

## **Review of Kitzuma Door to Door Bike delivery business**

28 February 2023

On 31 October 2022, the Directors announced that Kitzuma door deliveries would pause during the slow winter months, during which an operational and funding review would be completed. The review has now been completed and on 27 February 2023, the Directors made a decision to not restart bike deliveries.

At the time of acquisition, Kitzuma was a very high growth business with significant growth potential. Whilst the business continued to achieve strong revenue growth post acquisition, it required significant capital investment to reach the scale required to generate positive cash flows from operations.

At acquisition, the Directors believed the Company would be able to comfortably raise the necessary capital to fund this growth. However, changes in market dynamics over the past 12 months have made it much harder for BEX to raise capital. The review announced on 31 October 2022 confirmed that significant ongoing investment was required in FY23 and beyond and given the Company's current capital position, the Directors made the decision to not restart bike deliveries.

Kitzuma Boxed delivery and warehouse/3PL services will continue to operate.

This decision has led the Directors to fully write-down the goodwill and write down the related bike delivery assets to their recoverable amount resulting in impairment losses of \$5.3m being recognised in the HY1 FY23.

This announcement has been authorised for release by the BikeExchange Board.

- **Ends** -

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**ABOUT BIKEEXCHANGE**

BikeExchange Limited (ASX:BEX) is a leading operator of global online cycling focussed marketplaces that enable a dedicated and growing global audience of consumers to connect and trade with thousands of retailers and brands. The Company was founded in Melbourne in 2007, with the aim of bringing together the fragmented global cycling industry to trade and scale. Today, it hosts over 1500 brands, 1,585 retailers and 900,000+ products globally, with an annual audience of 28+ million