



## BIKEEXCHANGE (ASX: BEX) Overview - Acquisition of Kitzuma

23rd December 2021



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# Kitzuma Acquisition - Highlights

- Kitzuma is a high growth business servicing all major regions of North America. The service overcomes the difficulties of shipping all types of bikes including e-bikes.
- Complementary business to the current BikeExchange North American operations providing a value-add service with proven appeal to retailers, brands and customers.
- Significant potential to scale considerably in 2022 from the strong foundation of 30+ key existing North American retailer and brand accounts.
- The Kitzuma logistics model and technology platform is globally scalable and can be replicated by market. The primary ambition is to roll out the service across the other BikeExchange existing regions.
- Three co-founders, and majority shareholders, Taylor Essick, Chris Cosgrove and Tony Eggers, highly-engaged with extensive experience, will all remain in the business.
- 100% acquisition of shares for US\$3.375 million as of 22 December, 2021. Majority of the consideration is paid via equity (deferred BEX shares) with a US\$1.113m upfront cash payment. Funded by existing cash reserves of A\$11.5 million (as at 30 November, 2021) without the requirement for a capital raise.
- The acquisition is expected to add over A\$2 million of revenue to the Group in the second half of FY22.
- Accelerates BikeExchange's North American growth plans and reduces planned organic growth spend in H2 FY22.





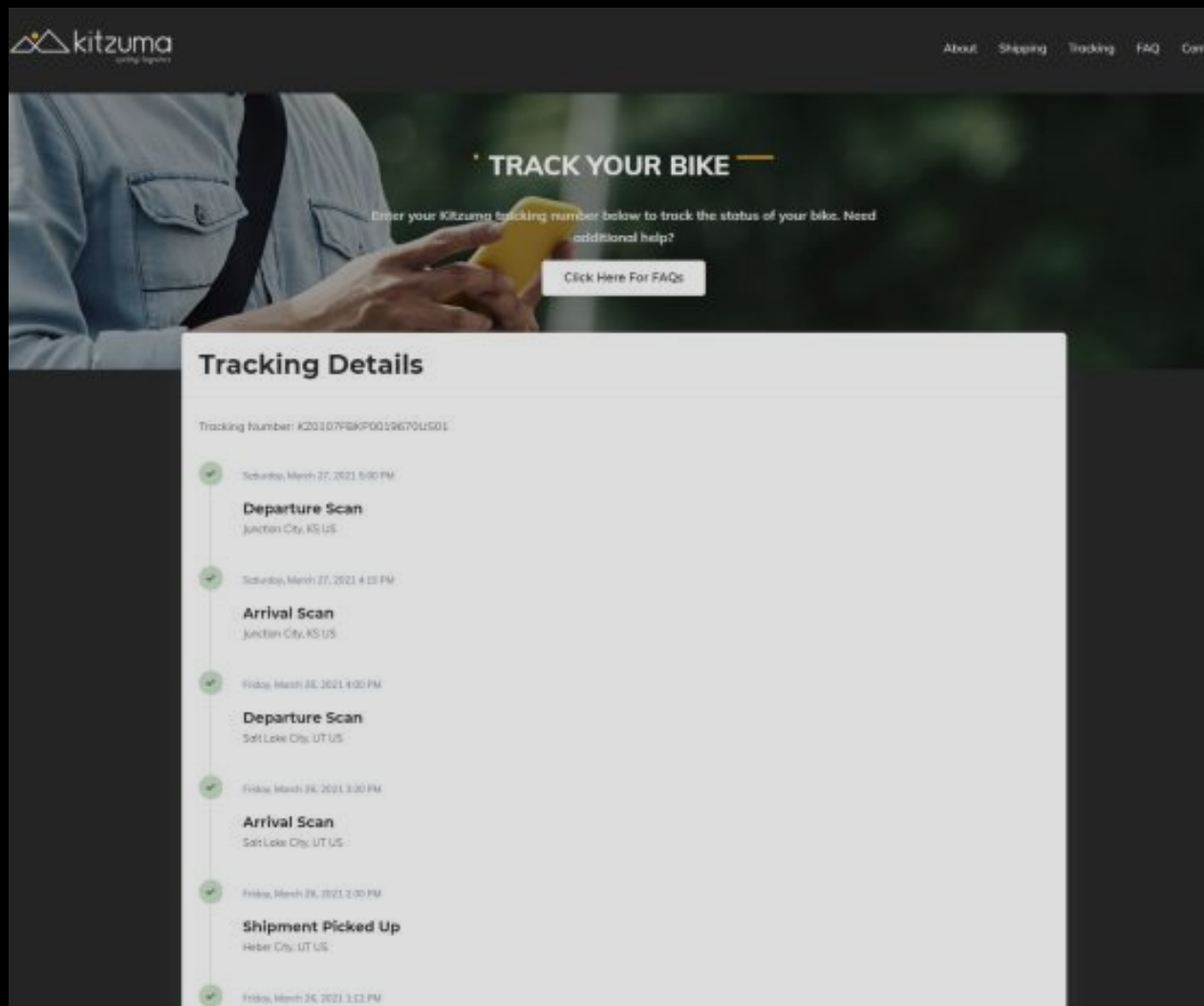
# Kitzuma LLC - Overview

- **Kitzuma:** Specialist bike delivery service / logistics business from retailers to consumers across the USA.
  - Deliver **“Ready to ride”** bikes.
  - Ensuring safety, efficiency through a purpose built white glove process.
  - No boxes or assembly. Bikes picked up assembled from retailers / brands.
  - Logistics platform and technology developed by the Kitzuma team
- 3x Founders to remain in business as Key Executives.
  - Taylor Essick - Founder and a logistics / shipping professional.
  - Chris Cosgrove and Tony Eggers - Strong Logistics / Technology career backgrounds.
- Replicable model globally. Enabling e-Commerce and removing friction on the journey for brands, retailers and customers when purchasing a bike.
- 100% acquisition for USD \$3.375m (~AUD\$4.75m). Majority equity transaction with 67% in BEX Shares (deferred issuance up to 5 years) and 33% cash component (US \$1.113m). The vendors can receive up to 50% of the BEX deferred shares 12 months after completion, with the remaining 50% to be received no earlier than 24 months after completion (and up to 5 years from the completion date).





# Kitzuma: Problem Solved & Core Services



## PROBLEM KITZUMA IS SOLVING / FRICTION IT IS REMOVING

- Kitzuma disrupts the typical model:  
Manufacturer builds up a new bike, then breaks it down again to box it up  
---> Shipping company delivers it via truck / air cargo to the retailer / consumer; ----> Recipient has to unbox and rebuild the bike.
- Shipping bikes **"Ready To Ride"** (no boxes) across states, enabling more e-Commerce (Retailers offer this to consumers) through a trustworthy service.
- Kitzuma ships all types of bikes including e-bikes (notoriously hard to ship.)

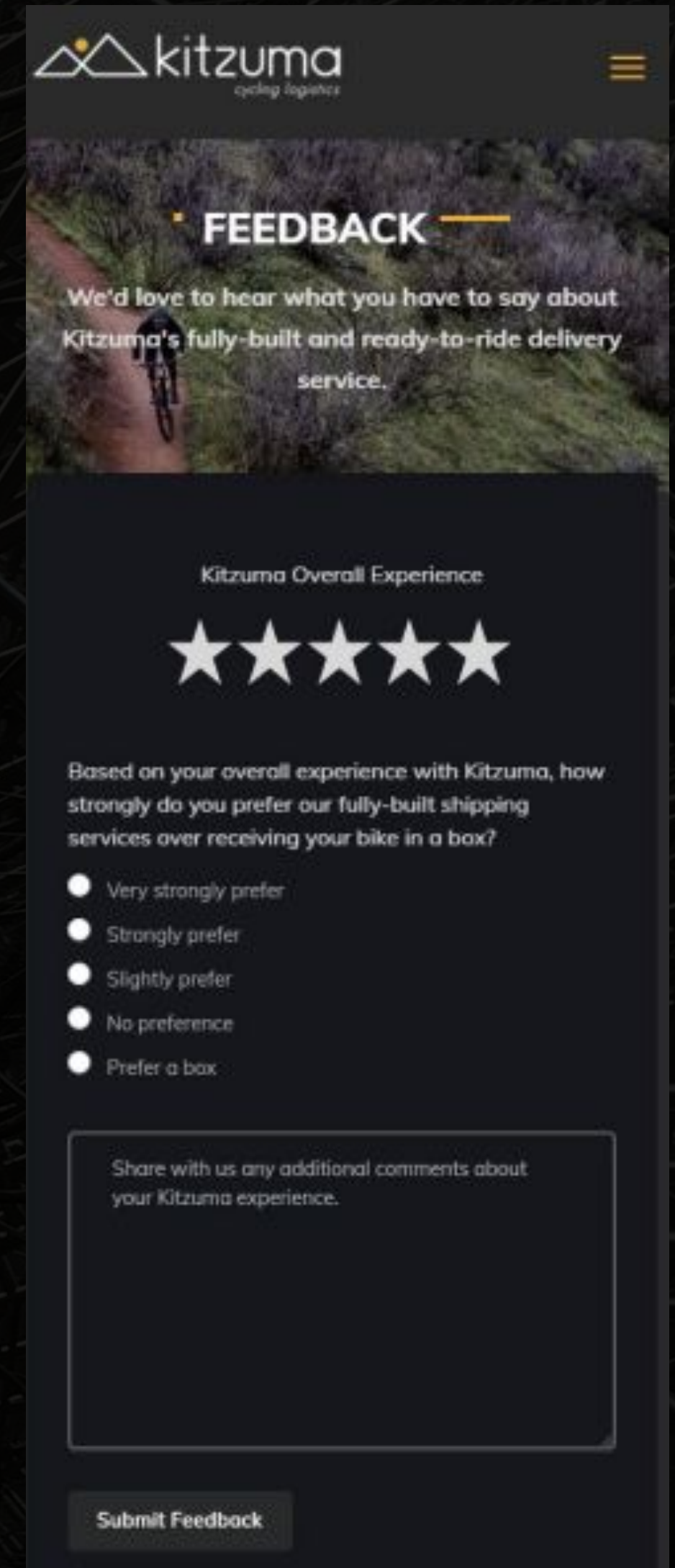
## CORE SERVICES

- Weekly pick ups from stores. Bikes already built in retailers.
- Kitzuma ensures the bike is ready to ride upon delivery with the consumer.
- Kitzuma has built a logistics & booking platform for retailer access.
- Average over US\$200 per shipment (charged to retailer).
- Service can be booked by consumers via a registered retailer.
- Working with D2C brands as well now (Wahoo deal signed for US national delivery of indoor bike).
- Planned launch of a consumer service early in 2022 for shipping ready to ride bikes for people travelling with a bike. Designated travel hubs across North America to service pick up and drop off locations.



# Kitzuma - Key Metrics

- Achieved run rate of over **US\$1.4m annualised sales** (based on Oct 2021) in first 10 months of trading.
- Annualised shipments over **6,200** (based on Oct 2021) - off a base of 30+ active accounts.
- D2C brand sign ups accelerating over the last quarter. Strong brand growth potential demonstrated through existing relationships (Wahoo, Ventum, Litespeed, Quintana Roo, LeMond, Alchemy and ENVE).
- Average shipment revenue over US\$200 per bike. Contribution margin per bike approaching breakeven as business scales rapidly.
- Low current overlap between Kitzuma and BENA retail account base currently, represents strong synergistic growth opportunity.
- 35 key regional areas within North America identified, & Kitzuma delivers across all regions.
- Team of 29 people in the business based in North America.
- Efficiency / scaling comes with the volumes of shipments. Working from a fleet of vans.
  - Flexible asset utilisation model - few of the vans are owned outright and most are flexibly leased (or driver owned).
  - Allows capacity to be rapidly scaled up with lower up front capital.

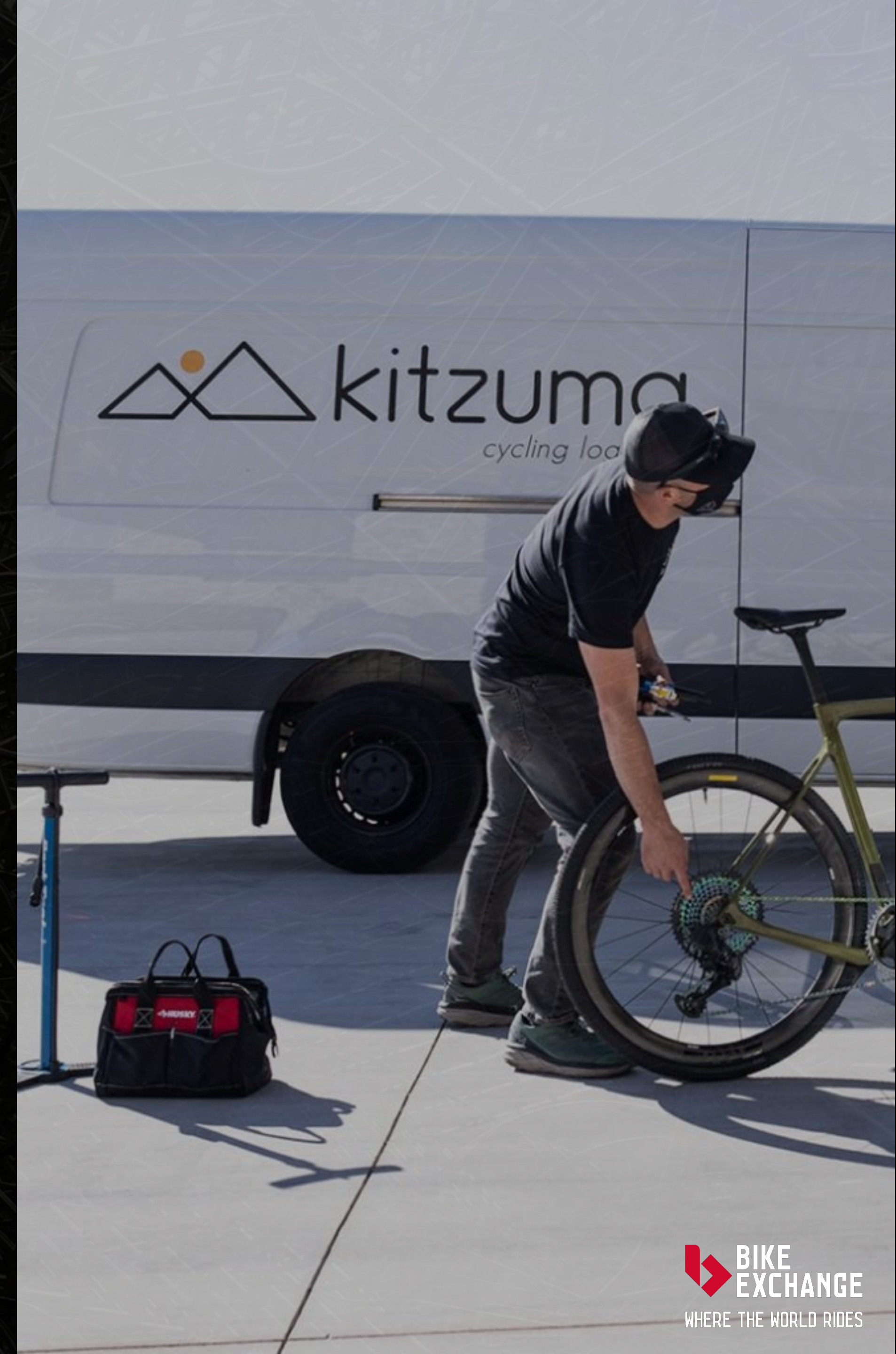


The screenshot shows the Kitzuma feedback form. At the top is the Kitzuma logo with the tagline 'cycling logistics'. Below it is a header image with the word 'FEEDBACK' in large white letters. The text below the header reads: 'We'd love to hear what you have to say about Kitzuma's fully-built and ready-to-ride delivery service.' Below this is a section titled 'Kitzuma Overall Experience' with five white stars. The text below the stars asks: 'Based on your overall experience with Kitzuma, how strongly do you prefer our fully-built shipping services over receiving your bike in a box?'. There are five radio button options: 'Very strongly prefer', 'Strongly prefer', 'Slightly prefer', 'No preference', and 'Prefer a box'. Below the options is a text box with the placeholder text: 'Share with us any additional comments about your Kitzuma experience.' At the bottom right is a 'Submit Feedback' button.



# BikeExchange | Kitzuma Strategic Alignment & Opportunity

- Helping customers purchase and receive bikes ready to ride.
- Key service to enable the retailers and brands to sell more bikes.
- Helping solve a key friction point with purchasing and shipping bikes online.
- Force multiplier on BEX e-Commerce first strategy. Marketplace Supply + White Glove Delivery.
- Kitzuma Business complimentary to BEX - Builds on the strong network effect established.
- Key injection for BEX Group North American growth with immediate coverage of the region.
- Kitzuma business has warehousing locations across North America with plans to expand to support the logistics and fulfilment of core services that support the buying and selling of all things bike.
- Effective replication and expansion of business model across all BEX regions.
- Key developer for relationships / partnerships with brands and industry globally.





# Kitzuma - Market Size & Opportunity

- Global Bicycle Market US\$80 Billion\* and e-Bike market set to be US\$25.9 Billion\* by 2025.
- Kitzuma Market mirrors BEX Market (Retailers, Brands & Industry.)
- 5,000+ retailers in North America.
- North American Cycling Market forecast to be valued at US\$8.5 Billion by 2025.\*
- North American e-Bike Market growing at 19.7% CAGR by 2024 to US\$0.5 Billion.+
- Replication across BEX regional footprint Expansion - Removing same friction points and same model / system applies.
- Additional Growth ---> Travelling with bikes - Consumer service launch:
  - Travel Bike Delivery is a significant opportunity. In addition to the initial purchase of a bike and delivery, drives repeat usage of Kitzuma driving customer lifetime value & organic growth.
  - Cycle Tourism in North America contributed US\$83 Billion to domestic economy.®

**US\$80 Billion**

Global Cycling Market Value

**US\$8.5 Billion**

North American Cycling Market Value





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**Thank You**

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