of corporate governance. BikeExchange Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate for the size and nature of the Group's operations.

The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report, can be found at:

https://bikeexchangegroup.com.au/investors/corporate-governance/

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Gregg Taylor
Chairman

Mark Watkin
Global CEO

27 August 2021

Remuneration Report

This remuneration report details the remuneration arrangements for the key management personnel ('KMP') of BikeExchange Limited, in accordance with the requirements of the *Corporations Act 2001*, and its regulations. KMP are the Directors of BikeExchange and those employees who have authority and responsibility for planning, directing and controlling the activities of the Company.

BikeExchange Limited (previously Rpro Holdings Limited) acquired 100% of the share capital of BikeExchange Holdings Pty Ltd on 3 February 2021 and listed on the ASX on 9 February 2021, and therefore this is the first year a remuneration report is required for the Group. Prior to the acquisition of BikeExchange Holdings Pty Ltd, BikeExchange Limited was an investment holding company with no Executive management.

The remuneration report has been prepared on the following basis:

- Includes Director remuneration for all Directors of BikeExchange Limited at any time during the financial year (including those Directors that resigned prior to the IPO).
- Executive KMP remuneration includes all remuneration for those KMP Executives of BikeExchange Holdings Pty Ltd for the period to 3 February 2021 and then acted as KMP Executives of BikeExchange Limited from 3 February 2021.
- No comparatives have been included as these are not required and are not a meaningful comparison given the changes in the structure and operations of the Company and Group post-IPO.

The remuneration report is set out under the following main headings:

1. Persons covered in this remuneration report
2. Principles used to determine remuneration of KMP
3. Non-Executive Director remuneration
4. Executive KMP remuneration
5. Employee Long-Term Incentive plans
6. KMP statutory remuneration details for the year ended 30 June 2021
7. Other transactions with KMP
8. KMP Shareholdings

1. Persons covered in this remuneration report

Directors:

Name	Role	Period in role
Gregg Taylor	Independent Non-Executive Chairman	1 July 2020 onwards
Bryan Zekulich	Independent Non-Executive Director and Chair of Audit and Risk Committee	1 July 2020 onwards
Sam Salter[1]	Non-Executive Director and Chair of Remuneration and Nominations Committee	3 February 2021 onwards
Andrew Ryan	Non-Executive Director	3 February 2021 onwards
Jade Wyatt[1]	Non-Executive Director and Chair of Remuneration and Nominations Committee	3 February 2021 onwards
Joshua May	Non-Executive Director	1 July 2020 – 3 February 2021
Michael Hill	Non-Executive Director	1 July 2020 – 3 February 2021

1. Sam Salter was appointed to an executive role as Chief Sales and Partnerships Officer on 29 June 2021 (commencing from 12 July 2021) and stepped down as Chair of the Remuneration and Nominations Committee on 29 June 2021 and was replaced on the Committee by Gregg Taylor. Jade Wyatt was appointed Chair of the Remuneration and Nominations Committee from 29 June 2021.

Executive KMP

Name	Role	Period in role
Mark Watkin	Chief Executive Officer (CEO)	1 July 2020 onwards
Andrew Demery	Chief Financial Officer (CFO)	26 August 2020 onwards

2. Principles used to determine remuneration of KMP

2.1 Remuneration and Nominations Committee ('RNC')

The Board of BikeExchange has constituted a RNC that determines the principles and objectives of BikeExchange's remuneration plans. The RNC Charter outlines the composition of the Committee, its responsibilities, meeting requirements, reporting procedures and duties of the committee.

The purpose of the Committee is to assist the Board by making recommendations in respect of: (a) the composition, performance and effectiveness of the Board; and (b) the Company's remuneration policy. The Committee may delegate all or a portion of its responsibilities to a subcommittee of the Committee. However, the Board retains ultimate responsibility for these matters.

The RNC has two key purposes as follows:

(a) the purpose of the nomination function is to review and make recommendations to the Board with respect to identifying nominees for directorships and key executive appointments, considering the composition of the Board, ensuring that effective induction and education procedures exist for new Board appointees and key Executives, and ensuring that appropriate procedures exist to assess and review the performance of the Chairman, Non-Executive Directors, Executives (including Executives reporting to the CEO) in Board committees and the Board as a whole; and

(b) the purpose of the remuneration function is to provide advice, recommendations and assistance to the Board in relation to BikeExchange's remuneration policies and remuneration packages of the CEO and other Executive KMP, Executive Directors and Non-Executive Directors.

The role and responsibilities, composition, structure and membership requirements of the committee are documented in the RNC Charter approved by the Board and available of the Group's corporate Governance site: www.bikeexchangegroup.com.au/investors/corporate-governance/.

The RNC Charter provides that the committee should comprise, to the extent practicable given the size and composition of the Board from time to time, at least three members, a majority of whom are independent Directors.

The current members are Jade Wyatt (Chair), and Gregg Taylor of which only Gregg is considered independent.

2.2. Remuneration principles

BikeExchange's remuneration policy is based on the following principles which form the basis of determining all remuneration policies and outcomes:

- fairness;
- market competitiveness;
- linkage to performance, both short and long-term; and
- alignment with shareholder returns.

The RNC is responsible for making all key recommendations in respect of Executive remuneration to the Board. The remuneration framework of key Executives has been designed to align Executive reward to shareholders' interests. The remuneration policy seeks to enhance shareholders' interests by:

- driving sustained growth in shareholder wealth by focusing the Executives on key financial and non-financial value creators;
- providing appropriate and competitive reward for contributions made to shareholder wealth;
- attracting and retaining high-calibre Executives who can enable BikeExchange to successfully grow its business globally; and
- providing a cogent remuneration structure to reward high performance.

2.3. Remuneration advisers

BikeExchange engages with external consultants from time to time to benchmark Executive remuneration arrangements with similar organisations in the Australian technology industry and in other overseas markets where it competes for talent.

The Board has not received any remuneration recommendations from external consultants during the year.

3. Non-Executive Director remuneration

Under the Constitution, the Company may determine the maximum aggregate remuneration to be provided to or for the benefit of all Non-Executive Directors as remuneration for their services as a Non-Executive Director. Further, under the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed in aggregate in any financial year the amount fixed by the Company's members at a general meeting.

The maximum aggregate Non-Executive Directors' remuneration is $500,000 per annum and was approved by shareholders at the EGM on 18 January 2021.

The annual Directors' fees (including fees for any additional services performed on the Company's sub-committees) currently agreed to be paid by the Company are $120,000 (inclusive of superannuation) to the Chairman and $60,000 (inclusive of superannuation) to each of the other Non-Executive Directors. There are no additional fees payable for being a Chair or member of a Board subcommittee.

In addition, all Non-Executive Directors were offered options under the Employee Incentive Plans – IPO Grant as set out in Section 5.

4. Executive KMP remuneration

4.1 Service Agreements

A summary of the key contractual terms in the Service Agreements are set out below:

Key Term	Description
Notice period, termination and termination payments	Executives KMP's employment contract may be terminated by either party on provision of their specified notice period. The Company may elect to pay the Executive KMP in lieu of all or part of any notice period. The Executive KMP's employment contract may also be terminated by the Company without notice (or payment in lieu of notice) in the case of serious misconduct. To the extent permitted by law, any payment made to the Executive KMP in respect of the cessation of the Executive's employment, satisfies (in whole or in part) any of the Executive's statutory entitlements to payments in lieu of notice but not redundancy pay.
Non solicitation/ restrictions of future activities	For a period of two years following the termination of the Executive KMP's employment, they will be subject to a restraint, which will prohibit the Executive KMP from, directly or indirectly: (a) engaging in any material business or activity which is the same or similar or is in competition with the whole or part of the business activities of BikeExchange; (b) inducing, soliciting, canvassing, approaching or accepting any approach from any person who was at any time during the 12 months preceding the termination of the Executive KMP's employment, a customer, partner, client or supplier of BikeExchange's business with a view to entering into an arrangement that is the same or similar or is in competition with the whole or part of the business activities of BikeExchange; (c) interfering with the relationships between BikeExchange and its customers, partners, clients, suppliers, referrers, third party investors, financiers, employees or contractors in a manner which is adverse to BikeExchange; (d) inducing, encouraging or soliciting any of BikeExchange's customers, partners, clients or suppliers with whom the Executive KMP has had contact in the 12 months preceding the termination of the Executive KMP's employment, to end or restrict their trade relationships with BikeExchange; (e) doing or saying anything harmful to the reputation of BikeExchange which may lead a person to stop, curtail or alter the terms of its dealings with BikeExchange; (f) inducing, encouraging or soliciting, or helping to induce, any employee, officer, contractor or agent of BikeExchange to terminate their engagement with BikeExchange; or (g) seeking to engage, or engaging, the services of any employee, contractor or agent of BikeExchange. These restraints are expressed to apply to the whole of Australia and to any area which is within a 50km radius from any premises from which BikeExchange's business is conducted as at the termination of the Executive KMP's employment.
Duration	Executive KMP contracts are open ended in duration.

Notice periods are as follows:

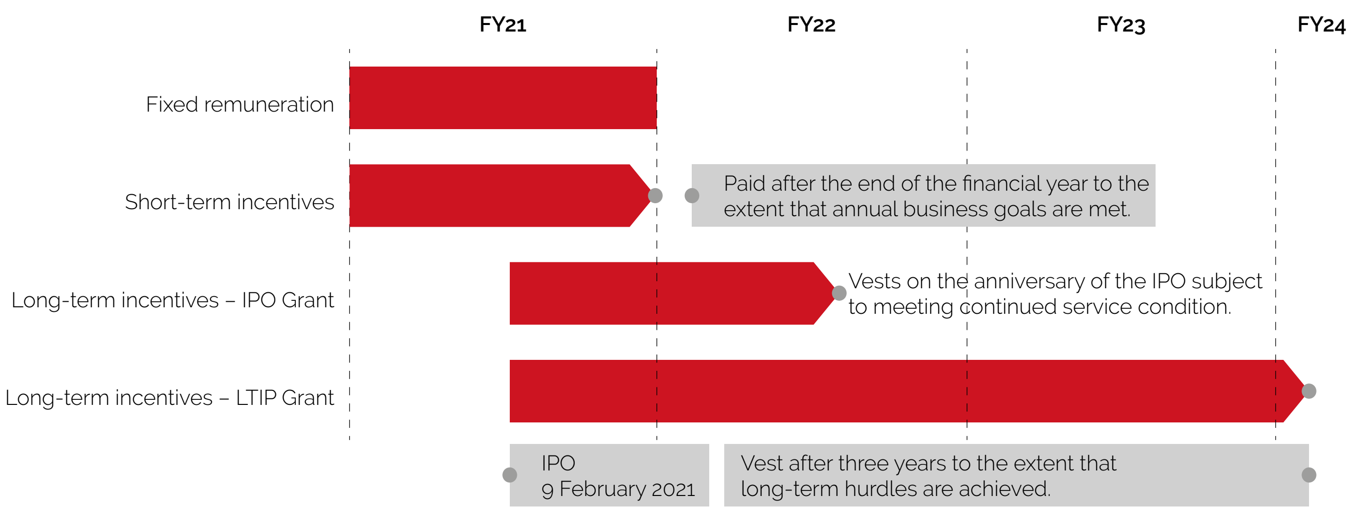
Name	Role	Period of notice
Mark Watkin	Chief Executive Officer (CEO)	6 months
Andrew Demery	Chief Financial Officer (CFO)	6 months

4.2. Remuneration structure and policy

BikeExchange is an ASX-listed company that operates and competes for top executives and specialist talent in the global marketplace and technology sectors. To attract and retain high calibre candidates from within this highly competitive international talent pool, remuneration arrangements need to be attractive and provide an appropriate mix of fixed remuneration, at risk short-term and long-term incentives in line with Australian market practice.

In this context, the Board has developed a remuneration framework that is intended to strike an appropriate balance between the need to compete internationally for talent while still meeting the market and governance expectations of an ASX-listed company. BikeExchange's Executive remuneration policy applies to the KMP named in this report and outlines the Company's intentions regarding Executive KMP remuneration, including how remuneration is structured, benchmarked and adjusted in response to changes in the circumstances of the Company, and in line with current best-practices.

BikeExchange's executive remuneration structure includes three different components as set out below along with an illustration of the time periods that the components relate to:



(i) Fixed remuneration ('FR')

Fixed remuneration comprises base salary, superannuation contributions, annual and long service leave and other ordinarily paid benefits, allowances and any applicable fringe benefits tax ('FBT'). The Company provides Executives KMP with a mobile phone and laptop for business use and will pay all costs associated with use of those items for business purposes.

The table below provides the fixed remuneration details for the key executives:

Name	Base salary (excluding superannuation)	Effective date
Mark Watkin	$350,000	9 February 2021
Andrew Demery	$300,000	26 August 2020

(ii) Short-term incentives ('STI')

STI provide recognition for performance against annual business targets which are set by the Board for Executive KMP at the beginning of the financial year. The FY21 STI opportunities for the key executives were established as a % of base salary. The STI opportunities as a percentage and dollar amount of each executive's fixed remuneration for FY21 are indicated as follows:

Name	Target STI	
	% of base salary	$ opportunity (exclusive of superannuation)
Mark Watkin	50%	$175,000
Andrew Demery	50%	$150,000

The payment of any STI is at the discretion of the Board and is subject to the Executive KMP's achievement of certain agreed performance criteria, and the financial performance of the Company.

The outcomes of the FY21 STI were as follows:

Name	STI awarded	% Awarded of Target
Mark Watkin	$35,000	20%
Andrew Demery	$30,000	20%

The award of 20% of the target for both Mark Watkin and Andrew Demery reflects the achievement against both financial and non-financial targets for the FY21. In particular, the revenue result achieved for the FY21 was below the targets set and hence the overall STI awarded was significantly below target.

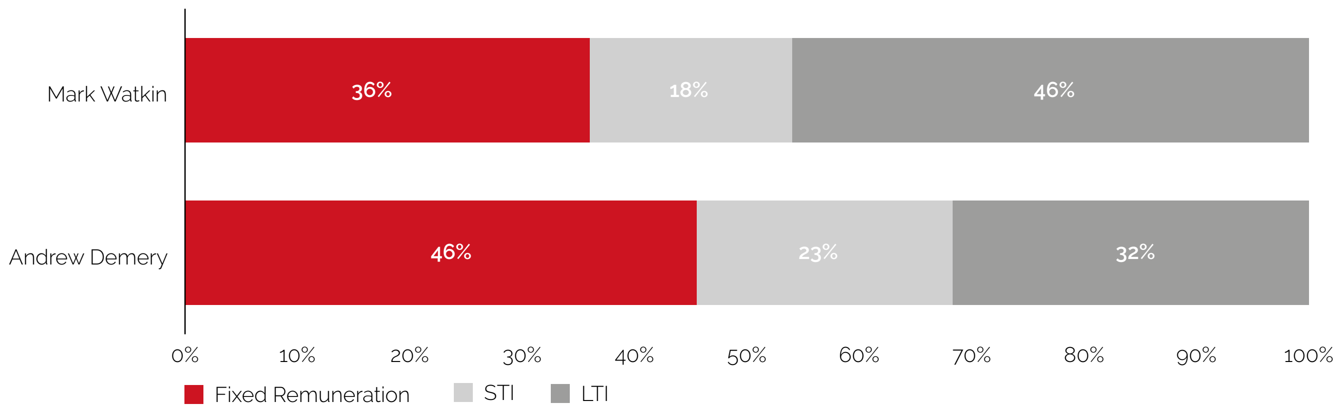
(iii) Long-term incentives ('LTI')

LTI ensure alignment of shareholder interests with Executive interests, in addition to providing a retention element to BikeExchange's remuneration structure and are delivered through the granting of options. The Group's Executive KMP were offered options under the Employee Incentive Plans – IPO Grant and LTIP Grant as set out in Section 5.

4.3 FY21 remuneration mix

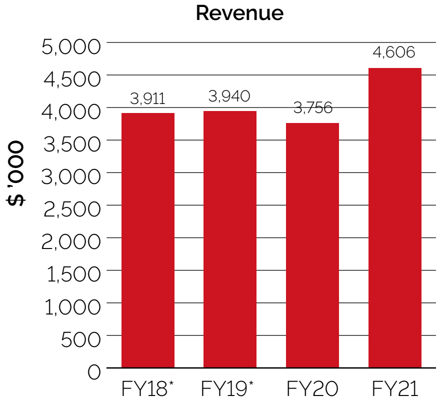
The chart below shows the relative proportion of the various elements of remuneration for the Executive KMP with variable incentive opportunities displayed 'at-target'. More than 54% of the target potential remuneration for all Executive KMP is delivered through variable incentives, which shows the Group's focus on ensuring Executive pay reflects business performance and shareholder interests.

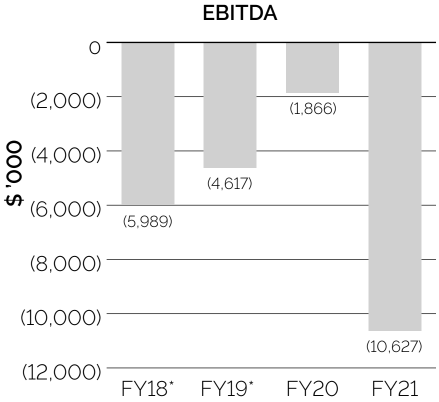
KMP Target Remuneration Mix – FY21

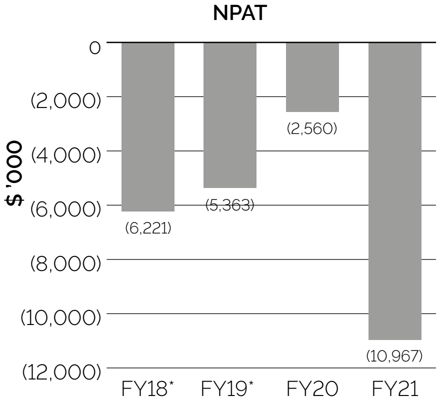


4.4 Financial performance

The Group's financial performance over the last four years is illustrated as follows:



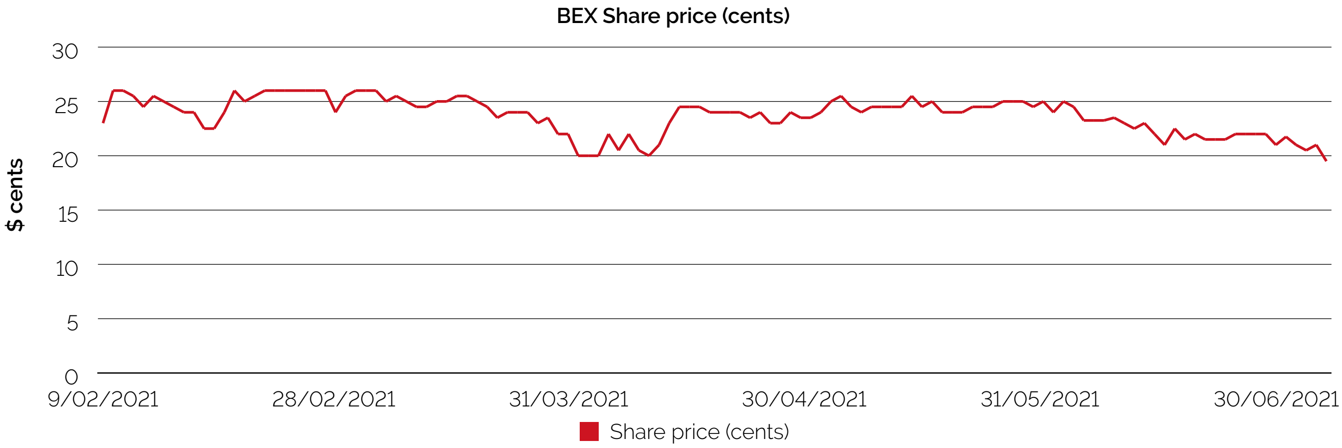




* The Group did not prepare consolidated financial statements prior to the FY20 financial year. The FY18 and FY19 financial performance is based on the Aggregated Historical Financial Information for the BikeExchange Group taken from the IPO Prospectus filed with the ASX on 16 December 2020. No consolidated or aggregated financial information for FY17 is available and hence has not been presented.

Basic and Diluted EPS for FY21 was a loss of 5.3 cents per share and for FY20 a loss of 1.8 cents per share. EPS is not available for years prior to FY19 as consolidated financial information is not available.

Share Price



5. Employee Long-Term Incentive (LTI) plans

As approved by shareholders at the EGM on 18 January 2021, the Company established a new umbrella equity-based long-term incentive plan (Employee Incentive Plan) to assist in the attraction, motivation, retention and reward of key management, and other eligible employees.

The aggregate pool of Options under the Employee Incentive Plan is limited to an interest in a maximum of 29,299,590 Shares, being 10% of the total issued capital in the Company at the date of the IPO (9 February 2021) on an undiluted basis.

5.1. Plan Rules

Under the rules of the Employee Incentive Plan (Employee Incentive Plan Rules), the Board has a discretion to offer any of the following awards to senior management, Directors or other nominated key employees:

- options to acquire Shares (Options);
- performance rights to acquire Shares; and
- Shares, including shares to be acquired under a limited recourse loan funded arrangement,

in each case subject to service based conditions and/or performance hurdles (collectively, the Awards).

The terms and conditions of the Employee Incentive Plan are set out in comprehensive rules. A summary of the key rules of the Employee Incentive Plan is set out below:

5.1.1 Eligibility and grant

- The Employee Incentive Plan is open to Directors, and any other employees of the Group Company, as determined by the Board;
- the Board may determine the type and number of Awards to be issued under the Employee Incentive Plan to each participant and other terms of issue of the Awards including vesting hurdles, exercise price, forfeiture conditions and any fees to be paid;
- options and performance rights granted under the Employee Incentive Plan will only vest and be exercisable if the applicable vesting condition or performance hurdles or both (as applicable) have been satisfied, waived by the Board or are deemed to have been satisfied under these rules;
- each vested Option and performance right enable the participant to be issued or to be transferred one Share upon exercise (Resulting Share), subject to the Employee Incentive Plan Rules and the terms of any particular offer;
- participants holding Options or performance rights are not permitted to participate in new issues of securities by the Company but adjustments may be made to the number of Shares over which the options or performance rights are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company in accordance with the Employee Incentive Plan Rules and the ASX Listing Rules;
- the Employee Incentive Plan allows for cashless exercise of options; and
- the Employee Incentive Plan limits the number of Awards that the Company may grant without Shareholder approval, such that the sum of all Awards on issue (assuming all options and performance rights were exercised) do not at any time exceed in aggregate 10% of the total issued capital of the Company as at the date of the proposed new Awards.

5.1.2 Cessation of employment

In relation to vested Awards, if a participant ceases employment or office with any Group Company:

- all vested Options held by the participant will be retained by the participant and continue to remain exercisable until the relevant expiry date for those options;

- all vested performance rights held by the participant which have not been exercised will continue in force and remain exercisable; and
- the participant will be entitled to continue to hold all vested Shares or loan funded Shares.

In relation to unvested Awards, the Board may determine in its sole and absolute discretion, the manner in which any unvested Awards held by the participant will be dealt with including, but not limited to:

- allowing some or all of those unvested Awards to continue to be held by the participant, and be subject to existing performance hurdles and vesting conditions;
- undertaking a buyback of some or all of the unvested Options, performance rights, Shares or loan funded Shares (as the case may be); or
- requiring that any remaining unvested options, performance rights, Shares or loan funded Shares automatically lapse or be automatically surrendered (as the case may be) by the participant in accordance with the Employee Incentive Plan Rules.

5.1.3 Forfeiture and clawback

The Board may determine any criteria, requirements or conditions which, if met (notwithstanding the satisfaction or waiver of any performance hurdles and vesting conditions) will result in the lapsing of options or performance rights or a participant surrendering Shares, loan funded Shares or Resulting Shares.

In addition, where in the reasonable opinion of the Board, a participant has obtained an unfair benefit as a result of an act which constitutes fraud, dishonest or gross misconduct, a breach of their duties to the Group, wilful disobedience or any other conduct justifying termination of employment without notice, the Board may do one or more of the following:

- deem all Resulting Shares, Shares and loan funded Shares held by the participant be surrendered in accordance with the Employee Incentive Plan Rules;
- deem all Options and performance rights held by the participant to be lapsed;
- clawback any or all of the participant's Awards or Resulting Shares which have been sold by that participant, requiring that participant to repay the net proceeds of the sale.

5.1.4 Change of Control

A "change of control" will occur if a person becomes a legal or beneficial owner of 50% of the Company's issued share capital in the Company. In the event of a Change of Control Event, and unless the Board determine otherwise in its sole and absolute discretion:

- Awards granted will vest where the vesting conditions and performance hurdles applicable to those Awards have been satisfied, but that vesting will occur only on a pro rata basis based on the period which has elapsed from the grant date to the date of the Change of Control Event when compared to the relevant overall vesting period and based on actual performance;
- any Options and performance rights which the Board determines will not vest will automatically lapse; and
- any Shares and loan funded Shares which the Board determines will not vest will automatically be surrendered by the Participant in accordance with the Employee Incentive Plan Rules.

5.1.5 Amendment of the rules

As long as the rights of a participant are not materially reduced (other than if the amendment is made primarily to comply with present or future laws applicable to the Employee Incentive Plan), the Board may at any time, in its absolute discretion, amend the Employee Incentive Plan Rules or the terms and conditions upon which Awards have been issued under the Employee Incentive Plan. The Board must provide written notification to participants so affected.

5.2. Employee Incentive Plan Share Option Grants

The Company has made two grants at the time of the IPO of share options under the Employee Incentive Plan as follows:

(a) a one-off grant of Options to all Directors, Executive KMP and other key employees in connection with the IPO (**IPO Grant**); and

(b) a long-term incentive grant of Options to Executive KMP executives and other key employees (**LTIP Grant**).

Overall, 18,100,000 Options are available to be offered under the Employee Incentive Plan as approved by shareholders at the EGM on 18 January 2021.

5.2.1 IPO Grant

The key terms of the IPO Grant are as follows:

Feature	Description
Grant Date	9 February 2021
Entitlement to Shares	Each IPO Option will enable the participant to be issued one Share.
Issue Price	Nil.
Exercise Price	$0.26
Vesting Date	8 February 2022
Expiry Date	The earlier of: (a) 9 February 2027; or (b) the date that the participant ceases to be an employee of the Group Company.
Exercise Period	The period from the Exercise Date until 5:00pm (Sydney time) on the Expiry Date.
Vesting Conditions	N/A
Trading restrictions	None

The below table provides the options issued to each KMP.

Name	Number of Options granted	Fair Value per Option at Grant Date ($)	Options vested and unexercised at 30 June 2021	Fair Value of Options at Grant date
Directors				
Gregg Taylor	2,000,000	0.126	–	$252,000
Bryan Zekulich	1,000,000	0.126	–	$126,000
Sam Salter	1,000,000	0.126	–	$126,000
Andrew Ryan	1,000,000	0.126	–	$126,000
Jade Wyatt	1,000,000	0.126	–	$126,000
Executive KMP				
Mark Watkin	1,300,000	0.126	–	$163,800
Andrew Demery	500,000	0.126	–	$63,000

5.2.2 LTIP Grant

The key terms of the IPO Grant are as follows:

Feature	Description
Grant Date	9 February 2021
Entitlement to Shares	Each IPO Option will enable the participant to be issued one Share.
Issue Price	Nil.
Exercise Price	$0.45
Vesting Date	8 February 2024
Expiry Date	The earlier of: (a) 9 February 2027; or (b) the date that the participant ceases to be an employee of the Group Company.
Exercise Period	The period from the Exercise Date until 5:00pm (Sydney time) on the Expiry Date.
Vesting Conditions	The LTIP Options are subject to the following vesting conditions: • one-third of the LTIP Options will vest on the first anniversary of Grant Date, subject to the revenue Cumulative Annual Growth Rate (CAGR) of the Group being achieved as set out in the below table in the same line as the first anniversary; • one-third of the LTIP Options will vest on the second anniversary of Grant Date, subject to the revenue CAGR of the Group being achieved as set out in the below table in the same line as the second anniversary; • one-third of the LTIP Options will vest on the third anniversary of Grant Date, subject to the revenue CAGR of the Group being achieved as set out in the below table in the same line as the third anniversary.

Anniversary	CAGR requirement	Revenue target
First	150%	$6.03m
Second	225%	$9.05m
Third	338%	$13.57m

Feature	Description
Trading restrictions	None

The below table provides the options issued to each KMP:

Name	Number of Options granted	Fair Value per Option at Grant Date ($)	Options vested and unexercised at 30 June 2021	Fair Value of Options at Grant date
Executive KMP				
Mark Watkin	3,600,000	0.092	–	$331,200
Andrew Demery	1,800,000	0.092	–	$165,600

5.2.3 Summary of Options Outstanding

The number and value of outstanding options granted to KMP is set out below:

Name	Number of Options granted	Fair Value per Option at Grant Date ($)	Exercise Price ($)	Options vested and outst-anding at 1 July 2020	Options Vested during the year	Exercised options during the year	Unvested Options at 30 June 2021	Outst-anding Options at 30 June 2021
Directors								
Gregg Taylor	2,000,000	0.126	0.26	–	–	–	2,000,000	2,000,000
Bryan Zekulich	1,000,000	0.126	0.26	–	–	–	1,000,000	1,000,000
Sam Salter	1,000,000	0.126	0.26	–	–	–	1,000,000	1,000,000
Andrew Ryan	1,000,000	0.126	0.26	–	–	–	1,000,000	1,000,000
Jade Wyatt	1,000,000	0.126	0.26	–	–	–	1,000,000	1,000,000
Executive KMP								
Mark Watkin	1,300,000	0.126	0.26	–	–	–	1,300,000	1,300,000
Mark Watkin	3,600,000	0.092	0.45	–	–	–	3,600,000	3,600,000
Andrew Demery	500,000	0.126	0.26	–	–	–	500,000	500,000
Andrew Demery	1,800,000	0.092	0.45	–	–	–	1,800,000	1,800,000

The date of expiry for all options is 9 February 2027.

6. KMP statutory remuneration details for the year ended 30 June 2021

The following table has been prepared in accordance with Australian Accounting Standards and section 300A of the *Corporations Act 2001*. The table shows details of the nature and amount of each element of remuneration paid or awarded to KMP for services provided during the year while they were KMP (including STI amounts in respect of performance during the year which are paid following the end of the year).

2021 KMP Statutory Remuneration Details

	Short-Term Benefits			Post Employ-ment Benefits	Long-Term Benefits	Share-Based Payments		
	Salary and fees $	**Cash STI $**	**Other $**	**Super-annuation $**	**Long Service Leave $**	**IPO Options Grant $**	**LTIP Options Grant $**	**Total $**
Non-Executive Directors								
Gregg Taylor	62,883	–		–	–	97,348	–	160,231
Bryan Zekulich	33,486	–		3,181	–	48,674	–	85,341
Sam Salter[2]	22,831	–		2,169	–	48,674	–	73,674
Andrew Ryan[2]	22,831	–		2,169	–	48,674	–	73,674
Jade Wyatt[2]	22,831	–		2,169	–	48,674	–	73,674
Joshua May[1]	12,833	–		–	–	–	–	12,833
Michael Hill[1]	10,654	–		1,012	–	–	–	11,666
	188,349	**–**		**10,700**	**–**	**292,044**	**–**	**491,093**
Other Key Management Personnel								
Mark Watkin	323,369	35,000	26,445	34,261	3,814	63,276	42,648	528,813
Andrew Demery	255,000	30,000	22,760	27,260	654	24,337	21,324	381,335
	578,369	**65,000**	**49,205**	**61,521**	**4,468**	**87,613**	**63,972**	**910,148**
Total KMP Remuneration	**766,718**	**65,000**	**49,205**	**72,221**	**4,468**	**379,657**	**63,972**	**1,401,240**

1. Resigned 3 February 2021.
2. Appointed 3 February 2021.

Other short-term benefits relate to movement in the Annual Leave provision.

7. Other transactions with KMP

There are no other transactions with KMP and their related parties.

8. KMP Shareholdings

The number of Shares in the Company held (directly or indirectly) during the financial year by each KMP or their related parties (their close family members or any entity they, or their close family members, control, jointly control or significantly influence) are set out below:

Name	Balance at 1 July 2020	Share consoli-dation pre-IPO	Shares acquired in exchange for shares in Bike-Exchange Holdings Pty Ltd	Number of shares subscribed for in IPO	Shares acquired on market	Shares disposed on market	Balance at 30 June 2021
Gregg Taylor	–	–	–	38,462	–	–	38,462
Bryan Zekulich	9,470,000	(8,996,500)	–	–	–	–	473,500
Sam Salter	–	–	30,118,430	–	–	(161,710)	29,956,720
Andrew Ryan	–	–	50,447,670	–	–	–	50,447,670
Jade Wyatt	–	–	30,118,430	–	–	(161,710)	29,956,720
Mark Watkin	–	–	2,612,846	38,462	13,250	–	2,664,558
Andrew Demery	–	–	–	192,308	–	–	192,308

This concludes the remuneration report, which has been audited.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Gregg Taylor
Chairman

Mark Watkin
CEO

27 August 2021

Auditor’s Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

27 August 2021

Board of Directors
BikeExchange Limited
101 Moray Street
SOUTH MELBOURNE VIC 3205

Dear Board Members

BikeExchange Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BikeExchange Limited.

As lead audit partner for the audit of the financial statements of BikeExchange Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Anneke du Toit
Partner
Chartered Accountants

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue	5	4,605,767	3,756,012
Other income	6	251,000	83,000
Employee benefits expense	6	(5,807,653)	(3,391,052)
Marketing expenses		(1,635,377)	(397,044)
Other operating expenses	6	(8,039,406)	(1,947,496)
Profit/(Loss) on Disposal of Asset	6	(1,670)	31,059
(Loss)/Earnings before Interest, Tax, Depreciation and Amortisation		**(10,627,339)**	**(1,865,521)**
Depreciation and amortisation expense	6	(89,188)	(390,033)
Finance income		53,786	18,198
Finance costs	6	(140,328)	(277,001)
Share of results of equity accounted joint venture	10	(163,955)	(45,583)
(Loss) before income tax expense		(10,967,024)	(2,559,940)
Income tax expense	7	–	–
(Loss) for the year		**(10,967,024)**	**(2,559,940)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		127,280	1,480
Other comprehensive income for the year, net of tax		**127,280**	**1,480**
Total comprehensive (loss) for the period attributable to members		**(10,839,744)**	**(2,558,460)**
Loss for the Year is attributable to:			
Owners of BikeExchange Ltd		(10,967,024)	(2,109,485)
Non-Controlling Interests		–	(450,455)
		(10,967,024)	**(2,559,940)**
Total Comprehensive Income for the year is attributable to:			
Owners of BikeExchange Ltd		(10,839,744)	(1,920,884)
Non-Controlling Interests		–	(637,576)
		(10,839,744)	**(2,558,460)**
Earnings Per Share (cents per share):			
Basic	9	(5.3)	(1.8)
Diluted	9	(5.3)	(1.8)

The above consolidated statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	11	15,924,713	1,123,127
Trade and other receivables	12	594,460	316,630
Prepayments		170,208	36,067
Finance lease receivables	16	119,267	–
Financial assets		281,983	45,000
Total Current Assets		**17,090,631**	**1,520,824**
Non-Current Assets			
Right-of-use assets	13	–	233,269
Property, plant and equipment	14	75,566	29,104
Intangible assets	15	–	–
Finance lease receivables	16	40,531	–
Investment in Equity Accounted Joint venture	9	229,008	–
Total Non-Current Assets		**345,105**	**262,373**
Total Assets		**17,435,736**	**1,783,197**
LIABILITIES			
Current Liabilities			
Trade and other payables	19	(3,241,155)	(2,662,939)
Deferred income		(568,558)	(212,495)
Financial liabilities	20	–	(5,560,222)
Lease liabilities	21	(85,615)	(90,131)
Provisions	22	(344,313)	(181,978)
Total Current Liabilities		**(4,239,641)**	**(8,707,765)**
Non-Current Liabilities			
Lease liabilities	21	(42,162)	(136,637)
Deferred tax liabilities		–	–
Provisions	22	(72,471)	(55,964)
Total Non-Current Liabilities		**(114,633)**	**(192,601)**
Total Liabilities		**(4,354,274)**	**(8,900,366)**
Net (Deficiencies)/Assets		**13,081,462**	**(7,117,169)**
Equity			
Share capital	23	51,075,469	20,571,641
Non-controlling interests		–	–
Other reserves	24	(11,357,286)	(12,019,113)
Accumulated Deficiencies		(26,636,721)	(15,669,697)
Total (Deficiency)/Equity		**13,081,462**	**(7,117,169)**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

	Notes	Share capital $	Other reserves $	Translation reserve	Non-controlling interest	Accum-ulated deficiencies $	Total equity $
Balance at 1 July 2019		10,360,000	231,276	(1,038,442)	(2,914,836)	(13,560,212)	(6,922,214)
Total comprehensive income for the year							
Profit (Loss) for the year		–	–	–	(450,455)	(2,109,485)	(2,559,940)
Other comprehensive profit (loss) for the year		–	–	188,601	(187,121)	–	1,480
Total		–	–	188,601	(637,576)	(2,109,485)	(2,558,460)
Transactions with owners, recognised directly in equity							
Issue of share capital	23	10,211,641	(11,400,548)	–	3,552,412	–	2,363,505
Total		10,211,641	(11,400,548)	–	3,552,412	–	2,363,505
Balance at 30 June 2020		**20,571,641**	**(11,169,272)**	**(849,841)**	**–**	**(15,669,697)**	**(7,117,169)**
Balance at 1 July 2020		20,571,641	(11,169,272)	(849,841)	–	(15,669,697)	(7,117,169)
Profit (Loss) for the year		–	–	–	–	(10,967,024)	(10,967,024)
Other comprehensive profit (loss) for the year:		–	–	127,280	–	–	127,280
Total		–	–	127,280	–	(10,967,024)	(10,839,744)
Transactions with owners, recognised directly in equity							
Issue of share capital	23	32,118,939	–	–	–	–	32,118,939
Cost of issuing share capital	23	(1,615,111)	–	–	–	–	(1,615,111)
Share-based payments	27	–	534,547	–	–	–	534,547
Total		30,503,828	534,547	–	–	–	31,038,375
Balance at 30 June 2021		**51,075,469**	**(10,634,725)**	**(722,561)**	**–**	**(26,636,721)**	**13,081,462**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	2021 $	2020 $
Cash Flows From Operating Activities			
Receipts from customers		30,357,573	14,674,515
Payments to suppliers and employees		(37,126,228)	(14,851,693)
Other Revenue		251,000	83,000
Interest received		7,660	18,198
Interest paid		(42,935)	(49,190)
Net cash provided by (used in) operating activities	25	**(6,552,930)**	**(125,170)**
Cash Flows From Investing Activities			
Payments for intangible assets		–	–
Payments for property, plant and equipment assets		(72,756)	(7,727)
Proceeds from sale of property, plant and equipment		8,874	208,175
Payments for subsidiaries (net of cash acquired)		613,146	–
Receipts on disposal of subsidiaries		–	29,405
Payments for JV Funding		(644,959)	(17,617)
Payment of security deposit		(21,468)	(10,713)
Net cash used in investing activities		**(117,163)**	**201,523**
Cash Flows From Financing Activities			
Repayment of loans with related parties		(753,400)	–
Proceeds from loans with third parties		2,100,000	–
Proceeds from loans with related parties		50,000	1,051,400
Proceeds from share issue		21,491,416	–
Payments for leases		(79,804)	(450,435)
Costs related to share capital issuance		(1,307,277)	–
Net cash provided by financing activities		**21,500,935**	**600,965**
Net increase/(decrease) in cash held		**14,830,842**	**677,318**
Cash and cash equivalents at the beginning of the financial year		1,123,127	423,748
Effects of exchange rates changes		(29,256)	22,061
Cash and cash equivalents at the end of the financial year	11	**15,924,713**	**1,123,127**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. General Information

(a) Information about the entity

BikeExchange Limited (the Company or parent entity) is a company limited by shares incorporated and registered in Australia. The address of the Company's registered office is shown on page 87. The financial statements cover BikeExchange Ltd as a Group and the entities it controlled at the end of, or during the year (referred to as the Group).

For the purposes of preparing the financial statements, the Company is a for-profit entity.

The principal activities of the Group are the provision of a dedicated online bicycle marketplace, throughout four regions including Australia and New Zealand, Europe, North America and Colombia. BikeExchange has over 1,600 retailers and over 1,500 brands globally available on the marketplace websites providing ease, convenience and choice for consumers.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 August 2021. The Directors have the power to amend and reissue the financial statements.

Note 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of historical cost as explained in the accounting policies in this note. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of AASB 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*.

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of these financial statements, the results and financial position of the Company are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the Group financial statements.

Note 2. Summary of Significant Accounting Policies (continued)

New or Amended Accounting Standards and Interpretations Adopted

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*

At the date of authorisation of these financial statements, the Group has not applied the following new and revised AASB Standards that have been issued but are not yet effective:

- AASB 17 *Insurance Contracts* and AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts*
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets* between an Investor and its Associate or Joint Venture, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments* to AASB 10 and AASB 128 and AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments* to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021*

The issued but not yet effective standards above are not expected to have a material impact on the entity in future reporting periods and on foreseeable future transactions. The Group anticipates applying these new standards in the year they become effective.

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BikeExchange Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the Share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and noncontrolling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received, and the fair value of any investment retained together with any gain or loss in profit or loss.

Reverse Acquisition Accounting

On 3 February 2021, BikeExchange Limited (formerly RPro Holdings Ltd), the legal parent and legal acquirer, completed the acquisition of BikeExchange Holding Pty Limited and its controlled entities. The acquisition did not meet the definition of a business combination in accordance with AASB 3 *Business Combinations*. Instead the acquisition has been accounted for using the principles of reverse acquisition accounting in AASB 3 *Business Combinations*. Accordingly, the consolidated financial statements have been prepared as if BikeExchange Holdings Pty Ltd has acquired BikeExchange Ltd, not vice versa as represented by the legal position. Therefore, these financial statements present the results of the BikeExchange Holdings Pty Ltd Group for the years ended 30 June 2021 and 30 June 2020 with BikeExchange Ltd treated as being acquired on 3 February 2021, with results of BikeExchange Ltd included from that date. Further details are set out in Note 26.

Revenue from Contracts with Customers

The Group is in the business of providing dedicated e-Commerce bicycle marketplaces, connecting bike enthusiasts to retailers and suppliers. Revenue from contracts with customers is recognised when the associated performance obligations from contracts with customers is satisfied. This may occur at a point in time or progressively over time. Revenue is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the satisfactory completion of its performance obligations.

e-Commerce revenue

The Group has concluded that it is the agent for its e-Commerce revenue arrangements because the supplier controls the goods before transferring them directly to the end customer and not the Group. The Group facilitates transactions between buyers and sellers but is not a party to that transaction. e-Commerce revenue is the net amount of commission and other fees that the Group is entitled to retain in return for its services as the agent in facilitating the transaction. Revenue is recognised at a point in time being when the performance obligation for service as an agent is satisfied, which is typically at the point the goods are dispatched by the supplier.

Subscriptions

Subscription fees are charged in relation to the provision of e-Commerce retail stores for retailers in the BikeExchange marketplace. Subscription fees are charged on a monthly basis. Subscription fee revenue is recognised over the period that the website hosts the e-Commerce store for the retailer.

Media and other revenue

Media and other revenue is recognised on the satisfactory completion of associated performance obligations, which are typically based on either time periods (e.g. for sponsorship campaigns) or as impressions are displayed on the Company's network of websites.

All revenue is stated net of the amount of taxes.

Note 2. Summary of Significant Accounting Policies (continued)

Segmental Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the CEO. Management has determined the reporting segments based on the reports reviewed by the CEO that are used to make strategic decisions which are set out in Note 4.

Other income

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants in the periods presented relate to various Government COVID-19 related support schemes, including JobKeeper as set out in Note 6.

Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Group intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Foreign Currencies

The Group's financial statements are presented in Australian Dollars, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in Other Comprehensive Income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to the owners of BikeExchange Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year. The weighted average number of shares reflects BikeExchange Holdings Pty Ltd's weighted average pre-combination ordinary shares multiplied by the exchange ratio established in the reverse acquisition of BikeExchange Ltd, and the weighted average total actual shares of BikeExchange Ltd in issue after the date of acquisition.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Investment in Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

Note 2. Summary of Significant Accounting Policies (continued)

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss before profit before tax and represents profit or loss after tax.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments with original maturities of three months of less, net of outstanding bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the statement of financial position.

Accounts Receivable and Other Debtors

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due).

PP&E – Equipment

Each class of PP&E is carried at cost less, where applicable, accumulated depreciation and any impairment losses.

Equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, leasehold improvements and equipment under finance lease. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the term of the lease using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The following estimated useful lives are used in the calculation of depreciation:

- Motor Vehicles — 5 years
- Other Equipment — 3-5 years

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets. There are no indefinite lived intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

The following estimated useful lives are used in the calculation of amortisation:

- Software and licences. Shorter of 5 years or licence term

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets for property leases are depreciated on a straight-line basis over the lease term unless the estimated useful lives of the assets is shorter.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Note 2. Summary of Significant Accounting Policies (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Lease Liabilities (see Note 21).

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Financial Instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's financial assets consist of cash and trade receivables that do not contain a significant financing component. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in Note 5.

In order for a financial asset to be classified and measured at amortised cost, or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

For the financial periods covered by these Financial Statements the Group only had Financial assets at amortised cost.

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method less provisions for expected credit losses. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or the expected credit loss changes.

The Group's financial assets at amortised cost includes trade receivables, term deposits and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired;

  OR

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Financial Assets – Note 17
- Trade Receivables – Note 12

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Note 2. Summary of Significant Accounting Policies (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate, and subsequently measured at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 32.

The Group does not hold any financial liabilities classified as fair value through profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Note 2. Summary of Significant Accounting Policies (continued)

Goods and Services Tax and other similar taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) and Sales Taxes, except where the amount of GST or Sales Taxes incurred is not recoverable from the taxation authority. In these circumstances, the GST or Sales Taxes are recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST and Sales Taxes included. The net amount of GST and Sales Taxes recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST and Sales Taxes components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Issued Capital

Ordinary Shares are classified as equity.

Incremental costs directly attributable to the issue of new Shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Employee benefits provision

As discussed in Note 22, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recognition and Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Share-based payment expense

Significant judgement is required in determining the fair value of equity settled share-based payments and the estimates of the achievement of performance conditions attached to Employee Share Option plans as set out in Note 27.

Note 4. Segment Reporting

The Group principally operates in the following four geographic business segments, each of which generate independent cashflows and are separately reported to the CEO for the purposes of assessing performance and allocating resources:

- Australia and New Zealand: Operations are headquartered in Melbourne, Australia. This segment also includes any costs/ assets from the Group's holding companies being BikeExchange Ltd (domiciled in Australia) and BikeExchange Pte Ltd (domiciled in Singapore).
- Europe: Operations are headquartered in Wurzburg, Germany. This office supports the Group's websites that offer services to customers in Germany, Belgium and the Netherlands.
- North America: Operations are headquartered in California, USA. This office supports the Group's websites that offer services to customers in the USA and Canada.
- Colombia: This segment includes the Group's 50% share of the BikeExchange Colombia S.A.S Joint Venture which operates from Medellin Colombia, and principally services the Colombian market.
- The unallocated segment contains any items that are not able to be allocated to any individual segment, as well as one-off costs related to the Group's IPO and the Group's legacy operations in the UK and Ireland that were closed during FY20. The operations in UK and Ireland do not meet the definition of a reportable segment in either FY21 or FY20.

Note 4. Segment Reporting (continued)

2021	Australia and New Zealand $	Europe $	North America $	Colombia $	Unallocated $	Total $
Total Transaction Value	5,120,142	15,376,253	3,645,701	1,165,253	–	25,307,349
Revenue	**1,538,383**	**2,312,405**	**754,979**	**–**	**–**	**4,605,767**
EBITDA	**(3,634,645)**	**(678,210)**	**(1,645,080)**	**–**	**(4,669,404)**	**(10,627,339)**
Finance income	–	–	–	–	53,786	53,786
Finance costs	–	–	–	–	(140,328)	(140,328)
Depreciation and amortisation expense	(9,168)	(9,570)	(70,450)	–	–	(89,188)
Share of results of associates and joint venture	–	–	–	(163,955)	–	(163,955)
Income tax expense	–	–	–	–	–	–
(Loss)/Profit for the year	**(3,643,813)**	**(687,780)**	**(1,715,530)**	**(163,955)**	**(4,755,946)**	**(10,967,024)**
Segment Assets	15,636,133	1,062,956	461,767	229,008	45,872	17,435,736
Segment Liabilities	(2,149,999)	(1,351,010)	(853,265)	–	–	(4,354,274)

2020	Australia and New Zealand $	Europe $	North America $	Colombia $	Unallocated $	Total $
Total Transaction Value	3,838,802	5,800,316	2,667,555	826,258	181,265	13,314,196
Revenues	**1,509,738**	**1,129,976**	**988,734**	**–**	**127,564**	**3,756,012**
EBITDA	**(612,377)**	**(287,061)**	**(674,288)**	**–**	**(291,795)**	**(1,865,521)**
Finance income	–	–	–	–	18,198	18,198
Finance costs	–	–	–	–	(277,001)	(277,001)
Depreciation and amortisation expense	(244,646)	(9,428)	(135,430)	–	(529)	(390,033)
Share of results of associates and joint venture	–	–	–	(45,583)	–	(45,583)
Income tax expense	–	–	–	–	–	–
(Loss)/Profit for the year	**(857,023)**	**(296,489)**	**(809,718)**	**(45,583)**	**(551,127)**	**(2,559,940)**
Segment Assets	466,703	854,358	416,486	–	45,650	1,783,197
Segment Liabilities	(1,146,496)	(1,233,254)	(875,545)	–	(5,645,071)	(8,900,366)

Total Transaction Value (TTV) includes revenues generated from display/media sales, retail subscriptions and other online sales, and the gross merchandise value for e-Commerce transactions that go across the platform (reported revenue only includes the Group's commissions on e-Commerce transactions). TTV includes 50% of the TTV of BikeExchange Colombia S.A.S. representing the Group's economic share.

In the management reporting to the CEO, TTV is provided which gives insights to its management and Directors to assist them understand the volume and value of e-Commerce transactions the Group has initiated and driven via the marketplace platform.

As TTV captures the economic value of activity on the platform, the Group consider it a better representation of the gross orders transacted via the BikeExchange websites.

Gains/losses on the disposal of assets and investments and impairment of investments/loans in other entities are reported at an aggregated level to the CEO and therefore are not allocated to an individual segment. Likewise, finance income, expense and financial liabilities are reported on a consolidated level and therefore not allocated to any individual segment.

Note 5. Revenue from Contracts with Customers

	2021 $	2020 $
Revenues from types of goods and services:		
– e-Commerce commission revenue	1,752,346	470,350
– Subscriptions	2,465,242	2,916,269
– Media and other services revenue	388,179	369,393
Total revenue from contracts with customers	4,605,767	3,756,012

e-Commerce commission revenue and Media and other services revenue is recognised at a point in time when a revenue generating transaction occurs. Subscription revenues are recognised evenly over the period to which they relate.

	2021 $	2020 $
Disaggregated by geographic markets		
– Australia and New Zealand	1,538,383	1,509,738
– Europe	2,312,405	1,129,976
– North America	754,979	988,734
– UK and Ireland	–	127,564
Total revenue from contracts with customers	4,605,767	3,756,012

Operations in UK and Ireland ceased during FY20.

Note 6. Other Income and Expenses

Other income

Other income comprises of the following Government Grants:

	2021 $	2020 $
JobKeeper Grant	156,000	33,000
Australian State Government incentives	25,000	–
Cashflow Boost Grant	70,000	50,000
	251,000	83,000

Expenses

	2021 $	2020 $
Depreciation and amortisation of non-current assets:		
– owned property, plant and equipment	25,056	73,985
– right-of-use assets	64,132	93,875
– intangible assets	–	222,173
	89,188	390,033
Finance costs:		
– interest on debt and borrowings	136,635	266,305
– interest on lease liabilities	3,693	10,696
	140,328	277,001
Included in other operating expenses:		
– expenses relating to the Group's IPO process in FY21 (see Note 26)	4,666,102	–
– expenses relating to short term leases	161,197	169,824
– Net foreign exchange losses/(gains)	57,770	(88,020)
– bad debts written off/(back)	182,568	(23,251)
Included in employee expenses:		
– defined contribution superannuation expense	148,800	112,035
– equity-settled share-based payments	534,547	–
Gain/(loss) on disposal of assets	(1,670)	31,059

Note 7. Income Tax Expense

The components of tax expense comprise:

	2021 $	2020 $
Current tax		
In respect of the current year	(1,352,794)	(960,787)
Under/(over) provision for prior year	–	–
Less: Tax losses not recognised	(1,352,794)	960,787
Deferred tax		
In respect of the current year	701,884	(36,739)
Under/(over) provision for prior year	–	–
Less: Unrecognised temporary differences	(701,884)	36,739
Income tax expense	–	–

The prima facie tax on surplus (deficit) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2021 $	2020 $
(Loss)/profit before tax	(10,967,024)	(2,559,942)
Prima facie tax on loss/(profit) from ordinary activities at 26%	(2,851,426)	(703,984)
Add tax effect of:		
– non-deductible expenses	924,211	13,737
– non-assessable income	(24,700)	(13,750)
– different tax rates in foreign jurisdictions	(102,763)	(220,052)
– under/(over) provision of current tax liability in prior year	–	–
– under/(over) provision of deferred tax in prior year	–	–
– tax losses carried forward for which no deferred tax asset is recognised	2,054,678	924,049
	–	–

Note 7. Income Tax Expense (continued)

Deductible temporary differences for which no deferred tax assets have been recognised are attributable to the following:

	2021 $	2020 $
Provisions	83,137	(126,211)
Accruals	249,671	32,346
Other expenditure	369,076	57,126
Lease liability	–	–
Property, Plant and Equipment	–	–
ROU asset	–	–
	701,884	**(36,739)**

Income tax is based on an tax rate of 26% for the year ended 30 June 2021 and 27.5% for the year ended 30 June 2020.

In addition to the deductible temporary differences above, each of the entities in the Group has brought forward tax losses. Management is undertaking a process to quantify the tax losses that are available to the Group that can be offset against profits generated through the Group's future activities. These losses have not been recognised as a deferred tax asset due to uncertainty over the amount and timing of generation of sufficient taxable profits to utilise them against.

No amounts of tax were recognised directly in equity.

Note 8. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 9. Earnings Per Share

	2021 $	2020 $
Loss after income tax attributable to the owners of BikeExchange Limited	(10,967,024)	(2,109,485)

	Number	Number
Weighted average number of ordinary Shares used in calculating basic earnings per share	207,699,512	117,031,895
Weighted average number of ordinary Shares used in calculating diluted earnings per share	207,699,512	117,031,895

	Cents	Cents
Basic Earnings Per Share	(5.3)	(1.8)
Diluted Earnings Per Share	(5.3)	(1.8)

Share options are excluded from calculation of dilutive earnings per Share as they were anti-dilutive.

There are no adjustments in relation to the effects of all dilutive potential ordinary Shares due to the current loss-making position of the Group.

Note 10. Interests in a joint venture

The Group has a 50% interest in Shares in BikeExchange Colombia S.A.S, a joint venture which operates the Group's BikeExchange websites in Colombia. The Group's interest in BikeExchange Colombia S.A.S. is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	Notes	2021 $	2020 $
Summarised Statement of Profit and Loss and Other Comprehensive Income:			
Revenue		666,080	558,277
Profit (loss) for the year		(267,776)	(179,743)
Other comprehensive income		–	–
Total comprehensive income for the year		(267,776)	(179,743)
Group's share of profit/(loss) for the year		(133,888)	(89,872)
Group's share of profit/(loss) for the year recognised in the consolidated financial statements	Note (a)	(163,955)	(45,583)
Summarised Statement of Financial Position:			
Cash and Cash Equivalents		96	7,289
Other Current Assets		764,190	428,792
Total Current Assets		764,286	436,081
Total Non-Current Assets		3,432	–
Total Assets		767,718	436,081
Current Financial Liabilities		(803,729)	(145,169)
Other Current Liabilities		(450,885)	(541,867)
Total Current Liabilities		(1,254,614)	(687,036)
Non-Current Financial Liabilities		–	–
Other Non-Current Liabilities		–	–
Total Non-Current Liabilities		–	–
Total Liabilities		(1,254,614)	(687,036)
Net Assets/(Liabilities)		(486,896)	(250,955)
Equity			
Share capital		204,651	224,543
Retained earnings		(691,547)	(475,498)
Total Equity/(Deficit)		(486,896)	(250,955)
Group's carrying amount of the investment	Note (a)	229,008	–

Note 10. Interests in a joint venture (continued)

The figures above represent 100% of the results of the business except where they specifically relate to the Group's share of profits of the carrying amount of the investment.

Note (a) – The Group's carrying amount of the investment in BikeExchange Colombia S.A.S is $nil at 30 June 2020 as the entity was in a net deficit position and there is no contractual obligation on the Group to remedy the deficit position, and consequently equity accounting the Group's share of losses ceases when the carrying amount of the investment reached $nil. The Group has loan funded the Joint Venture in the year to 30 June 2021 and loans that are quasi-equity in nature have been included within the carrying value of the Group's investment. The Group's share of losses not recognised at 30 June 2020 have been recognised in FY21 against the quasi-equity funding provided.

The joint venture had no other contingent liabilities or commitments as at 30 June 2020 and 2021.

Note 11. Cash and Cash Equivalents

	2021 $	2020 $
Cash at bank	15,924,713	1,123,127
	15,924,713	1,123,127
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:		
Note 10.(a) Reconciliation of cash		
Cash at bank and on hand	15,924,713	1,123,127
	15,924,713	1,123,127

Note 12. Trade and Other Receivables

	Notes	2021 $	2020 $
Current:			
Debt instruments at amortised cost			
Trade receivables		525,351	265,858
Less: Allowance for expected credit losses	Note 11.(a)	(155,595)	(14,679)
		369,756	251,179
Other receivables		224,704	65,451
		594,460	316,630
Note 12.(a) Provision for allowance for expected credit losses			
Movements in the provision for expected credit losses of receivables are as follows:			
Opening balance		14,679	–
Additional provisions recognised		182,568	37,930
Receivables written-off during the year as uncollectable		(41,652)	–
Foreign Currency exchange differences		–	–
Unused amounts reversed		–	(23,251)
Closing balance		155,595	14,679

Credit risk

The average credit period on sales of services is 30 days. No interest is charged on outstanding trade receivables.

The following table details the Group's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality. The ageing of trade receivables is set out below.

	2021 $	2020 $
Within initial terms	331,828	132,060
Past due		
< 30 days	–	18,689
31-60 days	13,728	44,614
61-90 days	15,357	14,316
91+ days	8,843	41,500
	369,756	251,179

Note 13. Right-of-use assets

	2021 $	2020 $
Right-of-use assets		
Right-of-use assets relate to office premises.		
At cost	–	458,716
Less accumulated depreciation	–	(225,447)
	–	233,269

The right-of-use asset for office premises was subleased in the year and has been derecognised as a result.

Note 14. Property, Plant and Equipment

	2021 $	2020 $
Motor Vehicles		
At cost	91,299	127,570
Less accumulated depreciation	(86,731)	(121,071)
	4,568	6,499
Other Property, Plant and Equipment		
At cost	443,847	389,890
Less accumulated depreciation	(372,849)	(367,285)
	70,998	22,605
Total written-down amount	75,566	29,104
Movements in carrying amounts:		
Motor Vehicles		
Carrying amount at beginning	6,499	205,057
Additions	–	7,727
Disposals	–	(177,389)
Less: depreciation expense	(1,931)	(40,140)
Exchange differences	–	11,244
Carrying amount at end	4,568	6,499
Other Property, Plant and Equipment		
Carrying amount at beginning	22,604	53,036
Additions	72,306	–
Disposals	–	1,216
Less: depreciation expense	(23,125)	(33,844)
Exchange differences	(787)	2,197
Carrying amount at end	70,998	22,605
Total written-down amount	75,566	29,104

Management performed an indicators of impairment assessment under AASB 136 *Impairment of Non-Current Assets* as at 30 June 2021 and determined that there were no indicators of impairment. Therefore, no further assessment has been performed.

Assets pledged as security

The carrying amount of the Group's plant and equipment included an amount of $nil at 30 June 2021 (2020: $nil) pledged as security.

Note 15. Intangibles

	2021 $	2020 $
Software		
At cost	277,300	277,300
Less accumulated amortisation	(277,300)	(277,300)
Total written-down amount	–	–
Movements in carrying amounts:		
Software		
Carrying amount at beginning	–	215,151
Additions	–	–
Disposals	–	–
Less: amortisation expense	–	(222,173)
Exchange Differences	–	7,022
Total written-down amount	–	–

All software included in intangible assets is purchased from 3rd parties and supports features and functionality on the websites operated by the Group. The useful economic life of the software purchased by the group was shortened in FY20 and amortisation accelerated to write down the net book value to $nil at 30 June 2020.

Note 16. Finance lease receivables

	2021 $	2020 $
Current:		
Finance Lease receivable	119,267	–
Non-Current:		
Finance Lease receivable	40,531	–
	159,798	–

Finance lease receivables relate to the sub-lease of surplus office space held under finance leases and expires during the FY23 year.

Note 17. Financial Assets

	2021 $	2020 $
Current:		
Debt instruments at amortised cost		
Term deposits	46,700	45,000
Loans to related parties	235,283	–
Total current financial assets	281,983	45,000

Loans to related parties are to BikeExchange Colombia S.A.S. (50% owned by the Group) which are for short-term working capital and are expected to be repaid rather than being part of the Group's net investment in the Joint Venture. The loans are payable on demand and carry interest at 6%.

Note 18. Tax

	2021 $	2020 $
Current:		
Current tax payable	–	–
Non-Current:		
Deferred tax assets		
– accruals	–	–
– employee provisions	–	–
– carried-forward tax losses	–	–
	–	–
Deferred tax liability		
– property, plant and equipment	–	–
	–	–
Net deferred tax asset/(liability)	–	–
Movement in deferred tax charged to statement of comprehensive income	–	–

Note 19. Trade and Other Payables

	2021 $	2020 $
Current:		
Financial liabilities at amortised cost		
Trade creditors	1,106,317	1,213,634
Accrued expenses	1,835,284	866,899
Other payables	299,554	582,406
	3,241,155	2,662,939

Note 20. Financial Liabilities

	2021 $	2020 $
Current:		
Interest bearing financial liabilities at amortised cost		
Loans from related parties	–	5,560,222
	–	5,560,222

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2021 $	2020 $
Total facilities:		
– Related Party Loans	–	5,560,222
	–	5,560,222
Used at the reporting date:		
– Related Party Loans	–	5,560,222
	–	5,560,222
Unused at the reporting date:		
– Related Party Loans	–	–
	–	–

Note 21. Lease Liabilities

	2021 $	2020 $
Current:		
Lease liabilities	85,615	90,131
Non-Current:		
Lease liabilities	42,162	136,637
	127,777	226,768

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 22. Provisions

	2021 $	2020 $
Current:		
Provision for annual leave	321,406	161,085
Provision for long service leave	22,907	20,893
	344,313	181,978

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2021 $	2020 $
Non-Current:		
Provision for long service leave	30,447	10,721
Make good provisions	42,024	45,243
	72,471	55,964
Movements in provisions (excluding those relating to employee liabilities) are as follows:		
Carrying amount at the start of the year	45,243	41,633
Additional provisions recognised	703	765
Amounts used	–	–
Unused amounts reversed	–	–
Foreign Currency Exchange Movements	(87,970)	2,845
Carrying amount at the end of the year	(42,024)	45,243

Note 23. Issued Capital

	2021 $	2021 Shares
Movement in ordinary share capital		
Balance at 1 July 2019	10,360,000	113,016,681
Issue of Shares	10,211,641	28,717,346
Balance at 30 June 2020	20,571,641	141,734,027
Issue of Shares – debt to equity conversion	4,800,000	38,436,320
Issue of Shares – capital raising	1,500,000	13,521,950
Issue of Shares – in respect of the reverse acquisition of BikeExchange Ltd (parent company)	5,818,939	22,380,534
Issue of Shares – in respect of the initial public offering	20,000,000	76,923,076
Costs of issuance of share capital	(1,615,111)	–
Balance at 30 June 2021	51,075,469	292,995,907

The Company does not have a limited amount of authorised capital and issued Shares do not have a par value. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Further details on the reverse acquisition accounting applied and representation of the number of shares on issue see Note 26.

Note 24. Reserves

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Non-Controlling Interests and Common-Control reserves

The Non-controlling interest reserve represents the 35% of BikeExchange DE Vertriebs GmbH and 37% of BikeExchange Inc owned by non-controlling interests until 30 June 2020 when share capital in BIkeExchange Pte Ltd was issued in exchange for the non-controlling interest shares. The excess arising in the value of the share capital issued over the book value of the non-controlling interest was recorded in the common control reserve (within other reserves) as this an equity transaction between entities under common control.

Movements in the common control reserve during the current and previous financial year are set out below:

	2021 $	2020 $
Balance at 1 July	(11,169,272)	231,276
Arising from transaction with non-controlling interest	–	(11,400,548)
Balance at 30 June	(11,169,272)	(11,169,272)

Share-Based Payments Reserve (within other reserves)

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in the share-based payments reserve during the current and previous financial year are set out below:

	2021 $	2020 $
Balance at 1 July	–	–
Share-based payment expense for the year	534,547	–
Balance at 30 June	534,547	–

Note 25. Statement of Cashflows

	2021 $	2020 $
Reconciliation of (loss)/profit from ordinary activities after tax to net cash provided by (used in) operating activities		
(Loss)/Profit for the year after income tax	(10,967,024)	(2,559,940)
Non-cash items:		
– depreciation	89,188	167,860
– amortisation	–	222,173
– interest expense	97,392	–
– interest received	(46,126)	–
– profit/(loss) on Disposal of Asset	1,670	–
– share-based payments	534,547	–
– non-cash IPO transaction costs	2,807,245	–
– share of JV losses and other non-cash items	163,955	45,583
Changes in assets and liabilities:		
– (increase)/decrease in trade and other receivables	(234,759)	161,091
– (increase)/decrease in prepayments	(135,476)	(7,632)
– increase/(decrease) in trade and other payables	949,718	1,874,761
– increase/(decrease) in provisions	186,740	(29,066)
Net cashflows provided by (used in) operating activities	(6,552,930)	(125,170)

Note 25. Statement of Cashflows (continued)

Changes in liabilities arising from financing activities

	Other Financial Liabilities $	Loans from related parties $	Lease Liabilities $	Total $
Balance at 1 July 2019	817,662	4,667,848	471,524	5,957,034
Net cash from/(used in) financing activities	–	1,085,000	–	1,085,000
Issue of Shares on Conversion	–	(1,080,000)	–	(1,080,000)
Repayment of Loans	(111,450)	–	(314,628)	(426,078)
Finance Costs	43,619	212,663	10,696	266,978
Termination of leases	–	–	(135,807)	(135,807)
Foreign Currency Exchange Movement	3,455	(78,575)	194,983	119,863
Balance at 30 June 2020	753,286	4,806,936	226,768	5,786,990
Net cash from/(used in) financing activities	2,100,000	50,000	–	2,150,000
Issue of Shares on Conversion	–	(4,808,584)	–	(4,808,584)
Repayment of Loans	(678,940)	(98,862)	(79,804)	(857,606)
Financial liabilities eliminated on acquisition of subsidiaries	(2,100,000)		–	(2,100,000)
Finance Costs	(24,322)	49,988	3,693	29,359
Termination of leases	–	–	–	–
Foreign Currency Exchange Movement	(50,024)	522	(22,879)	(72,381)
Balance at 30 June 2021	–	–	127,778	127,778

Note 26. Reverse Acquisition Accounting

On 3 February 2021, BikeExchange Limited (formerly RPro Holdings Limited), the legal parent and legal acquirer, completed the acquisition of BikeExchange Holdings Pty Ltd (previously Move Drive Pty Ltd) and its controlled entities (BEHPL Group).

The acquisition did not meet the definition of a business combination in accordance with AASB 3 *Business Combinations* as prior to the acquisition BikeExchange Ltd was an investment holding company and did not meet the definition of a business. However, the Group has elected to apply the principles of reverse acquisition accounting in AASB 3 *Business Combinations* given the substance of the transaction is that the BEHPL Group contained all the significant trading activity of the combined Group and BikeExchange Ltd was a was an investment company used to facilitate listing on the ASX. Accordingly, the consolidated financial statements have been prepared as if BEHPL Group has acquired BikeExchange Limited, not vice versa as represented by the legal position.

The impact of the reverse acquisition accounting on each of the consolidated primary statements is as follows:

Statement of Profit or Loss and Other Comprehensive Income

- The 30 June 2021 statement of profit or loss and other comprehensive income comprise 12 months of BEHPL Group and 147 days of BikeExchange Ltd (from 3 February 2021).
- The 30 June 2020 comparative statement of profit or loss and other comprehensive income comprise 12 months of BEHPL Group.

Statement of Financial Position

- The statement of financial position as at 30 June 2021 represents both BikeExchange Limited and BEHPL Group.
- The comparative statement of financial position at 30 June 2020 represents BEHPL Group.

Statement of Changes in Equity

- The 30 June 2021 statement of changes in equity comprises BEHPL Group's equity balance at 1 July 2020, its loss for the period and transactions with equity holders for the 12 months. It also comprises BikeExchange Limited's transactions with equity holders in the past 147 days from the acquisition date and the equity balances of BikeExchange Limited and BEHPL Group as at 30 June 2021.
- The 30 June 2020 comparative statement of changes in equity comprises 12 months of BEHPL Group.

Statement of Cash Flows

- The 30 June 2021 statement of cash flows comprise 12 months of BEHPL Group and 147 days of BikeExchange Limited.
- The 30 June 2020 comparative statement of cash flows comprise 12 months of BEHPL Group.

Fair Value of Consideration

The accounting acquisition is measured at the fair value of the equity instruments that would have been given by BEHPL to BikeExchange Limited to give the owners of BikeExchange Limited the same percentage holding in the new Group at the date of the transaction.

BikeExchange Limited is the legal acquirer of BEHPL Group in this transaction and the actual consideration for the acquisition was the issue by BikeExchange Limited of 193,692,297 fully paid ordinary shares to the shareholders of the BEHPL Group.

In accordance with reverse asset acquisition accounting principles the accounting consideration is deemed to have been given by BEHPL Group in the form of equity instruments issued to BikeExchange Limited shareholders (equal to the number of shares held by the pre-acquisition shareholders of BikeExchange Ltd). The acquisition date fair value of this consideration has been determined with reference to the IPO share price of $0.26 (being the fair value of the issued shares) multiplied by the number of shares in BikeExchange Limited immediately prior to the acquisition of 22,380,534 being $5,818,539.

Fair Value of Assets Acquired

As BikeExchange Limited is deemed to be the acquiree for accounting purposes, the carrying values of its assets and liabilities are required to be recorded at fair value for the purposes of the acquisition. No adjustments were required to the historical values to effect this change.

	$
Consideration	
22,380,534 vendor Shares in BikeExchange Limited	5,818,539
Fair Value of BikeExchange Limited at acquisition:	
Cash	594,974
Loan receivable from BikeExchange Pte Limited	2,150,630
Other current assets	917,149
Trade and other payables	(651,059)
Fair Value of Net Assets Acquired	3,011,694
Excess of consideration provided over the fair value of net assets	2,806,845

Note 26. Reverse Acquisition Accounting (continued)

As the activities of BikeExchange Limited would not constitute a business based on the requirements of AASB 3, the transaction has been accounted for as a share-based payment under AASB 2. The excess of the deemed consideration over the fair value of BikeExchange Limited, as calculated in accordance with the reverse acquisition accounting principles and with AASB 2, is considered to be a payment for services received (including IPO related and transaction costs paid prior to the acquisition date) and has been expensed. This amount is included within the IPO and related costs set out in Note 6.

Note 27. Share-based payments

The Group has an Employee Incentive Plan that issues share options to incentivise employees and key management personnel.

In accordance with the terms of the plan, as approved by shareholders at an EGM on 18 January 2021, employees may be granted options to purchase ordinary Shares.

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The share-based payment expense for the year was $534,547 (2020: $nil). During the financial year 16,833,333 options were granted at the date of the IPO (9 February 2021) (2020: nil).

The following table illustrates the number of options and weighted average exercise prices ('WAEP') of, and movements in, share options during the year:

	Number		WAEP ($)	
Movement in share options	**2021**	**2020**	**2021**	**2020**
Balance at the beginning of the year	–	–	–	–
Options granted during the year	16,833,333	–	0.347	–
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Balance at the end of the year	16,833,333	–		

There are no options vested and exercisable at 30 June 2021 (2020: Nil). The weighted average remaining contractual life of options outstanding at the end of the financial year was 6.6 years (2020: Nil).

The range of exercise prices for options outstanding at the end of the year was $0.26 to $0.45 (2020: No options outstanding). The weighted average share price during the period from 9 February 2021 (listing date) to 30 June 2021 was $0.243.

The aggregate of the estimated fair values of the options granted during the year is $1,858,067. The inputs into the fair value model are as follows:

Key Valuation Assumptions	2021	2020
Dividend yield (%)	0.50%	NA
Expected Volatility (%)*	55%	NA
Risk-free interest rate (%)	0.28%	NA
Expected Life of share options (years)	6	NA
Underlying Share Price	$0.26	NA
Model Used	Black Scholes	NA

* The expected volatility was determined based on the historic volatility of a basket of similar companies.

Note 28. Commitments

Capital commitments

The Group had no contractual capital commitments at any balance sheet date.

	2021 $	2020 $
Other commitments		
Minimum lease payments	127,777	226,768

Note 29. Related Party Disclosures

The Group's related parties are as follows:

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. The Group defines this as all Director's as well as the Group CEO and Group CFO.

(b) Other related parties

Other related parties include close family members of key management personnel, and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Parent Entity

BikeExchange Ltd is the parent entity and ultimate parent entity.

Subsidiaries and Joint Ventures

Interests in subsidiaries are set out in Note 34 and Joint Ventures in Note 10.

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 30 and the remuneration report included in the Director's Report.

Transactions with Related Parties

Marketplacer Pty Ltd is a related party of the group. Marketplacer and the group are controlled by a common Director being Gregg Taylor.

During the year, group entities entered into transactions with related parties who are not members of the group that were recorded in other operating expenses:

	2021 $	2020 $
Marketplacer Pty Ltd	744,322	645,245

The above transactions relate to Licencing and IT fees charged by Marketplacer Pty Ltd for the use of the Marketplacer platform in accordance with the Licencing Agreement between Marketplacer Pty Ltd and the group. Other transactions with Marketplacer Pty Ltd throughout the reporting period include the recharge of professional fees and rent at cost to BikeExchange Pty Ltd which were incurred on the Groups behalf by Marketplacer Pty Ltd which are not included in the above amounts. All transactions were charged on an arm's-length basis between Marketplacer Pty Ltd and the Group.

Loans from related parties are set out in Note 20.

Note 30. Key Management Personnel Disclosures

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	2021 $	2020 $
short-term benefits	857,436	751,237
post-employment benefits	71,949	28,630
other long-term benefits	482,968	–
	1,412,353	779,867

Note 31. Contingent Liabilities

Notwithstanding that the Group has incurred operating losses in every jurisdiction in which it operates, for the respective periods 30 June 2018, 2019 & 2020, as at the date of these financial statements, certain required tax filings have not been lodged with the respective taxation authorities.

As a result of the incomplete tax filings, there may be a potential for the respective taxation authorities to levy penalties and interest upon the BikeExchange group of companies for failing to lodge the tax filings within the prescribed period (notwithstanding the fact that the group has incurred operating losses).

Should such penalties and interest be levied, the Directors intend to seek remission of the penalties and interest. The directors consider this matter to meet the definition of a contingent liability, and is estimated to be in the range of $0.2m to $0.3m in respect of the US business and is not considered material in respect of other jurisdictions the Group operates in.

Aside from the items referred to above the Group has no other material contingent liabilities.

Note 32. Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's senior management oversees the management of these risks and considers the financial risks and the appropriate financial risk governance framework for the Group. The Group's senior management reviews the Group's activities regularly to ensure that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2021 $	2020 $
Financial assets		
Cash and cash equivalents	15,924,713	1,123,127
Other Financial assets	281,983	45,000
Interest bearing financial receivables at amortised cost:		
Finance lease receivables	159,798	–
– trade and other receivables	525,351	265,858
Total financial assets	16,891,845	1,433,985
Financial liabilities		
Financial liabilities at amortised cost:		
– trade and other payables	1,106,317	1,213,634
Interest bearing financial liabilities at amortised cost:		
– lease liabilities	127,777	226,768
– loans from related parties	–	5,560,222
Total financial liabilities	1,234,094	7,000,624

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Group's senior management has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Details with respect to credit risk of trade and other receivables are provided in Note 12.

Trade and other receivables that are past due are considered to be of high credit quality as set out in Note 12.

Note 32. Financial Risk Management (continued)

Credit risk related to balances with banks and other financial institutions is managed by the CFO in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least BBB. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings:

	2021 $	2020 $
Cash and cash equivalents:		
– AA rated	14,966,825	259,645
– A rated	512,734	–
– BBB rated	75,995	472,573
– not rated	369,159	390,909
	15,924,713	1,123,127

Financial institutions that are not rated predominantly comprises of Fidor Bank AG (in Germany) and other payment processing providers who the Group uses to process receipts from consumers and payments to retailers for e-commerce transactions. The amounts held in these financial accounts are held for a short period of time until the cash is transferred either to suppliers for payments or to the Group's AA, A or BBB rated bank accounts.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liability. The Group does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timings of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

Financial Instruments	Maturing in			
	1 year or less		Over 1 to 5 years	
	2021 $	2020 $	2021 $	2020 $
Financial Assets				
Cash and cash equivalents	15,924,713	1,123,127	–	–
Receivables	525,351	265,858	–	–
Lease Receivables	119,267	–	40,531	
Other Financial Assets	281,983	45,000	–	–
Total anticipated inflows	16,851,314	1,433,985	40,531	–
Financial Liabilities				
Payables	1,106,317	1,106,317	–	–
Lease liabilities	85,615	90,131	42,162	136,637
Interest bearing borrowings	–	5,560,222	–	–
Total expected outflows	1,191,932	6,756,670	42,162	136,637
Net inflows/(outflows) on financial instruments	15,659,382	(5,322,685)	(1,631)	(136,637)

(c) Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the Group to interest rate risk are limited to borrowings, listed shares, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities also assume that the movement in a particular variable is independent of other variables.

	Increase in rates		Decrease in rates	
Year ended 30 June 2021	**Profit**	**Equity**	**Profit**	**Equity**
1% change in interest rates	(27,801)	(27,801)	27,801	27,801
Year ended 30 June 2020	**Profit**	**Equity**	**Profit**	**Equity**
1% change in interest rates	(55,229)	(55,229)	55,229	55,229

Note 32. Financial Risk Management (continued)

Fair value

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (ie trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

Financial Instruments	**2021**		**2020**	
	Carrying Amount $	**Fair Value $**	**Carrying Amount $**	**Fair Value $**
Financial Assets				
Cash and cash equivalents	15,924,713	15,924,713	1,123,127	1,123,127
Receivables	369,756	369,756	251,179	251,179
Lease Receivables	119,267	119,267	40,531	40,531
Other Financial Assets	281,983	281,983	45,000	45,000
Total assets	16,695,719	16,695,719	1,459,837	1,459,837
Financial Liabilities				
Payables	1,106,317	1,106,317	–	–
Interest bearing borrowings	–	–	5,560,222	5,560,222
Lease liabilities	127,777	127,777	226,768	226,768
Total liabilities	1,234,094	1,234,094	5,786,990	5,786,990

The fair values disclosed in the above table for cash and cash equivalents, trade and other receivables, and trade and other payables which are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 9.

Note 33. Auditor's Remuneration

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Group and company:

	2021 $	2020 $
Audit Services		
Audit or Review of the Financial Statements	220,000	–
Audit of the Aggregated Historical Financial statements related to the IPO	210,000	–
	430,000	–
Other Assurance Services		
Investigating Accountants Report related to the IPO	190,000	–
Other Services		
Tax Due Diligence related to the IPO	200,000	–
Other Tax Compliance Services	90,000	5,000
	290,000	5,000
Total	910,000	5,000

Note 34. Interests in Subsidiaries

The legal parent of the Group at 30 June 2021 is BikeExchange Ltd (a public company registered in Australia). As set out in Note 26 these financial statements are prepared based on reverse acquisition accounting the Company's acquisition of BikeExchange Holdings Pty Ltd and BikeExchange Pte Ltd in the year which are considered the accounting acquirers. The listing of subsidiaries reflects the ownership of the subsidiaries by BikeExchange Pte Ltd in the comparative period.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the Group's accounting policy which are in accordance with the International Financial Reporting Standards:

Name	Country of Incorporation	Ownership Interest	
		2021 %	2020 %
BikeExchange Holdings Pty Ltd	Australia	100	–
BikeExchange Australia Pty Ltd	Australia	100	100
BikeExchange Pte Ltd	Singapore	100	100
BikeExchange Inc	USA	100	100
BikeExchange DE Vertriebs GmbH	Germany	100	100
BikeExchange Ltd	Ireland	100	100
BikeExchange Marketplace Ltd	United Kingdom	–	100

BikeExchange Ltd (Ireland) is in the process of liquidation. BikeExchange Marketplace Ltd (UK) was deregistered during the year.

Note 35. Parent entity information

Set out below is the supplementary information about the legal parent entity, BikeExchange Ltd. This information reflects the standalone company and is not prepared using the reverse acquisition accounting principles. Therefore, the comparative statement of financial position and net profit/loss presented prior to 5 February 2021 is not reflected in the consolidated financial statements.

Note 35. Parent entity information (continued)

Statement of Profit and Loss and Other Comprehensive Income

	Parent	
	2021 $	**2020 $**
Loss after income tax	(2,488,967)	(63,350)
Total Comprehensive income	(2,488,967)	(63,350)

Statement of Financial Position

	Parent	
	2021 $	**2020 $**
Total current assets	20,571,067	2,724,938
Total assets	70,931,064	2,724,938
Total current liabilities	(940,625)	(3,220)
Total liabilities	(940,625)	(3,220)
Equity		
Issued capital	(72,231,916)	(2,878,739)
Share-based payments reserve	(594,547)	(60,000)
Accumulated losses	2,836,023	217,021
Total equity	**(69,990,440)**	**(2,721,718)**

Other Parent Company Information

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 36. Events Occurring After the Statement of Financial Position Date

Aside from the matters below there have been no events after the end of the financial year that would materially affect the financial statements.

The Group will continue to assess and monitor the COVID-19 situation closely as well as the measures imposed by the Governments of the respective countries where the Group operates. Although the duration and ultimate impact COVID-19 will have on world economies remains unknown, the Group and its operating businesses are well capitalised and are in strong position to navigate the uncertainty COVID-19 has presented to businesses worldwide.

Directors' Declaration

The Director's declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Gregg Taylor
Director

Melbourne
27 August 2021.

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

477 Collins Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (03) 9671 7000
Fax: +61 (03) 9671 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of BikeExchange Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of BikeExchange Limited (the "Company"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matters (continued)

Key Audit Matter	How the Key Audit Matter was addressed in the audit
As disclosed in Note 26 , Bike Exchange Limited (formerly RPro Holdings Ltd) accounted for the various transactions leading to its acquisition of Bike Exchange Holdings Pty Limited and its controlled entities as a reverse acquisition. Management judgement was required to determine that Bike Exchange Holdings Limited did not meet the definition of a 'business' and therefore, could not be accounted for as a business combination resulting in Bike Exchange Holdings Pty Limited as the accounting acquirer. Management judgement was also applied to the residual cost associated with the transaction which is treated as a share-based payment as the acquisition was achieved through the exchange of equity instruments to achieve a listing. Since shares in the Company (BikeExchange Limited) were transferred to BikeExchange Holding Pty Limited's shareholders in consideration for the acquisition and the listing, management concluded that the transaction was more appropriately accounted for as a share-based payment. Additionally, Management applied judgement to conclude that the basis of presentation of the financial statements, including comparative information, should be analogised to that of a 'reverse acquisition'.	Our audit procedures included, but were not limited to: • Reading and understanding the share sale, purchase agreements and the prospectus detailing the transactions including the applicable terms relating to the formation of the Bike Exchange Holdings Pty Limited accounting group; • Obtaining an understanding of the transactions including an assessment of the accounting acquirer and whether the transaction constituted a reverse acquisition; • Assessing management's proposed accounting treatment in accordance with applicable accounting standards and the appropriate application of the use of reverse acquisition accounting as the basis of presentation of the transactions within the financial statements; • Evaluating the basis of the fair value ascribed to the consideration transferred, including testing the value to the underlying ASX listing price; • Evaluating the calculation of the resultant share-based payment with regard to the fair value ascribed to the net assets of the legal parent; • Assessing the appropriateness of the accounting journals at acquisition date; • Engaged our financial reporting specialists to challenge and assess the technical application of the accounting standard(s) relevant to the transaction; • Agreeing the shareholdings back to the external registry report for accuracy; and • Assessing the appropriateness of the disclosures in the Notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are 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 the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial 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 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 directors.

- Conclude on the appropriateness of the directors' 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 auditor's report to the related disclosures in the financial report 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents 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 financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 19 to 32 of the Director's Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of BikeExchange Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Anneke du Toit
Partner
Chartered Accountants
Melbourne, 27 August 2021

Shareholder Information

The shareholder information set out below was applicable as at 20 August 2021

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Holding Ranges	Holders of ordinary shares		Holders of options over ordinary shares	
	No.	%	No.	%
1 to 1,000	18	0.00%	–	–
1,001 to 5,000	386	0.40%	–	–
5,001 to 10,000	142	0.40%	–	–
10,001 to 100,000	433	5.17%	6	2.20%
100,001 and over	90	94.03%	13	97.80%
Totals	**1,069**	**100.00%**	**19**	**100.00%**
Holders with less than a marketable parcel	213	0		

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
Holder Name	**Number held**	**shares issued**
EMERSON RYAN PTY LTD	50,447,670	17.22%
GTR VENTURES PTY LTD <GTR VENTURES NO 1 A/C>	33,052,357	11.28%
SURFWAX PTY LTD <JASON WYATT FAMILY A/C>	25,128,971	8.58%
SALTSAM PTY LTD <SALTER FAMILY A/C>	25,128,971	8.58%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,658,670	6.37%
BOMBORA INVESTMENT MANAGEMENT PTY LIMITED <SPECIAL INV GROWTH FUND>	16,195,073	5.53%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,745,782	5.03%
WSG HOLDINGS PTY LTD <GSJ UNIT A/C>	12,378,845	4.22%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	12,196,358	4.16%
MIRRABOOKA INVESTMENTS LIMITED	8,769,231	2.99%
BOMBORA INVESTMENT MANAGEMENT PTY LTD <BOMBORA SPEC INV GROWTH A/C>	8,250,000	2.82%
SMARTEQUITY EIS PTY LTD <BIKEEXCHANGE EXECUTIVE A/C>	6,224,655	2.12%
WALLACE MEDIA PTY LTD <WALLACE MEDIA UNIT A/C>	3,856,646	1.32%
NATIONAL NOMINEES LIMITED	3,183,487	1.09%
MR MALCOLM MURRAY WYATT	3,148,960	1.07%
UBS NOMINEES PTY LTD	2,769,231	0.95%
M & R WATKIN PTY LTD <M & R WATKIN SUPER FUND>	2,612,846	0.89%
ABCK INVESTMENTS TRUST <ABCK INVESTMENTS BE>	2,307,692	0.79%
THORNEY TECHNOLOGIES LTD	1,846,154	0.63%
SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	1,723,164	0.59%
PAUL VALERIO	1,687,958	0.58%
Totals	254,312,721	86.80%
Total Issued Capital	**292,995,907**	**100.00%**

Unquoted equity securities

	holders	issue
Options over ordinary shares issued	25	16,833,336
Ordinary shares held in escrow	32	192,843,224

Substantial holders

Substantial holders in the Company are set out below

	Ordinary shares	
	Number held	**shares issue**
EMERSON RYAN PTY LTD	50,447,670	17.22%
GTR VENTURES PTY LTD <GTR VENTURES NO 1 A/C>	33,052,357	11.28%
SALTSAM PTY LTD <SALTER FAMILY A/C>	25,128,971	8.58%
SURFWAX PTY LTD <JASON WYATT FAMILY A/C>	25,128,971	8.58%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,680,670	6.38%
BOMBORA INVESTMENT MANAGEMENT PTY LIMITED <SPEC	16,195,073	5.53%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,745,782	5.03%

Voting rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	shares
Ordinary Shares - Compulsory Escrow 12 Months	February 2022	26,103,482
Ordinary Shares - Compulsory Escrow 24 Months	February 2023	129,208,783
Ordinary Shares - Voluntary Escrow 12 Months	February 2022	37,510,654
Ordinary Shares - Voluntary Escrow 24 Months	February 2023	20,305

Shareholder Information (continued)

Buy-Back

Share buy-back

The Company does not have a current on-market buy-back.

Use of cash

Since the date of listing on the ASX to the end of the reporting period BikeExchange used its cash and assets readily convertible into cash in a way consistent with its business objectives.

Corporate Directory

Company's registered office
BikeExchange Limited
Level 5, 126 Phillip Street
Sydney NSW 2000

Company's principal place of business
Central House
101 Moray Street
South Melbourne VIC 3205

Share registry
Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Auditor
Deloitte Touche Tohmatsu
477 Collins Street
Melbourne VIC 3000

Stock exchange listing
BikeExchange Limited shares are listed on the Australian Securities Exchange (ASX code: BEX)

Website and investor relations
www.bikeexchangegroup.com.au
investorrelations@bikeexchange.com.au

BIKE EXCHANGE

WHERE THE WORLD RIDES®

www.bikeexchange.com.au