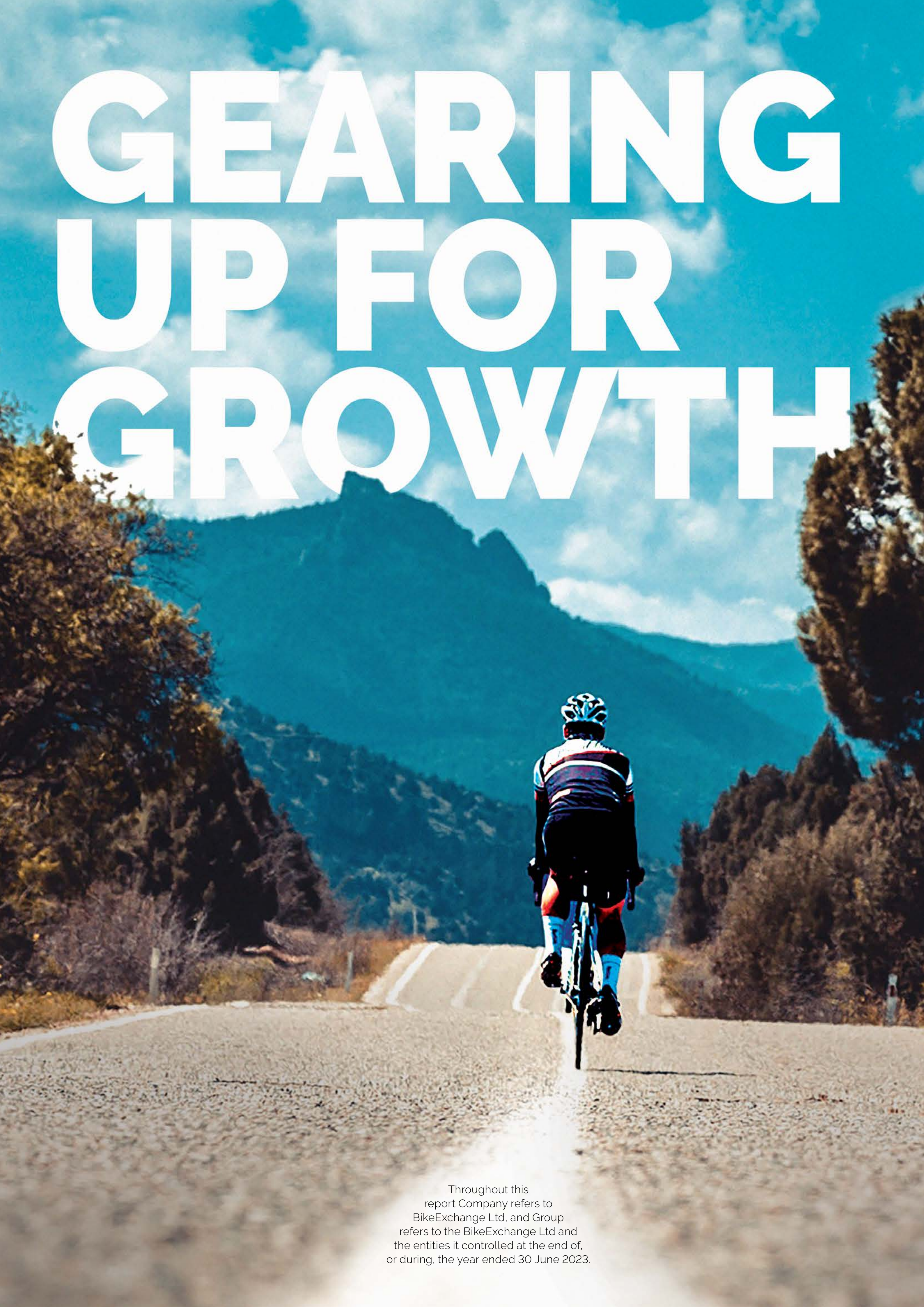
Annual Report

2023

BIKE EXCHANGE

WHERE THE WORLD RIDES®



GEARING UP FOR GROWTH

Throughout this report Company refers to BikeExchange Ltd, and Group refers to the BikeExchange Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2023.

BikeExchange Limited (ASX: BEX) is a leading operator of global online cycling focused marketplaces that enable a dedicated global audience of consumers to connect and transact with thousands of retailers and brands.

BikeExchange 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 1,600+ retailers, 1 million+ products, with an annual audience of 15 million consumers.

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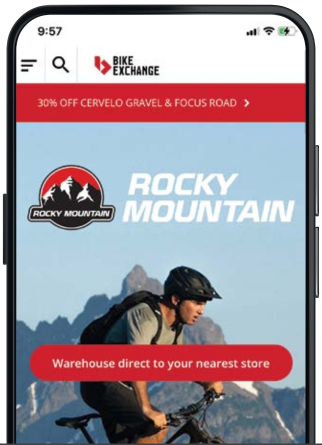
OUR GLOBAL MARKETPLACE



> ***"BikeExchange is a world leading online marketplace connecting consumers to products from bike stores and brands."***

The BEX Ecosystem

Our Customer Base

15 million consumers*

BEX Consumer Portal

8 Countries, 4 Geo Hubs

AUSTRALIA
BELGIUM
COLOMBIA
CANADA
DEUTSCHLAND
NETHERLANDS
NEW ZEALAND
USA

8 countries

BEX Seller Portal

Inventory & Order Mgmt
Data & insights

>1 million products

* Based on traffic to the group websites for the year ended 30 June 2023.

BEX Overview

- Operate in eight countries, from four regional hubs – ANZ, EU (Germany, Belgium & Netherlands), LatAm (Colombia) and NA (USA, Canada, & Kitzuma).
- Enabling our network of brands, retailers and distributors to connect via single destination marketplaces.
- Focus on e-commerce transactions along with seamless bicycle logistics solutions.

^ All metrics for the 12 months to 30 June 2023.

Sellers	BEX Connect Portal	Generating
Retailers, Brands & Private	Bike Industry System Connectors: lightspeed, shopify, neto, BigCommerce, WooCommerce, Magento	
1600+ sellers	**650+ shop connections**	**$700m product sales leads**

FY 23

Highlights

- Achieved net revenue growth of 23% from continuing operations whilst simultaneously reducing the fixed cost base of the business.
- Exited capital intensive, unprofitable businesses: Kitzuma door delivery business and Colombian retail business.
- Invested in development of Technology with the new consumer storefront platform largely completed.
- Substantial improvement and uplift of core marketplace health indicators including Conversion rate (+20%), Average order value (+20%), Commission earned per transaction (24%) up on FY22.

$33.6m
Total Transaction Value
Up 11% on FY22

$8.3m
Net Revenue
Up 26% on FY22

0.23%
Conversion Rate
Up 20% on FY22

9.4%
Average Commission
Up 24% on FY22

14.6m
Traffic Sessions
Down 25% on FY22

$828
Average Order Value
Up 20% on FY22

All metrics for the 12 month period prior to 30 June 2023 vs the comparable period 30 June 2022.

Chair's Letter

Dear Shareholder,

On behalf of the directors, we welcome you to the Annual Report for BikeExchange Limited (ASX: BEX).

The 2023 financial year was a year of significant strategic change for BEX, with a clear shift away from diverse, cost-intensive, and long-term revenue growth initiatives towards a more focused investment in core e-commerce operations and BEX-owned technology assets. In Q2 of 2023 BEX decided to cease the capital intensive Kitzuma Door-to-Door delivery of bikes in North America and in Q4 of 2023 BEX sold its Columbian based bike retail stores. While both of these decisions resulted in short-term restructuring and impairment charges (some restructuring costs will flow into the early stages of FY24), they also provided significant ongoing cost savings and set the business up well for more streamlined and profitable operations in the future.

While the cost saving initiatives of 2023 have been significant, BEX has also taken the opportunity to invest further in the business' core technology platform. The internal mantra has been to spend less on people and more on scalable intellectual property. In Q2 of 2023 the BEX Board approved a large investment in a new BEX e-commerce consumer platform, using the latest scalable technologies from world leading vendors. The consumer platform is designed to change the way that BEX customers research, find, and buy a bike. It includes significant improvements to search and product merchandising, product enquiry, deposits, and payment processes. The development of this consumer platform was largely completed by the end of 2023 with testing and implementation across respective BEX geographies planned for Q1 and Q2 of FY24.

BEX's strategic shift away from cost intensive labour towards scalable e-commerce intellectual property provides the business with leaner and more focused operations while also building core assets that should contribute to the future value of the business.

The key financial results for Q4 of 2023 clearly demonstrate the effect of this change in strategy when compared to the 2022 prior comparable period:

1. Net Revenue from operations in Europe, Australia and North America (excluding the ceased business operations of Kitzuma and Columbia) rose 45% pcp;
2. Average e-commerce commission grew 24% pcp to 9.9%;
3. The business' fixed cost base was reduced by 50% to $1.8m compared to $3.7m pcp; and
4. All of the above was achieved while redeploying many staff and financial resources to the new BEX e-commerce consumer platform.

These positive results are expected to continue into FY24 with lower operating cash requirements and expected ongoing growth in e-commerce revenues following the roll out of our new e-commerce consumer platform.

Globally, the cycling market (including accessories) continues to experience strong growth albeit with a normalisation from COVID-19 times when demand for bikes was unprecedented. The rapid emergence of eBikes and eScooters is likely to continue bringing new brands with new innovative products that are expected to expand the addressable market for cycling products. Many of the new brands and consumers in the cycling industry are using online e-commerce as their primary path for researching, selling and purchasing bikes. This shift away from traditional bricks and mortar bike stores is likely to continue and to give BEX a strong position to capitalise on future industry growth.

While BEX does have ambitious plans to continue investing in highly differentiated technology assets, the Board is very focused on demonstrating a path to profitability during the FY24 financial year. It is always easier to predict costs than revenues but the work we have done in FY23 gives us strong momentum towards achieving our goals.

In relation to the disappointing share price performance over the last 12 months, the Board understands and shares the frustration of BEX shareholders. The reason that BEX first listed on the ASX in 2021 was to gain access to capital to fund growth. Shortly after BEX's listing, capital markets changed significantly and investors became far less enamoured with fast growing but highly unprofitable technology companies. This change in capital markets and the adverse impact that it had on BEX's share price led to significant pressure on BEX to fundamentally alter its business strategy and structure. The work done in FY23 has been truly transformational in driving BEX towards profitability with much higher operational leverage expected from the investment in BEX's new consumer platform and improved business focus.

While the cost saving initiatives of 2023 have been significant, BEX has also taken the opportunity to invest further in the business' core technology platform.

But, restructuring of people and operations combined with the investment in technology, has continued to consume cash. This, unfortunately, has required the business to raise further capital at a time when investment sentiment, and BEX's share price, has been very low.

The Board believes that the soon expected go-live of BEX's new consumer platform will give the company a great opportunity to accelerate growth in revenue and all other e-commerce metrics and assist the Group on its path to profitability. The Board believes that long term shareholder value will be maximised by continuing the investment in this technology during the FY24 financial year. Cash will continue to be needed for working capital and to fund this technology investment. The access to this cash will likely build as BEX's new consumer platform rolls out and drives growth in e-commerce revenue. But, between now and then, this has required the ongoing support of our investors and shareholders to continue to execute on our refined business strategy. The Board believes that the execution of our revised strategy will lead to a restoration in confidence in the business and much better share price performance.

Ryan McMillan will now provide the CEO's Report. I would like to thank Ryan, the management team, Board and all the valued staff of BikeExchange globally for their valued efforts over the last 12 months.

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

Sincerely,

Dominic O'Hanlon

Chairman

CEO's Report

Dear Shareholder,

On behalf of BikeExchange Limited (ASX: BEX), it's a pleasure to write this CEO Overview for our Annual Report.

The 2023 financial year was a transformational year for the Company, with a strong focus on driving the business towards profitability. We grew revenues by focusing on marketplace performance, substantially reduced our cost base, and exited the loss making Kitzuma door delivery and Colombian retail businesses.

The Group delivered four consecutive quarters of TTV growth (vs pcp) in a global bike market impacted by reduced (post-COVID-19) consumer demand and ongoing economic uncertainty. Importantly, this growth was achieved whilst implementing five consecutive quarters of cost base reductions, which resulted in employment and other fixed costs reducing by more than 50% during that period.

The revenue growth was achieved by focussing on marketplace performance in core markets. This included global strategies to improve marketing efficiency and seller performance, with merchant teams supporting improved inventory management and customer teams providing consumers with support services and achieving improved on-page sales conversions. BEX finished the year with solid marketplace health improvements in conversion (+20%), average order values (+20%) and commission earnt per transaction (+24%).

In Q2, BEX undertook a strategic review of its business, leading to the decision to pause, then suspend indefinitely the capital intensive Kitzuma door delivery services. A similar decision was taken in Q4 to exit the Colombian retail store network operations. Despite incurring short term restructuring and impairment charges, these exits provide the Company with significant ongoing cost savings which set the business up well for more streamlined, focussed and profitable operations in 2024.

In early FY24 BEX will launch its new consumer storefront platform, which will significantly improve the buying and selling experience for consumers and retailers. The development of this new consumer storefront platform was undertaken during the second half of FY23. Its launch will be a major milestone for the company and a central part of BEX's strategy to invest in technology intellectual property that helps BEX to scale its e-commerce business profitably and strengthen its market position.

The new technology architecture upgrades BEX to a market leading, composable commerce architecture, giving the company the flexibility to adapt to an ever changing environment. In Q1, the company expects to launch the new platform in its German marketplace, which is its largest sales region. Remaining geographies will be progressively rolled out over the rest of the 2023 calendar year.

BEX will focus its efforts to drive on-page conversion and deliver revenue performance improvements by optimising search, payments, AI driven recommendations, SEO, content and merchandising functionality.

BEX closes FY23 in a substantially stronger position than it started, having grown net revenue off a cost base that has halved and substantially improved the performance metrics of its marketplaces. It has done so while redeploying staff and financial resources towards the new BEX consumer platform and in doing so has laid the foundation for a positive year in FY24.

I would like to take this opportunity to acknowledge the BEX team around the world, for their continued efforts, adaptation and navigation through the evolution of the business. I would also like to thank all of our industry partners and BikeExchange sellers and consumers for their ongoing commitment. In addition, a thank you for the support from our Board of Directors and finally our shareholders for their support and interest in the BikeExchange business.

FY23 Performance and Achievements:

With a clear plan to focus on its pathway to profitability, the key financial results of FY23 demonstrate the impact and effectiveness of BEX's change in strategy compared to FY22 (prior comparative period):

1. **Achieved strong revenue growth in core businesses:** despite a normalisation of global demand for outdoor and cycling product post COVID-19, BEX delivered four (4) consecutive quarters of Total Transaction Value (TTV) growth from continuing operations versus pcp (TTV +9% (up $2.7m to $31.8m), Net Revenues +23% (up $1.2m to $6.4m).

   Net Revenue from operations in Europe, Australia and North America (excluding discontinued operations) grew +21% to $6.2m (versus $5.1m in 2022). In the most recent Q4, the same comparative was +45% to $2.0m.

2. **Revenue growth was achieved whilst significantly reducing costs:** BEX's revenue growth was delivered during a period of five (5) consecutive quarters of fixed cost savings, which resulted in BEX more than halving fixed cost base over that period.

   The 9% increase in TTV versus pcp from continuing operations was also achieved despite a 36% reduction in marketing spend over the same period.

3. **Exited working capital intensive, unprofitable businesses:** during FY23, BEX took the difficult decisions to cease the Kitzuma Door Delivery business and exit its Colombian Retail business both of which were capital and labour intensive. The decision not only provides significant ongoing cost savings but allows the business to focus on its core marketplace business.

BEX closes FY23 in a substantially stronger position than it started, having grown net revenue off a cost base that has halved and substantially improved the performance metrics of its marketplaces.

4 **Invested in development of Technology IP:** While reducing its cost base, BEX has also invested in Technology IP and has largely completed the development of its new consumer storefront platform which is expected to launch in Q1 FY24. This "future fit" platform will not only modernise the user experience on our platform but sets the business up for a significant uplift of on-page conversion and transaction growth.

5 **Developed Key Marketplace Health Metrics:** in advance of the new consumer platform launch, BEX has achieved significant uplift across critical marketplace health indicators including, Conversion +20%, Average Order Value +20% to $828, Average commissions earned on e-commerce transactions grew +24% (to 9.4%) as well as improved Return on Advertising Spend, Organic Traffic and SEO Visibility giving itself the perfect launching pad to drive significant gains in 2024 with its new consumer platform.

6 **Substantially improved Normalised EBITDA:** Normalised EBITDA Loss from continuing operations has improved by $5.8m to $4.4m (loss) in FY23 (versus $10.2m loss in FY22).

Outlook FY24:

Building off the base it has created for itself in FY23, BikeExchange starts FY24 with a clear intention to drive the business to profitability and scale its e-commerce offering using its own technology IP.

A key pillar of this strategy is to drive revenue performance via the new consumer platform, with a best-in-class e-commerce engine and state-of-the-art solutions for user search, merchandising, content and AI recommendations, each designed for conversion performance and a much improved user experience.

Beyond an optimised technology performance, BEX will focus on business development: growing its seller base of Retail, Brand and Wholesale sellers, targeting sellers that improve the inventory offering and drive revenue performance.

With the global bike market still in an overstocked situation, BEX sees itself in the perfect position to attract new sellers needing a new channel to market.

Continuing on from FY23, BEX will focus on e-commerce profitability, operational efficiency and marketplace fundamentals. While significant cost savings beyond those achieved in FY23 are less likely, BEX will remain steadfast in its focus on cash, driving operational efficiency through integration, automation and unification of business processes, as well as growing its e-commerce business profitability.

With a technology roadmap and Now, Next, Later technology strategy to enable customers, sellers and the industry, subject to further investment, BEX plans to build a competitive advantage via technology by developing and integrating solutions for sellers and buyers that solve problems and create further revenue opportunities.

FY23 has laid an excellent foundation for BEX to have a strong year in FY24. Following the significant gains made on marketplace health throughout FY23, the timing is perfect for BEX to launch its consumer platform, drive performance via technology and demonstrate its pathway to profitability during the FY24 financial year.

Yours Sincerely,

Ryan McMillan

Global CEO

INVESTING IN OUR FUTURE

Profitable Growth Underpinned by Technology

BEX Plan 2024: 5 Strategic Pillars Towards Profitable Growth

1	Execute on new Consumer Platform	Driving revenue performance via new tech stack Optimise search/checkout/SEO/content/merchandising functionality
2	New Seller Partnerships	Grow seller base of IBD (retail), D2C and BE Direct sellers Target sellers to & improve marketplace & revenue performance
3	e-commerce Profitability & Growth	Grow e-commerce profitably Seller performance driven by inventory management Online conversion supported by Customer team
4	Operational efficiency & BEX fundamentals	Ongoing focus on cash Centralisation/global approach Integrate, automate and unify business process
5	Develop Competitive Advantage via Technology	Develop solutions for sellers and buyers Integrate services that create revenue/solve problems Bind customers/create revenue

Profitable Growth

Driving Conversion Through Technology

An Enhanced Experience For Buyer And Seller

During Q1 and Q2, FY24 BikeExchange will launch its new consumer storefront platform, significantly improving the buying and selling experience for consumers and retailers.

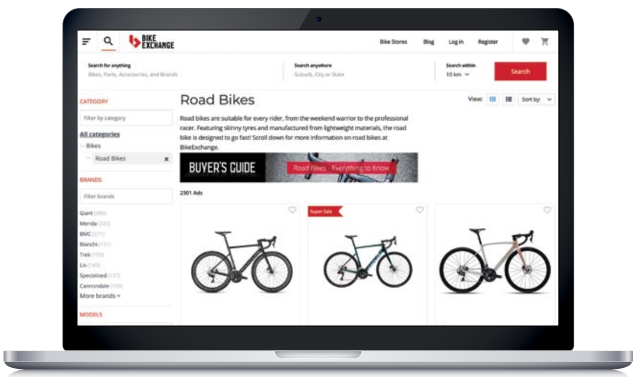
Partnering with commercetools and co-built with partner Overdose, BEX is upskilling its team and upgrading its technology stack to a best-in-class, composable commerce architecture, enhancing the experience for its users including search, content, payments, AI driven recommendations and personalisation.

Importantly this new experience will deliver us:

1. Modern, extendible customer experiences for buyers and sellers;
2. Best-in-class MACH (Microservices, API_first, Cloud-native, Headless) technology architecture;
3. AI and machine learning across all key touch points to drive increased conversion;
4. Highly scalable cloud architecture that reduces our total cost of ownership;
5. Ability to scale into new markets and adapt to new business models; and
6. Increased capabilities to manage our technology internally.

Technology Partners:

MARKETPLACER
commercetools
algolia
contentful
powered by aws
Vercel

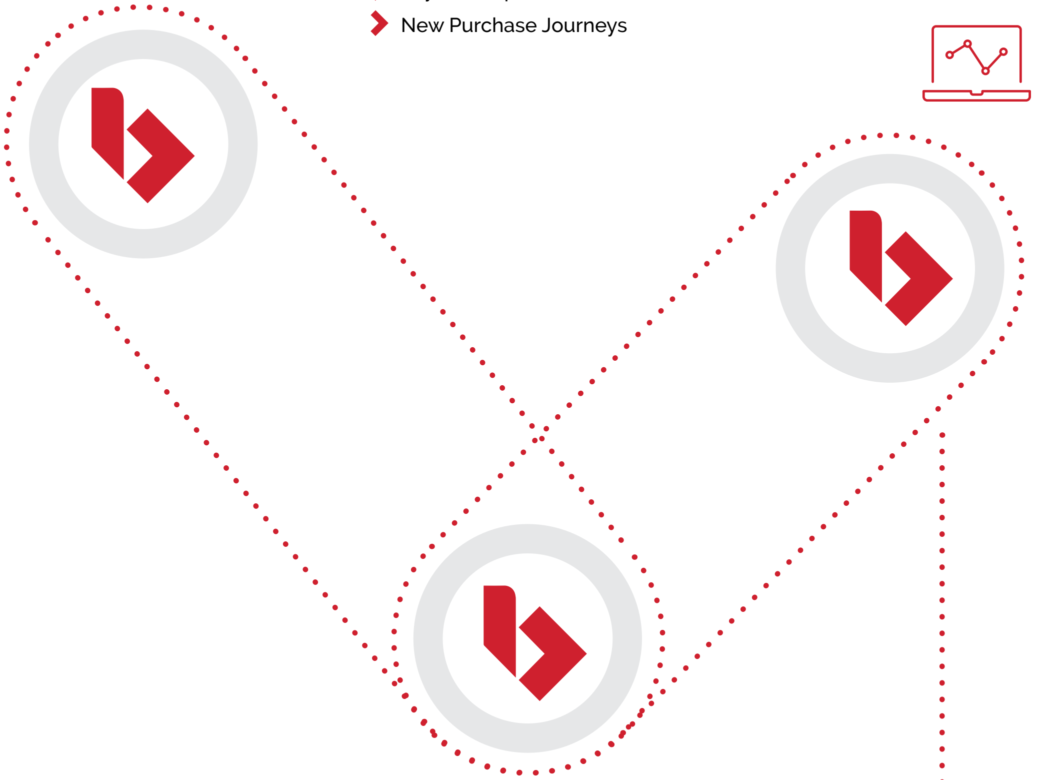


NOW NEXT

Scaling BEX via Technology to become a Commerce-as-a-Service Solution for the industry

Enabling Customers

- Customer Centric Frontend Experience
- Conversion Optimised Checkout
- Payment Options
- New Purchase Journeys



Enabling the Industry

- Commerce-as-a Service Offering
- Develop solutions that support industry
- Support entire value chain

Enabling Sellers

- Bike Industry Specific Seller Platform
- Integration & Mapping Capabilities
- Webstore Offering into the Market

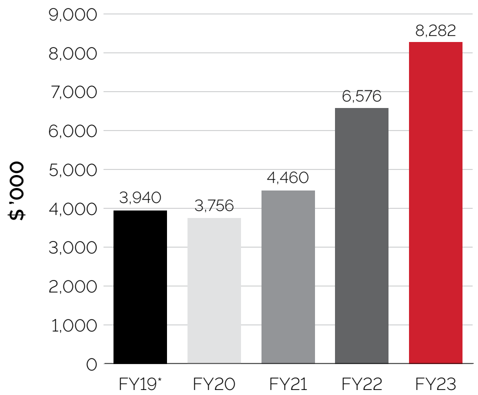
Real added value

* Now Next Later refers to the BEX Technology Vision roadmap on the innovation that will drive the future value of BikeExchange – please also refer to the presentation "Technology Vision" lodged with the ASX on 28 April 2023.

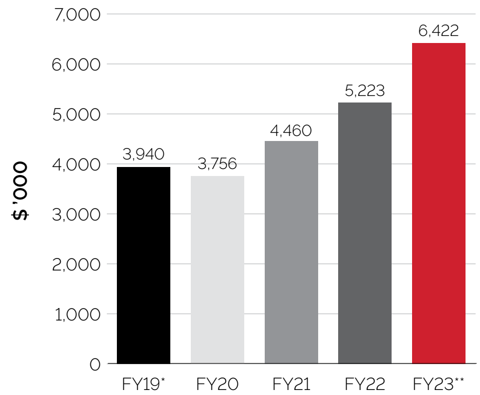
LATER

PERFORMANCE HIGHLIGHTS

Revenue – All Operations

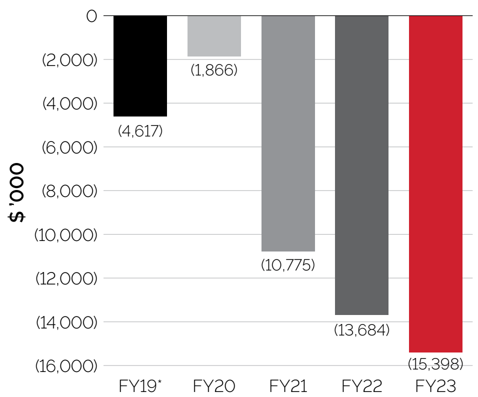


Revenue – Continuing Operations

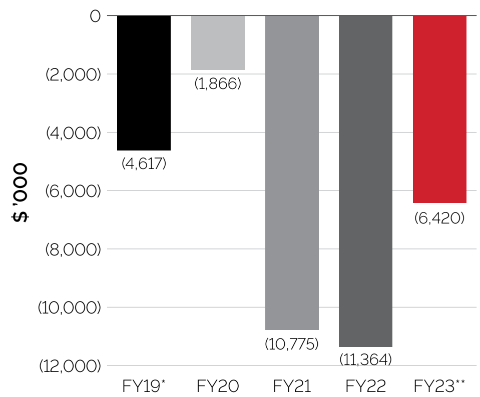


EBITDA – All Operations

(excluding IPO transaction costs)



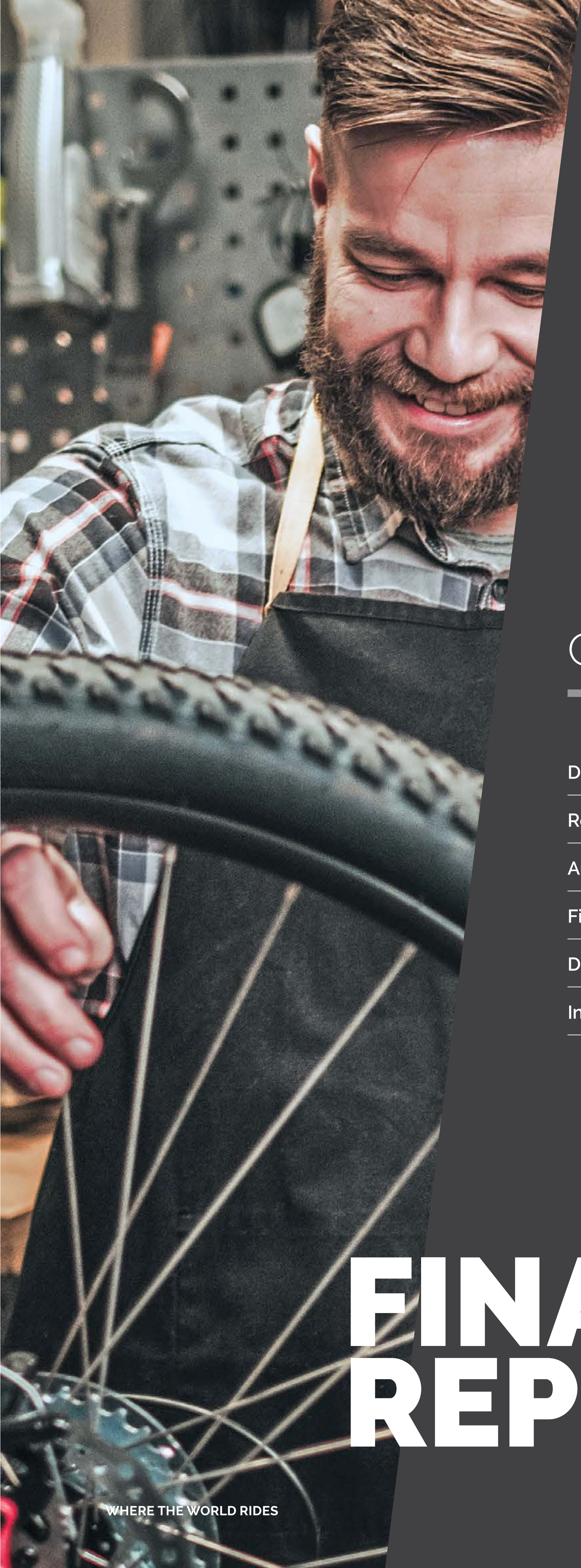
EBITDA – Continuing Operations



FY23 ($'000)	Australia NZ	Europe	North America	Colombia*	Continuing Operations	Discontinued	Total
Total Transaction Value	4,243	22,011	4,463	1,069	**31,786**	1,860	**33,646**
Growth pcp	(28%)	12%	42%	117%	**9%**	37%	**11%**
Revenue	1,576	3,409	1,219	218	**6,422**	1,860	**8,282**
Growth	(12%)	25%	103%	115%	**23%**	37%	**26%**

* EBITDA excludes BikeExchange Colombia S.A.S. (prior to the full acquisition on 2 March 2022 and which was previously equity accounted) and one-off costs incurred in FY21 in respect of IPO transaction costs.

** FY23 Revenue and EBITDA from Continuing Operations excludes Kitzuma bike deliveries, Colombian retail store operations and costs relating to BikeExchange Canada Inc which was dissolved during the year.



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FINANCIAL REPORT

Directors' Report

The Directors' present their report together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group', 'BikeExchange' or 'BEX') 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 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

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

- Dominic O'Hanlon;
- Gregg Taylor;
- Elizabeth Smith;
- Andrew Ryan;
- Sam Salter (resigned 31 May 2023); and
- Jade Wyatt (resigned 31 August 2022).

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 marketplaces provide, technology driven platforms to connect consumers with retailers of bicycle products and accessories through a convenient, transparent and efficient user experience. Revenues from the platforms include e-commerce commission and sale of goods revenue, and subscriptions from retailers on the platform. The Group also operates bicycle logistics services through the Kitzuma operations in North America. During the year the Group ceased operating Kitzuma door to door bike delivery business, sold the Colombian retail store operations and dissolved BikeExchange Canada Inc.

Use of non-IFRS measures

The Directors believe the additional information on non-International Financial Reporting Standards (IFRS) 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' and Normalised EBITDA.

Operating and financial review

The 2023 financial year was a year of strategic change for BEX, with a clear shift away from diverse and cost-intensive operations towards a more focused investment in core e-commerce operations and BEX-owned technology assets. Revenue growth was achieved by focusing on marketplace performance and the operating cost base was substantially reduced. The loss making Kitzuma door delivery and Colombian retail businesses were exited, reducing future working capital requirements and enabling management to focus on core e-commerce operations.

Market

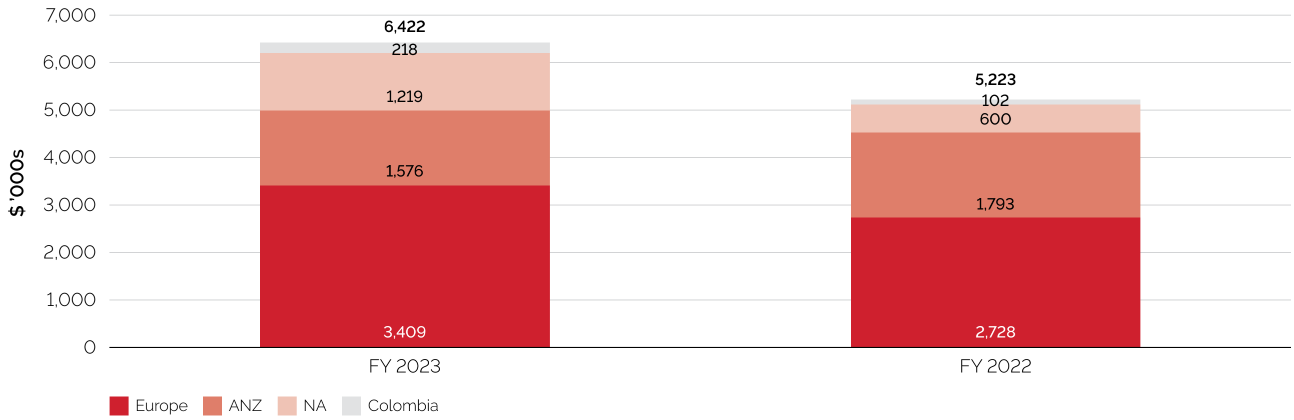
The global bike industry underwent a period of significant change over the past 12 months. While the first half of the financial year was impacted by COVID-19 and supply shortages, the second half trended towards oversupply and a normalisation of consumer demand across all markets.

Revenues from Continuing Operations

BEX Core markets North America, EU and Australia reported a 21% increase ($1.1 million vs pcp) in Net Revenues versus pcp to $6.2 million. Overall Group Net Revenues from continuing operations increased by 23% to $6.4 million.

e-commerce revenue growth was underpinned by the signing of a significant number of new brand, distributor and bike retailers, as well as an improved return on advertising spend. Improvements were achieved across key health indicators of our marketplace business: conversion rates up 20% to 0.23%, Average Order Values up 20% to $828 and Average Commission rates up to 9.4% from 7.7%.

Europe was the most significant contributor to the group results with revenues growing 25% to $3.4 million. North American revenues grew 103% to $1.2 million following the successful restructuring and re-purposing in North America to offer a combined Marketplace with 3PL and Boxed logistics solutions provided via Kitzuma.



Discontinued Operations and Impairment adjustments

Kitzuma Door to Door bike delivery business

On 31st October 2022, the Directors announced that Kitzuma door deliveries would pause during the slow winter months and that an operational and funding review of the business would be completed. The review confirmed that significant ongoing investment would be required to support the Kitzuma business in FY23 and beyond. Given the Company's capital position, the Directors made the decision to not restart Kitzuma bike deliveries on 27 February 2023.

This decision led to the full write-down of the goodwill attached to Kitzuma, as well as a write down of the related bike delivery assets to their recoverable amount, resulting in impairment losses of $5.3 million being recognised. The overall loss reported in FY23 from the discontinued Kitzuma bike delivery business was $7.9 million which includes the impairment losses reported.

Colombian Retail Store Business – BICICO S.A.S

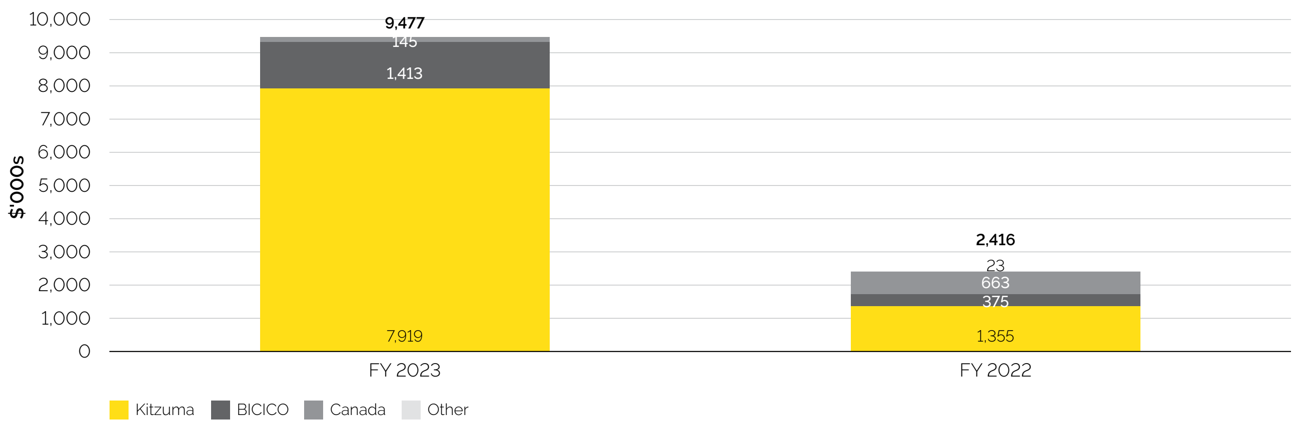
The group also exited its retail business operations in Colombia, selling its wholly owned subsidiary BICICO S.A.S, as well as the owned goods business operated by BikeExchange Colombia S.A.S on 30th June 2023 for $96k with a further $331k receivable relating to the transfer of Group loans to BICICO S.A.S. Prior to the sale, the goodwill in the retail business had been written down by $319k and a further $278k has been provided as an impairment loss on other assets. The overall loss recognised in FY23 from the discontinued Colombian operations was $1.4m which includes the above mentioned impairment losses.

BikeExchange Canada Inc

During the year, the Canadian subsidiary BikeExchange Canada Inc (formerly one of the locations for the North American operations) was also dissolved. Losses from the discontinued Canada operations for FY23 were $145k relating to salaries and operating costs incurred prior to the closure of this operation.

Despite incurring short term restructuring costs as a result of these decisions, the Group's exit from these operations provides BEX with significant ongoing cost savings and reduced future working capital requirements, as well as result in more streamlined and focussed operations in FY24.

Net Losses from Discontinued Operations



Costs and EBITDA Loss from Continuing Operations

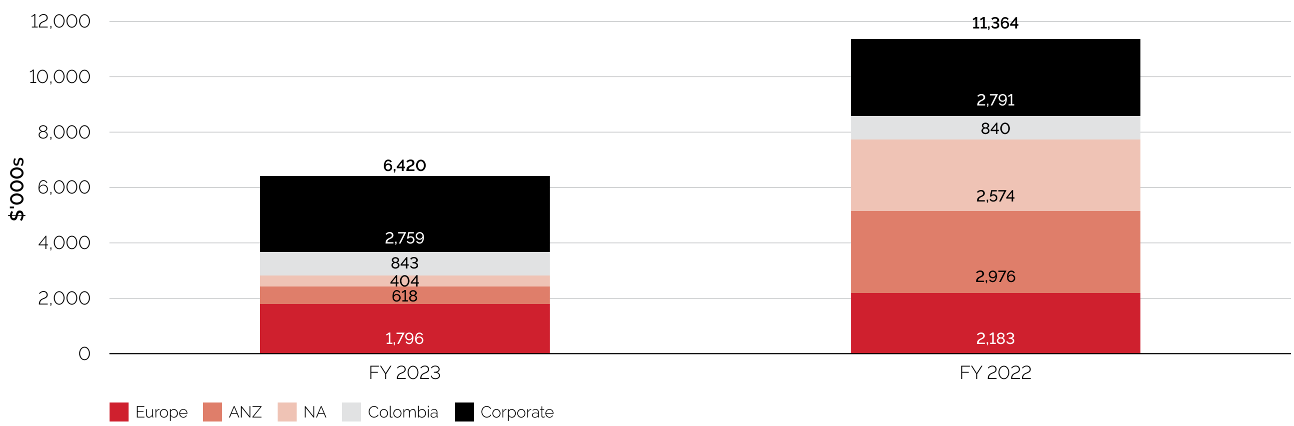
Total costs from continuing operations reduced by $3.8m from $16.8m to $13.0m in FY23, mainly due to the reduction in employment costs achieved in the year.

Employment costs reduced by $3.2 million to $5.9 million primarily as a result of savings associated with centralisation and automation, as well as an overall focus on investing in technology and consumer experience rather than employee headcount.

Marketing related costs reduced by $0.8 million to $1.5 million as a result of improvements in marketing efficiency and return on advertising spend.

Other operating expenses increased overall by $0.4 million, versus pcp with savings in administration and professional costs ($0.2 million) offset by the additional project spend on the development of the technology platform ($0.6 million).

The EBITDA loss from Continuing Operations by business unit



Normalised EBITDA Loss from Continuing Operations

In order to provide more information to shareholders in relation to how costs are being reduced and our path to profitability, the company is reporting the Normalised EBITDA from underlying continuing operations in addition to statutory EBITDA results.

Normalised EBITDA from continuing operations includes profits or losses from business operations that are planned to continue but excludes once off goodwill impairments, restructuring costs, and share options expenses.

Normalised EBITDA from continuing operations has improved by $5.8 million versus pcp to $4.4 million (versus $10.2 million in pcp), after removing impairment losses relating to Colombia as well as non-recurring employment and other costs.

Normalised EBITDA – Continuing Operations

$A Thousands	FY 2023	FY 2022	Variance $	Variance %
Revenue	**6,422**	**5,223**	**1,199**	**23%**
Other income	295	214	81	38%
Cost of sales	(583)	(124)	(459)	370%
Employment costs	(5,935)	(9,088)	3,153	(35%)
Marketing costs	(1,467)	(2,306)	839	(36%)
Other operating costs	(5,046)	(4,596)	(450)	10%
Fair value loss on step acquisition of JV	–	(687)	687	(100%)
Impairment losses	(106)	–	(106)	
Total Costs	**(13,137)**	**(16,801)**	**3,664**	**(22%)**
EBITDA	**(6,420)**	**(11,364)**	**4,944**	**(44%)**
Normalisation adjustments:				
Impairment losses (Bike Exchange Colombia)	106	–	106	
Fair value loss on step acquisition of JV	–	687	(687)	
Non recurring employment costs	582	–	582	
Non recurring provisions	201	–	201	
Non recurring other costs	223	–	223	
Technology build costs	480	–	480	
Share based payments*	455	449	6	
Total non recurring costs	**2,047**	**1,136**	**911**	**80%**
Underlying BikeExchange EBITDA	**(4,373)**	**(10,228)**	**5,855**	**(57%)**

* Share based payments include share options and STI expenses paid in shares.

Other items

Depreciation and amortisation increased by $232k on pcp to $584k, reflecting the additional depreciation of finance leased assets. Net finance costs increased by $41k on pcp to $65k reflecting the additional finance costs on leased assets.

Outlook

BikeExchange starts FY2024 with a clear intention to drive the business to profitability and scale its e-commerce offering using its own technology IP. The new consumer platform, with a best-in-class e-commerce engine and state-of-the-art solutions for user search, merchandising, content and AI recommendations is expected to drive higher revenues in FY24.

The Group will also focus on growing its seller base of Retail, Brand and Wholesale sellers, targeting sellers that improve the inventory offering and drive revenue performance. BEX will also seek to capitalise on the overstocked bike market by attracting new sellers to the platform.

The Group remains focused on cash, driving operational efficiency through integration, automation and unification of business processes, as well as growing its e-commerce business profitability. Significant cost savings were achieved in FY2023 and the improvements in marketplace performance and completion of the new consumer platform in Q1 FY24 have laid an excellent foundation for BEX to have a strong year in FY2024.

The Directors' have plans to raise further capital and have been in active discussions with a number of wholesale investors around providing further funding to the Group resulting in the announcement of commitments for a Share Placement totalling $1.85m on 5 September 2023. This proposed funding will be used to fund operations including working capital and further investment in technology.

Dividends

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

Events subsequent to the balance sheet date

The Company issued 66,666,666 shares on 20th July 2023 relating to Director shares that were approved at the EGM held on 10th July 2023.

On 5th September, the Company announced it has received commitments for a Share Placement to raise $1.39m before costs to be settled in mid September 2023. In addition a further $460k has been committed to be invested by Directors Andrew Ryan and Dominic O'Hanlon which is subject to shareholder approval at the Company's AGM.

There are no other matters or circumstances which have occurred subsequent to 30 June 2023 that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

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 Company 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 retailers 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 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 one of the leading bicycle marketplaces 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's cross-border business exposes 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 cross border issues may materially affect BikeExchange's operations and financial performance.

Capital Requirements

Investment funds of $600k were received in July 2023 following the issue of 66,666,666 Director shares that were approved at the EGM held on 10th July 2023. As outlined in the Basis of Preparation (see Note 2 and the Subsequent events Note 38), the Company has made plans to raise further capital, in the form of additional share equity and on 5th September 2023 received commitments for a Share Placement totalling $1.85m. The additional equity financing will dilute shareholdings and $1.39m of equity funding is expected to be settled by mid September 2023, with the balance to be received after shareholder approval at the Company's AGM. In the course of managing business operations and cashflow, if the Company requires further funding and is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and may be prevented from further progressing the commercialisation of its technology or continuing as a going concern.

Environmental regulation

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

Information on Directors

Director, experience and background

Dominic O'Hanlon

Independent Non-Executive Chairman

Mr O'Hanlon is a technology entrepreneur, business executive, professional director and investor with extensive experience and knowledge of the information technology industry built up over a career spanning over 30 years. Mr O'Hanlon was Managing Director and CEO of rhipe Limited (ASX code: RHP) for over 7 years and led the sale of RHP to Norwegian based Crayon in November 2021 for AUD $408 million. Prior to RHP, Mr O'Hanlon had multiple technology build, scale and exit experiences including as CEO of Haley Limited (sold to Oracle in 2008) and as Chief Strategy Officer of MYOB (sold to Bain Capital in 2011).

Gregg Taylor

Independent Non-Executive Director

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 25 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 is currently Investment Director and Portfolio Manager at Salter Brothers. 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 has 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 True Woo Pty Ltd.

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.

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.

Elizabeth Smith

Independent Non-Executive Director

Liz has over 25 years' experience as a Chartered Accountant. She is a former Corporate Finance Partner of Grant Thornton and William Buck. She is also a Director of Pureprofile Ltd (ASX:PPL), Hub Australia and the Australian Red Cross.

Liz has had extensive experience advising businesses with strong growth aspirations, including on valuations, due diligence, mergers and acquisitions, capital raisings and ASX listings. She has worked across a range of industries (including technology and retail) and for businesses ranging from small privately owned companies to large ASX listed entities.

Liz holds a Bachelor of Commerce from the University of Melbourne and a Masters of Business Administration from La Trobe University. She is also a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia, a Fellow of the Governance Institute and is a graduate of the Australian Institute of Company Directors.

Director, experience and background

Priyamvada (Pia) Rasal

Company Secretary

Ms Priyamvada (Pia) Rasal has over 12 years' experience in company secretarial consultancies across multiple geographies (Melbourne, Perth, and Mumbai) in governance, corporate secretarial and legal roles. She works with Automic Group and has managed a portfolio of private companies, public companies, ASX listed entities and non-profit organisations as a Company Secretary. Ms Rasal is an Associate Member of the Chartered Governance Institute (UK) and the Governance Institute of Australia. Ms Rasal holds a bachelor's degree in law and commerce from India.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board Meetings		Audit and Risk Committee Meetings		Nomination and Remuneration Committee Meetings	
Name	**Held ****	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Dominic O'Hanlon	13	12	1	1	1	1
Gregg Taylor	13	13	3	2	1	1
Andrew Ryan	13	13	3	2	1	1
Elizabeth Smith	13	13	3	3	*	*
Sam Salter	12	11	*	*	*	*
Jade Wyatt	2	1	*	*	*	*

* Indicates not a member of the relevant committee.

** Held Board Meetings reflects number of meetings held during period which the Director was appointed as a Director.

Shares under option

There were 38,784,189 unissued ordinary shares of BikeExchange Limited under option outstanding at the date of this report. Options issued up to June 2022 have an expiry date of 8 February 2028, whilst the Options issued to Dominic O'Hanlon's nominee, Flare Ventures Pty Ltd have an expiry date of 27th October 2027.

These options are exercisable at a weighted average exercise price of $0.114. 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 directors' 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 and the date of the Directors' 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 in Note 35 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*.

The directors are of the opinion that the services as disclosed in Note 35 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 to 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 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

Dominic O'Hanlon	**Ryan McMillan**
Chairman	CEO

11th September 2023

Remuneration Report

This remuneration report details the remuneration arrangements for the key management personnel ('KMP') of BikeExchange Ltd for the financial year ended 30 June 2023, 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.

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 share plans
6. KMP statutory remuneration details for the year ended 30 June 2023
7. Other transactions with KMP
8. KMP shareholdings

1. Persons covered in this remuneration report

Directors

Name	Role	Period in role covered by this report
Dominic O'Hanlon	Independent Non-Executive Chairman (formerly Non-Executive Director)	1 May 2023 onwards (Non-Executive Director from 16 June 2022)
Gregg Taylor	Independent Non-Executive Director and Chair of the Remuneration and Nominations Committee (formerly Chairman)	1 May 2023 onwards (Non-Executive Chair from July 2021)
Sam Salter	Executive Director (formerly Executive Director and Acting Chief Executive Officer)	3 February 2021 to 31 May 2023 (Acting CEO 18 May 2022 – 31 August 2022)
Andrew Ryan	Non-Executive Director	3 February 2021 onwards
Elizabeth Smith	Independent Non-Executive Director and Chair of Audit and Risk Committee	4 April 2022 onwards
Jade Wyatt	Non-Executive Director and Chair of Remuneration and Nominations Committee	3 February 2021 – 31 August 2022

Executive KMP

Name	Role	Period in role
Ryan McMillan	Chief Executive Officer (CEO)	1 September 2022 onwards
Kathy Kotsiopoulos	Chief Financial Officer (CFO) (Acting CFO from 1 September 2022)	1 March 2023 onwards
Andrew Demery	Chief Financial Officer (CFO)	26 August 2020 – 30 September 2022

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) a nomination function; the purpose of which 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 remuneration function; the purpose of which 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 on the Group's corporate governance site:

https://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 Gregg Taylor, Dominic O'Hanlon and Andrew Ryan of which Gregg and Dominic are 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
- aligned 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 non-executive directors. 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.

For the year ended 30 June 2023, Mr Dominic O'Hanlon, Gregg Taylor and Andrew Ryan elected to receive their annual director fees in shares in lieu of cash payments which were approved at the AGM held on 27th October 2022. Ms Elizabeth Smith elected to receive directors fees for the period 1 January 2023 to 30 June 2023 in shares in lieu of cash payments which were approved at the EGM held on 10th July 2023.

In addition, all non-executive directors at the date of the IPO were offered options under the Employee Incentive Plans – IPO Grant as set out in section 5.

Additionally, the Company had a consultancy agreement with Flare Ventures Pty Ltd, an entity controlled by Mr O'Hanlon, which provided corporate executive advisory services to the Company for an annual fee of $40,000, payable in shares (Adviser Fee Shares). The Advisor Fee Shares were approved at the AGM held on 27th October 2022. The consultancy services agreement was terminated with effect from 30 June 2023 due to Mr O'Hanlon stepping into the Chair role. There were also 30 million Options issued (Adviser Options) to Mr O'Hanlon under the consultancy agreement with Flare Ventures Pty Ltd which were also approved at the AGM held on 27th October 2022. The terms of the Adviser Options are for a 12 month period of service prior to vesting, and the exercise price is in a range of $0.03 – $0.09 per share. The Advisor Options are retained under the terms of the consultancy agreement.

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	Executive 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:

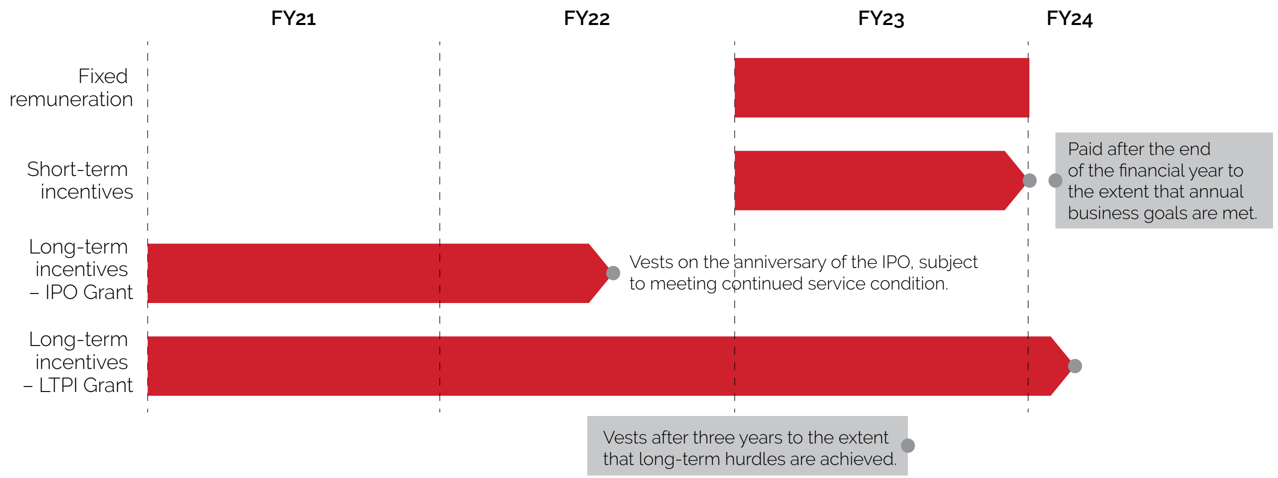
Name	Role	Period of notice
Ryan McMillan	Chief Executive Officer (CEO)	6 months
Kathy Kotsiopoulos	Chief Financial Officer (CFO)	1 month

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 executive KMP's 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 Executive KMPs:

Name	Base salary (excluding superannuation)	Effective date
Ryan McMillan	$350,000	1 September 2022
Kathy Kotsiopoulos	$200,000	1 September 2022
Andrew Demery	$300,000	26 August 2020 – 30 September 2022

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

STIs provide recognition for performance against annual business targets which are set by the Board for executive KMPs at the beginning of the financial year. The FY23 STI opportunities for the executive KMP's were established as a % of base salary. The STI opportunities as a percentage and dollar amount of each executive's fixed remuneration for FY23 are indicated as follows:

	Target STI	
Name	**% of base salary**	**$ opportunity (exclusive of superannuation)**
Ryan McMillan	50%	$175,000
Kathy Kotsiopoulos	30%	$60,000
Andrew Demery (to 30 September 2022)	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 FY23 STI were as follows:

Name	STI awarded	% Awarded of Target
Ryan McMillan	$116,667	67%
Kathy Kotsiopoulos	$80,000	133%
Andrew Demery	$nil	0%

For the FY23 year, STI's were awarded for selected executive KMP's which reflects the achievement of both financial and non-financial targets for the FY23 financial year. The STI's awarded are to be paid in shares and have been valued at the share price on the date approved by the Board on 19th July 2022.

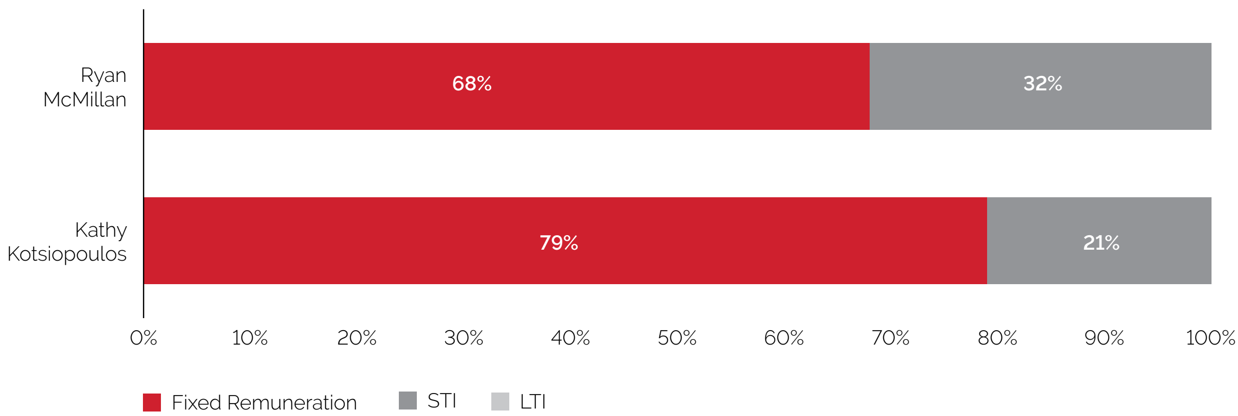
(iii) Long-term incentive ('LTI')

LTIs 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 KMPs were offered options under the Employee Incentive Plans – IPO Grant and LTIP Grant as set out in section 5.

4.3 FY23 remuneration mix

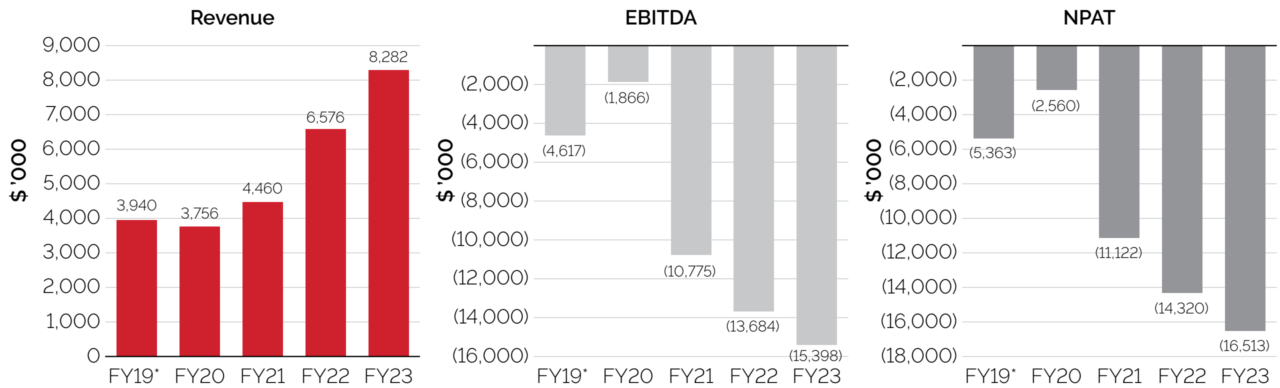
The chart below shows the relative proportion of the various elements of remuneration for the executive KMP's with variable incentive opportunities displayed 'at-target'. Between 21% to 31% of the target potential remuneration for all executive KMP's is delivered through variable incentives, which is lower than comparative periods. Following substantial business restructuring, the Board expects to issue additional LTI Options to KMP's in FY2024 to increase the proportion of variable compensation to ensure that executive pay reflects business performance and shareholder interests.

KMP Target Remuneration Mix – FY23



4.4 Financial performance

The Group's financial performance over the last five years from all operations (continuing and discontinued) is illustrated as follows:

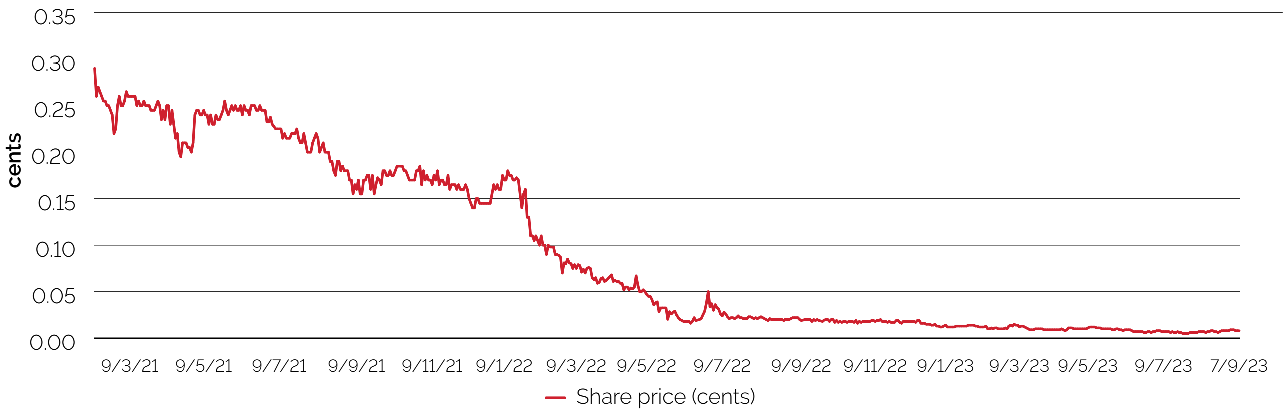


* The Group did not prepare consolidated financial statements prior to FY20. The FY19 financial performance is based on the aggregated historical financial information for the BikeExchange Group taken from the IPO Prospectus filed with the ASX on 16 December 2020.

Basic and diluted EPS for FY23 was a loss of 1.9 cents per share (FY22: loss of 4.8 cents per share; FY21: loss of 5.4 cents per share; FY20: loss of 1.8 cents per share). EPS is not available for years prior to FY20 as consolidated financial information is not available.

Share Price

BEX Share price (cents)



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, 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:

- 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 buy back 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 his or her 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; and
- clawback any or all of the participant's Awards or resulting shares which have been sold by that participant, requiring that participant to pay requiring the participant 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 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 made two grants at the time of the IPO of share options under the Employee Incentive Plan and a further grant to new KMPs joining the business in FY22 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 (LTIP Grants) of options to executive KMP executives and other key employees.

Overall, 60,000,000 options are available to be offered under the Employee Incentive Plan as approved by shareholders at the AGM on 27 October 2022.

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 2028; and b) the date that the participant ceases to be an employee of the Group.
Exercise Period	The period from the exercise date until 5:00pm (Sydney time) on the expiry date.
Vesting Conditions	N/A.
Trading Restrictions	None.

There were no options granted under this plan in FY23.

The below table provides the options issued to each KMP in FY21.

Name	Number of options granted	Fair Value per option at grant date ($)	Options vested and unexercised at 30 June 2023	Fair Value of options at grant date
Directors				
Gregg Taylor	2,000,000	0.126	2,000,000	$252,000
Sam Salter	1,000,000	0.126	1,000,000	$126,000
Andrew Ryan	1,000,000	0.126	1,000,000	$126,000
Jade Wyatt	1,000,000	0.126	1,000,000	$126,000
Executive KMPs				
Ryan McMillan	900,000	0.126	900,000	$113,400
Andrew Demery	500,000	0.126	500,000	$63,000

5.2.2 LTIP Grants

IPO date Award Grants

The key terms of the LTIP Grants at the IPO date of 9 February 2021 are as follows:

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Grant Date</td><td>9 February 2021.</td></tr>
<tr><td>Entitlement to Shares</td><td>Each LTIP option will enable the participant to be issued one share.</td></tr>
<tr><td>Issue Price</td><td>Nil.</td></tr>
<tr><td>Exercise Price</td><td>$0.45</td></tr>
<tr><td>Vesting Date</td><td>8 February 2024.</td></tr>
<tr><td>Expiry Date</td><td>The earlier of:
a) 9 February 2028; and
b) the date that the participant ceases to be an employee of the Group.</td></tr>
<tr><td>Exercise Period</td><td>The period from the exercise date until 5:00pm (Sydney time) on the expiry date.</td></tr>
<tr><td>Vesting Conditions</td><td>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; and
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.

<table>
<tr><th>Anniversary</th><th>CAGR requirement</th><th>Revenue target</th></tr>
<tr><td>First</td><td>150%</td><td>$6.03m</td></tr>
<tr><td>Second</td><td>225%</td><td>$9.05m</td></tr>
<tr><td>Third</td><td>338%</td><td>$13.57m</td></tr>
</table></td></tr>
<tr><td>Trading restrictions</td><td>None.</td></tr>
</table>

There were no grants under this plan in FY23.

The below table provides the options issued to each KMP in FY21:

Name	Number of options granted	Fair Value per option at grant date ($)	Options vested and unexercised at 30 June 2023	Fair Value of options at grant date
Executive KMPs				
Ryan McMillan	1,200,000	0.092	–	$110,400
Andrew Demery	1,800,000	0.092	–	$165,600

FY22 LTIP Grants

The key terms of the LTIP Grants made in FY22 are as follows:

Feature	Description
Grant Date	24 February 2022
Entitlement to Shares	Each LTIP 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 2028; and b) the date that the participant ceases to be an employee of the Group.
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: • half of the LTIP options will be satisfied on the vesting date, subject to the Group revenues of $9.05 million being achieved for calendar year 2022; and • half of the LTIP options will be satisfied on the vesting date, subject to the Group revenues of $13.57 million being achieved for calendar year 2023.
Trading restrictions	None.

The below table provides the options issued to each KMP in FY23:

Name	Number of options granted	Fair Value per option at grant date ($)	Options vested and unexercised at 30 June 2023	Fair Value of options at grant date
Directors				
Dominic O'Hanlon	30,000,000	0.015	–	$450,000

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 ($)	Exercise Price ($)	Out-standing options at 1 July 2022	Options vested during the year	Exercised options during the year	Options lapsed during the year	Unvested options at 30 June 2023	Vested options at 30 June 2023	Out-standing options at 30 June 2023
Directors										
Dominic O'Hanlon	10,000,000	0.015	0.03	–	–	–	–	10,000,000	–	10,000,000
Dominic O'Hanlon	10,000,000	0.015	0.06	–	–	–	–	10,000,000	–	10,000,000
Dominic O'Hanlon	10,000,000	0.015	0.09	–	–	–	–	10,000,000	–	10,000,000
Gregg Taylor	–	0.126	0.26	2,000,000	–	–	–	–	2,000,000	2,000,000
Sam Salter	–	0.126	0.26	1,000,000	–	–	–	–	1,000,000	1,000,000
Sam Salter	–	0.02	0.45	1,200,000	–	–	(600,000)	600,000	–	600,000
Andrew Ryan	–	0.126	0.26	1,000,000	–	–	–	–	1,000,000	1,000,000
Jade Wyatt	–	0.126	0.26	1,000,000	–	–	(1,000,000)	–	–	–
Executive KMPs										
Ryan McMillan	–	0.126	0.26	900,000	–	–	–	–	900,000	900,000
Ryan McMillan	–	0.092	0.45	1,200,000	–	–	(800,000)	400,000	–	400,000
Andrew Demery	–	0.126	0.26	500,000	–	–	–	–	500,000	500,000
Andrew Demery	–	0.092	0.45	1,800,000	–	–	(1,800,000)	–	–	–

The date of expiry for all options is 8 February 2028 with the exception of the Options issued to Dominic O'Hanlon which expire on 26 October 2027.

6. KMP statutory remuneration details for the year ended 30 June 2023

The following tables have been prepared in accordance with Australian Accounting Standards and section 300(a) 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 current and previous financial year while they were KMP (including STI amounts in respect of performance during the year which are paid following the end of the year).

	Short-term Benefits			Post Employment Benefits	Termination benefits	Long-term Benefits	Share Based Payments		
	Cash Salary and fees $	Non cash salary and fees[4] $	Non cash STI $	Super – annuation $	Termin – ation benefits $	Long service leave $	IPO options grant $	LTIP options grant $	Total $
Non-Executive Directors									
Dominic O'Hanlon	–	82,000	–	–	–	–	–	303,288	385,288
Gregg Taylor	10,000	88,000	–	–	–	–	–	–	98,000
Andrew Ryan	4,525	44,000	–	475	–	–	–	–	49,000
Jade Wyatt[1]	9,050	–	–	950	–	–	–	–	10,000
Liz Smith	30,000	9,000	–	–	–	–	–	–	39,000
	53,575	**223,000**	**–**	**1,425**	**–**	**–**	**–**	**303,288**	**581,288**
Executive Directors									
Sam Salter[2]	166,323	–	–	17,464	–	98	–	140	184,025
	166,323	**–**	**–**	**17,464**	**–**	**98**	**–**	**140**	**184,025**
Other Key Management Personnel									
Ryan McMillan	244,168	45,889	116,667	27,500	–	–	(18,120)	–	416,104
Kathy Kotsiopoulos	179,487	–	80,000	18,846	–	475	–	–	278,808
Andrew Demery[3]	79,704	–	–	6,212	–	(1,458)	(76,524)	–	7,934
	503,359	**45,889**	**196,667**	**52,558**	**–**	**(983)**	**(94,644)**	**–**	**702,846**
Total KMP Remuneration	**723,257**	**268,889**	**196,667**	**71,447**	**–**	**(885)**	**(94,644)**	**303,428**	**1,468,159**

1 Resigned 31 August 2022.

2 Resigned as Director on 31 May 2023.

3 Resigned 30 September 2023.

4 Non cash salary and fees includes shares issued in lieu of cash remuneration.

2022 KMP Statutory Remuneration Details

	Short-term Benefits			Post Employment Benefits	Termination benefits	Long-term Benefits	Share Based Payments		
	Salary and fees $	Cash STI $	Other $	Superannuation $	Termination benefits $	Long service leave $	IPO options grant $	LTIP options grant $	Total $
Non-Executive Directors									
Gregg Taylor	120,000	–	–	–	–	–	154,652	–	274,652
Bryan Zekulich[1]	45,455	–	–	4,545	–	–	77,326	–	127,326
Andrew Ryan	54,545	–	–	5,454	–	–	77,326	–	137,325
Jade Wyatt	54,545	–	–	5,454	–	–	77,326	–	137,325
Liz Smith[2]	15,000	–	–	–	–	–	–	–	15,000
Dominic O'Hanlon[3]	–	–	–	–	–	–	–	–	–
	289,545	**–**	**–**	**15,453**	**–**	**–**	**386,630**	**–**	**691,628**
Executive Directors									
Sam Salter	294,690	–	15,000	29,509	–	810	77,326	8,994	426,329
	294,690	**–**	**15,000**	**29,509**	**–**	**810**	**77,326**	**8,994**	**426,329**
Other Key Management Personnel									
Mark Watkin[4]	301,538	–	18,432	30,961	175,000	(6,927)	100,524	(42,648)	576,880
Andrew Demery	301,154	–	25,384	30,156	–	804	38,663	29,947	426,108
	602,692	**–**	**43,816**	**61,117**	**175,000**	**(6,123)**	**139,187**	**(12,701)**	**1,002,988**
Total KMP Remuneration	**1,186,927**	**–**	**58,816**	**106,079**	**175,000**	**(5,313)**	**603,143**	**(3,707)**	**2,120,945**

1 Resigned 29 April 2022.

2 Appointed 4 April 2022.

3 Appointed 16 June 2022. Director fees for the period 1 January 2023 to 30 June 2023 were received in shares which were issued in July 2023.

4 Resigned 18 May 2022. Termination benefits reflect six months notice period paid in cash. Negative value for long service leave and share based payments reflects reversal of prior year accounting charge as the long service leave is not payable and the unvested options lapse on leaving employment.

Other short-term benefits related 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 2022	Number of shares subscribed for in capital raise	Director/ Executive Salary sacrifice shares	STI Bonus	Shares acquired on market	Shares disposed on market	Other move-ments	Balance at 30 June 2023
Dominic O'Hanlon	–	26,875,000	5,125,000	–	7,176,638	–	–	39,176,638
Gregg Taylor	1,344,924	–	5,500,000	–	–	–	–	6,844,924
Sam Salter	35,931,720	–	–	–	–	–	(35,931,720)	–
Andrew Ryan	50,447,670	–	2,750,000	–	–	–	–	53,197,670
Jade Wyatt	30,931,720	–	–	–	–	–	(30,931,720)	–
Elizabeth Smith	776,202	–	–	–	–	–	–	776,202
Ryan McMillan	10,745,730	–	1,166,667	6,985,300	–	–	–	18,897,697
Kathy Kotsiopoulos	–	1,562,500	–	–	–	–	–	1,562,500
Mark Watkin	4,732,404	–	–	–	–	–	(4,732,404)	–
Andrew Demery	1,084,616	–	–	–	–	–	(1,084,616)	–

Other movements include ceasing to be a KMP during the year.

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

Dominic O'Hanlon
Chairman

Ryan McMillan
CEO

11th September 2023

Auditor's Independence Declaration

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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11 Septemer 2023

Board of Directors
BikeExchange Limited
101 Moray Street
South Melbourne VIC 3205

Dear Board Members

Auditor's Independence Declaration to 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 report of BikeExchange Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Jane Fisher
Partner
Chartered Accountants

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2023

	Notes	30 June 2023 $	30 June 2022 $
Continuing Operations			
Revenue	5	6,422,282	5,222,726
Other income	6	295,462	214,207
Cost of sales		(582,590)	(124,225)
Employee benefits expense	6	(5,934,745)	(9,088,286)
Marketing expenses		(1,467,316)	(2,306,259)
Other operating expenses	6	(5,053,647)	(4,607,214)
Impairment losses	6	(106,135)	–
Fair value loss on step acquisition of joint venture		–	(686,582)
Gain on disposal of asset	6	6,796	11,455
(Loss)/Earnings before Interest, Tax, Depreciation and Amortisation		**(6,419,893)**	**(11,364,178)**
Depreciation and amortisation expense	6	(584,380)	(352,601)
Finance income		37,391	10,056
Finance costs	6	(64,676)	(23,962)
Share of results of equity accounted joint venture	11	–	(173,478)
(Loss) before income tax expense		**(7,031,558)**	**(11,904,163)**
Income tax expense	7	(4,027)	–
(Loss) for the year from continuing operations		**(7,035,585)**	**(11,904,163)**
Discontinued Operations			
(Loss) for the year from discontinued operations	8	(9,477,145)	(2,416,040)
(Loss) for the year		**(16,512,730)**	**(14,320,203)**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange differences on translation of foreign operations		(73,948)	(60,645)
Other comprehensive (loss) for the year, net of tax		**(73,948)**	**(60,645)**
Total comprehensive (loss) for the period attributable to members		**(16,586,678)**	**(14,380,848)**
Earnings Per Share (cents per share):			
Basic			
– From continuing operations		(0.8)	(4.0)
– From discontinued operations		(1.1)	(0.8)
Total	10	**(1.9)**	**(4.8)**
Diluted			
– From continuing operations		(0.8)	(4.0)
– From discontinued operations		(1.1)	(0.8)
Total	10	**(1.9)**	**(4.8)**

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 $	30 June 2022 Restated $
ASSETS			
Current Assets			
Cash and cash equivalents	12	1,897,192	4,888,822
Trade and other receivables	13	1,645,937	1,568,439
Inventories	14	–	893,906
Prepayments		293,123	484,623
Finance lease receivables	18	–	43,706
Financial assets	19	107,943	46,804
Total Current Assets		**3,944,195**	**7,926,300**
Non-Current Assets			
Right-of-use assets	15	734,828	2,147,241
Property, plant and equipment	16	82,801	444,869
Intangible assets	17	247,912	5,821,645
Total Non-Current Assets		**1,065,541**	**8,413,755**
Total Assets		**5,009,736**	**16,340,055**
LIABILITIES			
Current Liabilities			
Trade and other payables	21	5,365,957	5,876,886
Deferred income		113,967	153,784
Financial liabilities	22	120,913	201,716
Lease liabilities	23	520,861	615,273
Provisions	24	208,711	306,486
Total Current Liabilities		**6,330,409**	**7,154,145**
Non-Current Liabilities			
Lease liabilities	23	266,874	1,855,379
Deferred tax liabilities	20	–	–
Provisions	24	1,815	14,424
Total Non-Current Liabilities		**268,689**	**1,869,803**
Total Liabilities		**6,599,098**	**9,023,948**
Net (Liabilities)/Assets		**(1,589,362)**	**7,316,107**
Equity			
Share capital	25	63,758,691	56,003,195
Other reserves	26	(7,622,068)	(7,473,833)
Accumulated Deficiencies		(57,725,985)	(41,213,255)
Total (Deficiency)/Equity		**(1,589,362)**	**7,316,107**

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 2023

	Notes	Share capital $	Other reserves $	Translation reserve $	Accumulated Deficiencies $	Total equity $
Balance at 1 July 2021		51,075,469	(10,634,725)	(718,018)	(26,893,052)	12,829,674
(Loss) for the year		–	–	–	(14,320,203)	(14,320,203)
Other comprehensive (loss) for the year		–	–	(60,645)	–	(60,645)
Total		–	–	(60,645)	(14,320,203)	(14,380,848)
Transactions with owners, recognised directly in equity						
Issue of share capital	25	5,313,740	–	–	–	5,313,740
Costs of Issuing share capital	25	(386,014)	–	–	–	(386,014)
Deferred equity to be issued	26	–	3,190,059	–	–	3,190,059
Share-based payments	33	–	749,496	–	–	749,496
Total		4,927,726	3,939,555	–	–	8,867,281
Balance at 30 June 2022		**56,003,195**	**(6,695,170)**	**(778,663)**	**(41,213,255)**	**7,316,107**
Balance at 1 July 2022		56,003,195	(6,695,170)	(778,663)	(41,213,255)	7,316,107
(Loss) for the year		–	–	–	(16,512,730)	(16,512,730)
Other comprehensive profit/(loss) for the year		–	–	(73,948)	–	(73,948)
Total		–	–	(73,948)	(16,512,730)	(16,586,678)
Transactions with owners, recognised directly in equity						
Issue of share capital	25	8,373,041	–	–	–	8,373,041
Cost of issuing share capital	25	(617,545)	–	–	–	(617,545)
Deferred equity issued	26	–	(299,920)	–	–	(299,920)
Share-based payments	33	–	225,633	–	–	225,633
Total		7,755,496	(74,287)	–	–	7,681,209
Balance at 30 June 2023		**63,758,691**	**(6,769,457)**	**(852,611)**	**(57,725,985)**	**(1,589,362)**

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 2023

	Notes	30 June 2023 $	30 June 2022 $
Cash Flows From Operating Activities			
Receipts from customers		41,618,852	39,557,861
Payments to suppliers and employees		(50,344,700)	(51,967,114)
Other revenue		–	184,462
Interest received		40,597	10,380
Interest paid		(67,242)	(22,113)
Net cash (used in) operating activities	27	**(8,752,493)**	**(12,236,524)**
Cash Flows From Investing Activities			
Payments for intangible assets		(64,347)	(397,634)
Payments for property, plant and equipment assets		(46,377)	(140,980)
Proceeds from sale of property, plant and equipment		324,270	–
Payments for subsidiaries (net of cash acquired)		–	(1,757,456)
Pre-acquisition loans to subsidiaries		–	(493,937)
Payments for JV funding		–	(678,817)
Payment of security deposit		(29,345)	–
Net cash provided by/(used in) investing activities		**184,201**	**(3,468,824)**
Cash Flows From Financing Activities			
Proceeds from loans and borrowings		47,233	–
Repayment of loans with related parties		–	(60,078)
Proceeds from share issue		7,614,714	5,183,101
Payments for leases		(891,038)	(382,878)
Receipts from leases		48,060	81,131
Costs related to share capital issuance		(994,948)	(8,611)
Repayment of loans and borrowings		(308,614)	(128,853)
Net cash provided by financing activities		**5,515,407**	**4,683,812**
Net (decrease) in cash held		**(3,052,885)**	**(11,021,536)**
Cash and cash equivalents at the beginning of the financial period		4,888,822	15,924,713
Effects of exchange rates changes		67,943	(14,355)
Cash disposed of on sale of subsidiary	8	(6,688)	–
Cash and cash equivalents at the end of the financial period	12	**1,897,192**	**4,888,822**

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

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 98. 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, Europe, North America and Colombia, as well as bicycle logistics services in North America. BikeExchange has over 1,500 retailers and over 1,500 brands globally available on the marketplace platforms providing ease, convenience and choice for consumers.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 11th September 2023. 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.

The comparative income statement and segment reporting note have been represented as if the operations discontinued during the current period had been discontinued from the start of the comparative period (see Note 8). Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation in the current financial year.

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, except for share-based payment transactions that are within the scope of AASB 2, 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.

Going Concern

The financial statements have been prepared on a going concern basis.

As of 30 June 2023, the Group incurred a net loss of $16,512,730 and negative net cashflows from operations totalling $8,752,493, had net liabilities of $1,589,362 and net current liabilities of $2,386,214. Whilst the loss for the year ended 30 June 2023 was higher than for the prior comparative period, this was largely attributable to impairment write-downs and losses attributable to discontinued operations. The operating loss from continuing operations of $7,035,585 was substantially lower than the prior comparative period of $11,904,163. This significant reduction was achieved from e-commerce revenue growth and significant cost restructures effected in FY23 that have substantially reduced the cost base of the ongoing operations. The FY23 operating costs also include technology project development expenses of $585,269 on the new consumer platform. The revenue benefits from the investment in this new consumer platform are expected to commence in Q2 FY24 with the new sales platform targeted to be progressively launched from September 2023.

The Company has received firm commitments for a share placement to wholesale and sophisticated investors for $1.39m to be settled in mid-September 2023. A further $460k has been committed to be invested by Directors Andrew Ryan and Dominic O'Hanlon which is subject to shareholder approval at the Company's AGM. This additional funding will provide working capital and support the Group's liquidity in the event of lower than forecast revenues, as well as enable the Group to continue to invest in its technology plan in FY24. Should the forecast revenue targets not be met, there are further cost saving initiatives that are able to be implemented to manage the medium-term liquidity of the Group until further funding can be secured as and when it may be required.

The successful outcome of any future funding initiatives is not guaranteed and is subject to agreeing suitable commercial terms, as well as approval by the Board, and existing shareholders if required under applicable legislation/listing rules.

The directors have prepared projected cash flow information for the twelve months from the date of signing of these financial statements taking into consideration the recently announced share placement and the future expectations of trading performance.

The continued funding of ongoing operations is dependent upon the following assumptions;

- Achieving significant forecast revenue growth; and
- Raising of additional new capital via share issue, if required.

The Directors remain focused on the Group's liquidity, and expect to manage business operations in the forecast period whilst maintaining adequate liquidity through continuing to carefully manage cash used in operations.

Based on the above factors, and notably since the Group has recently received additional funding commitments and anticipates achieving revenue growth targets, the Directors are of the opinion that the use of the going concern assumption is appropriate.

In the event that the Group does not achieve significant forecast revenue growth, and is unable to secure the recently announced share placement and/or the additional funding as it is required, a material uncertainty would exist that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

No adjustments have been made relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 2. Summary of Significant Accounting Policies (continued)

New or amended Accounting Standards and Interpretations Adopted

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not had a material effect on the Group. Any new amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group has considered Accounting Standards and Interpretations which have been issued but are not yet effective, identifying the following which are relevant to the consolidated entity:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*; and
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*.

When these amendments are first adopted for the year ending 30 June 2024 there will be no material impact on the financial statements. Other Accounting Standards and Interpretations which have been issued but are not yet effective are not relevant to the consolidated entity, or their impact is editorial only.

Restatement of Prior Year Financial Statements

The Group has identified that an error in classification between Trade and other payables and Deferred income relating to balances payable to retailers has occurred. The error has been corrected by restating each of the affected financial statement line items for prior periods. The following table summarises the impacts on the Group's consolidated financial statements.

Consolidated statement of financial position

	Previously reported 30 June 2022 $	Restatement $	30 June 2022 Restated $
Trade and other payables	5,055,067	821,819	5,876,886
Deferred Income	975,603	(821,819)	153,784

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BikeExchange Limited as at 30 June 2023 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 non-controlling 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.

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 on the BikeExchange Platform. 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.

Logistics

Revenue for bicycle logistics is recognised when a delivery is fully completed and the performance obligation is satisfied.

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 Group's network of websites. Revenue for bicycle logistics is recognised when a delivery is fully completed and the performance obligation is satisfied. Sale of goods revenue is recognised at a point in time, which is typically at the point the goods are collected or delivered to the customer.

All revenue is stated net of the amount of taxes.

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.

Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up to date in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

A discontinued operation is a component of the consolidated entity's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned also may qualify. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Note 2. Summary of Significant Accounting Policies (continued)

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 in the periods presented relate to various Government COVID-19 related support schemes 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 Group 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.

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 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 joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

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 and non-controlling interests in the subsidiaries of the joint venture.

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 or 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).

Note 2. Summary of Significant Accounting Policies (continued)

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable direct labour costs, and allocated administrative overheads incurred in bringing the inventories to their present location and condition.

Cost is calculated using the weighted average cost method. Net realisable value is reviewed and determined on the basis of each inventory line's normal selling pattern. Net realisable value represents the estimated selling price less all estimated costs of completion and all costs to be incurred in marketing, selling and distribution.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, accumulated depreciation and any impairment losses.

Equipment, leasehold improvements and equipment under finance lease, and motor vehicles 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 2-5 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

Internally-Generated Intangible Assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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 life of the assets is shorter.

If ownership of the leased asset transfers to the Group 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 23).

The Group 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 13.

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); and
- 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 (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 Group'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 pass-through 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 19
- Trade receivables – Note 13

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 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.

Note 2. Summary of Significant Accounting Policies (continued)

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 Group'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; and
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at amortised cost (loans and borrowings)

This is the category of financial liabilities that is 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 34.

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 33.

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.

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.

Note 2. Summary of Significant Accounting Policies (continued)

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.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purpose of impairment testing.

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 2, 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 Payments

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 33.

Note 4. Segmental 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 office supports the Group websites that offer services to customers in Australia and New Zealand.
- 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 Asheville, NC, USA. This office supports the Group's websites that offer services to customers in the USA and Canada and the Group's logistics services provided under the Kitzuma brand. The Kitzuma bike door to door delivery services were discontinued during FY23. The dormant Canadian subsidiary was dissolved during FY23.
- Colombia: This segment includes the BikeExchange Colombia S.A.S and BICICO S.A.S which operates from Medellin Colombia, and principally services the Colombian market with e-commerce marketplaces and operation of retail bicycle stores. The Colombian retail store operations were discontinued from 30 June 2023.
- The unallocated segment contains any items that are not able to be allocated to any individual segment, which includes any costs/assets from the Group's holding companies being Bike Exchange Ltd (domiciled in Australia), Bike Exchange Holdings Pty Ltd (domiciled in Australia) and BikeExchange Pte Ltd (domiciled in Singapore).

Note 4. Segmental Reporting (continued)

	Continuing Operations						Discontinued Operations				
2023	**Australia and New Zealand $**	**Europe $**	**North America $**	**Colombia $**	**Unallocated $**	**Total Continuing $**	**North America $**	**Colombia $**	**Unallocated $**	**Total Discontinued $**	**Total $**
Total Transaction Value	4,242,625	22,010,601	4,462,741	1,069,406	–	31,785,373	1,052,970	807,174	–	1,860,144	33,645,517
Revenue	**1,575,872**	**3,409,306**	**1,218,890**	**218,214**	**–**	**6,422,282**	**1,052,970**	**807,174**	**–**	**1,860,144**	**8,282,426**
EBITDA	**(617,744)**	**(1,796,382)**	**(403,424)**	**(843,333)**	**(2,759,010)**	**(6,419,893)**	**(7,593,630)**	**(1,384,208)**	**–**	**(8,977,838)**	**(15,397,731)**
Finance income	299	–	234	2	36,856	37,391	–	3,572	–	3,572	40,963
Finance costs	(17,294)	–	(11,685)	(25,362)	(10,335)	(64,676)	(110,055)	(13,757)	–	(123,812)	(188,488)
Depreciation and amortisation expense	(143,974)	(25,571)	(404,298)	(10,537)	–	(584,380)	(360,274)	(18,793)	–	(379,067)	(963,447)
Share of results of associates and joint venture	–	–	–	–	–	–	–	–	–	–	–
Income tax expense	–	–	(4,027)	–	–	(4,027)	–	–	–	–	(4,027)
(Loss) for the year	**(778,713)**	**(1,821,953)**	**(823,200)**	**(879,230)**	**(2,732,489)**	**(7,035,585)**	**(8,063,959)**	**(1,413,186)**	**–**	**(9,477,145)**	**(16,512,730)**
Segment Assets	468,493	2,008,689	1,092,222	320,875	1,119,457	5,009,736	–	–	–	–	5,009,736
Segment Liabilities	(688,217)	(2,887,431)	(1,543,728)	(400,954)	(1,078,768)	(6,599,098)	–	–	–	–	(6,599,098)
2022											
Total Transaction Value	5,864,526	19,600,821	3,135,575	492,003	–	29,092,925	1,187,963	165,396	–	1,353,359	30,446,284
Revenue	**1,793,278**	**2,727,575**	**600,182**	**101,691**	**–**	**5,222,726**	**1,187,963**	**165,396**	**–**	**1,353,359**	**6,576,085**
EBITDA	**(2,975,779)**	**(2,183,877)**	**(2,574,116)**	**(839,764)**	**(2,790,642)**	**(11,364,178)**	**(1,927,670)**	**(369,803)**	**(22,717)**	**(2,320,190)**	**(13,684,368)**
Finance income	–	–	–	–	10,056	10,056	–	319	–	319	10,375
Finance costs	–	–	–	–	(23,962)	(23,962)	(22,774)	(217)	–	(22,991)	(46,953)
Depreciation and amortisation expense	(143,557)	(22,029)	(183,830)	(3,185)	–	(352,601)	(67,907)	(5,271)	–	(73,178)	(425,779)
Share of results of associates and joint venture	–	–	–	(173,478)	–	(173,478)	–	–	–	–	(173,478)
Income tax expense	–	–	–	–	–	–	–	–	–	–	–
(Loss) for the year	**(3,119,336)**	**(2,205,906)**	**(2,757,946)**	**(1,016,427)**	**(2,804,548)**	**(11,904,163)**	**(2,018,351)**	**(374,972)**	**(22,717)**	**(2,416,040)**	**(14,320,203)**
Segment Assets	689,894	1,186,011	990,330	1,023,548	7,214,536	11,104,319	4,532,746	702,990	–	5,235,736	16,340,055
Segment Liabilities	(1,310,600)	(2,101,930)	(1,159,453)	(367,616)	(1,650,315)	(6,589,914)	(2,264,646)	(169,388)	–	(2,434,034)	(9,023,948)

Total Transaction Value (TTV) comprises 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).

In the management reporting to the CEO, TTV is provided which gives insights to BEX's management and directors to assist them understand the volume and value of e-commerce transactions the Group has initiated and driven the underlying sales 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.

Note 5. Revenue from Contracts with Customers (from Continuing Operations)

	2023 $	2022 $
Revenues from types of goods and services:		
• e-commerce commission revenue	2,642,102	1,977,361
• Subscriptions	2,755,817	2,918,976
• Logistics	573,371	–
• Media, Sale of Goods and other services revenue	450,992	326,389
Total revenue from contracts with customers	**6,422,282**	**5,222,726**

e-commerce commission revenue, Logistics 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.

	2023 $	2022 $
Disaggregated by geographic markets:		
• Australia and New Zealand	1,575,872	1,793,278
• Europe	3,409,306	2,727,575
• North America	1,218,890	600,182
• Colombia	218,214	101,691
Total revenue from contracts with customers	**6,422,282**	**5,222,726**

Note 6. Other Income and Expenses (from Continuing Operations)

	2023 $	2022 $
Other income		
Other income comprises of the following Government grants and other income:		
• US Government COVID-19 incentives	–	179,678
• Short-term sub-lease income	269,310	34,529
• Other income	26,152	–
	295,462	214,207
Expenses		
Depreciation and amortisation of non-current assets:		
• Owned Property, Plant and Equipment	69,610	56,565
• Right-of-Use Assets	435,570	280,144
• Intangibles	79,200	15,892
	584,380	352,601
Finance costs:		
• Interest on debt and borrowings	16,904	17,428
• Interest on lease liabilities	47,772	6,534
	64,676	23,962
Included in other operating expenses:		
• expenses relating to short term leases	104,406	125,250
• net foreign exchange (gains)/losses	(69,659)	8,466
• bad debts provision/written off	843,769	178,367
Included in employee benefits expenses:		
• defined contribution superannuation expense	220,395	272,755
• equity-settled share-based payments	225,633	749,496
• short term incentives to be settled in shares	229,286	(300,690)
• salary sacrifice share-based payments	276,156	–
Impairment losses – goodwill in BikeExchange Colombia	106,135	–
Gain on disposal of assets	6,796	11,455

Note 7. Income Tax

The components of tax expense comprise:

	2023 $	2022 $
Current tax		
In respect of the current year	(2,469,250)	(2,988,707)
Under/(over) provision for prior year	–	–
Less: Tax losses not recognised	2,473,277	2,988,707
Deferred tax		
In respect of the current year	(100,772)	39,252
Under/(over) provision for prior year	–	–
Less: Unrecognised temporary differences	100,772	(39,252)
Income tax expense	**4,027**	**–**

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

	2023 $	2022 $
(Loss) before tax	(16,508,703)	(14,320,203)
Prima facie tax on (loss) from ordinary activities at 25%	(4,127,176)	(3,580,051)
Add tax effect of:		
• non-deductible expenses	1,604,718	594,365
• non-assessable income	–	–
• different tax rates in foreign jurisdictions	112,598	(150,969)
• 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	2,413,887	3,136,655
	4,027	**–**

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

	2023 $	2022 $
Provisions	108,640	36,709
Accruals	(157,627)	167,017
Other expenditure	(43,788)	(163,349)
Property, Plant and Equipment	(7,997)	(1,125)
	(100,772)	**39,252**

Income tax is based on a tax rate of 25% for the year ended 30 June 2023 and 2022.

In additional to the deductible temporary differences above, each of the entities in the Group has brought forward tax losses. Management is undertaking a process to finalise the estimates of the available tax losses that are available to the Group that can be offset against profits generated through the Group's future activities. Preliminary calculations indicate that as at 30 June 2023 there are available tax losses of up to $13,569,324 and net capital losses of up to $4,188,184 available to be carried forward to later income years. 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. Discontinued Operations

On 28 February 2023, the consolidated entity announced that it has ceased operating the Kitzuma bike deliveries business. (See Note 4). Kitzuma bike deliveries were paused with effect from 31 October 2022 and the decision to cease operations and not restart bike deliveries was made following the operational and funding review of the business. The Kitzuma bike deliveries business which was previously reported as part of the North America segment was not a discontinued operation or classified as held for sale as at 30 June 2022 and the comparative income statement and segment reporting has been restated to show the discontinued operation separately from continuing operations.

On 16th May 2023, the consolidated entity dissolved BikeExchange Canada Inc, the dormant Canadian subsidiary which was formerly one of the locations for the North American operations (see Note 4). The costs relating to BikeExchange Canada Inc were previously reported as part of the North America segment which was not a discontinued operation or classified as held for sale as at 30 June 2022 and the comparative income statement and segment reporting has been restated to show the discontinued operation separately from continuing operations.

On 30 June 2023, the consolidated entity, via its subsidiary BikeExchange Colombia S.A.S, sold its interest in the BICICO S.A.S, part of the Colombia business segment operating retail stores (see Notes 4 and 28). The segment was not a discontinued operation or classified as held for sale as at 30 June 2022 and the comparative income statement and segment reporting has been restated to show the discontinued operation separately from continuing operations.

The results of the three discontinued operations for the period until disposal are presented below:

(i) Financial performance information

		Discontinued Operations	
	Notes	30 June 2023 $	30 June 2022 $
Revenue		1,860,144	1,353,359
Other income		6,829	4,784
Cost of sales		(2,445,129)	(1,910,483)
Employee benefits expense		(1,052,672)	(1,037,762)
Marketing expenses		(69,033)	(114,453)
Other operating expenses		(1,200,683)	(375,636)
Impairment losses	Refer below	(5,921,580)	–
Fair value loss on step acquisition of joint venture		–	(240,000)
Gain on disposal of asset		79,859	–
(Loss) on sale of controlled entity		(235,573)	–
(Loss)/Earnings before Interest, Tax, Depreciation and Amortisation		**(8,977,838)**	**(2,320,191)**
Depreciation and amortisation expense		(379,067)	(73,177)
Finance income		3,572	319
Finance costs		(123,812)	(22,991)
(Loss) before and after income tax expense		**(9,477,145)**	**(2,416,040)**
Income tax expense		–	–
(Loss) from discontinued operations		**(9,477,145)**	**(2,416,040)**

	Discontinued Operations	
Impairment losses from discontinued operations:	**30 June 2023 $**	**30 June 2022 $**
Kitzuma		
Goodwill	5,099,766	–
Intangibles – Software	136,163	–
Right of use assets	19,511	–
Property plant and equipment	30,056	–
Prepaid deposits	39,629	–
Subtotal impairment losses	5,325,125	–
Colombia		
Goodwill relating to BICICO S.A.S	318,645	–
Other assets	277,810	–
Subtotal impairment losses	596,455	–
Total impairment losses	**5,921,580**	**–**

(ii) Cashflow information

	Discontinued Operations	
Cash outflows from discontinued operations:	**30 June 2023 $**	**30 June 2022 $**
Net cash (used in) operating activities	(2,523,822)	(2,258,154)
Net cash (used in) investing activities	(26,862)	(2,896)
Net cash (outflow)/inflow	**(2,550,684)**	**(2,261,050)**

Note 8. Discontinued Operations (continued)

(iii) Losses on sale of discontinued operations

	30 June 2023 $
ASSETS	
Current Assets	
Cash and cash equivalents	6,688
Trade and other receivables	150,173
Inventories	637,812
Prepayments	7,838
Property, plant and equipment	60,647
Intangible assets	3,096
Trade and other payables	(543,137)
Financial liabilities	(89,174)
Provisions	(34,968)
Net identifiable assets and liabilities	**198,975**
Consideration receivable	96,234
Less; Net book value of assets disposed	(198,975)
Less: Disposal costs accrued	(54,628)
Less: Transfer of FCTR reserve to loss on disposal of subsidiary	(78,204)
Loss on sale of discontinued operations	**(235,573)**

On 30 June 2023, the consolidated entity, in subsidiary BikeExchange Colombia S.A.S, sold its interest in the BICICO S.A.S, part of the Colombia business segment operating retail stores (see Notes 6 and 28), recording a total loss on sale of $235,573. 30 June 2022 comparative values for carrying amounts of assets and liabilities include discontinued operations relating to Kitzuma bike deliveries, BICICO S.A.S and BikeExchange Canada Inc.

Note 9. Dividends

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

Note 10. Earnings Per Share

	2023 $	2022 $
(Loss) after income tax attributable to the owners of BikeExchange Limited	(16,512,730)	(14,320,203)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	847,002,390	298,576,461
Weighted average number of ordinary shares used in calculating diluted earnings per share	847,002,390	298,576,461

	Cents	Cents
Basic Earnings Per Share	(1.9)	(4.8)
Diluted Earnings Per Share	(1.9)	(4.8)

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 11. Interests in a Joint Venture

The Group had a 50% interest in shares in BikeExchange Colombia S.A.S, a joint venture which operates the Group's BikeExchange websites in Colombia until 2nd March 2022 when the Group acquired the remaining 50% interest. The Group's interest in BikeExchange Colombia S.A.S. was accounted for using the equity method in the consolidated financial statements up until the acquisition date. 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:

	2023 $	2022 $
Summarised Statement of Profit and Loss and Other Comprehensive Income:		
Revenue	–	366,450
(Loss) for the year	–	(346,956)
Other comprehensive income	–	–
Total comprehensive income for the year	–	(346,956)
Group's share of profit/(loss) for the year	–	(173,478)
Group's share of profit/(loss) for the year recognised in the consolidated financial statements	–	(173,478)

NB – the amounts for FY22 reflect the period from 1 July 2022 to 1 March 2022 after which the Group consolidated BikeExchange Colombia S.A.S. in the financial statements.

Note 12. Cash and Cash Equivalents

	2023 $	2022 $
Cash at bank	1,897,192	4,888,822
	1,897,192	4,888,822

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows.

Note 13. Trade and Other Receivables

	Notes	2023 $	2022 $
Current:			
Debt instruments at amortised cost			
Trade receivables		2,031,594	1,381,789
Less: Allowance for expected credit losses	13.(a)	(774,502)	(358,701)
		1,257,092	1,023,088
Other receivables		388,845	545,351
		1,645,937	1,568,439

Note 13.(a) Provision for Allowance for Expected Credit Losses

	2023 $	2022 $
Movements in the provision for expected credit losses of receivables are as follows:		
Opening balance	358,701	155,595
Additional provisions recognised	843,769	178,367
Additional provisions from acquisition of business	–	128,019
Receivables written off during the year as uncollectable	(448,343)	(99,390)
Foreign Currency exchange differences	20,375	(3,890)
Unused amounts reversed	–	–
Closing balance	774,502	358,701

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.

	2023 $	2022 $
Within initial terms	945,290	1,236,358
Past due but not impaired		
< 30 days	172,459	107,707
31–60 days	74,928	93,946
61–90 days	48,871	46,782
91+ days	404,389	83,646
	1,645,937	1,568,439

Note 14. Inventories

	2023 $	2022 $
Finished goods at cost and net realisable value		
At Cost	14,702	866,144
Less: Provision for obsolescence	(14,702)	(39,606)
Net realisable value	–	826,538
Raw materials and work in progress at cost	–	67,368
	–	893,906

Note 15. Right-of-use assets

Right of use assets relate to office and warehouse premises.

	2023 $	2022 $
At cost	1,332,500	2,354,100
Less accumulated depreciation	(597,672)	(206,859)
	734,828	2,147,241
Movements in carrying amounts:		
Carrying amount at beginning	2,147,241	–
Additions	484,242	2,794,946
Modifications (reductions) to leases	(1,551,513)	(400,732)
Less: depreciation expense	(435,570)	(326,487)
Less: provision for impairment	(19,511)	–
Exchange differences	109,939	79,514
Carrying amount at end	734,828	2,147,241

Note 16. Property, Plant and Equipment

	2023 $	2022 $
Motor Vehicles		
At cost	–	329,477
Less accumulated depreciation	–	(97,170)
	–	232,307
Other Property, Plant and Equipment		
At cost	202,755	304,625
Less accumulated depreciation	(119,954)	(92,063)
	82,801	212,562
Total written down amount	82,801	444,869

Movements in Carrying Amounts:

	2023 $	2022 $
Motor Vehicles		
Carrying amount at beginning	232,307	4,568
Additions	–	227,792
Acquisition of business	–	10,420
Disposals	(211,260)	–
Less: depreciation expense	(2,016)	(15,785)
Less: provision for impairment	(30,056)	–
Exchange differences	11,025	5,312
Carrying amount at end	–	232,307
Other Property, Plant and Equipment		
Carrying amount at beginning	212,562	70,998
Additions	56,269	140,980
Acquisition of business	–	66,286
Disposals	(124,867)	(5,007)
Less: depreciation expense	(67,594)	(60,308)
Exchange differences	6,431	(387)
Carrying amount at end	82,801	212,562
Total written down amount	82,801	444,869

Management considered the recoverable amount of Property, Plant & Equipment under AASB 136 *Impairment of Non-Current Assets* as at 30 June 2023 and determined that there was no resultant impairment.

Assets Pledged as Security

The carrying amount of the Group's plant and equipment included an amount of $nil at 30 June 2023 (2022: $nil) pledged as security.

Note 17. Intangibles

	2023 $	2022 $
Software		
At cost	788,580	678,863
Less accumulated amortisation	(540,668)	(296,728)
Carrying amount at end	247,912	382,135
Goodwill		
At cost	5,263,443	5,439,510
Less accumulated impairment	(5,263,443)	–
Carrying amount at end	–	5,439,510
Total	247,912	5,821,645

Movements in Carrying Amounts:

	2023 $	2022 $
Software		
Carrying amount at beginning	382,135	–
Additions	62,057	397,634
Disposals	–	–
Less: amortisation expense	(79,200)	(23,199)
Less: provision for impairment	(136,163)	–
Exchange differences	19,083	7,700
Carrying amount at end	247,912	382,135
Goodwill		
Carrying amount at beginning	5,439,510	–
Additions	–	5,412,741
Disposals	–	–
Less: provision for impairment		
– Kitzuma	(5,099,766)	–
– BikeExchange Colombia	(106,135)	–
– BICICO S.A.S	(318,645)	–
Exchange differences	85,036	26,769
Carrying amount at end	–	5,439,510
Total written down amount	247,912	5,821,645

Software included in intangible assets is purchased from 3rd parties and supports features and functionality on the websites operated by the Group.

Note 17. Intangibles (continued)

Impairment Testing and Key Assumptions

Goodwill is allocated to the Group's cash generating units (CGUs) and tested annually to determine whether they have suffered any impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units).

A cash generating unit level summary of the goodwill allocation is presented below.

	2023 $	2022 $
Kitzuma		
Goodwill	5,157,307	4,890,155
Less: provision for impairment	(5,099,766)	–
Exchange differences	(57,541)	–
	–	4,890,155
BikeExchange Colombia		
Goodwill	106,135	549,355
Less: provision for impairment	(106,135)	–
	–	549,355
Total	**–**	**5,439,510**

Kitzuma

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

At acquisition, the Directors of BikeExchange believed the Company would be able to comfortably raise the necessary capital to fund this growth. However, since the time of acquisition, changes in market dynamics have made it much harder for BEX to raise capital. On 31st October 2022, the Directors announced that Kitzuma deliveries would be paused during the slow European winter period, whilst an operational and funding review of the Business was undertaken. This review confirmed that the Bike delivery business would require significant ongoing investment in FY23 and beyond. Having regard to the Company's current capital position, on 27 February 2023, the Directors made a decision to not restart bike deliveries.

This decision has led to the Directors determining that the goodwill and other assets relating to Kitzuma bike deliveries are impaired. The write-down of the above bike delivery assets to their recoverable amount has resulted in total impairment losses of $5,325,125 being recognised in the profit and loss relating to discontinued operations including goodwill impairment of $5,099,766. Refer to Note 8.

Colombia

Colombia operations experienced difficult trading conditions. Whilst the focus remains on continuing to reduce operating losses in the region, the goodwill in the Colombia was written down to reflect current trading conditions which resulted in impairment losses of $424,780, comprising of $318,645 relating to BICICO S.A.S (sold on 30 June 2023) and $106,135 relating to BikeExchange Colombia S.A.S.

Note 18. Finance Lease Receivables

	2023 $	2022 $
Current:		
Finance Lease receivable	–	43,706
Non-Current:		
Finance Lease receivable	–	–
	–	43,706

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

Note 19. Financial Assets

	2023 $	2022 $
Current:		
Debt instruments at amortised cost		
Term deposits*	107,943	46,804
Total current financial assets	107,943	46,804

* Term deposits include $46,804 of funds held as security for credit card facilities which are not accessible.

Note 20. Tax

	2023 $	2022 $
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 21. Trade and Other Payables

	2023 $	2022 Restated $
Current:		
Financial liabilities at amortised cost		
Trade creditors	2,199,030	1,764,065
Accrued expenses	2,353,832	3,331,072
Other payables	813,095	781,749
	5,365,957	5,876,886

Note 22. Financial Liabilities

	2023 $	2022 $
Current:		
Interest bearing financial liabilities at amortised cost:		
• Insurance premium funding	120,913	125,215
• Loans from related parties	–	76,501
	120,913	201,716

The company has entered into an agreement with Arteva funding to finance the directors and officers insurance premiums.

The company had an interest bearing loan from a related party in FY22, being the previous BikeExchange Colombia S.A.S. Joint Venture partner, which was repayable on demand.

Financing arrangements

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

	2023 $	2022 $
Total facilities:		
• Related Party Loans & Insurance premium funding	120,913	201,716
	120,913	201,716
Used at the reporting date:		
• Related Party Loans & Insurance premium funding	120,913	201,716
	120,913	201,716
Unused at the reporting date:		
• Related Party Loans & Insurance premium funding	–	–
	–	–

Note 23. Lease Liabilities

	2023 $	2022 $
Current:		
Lease liabilities	520,861	615,273
Non-Current:		
Lease liabilities	266,874	1,855,379
	787,735	2,470,652

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 24. Provisions

	2023 $	2022 $
Current:		
Make good provisions	48,812	45,661
Provision for annual leave	159,899	260,825
Provision for long service leave	–	–
	208,711	306,486

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:

	2023 $	2022 $
Non-Current:		
Provision for long service leave	1,815	14,424
Make good provisions	–	–
	1,815	14,424

Note 24. Provisions (continued)

Movements in provisions (excluding those relating to employee liabilities) are as follows:

	2023 $	2022 $
Carrying amount at the start of the year	45,661	42,024
Additional provisions recognised	397	723
Amounts used	–	–
Unused amounts reversed	–	–
Foreign Currency Exchange Movements	2,754	2,914
Carrying amount at the end of the year	48,812	45,661

Note 25. Issued Capital

	$	Shares
Movement in ordinary share capital		
Balance at 1 July 2021	51,075,469	292,995,907
Issue of shares – in respect of acquisition of BikeExchange Colombia S.A.S.	430,573	6,624,204
Issue of shares – capital raising	4,883,167	244,159,024
Costs of issuance of share capital	(386,014)	–
Balance at 30 June 2022	56,003,195	543,779,135
Issue of shares – capital raising	8,373,041	577,204,323
Costs of issuance of share capital	(617,545)	–
Balance at 30 June 2023	63,758,691	1,120,983,458

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.

In addition, a further 66,666,666 shares were issued for consideration of $600,000 in July 2023 as a subsequent event.

On 5th September 2023, the Company announced it has received commitments for a Share Placement to raise $1.39m before costs to be settled in mid September 2023. In addition a further $460k has been committed to be invested by Directors Andrew Ryan and Dominic O'Hanlon which is subject to shareholder approval at the Company's AGM. The commitments will result in the issue of 264,285,712 shares.

Note 26. Reserves

	2023 $	2022 $
Foreign Currency Translation Reserve	(852,611)	(778,663)
Other reserves		
Common Control Reserve	(11,169,272)	(11,169,272)
Share-Based Payments Reserve	1,509,676	1,284,043
Deferred equity to be issued Reserve	2,890,139	3,190,059
	(6,769,457)	(6,695,170)
	(7,622,068)	(7,473,833)

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.

Common-Control Reserve (Within Other Reserves)

The common control reserve represents the excess arising in the value of the BikeExchange share capital issued over the book value of the non-controlling interest of 35% of BikeExchange DE Vertriebs GmbH and 37% of BikeExchange Inc which was owned by non-controlling interests was acquired on 30 June 2020. This excess was recorded in the common control reserve (within other reserves) as this an equity transaction between entities under common control.

There were no movements in the common control reserve during the current and previous financial year.

	2023 $	2022 $
Balance at 1 July and 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:

	2023 $	2022 $
Balance at 1 July	1,284,043	534,547
Share-based payment expense for the year	225,633	749,496
Balance at 30 June	1,509,676	1,284,043

Note 26. Reserves (continued)

Deferred equity to be Issued Reserve (Within Other Reserves)

The reserve is used for shares for which consideration has been received at the balance sheet date where share capital has not yet been issued and deferred consideration shares for acquisitions. Movements in the share capital to be issued reserve during the current and previous financial year are set out below:

	2023 $	2022 $
Balance at 1 July	3,190,059	–
Deferred shares in respect of Kitzuma acquisition	–	2,890,139
Cash share capital received but not issued during the year	–	299,920
Deferred equity issued during the year	(299,920)	–
Balance at 30 June	2,890,139	3,190,059

Shares for the above cash received in FY22 were issued in July 2022.

Note 27. Statement of Cashflows

Reconciliation of (loss)/profit from ordinary activities after tax to net cash provided by/(used in) operating activities.

	2023 $	2022 $
(Loss) for the year after income tax	(16,512,730)	(14,320,203)
Non-cash items:		
• depreciation	527,877	99,292
• amortisation	435,570	326,487
• fair value loss on step acquisition	–	926,582
• impairment losses	6,027,715	–
• interest expense	121,262	24,188
• interest income	(232)	–
• (gain) on disposal of asset	(86,655)	(11,455)
• loss on disposal of business	157,369	–
• share-based payments	501,789	749,496
• share of JV losses and other non-cash items	–	173,478
• unrealised foreign currency (gain)	(74,052)	–
Changes in assets and liabilities:		
• (increase)/decrease in trade and other receivables	101,870	(662,661)
• (increase)/decrease in inventories	119,332	(359,186)
• (increase)/decrease in prepayments	515,484	(181,132)
• increase/(decrease) in trade and other payables and deferred income	(416,073)	1,029,645
• increase/(decrease) in provisions	(171,019)	(31,055)
Net cashflows (used in) operating activities	(8,752,493)	(12,236,524)

Changes in Liabilities Arising From Financing Activities

	Other Financial Liabilities $	Loans from related parties $	Lease Liabilities $	Total $
Balance at 1 July 2021	–	–	127,777	127,777
Net cash from/(used in) financing activities	–	–	–	–
Repayment of loans	(128,853)	(60,078)	(382,878)	(571,809)
Financial liabilities eliminated on acquisition of subsidiaries	–	135,816	–	135,816
Finance costs	3,630	–	29,525	33,155
Termination of leases	–	–	(406,803)	(406,803)
Acquisition of leases or financial liabilities	250,438	–	3,030,719	3,281,157
Foreign currency exchange movements	–	763	72,312	73,075
Balance at 30 June 2022	125,215	76,501	2,470,652	2,672,368
Net cash from/(used in) financing activities	–	–	–	–
Repayment of loans	(308,614)	–	(891,038)	(1,199,652)
Financial liabilities disposed of on disposal of subsidiary	–	(76,501)	–	(76,501)
Finance costs	10,366	–	109,974	120,340
Termination of leases	–	–	(1,495,591)	(1,495,591)
Acquisition of leases or financial liabilities	293,946	–	567,742	861,688
Foreign currency exchange movements	–		25,996	25,996
Balance at 30 June 2023	120,913	–	787,735	908,648

Note 28. Business Combinations

Disposal of BICICO S.A.S

On 30 June 2023 BikeExchange Limited completed the sale of its shares in the wholly owned subsidiary BICICO S.A.S which operates retail bicycle stores in Colombia for COP 272m. In addition, a further COP 931m is payable by BICICO S.A.S relating to the repayment of BikeExchange Group loans advanced to BICICO S.A.S.

The balance of the proceeds and loans receivable as at 30 June 2023 from to the sale were as follows:

Sale of BICICO S.A.S	30 June 2023 COP	30 June 2023 A$
Proceeds from sale of shares	272,000,000	96,234
Tax working capital loan	145,887,000	53,050
BICICO Loans repayable	785,212,661	277,810
Provision for impairment on loans	(785,212,661)	(277,810)
Net amounts receivable at 30 June 2023	417,887,000	149,284

The consolidated profit/losses on the disposal of BICICO S.A.S are set out below:

Losses on disposal of BICICO S.A.S	Note	30 June 2023 A$
Consolidated loss on disposal of shares	8	(235,573)
Impairment losses on other assets	8	(277,810)
Total losses on disposal		(513,383)

See Note 8 for further details.

Note 29. Contingent Liabilities

A complaint has been filed in the United States General Court of Justice (North Carolina – Superior Court Division) against the Group's subsidiary Kitzuma Corp.

The complaint has been filed on behalf of Tribike Transport LLC and alleges the use of the plaintiff's confidential and proprietary information by certain founders of the Kitzuma business in the operation of Kitzuma Corp. The plaintiff is seeking unspecified monetary damages and the prevention of alleged further infringement by the Company through a preliminary and permanent injunction. The case is ongoing and is currently in the discovery phase.

The Group believes the allegations are without merit and has engaged US counsel to vigorously defend the claims. The Kitzuma bike delivery business has since been ceased with effect from November 2022 due to the large working capital and operating losses incurred and Directors believe the cessation of deliveries further diminishes the merits of the claims. Aside from the item referred to above the Group has no other material contingent liabilities.

Note 30. Commitments

Capital Commitments

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

	2023 $	2022 $
Other commitments – minimum lease payments		
Minimum lease payments due not later than one year	520,861	736,053
Minimum lease payments due later than one year but not later than five years	266,874	1,998,119
Total minimum lease commitments	787,735	2,734,172

Note 31. 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 directors 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

Disclosures relating to key management personnel are set out in Note 32 and the remuneration report included in the Directors' Report.

Transactions with Related Parties

Marketplacer Pty Ltd is a related party of the group. Marketplacer and the Group have a common director, being Andrew Ryan. In addition, Jason Wyatt (spouse of Jade Wyatt) is the Executive Chairman of Marketplacer and Sam Salter (former director) and Jason Wyatt were the co-founders of Marketplacer.

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:

	2023 $	2022 $
Marketplacer Pty Ltd	831,771	845,625

The above transactions relate to Licensing 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 arms length basis between Marketplacer Pty Ltd and the Group.

Loans from related parties are set out in Note 22.

Note 32. Key Management Personnel Disclosures

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

	2023 $	2022 $
Short-term benefits	723,257	1,245,743
Post-employment benefits	71,447	106,079
Other long-term benefits	(885)	(5,313)
Termination Benefits	–	175,000
Share-based payments including short term incentives	674,340	599,436
	1,468,159	2,120,945

Note 33. 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 9 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 $225,633 (2022: $749,496). During the financial year 30,000,000 options were granted (2022: 7,850,000).

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	**2023**	**2022**	**2023**	**2022**
Balance at the beginning of the year	23,066,666	16,833,333	0.383	0.347
Options granted during the year	30,000,000	7,850,000	0.060	0.450
Forfeited during the year	(14,282,478)	(1,616,667)	(0.435)	(0.332)
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Balance at the end of the year	38,784,188	23,066,666	0.114	0.383

There are 6,948,078 options vested and exercisable at 30 June 2023 (2022: 8,100,000). The weighted average remaining contractual life of options outstanding at the end of the financial year was 4.4 years (2022: 5.6 years).

The range of exercise prices for options outstanding at the end of the year was $0.03 to $0.45 (2022: $0.26 to $0.45). The weighted average share price during the year was $0.015 (2022: $0.058).

The aggregate of the estimated fair values of the options granted during the year is $450,000. The inputs into the fair value model are as follows:

Key Valuation Assumptions	2023	2022
Dividend yield (%)	0.50%	0.50%
Expected Volatility (%)*	130%	80%
Risk free interest rate (%)	3.61%	1.81%
Expected Life of share options (years)	5	5
Underlying Share Price	$0.015	$0.08
Model Used	Black Scholes	Black Scholes

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

Note 34. Financial Risk Management

The Group's principal financial liabilities comprise loans and borrowings, and trade payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other 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:

Financial assets	2023 $	2022 $
Cash and cash equivalents	1,897,192	4,888,822
Other Financial assets	107,943	46,804
Interest bearing financial receivables at amortised cost:		
• Finance lease receivables	–	43,706
Financial assets at amortised cost:		
• trade and other receivables	2,420,439	1,927,140
Total financial assets	4,425,574	6,906,472

Financial liabilities	2023 $	2022 $
Financial liabilities at amortised cost:		
• trade payables	2,199,030	1,764,065
Interest bearing financial liabilities at amortised cost:		
• lease liabilities	787,735	2,470,652
• Insurance premium funding	120,913	125,215
• loans from related parties	–	76,501
Total financial liabilities	3,107,678	4,436,433

Note 34. Financial Risk Management (continued)

(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 13.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality as set out in Note 13.

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:

	2023 $	2022 $
Cash and cash equivalents:		
• AA rated	951,112	4,017,195
• A rated	264,863	337,968
• BBB rated	42,300	10,039
• not rated	638,917	523,620
	1,897,192	4,888,822

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

	Maturing in			
	1 year or less		Over 1 to 5 years	
Financial Instruments	2023 $	2022 $	2023 $	2022 $
Financial Assets				
Cash and cash equivalents	1,897,192	4,888,822	–	–
Receivables	2,420,439	1,927,140	–	–
Lease Receivables	–	43,706	–	–
Other Financial Assets	107,943	46,804	–	–
Total anticipated inflows	4,425,574	6,906,472	–	–
Financial Liabilities				
Payables	2,199,030	1,764,065	–	–
Lease liabilities	520,861	615,273	266,874	1,855,379
Interest bearing borrowings	120,913	201,716	–	–
Total expected outflows	2,840,804	2,581,054	266,874	1,855,379
Net inflows/(outflows) on financial instruments	1,584,770	4,325,418	(266,874)	(1,855,379)

Note 34. Financial Risk Management (continued)

(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 2023	**Profit**	**Equity**	**Profit**	**Equity**
1% change in interest rates	(2,735)	(2,735)	2,735	2,735
Year ended 30 June 2022	**Profit**	**Equity**	**Profit**	**Equity**
1% change in interest rates	(2,131)	(2,131)	2,131	2,131

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 (i.e. trade receivables, loan liabilities), are to be held until maturity.

	2023		2022	
Financial Instruments	**Carrying Amount $**	**Fair Value $**	**Carrying Amount $**	**Fair Value $**
Financial Assets				
Cash and cash equivalents	1,897,192	1,897,192	4,888,822	4,888,822
Receivables	1,645,937	1,645,937	1,568,439	1,568,439
Lease Receivables	–	–	43,706	43,706
Other Financial Assets	107,943	107,943	46,804	46,804
Total assets	3,651,072	3,651,072	6,547,771	6,547,771
Financial Liabilities				
Payables	2,199,030	2,199,030	1,764,065	1,764,065
Interest bearing borrowings	120,913	120.913	201,716	201,716
Lease liabilities	787,735	787,735	2,470,652	2,470,652
Total liabilities	3,107,678	3,107,678	4,436,433	4,436,433

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 35. 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:

	2023 $	2022 $
Audit Services		
Audit or Review of the Financial Statements	212,100	172,200
	212,100	172,200
Other Assurance Services		
Review of accounts relating to acquisition of subsidiaries	–	15,000
	–	15,000
Other Services		
Tax Due Diligence related to the acquisitions	17,679	15,809
Other Tax Compliance Services	126,818	–
	144,497	15,809
Total	356,597	203,009

Note 36. Interests in Subsidiaries

The legal parent of the Group at 30 June 2023 is BikeExchange Ltd (a public company registered in Australia).

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:

		Ownership Interest	
Name	**Country of Incorporation**	**2023 %**	**2022 %**
BikeExchange Holdings Pty Ltd	Australia	100	100
BikeExchange Australia Pty Ltd	Australia	100	100
BikeExchange Pte Ltd	Singapore	100	100
BikeExchange Canada Inc	Canada	–	100
BikeExchange Inc	USA	100	100
BikeExchange DE Vertriebs GmbH	Germany	100	100
Kitzuma Corp	USA	100	100
BikeExchange Colombia S.A.S.	Colombia	100	100
BICICO S.A.S	Colombia	–	100

BICICO S.A.S was sold on 30 June 2023, and BikeExchange Canada Inc was dissolved on 16th May 2023.

Please see Notes 8 and 28 for further details.

Note 37. Parent Entity Information

Set out below is the supplementary information about the legal parent entity, BikeExchange Ltd.

Statement of Profit and Loss and Other Comprehensive Income

	Parent	
	2023 $	**2022 $**
(Loss) after income tax	(10,043,480)	(64,774,201)
Total Comprehensive (Loss)	**(10,043,480)**	**(64,774,201)**

Statement of Financial Position

	Parent	
	2023 $	2022 $
Total current assets	1,059,196	4,054,535
Total assets	8,735,121	12,503,615
Total current liabilities	(1,006,158)	(1,311,231)
Total non-current liabilities	(524)	–
Total liabilities	(1,006,682)	(1,311,231)
Equity		
Issued capital	83,872,467	77,518,565
Share-based payments reserve	1,509,677	1,284,043
Accumulated (losses)	(77,653,705)	(67,610,224)
Total equity	**7,728,439**	**11,192,384**

Other Parent Company Information

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

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 38. 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 Company issued 66,666,666 shares in July 2023 to Directors for a consideration of $600,000 (net of issue costs).

On 5th September, the Company announced it has received commitments for a Share Placement to raise $1.39m before costs to be settled in mid September 2023. In addition a further $460k has been committed to be invested by Directors Andrew Ryan and Dominic O'Hanlon which is subject to shareholder approval at the Company's AGM.

Directors' Declaration

The directors 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 2 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

Dominic O'Hanlon
Director

Melbourne
11th September 2023

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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 2023, 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:

- Giving a true and fair view of the Group’s financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of $16,512,730, negative net cash flows from operations totaling $8,752,493, had net liabilities of $1,589,362 and net current liabilities of $2,386,214 for the year ended 30 June 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 for 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern section*, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
E-commerce commission and subscription revenue The Group has reported total revenue from continuing operations of $6,422,282 as disclosed in note 5, including e-commerce commission revenue of $2,642,102 and subscription revenue of $2,755,817. E-commerce commission revenue and subscription revenue represent material balances consisting of a high volume of low value transactions that are processed through a number of IT systems which we have been unable to place reliance on. As a result the audit of e-commerce and subscription revenue has been identified as a key audit matter.	Our procedures included, but were not limited to the following: • Obtaining an understanding of the revenue streams and evaluating the appropriateness of the revenue recognition criteria. • Understanding management's controls over revenue recognition and measurement. • Obtaining an understanding of the IT environment and performing inquires with management to understand any remediation undertaken on previously identified and reported IT control matters. • Performing "proof to cash" testing by reconciling cash received to revenue recognised. • Testing a sample of revenue transactions, including agreeing commission and subscription rates to customer contracts or confirmations. • Testing a sample of subscription revenue transactions through verifying that the customer had an active storefront license on the platform. • Testing whether the performance obligations have been satisfied for a sample of e-commerce commission revenue transactions by inspecting proof of delivery. • Testing management's calculation of the adjustment to recognise a liability where the performance obligation had yet to be satisfied. • Assessing the adequacy of disclosures in note 5.

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 2023, 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.

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:

Deloitte.

- 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 26 to 41 of the Director's Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of BikeExchange Limited, for the year ended 30 June 2023, 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

Jane Fisher
Partner
Chartered Accountants
Melbourne, 11 September 2023

Shareholder Information

The shareholder information set out below was applicable as at 18 August 2023.

Distribution of equitable securities

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

	Holders of ordinary shares		Holders of options over ordinary shares	
Holding Ranges	**Number**	**% Issued Share Capital**	**Number**	**% Issued Share Capital**
1 to 1,000	21	0.00%	–	–
above 1,000 up to and including 5,000	287	0.07%	–	–
above 5,000 up to and including 10,000	113	0.08%	–	–
above 10,000 up to and including 100,000	398	1.27%	5	0.67%
above 100,000	273	98.58%	9	99.33%
Totals	**1,092**	**100.00%**	**14**	**100.00%**
Holders with less than a marketable parcel	775	1.08%		

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 Held**
BOND STREET CUSTODIANS LIMITED <SALTER – D79836 A/C>	170,552,778	14.34%
GTR VENTURES PTY LTD <GTR VENTURES NO 1 A/C>	119,232,912	10.03%
UBS NOMINEES PTY LTD	76,420,941	6.43%
HIGH TIDE SUPER FUND PTY LTD <HIGH TIDE SUPER FUND A/C>	52,219,922	4.39%
EMERSON RYAN PTY LTD	50,447,670	4.24%
MR DOMINIC OHANLON & MRS KAREN OHANLON <OHANLON SUPER A/C>	45,162,749	3.80%
SUPER JG PTY LTD <SUPER JG A/C>	43,472,222	3.66%
SALTSAM PTY LTD <SALTER FAMILY A/C>	30,128,971	2.53%
CITICORP NOMINEES PTY LIMITED	25,280,067	2.13%
SURFWAX PTY LTD <JASON WYATT FAMILY A/C>	25,128,971	2.11%
R&L WARD HOLDINGS PTY LTD <R&L WARD HOLDINGS S/F A/C>	20,000,000	1.68%
METECH SUPER PTY LTD <METECH NO2 SUPER A/C>	20,000,000	1.68%
JAWAF ENTERPRISES PTY LTD <HALL FAMILY A/C>	17,000,000	1.43%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	16,387,491	1.38%
MR DEAN SAMUEL WEINMAN & MRS ROCHELLE WEINMAN & MR PHILIP WEINMAN <WEINMAN SUPER FUND A/C>	15,000,000	1.26%
10X CAPITAL MANAGEMENT LIMITED	15,000,000	1.26%
WSG HOLDINGS PTY LTD <GSJ UNIT A/C>	14,878,845	1.25%
WONDERFUL TONIGHT PTY LTD <ROLLERCOASTER SUPER FUND A/C>	14,125,000	1.19%
MACE GROUP PTY LTD <MACE FAMILY A/C>	13,915,441	1.17%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	12,574,786	1.06%
Totals	**796,928,766**	**67.02%**
Total issued capital	**1,189,150,124**	**100.00%**

Unquoted equity securities

Unquoted equity securities	Holders	Issued number
Options over ordinary shares issued	14	38,784,189
Ordinary shares held in escrow	2	13,624,204

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
Holder Name	Number Held	% Shares Held
BOND STREET CUSTODIANS LIMITED <SALTER – D79836 A/C>	170,552,778	14.34%
GTR VENTURES PTY LTD <GTR VENTURES NO 1 A/C>	119,232,912	10.03%
UBS NOMINEES PTY LTD	76,420,941	6.43%

Voting rights

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

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

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Shares
Ordinary shares – Voluntary Escrow 8 months	Feb-24	13,624,204

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 on hand 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

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